



By Lisa A. Tyler  
*National Escrow Administrator*

The movie “Catch Me If You Can” is a true story based on the life and crimes of Frank Abagnale, Jr., who was an international fugitive who committed his crimes by creating and cashing fake checks; among other things. He identified weaknesses in the system and capitalized on them by cashing bad checks, purportedly to the tune of \$2.5 million. Creating and presenting fake checks continues to be a problem. In some cases fraudsters use legitimate — but altered — checks by “washing” them. Fidelity National Title in Albany, Oregon, was a target of this scheme. Read “MISSING money” for all the details.

On Wednesday, December 12, 2018, escrow assistant extraordinaire Petra Castillo, with Fidelity National Title’s Houston, Texas operation, greeted a walk-in customer named Ron A. Muck.

He was the buyer named on the purchase contract. He was there to open escrow on the purchase of a home for \$200,000 and hand-deliver his earnest money deposit. He had a cashier’s check made payable to the Company for \$500. That was the first red flag. Read “RON a. muck” to find out about the other red flags.

Title insurance is an assurance against an actual financial loss — up to the value of the property or the title policy limits — resulting from defects of title not disclosed or exempted from coverage in the policy. A defect could appear in the chain of title or be an encumbrance on the property. There are two types of policies: An owner’s and lender’s. Read “WHAT is title insurance?” to find out more about our core product.

## IN THIS ISSUE



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**Tara Riesterer, A.V.P., Senior Escrow Officer, Branch Manager, and Assistant Kimberly McBryde, both of Fidelity National Title in Albany, Oregon, opened an escrow where the purchase agreement stated: “Buyer agrees to deposit full purchase price amount into escrow account in the form of a cashier’s check within seven business days of an accepted offer.” The sales price was \$287,000.**

The buyer’s real estate agent hand-delivered a personal check in the amount of \$126,500. The check was from a third party, not the buyer. Kimberly receipted in the check; then she sent a copy of the receipt to the buyer, seller and their real estate agents. She also notified them the funds could not be applied to the sale until the remitter of the funds signed Third Party Deposit Instructions. Kimberly questioned the fact the check was a personal check instead of a cashier’s check, so she immediately showed it to Tara.

The buyer asked Kimberly to send the instructions to him and he would get them signed. After Kimberly spoke to Tara, they insisted the instructions be sent directly to the third party. The buyer indicated Fidelity was unprofessional for demanding the email for the third party depositor and he felt they should not need all of that information.

The buyer reluctantly provided an email address for the remitter of the funds. The instruction was executed via DocuSign® by the buyer and the alleged third party depositor, and returned to Fidelity the same day. No one ever questioned the fact the check was a personal check instead of a cashier’s check; no one except Kimberly, who immediately showed the escrow officer.

As the neutral third party, there was not much, if anything, Fidelity could do. Both Tara and Kimberly knew the buyer should have deposited the full sales price by cashier’s check, not a personal check. It was up to the seller to enforce the terms of the purchase agreement. If the buyer’s performance was not satisfactory it was up to the seller to send out a notice of default or a notice to perform.

The buyer’s real estate agent told Kimberly the buyer would deposit the balance of the funds within 10 days, but the buyer never did. Instead the buyer contacted Tara’s office by email full of compliments for their wonderful service. He asked they keep the account he had established open by leaving a balance of \$2,000 in the

account, but instructed they wire \$124,500 to him right away.

Tara responded to the buyer. She explained she was unable to send him any of the funds at this time because the personal check was an out-of-state check written on a different federal reserve than her trust account. She advised him it would take 10 business banking days before the funds would be available.

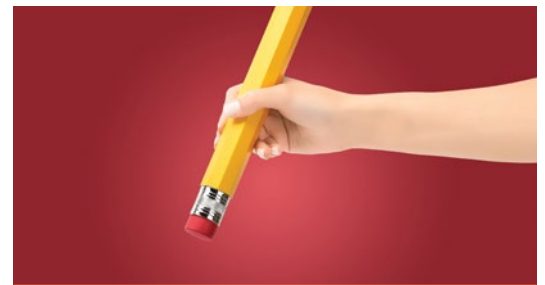
Next, Tara and Kimberly looked closer at all of the details. They were both nervous about who actually signed the Third Party Deposit Instructions since the email was provided by the buyer who originally protested the request.

Tara and Kimberly decided they needed to track down the third party themselves. They contacted National Escrow Administration and asked them to perform a search for him using specialized software. The search revealed the email address provided by the buyer is not a known email address of the third party.

Tara picked up the phone and called the third party. She identified herself and then explained why she was calling. He was confused by her call, because he knew nothing about the purchase or that half of the purchase price had been remitted from his checking account. He wrote down Tara’s full name, Company name and her phone number. He even expressed he thought maybe she was in on the scam.

About 10 minutes later the third party called back. He did his own internet research and called Fidelity National Title and realized the Company is legitimate. Since he had called her, Tara asked him to verify his date of birth and address. He did and they matched the results of the skip trace. The third party then verified with Tara \$126,500 had cleared his personal bank account.

Next, Tara received a call from the fraud department of the third party’s bank. Their account holder had filed a fraud report and they were investigating the circumstances. They provided Fidelity with a copy of the front and back of the cashed check. The bank also reimbursed their account holder. They deposited



[Continued on pg 3]



**TELL US HOW YOU STOPPED FRAUD**

settlement@fnf.com or  
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## [MISSING money - continued]

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\$126,500 into his account but did not return the check as fraudulent to Fidelity's trust account.

