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The Consumer Financial Protection Bureau (CFPB) has recognized the overwhelming increase in elder abuse statistics. The massive amounts of yearly losses by elders has prompted the CFPB to take actions, such as issuing reports, guidelines and information on how to stop the financial elder abuse. Per the CFPB:

“Elder financial exploitation has been called the crime of the 21st century and deploying effective interventions has never been more important. Older people are attractive targets because they often have assets and regular income. These consumers may be especially vulnerable due to isolation, cognitive decline, physical disability, health problems, or bereavement. Elder financial exploitation robs victims of their resources, dignity and quality of life — and they may never recover from it.”

Read “MOBILE scamming agent” to discover the latest crime perpetrated on a sweet elderly lady selling her home in Texas, while residing out-of-state in Mississippi.

In Colorado there are three levels of responsibility for real estate licensees:

- » An **employing broker** can employ other licensees.
- » An **associate broker** must be employed and supervised by an employing broker.
- » An **independent broker** is self-employed, but cannot employ other licensees.

One of our offices recently opened two fraudulent transactions for an associate broker who has hung his licenses with four different employing brokers in the last year. Read about his scam in the story entitled “STOLEN commission.”

Another day...another diverted wire transfer attempt. Read “MILLION dollar save” to discover how an accounting associate discovered an updated payoff statement contained altered wire instructions. The wire instructions just did not make sense, so the clerk called the payoff lender and confirmed the wire instructions on the updated statement were fraudulent.

A person’s home is likely their most valuable asset and well-worth the one-time expense of a title insurance premium. Read “VALUE of title insurance” to learn some remarkable things about title insurance and the title industry.

## IN THIS ISSUE



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## **MOBILE** scamming agent

**On July 9, 2019, a mobile signing agent met with an elderly woman who was selling her home in Texas. The escrow officer in Texas made all the arrangements for a mobile signer to meet with the seller because she had moved to Mississippi and lived in an apartment located in a senior living complex. The seller had been declared legally blind, but could still see well enough to sign documents and write checks.**

On July 30, 2019, after the transaction had already closed, the manager of the mobile signing company received a call from the escrow officer in Texas, who reported the notary was taking financial advantage of the elderly seller.

The escrow officer said the seller called her real estate agent in Texas and shared some disturbing details about her meeting with the mobile signing agent on July 9, 2019. The seller said that when they met, the mobile signing agent told her a big sob story about her financial and car problems and the seller felt so bad for her, she wrote her a check for \$2,000.

Then on July 10, 2019, the mobile signing agent returned to the seller's apartment asking for more money, which was supposedly the difference she needed to finance a car. The elderly seller wrote her another check for \$1,200. She is a life-long Christian who is generous and has helped people financially throughout her life.

On July 28, 2019, the mobile signing agent called the seller again and said she wanted to visit her and bring a thank you gift. The next day, the mobile signing agent visited the seller and continued to tell her sob story — and asked for more money in the form of a loan. The seller did not want to give it to her, but she was

uncomfortable and a little fearful. She reluctantly agreed to give her another \$2,500.

When the seller left the room to get her checkbook, she could hear the mobile signing agent talking to someone on her cell phone. When the seller returned, the signing agent told her \$2,500 was not enough — she needed more. The elderly seller said she was not going to give her anything more, she wrote her a check for \$2,500 and the signing agent left.

The seller felt she was being taken advantage of so she called her bank right away to report what transpired. The bank representative agreed and placed a stop payment on the \$2,500 check. The seller notified the signing agent that she had to place a stop payment on the check due to needing the money for a family emergency. But she was fearful the mobile signing agent might come back again and she was concerned for her safety. The real estate agent advised the seller to file a police report, which she did.

The mobile signing company immediately removed the signing agent from their approved vendor list and filed the required elder abuse reports with the authorities in Mississippi. They also reported the incident to the Mississippi Secretary of State who oversees Notary Publics.

### **MORAL OF THE STORY**

**All potential elder abuse activity must be reported to the Company's legal compliance department on an Elder Abuse Reporting Form. All reports are investigated thoroughly, and law enforcement and regulators — such as the Department of Human Services — are informed of any incidents. The Company takes this kind of abuse seriously.**

**STOP**

TELL US HOW YOU  
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## **STOLEN** *commission*

**An unscrupulous associate-level real estate broker in Colorado wrote a purchase contract for the sale of his father's home. The agreed upon sales price was \$325,000. The contract, written on June 11, 2019, was an all-cash offer, closing on July 5, 2019. The contract did not require an earnest money deposit. The broker represented both the buyer and seller, and expected a 6% commission at closing.**

The same unscrupulous real estate broker wrote another all-cash purchase contract for \$395,000 on June 16, 2019, for a different property with a quick closing date of July 12, 2019. The contract did not call for an earnest money deposit from the buyer. The broker represented both the buyer and the seller, and he expected to receive another 6% commission at closing.

