



**Get Ready! *Fraud Insights* is currently under construction. We are working behind the scenes to introduce a fresh new look and get back to our roots by sharing cautionary tales of fraud. This newsletter will now be distributed on a quarterly basis, so look out for the next installment of *Fraud Insights* in Q3 of 2025. Remember to submit your fraud and forgery stories to [settlement@fnf.com](mailto:settlement@fnf.com).**

Our Company relies on employees and identity software tools to determine the insurability of an owner's title policy. In the article "FIGHTING fraud" learn the steps one employee took to stop a non-owner-occupied property from being sold.

Fraudsters continue to impersonate property owners to illegally sell commercial, vacant or residential property to steal the funds from the sale. These fraudsters are very sophisticated. They search public records, often targeting vacant land and rental or investment properties, then impersonate the property owner and send an

email or text message to hire a real estate agent. The property is usually listed below market value, which entices all-cash buyers and a quick closing.

The fraudster in this article claimed to be incarcerated, which would enable him to hide behind emails to communicate and, he hoped, give him control of the execution of the documents, including who would notarize them.

Fraudsters use various tactics. It is important to remain vigilant and scrutinize every detail during the entire real estate transaction. The hero in this story did just that. Read "SELLER impersonation fraud" for the details.

Last year, we shared some questions and answers (Q&As) from our live escrow training events in our May 2024 issue. The response was overwhelmingly positive, so we decided to include Q&As in each issue this year. Be sure to read "I wanna know..."

### IN THIS ISSUE



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## **FIGHTING** fraud

**Escrow Officer Brooke Boots, with Fidelity National Title in Tacoma, Washington, worked on a sale of a non-owner-occupied property. The transaction seemed suspicious from the beginning. The buyer worked as a wholesaler.**

A wholesaler generally enters into purchase agreements to purchase a property, but before closing, assigns the rights in the purchase agreement to a new buyer, for a fee. They never intend on taking title to the property.

In this instance, the buyer did not view the property before making an offer. The seller was out of town and not available to show the property. The buyer made an offer and the seller accepted it. The buyer performed no other due diligence on the seller, who electronically signed the purchase agreement and communicated with the buyer via text and email only. Once the purchase agreement was fully executed, escrow was opened.

The property was a house owned by a Limited Liability Company (LLC). The property was not listed for sale with a real estate agent. The LLC purchased it just over a year ago for \$100,000 less than the current sales price of \$385,000.

The seller did not provide any contact information in the purchase agreement. The buyer provided escrow with the seller's phone number and email address. The property tax assessor reflected a P.O. box for the seller's mailing address.

The escrow officer wasted no time trying to verify the seller. She opened the order and sent the seller a request via email, to complete the seller information via inHere® and a link from Mitek® to complete I.D. authentication. The seller

completed the questionnaire. He provided his cell number and a different mailing address than the tax assessor's office had on file.

The seller's identification came back as unconfirmed. The seller informed the escrow officer the back of his I.D. was worn. The escrow officer reached out to schedule a virtual meeting with the owner.

The seller agreed to meet virtually and informed Brooke his LLC was disregarded. He advised he would need the proceeds from the sale wired to his personal bank account. Brooke explained to him she would not be able to send the funds to him individually, since the LLC was the seller.

He responded by becoming irate and threatening, so Brooke disconnected the call. She reported her findings to her manager. Together, they researched the LLC and successfully tracked down the managing member who confirmed he was not selling the property.

The Company uses these identity software tools to determine insurability since an owner's title policy can provide coverage to the insured against fraud and forgery. It is one of many ways to ensure the seller is truly the owner of the property being sold.

Brooke has embraced these tools and relies on them to reveal transactions which may need additional research. She has been rewarded \$1,500 for stopping this transaction from closing.

