



SUSPICIOUS activity reports

By Lisa A. Tyler
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Real estate scams are on the rise. Property owners of vacant lots or homes which are not their primary residence are the targets. The scheme works like this, a fraudster identifies a property by looking for vacant lots or non-owner-occupied homes (that are usually vacant).

The home is listed for sale on a popular website or a real estate agent is contacted to list the property for sale or an application for a loan is made in the owner's name. The property is either listed below market value to ensure a fast sale, or the imposter obtains a loan and absconds with the loan proceeds. The tips in this newsletter are intended to be shared. Forward the article titled "PROPERTY owners beware!" to real estate agents, property owners and buyers.

Consumers are receiving overnight deliveries with counterfeit checks that appear to be issued by a title company. Some of the consumers are told they have been hired by a company that has accessed their posting of a resume on a job recruiting site. The purpose of the counterfeit check is to convince the consumer to deposit the check and send a portion of it to the "hiring" company to purchase equipment they will need to perform their new job or to pay their recruitment fee.

Of course, the payee is none other than the fraudster who wants

to abscond with the consumer's money before it is discovered the check they deposited was counterfeit. Other fraudsters are using the "SECRET shopper" tactic to dupe consumers. Be sure to read the article and become familiar with these schemes.

Last month, we provided an overview of how to complete IRS Form 8300. However, there is one box found on the form we did not cover. There may be situations where the settlement agent is suspicious about the principal or other parties to a real estate transaction. Suspicious transactions may include:

- » The person with whom they are conducting business is attempting to cause the Form 8300 not to be filed,
- » The settlement agent is asked or pressured to file a false or incomplete form,
- » There is an indication a party is attempting to launder funds.

Settlement agents may voluntarily report a suspicious transaction by marking box 1b on Form 8300. A suspicious form may be filed even if the "cash" received from any one remitter is less than \$10,000. Voluntarily filing Form 8300 does not require notification to the party.

Settlement agents who are suspicious about a transaction should contact their management for assistance. Read "REVIEW of 'cash' reporting" for one last quiz on what we have learned throughout the year.

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Share Fraud Insights
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PROPERTY owners beware!

The Fidelity National Title Group works very hard to help prevent fraud from occurring. There are some steps vacant land and non-owner-occupied property owners can take to protect themselves:

- » **Keep your mailing address current:** This is the fastest and easiest way for someone to contact you about your property. Be sure the mailing address where the tax bill is sent is current by contacting the appropriate municipality who maintains those records.
- » **Respond:** Owners who receive a letter from a title or escrow company about an impending real estate transaction need to respond. Do not ignore the letter even if you are in the middle of a real estate transaction. By responding, the title or escrow company knows whether they should continue to process the transaction or not.
- » **Know your neighbors:** Be sure the neighbors surrounding the property know how to contact you. Befriend them. They can alert you should they see a for sale sign go up or anyone walking around your property.
- » **Register for notifications:** If available, register for notifications from the county where the property is located. Many states and counties now offer property owners the ability to receive notifications should documents record related to their property. Each county has their own version of notification; but where it is available, the county will generally send you a notification should a document record affecting the property you own.
- » **Do not assume everyone involved is a part of the scam:** There are many victims in this type of crime. Real estate agents spend their time and pay up-front costs to list a property for sale. Buyers invest in their due diligence when considering buying a property. Title and escrow companies incur costs when they receive and deposit earnest money and overnight letters to the property owner's address (which includes the staff to perform these tasks). They too can be duped by the imposter.

Debunking the Myths

A title or escrow company cannot simply flag your property for potential scams. This is why it is urgent that you timely respond to inquiries from title, escrow or real estate companies. Should you find out your property is being marketed for sale by an imposter, go to the source.

Reach out as soon as possible to the real estate agent or website to notify them you are the true property owner, and your property is not for sale. Request a withdraw of the listing or ad from the site.



How can Buyers Protect Themselves?

Always purchase title insurance. Title insurance provides coverage over many items affecting real property, including fraud and forgery; subject to the exceptions and exclusions described in the title policy. Remember: title insurance provides coverage for issues occurring before the date of the policy.

The Consequences

These scams will likely result in changes in how real estate transactions are processed. The next time you purchase or refinance a property, do not be surprised if you experience additional steps to prove your identity: such as the use of I.D. authentication software or virtual meetings with the settlement agent to prove your identity, as well as a requirement to use the notary selected by the title or escrow company.

Additional Resources

This scam is widespread and garnering nationwide attention. For additional information, refer to the links below:

American Land Title Association:
<https://www.homeclosing101.org/>

Secret Service: <https://www.secretservice.gov/investigation/Preparing-for-a-Cyber-Incident>

For additional information, including how to contact law enforcement:

Secret Service Field Offices:
<https://secretservice.gov/contact/field-offices>

FBI: <https://www.ic3.gov/>

The information provided herein does not, and is not intended to, constitute legal advice; instead, all information, and content, in this article are for general informational purposes only. Information in this article may not constitute the most up-to-date legal or other information.

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TELL US HOW YOU
STOPPED
FRAUD

settlement@fnf.com or
949.622.4425

SECRET shopper

A consumer in Glendora, California, received a check from a title company in Texas in the amount of \$2,850.25 via overnight delivery, along with this enclosed letter encouraging him to become a “secret shopper:”

Carefully Read the Evaluation Instruction Below

Attn: Independent Feedback Agent

It is that time of the year and this is a follow up on the Sponsored Survey you indicated interest by filling a form through text message on your phone. This Memo is to guide you on your outing.

