



SHAMEFUL

elder abuse

By Lisa A. Tyler
National Escrow Administrator

I am sure you, just like everyone else, hate performing accommodation signings for another office. But what happens when you need another office to help you? It is a whole different story then, right? In this edition you will discover just how important accommodation signing services are to the Company and why it is important branches support one another.

Read the article entitled “ACCOMMODATION signing protects against elder abuse” to find out how escrow officers from two different FNF companies worked together to save a 74-year-old from a real estate scam.

Speaking of elder abuse, we have an instance reported in Las Vegas. Read the shameful details of how Bryan Williams, with Adventure Capital, swindled an elderly woman out of \$93,000 in the story entitled “QUITE an adventure.”

Lastly, we have good news to report in the story “JUSTICE is served” where Dennis Hardin – the Bonded Promissory Note Bandit – is finally sentenced for his crimes.

What do you think of the new design and layout of the newsletter? We are interested in your opinion. Share it with us at settlement@fnf.com.

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ACCOMMODATION signing protects against elder abuse

A guy walks into an escrow branch...this seems to be how most bad stories in our industry start, and in this story, that is exactly what happened. An unknown investor walked into Chicago Title's Morgan Hill, Calif. branch to open an escrow for the purchase of residential property. The investor presented a handwritten contract that contained highly unusual terms. Sheri Davidson, the escrow officer, opened the escrow, but was suspicious based on the terms of the contract, which were as follows:

This transaction was not a short sale; the seller owned the property free and clear. Sheri called the seller who was the trustee of a survivor's trust. She quickly discovered the seller was a widow who lived out of the area and would not be able to come to Sheri's office to sign the closing documents. Even though Sheri verified the sale price was in line with the current market value of the property based on assessor's tax roll information and comparable sales, she did not feel comfortable sending out a mobile signing agent. She wanted to be sure the seller knew exactly what kind of deal she was getting.

Sheri located an office near the seller. She contacted Elizabeth Stoops, an escrow officer at Fidelity National Title's branch office in Brentwood, Calif. Sheri asked Elizabeth if she would be willing to perform the signing and Elizabeth agreed. Elizabeth received the closing documents and reviewed them. She felt equally uncomfortable with the terms.

Elizabeth made the appointment and when the seller arrived, Elizabeth asked for her identification and realized the seller was 74 years old. Elizabeth began to review the closing documents with her and quickly discovered the seller did not know her carryback lien for 100 percent of the sale price was in second position. The seller was aware she would be receiving monthly payments, but was not necessarily aware the payments were principal-only payments. The seller mentioned she was so stressed that she had suffered a stroke over the subject property. One of the most menacing predicaments that brought on the stroke, was that her stepson lived in the property and paid just \$200 a month for rent.

Elizabeth asked if the seller had an attorney or tax accountant she could confer with over this deal. The seller gave her the name and phone number of her tax accountant, and asked Elizabeth to fax the closing documents to him for his review.

Sale Price	\$256,580
Earnest Money Deposit	\$500 (POC)
New 1st Loan with Private Lender	\$58,000
Seller Carryback 2nd	\$256,580

Note Terms:

- » Principal-only payments for seven years
- » Payments commencing 90 days after closing
- » Borrower has the right to sell the property on a wraparound financing whereas borrower continues to pay seller directly and remain fully responsible for repayment of the note
- » Borrower has the right to substitute other real property with equal or greater equity to secure the remaining balance due of this note



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The seller spoke with her tax accountant who advised her not to close until she met with an attorney. The accountant sent the closing documents to the seller's attorney and she scheduled an appointment to meet him the following day. Since the seller had signed the closing documents during her appointment with Elizabeth, Elizabeth felt compelled to hold them until after the attorney reviewed them. Elizabeth informed Sheri of what happened during the signing appointment.

Sheri contacted the investor to tell him the deal would not close until the seller's attorney reviewed the closing documents. The investor decided to escalate his disapproval of her stance not to close. He called the National Escrow Administrator, Lisa Tyler, and demanded Sheri continue the transaction. He claimed the attorney was not on retainer and should not dictate whether or not the transaction closes.

Lisa told the investor the seller was not aware of a number of transaction terms, including:

- » **Her carryback deed of trust would be in second position behind the \$58,000 first loan**
- » **She would be receiving principal-only installments against her loan**
- » **The loan could be wrapped or the collateral could be substituted**

The investor denied the allegations and swore she was aware of all the terms but was just, "...confused." Lisa said, "Therein lies the problem. If she is confused would you want her signing the closing documents? As the notary and as the title insurer, I would not want her signing any documents she did not completely and thoroughly understand." The investor hung up the phone stating, "It was no use talking to you!"

After one look at the contract and other closing documents, the attorney called Sheri and put a halt to the transaction. He also issued a letter to the investor demanding he no longer contact his client and insisted that if the investor wanted a refund of his \$500 deposit he contact him directly.

Elizabeth destroyed the signed documents and Sheri cancelled her file. As a result of their recognition of a risky deal and their joint effort to protect the seller from elder abuse, the Company awarded Sheri and Elizabeth a \$1,000 reward to split. The \$1,000 reward is a small token of the Company's appreciation for their expertise and their shared, high degree of integrity.