**Article provided by contributing author:**

Diana Hoffman, Corporate Escrow Administrator  
Fidelity National Title Group  
National Escrow Administration



**STOP**

TELL US HOW YOU  
**STOPPED**  
**FRAUD**

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# **SELLER** impersonation fraud

The transaction had all the warnings settlement agents have come to know and which have been previously published in this newsletter. The \$30,000 sale was for a vacant lot which last sold in 2022 for \$37,000. The Senior Escrow Officer, Susan Buenfil, at Anchor Seaport Escrow, a Branch of Tigor Title Company in Long Beach, California, worked with the listing real estate agent several times in the past.

Upon receipt of the fully executed purchase agreement, Susan started processing the sale. The listing agent called to share details about the seller's situation. The seller was incarcerated in Texas and had contacted him by email to list his lot for sale.

*Hello,*

*My name is Acre, I am writing to request your assistance in selling my property, while I am incarcerated. Due to my current situation, I am unable to manage the sale myself and require your expertise to facilitate the process. Hence, I am unable to manage my financial affairs, and I urgently need to secure funds to pay for my lawyer's services for my upcoming trial.*

*Here are the details:*

- Property type: LOT
- Parcel ID: 123-45-6789

*If you can pull that off, I grant you permission to:*

- List the property for sale
- Market the property
- Show the property to potential buyers
- Negotiate offers on my behalf

*However, you can always update me on the progress and communicate with me via email, thus while I am complying with prison regulations and procedures.*

*Attached below is my Passport and my Identification card for your perusal. I appreciate your professionalism and expertise in handling this matter. Thank you for your assistance.*

*Sincerely,  
Acre*

The listing agent let Susan know he had asked Acre for the name and address of the facility where he was incarcerated, so escrow could figure out how to have the deed signed and notarized. She asked the listing agent for a copy of his inmate identification.

Susan wanted to have as much information as possible when she consulted with her management regarding the steps necessary to have the deed notarized. The listing agent said he would get Acre's identification. Before they hung up, the listing agent forwarded the emails from the seller, which included copies of his identification.

Since the property was vacant and seemed to be selling for less than current market value, Susan was suspicious. She immediately sent the "Notice of Pending Real Estate Transaction" to the address on the tax bill. Next, she reviewed the identification the seller sent over. Immediately she noticed the picture was the same on all identification, with the only difference being the shirt he was wearing.

Susan was stunned. She compared the address on the driver's license to the mailing address on the tax bill. It was incomplete. It was missing the house number. A search of the Texas Department of Criminal Justice website revealed no one by that name incarcerated in Texas.



Then, Susan received another email from the listing agent with a copy of the seller's inmate I.D. and the seller's response. He was clearly laying the groundwork to intercept the documents to execute them under his own terms and not in front of a commissioned notary.

*Hello,*

*Thank you for your excellent work! I appreciate your efforts. To facilitate the next steps, please forward all necessary documents to Hutchins State Jail.*

*The correctional center offers notary services to ensure security. I can obtain the notary officer's contact information, enabling the closing office to send the deed directly to their email. Please let me know if there's any additional information required. Thank you again!*

*Best regards,  
Acre*

How was an incarcerated individual able to send over a picture of his inmate card so quickly? The seller went to a great deal of effort to prove he was who he said he was. The only problem was he made a few mistakes — including spelling the real owner's middle name wrong. It is Arce, not Acre. He spelled the name wrong on the I.D.s, his email address and his signature in all the emails.

As confirmation, Susan received a call from the true owner's real estate agent a few days later. She confirmed Arce (not Acre) received her letter, and a similar letter from a different title company. Although the lot was currently for sale, the seller had not received any offers, and he was not incarcerated.

Susan's efforts have earned her a \$1,500 reward. She followed Company Policy and quickly realized the seller was an imposter. The transaction and listing were cancelled, and no one was harmed.

## **Article provided by contributing author:**

Diana Hoffman, Corporate Escrow Administrator  
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## *I wanna know...*

The questions posed in each of the following scenarios are similar to questions submitted by our settlement agents nationwide. Read each scenario and determine how you would answer the settlement agent's question.

