

South Dakota Real
Estate Commission

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In this issue from the
South Dakota Real
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From the Director
New Faces
Commission Calendar
Who is?
Wire Fraud
New Licensees

From The Director

My favorite season...**fall and football season** is here and so is renewal time. Licensees who need to renew this year will soon be receiving their renewal notices to go **online and renew** (this is the only way you can renew your license). The renewal, along with the fee, must be received by no later than November 30, 2018. Renewals that are received after that date will have to pay a late fee. In addition, all active licensees who carry errors and omissions insurance from Rice Insurance Services Company will be receiving notices to renew. The SDREC office no longer processes checks for RISC. All checks made out to RISC received in our office will be returned.

There are several licensees with very few hours of continuing education completed, so if you are one of these people, you need to make education a priority if you want to remain active on January 1, 2019. If you do not know the number of education hours you currently have, you can find this information in the 'Licensee' section on the Commission's website.

Brokers — please check with your associates/licensed staff who are renewing to make sure everything is in place for their renewals to meet the November 30th deadline.

In closing, I would like to take this opportunity to thank Beth Marnell for her hard work and dedication as our Education Director with the Real Estate Commission. Beth's last day with the Commission was September 7. We will sure miss Beth. We wish her well and know that she will truly enjoy staying home to take care of her kiddos.

On that note, I would like to welcome Bradi Stampe as our new Education Director. You can read more information about Bradi this newsletter.

Welcome Bradi!

Have a wonderful fall season! Go Vikings!



South Dakota Real Estate Commission

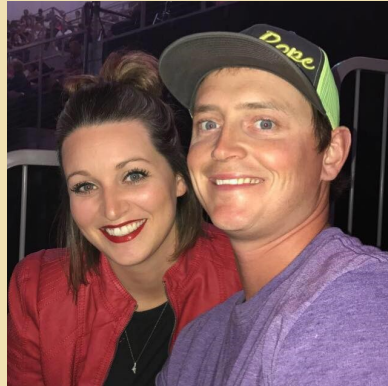
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New Faces

Introducing our new Education Director, Bradi Stampe:



I grew up in the small town of Philip, SD, where I attended school, but spent a lot of time working on our family ranch near Wanblee, SD. I went to college in Gillette, WY for three years where I rodeoed and graduated with an Associates of Science. I also graduated from Western Dakota Tech with a certificate in Surgical Technology. I have now been working for the state for 4 years.

I am married to my husband of almost 6 years, and we have two wonderful children. Kinsley Ann (5) and Kayson James (3). If I'm not chasing kids, I enjoy hunting with my dad, fishing with my husband, or simply spending time outdoors. My family attends New Life Assembly here in Pierre, and we enjoy volunteering in different capacities there. I also really enjoy the occasional nap! ;)

Commission Calendar

Monday, October 1– 2018 Online Renewal available

Monday, October 8 – Office closed in observance of Native American Day

Thursday, November 8 – Commission meeting in Pierre, SD

Monday, November 12 – Office closed in observance of Veterans Day

Thursday, November 22 and Friday, November 23 – Office closed in observance of Thanksgiving

Tuesday, December 25 – Office closed in observance of Christmas

*****REMINDER:** Licensees due to renew this year can go online between October 1st and November 30th to submit their application for renewal. A letter of notice to renew will be sent out in late September. We no longer offer paper applications. A step-by-step renewal tutorial is available on our website under Online Licensee Services. You can also log onto your Online Personal License Services page to review your renewal year, education summary, and E&O insurance expiration date.

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Who is Practicing Real Estate? ***(Used with Permission by ARELLO)***

Each year the National Association of Realtors® (NAR) conducts a survey that produces an in-depth report on its Realtor® member demographics, business activities and a host of other identifying characteristics. As the old saying goes, “Not all real estate licensees are Realtors®, but all Realtors® are real estate licensees”, thus some aspects of the report provide an interesting look at who U.S. real estate regulators are regulating. Here are some selected highlights of the 2018 National Association of Realtors® Member Profile recently released by NAR*:

NAR Membership

- NAR’s 1.3 million Realtor® members account for about half of all active real estate licensees in the U.S.
- Sixty-five percent of Realtors® are licensed sales agents, 21 percent hold broker licenses and 15 percent hold broker associate licenses.
- Realtor® membership rose from 1.22 million in March 2017 to 1.30 million in April 2018, a “whopping 6 percent increase.” NAR Chief Economist Lawrence Yun explained, “Younger Americans are seeking business opportunities that working in real estate provides, but the overall trend is a slightly older age profile.”

Demographics

- The median Realtor® age was 54.
- Sixty-three percent of Realtors® are female.
- The typical Realtor® is a 54-year-old female who attended college and is a homeowner.

