



STATE OF MAINE
DEPARTMENT OF PROFESSIONAL
AND FINANCIAL REGULATION
REAL ESTATE COMMISSION
35 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0035

Janet T. Mills
Governor

Anne L. Head
Commissioner

Public Board Meeting
October 19, 2023
AGENDA

Location: 221 State Street, Augusta, ME 04330

Room: Central Conference Room

Information regarding virtual attendance to this meeting will be posted on the Board's website at:
<https://www.maine.gov/pfr/professionallicensing/professions/real-estate-commission/home/board-meeting-information>

Time: 9:00 a.m.

Contact: Shara Chesley, (207) 624-8521
Shara.Chesley@maine.gov

- I. CALL TO ORDER**
- II. AGENDA MODIFICATIONS AND APPROVAL**
- III. MINUTES REVIEW AND APPROVAL**
 - Review and approval of August 17, 2023 minutes
- IV. ADJUDICARY HEARING**

2023-REC-19357 - Director v. Jodi L. Beeler
- V. PROPOSED DISMISSALS**

A. 2020-REC-16990	B. 2021-REC-17197	C. 2021-REC-17229	D. 2021-REC-17230
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- VI. PROPOSED CONSENT AGREEMENTS**

A. 2023-REC-19379	B. 2023-REC-19384	C. 2023-REC-19400	D. 2023-REC-19425
E. 2023-REC-19494	F. 2023-REC-19495	G. 2023-REC-19496	H. 2023-REC-19497
- VII. DIRECTOR'S REPORT**
 - Request for mandatory fraud-related elective course
 - Core Course Topics
- VIII. PUBLIC COMMENT**

Under this item, the Commission will offer an opportunity to members of the public in attendance to comment on any public matter under the jurisdiction of the Commission. While the Commission members cannot take action on any issues presented, the Commission will listen to comments and may ask staff to place the issue on a subsequent agenda. At the discretion of the Chair, a time limit on comments may be set.

IX. MEETING SCHEDULE

Next meeting scheduled for November 16, 2023

X. ADJOURNMENT

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**Minutes of the Maine Real Estate Commission Meeting
August 17, 2023**

<u>MEMBERS PRESENT</u>	<u>STAFF PRESENT</u>
Edie Fontaine, Chair	Catherine Pendergast, Director
Leanne Nichols, Vice Chair	Jeffrey Hill, Deputy Director
Jane B. Towle	Jack Driscoll, Field Investigator
Forrest C. Peterson	Lisa Wilson, AAG
Charles Brawn	Regina Ritchie, Professional Licensing Supervisor
	Shara Chesley, Office Specialist I
<u>MEMBERS ABSENT</u>	Jen Maddox, Office Specialist I
None	

Location: 221 State Street Augusta, ME

Start: 9:03 a.m.

Adjourn: 1:40 a.m.

I. CALL TO ORDER

The meeting was opened by Chair Fontaine at 9:03 a.m.

II. AGENDA MODIFICATIONS

A motion was made by Towle and seconded by Nichols to add Dismissal 2020-REC-17133 to agenda. Unanimous.

III. MINUTES REVIEW AND APPROVAL

A motion was made by Brawn and seconded by Nichols to approve the minutes of the July 20, 2023 meeting. Unanimous.

IV. ADJUDICATORY HEARING

2023-REC-19220 Director v. Lalah Kargar

Hearing Officer – Mark Terison opened the hearing at 9:10 a.m. Lalah Kargar was present, and represented by counsel, David Johnson. The Director was present. AAG Betsy Stivers presented the Director’s case.

Nichols recused at 10:15 a.m.

Public deliberations were conducted at the close of the hearing.

1. A motion was made by Brawn and seconded by Towle that a preponderance of the evidence proved a violation pursuant 32 M.R.S. §13067-A(2). Fontaine and Towle voted affirmative. Peterson and Brawn opposed. Motion failed.
2. A motion was made by Brawn and seconded by Towle that a preponderance of the evidence proved a violation pursuant to 32 M.R.S. § 13067-A(1). Towle, Brawn and Fontaine voted affirmative. Peterson opposed. Motion carried.



3. A motion was made by Brawn that the preponderance of the evidence demonstrated that Kargar met the requirements of 32 M.R.S §13191(5). The motion was not seconded. Motion failed.
A motion was made by Towle and seconded by Brawn, that the preponderance of the evidence did not demonstrate Kargar met the requirements of 32 M.R.S §13191(5). Towle, Brawn, Fontaine voted in the affirmative. Peterson opposed. Motion Carried.

A motion was made by Brawn and seconded by Towle to allow Commission Chair Fontaine to sign the Decision and Order when it is written. Unanimous.

Hearing ended at 1:26 p.m. Recording was stopped.

V. DISMISSALS

Nichols recused and left the conference room.

A motion was made by Towle and seconded by Brawn to accept Dismissal 2020-REC-16951. Towle, Brawn, Peterson and Fontaine voted in the affirmative. Motion carried.

Nichols rejoined meeting.

