

Financial Management System for Title and Settlement Agents to Monitor Check Payments and Protect Against Wire, Check and Cyber Fraud



Richard Martin Reass
CEO & Founder
Segin Software/RynohLive

CEOCFO: *Mr. Reass, would you tell us the concept behind RynohLive?*

Mr. Reass: It is a financial management and fraud prevention system currently optimized for title and settlement agents to enable them to proactively manage and protect the money entrusted to them. RynohLive enables them to make sure that their accounts are reconciled on a daily basis. It helps to ensure that they have the ability to utilize a system called Positive Pay, which makes sure that only the checks that they have authorized for payment are cleared and processed by their bank. It protects them against fraud and embezzlement whether it is from internal or external sources. RynohLive protects against accounting or posting errors; wire fraud; check fraud; and even some forms of cyber fraud. The other critical element is that RynohLive provides real-time auditing of the entire account 24x7 and enables the transparency of financial transactions mandated by the Dodd-Frank Legislation. RynohLive is a very complex system, but for the end user it is simple because it runs totally in the background. You continue to do the same thing you did every day. RynohLive just monitors and reports what is happening within the account. If there is an issue reported, you can immediately address the matter. In business, timing is everything!

CEOCFO: *How have companies traditionally been handling these issues?*

Mr. Reass: The overwhelming majority have not! Daily reconciliation is a laborious time-consuming process. The analysis that RynohLive provides would take an “army” of analysts and auditors! Typically, the accountant would either, take a bank statement or a file from the bank and check things off in a database. What makes RynohLive unique is not only does RynohLive store and continuously monitor the accounting records, but it also maintains the corresponding bank records. RynohLive compares what is posted in the accounting system with what actually went through the bank. You cannot cook the books. Not only that, because we are monitoring what is being posted into the accounting system on an almost a continuous basis, RynohLive detects when a transaction has been changed, and records and reports that change. Simply put, Bernie Madoff could not have been Bernie Madoff because what he presented to his clients did not have anything matching in the bank.

In the last three years, RynohLive saved nine companies from insolvency or the loss of their business because of fraud and error. We have had embezzlers put in jail. Last year RynohLive saved our clients about \$15.5 million due to errors and potential fraud.

CEOCFO: *Have companies been looking for a better way above what has been mandated?*

Mr. Reass: That is how I got started. I started this because as a title agent and title agency owner, I was tired of losing money because of mistakes. When I experienced check fraud, I started to look for a solution to protect my agency, my livelihood. I just knew there had to be a better way to do things. Everything I read convinced me that the industry standards at the time were wrong. They placed the agent, their clients and lenders at risk. The requirements, standards, were that you had to balance your escrow account once a month and you did not have to use positive pay. That practice was inadequate. Fraud happens every day particularly in the cyber ages. Daily reconciliation is the number one defense against fraud. Regulations allowed monthly reconciliation. Back in the days, you used to get until the end of the month when you got your bank statement to reconcile your accounts. If there were a problem, the bank would take care of you. With online banking, banking rules changed, the title industry did not adjust to the changes in banking regulations. Under the new business banking rules, you only have 24 hours after a transaction is posted to your online account. If there is fraud in your account, if you are not reconciling every day, you own the problem because the bank considers that you were notified. The industry did not recognize that they were at risk. After preaching about “Escrow Standards: The

Imperative for Change” for several years, and the coincident loss of many millions of dollars, and the closure of two regional title insurance underwriters because of agent and attorney embezzlement, did the standards finally change!

CEOCFO: *What is the potential market for you?*

Mr. Reass: Within the title space, ~\$1.3 trillion in mortgages closed last year. RynohLive protected \$215 Billion. This year will have protected almost \$400B. Because Lenders are now responsible for monitoring the actions of the attorneys and title agents closing their loans, RynohLive is being modified as we speak to be able to provide lenders the necessary data to meet the mandates of the Office of the Comptroller of the Currency (OCC), and Consumer Financial Protection Bureau (CFPB). We are moving outside of the real estate and mortgage industries and further modifying the system for any entity that has holding money for somebody else whether it is a general practice attorney, government bureau, or automobile dealer. We are adapting it for general business as well. There is a tremendous potential for the company.

