

# ▶ 480,000 reminders of why crime does not pay



**By Lisa A. Tyler**  
*National Escrow Administrator*

As part of her guilty plea, a former escrow officer admitted that she obtained three properties as a straw buyer through fraudulently obtained mortgage loans. She admitted she knew documents provided to the loan originators contained one or more false representations. "ALL sorts of people on the move, including one to prison" is a follow-up story providing the sentencing handed down to the escrow officer for the crimes reported in a previous edition of *Fraud Insights*.

"TITLE sleuth" is an intriguing story about

abandoned property in Philadelphia. The property was taken through an act of forgery and later resold for a ridiculously low price. Read the story to discover how a title examiner became a hero by preventing the Company from issuing an owner's policy on the sale of the stolen property.

That is not all from the City of Brotherly Love. Read "TRENDING now in Philadelphia" to find out how another astute title examiner discovered another forged deed, escalated it to her underwriter and saved the Company from issuing an owner's policy.

The examiner and underwriter later discovered

the criminals had pulled off their heist successfully on twenty-two properties in Philadelphia before being busted by the local authorities. The title examiners in both stories, as well as the underwriter, prevented the Company from eventual claims by the buyers.

If you intend on "TRAVELING" this holiday season you must read SAFETY CORNER for information on how to keep you and your property safe. Share tips from SAFETY CORNER with your loved ones and customers – let them know you care!

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**Editor**  
Lisa A. Tyler  
National Escrow Administrator



## **ALL** sorts of people on the move, including one to prison

In the December 2011 issue we featured an article entitled “Escrow Officer Acts As Straw Buyer.” The story provided the details of a mortgage fraud scheme which resulted in \$3.9 million in losses to three different banks.

Four people were indicted including the escrow officer, Sandra Jackson, who closed most of the fraudulent deals. She was even brazen enough to act as a straw buyer - three times! Since then she has entered into a plea agreement and has now been sentenced.

In September of 2011 four people in Tucson were all indicted for their role in a multi-million dollar mortgage fraud scheme. One of the conspirators was an escrow officer, Sandra Jackson. By March 2013, Jackson and her co-conspirators pled guilty on these charges:

- » Conspiracy to commit bank fraud and conspiracy to commit money laundering
- » Conspiracy to commit wire fraud
- » Conspiracy to commit bank fraud and conspiracy to commit transactional money laundering
- » Conspiracy to commit wire fraud

Part of Jackson’s guilty plea included admitting she knew at least one or more material misrepresentations were provided as part of her loan application for three new loans she used to purchase three properties. She defaulted on all three of the loans resulting in financial losses to the lenders since they were ultimately forced to foreclose on the properties.

**On August 9, 2013 Jackson was sentenced to six months in federal prison and ordered to pay about \$480,000 in restitution.**

As if the very thought of going to prison is not

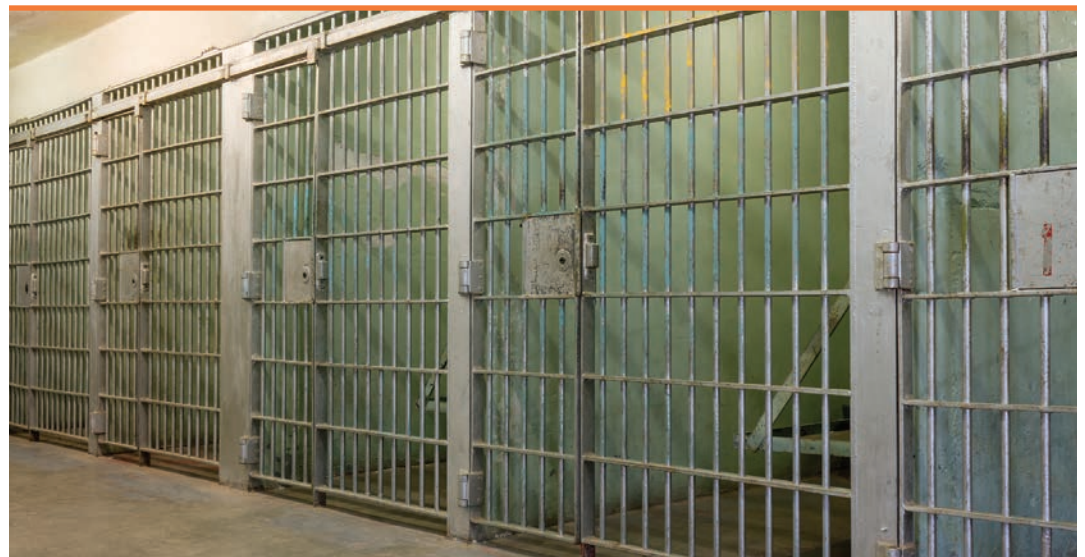
chilling enough, once released she will have a hefty lien hanging over her head, which might affect her ability to get a job, buy a home or obtain credit.

