

# Be on the Lookout... Fraud Schemes

Fraud and scams are widespread in today's world, and the real estate industry in particular is hit hard. Real estate transactions are becoming an increasing target for fraud. What can be done to keep you and your clients safe? Actually, you can make the difference! Let's take a closer look at two scams that are occurring today.

## **FRAUDULENT CASHIER'S CHECK SCHEME:**

This scheme begins when a party purports to be a buyer and sends an earnest money deposit in the form of a cashier's check to a title company. Very shortly thereafter, the buyer lets the title company know that the deal cancelled and they want their deposit, or sometimes just a portion of it, wired back to them.

## **WIRE FRAUD SCHEME: UPDATE**

This scheme involves an email account being hacked or monitored. The hacker will send altered wire instructions for commissions or seller proceeds from what looks like a legitimate account—the name on the email will look ok, but the actual email address may be changed by one letter or number (for example, the hacker may add an "s" at the end of the name, so Joe.Seller@gmail.com becomes Joe.Sellers@gmail.com). To make the email look legitimate, often times hackers will "cc" what looks like the agent and others, but again, those email addresses will have been altered. This is done so it looks like everyone else knows about (and approves of) the changed wire instructions.

Both schemes may have variations, but essentially they are similar to what's been described. Each have been successful enough to be continually tried in almost all states and areas. Title and escrow companies across America have taken losses from these schemes. When successful, large sums of money can disappear from your client's accounts, or that much anticipated commission can be sent away to the fraudster, significantly delaying (or losing) your payment.

There are a multitude of other schemes as well. One example is a fraudster posing as a storage or utility company personnel to gain access to your equipment at work or obtain your personal information at home. It is also relatively simple to record falsified documents at the County Recorder Office in order to gain ownership of your property.

## **We are doing our part to combat fraud by:**

- Adhering to the American Land Title Association's "Best Practices" guidelines to ensure that our transactions are safe and secure.
- Utilizing encrypted email to prevent fraud.
- Maintaining a secure network by having an IT staff that actively monitors our network and prevents security breaches and viruses.

## **Below are actions you can take to help prevent fraud:**

- Every agent should monitor all emails and be aware of "false" emails being sent or received.
- Don't open an email without verifying the sender or the purpose.
- Use robust (not free) anti-virus and system protection.
- Trust your gut. If you think something fishy is going on, call your title or escrow company to verify or get a second opinion.
- Be understanding if you receive a call from your title officer, an escrow officer or title rep to verify wire info or a requested change. Using the phone is the best safeguard we have to combat fraudulent emails.
- Be observant. If grammar or sentence structure changes in an email, call your title or escrow company to verify any changes or to confirm status. Again, the phone is a powerful weapon to fight fraud.

These may sound like simple things, and they are. Today's business pace has picked up significantly that calling on the phone is often looked at as a waste of time. A text or email is much quicker as you won't have to wait on the phone. With fraud on the rise, now is a great time to get back to the basics and talk to your clients, escrow officer, title rep, or anyone else in a transaction that requests a change or information. Together, we make a great team battling fraud to ensure you and your clients are safe and secure.

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