



REAL ESTATE WIRE TRANSFER FRAUD

*Gina C. Session, NVR Legal Information Line
November 29, 2022*

Cybercrime has been growing around the nation and one of the preferred targets for scammers are real estate transactions. The Nevada Real Estate Division is advising that a fraudulent scheme was reported that uses a false and last-minute switch from an escrow company to an attorney for the transfer of funds. Scammers have come up with a variety of ways to target the large sums of money being transferred to escrow or that are part of the settlement on a property at closing. Brokers and agents need to be mindful of these scams so that they can protect their clients and avoid liability for moneys lost.

A fraudulent instruction to wire escrow money can come in an email or text. The scammer has often gained information from the title company or lender or agent and will impersonate those entities to gain access to a buyer's earnest money deposit, a down payment or other funds related to a transaction. For example, fraudsters might hack into a title company's computer system and gain access to information about pending home purchases. Or they may create a fake website that simulates a company being used in a transaction. They may also send clients texts using an agent's name. It usually states that the money is urgently needed to close on the property. There may only be slight differences in an email address or misspellings that may not be noticed in a rush to comply with the instructions. Once the money is wired, it goes straight to the account of the scammer and vanishes. It is nearly impossible to track the scammers once the money is gone.

A couple of possible scenarios are as follows:

A supposed property owner contacts an agent about listing their property. The agent lists the property. Once a buyer makes an offer, the seller informs the agent that escrow must go through the seller's attorney instead of a title or escrow company. Once the buyer wires the earnest money or some other large deposit to the address provided, the money and the "seller" are gone.



Buyer receives a text message that appears to be from the agent representing them. The text states that in order to close on the property a deposit needs to be urgently wired to what appears to be the title company. When the buyer sends the required funds, the money is gone.

How can brokers and agents protect their clients from the scammers? Here are a few tips.

1. Always pick up the telephone and verify with the proposed recipient that the request to transfer money actually originated with the recipient.
2. Check email addresses to ensure they are accurate. Be wary of any emails with typos or grammatical errors.
3. Make sure your clients know to only transfer funds after speaking with you personally to verify the need to send funds. Advise your client not to use phone numbers provided in an email to verify a request to transfer funds.
4. Clients should be wary of any last-minute changes to money transfer instructions.
5. Check to ensure that a seller has title to a property before entering into a listing agreement.
6. Attorneys can act as an escrow agent while engaged in the practice of law. See NRS 645A.015(2)(c). Before transferring money to an attorney, ensure that they are licensed as an attorney in Nevada.

BE CAREFUL OUT THERE!!

Statements made by the Nevada REALTORS® Legal Information Line attorneys on the telephone, in emails, or in legal eNews articles are for informational purposes only. Nevada REALTORS® staff attorneys provide general legal information, not legal representation or advice regarding your real estate related questions. No attorney-client relationship is created by your use of the Legal Information Line. You should not act upon information you receive without seeking independent legal counsel. Information given over the Legal Information Line or in these articles is for your benefit only. Do not practice law or give legal advice to your clients! Inform your clients they must seek their own legal advice.