



By Lisa A. Tyler
National Escrow Administrator

Mike Quinones, Title Officer for Chicago Title Company, was examining the chain of title for a cash out refinance. A mortgage broker opened the order. The new loan amount was \$700,000. Usually this mortgage broker's deals are seamless with high credit rated borrowers. The chain of title revealed a tangled web of transfers, which prompted Mike to examine each document closely. Read "CLOUDY with a chance of fraud" for more information about this examination.

On September 12, 2019, Chicago Title Company issued a check in the amount of \$292,092.69 that was directly deposited to the

bank account of Chris P. Bacon, at his written direction. The check represented the proceeds from the sale of a vacant lot — lake front property in Montana — in the amount of \$300,000. Fast forward eleven days later, the escrow officer heard from the surveyor, the seller did not have the right to sell the property. Read "DIRTY rotten grandson" to discover what happened next.

There are companies springing up across the nation providing real estate sellers with an alternate method for selling their homes. The companies use technology to estimate the value of the home and then make an instant offer. These types of companies are referred to as an "iBuyer." Read more about them in this month's **cyber buzz** article entitled "WHAT is an iBuyer?"

IN THIS ISSUE



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CLOUDY with a chance of fraud

In 1955, Hale and Wendy Storm purchased a property; it was the last time a transfer of title involving this property was part of an insured transaction. That was 64 years ago. Since then, a lot has happened. The chain of title made sense until 2005.

In 1992, Hale and Wendy hired an attorney to assist them with some estate planning. Their attorney prepared and recorded a deed from them as individuals to their family trust. They were named as co-trustees in the trust agreement.

In 1997, Hale passed away at age 84. An affidavit was recorded indicating Wendy was the surviving trustee. The affidavit included an exhibit, consisting of pages from the trust agreement that named Hale and Wendy as the original trustees, and also named the successor trustees.

The next document recorded in 2005. The Storm Family Trust granted the property to Wendy Storm and Dusty Rhodes as joint tenants.

Mike Quinones, Title Officer for Chicago Title Company in Concord, California, handled the 2019 refinance. While reviewing the deed he found a discrepancy in Wendy's signature. It did not match others found in documents recorded in the chain of title. In addition, the deed was typed EXCEPT for Rhodes' name — which was handwritten onto the grantee line.

Although Wendy was still alive at the time of her purported execution of the deed and had not resigned as trustee of the Storms Family Trust, Mike noted Rhodes was not named as one of the successor trustees in the original trust

agreement pages he reviewed. Lastly, the deed indicated transfer tax was paid when it was recorded yet it did not appear to be part of an insured transaction, meaning the deed was not recorded by a title insurance company.

Wendy passed away in 2008. In 2012, an Affidavit – Death of Joint Tenancy recorded, terminating the joint tenancy resulting in Rhodes being the sole owner of the property. In 2015, Rhodes added his wife, Mrs. Rhodes, to title. The next day, the property was transferred into a revocable trust where neither one of the Rhodes was the trustee. In reviewing the documents, it was difficult to determine if Rhodes' signature matched others found in documents recorded in the chain of title. The signatures were similar but lacked consistency.

Rhodes died six months later. The death certificate confirmed he was married to the same person named in the deed recorded in 2015. In 2019, a Substitution of Trustee recorded, that added two individuals as co-trustees of the trust entity that took title in 2015.

Mike was so surprised by his findings, he escalated them to his manager and underwriting. He wrote, "Attached you will find a title report and a portion of the chain of title. Please take a few minutes to digest the chain of title and give us your thoughts."

Mike's manager and underwriter agreed that the chain raised too many concerns for the Company to consider insuring. This was a nasty chain of title with some red flags other examiners may have overlooked.

Rich Deluca, Title Plant Manager, and Daryl L. Paulson, Title Officer/Manager of the Concord Title Group at Chicago Title, along with Paul Dillard, Manager for the Title Loss Reduction & Education Department of Fidelity National Title Group, all nominated Mike for a reward.

Comments from the managers included, "Mike Quinones did a fantastic job sorting through all of this information and laying out the problems. It is no exaggeration to say that Mike's efforts likely saved the Company from a big fraud & forgery loss."

Daryl L. Paulson added, "Mike is an excellent title examiner, maybe the best we have, and I would be willing to say that the effort he put forth on this exam is the same as he would do on any other title."

We agree! For his thorough examination of title, Mike is being rewarded \$1,500!



