IC3 Report Highlights Need for Heightened Cybercrime Awareness

Description

Article by Michael Holden, Author of The Ramblings of a Title Man and Vice President of AmTrust Title Insurance Company.

Each year, the FBIâ??s Internet Crime Complaint Center (IC3) releases a detailed report on the number of cybercrime complaints fielded in the previous year. This year as it marks its 25th anniversary, the agency highlighted how and why threats have increased and where practitioners in the financial services sector should focus preventative measures.

â??As nearly all aspects of our lives have become digitally connected, the attack surface for cyber actors has grown exponentially,â?• IC3 noted in its April 23 release. â??Scammers are increasingly using the Internet to steal Americansâ?? hard-earned savings. And with todayâ??s technology, it can take mere taps on a keyboard to hijack networks, cripple water systems, or even rob virtual exchanges.

â??Last year saw a new record for losses reported to IC3, totaling a staggering $16.6 billion,â?• the agency reported. â??Fraud represented the bulk of reported losses in 2024, and ransomware was again the most pervasive threat to critical infrastructure, with complaints rising 9% from 2023.â?•

Of particular concern for the real estate industry are the threats that arise through business email compromise (BEC). If there is any good news to be had, BEC reports have stabilized the last three years, perhaps as a result of efforts by title agents to educate real estate agents, loan officers, homebuyers and sellers about the risks of communicating via email or social media throughout the course of the transaction.

In addition, phishing and spoofing complaints took a welcome plunge from a high of 321,000 in 2022 to 192,000 in 2024.

Focusing on cyber-enabled fraud

In the most recent report, IC3 shone a spotlight on cyber-enabled fraud, which includes any complaints about where criminals use the Internet or other technology to commit fraudulent activities, often involving the theft of money, data, or identity. Cyber-enabled fraud is responsible for a substantial chunk of the losses reported to IC3 in 2024, comprising:

- 38% of all complaints logged with IC3, at 333,981
- 83% of all losses, at $13.7 billion

Business email compromise alone was responsible for $2.7 billion of the cyber-enabled fraud losses last year.

But not all was lost, thanks to the Financial Fraud Kill Chain (FFKC).

Financial Fraud Kill Chain

The FFKC is arguably the most important weapon in a title agentâ??s arsenal to combat BEC scams that attempt to divert wired funds to fraudulent accounts.

Established in 2018, the IC3 Recovery Asset Team (RAT) streamlines communications with financial institutions and FBI field offices to assist in the freezing of funds for victims of fraudulent domestic and international transactions via the FFKC. In 2024 they fielded 3,020 complaints, representing $848.4 million in attempted theft.

On the domestic front, 2,651 complaints were received and $469.1 million was successfully frozen. Internationally, 369 complaints were received and 92.5 million was successfully frozen, for a combined 66% success rate.

To be successful in recovering diverted funds, title agency owners must train their staff to act quickly when they discover that funds have been diverted. The first step is to compile all information concerning the fraud so that staff are prepared to provide law enforcement with the information they need to proceed. Then take the following steps:

- Contact your financial institution to request an immediate recall of the funds
- Insist on the issuance of a hold harmless letter or letter of indemnity
- File a complaint with IC3
- Reach out to your local FBI office to file a report and request assistance
- File a police report

Recovering funds requires speed, so any steps an agency can take ahead of time to become acquainted with the specific person at the financial institution, FBI office, IC3 or local law enforcement can cut the time it takes to get the FFKC activated.

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Michael has been serving the title industry since 1989. Michael received his bachelorâ??s degree from the University of Missouri and has previously owned and operated a large title agency. He holds a masterâ??s degree in Business Administration from Ashland University. At AmTrust he manages the upper Midwest region for their independent agency business. Michael is an active member of the American Land Title AssociationÂ®, and serves on several committees and has previously served on the agentsâ?? section to the board of governors. In 2021 he was named one of the top 100 people in real estate by Top 100 People in Real Estate MagazineÂ®. In 2021 he was awarded the professional designation as a Certified Land Title Professionalâ?¢ by the Michigan Land Title Association and in 2022 he was awarded the professional designation as a National Title Professionalâ?¢ by the American Land Title Association.

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