

## APPENDIX A

### STATEMENT OF FACTS

This Statement of Facts is incorporated by reference as part of the non-prosecution agreement, dated February 14, 2013, between the United States Department of Justice, Criminal, Division, Fraud Section and the United States Attorney's Office for the Middle District of Florida and Lender Processing Services, Inc. ("LPS"). LPS agrees that the following information is true and accurate:

#### I. BACKGROUND

##### A. *Lorraine Brown, LPS, and DocX*

1. Lorraine Brown (hereinafter "Brown"), founded DocX LLC ("DocX") in the 1990s in Ohio. As discussed more fully below, DocX was involved in the preparation and recordation of mortgage-related documents throughout the country. In the early 2000s, Brown relocated the bulk of DocX's operations to Alpharetta, Georgia – a suburb of Atlanta. At all times relevant to this statement of facts, Brown was the president of DocX.

2. In mid-2005, Jacksonville, Florida-based Fidelity National Financial, Inc. ("FNF") purchased DocX from Brown and her partners for approximately \$6 million. Through corporate reorganizations within FNF, DocX later fell under ownership of Fidelity National Information Services, Inc. ("FNIS"). In mid-2008, FNIS spun off a number of business lines into a new publicly-traded entity, LPS, based in Jacksonville, Florida. At that time, the DocX subsidiary became a wholly-owned subsidiary of LPS, although the entity was held out to the public as "LPS Document Solutions, a Division of LPS." Following this spin-off, Brown managed the new business as its managing director under the title of President and Senior Managing Director of LPS Document Solutions. LPS has owned and controlled the operations of the document execution business from mid-2008 until the present, although the business ceased operations in 2010. The document execution business managed by Brown is referred to herein as "DocX" – regardless of time frame or ownership.

##### B. *DocX's Business*

3. The DocX business maintained a proprietary system called the Recordors Information Database ("RID"), which contained the various filing requirements and fees imposed by each of the thousands of county recorder's offices throughout the United States. The main clients of the DocX business were residential mortgage servicers (the "servicers"), which typically undertake certain services for mortgage lenders. These duties include, among others, accepting and recording mortgage payments, paying taxes and insurance from borrower escrow accounts, and conducting or supervising the foreclosure process when necessary.

4. DocX's servicer-clients could pay for access to the RID database. Clients could also hire DocX to assist in creating and executing mortgage-related documents filed with recorders' offices. The majority of documents created and recorded by personnel at DocX between 2003 and 2009 were lien releases, which evidence that a mortgage-backed note was paid in full. Employees at DocX also executed mortgage assignments, which evidence the transfer of a mortgage securing an underlying obligation. Mortgage assignments were typically created at the request of a servicer's attorney during the foreclosure process, and the volume of these documents dramatically increased at DocX from 2008 to 2009.

5. From at least March 2003 through and including November 2009, Brown marketed DocX as an outsourcing solution to mortgage servicers for filing and recording mortgage documents throughout the United States. Servicers hired DocX to properly prepare, execute, notarize, and record these mortgage-related documents. Brown represented to clients that DocX had rigorous quality control procedures in place to ensure a thorough and proper signing, notarization, and filing process. As part of this process, servicers issued special corporate resolutions delegating document execution authority to specific, authorized, and trained personnel at DocX. These DocX employees who were given express signing authority from clients and who were purportedly trained to ensure that the clients' documents were properly created, signed, and notarized were called "Authorized Signers." After being created, these documents were generally recorded by DocX personnel with the appropriate local property recorders' offices throughout the country.

6. In exchange for this service, DocX was paid a fee by its clients that varied from approximately \$5 to \$15 per document, depending upon, among other items, the type of document, service and client. From mid-2005 to 2009, DocX generated approximately \$41 million in revenue. According to Brown, between 2003 and mid-2005, DocX generated \$19 million in revenue.

