

LAWYERS LINK



PREVENTING WIRE FRAUD ON A REAL ESTATE TRANSACTION

Wire transfer fraud is the biggest single deterrent going on in real estate transactions.

Cyber criminals start by hacking into unsecured email servers and searching for upcoming real estate closings. The criminals pose as a legitimate financial institution, an escrow officer, or someone else involved in the transaction, and email unsuspecting homebuyers claiming there has been a last minute change to the wiring instructions.

Following the new wire instructions, the homebuyer will unknowingly wire funds to the criminal's account, which will be cleared out in minutes. Unfortunately, the homebuyer's money could be lost forever.

Never trust wiring instructions sent via email. These fake emails are convincing and sophisticated. Often times it is very difficult to tell the difference between a legitimate email and a fraudulent email. The email address can look very similar to a legitimate email address, only being off by a single letter or character.

Lawyers Title works together with the REALTOR® community to thwart the effort of fraudsters and provide information that will assist in educating against the risk of wire fraud.

Continued on next page



Continued from previous page

TIPS FOR PREVENTING WIRE TRANSFER FRAUD

1. **Know who you are working with.** Obtain your escrow officer's name, phone number and email.
2. **Call, don't email.** Before wiring money, confirm all wiring instructions by phone using the phone number from the title company's website or business card. If you receive an email about changing wire instructions, do not call the number in the email.
3. **Be suspicious.** It's unusual for title companies to change wiring instructions and payment info.
4. **Confirm everything.** Ask your bank to confirm the account number and the name on the account before sending a wire.
5. **Verify immediately.** You should call the title company or real estate agent to confirm the funds were received.

ACT FAST!

Detecting that you sent money to the wrong account within 24 hours is the best chance of recovering your money. If you have been targeted, follow these steps:



Immediately call your bank and ask them to issue a recall notice for the wire transfer.



Report the crime to the FBI's Internet Crimes Complaint Center at <https://www.ic3.gov/>.



Call your regional FBI office and the police to see if there is anything they can do.

FBI 2020 Internet Crime Report (IC3) Statistics:

- There were 13,638 victims of real estate fraud in 2020, with \$213,196,082 in reported losses.
- The amount lost represents only a 4% decrease from 2019, which means scammers are continuing to find new ways to trick consumers and are getting away with it.
- Over the last 5 years, there have been 58,834 victims of real estate fraud with losses totaling \$688,127,205.

Disclaimer: This is for information purposes only and should not be considered legal advice.



MONTHLY INDUSTRY TERMS

Trust Account

An account separate and apart and physically segregated from the broker's own, in which the broker is required by law to deposit all funds collected for clients.

Deed Restrictions

Limitations (covenants) written into a deed to restrict the control, occupancy, or use of a property.

Fee Simple Deed

The absolute ownership of a parcel of land. The highest degree of ownership that a person can have in real estate, which gives the owner unqualified ownership and full power disposition.