



By Lisa A. Tyler
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For many years flipping real estate was deemed a negative term. Many thought flipping properties was illegal. The negative reputation was well earned, since most mortgage fraud cases involved someone who flipped real estate to a straw buyer who would obtain a new loan to purchase the property. The straw buyer would never make a payment leaving the lender the last one standing with an unpaid loan, which was never worth the loan amount. Clearly, that kind of flipping is illegal.

In recent years, television networks have helped highlight positive investors flipping real estate through television shows featuring real estate investors who find homes in need of rehabilitation. These investors fix the properties up and then sell or flip them to legitimate, qualified homebuyers. This all happens in a few months or less — hopefully for a profit.

Unfortunately, some people want to be real estate investors, but do not want to put in the real work. They look for short cuts and have less than honest intentions. Read “FLIP or fraud?” for details about how one man attempted to build his investment portfolio by flipping real estate.

“CALLER ID spoofing” is a story detailing one of the latest trends in the diverted wire transfer scam being perpetrated against home buyers. The fraudsters are using internet applications to blind the numbers they are using to call and text home buyers, instructing them to wire their down payment funds to an account other than the settlement agent’s or title company’s account.

Title Officers search the records and analyze the information discovered as a result of that search. They are highly skilled professionals who are experts in searching chains of title for risks. Read “PEOPLE behind a title policy” to discover how valuable title officers are to the industry.

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FLIP or fraud?

A real estate investor entered into several purchase agreements to purchase different properties from a limited liability company in which Gil T. Azell was the sole member. Leslie D. Klehammer, of Synergy Title Partners in Madeira Beach, Florida, began examining title for the first property and noticed an uninsured quit claim deed in the chain of title. Upon closer review, she realized there were two recent quit claim deeds recorded in the chain of title, both notarized by the same person.

The first one was prepared and notarized by Evelyn Tent in December 2018. Then in January 2019, Evelyn Tent notarized another quit claim deed transferring title to the LLC in which Azell was the only member. She pulled a copy of the deeds and reviewed them carefully against the chain of title.

Back in 1997, Mr. and Mrs. Smyth held title as co-trustees of their family trust. Their attorney prepared and notarized a deed transferring title from their trust to them individually. There was no other activity found in the chain of title until 2018, when Mrs. Smyth, a widow, granted the property to a brother and sister who shared her last name.

The brother and sister granted the property to Azell's LLC in January of 2019. Evelyn Tent notarized both deeds but only prepared the first one. The second deed was prepared by someone Leslie could not find nor identify as a notary licensee in her state.

Then Leslie noticed the widow, Mrs. Smyth, did not sign her name properly on the deed she signed in 2018. She signed her last name as "Smith" — not Smyth. Leslie did not like any of this. She turned to the internet and searched for more information about Mrs. Smyth.

She discovered that Mrs. Smyth died in 2001, which meant she could not possibly have signed the 2018 deed. In addition, her obituary stated she predeceased her husband. She was not a widow at all. Last, there was no mention of a brother or a sister in her obituary.

The county property appraiser also showed a tax lien for homestead recorded against the property reflecting the ownership as the estate of John A. Smyth who had since passed away.



Leslie called Azell to investigate further. He explained he owned 19 properties and gave her the addresses for seven more properties for which he would require title reports. He said, "Don't worry, no one can make a claim to them," and indicated if they did, he would just pay them off.

He justified his actions by explaining these properties were nothing but problems for the county; he was doing them a favor by taking them over and he stated there was no one who can contest the transfers.

Azell explained he has an eRecording account so he can record his own documents. He said he could bring her a lot of business if she would just do what he said and handle the closings.

Azell also stated he does his research and knows there are no death certificates filed for Mr. or Mrs. Smyth. Leslie was shocked. She asked him what he was referring to and he quickly hung up.

Leslie decided to check to see if the notary, Evelyn Tent, was a real commissioned notary and discovered someone with her name is commissioned. After digging further, Leslie noted it appeared the signatures of the notary on the notarial certificates were eSigned — but not eNotarized. It is possible the notary was not involved at all and Azell forged her name and affixed her notary seal to the forged deeds and then eRecorded them.

Leslie notified the underwriting department of all of her findings. She also reached out to the Federal Bureau of Investigation (FBI) and county Sheriff's Department. Her company resigned from all 19 transactions since it appeared Azell's LLC was in title because he fraudulently deeded all the properties into his name.

All the lots were vacant and scheduled to close within 10 days of acceptance. Every chain of title revealed forged documents, including the satisfactions of mortgage.

Leslie and her management were so relieved she took the time to investigate the red flags that appeared in the chain of title. The underwriters were thrilled too since these could have all resulted in claims.

It is experienced and cautious title examiners just like Leslie who prove to be defenders of our product and help to protect the integrity of the public records system. Great job Leslie!

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**TELL US HOW YOU
STOPPED
FRAUD**

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CALLER ID spoofing

On January 9, 2019, Chicago Title's Lynnwood, Washington office opened a sale transaction. The sale transaction was not scheduled to close until February 13, 2019. However, three weeks before the closing, the buyer started receiving emails from someone he thought was his real estate agent that read as follows:

From: Selling Agent
Sent: Thursday, January 24, 2019 9:13 AM
To: Home Buyer
Subject: Closing And Funding

Good Morning Mark,

I had a chat with the title closer regarding funding and they advised to have the funds available in escrow prior to closing as this is part of their company's policy to avoid any delay that may occur due to the closing funds being late, please do let me know if you guys can start moving funds to escrow today so I can provide you with your cash to close amount and escrow wiring instructions for the funds.

