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Marlene Osborn, Senior Escrow Officer for Chicago Title of Colorado's Louisville office, prevented a possible escrow loss and/or title claim by trusting her instincts. On March 8, 2017, Marlene received an executed purchase and sale agreement from an unfamiliar real estate agent via email. A new order was opened and Marlene initiated communication with the real estate agent. Read "INSTINCTS prevent fraud" to find out what happened next.

Title insurance policies protect the insured against forgeries. Therefore, it is imperative signers are properly identified. In most, if not all, cases identifying the signer is the responsibility of the notary. The Company and insured rely on the notary to spot a fake I.D. and understand the notary regulations. Pay close attention to the details of "FLEA market I.D."

My daughter is a college student looking to make some extra cash. She searched online for pet sitting and dog walking opportunities. She found a company website in which she could sign up to provide dog

walking services, even though she does not walk her own dog. The website showed several potential customers in her vicinity needing the services of a dog walker. She sent her contact information and received an immediate response from one of the customers. The customer wanted her to walk his German Shepherd and needed her address to send a check for the equipment she would need in order to walk his dog. Read "THIS happened to my daughter" to find out more mysterious details about the scam.

In some states, a notary's employer can dictate whether a notary can acknowledge signatures during business hours for parties who are not otherwise doing business with that company, in other states the employer cannot. There are some risks involved in conducting notary acts on Company property. If the notary chooses and their manager permits this, there are a few steps which should be taken. Read "ACCOMMODATIONS" for this month's notary know-how tip.

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The real estate agent represented both the buyer and seller. Marlene Osborn, Senior Escrow Officer for Chicago Title of Colorado's Louisville office, was not supplied with any contact information for the buyer or seller. The real estate agent informed Marlene the buyer and seller were out-of-state and the entire transaction would need to be handled as a "mail out."

Marlene pushed the agent for contact information for both buyer and seller. The alleged agent supplied Marlene with purported email addresses for the buyer and seller. She sent them messages but both messages came back as undeliverable.

On March 9, 2017, Marlene received emails from the real estate agent informing her she would be contacted by a few different commission advance companies. One company decided to advance the commission in the amount of \$18,560. This company notified Marlene by sending her all of the necessary documentation to be reimbursed at closing.

Marlene continued to communicate with this emailer, who represented himself as the real estate agent, since he too never provided any other method to reach him. She pushed the agent for phone numbers for the buyer and seller but he never provided them to her.

Marlene explained to the alleged real estate agent the Company had strict underwriting requirements which must be followed. These requirements made it necessary for the buyer and seller to execute their closing documents at one of our offices. If they did not come into one of the offices she could not close the transaction.

Thereafter, the alleged real estate agent emailed Marlene and let her know the transaction had cancelled. She cancelled her file and let the commission advance company know the transaction had cancelled. Per the

purchase and sale agreement, the earnest money was being held by the real estate agent so there was nothing further for her to do.

The owner of the property called to find out why Chicago Title was checking on the status of his utilities, which Marlene had done when she received the order, as is customary in Colorado. Marlene explained to him she had been contacted to prepare for the closing of a sale on his property. He informed Marlene his property was not for sale.

Marlene had a bad feeling about this transaction from its inception. It was this feeling that made her continue to push the purported real estate agent for phone numbers of both the buyer and seller. His lack of cooperation made her insist the closing take place in a Company office. Because of her insistence, the transaction cancelled.

The property owner reported the incident to local law enforcement to protect himself from any other fraudulent activity by the fraudster. The owner was concerned about his liability to the commission advance company and any other innocent buyers who made offers on his properties.

MORAL OF THE STORY

Marlene did not ignore the red flags in this transaction. She pushed and pushed to have direct contact with the principals. When her requests were ignored she required they appear in person at a Company office.

It seems Marlene's insistence, along with the fact the real estate agent succeeded in obtaining an advance on his commission, backed the real estate agent into a corner and he had no choice but to cancel the sale. For her efforts Marlene has been rewarded \$1,500.

FLEA market I.D.

Fidelity National Title in Santa Rosa, California, was handling a sale where the chain of title revealed an uninsured deed. The title report called for an uninsured deed affidavit.

