



CERTIFID

WIRE FRAUD STOPS HERE.
GUARANTEED.

WIRE FRAUD IN REAL ESTATE TRANSACTIONS

NAIC– April 7, 2019

2019



Tom Cronkright

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- Co-Founder and CEO, CertifID
- Licensed Attorney
- Large Title Agency Owner
- Wire Fraud Victim
- National Speaker on Wire Fraud and Cyber Security

Today's Topics

- Title insurance v. escrow and closing services
- Wire Fraud Playbook - real estate
- The size and scope of wire fraud in real estate
- Fraud repercussions
- Action items

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Title Insurance:

“Core Title Services” per RESPA:

- Search and examination of records to determine insurability of title;
- Prepare and issue the title commitment that obligates the insurer to issue a policy if conditions are met;
- Clearing underwriting objections and policy conditions;
- Issuing title insurance policies;
- [Closing and settlement (if customary)]

Escrow and Closing Services

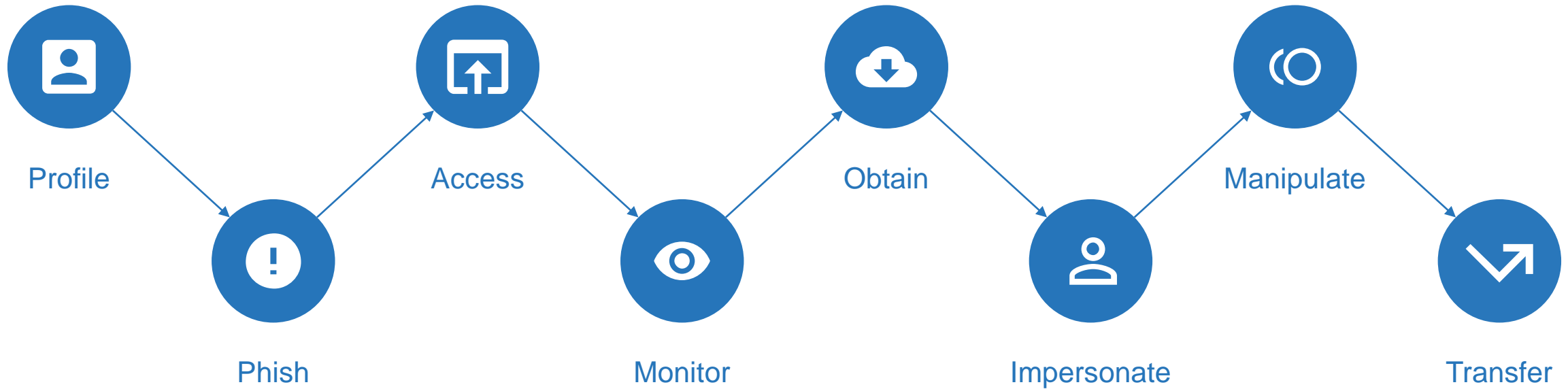
Escrow and Closing Includes:

- Transaction coordination;
- Closing and notarization of documents;
- Disclosure (CD) and closing statement preparation;
- Collection of all incoming funds for closing;
- Closing;
- Disbursements to all parties and lien holders;
- Post-closing activities (recordings, lien releases, mortgage discharges etc.); and
- Confirm satisfaction of all requirements to issue the title insurance polic(ies).

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Steps to Committing Fraud





Why real estate transactions?

**1. They are incredibly
lucrative**

(avg \$200,000)



Why real estate transactions?

**2. Transactions
involve multiple
parties
all communicating
electronically**



Why real estate transactions?

3. All the information to start a fraud is easily found online

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A growing problem

Wire fraud is the fastest growing cyber crime in the U.S. with over \$90Bil in attempted losses reported from June '16 to December '18. Last year, the FBI tracked \$1.5Bil in losses, just 15% of what was actually lost.

Real estate transactions are an easy target for cyber criminals as they involve multiple parties, long transaction cycles, readily-available public information, and large buckets of money.

Title agents are sustaining crippling losses and recent revisions to the Closing Protection Letter (CPL) specifically exclude underwriter liability for losses due to wire fraud.

