



**Fraud was presented to a title agent in a rather unusual way: It was a \$500,000 cash sale, no loan involved. The standard Huntsville, Alabama Board residential contract listed a Mr. Squatter and his wife as buyers. Though the contract had been pending for three weeks, it did not come to Craig Paulus's office at Paulus Title until just a few days before closing.**

Mrs. Squatter was pregnant and nearing her due date. With all that excitement, some of the paperwork, such as an earnest money deposit and proof of funds letter, were lagging behind. That was their excuse for the last minute closing. Mrs. Squatter ended up going into labor a couple of hours before closing, so she decided to come and sign first thing the following Monday.

At the signing, she forgot her drivers' license, but said she would email a copy. She still had not delivered the baby and they were on their way to the hospital. The Squatters said they would initiate the wire transfer of funds to close on the way to the hospital.

As a result, they signed their closing documents, but Craig did not disburse or record documents, since the funds to close had not been tendered by the buyers.

The following days were filled with excuses, misdirection and confusion. Because the buyers would not answer Craig's calls, he heard everything second-hand from their real estate agent. Stories included the following: She had inherited the funds; they were from a 1031 exchange; the wire was sent; the wire was rejected; she is in labor; she is not in labor because she is at the bank; she is actually at a different bank; the wire was rejected again; they had to get the wire back to get a certified check; they blamed Craig's wiring instructions; a fraud alert froze the funds.

As the week passed, the story became less plausible. They tried to find another attorney to close the deal, but when they found one, he called the buyer's real estate agent, who explained that they just needed to send funds to Craig's office to close. On his end, Craig refused to budge on recording the deed, or doing anything until the funds were received and cleared.

Finally, Mr. and Mrs. Squatter found a closing attorney in Tusculumbia, Alabama, and told him all the delays were caused by their real estate agent trying to impersonate Mr. Squatter at their bank.

The attorney called the real estate agent's broker and threatened to sue if the real estate company did not front the money and get paid back later. Craig spoke to the closing attorney and said he had heard the Squatters did not even have an account at the bank they indicated was "their bank."

As it turned out, the Squatters were on speaker phone in the closing attorney's office and Mrs. Squatter told Craig she did have an account at the bank, but he could not find it because the account was in her maiden name and the funds in it were from an inheritance. Craig asked for her maiden name. She provided a name to him.

Armed with her maiden name, Craig performed an internet search and learned she had an extensive record of convictions for perpetrating fraud and forgery. One website from 2005, noted that her modus operandi is to pretend she is pregnant!

The internet search revealed Mrs. Squatter had convictions in three states, under five names — none of them are Squatter. Craig also discovered Mr. Squatter had a lengthy record for passing counterfeit checks.

As a result, Craig cancelled his transaction and told the listing agent and seller the deal was never going to close, and they should put the property back on the market. The buyers had been attempting to obtain the keys and move into the property as "squatters" without ever paying a dime.