

Tales from the Table: Email Scams

Description

Often, the stories we remember and share with our friends and colleagues are the funny ones, or the ones that defy belief. Those can be fun and entertaining and we can often learn from them. Usually however, they are not things that can potentially alter our businesses or your careers. I received an email the other day that made me realize yet again that what we do is serious. The money that we handle every day is real, even if we don't really touch it. The email showed the following sender: Jonathan Fisher jonathanfisher401@gmail.com. The body of it was as follows:

I am contacting you in accordance to the referral from Elizabeth Croft for title and closing services. I have attached a copy of the agreement for your review. The inspection is scheduled for early next week and I need to have the escrow up and running as soon as possible.

If the property passes inspection, I will probably close within 30 days.

Let me know what the total charge for escrow and we can commence with title after inspection. I will probably send a check for the total and would like instructions accordingly.

Do confirm receipt of the agreement as I await your prompt response.

Sincerely

Jonathan Fisher

There was a sales contract attached. The subject of the contract was an expensive house in Fairfax Station, with a sales price of \$840,000.00. The contract also called for the purchaser to deposit with the escrow agent an earnest money deposit of \$95,000.00. It is the kind of email that we all love to get. An unexpected contract from an unexpected source. Dollars signs! I said to myself: "Hold on a minute." Who is this guy? Who is Elizabeth Croft? The hairs on the back of my neck stood up. I started to smell a rat. I asked my staff. No one knew an Elizabeth Croft. I sometimes receive contracts that were meant for our other office so I called there. No one there knew an Elizabeth Croft. I searched the property address. It is indeed a property that is for sale. So far, so good. I called a real estate agent that I know and he looked it up for me on the MRIS. No pending contracts showed. He gave me the name and telephone number of the listing agent, and I called her office. As of the next day after the effective date of the contract, she was not aware that a contract had been ratified. There were a couple of other red flags as well. The contract was not on one of the normal forms that we usually see. It looked more like something that might have been downloaded from the internet. Also, the person who sent the email asked for a price quote, but gave no contact information. Finally, the contract used the terms "Escrow Agent" and "Settlement Agent" as if they were defined terms, but did not name either agent. By this point, I was nearly certain that this email was from someone who was trying to steal from me. I sent a reply and asked the purchaser to call me because I had a few questions. I

also forwarded the email to my underwriter and it did not take long for the reply to come that this was fraudulent.

As I understand it, the fraud works something like this. The title agent agrees to receive the earnest money deposit. A few days later, something that purports to be a cashier's check arrives (in this case for \$95,000.00). 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 has to act quickly. He needs the title agent to wire the funds 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. Then the hammer drops. 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 \$95,000.00 that he did not have.

I have been rather long winded today, but this is important. We are in a business where we are often holding large sums of money in our escrow accounts. The criminals out there know it and are always trying to come up with ways to separate us from that money. In this particular instance, the criminal was not that skilled. I smelled the rat pretty quickly. There are other criminals out there who are much more skilled. If a deal seems a bit too good to be true, it probably is. My basic rule of thumb is to inquire if I am not sure. Call the parties and ask. If you explain why you are calling, no one is ever offended. I have actually had people thank me for asking because they realize that I am being careful and doing my best to safeguard their money. Please be careful. By the way, the person who sent me the email never called in response to my email reply.

Eric Nesheim

Category

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