Experience

- Twenty-nine percent of Realtors® have less than two years of real estate experience .
- The typical Realtor® had 10 years of experience.
- Only five percent of Realtors® reported that real estate was their first career.
- The most common first careers are in management, business or finance, or sales and retail (16 percent).
- Seventy-two percent said that real estate was their only occupation, “and that number jumps to 82 percent among members with 16 or more years of experience.”
- Eighty percent of survey respondents were certain they would remain in the real estate business.

Transactions/Business Activities

- NAR says that low inventory is the cause of survey results showing that the typical number of transactions decreased slightly from 12 in 2016 to 11 transactions in 2017. And, despite rising home prices, the median brokerage sales volume decreased to \$1.8 million in 2017 from \$1.9 million in 2016.
- Typical Realtors® earned 12 percent of their business from repeat clients/customers and 17 percent through referrals from past clients/customers.
- The main factors that limit potential clients are difficulty finding the right property (35 percent), housing affordability (17 percent), and difficulty in obtaining mortgage financing (12 percent).
- The typical property manager managed 35 properties in 2017, down from 42 properties in 2016.

Internet and Social Media

According to NAR, “Realtors® web presence and use of social media has increased in recent years as a valuable marketing tool to reach clients and build online communities. Sixty-eight percent of members reported having their own website, the same number as last year. Members continue to be more comfortable with using the latest technology on a daily basis as 71 percent of members were on Facebook for professional use and 59 percent were on LinkedIn (same as last year).”

Who is Practicing Real Estate? (cont.)

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Brokerage Office/Firm Affiliation

- Fifty-three percent of Realtors® were affiliated with an independent company, of which fifty-eight percent are licensed brokers/broker associates and 49 percent are licensed sales agents.
- Nearly 9 in 10 Realtors® were independent contractors at their firms.
- The median tenure of Realtors® with their current firm was four years.
- Forty-four percent worked at [a] one-office firm and 25 percent worked at a firm with two to four offices.

NAR says that the 2018 National Association of Realtor® Member Profile is based on a survey of 200,964 of its members, which generated 12,495 usable responses. [Source: NAR news releases/publicly released Member Profile highlights. *The full report with much more detailed results and analyses is available only by purchase from NAR.]

Recent Arrests, Jury Verdict Highlight Ongoing Need for Wire Fraud Diligence

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A recent international law enforcement sweep and a federal court decision upholding a jury's negligence verdict against a Kansas real estate agent serve as strong reminders of the ongoing need for all transaction participants to be aware of the very real threat of real estate escrow/closing wire fraud.

The Arrests: In June, the U.S. Department of Justice (DOJ), the Federal Bureau of Investigation (FBI) and other cooperating federal agencies announced the arrest of over 80 individuals in the U.S., Nigeria, Canada, Mauritius, Poland and other countries in connection with various alleged business e-mail compromise (BEC) scams. The FBI says that these sophisticated scams often target employees with access to company finances and trick them in various ways into making wire transfers to bank accounts that are thought to belong to trusted partners, but actually belong to criminals. The arrests were accomplished with the cooperation of law enforcement entities in Canada and several other countries, identified millions of dollars in hijacked transaction funds, and seized or disrupted the fraudulent transfer of millions more. The FBI says that since its Internet Crime Complaint Center (IC3) began keeping track of BEC and its variant, the e-mail account compromise (EAC), there has been a loss of over \$3.7 billion reported to the IC3.

Real Estate Escrow Wire Scams on the Rise: In connection with the arrests, the Department of Justice said, "The same criminal organizations that perpetrate BEC also exploit individual victims, often real estate purchasers, the elderly, and others, by convincing them to make wire transfers to bank accounts controlled by the criminals." Real estate escrow wire fraud involves criminals who digitally impersonate sellers, real estate licensees, title companies and other transaction participants in order to accomplish the fraudulent diversion of transaction funds. According to the FBI, "From calendar year 2015 to calendar year 2017 there was over an 1100% rise in the number of BEC/EAC victims reporting the real estate transaction angle and an almost 2200% rise in the reported monetary loss."

Jury Holds Licensee Liable: The U.S. District Court for the District of Kansas recently upheld a jury verdict against a seller's representative and her brokerage company in a transaction marred by escrow/closing wire fraud. According to the post trial decision in the case, "An unknown criminal inserted himself into the transaction through emails, including with the use of fake email accounts with names similar to the accounts used by participants in the

Recent Arrests, Jury Verdict Highlight Ongoing Need for Wire Fraud Diligence (cont.)

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transactions, with the result that plaintiff [the buyer] lost the purchase price of \$196,622.67 when he wired that amount to a bank account controlled by the criminal.” As summarized in the court decision, the evidence reflected that the criminal accomplished this by creating fake closing instructions and sending them to the seller’s representative, who then allegedly forwarded them to the buyer. The seller’s representative denied that she sent the email containing the fake instructions. The jury assigned 85 percent of the fault to the seller’s representative and 15 percent to the buyer. Accordingly, the U.S. District Court entered judgment for the buyer in the amount of \$167,129.27.