The broker opened escrow for each purchase contract, but did not provide any contact information for the buyers or sellers in either transaction. The title reports were completed and sent to the broker to deliver to both sets of buyers and sellers. As the closing date for each transaction approached, the settlement agent reached out to the broker to schedule signing appointments. The settlement agent received no response.

Then the settlement agent received two commission advance agreements. A commission advance is a financial agreement whereby the real estate agent and their employing broker obtain an advance or loan of a portion of a pending commission for a fee. The commission advance company advances or loans the agreed upon amount to the real estate agent before closing, with the promise from the broker the loan will be paid back at closing.

The real estate agent and his or her broker apply for this advance online. They provide a copy of the fully executed real estate purchase contract and they both electronically sign an agreement to repay the advanced amount. In addition, the agent must pay a fee, typically 20% or more of the amount advanced prior to closing.

The commission advance company is based out of Florida. They failed to do their research and thought the word "broker" after the real estate agent's name, meant he was the employing broker who was authorized to enter into a commission advance agreement.

The real estate agent acted in the capacity of the employing broker and himself in assigning \$6,250 of the commission due under each

contract to the commission advance company. He borrowed a total of \$24,750 and the commission advance company was supposed to be repaid through several closings.

The settlement agent grew suspicious. She had no direct contact with the buyers and sellers, the real estate broker was not responding to her requests, the closing dates had come and gone, and now she had two commission advance demands.

The settlement agent wondered if her transactions were legitimate or not. She contacted her operations manager for guidance. A quick internet search by the manager revealed neither property was listed for sale.

The operations manager instructed the escrow officer to resign as settlement agent and return the commission advance demands to their original remitter. The commission advance company owner was furious. He stated he would file a police report in order to collect on their commission advance.

As an aside, the real estate agent advertises, "Building lifelong relationships through exceptional service," on his social media outlets. This same scenario was reported by another Colorado operation in October 2017. It is unfortunate to hear the scam is occurring again, less than two years later.



## **MILLION** *dollar save*

**In Southern California the majority of real estate transactions are closed by independent escrow companies. The title company insuring the transaction receives lender's funds to close, pays the existing encumbrances, property taxes and the title invoice, and the balance (such as commissions) is sent to the independent escrow company to disburse. The receipt and disbursement of funds by the title company is referred to as a sub-escrow.**

Jennifer Navarro, an accounting clerk in the payoff department with Ticor Title in Riverside, California, detected an altered payoff statement on a recent sub-escrow transaction. The payoff statement dated June 19, 2019, was sent to Jennifer from an independent escrow company.

On June 27, 2019, an updated payoff statement was received from the independent escrow company. The "updated" statement date was still June 19, 2019. The lender was 123 Bank, but the updated statement included wire instructions for an account at another bank entirely and the account name was an unknown escrow company — not 123 Bank.

Jennifer knew the updated wire information was incorrect since she had previously paid 123 Bank loans. She knew payoffs always went to a collection clearing account, not an escrow company. What really caught her attention was the printed language which said, "If you have any questions regarding this payoff please call Mr. Mark Phillips on 727-258-5527." Jennifer knew this bank NEVER gave a direct contact for someone!

[Continued on pg 4]

[MILLION dollar save continued]

Jennifer compared the original payoff statement, received on June 19th, with the updated statement. The payoff statements both reflected the same payoff balance of \$1,173,030.97, but the first one had the correct wire instructions on it.

Jennifer found a trusted phone number for the payoff lender and called to verify the wire instructions on the June 19th statement were correct. Once confirmed, she proceeded to close and successfully paid off the loan to 123 Bank.

Under the supervision and leadership of Chad Finn, this makes the fourth save by the awesome employees of Ticor Title Company in Riverside. Keep up the amazing work! For Jennifer's efforts she has been rewarded \$1,500 and received a letter of recognition from the Company.



## **VALUE** of title insurance

**Title insurance is a valuable product which protects property owners. Here are some of the values:**

1. Title insurance insures the title interests of property owners and lenders against legitimate or false title claims by previous owners or lien holders.
2. At Fidelity National Title Group (FNTG), we access, assemble, analyze and distribute title information, in addition to handling the escrow and closing process.
3. Title problems are discovered in more than one-third of residential real estate transactions. These "defects" must be resolved prior to closing. The most common problems are existing liens, unpaid mortgages, and recording errors of names, addresses or legal descriptions.
4. An owner's title insurance policy continues for as long as the owner has an interest in the property; and the premium is paid only once, at closing.

5. Title insurance is different from other forms of insurance because it insures against events that occurred before the policy is issued, as opposed to insuring against events in the future, as health, property or life insurance do.

6. FNTG relies on a thorough search of existing records to identify possible defects, in order to resolve them prior to issuing a policy. We perform intensive and expensive work up-front, to minimize issues that might arise after closing.

*This article offers a brief description of insurance coverages, products and services and is meant for informational purposes only. Actual coverages may vary by state, company or locality. You may not be eligible for all of the insurance products, coverages or services described. For exact terms, conditions, exclusions and limitations, please contact a title insurance company authorized to do business in your location.*

