



Avoidance

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Types of Fraud

IDENTITY

- PERSONAL
- CORPORATE

CHECK

- COUNTERFEIT
CASHIERS
CHECKS

WIRE

- BEC
- SOCIAL
ENGINEERING

"Distrust and caution are the parents of security."

Benjamin Franklin, 1706-1790, Founding father of the United States and signor of the Declaration of Independence, First ambassador to France, First US postmaster and leading statesman, inventor, publisher and author.

The purpose of a title search is to verify the seller's right to transfer ownership and discover any claims, errors, assessments, debts or other restrictions on the property.



One Red Flag...



Will the *real* owner please stand up?



Transaction is opened and large cashiers check is received.

Within a day or two the deal is cancelled with fully signed rescission.

Buyer has another property identified and requests refund be wired for expediency

The bank notifies you that the check was fake

- You try to pull the wire back, but the account you wired the funds into is empty
- You attempt to contact the buyer but they are unreachable
- You file a fraud claim with your insurance carrier
- Claim is denied

Very. Bad. Day.



Avoiding the fraud:

- ✓ ALWAYS call the bank and verify that the cashiers check is valid before receipting it in.
- ✓ If the deal flips, refund the deposit in the same manor it was received.



Title Companies report 480% increase
in wire fraud attacks in 2016

TARGETS:

➤ BUYER

- False wire instructions for deposit of earnest money or closing funds

➤ ESCROW DEPT

- *Change* of wire instructions for deposit of Sellers proceeds
- False payoff instructions

It's happened...now what do we do?

1. Call the bank IMMEDIATELY and ask to speak to the fraud department. Request that the wire be reversed and the receiving account frozen.
2. Contact all parties
3. Contact the police and FBI
4. Report the incident to the FBI Internet Crime Complaint Center (IC3) WWW.IC3.GOV

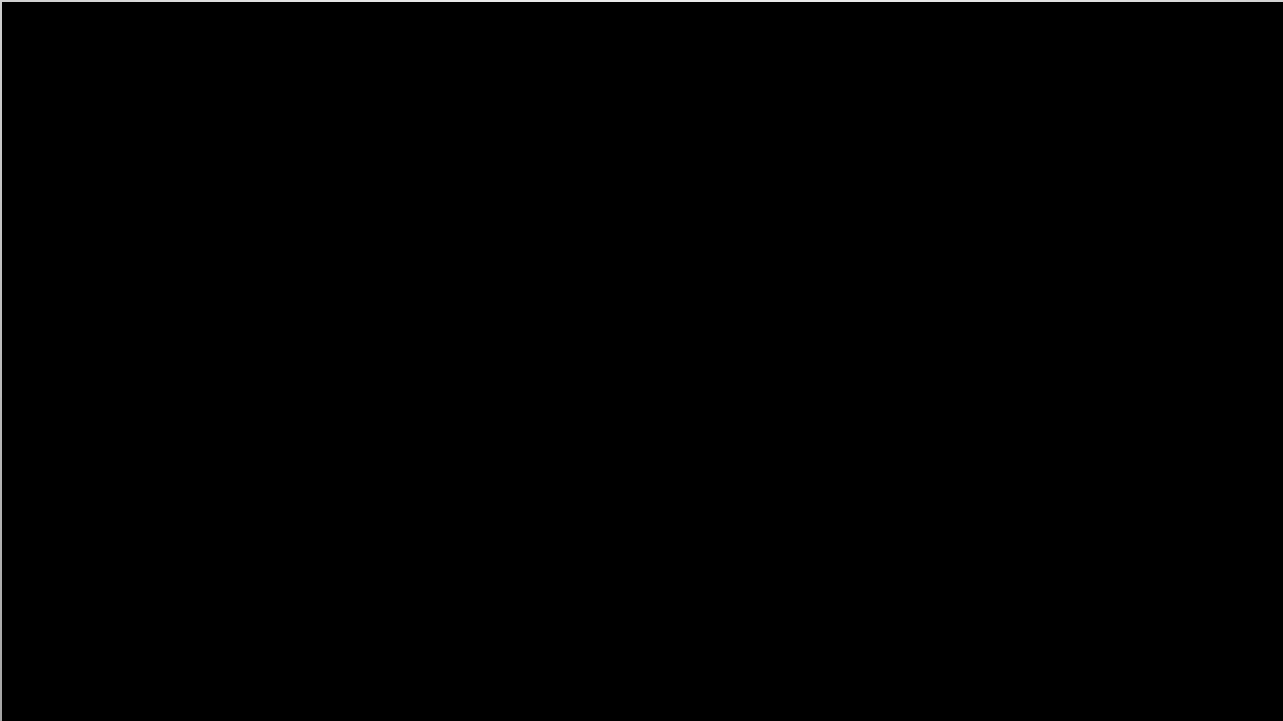
Avoiding the fraud:

In our offices:

- Always confirm changes in wire instructions via, at minimum, a phone call – some offices require client to come into office in person.
- Always verbally confirm payoff instructions with lending institution
- Request that your bank verify both the account number and account name before sending wire

With our clients:

- Promote wire and funds safety with your website and messaging to clients
- Insert an alert in your email signature such as:
****Be aware! Online banking fraud is on the rise. If you receive an email containing WIRE TRANSFER INSTRUCTIONS call your escrow officer to verify the information prior to sending funds.****
- Use the resources provided by ALTA to help educate clients
 - Wire Fraud rack card – available via altaprints.com
 - YouTube video



What do most fraud scenarios have in common?

- ✓ Urgency – pushing to close right away
- ✓ Key parties who are difficult to reach and may only communicate through email
- ✓ Resistance to providing clarifying documents

Best way to avoid fraud

- ❖ Slow Down – look at things critically
- ❖ Ask questions if something seems off
- ❖ Verbally confirm details via known phone number – don't rely on email
- ❖ Trust your gut, if something doesn't feel right investigate further