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TITLE COMPANY OWNER SENTENCED IN \$1.5 MILLION FRAUD SCHEME

Baltimore, Maryland - U.S. District Judge William D. Quarles, Jr. sentenced Harriet M. Taylor, age 57, of Ellicott City, Maryland, today to two years in prison followed by five years of supervised release for wire fraud in connection with a scheme to use over \$1.5 million in mortgage closing funds for her personal use and to operate her title companies. Judge Quarles also ordered Taylor to pay restitution of \$1,256,635.70 to Old Republic and \$253,750.84 to CAN Surety, the insurer on Taylor's errors and omissions policies.

The sentence was announced by United States Attorney for the District of Maryland Rod J. Rosenstein; Special Agent in Charge Stephen E. Vogt of the Federal Bureau of Investigation; and Inspector General Steve A. Linick of the Federal Housing Finance Agency Office of Inspector General.

According to her plea agreement, Taylor co-owned and managed two title insurance companies, Regal Title Company, LLC and Loyalty Title Company, LLC, located in Columbia, Maryland. Pursuant to an agreement with a national title insurance underwriter, and as required by Maryland state law, escrow accounts for Regal and Loyalty were established, separate from company operating accounts, for the purpose of holding and disbursing funds received from lenders for real estate closings.

Beginning in 2009, however, Taylor caused some mortgage lenders to wire their funds entrusted for real estate settlements to Regal's operating account, rather than to the escrow accounts. Taylor also caused funds in Regal's and Loyalty's escrow accounts to be transferred back and forth to the companies' respective operating accounts. By using commingled funds throughout 2009, Taylor kept her two businesses afloat, while enriching herself with both company and escrow funds. From January through December 2009, Taylor paid herself \$477,877.50 from three company operating accounts.

As shortfalls in the escrow accounts increased, Taylor failed to remit insurance premiums to the title insurance underwriter, Old Republic National Title Insurance Company (Old

Republic), pay recording fees for deeds and pay off prior liens, including four of which belonged to the government sponsored entities, Fannie Mae and Freddie Mac.

Old Republic learned of the commingling of escrow and operating funds during a 2009 audit of Regal. They directed Taylor to stop the practice. Five months later during a further audit of both companies, Old Republic discovered that in nine cases Taylor used the payoff checks that were supposed to pay prior lien holders, and immediately terminated her as an agent. Old Republic was obligated to satisfy the prior liens against the properties affected by the misuse of settlement funds and to complete other transactions Regal and Loyalty failed to perform. Accordingly, in January 2010, Old Republic incurred a total loss of \$1,518,532 which resulted from paying off prior liens, paying recording fees, and for insurance premiums collected by Regal and Loyalty but not forwarded to Old Republic.

The Maryland Mortgage Fraud Task Force was established to unify the agencies that regulate and investigate mortgage fraud and promote the early detection, identification, prevention and prosecution of mortgage fraud schemes. This case, as well as other cases brought by members of the Task Force, demonstrates the commitment of law enforcement agencies to protect consumers from fraud and promote the integrity of the credit markets. Information about mortgage fraud prosecutions is available www.justice.gov/usao/md/Mortgage-Fraud/index.html.

Today's announcement is part of efforts underway by President Obama's Financial Fraud Enforcement Task Force (FFETF) which was created in November 2009 to wage an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. With more than 20 federal agencies, 94 U.S. attorneys' offices and state and local partners, it's the broadest coalition of law enforcement, investigatory and regulatory agencies ever assembled to combat fraud. Since its formation, the task force has made great strides in facilitating increased investigation and prosecution of financial crimes; enhancing coordination and cooperation among federal, state and local authorities; addressing discrimination in the lending and financial markets and conducting outreach to the public, victims, financial institutions and other organizations. Over the past three fiscal years, the Justice Department has filed more than 10,000 financial fraud cases against nearly 15,000 defendants including more than 2,700 mortgage fraud defendants. For more information on the task force, visit www.stopfraud.gov.

United States Attorney Rod J. Rosenstein praised the FBI and the Federal Housing Finance Agency Office of Inspector General for their work in the investigation. Mr. Rosenstein thanked Assistant U.S. Attorney Jefferson M. Gray, who prosecuted the case.