



By Lisa A. Tyler  
*National Escrow Administrator*

The Company's most valuable asset is our employees. Knowing employee safety is of utmost importance the National Escrow Administration department had Carl Carter Jr. tell his tragic personal story at the 2016 Galactic Escrow Training events. He spoke passionately at each of the events drawing the audience in by sharing the tragedy of his mother, Beverly Carter, who was a real estate agent in Scott, Arkansas.

Although none of the audience members were real estate agents, it was understood many of us in the industry put ourselves in potentially harmful situations on a regular basis by conducting after hours' signings when there is no one else left in the office, or meeting buyers and sellers outside of the office, sometimes after hours and in places that are not familiar.

In addition, the audience recognized our largest group of customers, our best friends and even family members are real estate agents who

if anything as tragic ever happened to them would leave the audience members devastated. Read Carl's story in "CULTIVATE safer practices" to discover things you can improve upon to keep you safe!

During July 2016, National Escrow Administration sponsored the Jedi Knight Contest. Employees who submitted evidence of a Business Email Compromise (BEC) email chain — where they identified and thwarted a fraudster from stealing funds from the Company — were entered into the contest. A winner was selected each week for a cash prize of \$250 and a grand prize of \$500 at month-end. "RESULTS are in..." reveals the Jedi Knights who submitted entries and those who won prizes.

Per the IRS regulations, "Someone who sold or exchanged during the year, who expects to sell or exchange during the year, or who sold or exchanged in either of the 2 previous years, at least 25 separate items of reportable real estate to at least 25 separate transferees..." qualifies as an exempt volume transferor. Discover detailed information about the exemption by reading the story entitled "EXEMPT volume transferors."

## IN THIS ISSUE



**Share Fraud Insights**  
via email, mail or word of mouth.



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**Although Carl Carter Jr.'s story was about his mother – a real estate agent – and although the settlement agents (attendees) at the Galactic Escrow Training events choose a different career path, it is clear how the same story could unfortunately happen to anyone in our industry.**

Carl's mother, Beverly Carter, was a wife of almost 35 years, she had three sons, was a stay-at-home Mom for years and then had a successful career as a real estate agent. She loved her family, especially her grandkids.

On Thursday, September 25, 2014, Beverly had a busy day in the office and had won \$50 in an office competition. She called her husband around 5:15 p.m. to let him know she had a 6 p.m. showing appointment with potential buyers and then she would grab dinner with her winnings on the way home.

Beverly had been in contact with the potential buyers via email, text and phone. They were a husband and wife relocating to Arkansas purportedly from out of state. The husband had originally set the appointment to meet Beverly at the property alone, but Beverly told him that was against her company's policy. The man said he would bring along his wife and even put his wife on the phone to ease Beverly's tension.

The lake view property was bank-owned through foreclosure and had no electricity. Beverly told the buyers they would need to meet during daylight hours to view the property. Beverly arrived early at the property, just a few miles away from her own home and on the same street as her Pastor's home. She locked her purse in the trunk and entered the property.

The doorbell rang and Beverly was surprised and uncomfortable to discover the husband showed up alone. He said his wife was tied up at work and asked that Beverly send her pictures as they toured the house. Beverly started walking the husband through the house.

When they reached the second floor, the husband said, "You are about to have a bad day." He then pulled Beverly's arms around her back and wrapped duct tape around her wrists and ankles. He wrapped duct tape around her mouth and eyes.

He backed his car up to the front door and threw Beverly in the trunk. He then snapped a picture of his deed and texted it to his wife. He took Beverly to his house and put her in the bathroom.

The husband and wife thought Beverly was wealthy, because she was beautiful, successful and did

a great job of marketing herself. Their scheme to kidnap her was to take her bank card and credit cards, and to use their scanning device to take all her money. They had her record a ransom message to her husband to put more money in her accounts for them to steal.

"Carl, it's Beverly. I just want to let you know I'm OK. I haven't been hurt. Just do what he says and please don't call the police. If you call the police, it could be bad. Just want you to know that I love you very much."

The kidnapper made one mistake when he put Beverly in his car, he forgot to take her purse which was in the trunk of her car. The car was still at the property. The kidnapper returned to the property to nab the purse only to discover the property swarming with family, friends and lots of law enforcement.

An officer even stopped the kidnapper and asked him on camera if he knew the whereabouts of Beverly. When he said no, they let him go. He returned to his house and panicked, knowing Beverly was in his bathroom and everyone was looking for her.

He took Beverly out to a cement plant and left her overnight in a field, still bound by duct tape. Meanwhile a massive hunt was conducted by hundreds of volunteers who scoured the farm and swamplands of Scott, Arkansas, looking for any clues.

The kidnapper returned the next day and stood behind Beverly wrapping duct tape continuously around her face until she suffocated. He then dug a shallow grave and put her in it. On Tuesday, September 30, 2014, Beverly's body was finally discovered.

Law enforcement discovered who committed the kidnapping and murder through cell phone records. They arrested the husband and wife team. In the end the wife struck a plea deal for 30 years in prison and a chance for parole in 21 years. She had to give up custody of her daughter when she reported to prison. Her murdering husband received two life sentences.

Beverly's story was the focus of a Dateline NBC episode entitled, "The Client," and is still available online for viewing. Her tragic story is shared for a reason: To raise awareness of the criminal acts of others and to provide some tips for keeping our readers and customers safe.

First, spread the word about an application website called REALTOR® Safe Harbor found at <http://realtorsafeharbor.com> for agents to conduct

**STOP**

**TELL US HOW YOU  
STOPPED  
FRAUD**

settlement@fnf.com or  
949.622.4425

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## [CULTIVATE safer practices - continued]

business in a safe environment, such as a competitor real estate office or a coffee house.

