



By Lisa A. Tyler
National Escrow Administrator

This month's edition features two heroic associates who were able to spot red flag warnings, research their suspicions and alert their management team. Their stories involve stolen entities, which is a big trend in the industry. The thieves lay claim to entities they do not own and attempt to sell the assets owned by that entity using forged supporting documents. The two heroes in this month's edition, like 211 of their colleagues, will receive big rewards for their efforts to protect the Company from claims and losses, and to protect their customers from suffering losses as well. To-date, the Company has paid \$208,000 to associates just like the ones featured in this edition. If you have a story to share, please send it to us at settlement@fnf.com and you could be the next reward recipient!

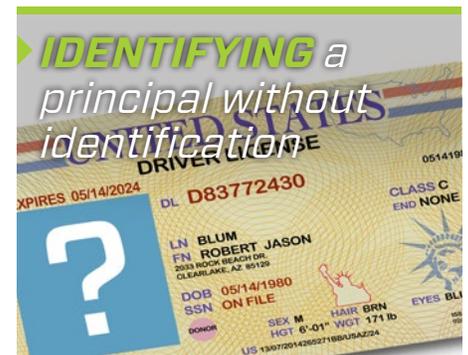
On March 28, 2018, two title only orders were opened by Chicago Title Company in Glendale, California, by an independent escrow company. Both orders were real estate sale transactions referred to Chicago Title Company by the buyer, a real estate investor who purchases income producing properties and always requests title insurance from Chicago Title Company. Read "CASE of the stolen entity" to discover how a title assistant was able to halt two sale

transactions and save the loyal customer from the pain of having to unwind two real estate purchase transactions from a stolen entity.

Robin Lorenzini is an escrow officer in Fidelity's Clackamas, Oregon office. She opened escrow for a sale of real estate with a sale price of \$236,500 and a \$233,500 loan. The transaction was referred to Robin by an investor who purchased property and closed with her in the past. In this latest transaction the property owner was the Smacker Family Trust. Read "CASE of the stolen trust" to find out how Robin stopped a transaction that could have ultimately led to a title claim.

Some transactions involve principals who have no form of identification whatsoever. Examples include a person who has no driver's license, or someone who refuses to be photographed or even a principal from a foreign country. In some cases, the principals have no acceptable form of identification for notary purposes. All of these situations make closing a real estate transaction challenging. Find some solutions by reading "IDENTIFYING a principal without identification."

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The investor and loyal Chicago Title Company customer was purchasing two residential properties as rentals for \$225,000 each. The properties located in Riverside County, California, were shown to be free and clear of encumbrances and both were vested in the same Nevada Corporation.

Both title orders were assigned to super sleuth Dolores Gurrola, an extraordinary title assistant with Chicago Title Company in Glendale, California. She ran the name of the corporation through the Nevada Secretary of State website and found one filing on December 31, 2007, showing the status of the corporation as permanently revoked.

The officers named in the filing were Jed I. Knight and Bud Light, and all filed documents showed they established the corporation in 2007. Dolores also found a brand new filing on March 28, 2018, under the same corporate name with a new officer by the name of Tahra Dactyl.

Dolores looked at the signed documents received from the independent escrow office to record. Tahra Dactyl had signed both deeds conveying title to the properties. Dolores asked the independent escrow officer to provide documentation the corporate entity was transferred to Tahra Dactyl. Not surprisingly, nothing was sent in response. Dolores escalated the matter to her manager, Tony Taranto.

Tony called Jed I. Knight and Bud Light, and confirmed they were not selling either property. The two gentlemen were extremely grateful for Tony's actions in making them aware someone was not only stealing their entity, but their assets as well.

In addition, the investor was a very good customer of Chicago Title and was grateful Tony and his team prevented them from having to go through the ugly mess of potentially unwinding both transactions once the crime was discovered.

Tony said he and his incredible team of title professionals have seen this type of fraud attempted many times. His crew of heroes has been diligent in reviewing entity formation documents, and preventing claims and losses to the Company — as well as the true property owners.

Super sleuth Dolores Gurrola is a hero among heroes for saving the Company from two potential claims. For her expertise and diligence she has received a letter of recognition from the Company as well as a \$1,500 reward.

MORAL OF THE STORY

Certain individuals are appropriating corporate identities in California by creating a new company with the same name as one that had previously been dissolved and then attempting to convey it. Refer any of this type of scenario to your manager.

In this case, it would be only a matter of time before the real property owner would discover the property had been illegally conveyed. The buyer would then have to file a title claim to the Company.



