

Wire Fraud Warning

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As we all know, wire fraud is real. We all have to be vigilant in order to protect our clients and ourselves against wire fraud. Our office, Borders and Borders, was able to discover **two instances of attempted fraud last Friday**. In the first instance, the seller asked us at the closing to wire his proceeds to the title company with which he was closing his purchase later in the day. He had gotten an email, purportedly from the title company, asking him to have his proceeds wired. The email looked like it came from the title company. Because we know the other title company, and know that they usually take our checks and don't require wires, we decided to call them to verify the wiring instructions given to us by the seller. Sure enough, they were fraudulent instructions. Had we followed the seller's instructions, he would have lost about \$240,000.

In the second instance, the buyer in a cash transaction signed closing documents the day before the seller. When the seller arrived and we didn't have the wire the buyer said she had sent, we asked the buyer's agent to see where she wired the money. She showed us an email that purportedly came from one of my staff. When I saw the bank information, I realized it wasn't ours. And when I saw the email, I realized that someone had fabricated an email address for our office. They added an extra "d" in BordersandBorders.com but it otherwise looked real.

In both of these instances, it appears that someone hacked into the Realtor's email account and saw who the closing attorney was. They then fabricated an email and sent it to the parties, asking them to wire money into an account, allegedly the account of the closing attorney.

So how do you prevent this from happening?

- First, tell your buyers and sellers in every transaction that, if they receive an email asking for funds to be wired, **they should assume it's fraudulent**.
- Second, if they do want their proceeds wired, or want to wire money to the closing attorney, they need written instructions AND they need to place a phone call to the closing attorney to verbally verify the wire instructions (account name, account number and routing number). **And the phone number for the closing attorney needs to be obtained independently from the email which sent the wire instructions.**

In the instance where the buyer had wired money to the fraudulent account, we took quick action, calling the FBI, the title company and the bank where the money was wired. By luck, the bank noticed some strange activity on the account and had frozen the account. When the fraudster went to the bank to pick up the money, he threw a fit when the bank wouldn't give it to him. Then they knew it was fraudulent. The buyer's bank was able to recall the wire and got the money back. In most instances, though, the money would have been gone by then, usually overseas.

Please have this conversation with every buyer and seller you work with. Wire fraud is becoming more and more common and we want to make sure we do everything to protect our clients against it.