



U.S. Department of Justice

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July 25, 2012

Paul R. Kramer, Esq.  
1 North Charles Street, Suite 1104  
Baltimore, Maryland 21201-3719

Re: United States v. Harriet M. Taylor  
*Crim. No. WDQ-12-0452*

Dear Mr. Kramer:

This letter, together with the Sealed Supplement, confirms the plea agreement that has been offered to the Defendant, Harriet M. Taylor, by the United States Attorney's Office for the District of Maryland ("this Office"). If the Defendant accepts this offer, please have her execute it in the spaces provided below. If this offer has not been accepted by Wednesday, August 8th, it will be deemed withdrawn. The terms of the agreement are as follows:

Offense of Conviction

1. The Defendant agrees to waive indictment and to plead guilty to a one count criminal information to be filed against her, charging her with wire fraud, in violation of Title 18, United States Code, Section 1343. The Defendant admits that she is, in fact, guilty of this offense and will so advise the Court.

Elements of the Offense

2. The elements of the offense to which the Defendant has agreed to plead guilty, and which this Office would prove if the case went to trial, are as follows:

- (1) The defendant devised and engaged in a scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations, and promises; and
- (2) For the purpose of executing the aforesaid scheme and artifice to defraud, the defendant caused an interstate wire communication.

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### Penalties

3. The maximum sentence provided by statute for the offense to which the Defendant is pleading guilty is as follows: 30 years of imprisonment, followed by 5 years of supervised release, and a \$1,000,000 fine. In addition, the Defendant must pay \$100 as a special assessment pursuant to 18 U.S.C. § 3013, which will be due and should be paid at or before the time of sentencing. The Court may also order her to make restitution pursuant to 18 U.S.C. §§ 3663, 3663A, and 3664.<sup>1</sup> If a fine or restitution is imposed, it shall be payable immediately, unless, pursuant to 18 U.S.C. § 3572(d), the Court orders otherwise. The Defendant understands that if she serves a term of imprisonment, is released on supervised release, and then violates the conditions of her supervised release, her supervised release could be revoked – even on the last day of the term – and the Defendant could be returned to custody to serve another period of incarceration and a new term of supervised release. The Defendant understands that the Bureau of Prisons has sole discretion in designating the institution at which the Defendant will serve any term of imprisonment imposed.

### Waiver of Rights

4. The Defendant understands that by entering into this agreement, she surrenders certain rights as outlined below:

a. If the Defendant had pled not guilty, she would have had the right to a speedy jury trial with the close assistance of competent counsel. That trial could be conducted by a judge, without a jury, if the Defendant, this Office, and the Court all agreed. If the Defendant wished to be charged by indictment, she would have the right to require the government to present its case to the grand jury. The Defendant knowingly and voluntarily waives her right to grand jury indictment and agrees to proceed by information.

b. If the Defendant elected a jury trial, the jury would be composed of twelve individuals selected from the community. Counsel and the Defendant would have the opportunity to challenge prospective jurors who demonstrated bias or who were otherwise unqualified, and would have the opportunity to strike a certain number of jurors peremptorily. All twelve jurors would have to agree unanimously before the Defendant could be found guilty of any count. The jury would be instructed that the Defendant was presumed to be innocent, and that presumption could be overcome only by proof beyond a reasonable doubt.

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<sup>1</sup> Pursuant to 18 U.S.C. § 3612, if the Court imposes a fine in excess of \$2,500 that remains unpaid 15 days after it is imposed, the Defendant shall be charged interest on that fine, unless the Court modifies the interest payment in accordance with 18 U.S.C. § 3612(f)(3).