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CASE of the stolen trust

The title examiner in Oregon prepared the preliminary report, but did not reflect the owner as the Smacker Family Trust, and instead, back-vested to the previous owner Leo Young as trustee of the Leo Young Trust because the deed from the Leo Young Trust to the contract seller was uninsured, meaning the transfer was not recorded or insured by a title company.

The public record indicated Leo Young acquired the subject property with his wife in 1976. They divorced in 1981 and the court awarded the property to Leo Young.

In 2008, Leo Young signed a quitclaim deed conveying the property to himself as trustee of his trust. The 2008 quitclaim deed included an attachment with recitals regarding Leo Young's trust. The recitals state Leo Young's successor trustee is Leo Young, II.

Leo Young died in 2010. The title examiner found no probate in his search and did not find an obituary for Leo Young.

The next recorded document is the deed to Smacker Family Trust in 2017. The deed to the Smacker Family Trust was recorded on a California grant deed form, not a form widely used to convey property in the State of Oregon.

A general warranty deed is used to transfer an interest in real estate in Oregon in most real estate transactions. This grant deed was signed by a Manny McMahon as successor trustee of Leo Young's trust, and appeared to have been acknowledged and notarized in the State of Arizona.

Robin Lorenzini, the escrow officer in Fidelity's Clackamas, Oregon office, who was charged with closing the transaction, contacted the Arizona Secretary of State to obtain information about the notary on the grant deed.

She initially intended to contact the notary to determine whether the notary's journal included an address or other contact information for Manny McMahon. The Arizona Secretary of State confirmed there was no contact information and there has never been a notary public in Arizona with the name shown on the grant deed.

Coincidentally, the trustee of the Smacker Family Trust lived in California. Robin requested the seller provide contact information for the grantor, Manny McMahon. The trustee of the Smacker Family Trust stated she no longer knew how to reach McMahon, and she provided Robin with a signed notarized appointment of successor trustee for the Leo Young Trust.

The appointment was signed by McMahon, appointing himself as successor trustee. The appointment is not recorded, and it appeared to have been acknowledged and notarized in California.

Robin then contacted the State of California and learned the notary named on the appointment of trustee was not commissioned in California. In addition, the commission number shown on the California notary stamp belonged to a different notary public whose commission was expired.

The seller — Smacker Family Trust — had provided a trust agreement to Robin. The trust agreement for the Smacker Family Trust was notarized using the same altered California notary stamp.

With all the discrepancies and red flags, Robin knew things with this transaction were wrong. There was no way the Smacker Family Trust could be the legitimate owner of the property. She contacted her legal counsel, Pat Ihnat, and together they asked the seller for additional information.

The seller immediately suggested the transaction be terminated with a full refund of buyer's earnest money. After the conversation ended the seller contacted the buyer to cancel the transaction altogether.

The buyer contacted the Company's legal counsel inquiring about the reason for the seller's cancellation. Pat explained the results of the research and the reasons Fidelity was unwilling to insure through the deed into the Smacker Family Trust. The buyer is now trying to locate the heirs of Young so they can be referred to an attorney to regain title to the subject property.

For all her effort in discovering the counterfeit notary seals and signatures, escalating her findings to legal counsel and for ultimately halting the transaction, Robin has received a reward of \$1,500 and a letter of recognition from the Company.

MORAL OF THE STORY

Always pay attention to the kinds of discrepancies that were present in this transaction and do not be afraid of escalating these issues to your underwriting counsel for additional instructions. Had the Company accepted the documentation and closed the sale, eventually the Young Family heirs would have sought to have the title of the property restored to their family and a claim submitted to the Company.



IDENTIFYING *a principal without identification*

The notary's most important responsibility is properly identifying the principals to a transaction in order to notarize their signatures on documents that will be used to close and insure a real estate transaction.

Transactions involving principals with no identification or no acceptable identification are unique and present challenges for the person acting as the notary public.

Here are some solutions. If the principal has no identification, the identity can be established under some states' notary statutes by the oaths of one or two credible witnesses. The notary public first must establish the identities of the credible witnesses by the presentation of paper identification documents.

Under oath, the credible witnesses must affirm:

1. The individual appearing before the notary public as the signer of the document is the person named in the document;
2. The credible witnesses personally know the signer;
3. The credible witnesses reasonably believe the circumstances of the signer are such that it would be very difficult or impossible for the signer to obtain acceptable identification;
4. The signer does not possess any of the identification documents authorized by law to establish the signer's identity; and
5. The credible witnesses do not have a financial interest in the transaction.

