



By Lisa A. Tyler  
*National Escrow Administrator*

Title fraud occurs when identity theft and mortgage fraud are combined into one. Essentially, it is when a fraudster steals ownership to someone's house and land without them knowing. Next, the fraudster cashes out the equity of the property by obtaining a new loan he never intends on paying back and pocketing the proceeds. Sometimes he sells the property to an unsuspecting third party. Of course, there are different variations of this type of fraud. Read the details of how a closer in Florida stopped short of facilitating a title fraud scheme in "TITLE fraud."

"I don't do refunds, it's not my problem" is an unbelievable story of a female con artist's fraud spree that finally ended after she attempted to sell a piece of real estate out from under the true

owner. The property was not occupied, and the con artist posed as the owner's granddaughter and entered into an agreement to sell the property. A closing attorney and title issuing agent for Fidelity identified the crime and halted the transaction. Read the article for more details.

Sales of U.S. real property may be subject to capital gains taxes. Specifically, the gain or profit from the sale is what is taxed unless an exemption applies. On a federal level, the IRS will expect payment when a U.S. citizen files their tax return. Depending on which state the seller lives in and which state the property being sold is located, the seller may have to pre-pay an estimated amount of the taxes at closing referred to as real estate withholding. Read about the articles you can expect to see in each edition of *Fraud Insights* throughout the year entitled "STATES real estate withholding."

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**Jenna Monnie, a closer with Hillsborough Title in Florida, received a new order for a sale. The sales price was \$185,000. She had worked with the buyer's real estate agent in the past, but not with the listing agent.**

The listing agent seemed to be very familiar with the status of title. From the beginning he told her, "Oh don't worry about the corrective deed on the title commitment, I happen to know these people and I can get this notarized and bring you the originals back in."

This struck Jenna as odd, she was not sure what the listing agent was referring to since she did not have the Commitment for Title Insurance yet.

Jenna opened the order in her processing system and soon the Commitment was ready. It had three unnerving requirements:

1. Warranty Deed from Skip D. Dover and Eileen Dover, his wife to Duane Pipe.

NOTE: The purpose of this deed is due to an incomplete legal description in the Quit Claim Deed recorded in Official Records.

2. Affidavit satisfactory to the Company from Skip D. Dover and Eileen Dover must be furnished to the Company and recorded in the Public Records. The Affidavit must state that Affiants' marriage to each other has been continuous and uninterrupted from July 6, 2006, through the date of the execution and delivery of the instrument(s) establishing the estate or interest or mortgage to be insured herein.

NOTE: Search of the Public Records revealed judgments that attach against one party in the marriage. If this affidavit cannot be produced, then the Company must be notified and reserves the right to make additional requirements.

3. Record in the Public Records a release or satisfaction of the Claim of Lien, in favor of Strip Your Equity, Inc., recorded in Official Records.

Prior to the deed in which the seller took title to the property, the last transfer of title occurred in 2006. The owners of the property for 14 years, suddenly transferred title via quit claim deed to a limited liability company. Less than 30 days later, that LLC transferred title to an individual who was the seller Jenna was working with.

Neither transfer of title occurred with the benefit of title insurance and the deeds were not prepared by an attorney. As a result, a mistake occurred. The legal description used on each deed was incomplete, which is the reason for the first requirement listed on the commitment.

It is highly unusual and can be considered suspicious for individuals to sell their property via quit claim deed. This is a form of deed used to transfer any title, claim or interests in a piece of property from one person or entity to another person or entity.

A quit claim deed makes no assurance the person or entity transferring the property has valid claim to it nor does it provide any warranties or guarantees to purchasers of property, even if the sellers, themselves, caused the title defect which impairs the value or use of the property.

The quit claim deed is more often used as an estate planning tool to transfer real estate between family members or into a trust; not to sell to a third-party buyer. Therefore, the title officer required a warranty deed from the previous owner in this transaction.

