
Tales from the Table: Part 2, Email Scams

Description

This is a follow-up to the piece I wrote last summer about the email scam in which the scammer tries to steal from the title company escrow account by posing as a home purchaser whose deal falls through. As a reminder, the scam works like this: The title agent receives what purports to be a sales contract and agrees to receive the earnest money deposit. A few days later, a "cashier's check" arrives. The check looks good so the title agent deposits it into the escrow account and opens a file. The next day, the purchaser calls and says that the deal has fallen through. He has another property that he can buy, but he needs to act quickly. He requests that the title agent wire the funds back to him right away. The title agent has deposited the cashier's check and it is the next business day, so the funds are available. The title agent wants to keep this customer happy and hopefully keep the new deal, so the funds go out. A day or two later, the title agent gets a notification from his bank that the cashier's check was no good. It was either fraudulently created or was from a batch of stolen checks. The title agent has just wired out funds that he did not have.

When I first wrote about this, I am sure that most of us (me included) said to ourselves that we would never fall for something like this. We have procedures in place to prevent it. We are experienced and can smell a rat. What caused me to revisit this story was a telephone call that I received a few weeks ago. The caller was an FBI agent who was investigating this exact scam. During her investigation, she came across my story in the VLTA Examiner and was hoping that I still had a copy of the email. She told me that several title agencies had lost money to the scam. I asked if my description of how the scam worked was accurate and she told me that I was pretty close.

It strikes me that there are several keys to avoiding losing money to scammers: 1) Talk to your employees so they know to be alert and impress upon them the importance of asking you if they suspect that a request is a little off; 2) Beware of people trying to get you to act quickly; 3) Take a moment to consider whether you really want to send that wire. An extra hour will probably not make much difference to the recipient, but it could mean a lot to you; 4) If you have doubts, talk to someone. Call your underwriter, call your best friend in the industry, call your spouse; and 5) Maybe don't be so eager to please. The history of the title industry is littered with agents who have gotten in trouble, usually because they wanted to make a client happy and did something that was slightly over the line.

Please remember that the scammers know that we hold substantial amounts of funds in our escrow accounts and would like nothing better than to separate us from those funds. They are smart and they are creative. They have nothing to lose if an idea for a scam does not work. They just move on to the next one. According to my underwriter, the email that I received last year was a mass mailing. It only takes one of us to slip and make the scammer's month.

Finally, I don't want to sound like a broken record, but watch out for people you don't really know who are trying to get you to act quickly. Haste is one of the scammer's greatest tools. It causes us to act less carefully, before we have had a chance to consider whether we are doing the prudent thing. When in doubt, take an extra moment. If the client is upset, explain that you are taking the moment to

protect the client's money. That client will no longer be upset. She will thank you.

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