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c. If the Defendant went to trial, the government would have the burden of proving the Defendant guilty beyond a reasonable doubt. The Defendant would have the right to confront and cross-examine the government's witnesses. The Defendant would not have to present any defense witnesses or evidence whatsoever. If the Defendant wanted to call witnesses in her defense, however, she would have the subpoena power of the Court to compel the witnesses to attend.

d. The Defendant would have the right to testify in her own defense if she so chose, and she would have the right to refuse to testify. If she chose not to testify, the Court could instruct the jury that they could not draw any adverse inference from her decision not to testify.

e. If the Defendant were found guilty after a trial, she would have the right to appeal the verdict and the Court's pretrial and trial decisions on the admissibility of evidence to see if any errors were committed which would require a new trial or dismissal of the charges against her. By pleading guilty, the Defendant knowingly gives up the right to appeal the verdict and the Court's decisions.

f. By pleading guilty, the Defendant will be giving up all of these rights, except the right, under the limited circumstances set forth in the "Waiver of Appeal" paragraph below, to appeal the sentence. By pleading guilty, the Defendant understands that she may have to answer the Court's questions both about the rights she is giving up and about the facts of her case. Any statements the Defendant makes during such a hearing would not be admissible against her during a trial except in a criminal proceeding for perjury or false statement.

g. If the Court accepts the Defendant's plea of guilty, there will be no further trial or proceeding of any kind, and the Court will find her guilty.

h. By pleading guilty, the Defendant will also be giving up certain valuable civil rights and may be subject to deportation or other loss of immigration status.

Advisory Sentencing Guidelines Apply

5. The Defendant understands that the Court will determine a sentencing guidelines range for this case (henceforth the "advisory guidelines range") pursuant to the Sentencing Reform Act of 1984 at 18 U.S.C. §§ 3551-3742 (excepting 18 U.S.C. §§ 3553(b)(1) and 3742(e)) and 28 U.S.C. §§ 991-998. The Defendant further understands that the Court will impose a sentence pursuant to the Sentencing Reform Act, as excised, and must take into account the advisory guidelines range in establishing a reasonable sentence.

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Factual and Advisory Guidelines Stipulation

6. This Office and the Defendant understand, agree and stipulate to the Statement of Facts set forth in Attachment A hereto which the Defendant acknowledges this Office would have proved beyond a reasonable doubt if this matter had proceeded to trial, and to the following applicable sentencing guidelines factors:

Base Offense Level: The parties agree that a base offense level of **seven (7)** is applicable to the count of conviction. U.S.S.G. §2B1.1(a)(1). Pursuant to U.S.S.G. § 2B1.1(b)(1)(I), because the aggregate loss was approximately \$1,517,000, the base offense level is increased by **sixteen (16)** levels because the loss was more than \$1,000,000, but less than \$2,500,000. The parties further agree that the Defendant is subject to an additional **two (2)** level enhancement pursuant to U.S.S.G. § 3B1.3 because her crime involved an abuse of a position of private trust. (**SUBTOTAL = 25**)

Acceptance of Responsibility: This Office does not oppose a **two (2) level reduction** in the Defendant's adjusted offense level, based upon the Defendant's apparent prompt recognition and affirmative acceptance of personal responsibility for her criminal conduct. If the Defendant's offense level prior to consideration of acceptance of responsibility is level 16 or greater, this Office agrees to make a motion pursuant to U.S.S.G. § 3E1.1(b) for an **additional one (1) level** decrease in recognition of the Defendant's timely notification of her intention to plead guilty. This Office may oppose *any* adjustment for acceptance of responsibility if the Defendant (a) fails to admit each and every item in the factual stipulation; (b) denies involvement in the offenses; (c) gives conflicting statements about her involvement in the offenses; (d) is untruthful with the Court, this Office, or the United States Probation Office; (e) obstructs or attempts to obstruct justice prior to sentencing; (f) engages in any criminal conduct between the date of this agreement and the date of sentencing; or (g) attempts to withdraw her plea of guilty.

**TOTAL:** The adjusted guideline level for Count One of the Criminal Information after the adjustment for acceptance of responsibility is **twenty-two (22)**.

