



KOTNER TITLE

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Title Tidbits Newsletter

How to Prevent Wire Fraud Losses

by Gloria Tison, Manager/Counsel - Kotner Title

In the last several years, the number of cases and dollars lost from real estate related business email compromise (BEC) scams has risen dramatically. In 2015, 194 cases were reported to the Federal Bureau of Investigation with losses amounting to \$8.8 million compared to 2,284 complaints received in 2022 with \$446.1 million dollars lost. The sharp increase in both the number of reports and the financial losses incurred indicates the rising impact of these scams on the real estate market. Sophisticated cybercriminals monitor real estate transactions in numerous ways. For example, they may see a social media post that someone is purchasing a home. These criminals hack into the buyer's, the real estate agent's or the title company's computer system. This can be done in a variety of ways, but the most common methods are spoofing an email account or website, sending spearphishing emails, or through the use of malware. A spoofed email is a slight variation from the real email address and tricks victims into thinking the false accounts are real. For example, an email may come from jane.doe@tittleco instead of jane.doe@titleco. Spearphishing emails look like they are from a trusted sender to trick victims into revealing confidential information. Malware software can infiltrate company networks and gain access to legitimate email threads. Twenty percent of Americans click on links in phishing emails that look legitimate, while fifty percent of Americans click on links in personalized spearphishing emails.

When the scammer strikes, he or she monitors all email flow then poses as someone from the real estate or title company and sends the buyer false wiring instructions. The buyer doesn't question the request because it is from what appears to be a legitimate entity that is part of the buying process. Unknowingly, the buyer sends the wire transfer to the criminal's account. CertifID, a wire fraud protection firm, identified \$1.4 billion in suspected wire fraud attempts during 2022.

Steps buyers should take to help prevent these losses:

- Confirm all wiring instructions in person or by phone. Before transferring funds confirm the wiring instructions by telephone using a known number. Do not use phone numbers or links sent in an email.
- Know that your instructions for sending money should not change. Title companies rarely change wiring instructions and payment information at the last minute or by email.
- Forward, do not reply. When responding to an email, hit forward instead of reply and then type in your contact's known email address.
- Confirm. Ask your bank to confirm the name on the account before sending a wire.
- Verify immediately. Call the title company or real estate agent to validate that the funds were received. You have a better chance of recovering money sent to a wrong account if it is discovered quickly.

What can real estate agents do to help prevent these losses:

- Never conduct business over public Wi-Fi - always use a VPN.
- Do not click on an attachment from someone you don't know — even if it looks like a possible business contact. Research the person online, and then call the phone number you find online to confirm the individual contacted you.
- Clearly communicate to your clients how you will communicate and how the transfer of funds will occur. Advise the client how unforeseen changes to the settlement plans will be communicated. Telephone the client if wire instructions change.

What we are doing at Kotner Title to prevent wire fraud loss:

- We use the American Land Title Association (ALTA) outgoing wire preparation checklist.
- We conduct ongoing education and training for employees including random phishing security tests.
- We use secure databases and internet access (VPN).
- Our email is encrypted, and we use two factor authentication.
- We have enhanced cybersecurity programs and a top-notch IT team.

The safety of your funds is important to us. By working together, we can help prevent wire fraud.



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Imposter Seller Red Flags

Seller identity fraud occurs when a fraudster pretends to be a seller and tricks realtors, buyers, and title companies into believing he or she is the property owner who wants to sell the property. Here are some red flags to look for:

- Is the property vacant, non-owner occupied, or farm acreage?
- Does the seller communicate only through text or email?
- Is the property for sale below market value?
- Does the property have no outstanding debt?
- Does the seller want a quick sale and prefer a cash buyer?
- Is the seller refusing to attend the closing?
- Did the Seller contact the real estate agent on the internet or list the property "For Sale by Owner?"
- Is the seller demanding that the proceeds be wired?

If you see these red flags take precautions and ask questions. Contact us for additional tips to help you avoid being defrauded.



NEW ClosingsLIVE

ClosingsLIVE is a web based transaction management system that keeps you up to date with your real estate transactions.



Download Now!



How to Report Wire Fraud to the FBI

American Land Title Association

Watch Here

Simply open camera on your smart phone and hover over QR code.



BUYERS

Buying a home? You need to be certain that the seller is the true owner of the property and that no outstanding issues damaging title carry over to you. Why? Because if there are problems with the title it can restrict the use of the property and ultimately result in financial loss. That's where Kotner Title can help you.



SELLERS

Selling your house? Kotner Title will work with you to coordinate any satisfactions of liens and prepare all the necessary closing documentation to make the experience for you and the buyer as smooth as possible. We promise competitive rates, great communication and amazing service.



REALTORS

You need a trustworthy partner who understands your needs.

Realtor's Benefits with Kotner Title:

- Full service on every transaction
- Timely and accurate title commitments
- Superior communication
- Knowledgeable and professional staff
- Contract upload capability or drop off



LENDERS

Kotner Title is proud to say that we have the necessary experience to meet or exceed the compliance guidelines that are required of lenders. We are fully TRID compliant and protect a lender's interest against any title defects by carefully reviewing your instructions and ensuring that all documents are executed in a timely fashion.