The bank honored the check. It appeared the buyer "washed" a real check by erasing the details on it, in order to rewrite it to use as payment of the purchase price. The buyer's real plan was not to purchase a house. Instead, the buyer was simply trying to steal the money at someone else's expense.

Another sign that this was a fraudulent transaction was the buyer was consistently emailing the office asking if the funds he requested had been sent to him. His emails were signed by "Mr.," but then he used his first name and not his last.

The buyer's emails were full of bad grammar and missing words. He even provided wire instructions for three separate accounts and two of the account holders were from Nigeria. He regularly emailed and called his real estate agent to inquire about the funds being released.

## **RON** a. muck

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**Petra Castillo, Escrow Assistant for Fidelity National Title's Houston, Texas operation, is experienced in opening escrows. She is familiar with the local standard form purchase agreement, so she took the chance to review it while the customer Ron A. Muck was there in case she had any questions. After all, it is not every day the buyer comes in person to open escrow.**

Right away she noticed some of the pages were missing. On the first page, all of the information had been typed EXCEPT for the amount of the earnest money — which was handwritten and reflected an unusually low amount for the sales price. Petra asked Muck about her findings.

Muck called his agent, Mel Practiss, and handed his phone to Petra. She asked Practiss for the missing pages. Practiss said she would email them right over. They exchanged contact information and hung up the phone. Muck took his phone and left while Petra waited for the missing pages.

Petra continued to review the documents and noted the initials of the seller did not match the seller's name on the purchase agreement. The seller was Marcus Absent, but the pages were

In the end, Tara and Kimberly resigned from the transaction and, after receiving confirmation the funds had been unconditionally collected by their trust account, sent the money back to the third party's bank. Everyone was made whole and no one suffered a loss except for the seller who lost valuable marketing time of the property.

Tara and Kimberly felt uneasy about this transaction early on. They worked closely together to thwart the scammer. Their adherence to the Company's policy not to disburse against anything other than collected funds proved to be a crucial step in protecting the Company, third party and their bank. For their efforts and teamwork, they are splitting the \$1,500 reward.

### **This article was provided by contributing author:**

Diana Hoffman, Corporate Escrow Administrator  
Fidelity National Title Group  
National Escrow Administration

all initialed by S. K. In addition, Absent did not sign the purchase agreement, someone named Shirley Knot did.

Petra searched for the property on the local Association of REALTORS® website and found a listing for the property, BUT it was a listing to lease the property, not purchase it. Petra contacted the leasing agent who confirmed the property was not for sale. The leasing agent did not know who Knot was and confirmed Absent was the owner of the property. Petra emailed a copy of the purchase agreement to the leasing agent who replied with this message:

*Thank you for sending me this contract. As i mentioned this is fraud. The signatures are not the sellers. I have attached a screenshot of the owner of the ph# you gave me for Mel Practiss. If you have any other ph# for the buyer pls contact him before he possibly gives any money to the fake seller.*

*Pls keep me posted if you get any more information.*

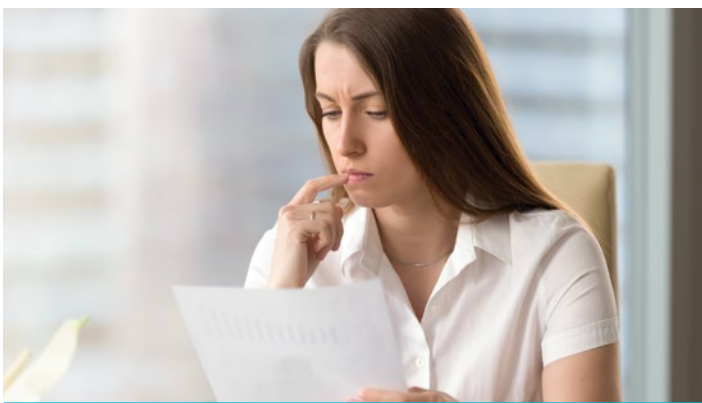
*Thanks!*

Muck did not leave his contact number or address. Hopefully he will come back or call soon so he can put the \$500 back in his account. Not coming back to the office could be a sign he was in on the attempt to steal the real owner's property.

We have published many stories about how fraudsters attempt to steal equity in properties from non-owner occupied properties. Petra has clearly been reading *Fraud Insights* for a long time. She carefully reviewed the documents in front of her and used readily available resources, such as the internet, to confirm her suspicions. For her efforts, she is being rewarded \$1,500. Thank you, Petra.

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## **WHAT** is title insurance?

**Both a lender's and owner's title insurance policy pay valid claims and legal fees necessary to defend against hidden title issues, but also decrease ownership risks by providing a thorough title search prior to the issuance of either policy.**

An owner's title insurance policy protects the rights of the homeowner for as long as they or their heirs have an interest in the property.

A lender's title insurance policy protects the bank or other lending institution for as long as they maintain an interest in the property, which is typically until the loan is paid off. A lender's policy is required by most lending institutions as a way to insure their security interest in the property.

Title insurance is designed to provide real property owners and lenders, and others with interests in real estate, the maximum protection from adverse title claims or risks. Title insurance affords protection both in satisfying valid claims against the title as insured and in defraying the expenses incurred in defending such claims.

What is title insurance? Title insurance is:

- » An assurance against loss and indemnifies the insured against actual loss should the title to the property insured not be as stated in the policy
- » An agreement to defend the insured's title against an attack from parties claiming rights that have been insured by the policy coverage
- » An agreement to compensate the insured for actual losses suffered under covered title risks

What does title insurance not insure? It does NOT insure:

- » The market value of the property
- » Acreage, square footage or area of the property
- » The property address

Next month we will review some of the different types of owner's and lender's policies.