7. The Defendant understands that there is no agreement as to her criminal history or criminal history category, and that her criminal history could alter her offense level if she is a career offender or if the instant offense was a part of a pattern of criminal conduct from which she derived a substantial portion of her income.

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8. This Office and the Defendant agree that, with respect to the calculation of the advisory guidelines range, no other offense characteristics, sentencing guidelines factors, potential departures, or adjustments set forth in the United States Sentencing Guidelines will be raised or are in dispute. The Defendant is free to argue that sentencing factors contained in 18 U.S.C. § 3553(a) justify a sentence lower than the advisory guideline range. This Office may oppose such an argument. If the Defendant pursues a more lenient sentence based on the factors set forth in 18 U.S.C. § 3553(a), she will notify this Office in writing at least four (4) weeks prior to sentencing of the factor(s) and summarize the facts supporting its application. If the Defendant intends to rely on any expert testimony at sentencing, she will notify this Office six weeks prior to sentencing and provide a copy of any expert reports and a summary of any expert opinion at that time. This Office reserves the right to have the Defendant examined by an expert retained by the Government

#### Obligations of the United States Attorney's Office

9. At the time of sentencing, this Office will recommend a sentence at the lower end of the advisory guidelines range determined to be applicable at sentencing by the Court.

10. The parties reserve the right to bring to the Court's attention at the time of sentencing, and the Court will be entitled to consider, all relevant information concerning the Defendant's background, character, and conduct.

#### Waiver of Appeal

11. In exchange for the concessions made by this Office and the Defendant in this plea agreement, this Office and the Defendant waive their rights to appeal as follows:

a. The Defendant knowingly waives all rights, pursuant to 28 U.S.C. § 1291 or otherwise, to appeal the Defendant's conviction;

b. The Defendant and this Office knowingly and expressly waive all rights conferred by 18 U.S.C. § 3742 to appeal the judgment and whatever sentence is imposed, including any fine, term of supervised release, order of restitution, or order or forfeiture and any issues that relate to the establishment of the advisory guidelines range, as follows: the Defendant waives any right to appeal from any sentence within or below the advisory guidelines range resulting from an adjusted base offense level of **twenty-two (22)**, and this Office waives any right to appeal from any sentence within or above the advisory guidelines range resulting in an adjusted base offense level of 22. Nothing in this agreement shall be construed to prevent either the Defendant or this Office from invoking the provisions of Federal Rule of Criminal Procedure 35(a), and appealing from any decision thereunder, should a sentence be imposed that is illegal or that exceeds the statutory maximum allowed under the law or that is less than any applicable statutory mandatory

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minimum provision. The Defendant waives any and all rights under the Freedom of Information Act relating to the investigation and prosecution of the above-captioned matter and agrees not to file any request for documents from this Office or any investigating agency.

c. Nothing in this agreement shall be construed to prevent the Defendant or this Office from invoking the provisions of Federal Rule of Criminal Procedure 35(a), or from appealing from any decision thereunder, should a sentence be imposed that resulted from arithmetical, technical, or other clear error.

d. The Defendant waives any and all rights under the Freedom of Information Act relating to the investigation and prosecution of the above-captioned matter and agrees not to file any request for documents from this Office or any investigating agency.

#### Tax Liability

12. The Defendant understands that this agreement does not resolve any civil tax liability that she may have, and that this agreement is with the United States Attorney's Office, not with the Internal Revenue Service. The Internal Revenue Service is not a party to this agreement and remains free to pursue any and all lawful remedies it may have. The Defendant agrees, however, as a special condition of supervised release (a) to provide a complete and accurate financial statement, under penalty of perjury, to the United States which shall identify all assets valued at \$1000 or more owned or held directly or indirectly by her, as well as all such assets transferred by her to any third parties since January 1, 2009, including the location of said assets and identities of the third parties; and (b) to pay to the Internal Revenue Service all additional taxes, interest and penalties which the Internal Revenue Service may determine that she owes, pursuant to the aforesaid Closing Agreement. The Defendant understands that a failure to comply with any of the conditions of his supervised release may result in revocation of her release conditions, resulting in her reincarceration for all or part of the term of supervised release.