The questions provide multiple choice answers, and the correct answers are located at the end of this article. HINT: There may be more than one correct answer.

Although these scenarios seem real, they are not. They are all fiction. Any similarities to a transaction you may be handling or have handled are only a coincidence. For questions regarding these scenarios, please reach out to [settlement@fnf.com](mailto:settlement@fnf.com).

**Scenario #1:** You have a refinance where the borrower named on the note and deed of trust is a revocable trust. The borrower wants the proceeds to be paid to her individually because she says she does not have a bank account set up in the name of the trust. Can you do this if she and the lender both give us an instruction to do this?

- A. Yes, the lender can provide instructions regarding who their loan proceeds should be paid to.
- B. No, funds can only be paid to the borrower.

**Scenario #2:** At a recent closing, the buyer and seller agreed the seller would rent back the property for 30 days since their new home was not ready. The seller agreed to have \$10,000 held in escrow post-closing, as a security deposit.

You prepared a holdback agreement stating the funds would be released after the seller moves out and the buyer confirmed the seller has moved. Regardless, the funds would be released to the seller 45 days after closing.

On day 44 the selling agent calls and tells you the sellers have not moved out and asks you to hold on to the funds a little longer. What should you do? (Select all that apply.)

- A. Hold the funds as requested until the seller moves out.
- B. Send an email to the listing agent and selling agent informing them you will be holding the funds per the verbal request from the selling agent.
- C. Explain to the selling agent you cannot act on verbal instructions. In order to hold the funds past the 45th day you will need amended signed mutual instructions from the buyer and seller.
- D. Release the funds, first thing on the morning of the 46th day.

### Answers to "I wanna know..."

**Scenario #1:**

Answer A. Yes, the lender can provide instructions regarding who their loan proceeds should be paid to.

**Scenario #2:**

Answer C. Explain to the selling agent you cannot act on verbal instructions. In order to hold the funds past the 45th day you will need amended signed mutual instructions from the buyer and seller.

AND

Answer D. Release the funds, first thing on the morning of the 46th day.

**Scenario #3:** I sent a refund to a buyer in the amount of \$2.

The check was never cashed. I sent a notice of impending escheatment to the buyer who never responded. Eventually the funds were escheated to the state. The buyer has now contacted me eight years later for copies from his file to prove to the state he is the rightful owner of the \$2. How can I avoid having to do all this extra work in the future?

- A. Simply take the refund in as revenue since the buyer will never cash the check.
- B. Obtain a deposit slip from the buyer at closing and direct deposit any refunds on their behalf and send them a copy.

**Scenario #4:** I have a file wherein the seller agreed to pay \$4,500 towards the buyer's closing costs. The closing costs are only \$2,750. The loan officer is instructing me to show the remaining amount as a principal reduction towards the buyer's new loan. Should this be disclosed to the seller since it is not an actual closing cost?

- A. Yes, the buyer and seller should approve an itemization of the costs the credit was applied towards.
- B. No, the seller agreed to \$4,500 and it can be applied to a principal reduction.

**Scenario #5:** A U.S. Citizen has passed away. Her heirs, who are selling her property, are not U.S. persons, nor do they live in the U.S. They did not invest in the property here — they just inherited it. When it is time to close the sale of the property, does the Foreign Investment in Real Property Tax Act (FIRPTA) of 1980 apply if the foreign person who owns the real property did not acquire it as an "investment"?

- A. Yes, they are not U.S. persons.
- B. Maybe, the heirs should consult with a CPA who specializes in FIRPTA matters to determine if an exemption does or does not apply.
- C. No, FIRPTA does not apply.

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**Scenario #3:**

Answer B. Obtain a deposit slip from the buyer at closing and direct deposit any refunds on their behalf and send them a copy.

**Scenario #4:**

Answer A. Yes, the buyer and seller should approve an itemization of the costs the credit was applied towards.

**Scenario #5:**

Answer B. Maybe, the heirs should consult with a CPA who specializes in FIRPTA matters to determine if an exemption does or does not apply.