



Avoiding Wire Fraud – You Make the Call!

Cybercrime. Phishing. Social engineering. Hacking. WIRE FRAUD! These are scary terms, and we are hearing them more and more these days. Criminals are out to get your hard-earned money, and they are using both old and new methods to do so. And in today's fast-paced digital world, we are increasingly making it easier for the bad guys to win. While conducting business electronically has become the norm and has helped to maximize convenience, this is giving criminals more bites at the apple than ever before when it comes to wire fraud.

The ultimate goal for hackers in the real estate industry is the diversion of wired funds to their own accounts. To accomplish this, they will try numerous ways to insert their own wiring instructions into the process in place of legitimate account information. For instance, they might try to give the title company fraudulent wire information so that sale proceeds are sent to the wrong place. They might also provide bad instructions to a homebuyer so deposit money or down payment money is lost. While there are many "best practices" industry companies and clients should use to combat this type of fraud, one stands out above the rest as the best line of defense: Anyone sending a wire MUST call to independently verify wiring instructions. This one action has defeated hackers countless times and saved homeowners and homebuyers millions of dollars.

We will typically provide wiring instructions to clients fairly early in the settlement process. Those instructions will be sent encrypted and password protected. As a homebuyer, the most important thing you can do before wiring your closing funds is to pick up the phone and call the title company to confirm you have the correct instructions. It is also important to be sure you are calling the right place. Never trust a phone number provided in an email without double-checking that number. It can be very easy for some hackers to duplicate even the most official looking signature blocks. Verification can be done through an online search, or by talking to your lender or Realtor®. Never wire money without taking this final step.

Of course, there are other ways you can protect yourself. One method hackers use to steal your money is to fraudulently email clients (pretending to be the title company) and tell them that the wiring instructions have changed, attaching their own instructions instead. But clients should know that once wiring instructions have been provided on a transaction, they will NEVER change. Also, never accept wiring instructions from a third party, including your lender or Realtor®. You may trust them completely, but you can never be completely sure that the email you received actually came from them.

On the other side of the transaction, the title company should also never wire client funds without first confirming with you, by phone or in person, the authenticity of the instructions. Our company always requires a signed and notarized wire authorization form be included with the instructions, which should be brought to closing. While this certainly helps us to avoid fraud, no method of deterrence is perfect. We will ALWAYS verbally verify those instructions. And like you, we will not rely on an email to give us the correct contact number. Impersonating someone over the phone can often be easier than computer hacking. So we will double and even triple check to make sure we talk to the right person. Even if you just called us, we are going to hang up and call you back at the numbers we have on file. The person or entity sending the wire must always be the one to make the call.

Remember, anyone can be hacked. While we go to great lengths to safeguard client funds, these protection protocols are useless if they aren't followed. Especially now when the market is hot, we must all be more vigilant than ever for signs of fraud. So don't forget to MAKE THE CALL!

Lakeside Title Company serves builders, lenders, and Realtors® in Maryland, DC, Northern Virginia, Southern Pennsylvania, and West Virginia with title insurance and closing services. Visit www.lakesidetitle.com today to learn more about how we can help you!

Legal Questions? We've Got Answers.

If you have a question for an attorney, please contact me, Beau R. Pichon, Esq., of Lakeside Title Company's affiliated law firm, Lakeside Law Firm, LLC.

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