MORAL OF THE STORY

Even though the seller was desperate to change her circumstances and rid herself of a property that had become an albatross, this transaction, according to her attorney, was not her best option. The buyer had no down payment and no equity, so the chances of him walking away from the property were high!

Had this transaction closed and the buyer defaulted on the first loan, the lender would have started foreclosure leaving the elderly seller with one of two options: One, lose her \$256,580 nest egg to the first lienholder in a foreclosure action, or two, pay to bring the first loan current. Then she would have had to start foreclosure on her second deed of trust in order to regain ownership to her property.

JUSTICE is served

Do you ever watch "America's Most Wanted"? I do, and one of my favorite features is when they provide an update on a previous story. It is always great to know the criminal is captured and justice is served! I just love a happy ending. This is a follow-up to a story we published in our January 2009 issue entitled "Bonded Promissory Note." The story explained how Dennis Hardin tried to purchase a property using a Bonded Promissory Note.

Through the years Hardin had a few altercations with the law. He became fed up with the legal system and started to read up on the history of our Country, the law and the Constitution. His research led him to renounce his citizenship to the United States. Instead he claims he is an American Citizen and, through this citizenship, established the Private Bank of Denny Ray Hardin. His bank specializes in only one form of currency, Bonded Promissory Notes, which are not even worth the paper

they are written on. Hardin issued them to creditors to pay off debts he and his customers owed. This is what got him into trouble.

Hardin issued more than 2,000 Bonded Promissory Notes in the amount of \$100 million between September 2008 and September 2009. He charged his bank customers \$100 or more per note. On Wednesday, Sept. 14, 2011 he was found guilty of 11 counts of creating false obligations and 10 counts of mail fraud. His bank is now bankrupt and he faces up to 30 years in federal prison without parole. Each of the counts also carries a maximum fine of \$250,000. In the end, justice does prevail.



QUITE *an adventure*

Fidelity's Las Vegas operation closed a residential purchase transaction in September 2011. The transaction had a sale price of \$236,955, with a new first loan in the amount of \$142,173 and a third-party deposit for the balance. Fast forward four months and the Fidelity office is contacted by the son of the third-party depositor claiming his mother had been swindled out of more than \$93,000!

According to the son, his elderly mother was manipulated by Bryan Williams, president of Adventure Capital, Inc., to "invest" more than \$93,000 in a real estate purchase transaction in exchange for an immediate return on her investment, plus a fee of nearly \$6,500. But she had to act NOW!

The deal was ready to close. The elderly woman was provided with legitimate wire transfer instructions for Fidelity's trust account and promptly wired the funds. Several days later, she received a check for her capital investment and her fee. She was elated at the ease of her part in the transaction, until she deposited the check for \$100,000 and – you guessed it – the check bounced sky high. The woman contacted her son who began investigating the crime.

The escrow officer in the transaction received the wire transfer from the elderly woman and, in turn, demanded third-party deposit instructions be executed by the depositor. These instructions authorized Fidelity to use the funds to the benefit of the buyers in the transaction. The escrow officer had no contact information for the depositing party so she sent the instructions to Williams to obtain the elderly woman's signature. Williams supposedly had the instructions signed by her and the buyers, before returning them to the escrow officer.

Although the contract called for an all-cash purchase, the escrow officer received loan



documents. The documents were from a private lender and there was no requirement for verification of the funds used as down payment at closing. The escrow officer disclosed the third-party deposit on line 204 of the settlement statement so the lender would be aware the down payment came from someone other than the buyer, and proceeded to close.

Since receiving the call from the depositor's son, we have discovered the buyers executed a second deed of trust in the amount of \$100,000 in favor of Adventure Capital two months after closing. However, Adventure Capital has still not made good on the \$100,000 check they wrote to the elderly woman in exchange for her \$93,000-plus wire. As of January 10, 2012, Adventure Capital is no longer licensed to conduct business in the state of Nevada. The company's websites have all been shut down and their doors are no longer open.

The Fidelity operation performed a search on Williams and Adventure Capital to find out if they had previously handled any transactions involving him or his company and they discovered one cancelled transaction. The operation also performed a Google™ search on Williams and Adventure Capital producing the following comments:

"If you are considering working with this company or Bryan Williams, I suggest you reconsider. Our house went into foreclosure in Feb. 2011. A Realtor, Glenda Weiss, directed us to this company. They seemed so nice and knowledgeable and befriended us as if we were part of their family. They told us that Adventure Capital was a lending company who worked with a group of private investors and they could get us a loan with no problem. We found our dream home and put in an offer. When we were ready to close escrow Bryan Williams had us wire our down payment (our life's savings) of \$75,000 into their bank account. He said they needed it to fund the loan. After we signed all of the title docs at closing the loan never funded. We never received keys or our \$75,000 back. These people are thieves who steal the dreams of innocent people. Unless you are prepared to be ripped off by criminal minds, STAY AWAY!"

As a result of the above facts, this matter has been referred to the Las Vegas Metropolitan Police Department and the FBI. Fidelity's underwriting department has issued a Fraud Prevention Memo prohibiting our Family of Companies from conducting any transactions involving Bryan Williams or Adventure Capital.