

# WIRE FRAUD IN REAL ESTATE



# Understanding Wire Fraud in Real Estate

**Wire fraud** is a growing threat in real estate transactions, where cybercriminals exploit the high-value nature of these deals to steal funds. It typically involves criminals impersonating trusted parties—such as real estate agents, attorneys, or title companies—to deceive buyers or sellers into wiring money to fraudulent accounts. Once the funds are transferred, they are often difficult to recover, leaving victims with devastating financial losses.

## How Wire Fraud Happens

- **Phishing Attacks:** Hackers send emails that appear legitimate to gain access to email accounts. They monitor communications for pending transactions and then intervene with fake instructions.
- **Impersonation:** Fraudsters pose as trusted professionals, providing altered wire instructions at critical moments in the transaction.
- **Urgency and Pressure:** Scammers often create a sense of urgency to rush victims into acting without verifying details.

## How to Spot Wire Fraud

Being vigilant can help you identify potential scams. Here are common warning signs:

1. **Unexpected Changes in Payment Instructions:** Legitimate changes are rare and should always be verified directly with your agent or title company.
2. **Emails from Unfamiliar Addresses:** Look for slight variations in email addresses that mimic trusted contacts.
3. **Urgent Requests:** Be cautious of last-minute demands for immediate action.
4. **Poor Grammar or Inconsistent Details:** Errors in names, amounts, or other transaction details can signal fraud.
5. **Requests for Confidential Information:** Avoid sharing sensitive data via email unless absolutely necessary.

## Steps to Avoid Wire Fraud

Preventing wire fraud requires proactive measures:

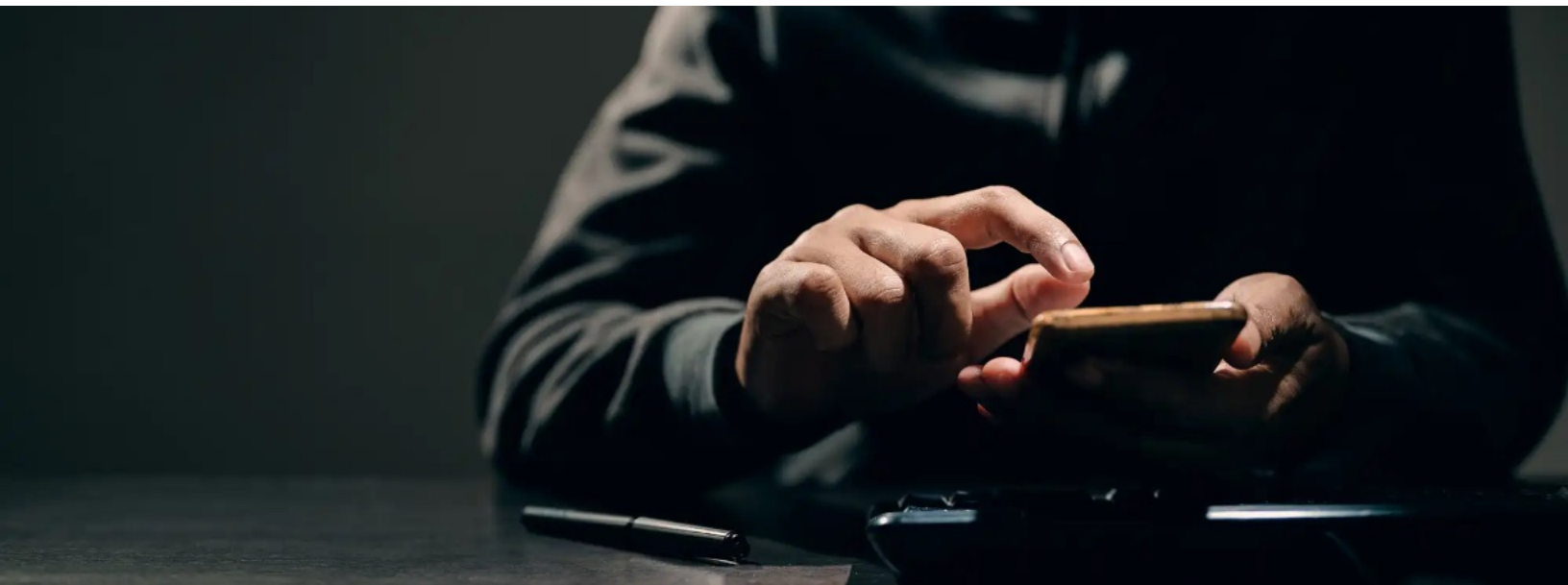
- ***Verify Instructions Directly***: Always confirm payment instructions by calling a trusted contact using a known phone number, not one provided in an email.
- ***Secure Communication Channels***: Use encrypted emails or secure portals for sensitive communications.
- ***Avoid Clicking Links in Emails***: Links may lead to phishing sites designed to steal credentials or install malware.
- ***Use Cashier's Checks When Possible***: This eliminates the risk of wiring funds to fraudulent accounts.
- ***Double-Check Before Wiring Funds***: Slow down and scrutinize all details before initiating a transfer, especially before weekends or holidays when fraudsters often strike.

