

MYTHS and MYTH BUSTERS

Myth 1 ▶	Using encrypted email is sufficient protection against fraud.
Myth Buster ▶	NO! It is not sufficient if you are sending the email to the wrong address or individual.
What to do?! ▶	Check the accuracy of all email addresses!
Myth 2 ▶	Once an email is encrypted it is encrypted forever.
Myth Buster ▶	NO! Sending an email through encrypted email does NOT mean that forwards of that email will also be encrypted.
What to do?! ▶	Send wiring instructions directly to the intended recipient. Do not use third parties to relay wiring instructions.
Myth 3 ▶	Wiring Instructions can be trusted if they are received via encrypted email or fax.
Myth Buster ▶	NO! Cyber criminals can and do send wiring instructions via encrypted emails and/or fax.
What to do?! ▶	Verify and confirm wiring instructions with the intended recipient using a known, verified telephone number.
Myth 4 ▶	Changes in wiring instructions is the only cause to warrant exercising additional caution.
Myth Buster ▶	NO! There are many red flags to watch for.
What to do?! ▶	Confirm ALL wiring instructions with the intended recipient using a known, verified telephone number.
Myth 5 ▶	My E&O Insurance will cover me for cyber fraud.
Myth Buster ▶	NO! General Liability and E&O Policies generally have exclusions for cyber fraud.
What to do?! ▶	Ask your insurance agent about cyber fraud coverage.
Myth 6 ▶	All Cyber Fraud Insurance is the same.
Myth Buster ▶	NO! Not all Cyber Fraud Insurance is alike.
What to do?! ▶	Ask your insurance agent about Cyber Liability Insurance (loss of data) and Cyber Crime Insurance (loss of money). They are two distinct and different types of coverage.

Proper Identification. Verbal Confirmation. Delivery Verification.

WIRED.

WHAT I REQUIRE EVERY TIME.



GOOD RULES OF THUMB

ALWAYS

- Use a Wire Confirmation Checklist
- Send or request that wiring instructions be sent via:
 - Encrypted email including attachments, or
 - A landline fax, or
 - USPS or overnight mail delivery, or
 - Hand delivery
- Confirm wiring instructions verbally with:
 - A known party directly associated with transaction (buyer, seller, lender), and
 - A known and previously verified telephone number

NEVER

- Send wiring instructions through unencrypted email
- Honor request for changes to outgoing wiring instructions without properly investigating the request. This includes verbal confirmation with the rightful wire recipient at a known, previously verified number.
- Relay wiring instructions through third parties (real estate agents, mortgage brokers, etc.)

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RED FLAGS

“Red Flags” are things to look for that should give you reason to **EXERCISE ADDITIONAL CAUTION.**

- Red Flags warrant additional investigation and verification
- Red Flags may be legitimate but can only be deemed as such if proper investigation and proper verification are conducted

WATCH FOR THE FOLLOWING, MORE PREVALENT RED FLAGS:

- **International Wires**
- **Changes to Wiring Instructions:** Few individuals or entities change their bank accounts in the middle of a transaction
- **Similar but Different Email Addresses:** Many cyber criminals communicate by using SIMILAR but DIFFERENT email addresses
- Wires to a **Different Geographic Location** than the intended recipient
- Wires to **Accounts NOT in the Name of the Intended Recipient**
- Wires intended for an **Individual Recipient**, sent to a **Corporate Account**
- Wires intended for a **Corporate Recipient**, sent to an **Individual's Account**
- **Broken English:** Many cyber criminals are outside of the United States. English may not be their first language.
- **Unreasonable Requirements or Demands:** Extraordinary pressure or requirements related to the delivery of a wire is generally a sign that the requesting party does not want you to investigate their request.



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INCOMING WIRES

Good Rule of Thumb: **NEVER** send wiring instructions by unencrypted email. Send ENTIRE email via encrypted email, or use a landline fax, USPS, overnight delivery, or hand delivery.

Consider performing the following 3 Steps:

STEP 1: Proper Identification:

- Before sending wire instructions, confirm with the sender the identity of the person or institution that will actually be wiring the funds, and get a contact person and name.
- Only send wire instructions directly to the recipient or person designated by the recipient.
- DO NOT relay wire instructions through third parties (e.g., real estate agent). They may forward the instructions via insecure means.

STEP 2: Verbal Confirmation:

- Confirm with the sender of the wire, using a

known verified number, that they received the wiring instructions you sent.

- Verbally confirm wiring instructions and keep record of the contact name, the number called, and the time called.
- Instruct the sender of the wire to call your office to confirm that the wire was sent.

STEP 3: Delivery Verification:

- Upon receipt of the wire, confirm the same with sender.

OUTGOING WIRES

Good Rule of Thumb: Consider whether a wire is appropriate and makes sense. Would a check be safer?

Consider following the following 3 Steps:

STEP 1: Proper Identification:

- Determine the intended recipient, and verbally verify the contact name and telephone number for confirming wiring instructions or changes in wiring instructions.

STEP 2: Verbal Confirmation:

- Upon receipt of wire instructions and before

wiring funds, call the verified contact to confirm wiring instructions. Keep a record of person called, number called, and time called.

STEP 3: Verbal Confirmation:

- Call recipient to confirm that you have sent the wire, and ask that they call you to confirm when they have received the wire.

Proper Identification. Verbal Confirmation. Delivery Verification.

Other Potential Measures or Considerations

- **Use of USPS**
 - Sending your wiring instructions and other sensitive information through regular mail, especially to a Buyer or a Seller is still an acceptable manner to communicate.
- **Use of a PIN (Personal Identification Number)**
 - Buyer/Seller Funds: Assign each party a unique PIN in initial correspondence with them.
 - Require the PIN to confirm wire instructions, changes in wire instructions or to release or discuss NPI.
 - DO NOT SHARE PIN, and instruct Buyer/Seller NOT TO SHARE PIN.
 - Do NOT use a system to assign the PIN. A formula for assigning the PIN can be deciphered.
- **Use of an Affidavit at Closing to Direct the Disbursement of Funds**
 - If the Buyer and/or Seller is present at closing, you can obtain the affidavit at closing.
 - If the Buyer and/or Seller is not at closing, require that an original, notarized affidavit be sent to you prior to closing.
- **Keep Records:** Making and keeping record of above steps (and any other you may implement) insures that you or your employees will follow the prescribed steps for every transaction.
- **Use a Wire Confirmation Checklist!**
- **Use of a Zero Balance Account for Wires**
 - This involves the use of a separate trust account with a zero (or minimal) balance.
 - Funds are transferred between this account and your usual trust account.
 - Downside: adds another trust account to manage in compliant manner.