I am in a realty seminar most of today, but I do have access to my email. Please drop me an email to let me know what you wish to do so I can follow up with them.

On January 24, 2019, at 10:48 PM, Home Buyer wrote:
I can move the money anytime. I have never wired money before. I am also in town tomorrow and I could drop them a check as well.

On January 24, 2019, at 9:27 AM, Selling Agent wrote:
Due to the Good Funds Law and banking practices, please note that the title only accept personal checks up to \$1,000, cashier's checks for \$1,000 to \$5,000 and must have a wire for all transactions requiring funds for more than \$50,000... Since your cash to close amount is \$145,440.89 you will have to wire funds directly to escrow. Please let me know how you wish to proceed so I can follow up and get you the wiring instructions for the wire.

On January 24, 2019, at 11:11 PM, Home Buyer wrote:
Also, that amount does not match the amount Jon noted in the load docs.



On January 24, 2019, at 9:50 AM, Selling Agent wrote:
How much did Jon noted in the loan doc so I can cross check this with the title closer and surely will verify the wiring instructions before forwarding to you.

On January 24, 2019, at 11:24 PM, Home Buyer wrote:
\$144,750

On January 24, 2019, at 11:30 PM, Selling Agent wrote:
I will confirm this amount but remember this is not inclusive of the closing cost but will get back to you shortly.

On January 24, 2019, at 11:16 AM, Selling Agent wrote:
I have confirmed with escrow, amount to wire is \$144,750 and the closing cost will be taken care of at closing with cashier's check. Please confirm if this can be taken care of today so I can provide you with the wiring instructions.

On January 25, 2019, at 12:55 AM, Home Buyer wrote:
What other closing costs are there?

On January 24, 2019, at 11:36 AM, Selling Agent wrote:
ADDITIONAL CHARGES:

Selling Broker Transaction Fee to Real Estate Group Pad for adjustments at closing to be refunded after adjustments and also escrow Fee to The Title Company. In total, these fees will not be more than \$250. As I said, you can wire the cash to close amount, which is \$144,750. Let me know if I should go ahead and get you the wiring instructions for the wire today.

On January 25, 2019, at 1:10 AM, Home Buyer wrote:
Please call me when you have a break in the action. These emails seem to be going in a circle here.

On January 24, 2019, at 12:09 PM, Selling Agent wrote:
I will be rounding up late today. Please drop me an email if you have any questions and I will get back to you as soon as I can. If you do not mind I can have the escrow coordinator give you a call. Please let me know.

Next, the home buyer received a phone call that the homebuyer's caller ID indicated was someone from Chicago Title Company. The person said her name was Maryanne and came across very rude and with broken English, telling the home buyer that he needed to wire funds today.

The home buyer replied he had been working and speaking with Allie, and he needed confirmation from her. The home buyer asked "Maryanne" to have Allie call him back directly. Maryanne replied, "Okay, she will call you." and she abruptly ended the call.

Being suspicious, the home buyer decided to call Allie himself with a phone number that Allie had provided in an up-front phone call to the home buyer. At the time the order was opened, Allie explained the escrow procedure for sending wire information to make the home buyer aware of the possibility of wire fraud in his transaction.

The home buyer remembered that phone call vividly and remembered Allie's voice when she picked up the phone. He told Allie about the email conversation he thought he was having with his agent and the phone call from Maryanne.

[Continued on pg 4]

[CALLER ID spoofing - continued]

Allie assured him no one from their office was named Maryanne and no one from Chicago Title Company called him to convince him to wire his closing funds three weeks in advance of his closing, even though the phone number appeared to be from Chicago Title Company.

Allie and the home buyer felt relieved the buyer had been warned this type of crime might be perpetrated in his transaction. The warning raised his awareness enough to be suspicious of the emails and phone call he received. Luckily, he did not wire his down payment to the fraudster.

MORAL OF THE STORY

There are apps available online that enable the caller to appear to be someone else: Either the caller changes the number to appear to be legitimate or actually changes the name of the caller to appear to be the settlement agent or real estate agent's company or even the agent's personal name. They call in an attempt to convince the buyer of the urgency of sending a wire or texting them urgently to send a wire for their down payment and closing costs.

PEOPLE *behind a title policy*

Title insurance companies spend hundreds of millions of dollars each year to correct errors in the public property records that otherwise would lead to serious impairment to the property rights of millions of Americans.

Errors are uncovered by trained experts: Title Officers. Title officers provide the results of their search by either a preliminary report or commitment for title insurance.

A preliminary report (frequently referred to as a "prelim") is a report which shows the terms upon which the Company may issue its policy. It is neither a policy nor a commitment to issue a policy. It is an offer to issue a policy provided all terms are met.

The preliminary report includes both items and notes:

» Items are both exceptions to title, the reporting of recorded documents that describe/affect the property in question, and

requirements which most often are requests for information that will enable the Company to issue the policy requested.

» Notes are purely informational. Some supply information for proration purposes, while others contain information that might be required either by the state or by the Company.

The preliminary report is issued after the search and examine procedure has been completed. Next month we will discuss what a commitment for title insurance is.

NOTE: The statements made in this article are not intended to and shall not be construed to expressly or impliedly issue or deliver any form of written guaranty, affirmation, indemnification or certification of any fact, insurance coverage or conclusion of law.