Fidelity contacted the seller for additional information. Turns out the previous owner, Wendy Storm, deeded the property to her sister, April Showers. This property was being sold to a Limited Liability Company (LLC) controlled by Storm's husband who was applying for a loan through a private money lender.

The seller was unable to come in for closing so the office set up an order with a mobile signing company. The notary met with Showers who presented a California Driver's License as her identification. The license was expired, but per state law, the notary can rely on the I.D. as a means to identify the signer if it was issued within the last five years. State law says:

A. Identification Documents – The notary public can establish the identity of the signer using identification documents...provided it is current or was issued within five years:

- a. An identification card or driver's license issued by the California Department of Motor Vehicles;
- b. A United States passport;
- c. An inmate identification card issued by the California Department of Corrections and Rehabilitation, if the inmate is in custody in California state prison;
- d. Any form of inmate identification issued by a sheriff's department, if the inmate is in custody in a local detention facility.

The notary took a copy of the driver's license and hand wrote, "The seller's driver's license is expired, but issued

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[FLEA market I.D. - continued]

within the five year period. Therefore, under California law is acceptable.” and he signed his name. The documents were signed and acknowledged and sent back to Fidelity National Title.

Amy Meiers, Escrow Assistant, received the signed documents and reviewed them to ensure nothing was missed. She noticed the copy of the identification and handwritten note from the notary but it did not seem right to her.

The copy provided by the notary was a color copy. Amy noticed the color of the I.D. was yellow, but it seemed too yellow and the license was the previous version issued by the California Department of Motor Vehicles. She reviewed the identification closer and realized the seller’s address was misspelled.

Amy investigated further and discovered the “old” version of the driver’s license, which is the version she was looking at stopped being issued in 2010 yet the issue date on the copy in front of her was 2012. She was convinced something was not right. Amy reported her findings to Escrow Officer Katie Kingsbury, who contacted the mobile signing company, Bancserv.

Sherri Bird, Senior Vice President and Manager for Bancserv, reviewed everything. She noticed when Fidelity placed the order for signing services they asked for this notary by name, stating he was familiar with the Showers because he had acknowledged Storm’s signature before. Sherri did a search in her system for a transaction in which Storm was the signer. She found one from 2012.

Sherri’s notes indicated the signing was cancelled because Storm did not have proper identification. Storm claimed she lost her purse but had her naturalization papers from 1984 with her and asked the notary to accept them. They did have a photograph, signature, date of birth and physical description on them, yet the notary declined to acknowledge her signature.

The Fidelity office and Bancserv decided to give it one more try by sending out a different notary to have the seller re-sign. Katie and Sherri were very vague with the signer as to why the documents had to be re-signed in hopes they would be able to get to the bottom of the issue and find out what was really going on.

The new notary was armed with copies of the identification presented and the naturalization documents previously presented by Storm. The signing appointment was scheduled at a public place. The notary arrived early and was confused when Storm walked through the door, not Showers.

The notary asked Storm where her sister was. Storm told the notary she was Showers AND Storm. This was not a surprise to the notary since the pictures on the documents she had reviewed looked very similar.

The notary asked Storm if she signed documents using Showers’ identification yesterday and Storm confessed she had, which is exactly what Sherri suspected. Remember the cancelled signing from 2012? The driver’s license Showers presented to the notary was issued on the exact same date the signing was cancelled back in 2012. Storm admitted she obtained the I.D. for Showers at a flea market.

The lender later told Katie, Storm said Showers was in Fiji. Amy also noticed the date of birth provided by Storm and Showers was exactly the same. The sales price for this transaction was \$87,000 and the new loan amount was \$114,000.

Amy is a rock star for detecting the forgery. She is being rewarded \$1,500 for saving the Company from a potential claim.

THIS happened to my daughter.

My daughter is a college student looking to make some extra cash. She searched online for pet sitting and dog walking opportunities. She found a company website in which she could sign up to provide dog walking services.

Once a dog owner identifies a potential dog walker on the company website, the two start communicating by email. My daughter received the below email from the purported owner of the German Shepherd.