Restitution is reimbursement for economic loss to the victims who suffered financially as a result of the crime committed. On April 24, 1996 Congress made restitution mandatory for many types of federal crimes. When a defendant has been convicted the judge may impose as a part of the sentence an order for some or the entire fine imposed to be allocated for restitution.

The Financial Litigation Unit (FLU) of the U.S. Attorney’s Office, is charged with enforcing orders of restitution. They file a lien on behalf of the United States for the purpose of recovering restitution against the convicted person. FLU pursues the enforcement of the order to pay restitution for 20 years from the filing date of the Judgment, plus the time period of actual incarceration or until the defendant dies.

In addition, the victim might also choose to request the U.S. Clerk of Court to issue an Abstract of Judgment certifying a judgment has been entered in his/her favor. The victim might then record the Abstract of Judgment in any county within the state which the defendant was convicted and believed to have assets. Once it is recorded, it becomes a lien upon the property of the defendant in that county. The feds might also garnish the wages of the defendant.

Once Jackson is released from serving her six months in federal prison, she will be faced with her responsibility to pay restitution. It will surely be an uphill battle since she lost her job with us. Now she is a convicted criminal and finding a replacement career will be difficult, to say the least. She also has 480,000 reminders of why crime does not pay.



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settlement@fnf.com or  
949.622.4425

# TITLE sleuth

Title examiners examine title according to underwriting guidelines. In Pennsylvania, if a title examiner is reviewing a chain of title where a Deed has recorded for a transfer amount less than \$20,000, approval from an underwriter is required before proceeding. Read on to find out how this policy helped a title examiner detect a forgery.

Susan M. McAtee, a title examiner in the Philadelphia Title Production Department, was working on an order for a title agent. She knew from the beginning she would need to have an underwriter review and approve the title report because the insured amount being requested was only \$18,500.

Susan carefully reviewed the last deed in the chain of title for any discrepancies. She noticed the signature of the notary on the acknowledgment was odd. It was either written by someone who did not have a steady hand or someone who kept stopping and starting, in an attempt to make the signature match the notary's signature on record. Susan pulled the notary's recorded commission so she could compare the signatures.

Susan's instincts were right. The two signatures of the notary clearly did not match! She finished her examination of the chain of title and forwarded the title report to an underwriter for approval; she pointed out the mismatched signature of the notary on the most recent deed in the chain of title.

Underwriting agreed with Susan's findings and decided not to issue the title report to the title agent. She notified the agent our Company was unwilling to insure the transaction.

Susan reported her findings to National Escrow Administration at [settlement@fnf.com](mailto:settlement@fnf.com). We were curious about the property and why it appeared there was a forgery in the chain of title. The forged deed recorded in 2008 so why did it take so long for this to come to light?

An escrow administrator searched the property on Google Maps™ expecting it to be a vacant lot. It was not. It was a townhome. After further review of the documents, an explanation was found in the Philadelphia Real Estate Transfer Tax Certification indicating the low sales price.

The building located on the property had no roof! The certification contained a transfer tax exemption that read, "Complete shell; can see daylight from inside; no roof." It was clearly in need of demolition or major restoration.



Most likely the previous owner, who inherited the property in 1979, had simply abandoned the property altogether. Perhaps she cannot be found at all. As a result, it appears the new grantee took the property by forgery through a deed recorded in Philadelphia and now the chain of title will have to be cleaned up before the property can be sold.

## MORAL OF THE STORY

Forgery is one of the coverage's afforded in all types of owner's title policies. Regardless of the amount, it is vital the chain of title is carefully reviewed in order to prevent detectible losses. Susan McAtee used all the resources available to her to detect a cloud in the chain, protecting the Company from a loss for the failure of title due to a forged deed. Susan has been rewarded \$1,000 for her efforts.

