

January 2017

BEST PRACTICES TO PREVENT INTERCEPTION OF INCOMING WIRES

1. It is our strongest recommendation that all parties in the transaction be notified of proper wiring procedures as early in the closing process as possible, preferably in an engagement letter. This notice should be not be sent with the wiring instructions. Suggested language to include in your engagement letter:

Pursuant to the N.C. Gen. Stat. §45, ALTA Best Practices, State Bar Rules and in order to protect your funds, all funds in excess of \$500 must be received by wire to XYZ Law Office. For this transaction, the only bank account we will be using is our IOLTA Trust Account, described and partially redacted below:

YYZ Law Office IOLTA Trust Account
Bank of America
123 Main Street
Raleigh, NC 27603
Partial ABA # *****72
Partial Account # *****184

BEFORE SENDING ANY WIRE, CALL OUR OFFICE AT (919)555-5309 TO VERIFY THE INSTRUCTIONS. WE WILL NOT CHANGE WIRING INSTRUCTIONS. IF YOU RECEIVE WIRING INSTRUCTIONS FOR A DIFFERENT BANK, BRANCH LOCATION, ACCOUNT NAME OR ACCOUNT NUMBER, THEY SHOULD BE PRESUMED FRAUDULENT. DO NOT SEND ANY FUNDS AND CONTACT OUR OFFICE IMMEDIATELY.

FAILURE TO FOLLOW THIS PROCEDURE ENDANGERS YOUR FUNDS.

2. Have the client sign and return the notice to your office. If it is part of a larger engagement letter, this section should be initialed.
3. Wiring instructions should only be sent to the buyer/intended recipient. Allowing wiring instructions to be forwarded through a Realtor or other party allows an additional point of interception, adds to the delay of their receipt, and prevents other security measures.
4. The full wiring instructions should be sent in an as secured manner as possible when the recipient is expecting their delivery. Ideally, the client would call your office for the wiring instructions, the client's identity would be verified and they would wait on the open line until the instructions are received via secured email or facsimile.
5. Wire receipts should be verified either through calling the bank directly or securely logging into the banking portal. Do not rely upon an email or fax verification of receipt of the wire from your bank. We know of situations in which fraudsters sent 'confirmation of wire' or 'advice of credit' notices with the intent of delaying discovery of the theft. Failing to properly verify receipt could result in a closing attorney disbursing non-existent funds from the trust account –increasing the attorneys' liability and creating ethical problems with the State Bar.
6. Take every opportunity to educate the client on the need to confirm wiring instructions before initiating a wire.