NAR BROKER POWER HOUR

Real Estate Fraud: How Brokers Can Protect Yourself and Your Clients

September 4, 2024

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Why are we here today?

CNBC

A Silicon Valley executive had $400,000 stolen by cybercriminals while buying a home. Here's her warning…

https://www.cnbc.com/2024/07/23/wire-fraud-in-real-estate-silicon-valley-executive-warning.html

Real estate wire fraud is exploding.

Victim losses reached an all-time high in 2022, increasing 72% from 2020.

Select findings from FBI IC3 PSA June 9, 2023: Business Email Compromise: The $50 Billion Scam

Why is wire fraud such a big problem in real estate?

Property data is publicly available via listing services and county records.

Transactions involve large sums of money. The U.S. median home sale price is now over $400k.

Up to 10 different parties are involved and sharing information in a real estate closing.

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$48,437

- The value of opportunity created for scammers every second in July, 2024

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Who's at risk?

BUYERS

$72k median loss[1]

Phishing attacks
Spoofed emails
Social engineering
Real estate agent impersonation
Title agent impersonation
Lender impersonation

SELLERS

$70k median loss[1]

Open source records
Identity theft
Social engineering
Seller impersonation

[1] Select findings from CertifID 2024 State of Wire Fraud Report

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How does wire fraud happen?

Target	*Scammers use online data to identify active real estate transactions.*
Phish	*They send emails designed to trick a party into giving access to their account.*
Wait	*They learn of an upcoming funds transfer and wait for the right moment to email fraudulent wiring instructions.*
Intercept	*They receive the closing funds into a bank account controlled by the scammer.*
Steal	*Once received, the funds are quickly transferred to cashier's checks, crypto wallets, or overseas bank accounts.*

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These cybercrimes are fueled by social engineering.

74% of security breaches involve the human element, which includes social engineering attacks, errors or misuse.

58% of social engineering attacks rely on pretexting, or using a fabricated story to gain a victim's trust.

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Select findings from https://www.verizon.com/business/resources/reports/dbir/


ID 20190609/007.1215.6
likes/followers/subscriptions
Identity is
the new
battleground.

Seller impersonation fraud is on the rise.

Kenigsberg v. 51 Sky Top Partners, LLC sets a precedent for a real estate company's duty of care.

Look for these seller impersonation red flags.

1 Public records searched to identify vacant lots

2 Posing as seller, scammer contacts real estate agent to list the property for sale

3 Listing price of the property is below current market value

4 Scammer quickly accepts the offer, with a preference for cash sales

5 Scammer requests a remote notary signing and impersonates the notary

6 Funds transferred to scammer and not discovered until later

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CertifID proprietary information and not to be shared without permission.

You can be the key to driving different outcomes.

inman™

Stopping fraud in its tracks: A wake-up call for agents

Would you be able to recognize a fraud attempt in your inbox? Michelle Dubé of The Zoeller Group at Keller Williams provides insight from a recent, true-life fraudulent transaction.

https://www.inman.com/2024/01/30/stopping-fraud-in-its-tracks-a-wake-up-call-for-agents/

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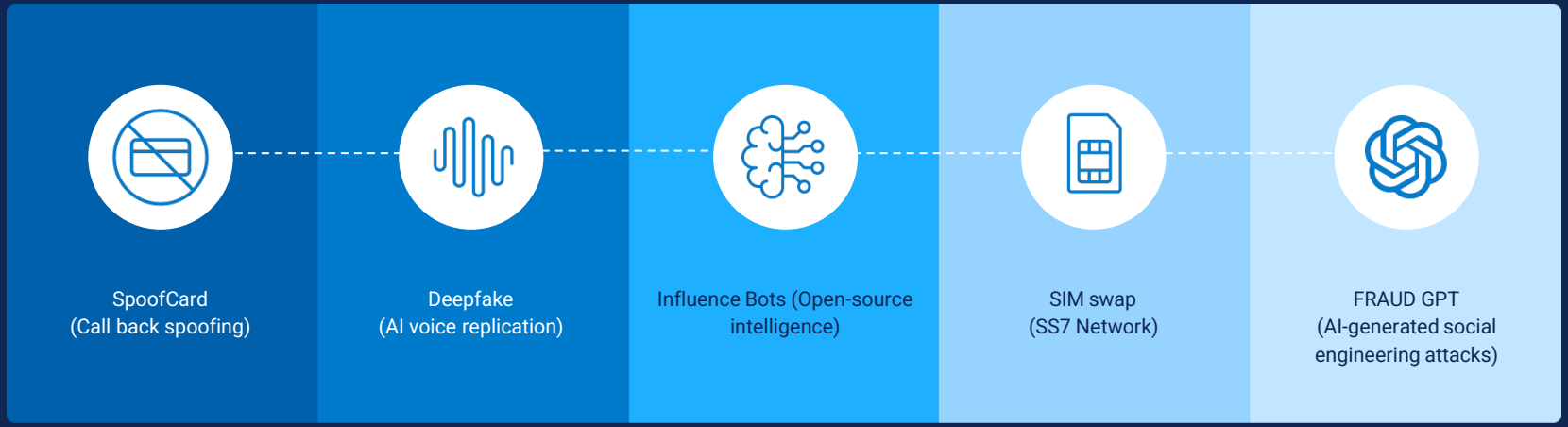
Tech-enabled Social Engineering