[Continued on pg 3]



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MORAL OF THE STORY

Chain of title (sequential recording of documents in the public records) reflected the following:

Hale Storm and Wendy Storm=>
Storm Trust=>
Wendy Storm and Dusty Rhodes=>
Affidavit of Death of Joint Tenant leaving Dusty Rhodes as owner =>
Dusty Rhodes and Mrs. Rhodes=>
Random Trust=>
New Trustees appointed

With five uninsured conveyances in the chain of title and questionable signatures of the grantors contained on those conveyances, the examiner made the right decision to question the insurability of the transaction. Had the Company elected to close and insure the cash out loan, the Company would have been exposed to a potential claim for failure of title.

Article provided by contributing author:

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

DIRTY rotten grandson

Below are the cast of the characters in this story:

Son: Chris P. Bacon (also referred to as “the younger Bacon”)

Father: Oscar M. Bacon

Grandfather: Chris P. Bacon

Buyers: Tom and Harriett

The sale of the lake front property in Montana did not involve any real estate agents. The property was purported to be for sale by owner. On September 23, 2019, the escrow officer discovered the younger Bacon sold the property belonging to his grandfather, who bears the same name.

The buyers, Tom and Harriett, had hired a surveyor to stake the lot lines. Nearby neighbors told the surveyor the real owner never intended on selling the property. When the escrow officer received the call from the surveyor, she escalated the claim of possible forgery to FNF’s National Escrow Administration department.

After the national escrow administrator reviewed the chain of title, she discovered the grandfather purchased the property in 1994, when the younger Bacon was just 16 years old — so he could not have been the true and rightful owner.

There was no other conveyance, since the deed recorded in 1994 and minors are not permitted to hold title to real property. The younger Bacon used his deceased grandfather’s identity and sold the property without the family’s knowledge. The deed he signed was a complete forgery.

The national escrow administrator confirmed with the younger Bacon’s father, Oscar M. Bacon, the property belonged to his father, also named Chris P. Bacon, who passed away in Norway on February 2, 2007. The property was never probated and a deed of distribution had never been recorded.

Oscar stated his father had purchased the property in 1994, with the hope the family would build cabins on the property and



spend vacations together on the lake. He produced a last will and testament from Norway — as well as a translation to English — reflecting the sole heir as himself.

The national escrow administrator asked the bank to freeze the account where the proceeds were deposited to prevent the younger Bacon from syphoning off the proceeds while the transaction was being unwound. The younger Bacon’s wife was in the bank the very next day and discovered, much to her surprise, their account had been restricted and she was unable to withdraw any money.

The younger Bacon was furious and called the national escrow administrator claiming nothing his dad ever did was legal. He insisted the property belonged to him and not his grandfather. The national escrow administrator informed him the property title would be transferred back to his grandfather and any other attempts to sell the property out from his family would be prohibited.

The local police where the deed had been forged were contacted to open a case against the younger Bacon. Thereafter, proof was provided to the bank of the forgery and the funds were eventually returned to Chicago Title Company.

[Continued on pg 4]

[DIRTY rotten grandson — continued]

Next the national escrow administrator reached out to the buyers, Tom and Harriett, to inform them they would have to deed the property back to the rightful owner of the property in exchange for a refund of their down payment and costs.

The deed was prepared and sent to a Chicago Title office near the buyer's residence, where they signed in the presence of a notary public.

In the meantime, Oscar was told to obtain legal counsel to probate the estate and obtain legal ownership of the property to prevent this type of forgery from occurring in the future. He was still in disbelief that his son would steal the property out from under him, as well as his siblings. This story is just one more example that no one will do you in faster than your friends and family.

WHAT is an iBuyer?

An iBuyer is a company that uses algorithms and advanced technology to discover homeowners who are in the market to sell their homes. Eighty-seven percent of all home buyers start their search for a new home on the internet. The search is captured by iBuyers and used to discover if the home buyer is selling their current home.

The iBuyer company uses technology to estimate the value of the home and make an instant offer (the "i" in iBuyer stands for "instant"). iBuyers represent a shift in the way people are buying and selling homes. The iBuyers tout their processes offer a simpler, more convenient alternative to a traditional home sale.

The underlying idea is if a home buyer accepts the iBuyer's offer, the iBuyer takes on the burden of owning, marketing and reselling the home. The benefit is the certainty of an all-cash offer and quick closing.

iBuyers are often compared to home flippers, but there are differences:

- » Home flippers want to profit from buying low and selling high. They target distressed properties, make renovations and then sell at a significantly higher price.
- » iBuyers focus on homes in good condition. They aim to make an offer in line with the property's fair market value and charge a service fee similar to the real estate commission paid in a traditional sale.

The first iBuyer was launched in 2013 and since then a number of competitors have entered the real estate business. iBuying is not offered nationwide. The market conditions of the property location drive the iBuyers to metropolitan areas of the country where a purchase and fast resale of the property can take place due to buyer demand.