#### Obstruction or Other Violations of Law

13. The Defendant agrees that she will not commit any offense in violation of federal, state or local law between the date of this agreement and her sentencing in this case. In the event that the Defendant (i) engages in conduct after the date of this agreement which would justify a finding of obstruction of justice under U.S.S.G. § 3C1.1; or (ii) fails to accept personal responsibility for her conduct by failing to acknowledge her guilt to the probation officer who prepares the Presentence Report; or (iii) commits any offense in violation of federal, state or local law, then this Office will be relieved of its obligations to the Defendant as reflected in this agreement. Specifically, this Office will be free to argue sentencing guidelines factors other than those stipulated in this agreement, and it will also be free to make sentencing recommendations other than those set out in this agreement. As with any alleged breach of this agreement, this Office will

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bear the burden of convincing the Court of the Defendant's obstructive or unlawful behavior and/or failure to acknowledge personal responsibility by a preponderance of the evidence. The Defendant acknowledges that she may not withdraw her guilty plea because this Office is relieved of its obligations under the agreement pursuant to this paragraph.

Court Not a Party

14. The Defendant expressly understands that the Court is not a party to this agreement. In the federal system, the sentence to be imposed is within the sole discretion of the Court. In particular, the Defendant understands that neither the United States Probation Office nor the Court is bound by the stipulation set forth above, and that the Court will, with the aid of the Presentence Report, determine the facts relevant to sentencing. The Defendant understands that the Court cannot rely exclusively upon the stipulation in ascertaining the factors relevant to the determination of sentence. Rather, in determining the factual basis for the sentence, the Court will consider the stipulation, together with the results of the presentence investigation, and any other relevant information. The Defendant understands that the Court is under no obligation to accept this Office's recommendations, and the Court has the power to impose a sentence up to and including the statutory maximum stated above. The Defendant understands that if the Court ascertains factors different from those contained in the stipulation set forth above, or if the Court should impose any sentence up to the maximum established by statute, the Defendant cannot, for that reason alone, withdraw her guilty plea, and will remain bound to fulfill all of her obligations under this agreement. The Defendant understands that neither the prosecutor, her counsel, nor the Court can make a binding prediction, promise, or representation as to what guidelines range or sentence the Defendant will receive. The Defendant agrees that no one has made such a binding prediction or promise.

Entire Agreement

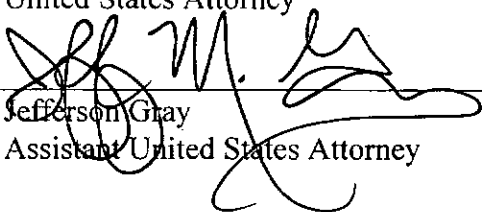
15 This letter supersedes any prior understandings, promises, or conditions between this Office and the Defendant and, together with the Sealed Supplement, constitutes the complete plea agreement in this case. The Defendant acknowledges that there are no other agreements, promises, undertakings or understandings between the Defendant and this Office other than those set forth in this letter and the Sealed Supplement, and none will be entered into unless in writing and signed by all parties. If the Defendant fully accepts each and every term and condition of this agreement, please sign and have the Defendant sign the original and return it to me promptly.

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Very truly yours,

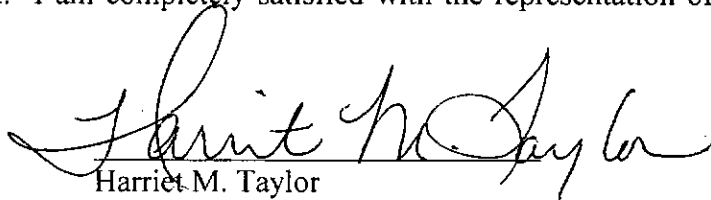
Rod J. Rosenstein  
United States Attorney

By: \_\_\_\_\_

  
Jefferson Gray  
Assistant United States Attorney

I have read this agreement, including the Sealed Supplement, and carefully reviewed every part of it with my attorney. I understand it, and I voluntarily agree to it. Specifically, I have reviewed the Factual and Advisory Guidelines Stipulation with my attorney, and I agree with it and do not wish to change any part of it. I am completely satisfied with the representation of my attorney.

