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To start the year off with a bang, you must read “OMG moment.” An escrow officer questioned a signer using a power of attorney to sign on behalf of his mother and uncovered murder, deceit and an attempted theft of proceeds from the sale of his mother’s property.

There is no “I” in team, but there sure is an “I” in win. The Company is fortunate to have a winning team that takes superior customer service to the extreme. In the story entitled “HEROIC account manager” an employee is contacted due to a title defect discovered four days prior to closing by his customer, an independent escrow agent. Rather than process a loss to pay a prior lienholder and cure

the title defect, the account manager worked to uncover the events that prove the lienholder was paid nearly 10 years ago.

Do you have consumers calling your office to verify a check they have received is valid? Find out how they got their hands on a check that appears to be issued on a Company trust account, but in fact is completely fraudulent by reading “THE scam continues.”

This edition contains more information on the use of the Closing Disclosure, instead of the HUD-1 settlement statement for residential transactions. Be sure to read “CONTRARY to popular belief” to make sure you are prepared for the dramatic changes effecting our industry in the months ahead.

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OMG moment

Joni Green, Senior Escrow Officer at Chicago Title's Littleton, Colorado office, prevented an escrow loss and a title claim by trusting her instincts. Joni was finishing a closing late Halloween 2014. It was her last closing of the day and it was no ordinary transaction.

To begin with, the property was owned by a 79-year-old husband and his wife, who was 71 years of age. Title was held in joint tenancy. The husband was deceased, and Joni had reviewed the supplementary affidavit and the death certificate needed for this type of transaction involving a joint tenancy survivorship. Everything appeared to be in order. Additionally, the son had a power of attorney to sign on behalf of his mother.

Joni questioned the son as to the reason he needed the power of attorney to sign for his mother, and was told his mother was competent and alive, but was not coming to the closing. The buyers, their lender and their real estate broker were present and were listening to the son as he reluctantly provided information about his mother's whereabouts.

Towards the end of the closing, Joni left the closing room to check on funding and the son followed her, making a request for the seller's proceeds to be wired to his personal account. Joni explained it was not possible, but would gladly wire the funds to his mother's account. The son explained it was also not possible because the mother's accounts were closed to avoid "claims."

Joni continued to question the son and learned that his mother was in jail. The son then requested a cashier's check in his mother's name. This is where it got spooky and where Joni's instincts kicked in and she sensed something was wrong.

The son left the room and Joni re-examined the death certificate of the deceased husband. The certificate stated that the cause of death was due to a stab wound to the chest. Joni summoned the son and his real estate broker to her office to further investigate. Upon questioning, the son admitted that his mother was in jail for the murder of his father.

Joni sensed something was still not right and contacted her Colorado State Counsel. Joni's suspicions were confirmed when she was told that pursuant to an obscure Colorado statute, the felonious killing of a decedent severs the interests of the decedent and killer when their joint property is held in joint tenancy, transforming the interests of the deceased and killer into tenancies in common.



As a result, the general warranty deed already signed by the son, as attorney-in-fact for his mother, would only convey the 50% interest of the mother. The remaining 50% interest of the deceased husband and father would need to be conveyed by a personal representative's deed.

Joni closed this transaction in escrow pending receipt of the letters of appointment and a personal representative's deed.

MORAL OF THE STORY

The son was related to the mother but was the step-son of the decedent. The decedent died with a will leaving the sale proceeds of this house to his own son and daughter.

Had Joni closed and paid 100% of the proceeds to the wife, the son and daughter likely would have made a claim of ownership of 50% of the property. The title insurer would have to defend the ownership rights of the insured by buying out their interest, thereby causing a loss to the company.

The escrow eventually closed and the necessary title documents were recorded. Joni's instincts and persistent questioning, along with her decision to get further guidance from her state counsel, prevented 100% of the seller's proceeds being disbursed to a felon or her son, and prevented a title claim had the decedent's son and daughter asserted their continued 50% ownership of the property, which could cloud our insured buyers' title.

Without her persistence our Company might have experienced a preventable claim. For her tenacity and expertise, Joni has received a letter of recognition along with a \$1,000 reward.

STOP

**TELL US HOW YOU
STOPPED
FRAUD**

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HEROIC *account manager*

An independent escrow agent was handling a short sale transaction. The title report prepared by Chicago Title Company was created from a previous policy that did not reveal the existence of a second lienholder. Four days prior to closing, the first lienholder informs the escrow agent there is a valid second lien on the property.