80% of real estate wire fraud scams target buyers.

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Bain Case

Agent and Broker Liable for 85% of Wire Fraud Loss

“”

[Plaintiff] is granted judgment against defendants [broker and agent], jointly and severally, on his claim for negligent misrepresentation in the amount of \$167,129.27...

Bain v. Platinum Realty LLC et al., Case No. 16-CV-02326-JWL, Dist. Court, D. Kansas, 2018

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF KANSAS

JERRY BAIN,
Plaintiff,
vs.
Maximum Realty, LLC
Kathryn Sullivan-Coleman
Defendant(s).

Case No. 16-2870-JWL

QUESTION FROM THE JURY #1

YOUR HONOR,

*Ms Sylvia was not Mr Bain's parent.
Does that absolve her of responsibility
to Mr Bain?*

Dated at 04/24/18 on _____, Time 3:00

Signature of Presiding Judge

ANSWER OF THE JUDGE,

No.

Dated at Lawrence, KS on 21 April 2018, Time 3:17 pm

Signature of Judge

Bain Case

Jury Question #1

During Deliberations

O'Neill Case

Bank not liable for failing to stop a \$580K wire transfer to fraudster

“”

Any duty [the bank] owed to [the law firm] was a contractual duty... not a duty based on social policy. Thus, [the law firm] may not recast their breach of contract claims against [the bank] as a tort-based claim.

O'Neill, Bragg & Staffin, P.C. v. Bank of America Corp., Case No. 18-2109, Dist. Court, E.D. Pennsylvania, 2018

O'Neill Case

Federal judge grants the bank's motion to dismiss the case

“”

The computer hacker, of course, is the real culprit but is not a party to this lawsuit. For the reasons [stated in the opinion], as between the law firm and the bank, the law firm must bear the loss based on the facts set forth in the amended complaint.

O'Neill, Bragg & Staffin, P.C. v. Bank of America Corp., Case No. 18-2109, Dist. Court, E.D. Pennsylvania, 2018

OUR FRAUD EXPERIENCE

Dr. Antonella Mendelson



04/10/2015 12:01:17.48
LT 4
Surveillance
72ND-BROADWAY-1008779

Real-Time “Muling” Instructions

\$108,000 funds go here

Subject: \$108,000 funds go here
From: Vicken <vickentraders@aol.com>
Date: 4/10/2015 9:42 AM
To: "Antonella Dr.Mendelson" <dr.mendelson@gmail.com>
BCC: "vickentraders@aol.com" <vickentraders@aol.com>

Please send \$40, 000 here
Morgan insurance 1410 Giles Dr desoto tx. routing #: 113010547
Account #:6724480428 Compass bank. 1120 Hines blvd Dallas Tx
75289

Please get a cashier check for
\$68,000 and deposit here
Chase bank
3610 McKinney Ave
Dallas, TX, United States
account number 4220508365.
rt number 111000614
account info: Dean morgan realty llc
5916 willow wood ln dallas tx 75252

Dean Morgan



Perry Cortese



U.S. District Attorney – Tampa, FL



Patrick Scruggs • 3rd

Assistant United States Attorney at U.S. Department of Justice

Tampa/St. Petersburg, Florida Area

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U.S. Department of Justice



Boston College Law School



See contact info



21 connections

The Missing Link

CAUSE NO. _____

SUN TITLE AGENCY OF MICHIGAN,
LLC,

Plaintiff,

v.

PERRY D. CORTESE, individually and
d/b/a LAW OFFICE OF PERRY CORTESE,
DEAN F. MORGAN INSURANCE
AGENCY, INC., DEAN F. MORGAN, and
MARK HOPKINS,

Defendants.

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IN THE DISTRICT COURT OF

BELL COUNTY, TEXAS

_____ JUDICIAL DISTRICT

PLAINTIFF'S ORIGINAL PETITION AND REQUEST FOR DISCLOSURE

Plaintiff Sun Title Agency of Michigan, LLC files this, its Original Petition and Request

for Disclosure against Defendants Perry D. Cortese, individually and d/b/a the Law Office of

Ikechukwu “Ike” Derek Amadi



Priscilla Ellis



International Fraud and Money Laundering Scheme

Two Sentenced in Wide-Reaching Criminal Conspiracy





indicted as part of the conspiracy—one pleaded guilty and two are awaiting extradition from Canada. And eight other individuals have been charged separately.

