

*FILED
9/19/2012*

FILED
U.S. DISTRICT COURT
DISTRICT OF MARYLAND

SPL/JMG: USAO 2011R00396

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND

CLERK'S OFFICE
AT BALTIMORE

UNITED STATES OF AMERICA

CRIMINAL NO. W00-12-0452

v.

BY _____

) DEPUTY

) (Wire Fraud, 18 U.S.C. § 1343;

) Causing an Act to be Done,

HARRIET M. TAYLOR,

) 18 U.S.C. § 2(b))

Defendant.

INFORMATION

The United States Attorney for the District of Maryland charges that:

COUNT ONE
(Wire Fraud)

INTRODUCTION

At all times material to this Information:

A. THE DEFENDANT AND HER COMPANIES

1. Defendant **HARRIET M. TAYLOR** ("TAYLOR") was a United States citizen and a resident of the state of Maryland.

2. In 2002 defendant **TAYLOR** was the managing member and co-owner of Regal Title Company, LLC ("Regal Title"), and Loyalty Title Company, LLC ("Loyalty Title"), limited liability companies with their principal places of business located in Columbia, Maryland. In 2002 the Maryland Insurance Administration issued resident licenses to both companies to operate as title insurance producers/agents. Regal Title Company also was licensed to perform settlement closings on properties in Delaware, the District of Columbia, Maryland, and Virginia.

Loyalty Title Company was licensed to perform settlement closings on properties in Maryland, the District of Columbia, and Virginia.

B. THE RELATIONSHIP BETWEEN TAYLOR'S COMPANIES AND OLD REPUBLIC NATIONAL TITLE INSURANCE COMPANY, AND A CLOSING AGENT'S CONTRACTUAL AND LEGAL OBLIGATIONS

3. Old Republic National Title Insurance Company ("Old Republic"), a Minnesota corporation, headquartered in Minneapolis, Minnesota, was a national title insurance underwriter. In 2002 Old Republic entered into agency agreements with Regal Title and Loyalty Title authorizing Regal Title and Loyalty Title to issue Old Republic title insurance commitments relating to real property in Maryland, Delaware, the District of Columbia, and Virginia.

Immediately thereafter, Regal Title and Loyalty Title began issuing and delivering Old Republic commitments, binders, policies, and endorsements insuring title to real property to individuals purchasing real estate and using Regal Title or Loyalty Title to close their real estate transactions.

4. A closing is the consummation of a real estate transaction and generally includes the delivery of a deed and deed of trust, the making of financial adjustments, the signing of notes, the issuance of title insurance and the disbursement of funds, necessary to complete the sale and/or loan transaction. The closing agent is responsible for, among other things, paying off the seller's mortgage or the homeowner's previous lender; paying any property taxes; and paying the necessary fees to record the deed on the property.

5. Under their agency agreements with Old Republic, Regal Title and Loyalty Title were obligated to establish escrow accounts, separate and distinct from operating accounts, for the purpose of holding and disbursing funds received from financial institutions and other lenders in connection with real estate closings that involved Old Republic title commitments.

The requirements of these agency agreements with Old Republic were further buttressed by Maryland's Insurance Law, which provided as follows:

Section 10-121. Title Insurance Producers.

(b) Conversion or misappropriation of money – A title insurance producer may not convert or misappropriate money received or held in escrow or trust while:

- (1) acting as a title insurance producer; or
- (2) providing any escrow, closing, or settlement services.

The agreements with Old Republic also obligated Regal Title and Loyalty Title to hold in trust the title insurance premiums collected on behalf of Old Republic and to remit those fees to Old Republic on a monthly basis.

C. THE SCHEME AND ARTIFICE TO DEFRAUD

6. Beginning in about April 2009, in connection with a real estate closing, defendant **TAYLOR** directed a financial institution to wire its funds – not to one of Regal Title's escrow accounts – but to one of its operating accounts. The defendant continued this practice with a number of other financial institutions that had entrusted their funds to Regal Title for real estate settlements. Also during 2009, defendant **TAYLOR** transferred funds in Regal Title's and Loyalty Title's escrow accounts back and forth between their respective operating accounts, in violation of Maryland law and the agreements made with Old Republic. At a time of declining business for both companies, defendant **TAYLOR** commingled and misappropriated funds throughout 2009 in order to keep her two businesses afloat, while at the same time enriching herself personally from both escrow and company funds.

7. As the two businesses continued to operate in 2009 and shortfalls in the escrow accounts increased, defendant **TAYLOR** recognized that the two companies were failing to meet their obligations to properly execute real estate settlements. This was manifested mainly by a

failure (i) to remit insurance premiums to Old Republic (ii) to pay recording fees for newly executed deeds and deeds of trust, and (iii) to pay off prior liens, thereby defrauding financial institutions, homeowners, and Old Republic.

8. The failure to pay off prior liens began in August 2009, when Regal Title closed on a refinance of a loan secured by a residence on Towanda Avenue in Baltimore, Maryland. The Federal National Mortgage Association (Fannie Mae), which had purchased the loan, was due \$38,987.69 but not paid. Thereafter until late December 2009, Regal Title failed to make payoffs on another seven loans, two of which had also been sold to Fannie Mae and one of which had been sold to the Federal Home Loan Mortgage Corporation (Freddie Mac). Similarly, in a late December 2009 closing, defendant **TAYLOR**'s other company, Loyalty Title, failed to pay off a prior lien in the amount of \$153,750. In total, for the nine loans in question, defendant **TAYLOR** had failed to remit approximately \$1.479 million.

9. By presenting her two companies to the public as responsible licensed title companies worthy of receiving funds entrusted to them as closing agents – while at the same time failing to perform the obligations of a settlement agent – defendant **TAYLOR** knew, by at least June 2009 and continuing through December 2009, that she was defrauding financial institutions, homeowners, and Old Republic.

D. TAYLOR'S CONCEALMENT OF THE SCHEME AND HER USE OF INTERSTATE WIRE TRANSFERS

10. Beginning in September 2009, in an effort to keep the scheme ongoing and to conceal it from homeowner-clients of Regal Title who had either sold their properties or had refinanced their mortgages, defendant **TAYLOR** arranged, through interstate wire transfers, for

Regal Title to make payments on at least five mortgages that should have been paid off in their entirety at settlement, thereby creating the appearance to those lenders that their loans were current and their status unchanged.

11. Specifically, on or about December 11, 2009, in the District of Maryland, the defendant,

HARRIET M. TAYLOR,

for the purpose of executing the aforesaid scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises and attempting to do so, knowingly and willfully caused to be transmitted in interstate commerce by means of wire communication certain signs and signals, in that the defendant **TAYLOR** caused Wachovia Bank in Maryland to transfer by wire \$1,327.85 to ONEWEST Bank in California to an account in the name of IndyMac Mortgage Services, Inc.

18 U.S.C. § 1343

18 U.S.C. § 2(b)


ROD J. ROSENSTEIN
UNITED STATES ATTORNEY

August 20, 2012
Date