CEOCFO: *You have a number of products. Do many of your clients take the whole package or pick certain pieces?*

Mr. Reass: When you purchase RynohLive, there are five modules available. Four of them are bundled together. That is the standard version of RynohLive. The four modules are interrelated functions. The ability to reconcile, RynohRecon is the module that balances an escrow account every day. Then there is a module called RynohTrax. What is unique about RynohLive, is when an account is reconciled, it only indicates what has happened. What RynohTrax does is to tell you what did not happen. What did not clear the bank? You have a fiduciary responsibility to your clients. You have to pay off the seller's mortgage; pay for the homeowners insurance; pay the taxes; record the deed, and much more. RynohLive tracks those items and alerts you based upon the criteria that you established in RynohTrax. You have the ability to say, I want to see any mortgage payoff check that has not cleared after three days. If you are going to pay for a homeowner's policy, you want to make sure that insurance policy check has cleared because otherwise there is no insurance on the home. RynohReport contains an array of automated and tailored management reports, and RynohPay prevents check fraud. The fifth is an audit module for underwriters and regulators.

“RynohLive saves businesses and enables them to meet the industry's new standards for managing escrow, trust accounts. The system has built-in tools that makes balancing an account easy.” - Richard Martin Reass

CEOCFO: *Do potential clients understand and does it resonate when you talk to them?*

Mr. Reass: We find that the bigger companies, the ones that are more successful understand immediately. With some of the smaller companies, it takes a little while to understand. We do an annual survey and 99.5% of our clients say that RynohLive a very valuable product and virtually every single client saves more money than what I charge them. It is safe to say that our clients Love RynohLive!

CEOCFO: *How do you reach out to potential clients?*

Mr. Reass: Our existing clients and Title Insurance underwriters are our biggest advocates. I started out more from an educational standpoint. We entered the national market place in 2009. From 2007 to 2009, I did what you would call a soft opening with my title agency. We extended testing in the local market area and then in 2009 I went out nationally and spoke at trade association meetings on the national, regional and state level. I did not do a sales pitch, I educated. I published a series of white papers. Essential to me in the process was getting the title insurance underwriters, the companies that issue the policies that protects lenders and buyers property ownership to get behind RynohLive. National and regional title insurance underwriters have universally endorsed RynohLive. Our national trade association, the American Land Title Association has designated RynohLive as an Elite Provider. I have a small sales force and yet we cover the country. We have many channel partners. Our referral sources are primarily the title insurance underwriters and their agency representatives as well as our own clients. It is as much word of mouth as it is individual presentations at shows and things like that. In September, we had our biggest month ever. The 122 clients that registered in September represented a 9% increase in the total number of clients.

CEOCFO: *Segin was recognized on the Inc. 5000 so we know business is good. What industry might you hit first as you branch out?*

Mr. Reass: The legal industry would be first because they hold tremendous amounts of money. Any attorney that has ever done anything is holding clients' money.

CEOCFO: *Is there much tweaking of the technology?*

Mr. Reass: I employ the practice of continuous improvement known as Kaizen. It is the foundation of Segin's long-term competitive strategy. Incremental Improvement. The system is phenomenal right now, but I am always looking for new

features, new tweaks. Because we are a cloud technology, everybody has that new feature right away. Our system has its own internal training module, and the ability to communicate and teach our clients on a daily basis about updates in the system. It is just about having enough bandwidth, infrastructure, to be able to accommodate the growth. We have grown 450% and this year we have more than doubled what we did last year.

CEOCFO: *Why choose RynohLive?*

Mr. Reass: The reason why: Save time; save money, and possibly save your business. RynohLive saves businesses and enables them to meet the industry's new standards for managing escrow, trust accounts. The system has built-in tools that makes balancing an account easy. If an account is not in balance, RynohLive contains a "Reconciliation Wizard" that identifies all the transactions that are keeping the account "out of balance", what the problems are and how to fix them. The account is also internally audited 24/7. The reconciliation analysis report identifies items that auditors will be checking. Meet and exceed industry standards; demonstrate to your clients, lenders, and underwriters that you protect their money, and provide the financial transparency mandated by Dodd-Frank and the CFPB. There is nothing like it available in the marketplace!

Interview conducted by: Lynn Fosse, Senior Editor, CEOCFO Magazine



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