

Don't Fall Victim to Wire Fraud Schemes



Wire fraud schemes targeting home buyers and sellers, attorneys, and settlement agents continue to increase in frequency and scope. Fraudsters attempt to divert sellers' proceeds and buyers' incoming funds by intercepting emails containing wire instructions, changing the content of the email and the wire instructions in the email attachments, and redirecting funds. In another variation, the fraudster emails the closer directly, purporting to be the seller, asking the closer to wire the proceeds to a particular account. The American Land Title Association (ALTA) and other industry groups issue regular warnings about wire fraud, which underwriters such as ATG share with agents and customers. The Consumer Financial Protection Bureau (CFPB) echoes our industry's concern by issuing its own consumer alert, *Buying a home? Watch out for mortgage closing scams* (<http://tinyurl.com/ClosingScams>).

To protect yourself and your clients, we urge you to familiarize yourself with the consumer alerts, communicate the risks to clients, and implement these preventive procedures to minimize risk.

EIGHT ACTIONS THAT PROTECT AGAINST WIRE FRAUD

- 1. Inform Your Clients of the Dangers** When talking with your clients, both buyers and sellers, for the first time about their transaction, make them aware that this type of fraud is occurring. Advise your clients how your office handles wire instructions. Give them your direct contact information and encourage them to never use any phone numbers or email addresses in the body of an email.
- 2. Confirm Wire Instructions before Sending Funds** Instruct all recipients of wire instructions to confirm any instructions they receive before sending a wire by calling your direct number. They should never use the contact information in an email they receive for confirmation. This includes wiring instructions for transmitting funds to the closing agent and for making payoffs of mortgage loans and other matters as part of a real estate closing.
- 3. Use a Private Domain Email Address** Fraudsters target these email addresses less frequently. (ATG Agents: See our article, *Establishing a Business Domain and Email Encryption Service* at <http://tinyurl.com/ATGDomainTip> for more information.)
- 4. Include a Warning in Your Email Signature** Add a notification to your email signature block that states you will never send revised wire instructions by email and that the recipient should always call your office at the number you provided to confirm any emails regarding wire instructions.
- 5. Encrypt Your Communications** To protect yourself and your clients from this type of fraud, avoid sending wire instructions by email. To protect your clients in general, use encrypted email when communicating non-public personal information with parties to the transaction. (ATG Agents: See *Encrypted Email: Why You Need it and How to Set it Up* at <http://tinyurl.com/ATGEmailTip> for more information.)
- 6. Provide Wire Instructions through the ATG Website** If ATG is closing the transaction, consider directing the parties to obtain our wire instructions from the ATG website by clicking **Wire Transfer Instructions** under **Your Closing**, located on the bottom right of our home page.
- 7. Fax Wire Instructions** Sending wire instructions by fax is more secure than sending them by email. Aside from emailed wire instructions being intercepted, fraudsters appear to target transactions where they know wire instructions are transmitted by email.
- 8. Obtain Cybercrime Coverage** We strongly encourage you to discuss with your errors and omissions or professional liability carrier whether it makes sense to add a cybercrime endorsement to your policy. Most professional liability policies do not cover cybercrime-related losses without an additional endorsement.

It is important that you discuss this matter with your staff as well as your clients to help prevent someone in one of your transactions from becoming a victim.



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