

TITLE ALERT

Title Alert 2014-04A

August 15, 2014

SUPPLEMENT: Email Wire Fraud Scams #2

This Title Alert supplements Penn Attorneys' prior Title Alert on Email Wire Fraud Scams. Please refer to prior Title Alert 2014-04.

Purpose: This notice seeks to alert all Approved Attorneys and their employees of another email/internet fraud scheme being perpetrated against settlement agents and causing loss to settlement agents, sellers, lenders and potential buyers/borrowers.

Background: Penn Attorneys/Ohio Bar Title Insurance Company has learned of a scheme in which settlement agents have received emails allegedly from sellers directing the settlement agent to wire the proceeds of sale to institutions not authorized by the seller. We have also learned that lenders have received emails from title agencies purporting to provide wire information for use by the lender to wire loan funds which were not authorized by the settlement agent. The messages were actually emails that were sent by hackers who identified themselves as the seller or settlement agent. The emails appear to be genuine and contain the title agency's/seller's email information and/or logos, etc. When the settlement agent and lender transferred their funds pursuant to the fraudulent instructions, their money was stolen with little chance of return. This scam appears to be somewhat similar to the email hacking scheme that came to light earlier this year that targeted real estate agents and those in which hackers infiltrated title/agents' email to direct purchasers to wire funds to the hackers' accounts.

It is apparent in all of these types of scams that the hackers monitor the email traffic of the agency and/or the customer and are aware of the timing of upcoming transactions. While in the earlier reported instances, customers were induced to misdirect their own funds, now we have reports that settlement agents are being induced to misdirect funds they have an obligation to safe keep.

Advisory: We strongly recommend that immediate steps are taken to secure computer systems and email accounts and verify with the customer any instruction for disbursement received by email in order to safeguard against this type of scheme. There are a number of government and industry websites that provide tips to protect your systems against cybercrime. Here is a partial list:

www.onguardonline.gov www.ic3.gov www.nw3c.org www.alta.org

If you have any questions, please feel free to contact us.

Note: Under the Approved Attorney system, the scope of our relationship is limited to the functions of underwriting and the issuance of title insurance policies on your behalf and does not include closing or escrow services. We sometimes provide information and recommendations with regard to your closing or escrow business as a courtesy to you. Moreover, some communications, depending on whether noncompliance could impact on liability under our policies or closing protection letters, should be considered directives. This Advisory is being provided to you with those considerations in mind.

WARNING: This Underwriting Communication is intended solely for the employees of Penn Attorneys/Ohio Bar Title Insurance Company and its Approved Attorneys, and is not to be distributed to third parties, and any reliance by any other person or entity is unauthorized. This Underwriting Communication is intended solely for the purpose of underwriting policies of Ohio Bar Title Insurance Company.