The independent escrow agent contacted her account manager at Chicago Title Company, Anthony Santillo. She knew there would not be additional funds available to pay a second lienholder. Anthony tracked down the lienholder to have a substitution of trustee and full reconveyance signed.

The lienholder had no recollection of ever receiving payment. The lienholder also said she could not produce the original note or deed of trust, as they were at her residence in Alaska and she was away from home. She said she would accept \$30,000 in exchange for a release and waive any back interest owed.

Anthony sensed something was amiss and worked with the Chicago Title Company Los Angeles Title unit to determine the lien had been paid through a prior refinance, closed and insured by a sister company, ServiceLink. He worked with a representative of ServiceLink to find the file and produce the following facts to the lienholder via email:

The attached is the closing statement and the accounting for a ServiceLink transaction. ServiceLink, a Black Knight company, is part of Fidelity National Financial which is a Fortune 500 company. You can see your lien was fully paid in 2005...

6/26/1998	Purchase with \$107,000 1st Deed of Trust
5/22/2003	2nd Deed of Trust for \$30,000
2/8/2005	Refi for \$160,000 with Subordination
5/23/2005	Refi for \$240,000 and paid \$30,000 Deed of Trust through escrow
12/13/2005	Refi for \$300,000 file was noted that the \$30,000 Deed of Trust was paid through previous escrow

You were supposed to sign and have notarized a substitution of trustee and full reconveyance and since it was not showing of record it was taken with an indemnity. I have also sent you a transaction history so you can see what went on through the years.

The lienholder reviewed the supporting documents and agreed to sign the substitution of trustee and full reconveyance. Anthony instructed her to send the signed and notarized document via overnight delivery, and the transaction was able to close on-time without additional expense to the company.

For his tenacious level of customer service and his ability to save the Company from a \$30,000 loss, he has received a letter of recognition and a \$1,000 reward.

THE *scam continues*

As reported in the July 2013 edition, there are criminals using online auction websites to dupe people into sending money to them. The criminals send payment using a fictitious check drawn from what looks like our Company and our bank. They instruct the recipient to cash the check and return a portion immediately to the sending party.

When the recipient deposits the check, they quickly discover it is counterfeit and will not cash. The criminals are hoping the return funds are already on the way back to them using online money transfers, before the depositor discovers the check is counterfeit.

Recently, an employee of the company reported a new twist to the scam. Here is her story:

"Before I started working for the Company, I received a job offer via email for a work at home job. I was told I had to purchase a special computer and software which would be paid for by the company. They sent a cashier's check for \$2,500 and said to go to the store and purchase the equipment.



[Continued on pg 4]

[THE scam continues - continued]

I was wary and asked my bank to verify the funds first before I bought anything. They did and found that the cashier's check which had been sent via overnight delivery was fraudulent. Because of this check and my making the bank aware of the issue before any funds were withdrawn, my account with the bank was closed.

I am unable to ever have another account with this bank due to the word fraud being associated with my name and social security number. It is just another way people scam other people out of money and cause long lasting effects which should not be held against the victims."

Unfortunately the scam continues to haunt the Company on a daily basis. Criminals forge checks to look like title company checks,

using correct account information and then send them out as payment. Many times the recipients of the check call the company to verify the check is valid before depositing it.

The calls have reiterated the same scenario as what happened to our employee, the recipient clicks on a link in an email looking for part-time work and they are sucked into the story. If you receive one of those calls, be sure to tell the caller, not only is the check counterfeit, but if they attempt to cash the check their bank might charge them a processing fee when it is returned as fraudulent and they might close their account altogether.

Know before you close.™ | CFPB Readiness

CONTRARY *to popular belief*

The new rules and forms take effect on August 1, 2015. Contrary to popular belief, settlement agents will not show up to work on Monday, August 3, 2015 and be expected to complete a Closing Disclosure instead of a HUD-1 settlement statement in order to close residential loan transactions.

The rule takes effect on August 1, 2015 for all loan applications submitted on or after that date. That means there will be a phased in approach, just like with the 2010 HUD, where settlement agents will continue to close out the loans in the lender's pipeline using the 2010 HUD and start using the Closing Disclosure later on, until the HUD-1 is no longer used on those affected transactions.