The seller’s representative brought post-trial motions challenging the verdict, alleging that there was insufficient evidence to support it. The court denied the motions and ruled, among other things, that:

- The jury could reasonably have found that in supplying the wiring instructions to the buyer, the seller’s representative was impliedly asserting that those instructions were correct.
- The jury could reasonably have concluded that the seller’s representative failed to act with reasonable care because she “conceded in her testimony ... that she did not confirm that she had the correct instructions (despite oddities in the instructions, such an incomplete out-of-the-area bank address) and that she had the responsibility to make sure that she sent accurate information to [the buyer].”
- There was sufficient evidence to support the jury’s finding that the buyer, an experienced real estate investor, reasonably relied on the instructions received.

Resources: While real estate escrow/closing wire fraud scams have been widely reported, it is apparent that only heightened diligence on the part of all transaction participants will reduce the continuing risks. Numerous resources providing information about these scams and how to avoid them have been generated by industry associations, consumer groups, regulators and many others. Here are a few selected examples:

- According the National Association of Realtors®, several of its state associations have generated suggested wire fraud notices that explain the risks to clients and how to avoid being victimized. [Please note: Such notices are or may be subject to copyright laws-Ed.]
- Numerous federal agencies have issued warnings and tips, including the Consumer Financial Protection Bureau, the Federal Trade Commission (in cooperation with NAR) and the FBI/IC3.
- Warnings and advice to real estate and other licensees, and consumers, have been issued by regulators in dozens of jurisdictions, including Colorado, New Jersey and Utah; and in the Idaho Real Estate Commission’s most recent The Real Estate’s publication and a previous edition of the North Carolina Real Estate Commission’s Real Estate Bulletin.

New Licensees

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Biron, Peter	Crooks	King, Jerry	Rainbow City, AL
Bruggeman, Craig	Sioux Falls	Rowell, Dana	Spring, TX
Conner, Andrea	Granbury, TX	Schlosser, Patricia	Bismarck, ND
Heiliger, Philip	Tulsa, OK		

Broker Associate

Anderson, Eric	Brandon	Larsen, Sean	Tea
Arritola, Dachia	Hermosa	Lees, Connie	Brandon
Bair, Christopher	Harrisburg	Marx, Krista	Sioux Falls
Bower-Hood, Brandi	Rapid City	Mohnen, Taylor	Wall
Bullis, Amy	Brandon	Mohnen, Tommi	Wall
Christians, Derek	Sioux Falls	Pommer, Julie	Sioux Falls
Hansen, Roger	Prairie Farm, WI	Porter, Lee	Jackson, MN
Hansen, Tiffany	Sioux City, IA	Roe, Johanna	Hazel
Holler, Joseph	Sioux Falls	Rowbotham, Conner	Brandon
Jackson, Brian	Sioux Falls	Sayler, Seth	Brookings
Johnson, Kaitlyn	Lennox	Terveen, Annie	Sioux Falls
Knowles, William	Sioux Falls	Twiggs, Christopher	Rapid City
Kogel, Brandon	Sioux Falls	Williams, Kirsten	Sioux Falls
Kurtenbach, Robbi	Beresford	Yocius, Callum	Garretson

Property Manager

Bruhn, Nicholas	Sioux Falls	Baer, Tyler	Canby, MN
Hein, Kelsey	Aberdeen	Duenwald, Ernest	Aberdeen
Lockhart, Sherri	Custer	Fischer, Sean	Black Hawk
Pidde, Ryan	Sioux Falls		

Residential Rental Agent

Cashmore, Gail	Sioux Falls
Foht, Amber	Sioux Falls
Gourneau, Kachiri	Rapid City
Kanneh, Solomon	Sioux Falls
Lessman, Kayce	Sioux Falls
Lubben, Hannah	Sioux Falls
Marbach, Joshua	Sioux Falls
McCully, Samantha	Rapid City
Miller, Jonathan	Sioux Falls
Reit, Natasha	Sioux Falls
Renteria, Sasha	Yankton
Rodiek, Carol	Florence
Syverson, Kylee	Sioux Falls
Taralson, Abigail	Sioux Falls

Registered Home Inspector

Baer, Tyler	Canby, MN
Duenwald, Ernest	Aberdeen
Fischer, Sean	Black Hawk
Cormier, Carlton	Russellville, AR
Fuller, Benjamin	Clermont, FL
Fuller, Liesl	Clermont, FL
Hartman, Jonathan	Ortonville, MN
Lindsey, Chance	Fargo, ND
Moffatt, Pamela	Fargo, ND
Petersen, Carol	Bismarck, ND
Riedy, David	Bismarck, ND
Russell, Daniel	Columbus, NE

Salesperson