## What to Do If You're a Victim

If you suspect you've fallen victim to wire fraud, act immediately:

1. ***Contact Your Bank***: Request a wire recall to stop or reverse the transaction if possible.
2. ***File an FBI Complaint***: Report the incident through the FBI's Internet Crime Complaint Center (IC3).
3. ***Notify Local Authorities***: File a police report and provide documentation to your bank or lender.

Swift action increases the chances of recovering funds and helps law enforcement track down perpetrators.



## Why Title Companies Use Earnnest for Digital Earnest Money

Earnnest ([www.earnnest.com](http://www.earnnest.com)) is revolutionizing real estate transactions by providing a secure platform for digital earnest money deposits. With over 350,000 successful transactions totaling \$2 billion—and zero instances of payment fraud—Earnnest offers unmatched reliability. Its benefits include:

- ***Direct Deposits into Escrow Accounts***: Funds are securely transferred without intermediary risks.
- ***Fraud Prevention***: The platform eliminates vulnerabilities associated with traditional methods like emailed wire instructions.
- ***Efficiency and Transparency***: Earnnest simplifies the process for buyers, agents, and title companies while reducing operational and legal risks.

By leveraging Earnnest, title and escrow companies ensure safer transactions, giving buyers peace of mind during one of life's most significant purchases.

## How Real Estate Agents can protect their clients from Wire Fraud

**Real estate agents** play a crucial role in protecting their clients from wire fraud. Here are effective strategies to safeguard clients during real estate transactions:

### Education and Communication

1. Warn clients about wire fraud risks repeatedly, starting from the first meeting and continuing throughout the transaction process.
2. Educate clients on common tactics used by fraudsters, such as phishing emails and urgent requests for money transfers.
3. Coordinate with title companies to reinforce their security messages and procedures.
4. Teach buyers to be suspicious of unexpected emails or changes in wiring instructions.

### Security Measures

1. Recommend secure communication platforms or encrypted email services for sharing sensitive information.
2. Advise clients to use strong, unique passwords and implement multi-factor authentication on their

accounts.

3. Encourage clients to adjust privacy settings on social media to limit personal information accessible to strangers.
4. Suggest using cashier's checks when possible to eliminate the risk of wiring funds to fraudulent accounts.

## Verification Procedures

1. Instruct clients to independently verify any changes in wiring instructions through trusted communication channels.
2. Provide clients with the title company's verified phone number and advise them to save it in their phones.
3. Emphasize that clients should never rely solely on email for receiving or confirming wire transfer instructions.
4. Encourage face-to-face meetings for discussing crucial transaction details whenever feasible.

## Best Practices

1. Never take responsibility for sending wiring instructions to clients; this should be handled by the title company.
2. Consider having clients sign a disclosure confirming your conversation about wire fraud risks.
3. Advise sellers to bring physical copies of their wiring instructions to closing rather than emailing account information.
4. Use a transaction management platform or secure email to communicate sensitive information.
5. Include a wire fraud notice in your email signature to maintain awareness.

By implementing these strategies, real estate agents can significantly reduce the risk of wire fraud and protect their clients' financial interests during transactions. Wire fraud is a serious threat in real estate, in general, but awareness and precautionary steps can protect your investment. By staying vigilant and using secure tools like Earnnest, you can significantly reduce your risk of falling victim to these scams.





## Committed to Excellence

We are committed to making every client feel valued and that every transaction exceeds expectations. Integrity, exceptional service, and authentic relationships are the foundation of each of our title and escrow transactions. Experiences built on trust and care are part of our core values.



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