

WFG Underwriting Bulletin



To: All Policy Issuing Agents of WFG National Title Insurance Company
From: WFG Underwriting Department
Date: August 1, 2019
Bulletin No.: NB 2019-04
Subject: Fraudulent Cashier's Checks

We have heard so much the last few years about wire fraud and email fraud, that sometimes we forget that old fashioned fraud still presents a substantial danger for the title insurance business.

One of our agents encountered the following scenario last week. The agent had taken in a cash contract which required no earnest money. The seller, an individual who lived out of state, had given his spouse a POA. The buyer appeared at the agent's office late on Friday with a cashier's check issued by a local bank for \$265,000.00. The agent was uncomfortable with the situation and called the bank to verify the genuineness of the cashier's check. Sure enough, the bank told the agent the check was a forgery. Apparently, the buyer had obtained a blank check and inserted false information and forged signatures. The agent stopped the closing and notified law enforcement.

Both buyer and seller were represented by local real estate agents who were caught unaware by these developments. The closing instructions directed the title agent to wire the sale proceeds to a bank account outside Texas. It is likely that by the time the fraud was discovered, probably on the following Monday, the funds would have been wired outside the country. Although cashier's checks are "good funds" and can be relied on to table fund, you still have the option to require further verification before disbursement.

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.

Here are some suggestions for ways to protect yourself in these situations.

1. Set a threshold amount above which you will require verification of a cashier's check by the issuing bank, or,
2. Require that funds represented by a cashier's check be irrevocably collected by your bank before disbursement.
3. Notify your customers upon receipt of the contract of your requirements regarding cashier's checks.
4. Set in place processes to ensure that funds are deposited promptly and to verify funds prior to disbursement or table funding. Remember that a stop payment can still be placed against a cashier's check.

Please contact WFG Underwriting or your Agency Representative whenever you suspect fraud in a transaction.

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.