A motion was made by Towle and seconded by Nichols to approve the dismissals in case numbers 2020-REC-16935, 2020-REC-17032; 2020-REC-17133. Unanimous.

VI. DIRECTOR'S REPORT

Director Pendergast provided an update on LD170 and LD1306 and updated board members on the status of rulemaking.

VII. PUBLIC COMMENT

One member via Zoom commented. (Beth Sleeper Roybal)

VIII. MEETING SCHEDULE

The next meeting is currently scheduled for Thursday, September 21, 2023.

IX. ADJOURNMENT

A motion was made by Nichols and seconded by Brawn to adjourn the meeting at 1:40 p.m. Unanimous.

October 10th, 2023

Dear Members of the Maine Real Estate Commission:

As we move into a more modern world with exponential growth in technology, our industry and our consumers are facing horrific threats from fraudsters that they are all too often falling victim to. These fraudsters continue to get smarter, conning buyers and sellers into losing their life savings and/or home equity. **For these reasons, I am writing to request that all real estate licensees be required to take a fraud-related elective course during each renewal period.**

As a title company in New Hampshire, I've seen a dramatic increase in the past year of wire fraud schemes to target buyer cash to close and seller proceeds/payoff funds. The frightening part is that many licensees don't know how to recognize and stop fraud attempts as they're happening. There are many ways to combat fraud, the most important one being education! I believe we have a civic duty as licensees and experts in our field to provide what we know about the fraud affecting our industry. Educating licensees who in turn share this knowledge with the consumer will ultimately allow us to do our part in preventing this fraud from happening to folks investing in real estate in New Hampshire.

The real estate industry is an acute target for wire fraud due to a number of different reasons:

- Real estate transactions are complex:
 - Often involving 7-8+ stakeholders on average between buyers and sellers, their real estate agent representatives and lenders, plus the title company and in some states attorneys.
 - This increases the attack surface of a real estate transaction from the sheer number of nodes of communication between parties.
- The large sums of money transferred:
 - This is the largest purchase that most consumers will make in their lives. Where there are big dollars up for grabs, fraud attempts will follow.
 - The average consumer buys or sells a home once every 7-10+ years on average, so there is also a distinct lack of muscle memory from these parties on the cadence and steps of a real estate transaction.
- All information is public:
 - Fraudsters are able to subscribe to MLS alerts and search public deed records to help identify prospective real estate transactions going under contract and when the anticipated close date is.
 - This allows a much more targeted approach to profiling and ultimately socially engineering parties in the transaction.
- Uncertainty in the market from macroeconomic events:
 - Fraud patterns have escalated as a direct result of the COVID pandemic and recent banking failures of SVB, Signature Bank and First Republic Bank. These events cause chaos in the market and provide a plausible reason for closings to go digital and the potential for an update to wiring instructions.

The only way to prevent fraud at scale is through a coordinated effort that deploys layers of protection for all parties in a transaction. Email is no longer a safe means of sharing wiring instructions. These communications and the exchange of sensitive financial information should only take place after a stringent set of identity verification protocols have been passed that provide confidence the legitimate

individuals are who they say they are and are not being impersonated by a fraudster in an attempt to divert funds.

Real estate agents play a critical role in this given the proximity of their relationship to the consumers in a transaction who will either be wiring funds into a title company or receiving net proceeds at the close. And as part of those layers of protection, it all starts with a thorough and thoughtful approach to education.

Whereas title companies and real estate attorneys are mandated to hold E&O insurance by title underwriters and afforded access to an abundance of training through CE / CLE requirements, real estate agents have notoriously been under-trained when it comes to cybersecurity risk in a closing transaction as they are one step removed from the transfer of funds. This sets a dangerous precedent though – title companies may be better informed on wire fraud risks to look out for, but they are often only meeting the consumer for the first time when it is time to transfer funds. Whereas they've known their real estate licensee for weeks or even months by this stage and have established a trusting a relationship. This is why real estate licensees should be required to maintain a certain level of knowledge and proficiency when it comes to understanding the risks associated with wire fraud. Then they can better come alongside their consumer clients to raise the general level of awareness of the problem, hence greatly mitigating the risk in the first place when combined with appropriate security technology.

With the fiduciary duty to their clients, licensees have a responsibility to not only educate themselves, but their clients on this growing threat. Licensees need best practices in place to protect the consumer's funds by educating them on how to accurately and appropriately utilize their funds for closing. With the increase in availability and flexibility to purchase and sell real estate remotely, folks are using wires as their preferred method of getting funds to closings. It is more important now than ever to educate licensees and thusly consumers on this growing threat.

Thank you for this consideration and I'm happy to answer any questions you may regarding this topic and the need for this mandatory elective class for all licensees.

There are a few folks that already have wire fraud classes as an elective course, my team and I are happy to help anyone else with information to help arm them in getting a class accredited regarding wire fraud; that's how crucial I believe this initiative is for anyone purchasing property in the state of New Hampshire. I once again propose a fraud related elective course being required during the renewal process for all real estate licensees.

Thanks,

Kelly Roosa Cohen

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Bedford, NH 03110

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