



By Lisa A. Tyler
National Escrow Administrator

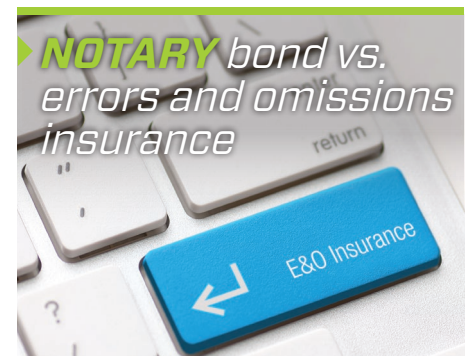
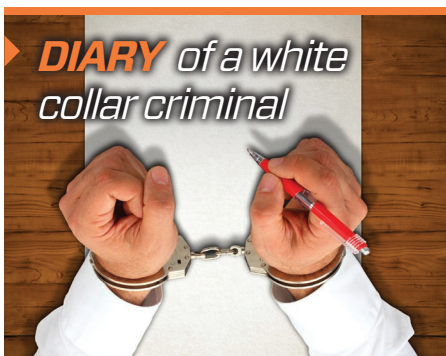
The Company provides live training on the topic of ethics during both webcast and seminar events. This topic is discussed to raise awareness of the legal duties of a settlement agent in real estate closings and, because ethics is not always susceptible to a clear and concise definition.

Author and public speaker Jerome Mayne is working with National Escrow Administration at Fidelity National Title Group this year by sharing his story at the on-site training events around the country. His compelling presentation broaches the topics of fraud and ethics. Since 2001, he has been helping organizations that want their people to make inspired decisions in impossible situations. Read more about him in the sample taken from his book entitled "DIARY of a white collar criminal."

Searching or examining real estate records is an art. Title insurance companies rely on the skills of the employees in the title department to mitigate the risks associated with insuring transactions. So often one small detail found within just one document can be the difference between hundreds of thousands in claims or no claim at all. Sydney Clay, Title Assistant for Fidelity National Title in California, is showing real promise in her chosen career in the title department. Read "JUST one red flag" for the one she identified in just one document saving the Company from a potential claim.

This month's notary-know-how article is entitled "NOTARY bond vs. errors and omissions insurance." Read the article to discover the coverages for commissioned notaries.

IN THIS ISSUE



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



volume 12 issue 5
May 2017

Publisher
Fidelity National Financial

Editor
Lisa A. Tyler
National Escrow Administrator



***DIARY** of a white collar criminal*

Jerome Mayne has been speaking internationally about his experience of getting caught up in a real estate white-collar fraud conspiracy since 2001. Jerome started his career in the real estate finance business as a brand new loan officer for a large national mortgage banking company. It took him about two years to become a top producer. Then he left the company to start his own real estate investment and a mortgage broker corporation.

Within four years, he had achieved some success. But then his momentum came to a screeching halt when he was indicted by federal prosecutors for conspiracy to commit mail fraud, wire fraud and money laundering. These crimes took place when he was a fresh new loan officer. He pled guilty and received a 21 month federal prison sentence.



Throughout Jerome's journey, he kept a diary. While he was in prison, he was not able to keep his journal but he wrote letters to people on the outside. Below are some excerpts from his book, "Diary of a White Collar Criminal."

Excerpt from Chapter 2 - Two Miltons

March 22, 1994

Today, I got a call from Mike. He rocks. Right now, he's my best referring real estate agent. He gave me two people to pre-qualify. He also gave my name to a real estate investor who actually

called me. His name is Milt May and he said that he buys and sells a lot of houses in the low-income areas; my niche!

He's awesome. He said he needs a good loan officer to send his buyers to. Ahh, that would be me!

April 21, 1994

I gave Milt the list of what the borrowers need to bring to the loan application appointments. I just don't want to have to run around getting follow-up documents. One thing Milt made very clear; since the people he is sending me are his customers, he wants me to call him right away if I need any additional information. Not too out of the ordinary, some of the real estate agents I work with have the same rules.

May 23, 1994

Met with Josh today; one of the first real borrowers from Milt. This kid said that he didn't know where he works! He said that he wasn't even sure what his hourly wage was.

I called Milt after the guy left -- just like I'm supposed to do. I also told Milt that Josh thought he made about \$8 - \$9 an hour. He said that I might have confused Josh when I asked if it was gross or net pay.

I told Milt that this hourly wage wouldn't be enough for him to qualify for the loan. Milt seemed surprised and then asked me how much someone would need to make per hour in order to qualify for a \$76,500 loan. What a stupid question. I told him it would have to be at least \$13.75 an hour.

May 25, 1994

One of Milt's associates dropped off Josh's W2's and pay stubs today and what do you know—he makes \$13.75 an hour. What am I supposed to do now? It's awfully fishy, but I can't accuse Milt of cooking up fake documents. I could probably get sued or something for accusing someone of this kind of thing. Not only that, but he'd probably never use me again as a loan officer. I mean, they look real. Could Milt have actually made these? He doesn't seem that sophisticated, but I suppose he could have. He must have. I mean, it's not my job to run around and verify the authenticity of every document I get, is it?

[Continued on pg 3]



**TELL US HOW YOU
STOPPED
FRAUD**

settlement@fnf.com or
949.622.4425

Nonetheless, I haven't done anything wrong. I didn't cook up any documents. And it's not like he winked at me and said, "Hey Jerome, here are the fake ones. Go forth young man and commit that fraud." Maybe the underwriter will catch it and decline the loan. I have to admit, this situation is starting to get pretty weird.

