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Primer on Wire Fraud Scams and Cyber Security Awareness

It was recently reported that JP Morgan estimated 27 percent of wire transfers in 2014 were affected by either attempted or actual fraud. Imagine the worst: the funds in a real estate transaction did not transfer from buyer to rightful seller and are now unrecoverable.

At **Title Company of the Rockies** we are diligently looking out for the potential of wire fraud and make cyber security a priority in working with our customers. We continually invest in multi-layers of network security tools, utilize encrypted email when sending non-public personal information, and will now only forward Wiring Instructions separate from other information and using encrypted email. Despite those efforts, there may be scenarios where Hackers or Fraudster may attempt to infiltrate or contact a Buyer or Seller directly. We trust the following information may help you also be diligent in protecting your information and funds when involved in a real estate transaction:

How Fraudsters Might Target You

The primary attribute of any wire fraud scam is a sense of urgency. Phishing employs an email that frequently appears to be urgent and to be coming from someone with authority, directed to someone else who is responsible for wiring transactions within the organization. Depending on the level of sophistication, the attacker's email may look very genuine (using corporate logos, style sheets, signatures, etc.). Unfortunately, the more authentic the fraudulent email appears, the more it indicates that some corporate email or system was compromised. In our industry, fraudsters are targeting sellers, buyers, REALTORS® and title companies participating in a transaction. While there are many different ways for an impostor to commit a fraud, there are two most common ways they get it done. Both are the result of a user's computer infected with malware or stolen credentials.

Many Ways to Sneak In

The initial infiltration can come through a phishing email, infected attachment or a compromised website. The perpetrator might obtain user email account credentials to log in and monitor email flow. Or an attack through key logger malware records every keystroke the user types, which often includes login information and password. Scammers follow transactions in the MLS and public records, or target REALTORS® and title companies to observe multiple transactions. This gives access to the buyer, seller, and escrow officer's email addresses, and details of the transaction - all he needs to create spoofed email. He patiently waits for a closing date or completion of a transaction to make a very last minute move - change wiring instructions. No one wants to delay a business deal, so that's what criminals are counting on.

Fight Back & Keep Funds Safer How can you protect yourself?

1. Don't use the same password more than once. This way, if your password is compromised on one website with weak security, fraudsters can't use it elsewhere.
2. As a consumer, always use second-factor authentication to sign in to your online email account. Most online email providers (Microsoft, Google, Apple, Yahoo, etc.) offer some form of the second factor to validate the authenticity of a user.

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Wiring Instructions –

There is reported scam in connection with wire instructions sent as a part delivering a commitment to the parties. As we understand the scam, the bad guys somehow get a copy of a settlement agent's wiring instructions, modify the wiring instructions to change the account information, and then send or resend it to the buyer. If a buyer takes action on those fraudulent wiring instructions, the funds end up in the bad guys account. It is likely such funds are transferred several times from there, probably overseas.

We have also heard of reported scams where a Hacker will infiltrate a Buyer's or Seller's personal email account and create a fake email to be sent to the settlement agent on a real estate transaction directing a change to what bank account a party's funds should be wired to. The email looks like a standard email coming from either the Buyer or Seller, or even an affiliated real estate broker.

At **Title Company of the Rockies** you will receive Wiring Instructions from our escrow personnel in a separate, encrypted email. If you request any changes regarding wiring funds (e.g. Earnest Money, additional funding for your transaction, etc.), please call your escrow officer directly to discuss.