



URGENT UPDATE: The Wire Fraud Epidemic

By the Demco Law Firm, P.S.

Wire fraud in real estate transactions has become a local and national epidemic. Criminals are hacking into the email accounts of real estate brokers and escrow officers and duping buyers into sending earnest money, down payment or funds to close directly to the criminals via wire transfer. The hacker emails are often sent directly from the broker or escrow officer's own email account so they look just like the broker or escrow officer's actual email. The hacker usually sends wire instructions to the buyer requesting deposit of earnest money, down payment or funds to close. The buyer then unwittingly wires funds in accordance with the hacker provided wire instructions and the funds are sent directly to the hacker's own account, which is cleared-out in a matter of minutes.

This is no longer a theoretical concern for Windermere brokers. There have been recent transactions involving Windermere brokers where buyers have lost hundreds of thousands of dollars to hackers. Brokers may recall that a prior bulletin warning of this scam was published in April 2016 but since that time the scam has become even more prevalent. Everyone involved in a real estate transaction needs to be on the highest alert. Real estate firms and brokers could be held liable for negligence if they fail to adequately alert clients to the dangers of wire fraud or fail to reasonably safeguard their own email and computer systems. Even worse, errors and omissions insurance policies may not cover these kinds of claims.

The following best practices are strongly recommended to avoid becoming a victim or being liable for wire fraud:

- Provide buyers and sellers with the Washington Realtors® Fraud Alert notice. The notice is attached to this bulletin and can be found at <http://www.warealtor.org/resources/wire-fraud-alert>. Because so many people have fallen victim to this scam it is recommended that the fraud alert notice be separately signed by buyers and sellers at the beginning of the relationship. Firms are encouraged not to lump this notice in with other notices but rather to provide it as a stand-alone document so buyers and sellers fully appreciate the importance of the notice. The previously issued WRE Form 49 Fraud Alert will still be available for use by Windermere firms in other states. Washington brokers are encouraged to use the Washington Realtor® notice.
- Use cashier's checks instead of wire transfers. Wire transfers should only be used as a last resort.
- Call the intended recipient of a wire transfer to verify the wire instructions immediately prior to wiring any money. Only use a verified phone number to make this call.
- Do not rely on contact information in unverified emails, even emails that appear to be legitimate.
- Use secure email such as a windermere.com email account. Forwarding email to a gmail, hotmail or other email account can make it easier for a hacker to access email.

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