





The escrow officer did not know how to verify a copy of the check, so she sent it to our National Escrow Administration team. The National Escrow Administrator called the issuing bank's fraud hotline which confirmed the account the check was drawn from was not a valid, open account. The National Escrow Administrator informed the escrow officer the check was written from an invalid account and was therefore not acceptable.

The escrow officer was told that the buyer would have to send any funds to our Company via wire transfer. The escrow officer informed the buyer and her agent that the check would not be deposited and the Company would only accept a wire transfer. Many response email messages ensued from the buyer, including a number of messages insisting Fidelity's wire transfer information was invalid and not an open account. The escrow officer was instructed to resign from the transaction.

Fast forward a few days to September 4th, Chicago Title's office in Oakland, CA receives a purchase contract with a sale price of \$3.645 million on the same property. The buyer and her agent appear in person, and deposit a personal check in the amount of \$1,822,500 along with the contract.

A Chicago Title assistant receipts in the check and provides a copy to the buyer and agent. They leave and the assistant turns the file over to the escrow officer for review. In reviewing the contract, the escrow officer reads this condition and becomes suspicious:

*"Buyer is to deposit a new check for escrow within one day of acceptance. Escrow shall verify deposit is good and available for purchase of subject property within 5 days of acceptance. Balance of purchase price to be valid and be deposited upon releasing of inspection contingency."*

The escrow officer intercepts the check in the amount of \$1,822,500 before it is deposited and sends a copy of the check to our National Escrow Administrator. The National Escrow Administrator recognizes the issuing bank and the buyer's name as the remitter. It is a personal check and the remitter's address is crossed through and changed.

To ensure the bank is aware of the second occurrence the National Escrow Administrator calls the issuing bank, who once again confirms the check is not drawn on a valid, open account and should not be deposited. The National Escrow Administrator informs the escrow officer of the previous transaction at the San Rafael office and tells the escrow officer the check is not valid and that we will only accept wire transfers from this buyer.

The escrow officer informs the buyer and her agent (who is the same agent as the previous transaction) the check has been voided and will not be deposited. She provides the wire transfer information.

The buyer sends the following email addressed to the escrow officer:

*"IT'S TOO LATE!!! I already have my escrow account that is open and active until closing next week, September 21st. You cannot void my check because you are not the "account holder" of my account, I am!!! Only I can "void" my checks, not you!!! Read the attached receipt, my initial deposit was sent through to your "Cost Center at WF Bank", while I was there in your office, as was the balance that I sent to your assistant. I sent a faxed copy of my*

*check #425 (Balance Paid) so that your assistant can process it the same way as she did the initial deposit. The attached receipt read that my check was processed and there is currently no outstanding balance in my escrow account. CONFIRM WITH YOUR BANK, and my escrow account. FUNDS WILL NOT BE DISTRIBUTED TO THE SELLERS UNTIL I SIGN AND AUTHORIZE!!!! Looking forward to hearing from you soon in regards to the above, and after reading and confirming the attached receipt.(sic)"*

The escrow officer did not respond and no second check ever arrived, much less a wire transfer. Instead the escrow officer received a notice from the real estate agent's attorney stating the real estate brokerage and agent had terminated their relationship with the buyer, and any future communication was to be directed to the attorney. The escrow officer resigned as escrow holder and immediately cancelled her file.

Fast forward again to December 12th, the same buyer (different property and different agent) deposits a contract into escrow with another sister company of ours in Danville, CA. The contract was for \$2.4 million along with two personal checks with the remitter's address crossed out and an entirely new address handwritten in its place. The checks are in the amount of \$2 million and \$407,000.

Another officer in the branch opens the transaction and creates receipts for each check. This time the buyer provides "proof of funds" by handing the escrow officer a screen shot of a bank account balance with no account holder name showing a balance of \$15.6 million dollars and a screen shot of a bank account in the buyer's name showing a balance of \$12.6 million dollars.

The officer provides the buyer and agent with copies of the receipts and then hands the entire package over to the designated escrow officer. Again the contract calls for the escrow agent to verify funds on deposit. The escrow officer does not know how to verify funds on deposit, because under privacy laws the banks do not release that type of information to escrow agents.

Once again, the escrow officer forwards copies of both checks to our National Escrow Administrator who demands she immediately resign from the transaction, explaining the details of the two previous transactions opened at offices of our sister company and Chicago Title. The escrow officer sent out her resignation notice letting the buyer and agents know the transaction had been cancelled, and that the checks were voided and returned to the remitter. Then, she was deluged by a series of threatening emails and voicemails from the buyer demanding the checks be deposited and the transaction be closed.

The National Escrow Administrator conducted some research and discovered the perpetrator might be using the stolen identification and stolen checks of another person. Luckily in all three transactions, the company did not lose much time in shutting the transactions down – allowing the sellers to put their houses back on the market and enabling the agents to stop working on deals that were never going to close.

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