7/30/12  
Date

  
Harriet M. Taylor

I am Harriet Taylor's attorney. I have carefully reviewed every part of this agreement, including the Sealed Supplement, with her. She advises me that she understands and accepts its terms. To my knowledge, her decision to enter into this agreement is an informed and voluntary one.

7/30/12  
Date

  
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## ATTACHMENT A

### STATEMENT OF FACTS

*Defendant Harriet M. Taylor acknowledges that if the case had proceeded to trial, the Government would have presented testimonial and documentary evidence sufficient to establish the following facts beyond a reasonable doubt. This statement does not constitute all of the facts provable by the Government.*

#### **Regal Title Company, Loyalty Title Company, And Old Republic National Title Insurance Company**

The defendant Harriet M. Taylor, age 56, is a resident of Ellicott City, Maryland. From at least December 2002 until early January 2010, 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 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.

Old Republic National Title Insurance Company (“Old Republic”), a Minnesota corporation, headquartered in Minneapolis, Minnesota, is 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

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endorsements insuring title to real property to individuals purchasing real estate and using Regal Title or Loyalty Title to close their real estate transactions.

**Real Estate Closing Obligations And The Agency Agreements With Old Republic**

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. In a typical residential real estate transaction, a buyer obtains a mortgage from a lender to purchase a home or receives a new loan at a lower interest rate to refinance an existing mortgage. When the loan is ready for closing, the lender transfers the necessary funds by wire to the closing agent. These funds, together with the amount tendered by the buyer or the homeowner to cover the down payment and closing costs, are then disbursed by the closing agent according to the instructions he or she has received, and these disbursements are recorded on the legally mandated settlement statement form known as the "HUD-1." 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. Sometimes, particularly when a debt is refinanced, the homeowner or the new lender will also instruct the settlement agent to pay off other debts owed by the borrower out of the proceeds of the new loan.

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. Both companies were

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required to reconcile all such accounts at least monthly. The agreements 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.

These provisions in Regal Title's and Loyalty Title's 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.

**Transactions With Old Republic: 2003-2008**

Over the course of several years as real estate closing agents under the direction of defendant Taylor, Regal Title and Loyalty Title issued Old Republic insurance binders for the combined loan amounts set forth below:

<u>Year</u>	<u>Regal Title</u>	<u>Loyalty Title</u>
2003	\$ 3,141,295	\$ 32,265,924
2004	\$ 41,208,700	\$ 32,933,280
2005	\$ 16,748,798	\$ 34,273,543
2006	\$ 94,777,752	\$ 106,355,173
2007	\$ 83,494,364	\$ 40,973,250
2008	\$ 56,636,520	\$ 12,883,425

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✓

**The Commingling Of Escrow Funds: 2009**

By early 2009, defendant Taylor maintained two operating accounts for Regal Title – the “3456 account” and the “7100 account” – and one for Loyalty Title – the “6884 account.” In April 2009, in connection with a real estate closing, defendant Taylor caused a financial institution to wire its funds – not to one of Regal Title’s escrow accounts – but to its 3456 operating account. Thereafter, on a number of occasions in 2009, defendant Taylor caused lending institutions to wire their funds to the 3456 account, which funds were entrusted to Regal Title for real estate settlements. Also during 2009, defendant Taylor caused or allowed funds in Regal Title’s and Loyalty Title’s escrow accounts to be transferred back and forth between their respective operating accounts, all in violation of Maryland law and the agreements made with Old Republic.

