

WFG Underwriting Bulletin



To: All Policy Issuing Agents of WFG National Title Insurance Company

From: WFG Underwriting Department

Date: September 21, 2023

Bulletin No.: NB 2023-09

Subject: Sovereign Citizen Letter of Credit Schemes

WFG has seen a return of a “sovereign citizen/militia” scheme involving the use of a “letter of credit” or “verified letter of credit” to pay for purchases of real estate.

These schemes generally involve a cash purchase of relatively high dollar properties. The title order is placed, but at closing, the buyer will present a “letter of credit/verified letter of credit” either by itself or in conjunction with other documents which may be titled, “affidavit of presentment” and/or “negotiable banker’s acceptance” in lieu of wiring US Dollars to complete the purchase. They may include various IRS forms and correspondence from the IRS to lend legitimacy to the scheme.

The “letter of credit” will purport to state that the buyer has a secret account with the United States Treasury Department. It may state the account is in silver, gold, US Dollars, silver certificates and/or gold certificates. The “letter of credit” and other documents will purport to allow the title/escrow agent access to this account to pay for the real estate. (Some “sovereign citizens” hold a false belief that there is a secret government account in each person’s name that is established at birth which typically holds a fantastic sum of money. These documents purport to allow access to said secret account. It is complete and utter nonsense as are the documents.)

An example of such a “letter of credit” is attached here though they may take many different forms:

[Letter of Credit Example](#)

Dead giveaways that you are dealing with a “sovereign citizen” include, but are not limited to:

1. Buyer will often sign documents by adding “without recourse” and/or references to the Uniform Commercial Code (UCC).
2. They will often spell their names or United States using lower case letters where upper case is customary: “john Doe”, “united States”, etc.
3. They may make some reference to “Magna Carta”, the Declaration of Independence, Admiralty Law/Courts, etc.
4. They may place US Postal Zip Codes in brackets, “[43017] or make some strange reference in relation to Zip Codes.

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If you encounter this situation, it is highly unlikely this transaction will close and you need to be especially vigilant when it comes to any funding from the buyer.

The scheme is not limited to purchases. In past years, similar letter of credit schemes have been attempted in foreclosure rescue schemes, by sellers to pay off existing mortgages/liens, and borrowers to pay off their existing liens in cash out refinances

As always, if you have questions, contact Underwriting.

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