The first thing you should do soon as you receive this Memo is: SEND A TEXT MESSAGE to your Personal/Batch Supervisory, JOHN FULLER on (502) 531-3548 confirming you received this envelope fine and all content intact. IF you are yet to report, kindly get the number from this Memo and send a text confirming you received this Memo, so you are guided by him.

Kindly report to him that the Memo arrived safe and you found the Money (Cashier's Check) to carry out the survey intact in the envelope. Kindly proceed to make deposit of the check at your Bank Branch upon receipt of your package (Immediate funds availability with processing fee applies).

The Check must be deposited with your Bank. DO NOT cash check from cashing stores, make sure it is at your Bank you deposit the Check since we have a trace and will make sure the right person processes the payment then TEXT JOHN FULLER AFTER THE DEPOSIT HAS BEEN MADE FOR FUNDS AVAILABILITY TIME, SO HE CAN RECORD.

The funds will be available a few hours or the next business day. Soon as the cash is made available by your Bank Branch, you will withdraw the cash and take CASH ONLY/YOUR CARD with you to the nearest WALMART STORE AND PURCHASE APPLE GIFT CARD or Walmart Visa Card with the rest \$2,000. Deduct your commission which is \$700 and extra \$50 to cover cost of gas/transportation.

PLEASE NOTE here that we have received several anonymous reports of Staff Misconduct; Turning Back Customers; Unnecessary Restrictions; Over-Charging and Lapses at several of the Walmart in and around your ZIP-Code and this is where you com in, kindly maintain absolute calm and evaluate the Point of Purchase, taking into consideration the following:

- » How long it took you to get served.
- » Customer service.
- » Reactions when under pressure.
- » Your personal comment, impression and suggestions.

We are counting on you and we expect a detailed report. Kindly take note of the above details as they will be the result you e-mail to us confirming you carried out your Evaluation.

After purchasing the Apple Gift card or Walmart Visa Card and you have taken note of the above listed details, Kindly send a TEXT/SMS to your supervisor on (502) 531-3548 confirming the purchase of the Walmart Visa Card and send picture to them to (502) 531-3548.

Oh brother! There are so many red flags within this letter. In addition to the spelling and punctuation errors, the consumer does not



receive a cashier's check, they receive a counterfeit title company check. The sender claims to have a “trace” on the check that will prevent the consumer from taking it to a check cashing center.

The sender makes false accusations regarding the store the shopper will be evaluating in an effort to keep the consumer from interacting with store staff who would likely recognize this as a scam.

The scam involves the consumer sending a picture of the front and back of the gift cards. When the gift cards are photographed and sent to the fraudster the card numbers are used to purchase merchandise that will later be sold for a profit.

The sad news is many consumers fall for the secret shopper scam every day. The consumers are out the cash they spent to purchase the gift cards. Fortunately for title companies, positive pay prevents the check from actually being cashed at the bank.

MORAL OF THE STORY

In the above story, the consumer was suspicious of the letter and reached out to the title company to confirm the check was counterfeit. If consumers contact your office wanting to verify the check is valid issue, let them know it is counterfeit and if they deposit it, their bank will charge them a counterfeit check processing fee on top of any loss they might incur for sending money to the fraudster.

Always monitor positive pay exceptions and reject counterfeit items immediately, even on the day after Thanksgiving. Most businesses are closed on the Friday after Thanksgiving. However, it is still a banking day and positive pay exceptions still have to be rejected that day.

REVIEW of "cash" reporting

During the last 11 months we have covered what constitutes cash and when it needs to be reported. We review what we have covered with one last quiz to see how much you learned. Don't worry we have provided the answers.

Cash Reporting Quiz

Note: After answering the questions, view the correct answers at the bottom of the page.

- Federal law requires when you receive – from the same person or from someone on behalf of the person – more than _____ "cash" in one transaction or in two or more transactions, you must report that transaction to the IRS.
 - \$1,000
 - \$10,000
 - \$100,000
- The IRS must receive Form 8300 by the _____ day after the cash was received.
 - 1st
 - 12th
 - 15th
 - 30th
- Which of the following transactions must be reported to the IRS? (Select all that apply.)
 - Official check in the amount of \$10,000.
 - U.S. currency in the amount of \$10,001.
 - A personal check for \$8,000 and a personal check for \$9,000.
 - A personal check for \$8,000 and a cashier's check for \$9,000.
 - An official check in the amount of \$4,000 and a cashier's check for \$8,000.
 - A cashier's check for \$12,000.
 - A traveler's check for \$8,000 and a money order for \$9,000.
- As part of a single deal, the buyer deposited an official check in the amount of \$4,000 on June 1. The same buyer then deposited a cashier's check for \$8,000 on June 5. The file closed on June 7. By what date must Form 8300 be filed with the IRS?
 - June 16
 - June 21
 - June 23
 - You do not need to report these payments.
- Personal checks are considered "cash" within the meaning of the cash reporting statutes.
 - True
 - False
- Wire transfers are considered "cash" within the meaning of the cash reporting statutes.
 - True
 - False
- You may file a Form 8300 voluntarily if it appears that someone is attempting to cause Form 8300 not to be filed or if someone is attempting to file a false or incomplete form.
 - True
 - False

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Quiz Answers:

- \$10,000
- 15th
- b, e, and g
- June 21 - It must be submitted within 15 days of the date the payment that causes the total amount to exceed \$10,000 is received. To ensure timely delivery, send Form 8300 by certified mail, return receipt requested, or by overnight mail.
- False - Personal checks are not considered "cash" for this purpose, regardless of the amount of the personal check.
- False - Wire transfers are not considered "cash" for this purpose, regardless of the amount of the wire.
- True - Consult with management whenever illegal activity is known or suspected.