

Be Aware! Wire Fraud Can Stop a Relocation and You Could Be Liable

Wire fraud within real estate transactions is on the rise. Last year, the FBI reported a 480% increase in fraud attempts. Unknowing victims are wiring funds to cyber criminals and losing their savings. The Premia Relocation team is working to inform transferees and be vigilant to prevent transferees from becoming the next victim. Below, is how this crime is happening, how an attempt was caught and how a jury held a real estate agent financially responsible.

What is Wire Fraud and How Does It Happen?

Wire fraud is the crime of intercepting funds transferred electronically. Cyber criminals imitate those involved in a real estate transaction and provide phony wire transfer information. How do they do this? Through email hacking or “phishing”, criminals gain access to the email account of a real estate agent, closing agent or lawyer. They wait and read email conversations until it is appropriate to imitate a member of the conversation and provide false wiring instructions.

True Story: Outsmarting a Criminal

The day prior to loan closing, a criminal posed as a closing attorney asking to provide wire instructions to an alternative bank. When a member of the closing team hit “reply” to respond, the email address changed slightly.

The change was simple – **tom@imalawyer.com** became **tom.imalawyer@mail.com**

While there were other red flags on the email, the closer foiled the scheme.

Jury Holds Real Estate Agent Responsible Wire Fraud Loss

A seller-side real estate agent’s email was hacked. The cybercriminal substituted the correct wiring instructions for fraudulent wiring information to their own bank account. This agent unknowingly forwarded these instructions to the buyers. The buyers forwarded the instructions to their bank who then wired \$196,622.76 to the criminal’s bank account.

The buyers lost their funds and sought justice through the courts. They sued the bank, title company and real estate company. While the bank and title company settled out of court, a lawsuit against the real estate agent proceeded to a jury trial. The jury held the real estate agent and their broker liable for 85% of the loss.

This case sets precedent for all involved in a real estate transaction including those in relocation, i.e., companies who may wire the equity advance. All may be held responsible in “safeguarding devices, networks and accounts from being breached, securely collecting and storing personally identifiable information, confirming the identity of the parties in a transaction and encrypting the transfer of key information that someone is going to rely upon.”

REFERENCES

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