**Company Payments Made To Defendant Taylor In 2009**

By using commingled funds throughout 2009, defendant Taylor kept her two businesses afloat, while at the same time enriching herself with both company and escrow funds. For example, from January through December 2009, from three operating accounts, defendant Taylor paid herself as follows:

Regal Title’s 7100 account:	\$	334,035.16
Regal Title’s 3456 account:	\$	95,292.34
Loyalty Title’s 6884 account:	\$	48,550.00
Total:	\$	477,877.50

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**The Scheme To Defraud Financial Institutions, Homeowners, And Old Republic**

As the two businesses continued to operate in 2009 and shortfalls in the escrow accounts increased, defendant Taylor found it increasingly difficult for the two companies to meet their fiduciary 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.

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 was 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 \$1.47 million.

By taking the various actions set forth above or knowingly allowing or causing them to occur, defendant Taylor recognized, by at least June 2009 and continuing through December 2009, that she was defrauding financial institutions, homeowners, and Old Republic. ✓

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**Concealment And The Use Of Interstate Wire Transfers**

Beginning in September 2009, in an effort to keep the scheme ongoing and to conceal Regal Title's failure to pay off lenders holding prior liens, defendant Taylor arranged for Regal Title to make payments on at least five of these mortgages, thereby creating the appearance to the lenders that their loans were current and their status unchanged. Specifically, on December 11, 2009, in furtherance of the scheme to defraud and to conceal a closing that had occurred the prior September on a loan secured by property in Chesapeake Beach, Maryland, defendant Taylor arranged for Regal Title to pay \$1,327.85 to IndyMac Mortgage Services, Inc., by wire transferring said funds from a Regal Title account at Wachovia Bank in Maryland to an account at ONEWEST Bank in California.

**The Resulting Losses To Old Republic**

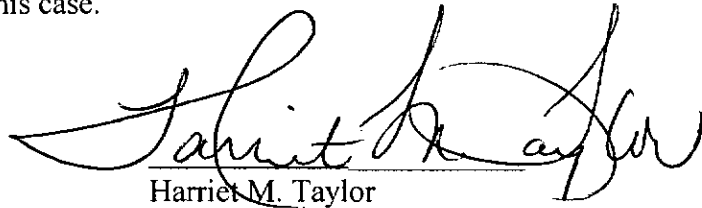
In early January 2010, a regular audit of Loyalty Title by Old Republic, coupled with the findings of an earlier 2009 audit of Regal Title, caused Old Republic to become aware of the misapplication of settlement funds at both Loyalty and Regal Title. (Ms. Taylor maintains that Old Republic had noticed inconsistencies during its review of her companies' books as far back as 2006.) As a result, Old Republic immediately terminated its agency relationship with the two companies. Because Regal Title and Loyalty Title had issued commitments on behalf of Old Republic to issue policies insuring that the 2009 loans would be secured by first priority liens, Old Republic was obligated to satisfy the prior liens against the properties affected by the misapplication of settlement funds and to complete what other transactions Regal Title and Loyalty Title failed to perform. As a result of this liability, in January 2010, Old Republic paid out a total of \$1, 479,140 to various lenders in connection with eight loans not paid by Regal Title and one loan not paid by Loyalty Title.

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To properly record and secure the new loans, Old Republic also paid out a total of \$30,176.00 to cover recording fees and transfer and other recordation taxes. Old Republic discovered during the course of their semi-annual audit that Regal Title and Loyalty Title had issued title policies in 2009 on behalf of Old Republic and had collected premiums but had not forwarded them to Old Republic, causing a loss to Old Republic of \$9,216.00, resulting in a total loss of **\$1,518,532.00**.

**Acknowledgment**

I have reviewed the foregoing statement of facts with my attorney. I understand it, I agree with it, and I do not wish to change any part of it. I further understand that it constitutes part of my plea agreement with the government in this case.

  
Harriet M. Taylor