Scammers have access to more resources than ever before to perfect their tactics.



AI Voice
(Eric Sain)

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Consumers are highly vulnerable.

Nearly 1 in 4 receive suspicious communications.

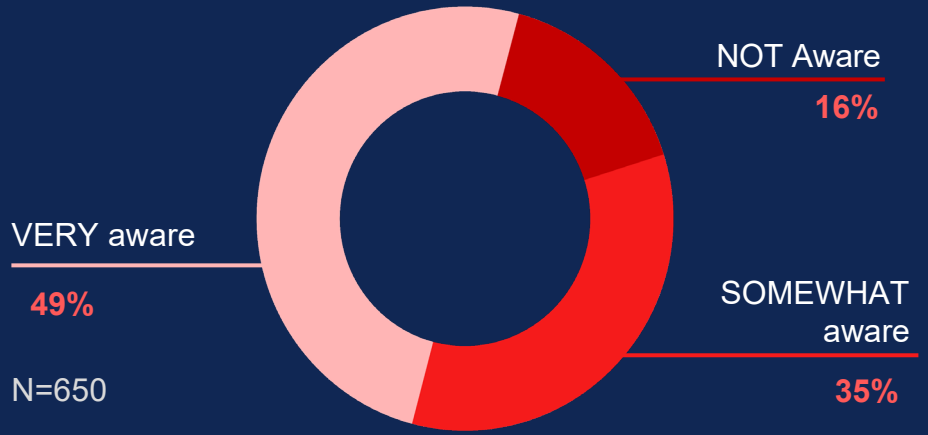
More than 1 in 10 become targets of fraud.

More than 1 in 20 become victims.

CertifID 2024 State of Wire Fraud report, from an online survey of 650 U.S. consumers who had recently bought or sold property.

Consumers are inadequately aware of the risks.

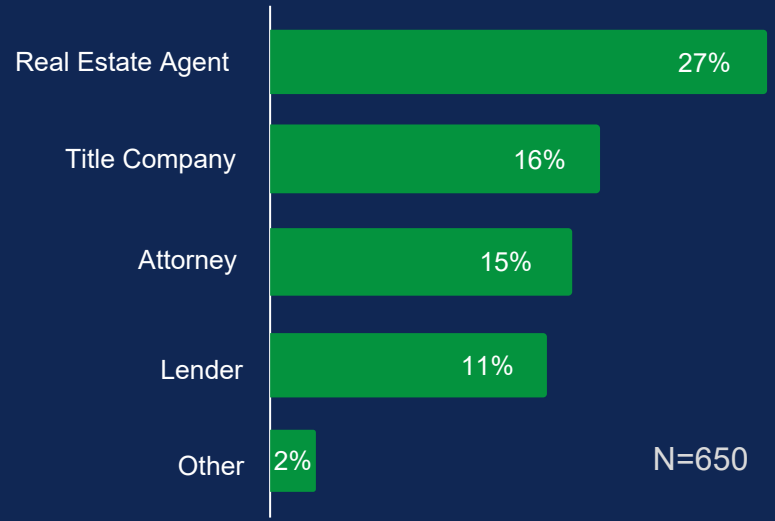
Q: How aware were you of the risks of wire fraud before closing?



