



GOOD OL' DAYS

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Ten years ago, lenders and investors were sinking under a pile of bad mortgage-related debt. Stocks were on a seesaw and the worst financial crisis since the Great Depression started in the United States, and spread around the world. It is hard to think it was that long ago.

Looking back 10 years ago, the September edition of FNF's Fraud Insights contained tips and tricks on the technology made available to our industry to aid in the detection of fake identification presented at a signing.

We reported on a home seller who withdrew \$254,000 from her line of credit on the day before closing. She attempted to move the money, along with her sale proceeds in the amount of \$834,000, offshore to a Swiss bank account.

We also ran a story about a buyer who deposited, not one, not two, but three counterfeit checks into escrow for the earnest money deposit and then for the closing funds. The last being a counterfeit check in the amount of \$430,000.

Times and scams have changed. Fast forward to present time, in the Federal Bureau of Investigation's Public Service Announcement dated July 12, 2018, they reported the following terrifying information regarding the Business

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Insight

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E-mail Compromise (BEC)/E-mail Account Compromise (EAC) scams targeting both businesses and individuals performing wire transfer payments:

BEC/EAC actors heavily targeted the real estate sector in recent years. Victims participating at all levels of a real estate transaction have reported such activity to IC3. This includes title companies, law firms, real estate agents, buyers and sellers. Victims most often report a spoofed e-mail being sent or received on behalf of one of these real estate transaction participants with instructions directing the recipient to change the payment type and/or payment location to a fraudulent account. The funds are usually directed to a fraudulent domestic account which quickly disperse through cash or check withdrawals. The funds may also be transferred to a secondary fraudulent domestic or international account. Funds sent to domestic accounts are often depleted rapidly making recovery difficult.



Domestic money mules are frequently identified in connection with the BEC/EAC real estate trend. BEC/EAC actors often recruit money mules through confidence/romance scams. The BEC/EAC actor may groom a victim and then direct them to open accounts under the guise of sending or receiving funds as directed by the BEC/EAC actor. The accounts opened to facilitate this activity are typically used for a short period of time. Once the account is flagged by the financial institutions, it may be closed and the BEC/EAC actor will either direct the romance/scam victim to open a new account or move on to grooming a new victim.

Based on victim complaint data, BEC/EAC scams targeting the real estate sector are on the rise. From calendar year 2015 to calendar year 2017, there was over an 1100% rise in the number of BEC/EAC victims reporting the real estate transaction angle and an almost 2200% rise in the reported monetary loss. May 2018 reported the highest number of BEC/EAC real estate victims since 2015, and September 2017 reported the highest victim loss.

You read it correctly, it was not a typographical error, 1100% rise in the number of victims! The crimes 10 years ago now seem so much simpler. Today, we have the constant threat of wire transfer diversions.

We encourage our readers to continue to read about fraud and to keep abreast of the crimes that are happening in our industry to stay vigilant in preventing the crime from being perpetrated in your own transactions.

For full story attribution go to:

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