The concept is simple, agents need an easy way to meet with clients in a safe location. Often agents are asked to meet with clients who want to see property far from their home office. It allows the agent to meet the potential clients and view their identification in the presence of others.

### Cultivate Safer Practices:

- Be aware of what you are doing, such as waiting for the garage door to fully close before leaving your family to head to the office.
- Ask yourself how you can improve your safety, such as never walking to your car alone or not being afraid to turn around to see who is following you.
- Ask for feedback from your family and colleagues to discover parts of your normal routine you can change to increase your safety.

Carl shared six takeaways from this tragedy everyone should implement immediately:

### Prepare and Be Aware.

Take training classes. Learn self-defense. Slow down – text less and pay attention. The “bad guys” come in many forms (a married couple in Beverly’s situation). Remember the very thing that makes you so awesome and successful is the very thing that makes you a target.

### Who Knows Where You Are?

Make sure you are communicating your whereabouts at all times, with your colleagues and your family.

### Find and Cultivate Your Happiness.

In his mom’s absence, Carl is continually finding out many of her trials and struggles he previously knew nothing about. Her ability to smile through it all was uncanny. To Carl, she was the ultimate example of resiliency.

### Get Life Insurance.

Do not do it to make your family rich, but do get enough to keep them from collapsing financially without you. Luckily Beverly had renewed her policy just two weeks prior to the kidnapping.

### Love.

Spend time – quality time – with those you love. Make memories. Laugh often. Give hugs. Tell them you love them. Carl has so much peace in knowing he hugged and kissed his mom every time he saw her.



Beverly Carter



Carl Carter Jr.

## RESULTS are in...

**As regular readers of *Fraud Insights* know, fraudsters have compromised the email addresses of outside third parties such as real estate agents, non-Fidelity escrow agents and/or the sellers in order to attempt to divert sales proceeds to a fraudulent bank account by providing fraudulent wire instructions.**

In order to assist the industry combat wire fraud, the National Escrow Administration team ran a Jedi Knight contest in July 2016, for our direct operations to compete for cash prizes. The purposes of the contest:

1. Heighten awareness of the signs that an email address of outside third parties, such as agents and sellers, might have been compromised and used to provide fraudulent wire instructions
2. Train our associates on how to immediately recognize signs of those compromised emails when they appear
3. Turn over the wire information to the bank, so the account is shut down to stop the crime from being attempted again
4. Share information with our internal information security team
5. Give away \$\$\$\$\$!

Great job to everyone who entered! A total of 12 valid entries were received that met the Jedi Knight Contest criteria and succeeded in saving the Company \$939,892.95 in proceeds from the dark side. Based on the valid submissions a weekly prize winner was selected at random and at the end of the contest a Grand Prize Winner was selected at random.



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Week One BEC Submissions:		
Employee	Company	Amount Saved
Renee Bale	Ticor Title Company Murrieta, CA	\$129,356.35
Hoyee Lee	Fidelity National Title Houston, TX	\$104,015.94
<b>WEEK ONE WINNER: Hoyee Lee</b> <i>Awarded \$250</i>		
Week Two BEC Submissions:		
Employee	Company	Amount Saved
Abby Magliarditi	Chicago Title Company Las Vegas, NV	\$51,192.56
Judy Oliva	IPX 1031 Investment Property Exchange Services, Inc. St. Augustine, FL	\$57,829.21
Tina White	Chicago Title Company San Diego, CA	\$177,170.63
Krista Vargas	Chicago Title Company Bakersfield, CA	\$54,393.25
Abby Magliarditi	Chicago Title Company Las Vegas, NV	\$74,074.31
<b>WEEK TWO WINNER: Abby Magliarditi</b> <i>Awarded \$250</i>		
Week Three BEC Submissions:		
Employee	Company	Amount Saved
Mary Boxwell	Chicago Title Company San Antonio, TX	\$81,264.23
<b>WEEK THREE WINNER: Mary Boxwell</b> <i>Awarded \$250</i>		
Week Four BEC Submissions:		
Employee	Company	Amount Saved
Pam Travis	Chicago Title Company Pekin, IL	\$54,377.12
Kim Behrens	Chicago Title Company Aurora, IL	\$53,260.60
Katie Smith	Lawyer's Title Company Gilbert, AZ	\$28,378.31
Katie Smith	Lawyer's Title Company Gilbert, AZ	\$74,580.44
<b>WEEK FOUR WINNER: Katie Smith</b> <i>Awarded \$250</i>		
GRAND PRIZE WINNER:		
<b>Judy Oliva</b> <i>Awarded \$500</i>		

## EXEMPT volume transferors

Some examples of sellers who may qualify for this exemption are REO sellers, builders and real estate investors who are not incorporated (i.e. LLC's, partnerships and individuals). This exemption from 1099-S reporting does require a signed certification from the seller.

The certification, once signed can be relied upon for the entire tax year regardless of how many properties the seller sells. Once the seller has signed the certification, settlement agents do not have to keep track of how many deals the seller closes. Settlement agents also do not have to go back and file 1099-S forms if they fail to sell at least 25 properties. Settlement agents have the right to rely on the certification for an entire year. Their only obligation is to properly document their files with the certification.

It is important to note, this exemption does require the certification to identify each property being exempted. Therefore, the seller does sign a master certification only once each tax year. The certification includes instructions authorizing the settlement agent to further document each file which closes.

Settlement agents must ensure the certifications are in each file closed by the taxpayer claiming this exemption. For samples of the 1099-S Escrow Instruction and Certification of Exempt Status refer to escrow technical memorandum #151-2012 entitled "1099-S Proceeds from Real Estate Transactions."