

WFG Underwriting Bulletin



To: All Florida Policy Issuing Agents of WFG National Title Insurance Company
From: WFG Underwriting Department
Date: February 27, 2016
Bulletin No. FL 2017-05
Subject: Fraud & Forgery

In 2013, WFG issued Bulletins FL2013-03 and FL2013-15 describing various fraud and forgery schemes. Copies of those Bulletins are attached hereto for your review.

[Bulletin FL2013-03](#)

[Bulletin FL2013-15](#)

In addition to the fraud and forgery schemes set forth in those prior Bulletins, WFG has experienced fraud and forgery claims with the following fact patterns.

Vacant or Undeveloped Property

When vacant or undeveloped property is owned by a person residing in another country, the Bad Guys will either impersonate the owner and attempt to sell the property, or they will forge a deed to themselves and become the seller in your transaction. Either way, the Bad Guys become the seller so the buyer will not receive good title. These claims usually result in a total policy loss to the Underwriter.

The “Red Flags” that should alert you to this type of scam are as follows:

1. Vacant or undeveloped property
 - a. Owner/seller resides in another country or
 - b. a recent prior owner resided in another country and the deed to the current owner was a Quit Claim with minimum documentary stamps and/or was not processed by a traditional title agency/law firm
2. Realtor has never met the seller in person
3. Mail away closing to a foreign location different than the address of the owner/seller as shown on the tax rolls or the vesting deed
4. Seller will not go to the US Embassy because it is “inconvenient”
5. The Sales proceeds are to be wired to the seller at a location or country that is different than the address of the owner/seller as shown on the tax rolls or the vesting deed
6. The property is listed at a sale price below market value

If your transaction contains any of the above factors - especially the first two, you should do the following:

1. Google the owner/seller's name and contact him or her directly by telephone to verify that the property is actually for sale.
2. Mail a request to the owner/seller at the address shown on the tax rolls requesting confirmation that the property is for sale.
3. If the seller will not go to the US Embassy to execute the closing documents, you should either select the notary for the seller to go to, or cancel the transaction.

The key to avoiding this scam is for you to contact the owner/seller directly to verify that the transaction is legitimate. If you cannot make direct contact with the owner/seller to verify that the sale of the property is legitimate, cancel the closing.

A version of the above fraud scheme has been perpetrated when the owner of vacant or undeveloped property resides in another state. As with the out of country owners, contact the out of state owner directly to confirm that the property is for sale. If you cannot make direct contact with the owner/seller to verify that the sale of the property is legitimate, cancel the closing

Cyber Crime

WFG has seen a rash of cyber-scams where the Bad Guys hack into a Realtor's or a Title Agent's email account and obtain the seller's email account information. The Bad Guys then create an email account that appears almost identical to the seller's email account. The Bad Guys then impersonate the seller and send an email to the title agent with "revised" wiring instructions of where the title agent should wire the seller's sale proceeds. The revised wiring instructions are to the Bad Guy's bank account.

In a recent attempt to scam one of our title agents, the Bad Guys hacked in to the buyer's Realtor's email account and sent revised wiring instructions to the title agent regarding the seller's proceeds. The title agent knew something was wrong because the revised wiring instructions came from the buyer's Realtor rather than the seller's Realtor. The title agent was able to determine that the email address for the buyer's Realtor was off by one digit but otherwise appeared correct. The title agent did not wire the proceeds to the Bad Guys and contacted law enforcement. It is important to note that the Bad Guys monitored the entire transaction, knew when the transaction was closing, and repeatedly asked the title agent when the sale proceeds would be wired.

If you are tricked by this scam, the money is almost never recovered because the proceeds are quickly wired offshore. To avoid this scam, always verify the accuracy of the written wiring instructions with the seller by telephone or in person before wiring the money. Never rely on amended wiring instructions without verifying the accuracy of those wiring instructions with the seller by telephone or in person.

Know the requirements of your cyber - and crime, insurance policies. Many of those policies require you to document having telephonically or personally re-verified the wiring instructions as a condition to your own coverage.

Forged Certificates of Title

WFG has had a number of claims in other states based on allegedly forged certificates of title and fake foreclosures. So far, we have not experienced those types of claims in Florida. However, as a precaution, if the land records indicate a completed judicial foreclosure sale recorded within the last 2 years in which the property was NOT conveyed by certificate of title to an institutional lender or servicer, you or your examiner should verify with the court's online docket system or with the clerk of the court that there was, in fact, a foreclosure proceeding filed and prosecuted to sale. And, you or your examiner should verify

that the recorded certificate of title is listed on the foreclosure docket. This is in addition to other steps required for an examination of a foreclosure sale.

The “Bad Guys” are out there and they want to steal from you, your lenders and your customers.

NOTE: The information contained in this Bulletin is intended solely for the use of employees of WFG National Title Insurance Company, its title insurance agents and approved attorneys. Disclosure to any other person is expressly prohibited unless approved in writing by the WFG National Title Insurance Company’s Underwriting Department.

The Agent may be held responsible for any loss sustained as a result of the failure to follow the standards set forth above.