



By Lisa A. Tyler  
*National Escrow Administrator*

Oh Lordy! Just when you thought it could not get any worse! Now the diverted wire transfer scam has taken a new twist. The criminals perpetrating the crime are posing as the listing agent and/or the property owner, and requesting the payoff statement be emailed for their review. Shortly thereafter, a new payoff arrives via fax from what appears to be the fax number of the payoff lender, but the bank wire instructions are altered. We shudder to wonder what they will think of next. Read “DIVERTED payoff wires” for more detailed information.

The article “ALL cash all gone” is a story about a real estate purchase in Scottsdale, Arizona, wherein an illegally diverted wire transfer almost derailed an entire transaction. This is a scary story with a happy ending.

Document signings for an insured transaction should be conducted in the presence of an authorized employee of the Company or a title policy issuing agent, regardless of who performs the actual notarization. In other words, an employee can supervise the signing without having to be the commissioned notary. The Company representative must require the production of proper identification and personally examine it to verify the identity of the signer. Read “SIGNING conducted by a title issuing agent” to find out how you can locate a title issuing agency approved by one or more of the Company’s Underwriters. Sometimes it is the perfect solution for signers located in remote areas of the country.

## IN THIS ISSUE



**Share Fraud Insights**

via email, mail or word of mouth.



volume 13 issue 4  
April 2018

# DIVERTED *payoff wires*

**Publisher**  
Fidelity National Financial

**Editor**  
Lisa A. Tyler  
National Escrow Administrator



On February 12, 2018, Larissa Conrad, an escrow assistant for Ticor Title of Nevada in Las Vegas, opened an escrow transaction for the sale of a residential property for \$240,000. Once the title report was received, Larissa ordered a payoff statement from the existing lienholder. The payoff was sent via e-fax and she placed it in the file awaiting closing.

On March 7, 2018, Larissa worked up the file and sent the estimated closing statement to the Listing Agent.

The Listing Agent then provided Larissa with an “updated” payoff statement by email with a number of demands for Larissa to confirm: that she received the new payoff statement and she would use that one in making the payoff.

It is not normal that an agent would order an updated payoff statement to be delivered to the settlement agent. Larissa was suspicious about the email exchange, so she forwarded the email chain to her escrow officer, Stacey Griffith, to review.

Stacey and Larissa knew something was wrong. They compared the two payoff statements closely. These were the wire instructions contained in the body of each payoff statement:

Together they called the payoff lender and confirmed their suspicion: the second payoff was from a fraudster! They detected the scam. They immediately contacted the Listing Agent by telephone, using a known, trusted telephone number. They reported someone was posing as him in the transaction and sending emails from an account that looked like his.

Ultimately, they wired the funds to the correct account of the payoff lender and saved the Company from a possible loss of \$153,300.37! As a result of their actions, the Company has rewarded Stacey and Larissa \$750 each, as a reward for their expertise in discovering the fraud and preventing it from occurring.

### MORAL OF THE STORY

Unfortunately this story is not an isolated incident. We are seeing attempts at this same scheme across the country. Keep in mind payoff lenders do not frequently (if ever) change their wire information. All offices should be using their repetitive wires feature in their escrow production system.

If a payoff lender sends instructions to pay a different account, someone in the branch has to call to verify the changed bank wire information is valid using a known, trusted number — not the number reflected on the payoff statement.



ORIGINAL Payoff Statement:	ALTERED Payoff Statement:
WIRING INSTRUCTIONS	WIRING INSTRUCTIONS
Account #: XXXXXX279	Account #: XXXXXX086
ABA/Routing Number: XXXXXXXX	ABA/Routing Number: XXXXXXXX
-	Wire Reference: USA/Birt/payoff
-	Beneficiary: Brit Equipment/payoff
Bank Name: Wells Fargo Bank, N.A.	Bank Name: Wells Fargo Bank, N.A.
Bank Address: 420 Montgomery Street San Francisco, CA 94104	Bank Address: 1445 Ross Ave. Suite 100 Dallas, TX 75202
(the instructions included overnight delivery instructions for a cashier's check)	(the overnight delivery instructions were removed altogether)

## **ALL** cash all gone

---

**On December 11, 2017, an all cash sale was opened with Lawyers Title Company in Tempe, Arizona, for the purchase of property in Scottsdale, Arizona, for \$775,000. The transaction required no new financing, so the closing date was scheduled for a few weeks later on January 3, 2018.**

On January 2, 2018, the escrow officer received an email from what appeared to be the buyer's email address asking for their closing disclosure. The escrow officer responded indicating the closing documents, including the settlement statement, were sent to the buyer on Friday, December 29, 2017. The escrow officer explained there would be no closing disclosure, since the transaction did not involve new financing.

After a series of confusing and conflicting emails, the escrow officer looked at the chain of emails and realized the conversation she was having was with someone using a spoof account to look like the buyer's email account.

The escrow officer immediately picked up the phone and called the buyer. She confirmed the closing funds were wired earlier that day to the wrong bank. She told the buyer to go to her bank and place a recall for fraud.

The escrow administration team also called the receiving bank branch and asked them to lock down the recipient's account and told them that the account holder had illegally diverted a wire transfer in the amount of \$762,741.09 earlier that day and likely would be coming into the branch any minute to attempt to withdraw the funds.

The bank branch manager confirmed receipt of the wire transfer to the account. She called her fraud team to investigate. The fraud team locked down the account. Then the branch manager called the local police to report the incident and find out what she should do to protect the bank's employees.

The police arrived and called Fidelity's national escrow administrator for more facts. They asked the home buyer who was duped into sending the money for information to make a detailed report and launch their investigation.

During the telephone call with the real home buyer, the account holder walked into the bank and attempted to withdraw the funds. The police confirmed with the buyer on the phone she wished to press charges against the account holder who illegally diverted her funds. The police hung up the phone, arrested the account holder and took her into custody.

In a happy ending, the recipient bank returned all of the funds to the buyer's bank. The buyer, believe it or not, was a real estate agent purchasing the property for herself. Luckily she was able to recover her funds and complete the purchase.

### **Reminder!**

Remember email is not always a secure way to communicate. Company policy is to always verify wire instructions via a trusted phone number received at the beginning of the transaction.





## **SIGNING** *conducted by a title issuing agent*

---

Settlement agents are faced with closing and insuring transactions every day where the principals are located in remote areas of the country, such as Barrow, Alaska or Supai, Arizona or Bonneville Salt Flats, Utah, where finding a commissioned notary is difficult.

Luckily, the Company has a wide network of title issuing agents who can serve as the signing agent on behalf of the Company. The agency network is maintained in the Trax system.

In order to discover if a title issuing agency is in the vicinity of the principal, the settlement agent needs to send the city, state and county to [settlement@fnf.com](mailto:settlement@fnf.com) and National Escrow Administration will check the database and provide the results.

If a title issuing agency is found, the settlement agent must contact the agent first to find out if they have a commissioned notary available in their office and discuss what the charge will be. Once these details are confirmed, the customer can make arrangements to go to the title issuing agent's office. It is as simple as that!