## TRENDING now in Philadelphia

Apparently stealing properties is a trend in Philadelphia. Not long after we were notified of Susan M. McAtee's title sleuthing skills, another title examiner found something similar in a chain of title she examined. Shortly thereafter it was discovered the grantors and grantees in her title exam had been arrested. Read on to find out the details of their scheme and what they were charged with.

Making the decision to resign from a transaction is always done after careful consideration and review of the facts. Sometimes it is simply the only alternative. Jim DiStefano, vice president and senior underwriter in Philadelphia, knows this all too well.

In April of 2013, Katie Shapiro, title examiner, asked Jim to look at two deeds she found in the chain of title for a transaction a title agent was handling. The deeds caught her attention because the consideration was nominal.

In December of 2009 a Grantor conveyed title to the Grantee, for the total consideration of only \$3,000. Seventeen days later the Grantee transferred title to William H. Alexander III for only \$5,000. Alexander held on to the property until April of 2013 when he entered into a purchase and sale agreement to sell the property for \$75,000, which was why Katie was preparing a title report.

Since the two deeds conveyed for less than \$20,000, Katie brought the file to Jim

for approval. He advised her to include a requirement on the Commitment for Title Insurance for Grantor and Grantee to join in the conveyance, and send the title report to the title agent. The closer called Jim to find out why the Grantor and Grantee had to sign the deed.

Jim explained to the closer the deeds were recorded without the benefit of title insurance and by the Grantee, not a title agent. As a precautionary measure, he required they join in on the conveyance so he could be confident they were properly identified and their interest in the property was properly divested.

After the call, Jim decided to review the deeds

[Continued on pg 4]



**[TRENDING now in Philadelphia - continued]**

more closely and realized both deeds were notarized by the same notary, yet the notary's signatures clearly did not match. He contacted the closer and informed her the Company would refuse to insure the sale.

Four months later, the closer stumbled across a news article naming the Grantee as one of four parties arrested for "stealing" houses in Philadelphia. The others involved included the son of a former Philadelphia Police Commissioner. They were arrested after a three-year long investigation for forging the deeds of 22 properties in Philadelphia, enabling them to effectively steal the houses.

Imagine the wave of relief which came over Jim knowing he refused to insure the sale of one of those properties. The perpetrators were charged with:

1. Criminal Conspiracy
2. Theft by Unlawful Taking or Disposition
3. Theft by Deception
4. Forgery
5. Tampering with Records or Identification
6. Tampering with Public Records or Information

The Grantee is being held on \$595,000 bail, and the others on \$575,000 bail and \$560,000 bail.

**MORAL OF THE STORY**

Sound underwriting practices saved our Company from a potential claim. Katie did a thorough review of the chain of title and brought her findings to her underwriter for further review. Uninsured transfers in the chain of title are always a red flag but when the transfer is for nominal consideration they become an even higher risk. Katie's exam and Jim's review of the documents have earned them a reward of \$1,000.



# TRAVELING

**SAFETY CORNER** is dedicated to providing you with tips for being safe in your personal life.



The holiday season is a wonderful time to visit family. Many Americans brave the crowded airports and highways traveling. If you go out of town during the holidays keep a few safety tips in mind:

1. Turn your lights on. Before you leave your home unoccupied, plan on ways to make it appear you are still home. Invest in automatic timers for your lights to turn on in the evening and off during the day making it appear someone is at home. Contact your local post office to have your mail held until you return. Ask a friend or your neighbors to keep an eye out for anything suspicious. You may even ask a neighbor to park in your driveway.
2. If you and your immediate family open presents at home, before you leave, do not leave the empty box for your new 72" flat screen TV at the curb. It advertises what gifts you received and exactly where they can be found in the house.
3. If you are driving to your destination be sure to give an itinerary to someone back at home or at your intended destination. Provide them with your travel route including an approximate time of arrival and a contact number. If anything changes, be sure to notify that person and check in with them throughout the trip so they know you have arrived safely. If something were to happen, they would be able to provide important information to the proper authorities.

Being prepared can help rest your mind and ensure you enjoy your trip. Happy Holidays to you and yours!

**SAFETY CORNER**