



## **I'VE** *changed my mind*

**Fidelity National Title, National Commercial Services in Los Angeles, received a new order for the purchase of an industrial building. The buyer claimed to be from Hong Kong and, as the transaction proceeded, many of the same red flags we have described in past issues of this newsletter began to appear. The escrow officer recognized them and proceeded with caution which proved to be prudent.**

The buyer contacted the listing agent by email. He made an all-cash offer to purchase the property for \$4,149,500. He provided proof of funds via his bank statement from his Chinese bank account to the seller but was insistent that his funds were in the U.S. The seller accepted his offer, and escrow was opened with Commercial Escrow Officer Cornelius Morgan at Fidelity National Title, National Commercial Services.

Cornelius opened the order and sent the buyer wiring instructions for the earnest money deposit. The buyer responded with this message:

"I received Your emails, the contents are well noted. I have been reliably informed by the broker that the Check for the EMD funds will be delivered to Your office before the end of business day on Friday September 20,2024. Kindly be on the lookout for it.

I will expect that You provide me with a scanned copy of the deposit slip (to serve as receipt and for record keeping purposes) upon processing/depositing the Check at Your bank. Looking forward to hearing from You soon."

As promised, the check arrived on Friday, along with this letter, which Cornelius found odd:

**Upon discussions/instruction from an affiliate broker/associate of mine based in Hong Kong, I made out a check for the amount of \$400,000.00, do notif me when the check is received.**

**This check is to serve as an earnest mone pa ment for a client b name [REDACTED] towards the purchase of the propert at [REDACTED] CA 91304 USA. When received do go ahead to process and distribute the funds as advised b [REDACTED] and the realtor [REDACTED] of the [REDACTED] Commercial Real Estate Services.**

Cornelius reviewed the check carefully then receipted it into the file and asked the accounting center to check with the bank to confirm it was a valid check. The check seemed off and the letter that came with it concerned him. He wanted to be sure the check cleared the bank.

Cornelius sent a receipt for the earnest money to the buyer, seller and real estate agent, but he notified them that the funds were remitted by a third party. He explained the check could not be credited to the account without fully executed Third Party Deposit Instructions. The real estate broker obtained the phone number for the remitter and passed it along to escrow.

On Thursday, the buyer sent this message to the real estate agent and escrow:

Hello,

Trust Your morning is going well,I had to take and run more consecutive shifts over here at my workstation in a bid to make up for the time I will be away for the closing of the property purchase, hence work has been hectic.

*The last 24 hours have been busy and worrisome for me following deliberations as it relates to this property purchase.A few hours ago (Shortly before midnight) I had an intense discussion with my business associate and also with my wife,Yes I had to bring her in at this junction due to the sensitive nature of the proceedings at hand hence the need to open up to her about the property purchase deal which was meant to be a surprise.Though she commended my drive towards investment plans,she however frowned at the fact that she was not carried along from the onset.*

*After a thorough analysis about the R.O.I plans on the Deering Ave.,Canoga Park,CA 91304 property and also considering the use of the property which ought to conform with the intended zoning policies of the government stipulated for this particular area,I was advised that the cost for this property is on the high side when compared to the returns I envisage during 16-18 year period time I had in mind.My wife was also quick to sight the uncertainty associated with the forthcoming U.S Elections and China's take on it which is perceived as relatively interfering ,also noting the brewing crisis between Russia and Ukraine which encompasses their allies too.*

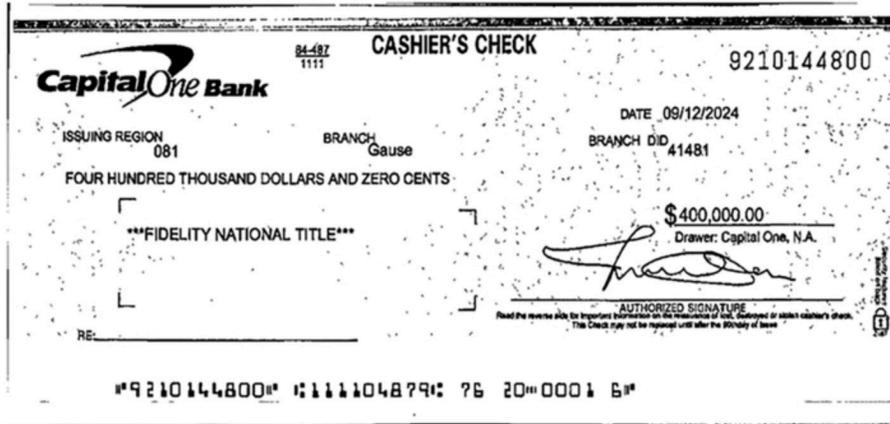
*For the above reasons and also sticking to my wife's counsel,I will not continue with the purchase deal and I will now back out of the Agreement/processes at once. As it stands I would immediately opt for a Cancellation/Termination process and get refunded as soon as possible.To this end we have resolved that the earnest money payment funds be returned back in a bid to have it reinvested back home.If there are any fees/bills incurred by me during the process of putting up an offer do state it out clearly and I will then advise that it be deducted immediately.I will furnish you with details on where the monies should be sent to in due course. Kindly let me know the modalities for the Cancellation/Termination process.*

*I sincerely hope that sometime soon(when all of these tensions/uncertainties are relatively gone) I will revisit my plans to invest in the U.S, You will be the first to know as I intend to engage Your services considering Your expertise and zeal thus far. I await your prompt update on this.*

Regards,

Cornelius notified the buyer that the transaction was cancelled. The buyer responded right away with this message:

**I received Your prompt response. I will send a separate email (for clarity purpose) the account details wherein the EMD funds should be wired to. I sincerely appreciate Your understanding and cooperation all along. Kindly acknowledge both emails.**



**Return Reason: ALTERED/FICTITIOUS ITEM**

Fraudsters have previously presented checks from foreign banks, but settlement agents became wise and refused to accept them. Now, the fraudsters duplicate checks from U.S. Banks. It is important to always look at a check presented to you. Even if the funds represent closing funds, do not disburse against them until they have been deposited into the trust account and unconditionally collected.

In this example, the check was drawn off a different Federal Reserve than the escrow office's trust account (which works in the favor of the fraudster). The check was deposited on Friday, and the following Thursday, accounting received notice that the check was returned.

Cornelius was familiar with this scam and recognized the signs from the beginning. He proceeded with caution and did not become a victim.