Fast forward, more than five years to November 5, 1999:

**Excerpt from Chapter 10 – Dear Sweetheart
(My First Day in Prison)**

November 5, 1999

Dear Pamela,

I'm really here. I'm actually writing to you from the federal prison in Yankton, South Dakota. It's only been about 18 hours since I last saw you. I miss you so much. It's so hard to believe that I'm really here. In prison. Prison!

As I lay in my bed on the plastic mattress and the plastic pillow, I can't help thinking about the events that led me here. I never would've thought that five years ago, when I met Milt, or should I say Brian Paar, I'd wind up getting convicted of conspiracy to commit mail and wire fraud and receive a 21-month prison sentence.

After you and my mom dropped me off, the guards took me to a small concrete building called R & D, which stands for, 'Receiving and Discharge.' They did the same things the FBI and the U.S. marshals did when I was arrested 11 months ago. They took my fingerprints, and they also took my picture for my prison ID. They took my clothes and my bi-polar medication I had in my pocket.

They gave me a pair of underwear and a set of socks. I don't know what they were made out of, but I wouldn't know where to buy something that crappy. They also gave me a tan jumpsuit and faded blue, floppy cloth slippers to wear until I went to the laundry department. I think the slippers and the jump suit were hand-me-downs.

These excerpts show how someone can get caught up in real estate fraud. If something does not seem right, it probably is not right. The National Escrow Administration team is here for you to answer any of the closing questions you may have.

If you would like to learn more about Jerome's experience you can find his book on [Amazon](#) or contact him for keynote and workshop availability for your company or association event. He can be reached at 612.919.3007 and Jerome@jeromemayne.com.

JUST one red flag

The purpose of a title search is to verify the seller's right to transfer ownership and discover any claims, errors, assessments, debts or other restrictions on the property. A title company must determine insurability of the title as part of the search process. This leads to the issuance of a title policy, which insures the existence or non-existence of rights to the property.

Fidelity National Title in the Inland Empire performed a search for a title only transaction involving the sale of property in Sherman Oaks, California. Escrow was being closed with an independent escrow agent. The sales price was \$500,000.

Sydney Clay, Title Assistant, was comparing the results of the general index search against the information provided by the seller on the Statement of Information. One of the items found in the search was a federal tax lien. The taxpayer matched the owner of the property, Barb E. Dahl, and the lien had attached to the property which was the subject of the transaction at hand.

Sydney noticed the social security number reflected on the lien did not match the social security number provided by Dahl. This was a red flag to Sydney who immediately escalated the file to her manager, Lisa Pleiman.



[Continued on pg 4]

[JUST one red flag - continued]

Lisa searched further and noticed Dahl was only 30 years old based on her date of birth on the Statement of Information. Dahl acquired the property from her brother, Nick O. Time in 1996; which means she would have been only 9 years old. To complicate matters, the deed was uninsured and was not recorded until 2000.

When the original title search was done, the title officer called for a Declaration of Uninsured Deed to be signed by Nick O. Time. Lisa had a copy of the signed Declaration but she dug in further. She contacted the independent escrow company and found this was a For Sale by Owner (FSBO). There were no real estate agents involved. She searched for Nick O. Time using skip tracing software and found him.

Mr. Time verified he did not sign the Declaration. He knew nothing about a sale of his sister's property. He was surprised the property was being sold since his sister died intestate in 2013 and had not paid her taxes in years. The last he knew, the IRS was in the process of seizing the property to use towards his sister's outstanding tax liens for over \$600,000.

Next Lisa searched Barb E. Dahl in the skip tracing software and discovered there is another woman, with the same name in Oakland, California. The name, date of birth and address provided on the Statement of Information all matched up with the results of the search Lisa performed. This means **another** Barb E. Dahl was trying to sell the property of the deceased Barb E. Dahl!

Lisa reached out to the escrow company who confirmed they never met Dahl. The entire transaction had been conducted by email. All the signed documents came in by overnight delivery at the last minute and the seller was pushing for closing. Lisa notified them Fidelity National Title and none of the other FNTG Underwriters would be willing to insure this sale. She also worked with underwriting to ensure their findings were posted to the title plant.

Lisa nominated Sydney for an award by submitting this story. We agree with you Lisa. Sydney deserves to be recognized. Her close attention to just one detail helped the Company avoid the potential for a claim of over \$500,000. Great job Sydney!

NOTARY *bond vs. errors and omissions insurance*

A notary is required to obtain a bond when he/she applies for his/her commission. A commissioned notary is a public official, and therefore, the public is entitled to protection against certain mistakes or wrongdoing by the notary.

The surety company may pay damages up to the amount of the bond for losses caused by the notary's actions. The surety company may, however, have grounds to pursue the notary for reimbursement.

A notary public might, but is not required to, purchase Errors and Omissions (E&O) Insurance from a state licensed insurance company. As a notary public, many sensitive and important documents pass by the notary. The notary has an obligation to ensure the documents are handled properly. Many notaries have made unintentional errors, resulting in financial liability or trouble.

Errors and Omissions Insurance protects the notary in case of unintentional errors, up to the policy limit, and is an insurance policy in place to protect the notary as described in the policy.

Depending on the facts of the matter, the policy may cover attorney fees, settlements and court fees up to the policy amount. A notary does not reimburse the insurance company for claims paid out on behalf of the insured, the notary.