And for Ellis, as if a 40-year prison term wasn't long enough, she—while being temporarily held at a local jail right after her conviction in the money laundering conspiracy—tried to solicit other inmates to help her hire a hit man to murder several witnesses who had just testified against her at trial (and then attempted to undertake another financial fraud scheme to pay for the hit man). She was convicted on those charges in March of last year, and on January 4 of this year, she received an additional 65 years in prison—a term that will run consecutively to the 40 years she got for the original case.

The money laundering investigation was run by Special Agent Deven Williams out of the FBI's Tampa Field Office—one of the original subjects was operating out of the Tampa area and had opened more than 80 bank accounts there.

According to Williams, the investigation began when the FBI Atlanta Field Office—with a fraud victim who had wired money to a bank account in Tampa—sent a lead to Tampa requesting an interview with the owner of the bank account. “Also,” explained Williams, “a law firm in Tampa had been targeted by fraud and it approached the Tampa Police Department, who then referred it to the FBI. From there, we were able to link the two together.”

Okechukwu Desmond Amadi



Federal Grand Jury Subpoena

Subpoena No. 2015R02676037

TPA-2016-3-GJ-33AEP

AO110 (Rev. 04/07) Subpoena to Testify Before Grand Jury

UNITED STATES DISTRICT COURT

MIDDLE

DISTRICT OF

FLORIDA

TO:

Sun Title Agency LLC
Attn: Tom Cronkwright
1410 Plainfield Avenue, N.E.
Grand Rapids, MI Grand

SUBPOENA TO TESTIFY BEFORE GRAND JURY

SUBPOENA FOR:

PERSON

DOCUMENT(S) OR OBJECT(S)

YOU ARE HEREBY COMMANDED to appear and testify before the Grand Jury of the United States District Court at the place, date, and time specified below.

PLACE United States District Court 801 North Florida Avenue, Fourth Floor Tampa, Florida 33602-4511	COURTROOM Hearing Room 4A/#423
	DATE AND TIME 08/30/17, 9:30 a.m.

YOU ARE ALSO COMMANDED to bring with you the following document(s) or object(s):*

SEE ATTACHED. PLEASE PROVIDE IN ELECTRONIC FORMAT.

If you have any questions regarding this subpoena, please contact Special Agent Deven Williams, Federal Bureau of Investigation, at 813-253-1003.

In lieu of personal appearance before the Grand Jury, documents may be returned, along with a completed and executed Declaration

Federal Subpoena to Testify

Subpoena No. 2017R01483007

AO 89 (Rev. 01/09) Subpoena to Testify at a Hearing or Trial in a Criminal Case

UNITED STATES DISTRICT COURT

for the

Middle District of Florida

United States of America)

v.)

Okechukwu Desmond Amadi)

Defendant)

Case No. 8:17-cr-447-T-30AEP

SUBPOENA TO TESTIFY AT A HEARING OR TRIAL IN A CRIMINAL CASE

To: Tom Cronkright
Sun Title
1410 Plainfield Avenue, NE
Grand Rapids, MI 49505

YOU ARE COMMANDED to appear in the United States district court at the time, date, and place shown below to testify in this criminal case. When you arrive, you must remain at the court until the judge or a court officer allows you to leave.

Place of Appearance: United States District Court 801 North Florida Avenue, Tampa, Florida 33602-4511	Courtroom No.: 17
	Date and Time: 10/29/18, 09:00AM - Date Subject to Change

You must also bring with you the following documents, electronically stored information, or objects (*blank if not applicable*):

FBI Protective Detail



Main Takeaways



Wire fraud in real estate is a borderless crime



Personal and transaction-level details are obtained and used by cyber criminals



They strike with incredible precision and detail to convince someone to transfer funds

Action Items

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Ways to Help

- Education and awareness
- Data security and identity management tips
- Model guide to protect companies and consumers



Questions?



Let's Connect!

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