From: dogowner@gmail.com
Date: September 9, 2017 at 1:27:26 AM PDT
To: Daughter@gmail.com
Subject: Re: Pet Sitter

Thank you for the information and I'm very happy to know you want to care for my dog, the START date is 23 Of September and Let me know the schedule that suits you and where you would like to care for him? I have the option of dropping him at your house or you coming for him at my place Either ways works fine with me.

I just want to make sure Cookie is fine. he has no allergies The pay rate is \$25/Hour also i will be living in 2348 Dog Friendly Lane, Tustin, CA 92782 and will like to know if we can meet on Fri (22nd September) at the nearest McDonald's to you if you can provide me with the address, we can have a short meeting to conclude on other arrangements and discussion about Cookie needs and activities before work commences.... by 6:00PM if that works for you?..

Just to make it clear, The check will come in the amount of \$2,150. \$400

goes for your first week upfront payment to have you secure for this position and the rest goes to the dog utility suppliers on delivery and i will provide you with the suppliers information soon. when you start working. But I will like to confirm your information before i proceed to mailing the check. Kindly confirm that the below information is correct so I can forward it to the payroll department for immediate processing of your check. I will look for your email soon to ensure everything is clear so i can forward your information.

Name: Daughter
Address: 123 College Dorm
City: Orange
State: CA
Zip Code: 00000
Phone (555) 949-xxxx

we are excited and look forward to meeting you soonest

Thanks and God bless you.

Yes, my naïve daughter confirmed her address to a complete stranger online. She received an email response that read as follows:

From: dogowner@gmail.com
Date: September 12, 2017 at 4:43:27 PM PDT
To: daughter@gmail.com
Subject: Re: Pet Sitter

[Continued on pg 4]

[THIS happened to my daughter - continued]

Good Day, I hope you're good? I am happy to inform you that your check has been processed in the amount of \$2450 and was mailed out via USPS with the tracking numbers xxxx50169932013131xxxx. Kindly ensure to be home to receive and deposit it into your account via ATM or Direct mobile deposit immediately, so the funds can be made available to you on a next day basis for the equipment purchase. I await your email as soon as you have received and deposited the check so i can contact the payroll to ensure the funds are released. I can't wait to finally meet with you

Three days later a priority mail delivery arrived. The mailing label indicated the package came from an entirely different person located in Austin, Texas. This was not the customer's name or address. The customer purported to be in Tustin, California.



The envelope contained a check in the amount of \$2,450.53, payable to my daughter with no instructions other than the email instructing her to immediately deposit the check. The check supposedly came from the account of Chicago Title of Texas.

The next message she received instructed her to send \$2,000 of the money to the "shipper" so they could send her the equipment to start walking the dog and to keep the balance as advance payment for her walking services.

Needless to say, I found the check at home on the kitchen counter and stopped the scam by telling her there was no way a dog owner would front money for dog walking equipment. A dog owner would already have a collar and leash!



The property address where the dog owner supposedly lived was completely vacant and the house was listed for sale.

This scam continues to flourish in an unusual time where the internet enables criminals to lure unsuspecting people into believing the unbelievable. Settlement agents should continue to secure their outgoing mail and monitor their positive pay exception reports daily, even on the day after Thanksgiving.

The day after Thanksgiving may not be a working day, but it is a business banking day. Positive pay exceptions are still generated on that day and have to be immediately responded to. Be vigilant even during the holidays.

ACCOMMODATIONS

Be sure the signer understands the limited capacity in which the notary is acting; only as the notary public. It should be explained to the signer the Company is not involved in their transaction; especially when the documents involve real property.

The notary is acting only as a public officer and not as an employee of the Company. There are no other services being included such as recording of the documents or delivering originals to anyone else. The acknowledgment of their signature is where the notary's obligations end.

There have been many instances where an employee has agreed to notarize documents for a good customer when the documents had nothing to do with a transaction the Company was closing and/or insuring — yet the parties to the documents did not understand.

No one explained to them the notary was only notarizing their signature and nothing else. These are customers who were

entering into a private loan where loan documents were notarized by a Company employee. Unfortunately the lender was under the impression, since the borrower signed their documents at a title company office, the loan would be secured against real property and they would receive title insurance. Be careful to fully explain to the signer the role of the notary public.