## II. THE FRAUDULENT DOCUMENT EXECUTION SCHEME IMPLEMENTED AT DOCX

7. Beginning in or about 2003, certain employees at DocX (the "Authorized Signers"), at the direction of Brown and others, began falsifying signatures on the mortgage-related documents that DocX had been hired to prepare and file with property recorders' offices throughout the United States. Through this scheme, and unbeknownst to the clients, the Authorized Signers were instructed by Brown and other senior managers to allow unauthorized personnel to sign documents, and to have these documents notarized as if Authorized Signers had executed them. These signing practices were used at the DocX business from at least March 2003 until late 2009, and were implemented to enable LPS, DocX and Brown to make more money. To further increase profits, Brown hired temporary workers to sign as Authorized Signers. These temporary employees would sign mortgage-related documents at a much lower cost and without the quality controls represented to clients. Temporary workers were able to sign thousands of documents every day. These mortgage-related documents were then falsely

notarized by employees at DocX who attested that Authorized Signers signed the documents, even though Authorized Signers had not in fact done so. This allowed the fraud scheme against the servicers to remain undetected.

8. After these documents were signed and notarized, personnel at DocX filed them through the mail or by electronic methods with local county property recorders' offices. Many of these documents, particularly mortgage assignments and lost note or assignment affidavits, were later relied upon in court proceedings, including property foreclosures and in federal bankruptcy court. Brown knew that these property recorders, as well as those who received the documents such as courts, title insurers, and homeowners, relied on these signatures as genuine.

9. Although the exact number is presently unknown and depended upon business volume, when the above-described signing practices were employed it is estimated that between 2003 and 2009, well over one million documents with false and misleading signatures and notarizations were executed, notarized and filed across the United States by DocX under this scheme.

10. While engaging in this scheme, Brown and others at DocX took various steps to conceal their actions from detection.

11. In 2003, prior to LPS' ownership of DocX, Brown implemented an earlier version of a delegated signing practice called "Facsimile Signature." Under the Facsimile Signature program, forms were filled out which purported to delegate authority to sign documents by an Authorized Signer to another employee. Under this 2003 arrangement, new signers at the DocX operation were trained to mimic the actual signatures of the Authorized Signers. These new employees were then tested on their ability to adequately replicate those signatures, before being allowed to start signing documents. To assist in the scheme, samples of the actual Authorized Signers' signatures were taped to the signing tables. Notaries then notarized the document with the mimicked signature before transmission to county recorders' offices. This practice continued to varying degrees from 2003 to 2009.

12. In early 2009, Brown directed that DocX establish a new policy labeled "Surrogate Signing." Under this program, employees signed forms called "Surrogate Signing Forms" in which the Authorized Signer purported to delegate signing authority to other employees. Brown's use of this policy and its written forms, like those used in the "Facsimile Signature" program, were intended to placate employees who had expressed concerns to DocX management about the legality of their conduct.

13. The above surrogate signing practice had the effect of misleading clients because while clients were told that senior managers would be preparing and signing the clients' documents, this was not, in fact, occurring.

14. Brown and her managers concealed their conduct from clients. During client visits, employees at DocX were instructed to hide their signing practices.

15. Brown also concealed DocX's signing practices from LPS's internal audit department. For example, in mid-2009, LPS's internal auditors traveled from Jacksonville to Alpharetta to conduct a risk assessment of the DocX operation. Prior to the visit, the auditors received documents from Brown falsely describing the process used in executing documents. Despite the fact that the above-described signing practices were being used at that time, these acts were intentionally concealed from the auditors.

16. In October 2009, an individual sent a letter to LPS's external auditors who transmitted it to LPS corporate headquarters in Jacksonville alleging fraud and forgery in the execution of documents related to his mortgage by DocX. Upon receipt of the letter, LPS corporate representatives confronted Brown. Brown falsely stated that she was unaware of the signing practices and blamed the conduct on two "rogue" employees. Shortly thereafter, LPS terminated Brown's employment.

17. Even after she was fired, Brown continued to conceal the scheme. Specifically, on February 9, 2010, Brown was interviewed by an agent with the Federal Bureau of Investigation ("FBI"). During that interview, Brown made several material statements to the FBI, including the following: (i) at no time did Brown instruct any LPS employee or temporary worker to pursue the "Surrogate Signing" practices for the business; (ii) Brown was unaware of the "Surrogate Signer" program and was never informed by her management staff that they were engaging in such activity with their clients' financial documentation; and (iii) Brown did not learn of the "Surrogate Signer" program until LPS corporate personnel first contacted her in October 2009. Brown has since admitted that each of these three statements was false, and that she knowingly made these false statements to the FBI in an effort to further conceal her role in the scheme.

18. LPS acknowledges that the wrongful acts taken by the participating employees in furtherance of the misconduct set forth above were taken within the scope of their employment.