The second requirement listed on the commitment was due to a document found in the chain of title which indicated Eileen E. Dover was married to a Ben Down in 2010; not Skip D. Dover. Jenna and her colleagues tried multiple times to track down the Dovers with no luck. They all wondered if Skip passed away at some point and Ben was Eileen's new husband.

Just one week before the scheduled closing Strip Your Equity, Inc. recorded the lien described in the third requirement. Jenna learned the



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## [TITLE fraud — continued]

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principal owner of the company was also the listing agent — who claimed to also own a construction company.

This was the last straw for the closer who asked her title officer to perform additional searches which revealed other title insurance companies had refused to close and insure transactions with the same listing agent.

An underwriter reviewed the chain of title and discovered the signatures of Eileen E. Dover on the quit claim deed recorded recently did not match other documents she signed in earlier years. As a matter of fact, she did not use her middle initial in any other documents she executed. Jenna resigned from the transaction immediately.

### Preventing Title Fraud

There are a number of ways title companies take steps to prevent this kind of crime. They carefully review the documents found in the chain of title. They look for discrepancies in the spelling or signatures of a person's name. Documents are executed by notaries who have been previously vetted and specialize in real estate transactions.

Title insurers examine the chain of title and sometimes find fraudulent activity. If a fraudulent document is identified, the title company works to clear it up before closing or declines to insure the property.

Settlement agents should be sure the address where the property tax statement is sent is up to date. If the title has been transferred the tax payer statement will be changed. It is best to inquire with

the county property appraiser and county tax collector's websites to confirm the owner has not changed.

Unfortunately, not all transfers of title have to be insured by a title insurance company or handled by an attorney. Transactions that were not insured or handled by an attorney are often given extra scrutiny.

Homeowners can take steps to protect their ownership. One of the ways to do this is to sign up for credit monitoring. This service notifies its subscribers anytime a creditor makes a credit inquiry so consumers can confirm whether they recently applied for credit or not. This notification is key if a fraudster steals the homeowner's identity and then attempts to obtain a loan secured by the owner's property.

Purchase title insurance in order to insure against potential title defects in the event that a purchaser is a victim of fraud that affects title to the property.

In this story, the buyers were very grateful for all of Jenna's efforts and relieved they did not purchase a property from a seller who may not legally own the property. For a homeowner, burglars are not the only crooks they should be concerned about, but by following these tips, homeowners can protect themselves from being a victim of title fraud.

### Article provided by contributing author:

Diana Hoffman, Corporate Escrow Administrator  
Fidelity National Title Group  
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## *“I don't do refunds, it's not my problem”*

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The following article, [“I don't do refunds, it's not my problem,” is republished with the permission of the Tampa Free Press, December 03, 2020 edition. The article discusses how property was stolen unbeknownst to the true owner.](#)

[The Free Press Breaking Local and National News \(tampafp.com\)](#)

PINELLAS COUNTY, Fla. – On August 17, 2020, an identity and financial theft scheme took place at the Brown Boxer, a sports pub and grille on Clearwater Beach. It led to one of several acts of property fraud and burglary in Pinellas County allegedly perpetrated by Courtney Chloe Garrett, a 26-year-old Largo resident who has claimed she is not guilty and wants a trial by jury.

Kayla Hughes from Virginia was vacationing with a friend, seated at a table when Garrett and another female suspect stopped and asked if they could share the table. Hughes obliged. Shortly thereafter, Hughes left the table, leaving her wallet behind. Garrett stole the wallet as her accomplice distracted Hughes' friend. The two thieves then weaseled out of the restaurant before their victims realized what happened. Fortunately, Brown Boxer provided a video that proved the scheme occurred.

But other victims – mobile home and real estate buying prospects – were victimized through online sites, namely Facebook Marketplace and Offer Up, beginning this past spring.

