



American Land Title Association

Protect your property rights

Warning: Do Not Disburse Funds from Email Confirming Wire Instructions

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Title and settlement agents should always be aware of fraudulent email schemes that attempt to divert escrow funds to unauthorized accounts. Now, there's a new wrinkle in cyberattacks hitting the title and settlement industry.

An independent escrow company in Southern California received a "legit-looking" email from a lender confirming two wire instructions for a total of \$650,000. Instead of verifying the wire confirmations through the lender's website, the escrow company took the word of the email.

The escrow company then disbursed off the confirmation sending \$650,000 to a fraudulent account to a party that didn't exist. Unfortunately, the email was a fake and the money was never there. One of the wires was recalled. Unfortunately, the second wire was not and the consumer lost \$133,000.

"Title and settlement agents need to know that this can happen to them," said Bill Burding, general counsel for Orange Coast Title. "When you get a wire confirmation from a lender, don't disburse off it until you verify it on their website. Companies need a formalized policy of confirming disbursements online."

Burding said title agents should call their lender if confirming wires online is not an option.

"If your bank doesn't offer online verification, you shouldn't be banking there," he added.

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