On September 1, Garrett used Hughes' identity to attempt to collect \$250,000 for an unoccupied house at 51 Verbena Street

in Clearwater. The house is owned by an elderly woman living in New Jersey. The woman's son tends to the house and told police that Garrett got away with a bed and dresser, which she claimed was being given to some of her employees, according to her home-buying victim's daughter and son-in-law who live next door. Convincing the victim and relatives they could purchase the home because her grandmother wanted her to sell it, she posed as Kayla Hughes and proceeded to show a death certificate, passport, altered power of attorney, and altered trust documents. She then signed a sales agreement for \$250,000. But the victim's real estate attorney warned he suspected fraud. That ended Garrett's scheme spree, but there were still more victims taken during the months prior.

In August, Garrett swindled \$13,000 from another victim by fraudulently selling a mobile home in Highpoint Village Mobile Home Park. She collected cash for the sale and instructed the victim to fill out the application at the park office to receive the mobile home's title. The victim contacted the defendant demanding her money back, but Garrett said, “I don't do refunds. It's not my problem.”

In June, Garrett stole Deborah Helmic's title to a mobile home located on Seminole Boulevard in Sun Village Mobile Home Park. Helmic told authorities she left the trailer during COVID-19 but continued to own it. Garrett then swindled \$9,999 from another victim, selling Helmic's property as if it were her own. Helmic and the Pinellas County Sheriff's Office of media relations could not be reached to discover how Garrett swiped her title.

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**["I don't do refunds, it's not my problem" – continued]**

Garrett was arrested October 16 for "Scheme to Defraud," "Grand Theft," "Burglary of Unoccupied Dwelling" and "Fraudulent Use of Personal Identification Information." Her legal history includes numerous charges ranging from leaving the scene of an accident causing property damage, illegally subleasing a dilapidated unit as a rent-to-own opportunity, taking possession of U.S. mail, reckless driving reduced from a DUI, and eviction.

Allegedly Garrett owns or did own Kava Beach Tea Room promoted on Facebook. Several calls resulted in a pre-recorded call that messages were not being accepted.

**MORAL OF THE STORY**

The closing attorney and title issuing office of the 51 Verbena Street property in Clearwater, Florida, was with Elizabeth Interthal, Esquire, with EBI Law, PLLC, an agent of Fidelity National Title Insurance Company.

It was Elizabeth's expertise and experience that aided in the detection and prevention of the unoccupied property scam where Garrett attempted to sell the property out from the true owner without their knowledge. Had Elizabeth not recognized the crime and halted it, Garrett would have sold the property leaving the Company with a huge mess to unwind and potential for a large title policy claim.

## **STATES** *real estate withholding*

**Real estate withholding is the prepayment of the estimated capital gains tax which is payable by sellers on the profit made from the sale of real estate. In other words, it represents the tax on the gain from the sale of real estate. Several states require this, but not all. Why?**

States which are vacation destinations or ideal spots for second homes realized that, rather than relying on out of state sellers to remember to file a state specific tax return for the year in which they sell real estate, they would reverse the burden and withhold an amount at closing intended to cover the capital gain tax. It is an incentive to ensure the proper tax return is filed and the taxes due are paid timely.

This year we will feature articles about some of the states with real estate withholding requirements. The articles will demonstrate how different the requirements are from one state to the next.

In 2014, we featured examples of F.I.R.P.T.A. withholding requirements. If you recall, F.I.R.P.T.A. is the acronym for the

Foreign Investment in Real Property Tax Act. This is a federal law which affects non-U.S. citizens selling their interest in U.S. real property. The articles featured this year will focus on the various state requirements which are not F.I.R.P.T.A based.

This article and those which follow are simply guides. The pre-payment, their tax forms, amounts and processes vary from state to state. For specific instructions on the proper requirements and forms for each state discussed, be sure to go to each state's department of revenue or taxation website. Each state may make changes from year to year, or even in the middle of any given year. Always go to the taxing authority website for specific instructions and applicable forms.

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