51% of all consumers are "not" or only "somewhat" aware of the risks of wire fraud.

Real estate agents are seen as a primary resource.

Q: Who do you think should have educated you about wire fraud?



Among the 71 % of consumers looking for outside help for education — the highest expectation of ownership lies with real estate agents.

How can you be more secure?

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“Implementing MFA (multi-factor authentication) can make you 99% less likely to get hacked, according to Microsoft.”

www.cisa.gov/MFA

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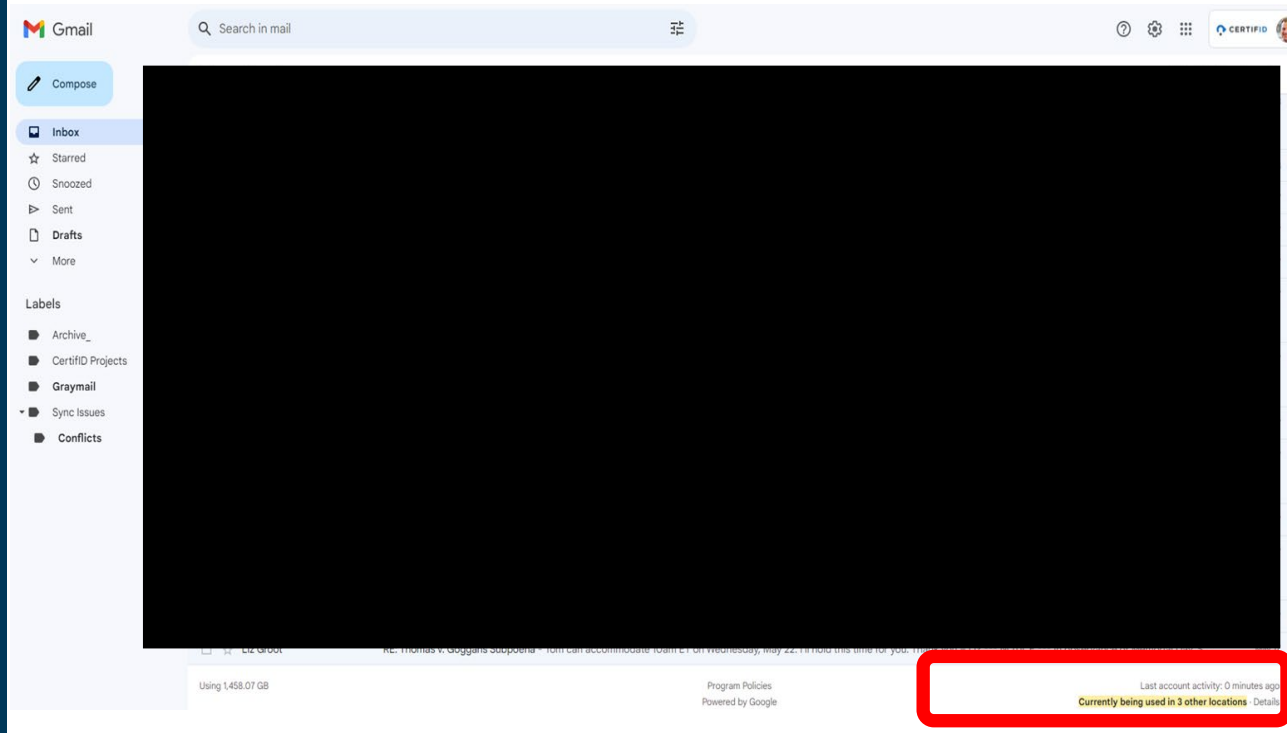
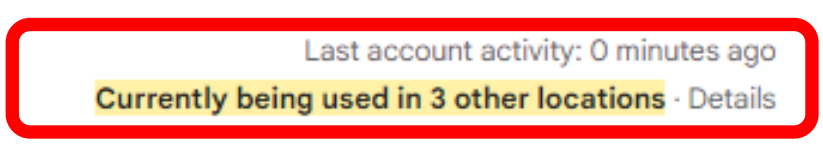
Identifying recent access





Identifying recent access

Activity on this account

This feature provides information about the last activity on this mail account and any concurrent activity. Learn more

This account does not seem to be open in any other location. However, there may be sessions that have not been signed out.

Visit Security Checkup for more details

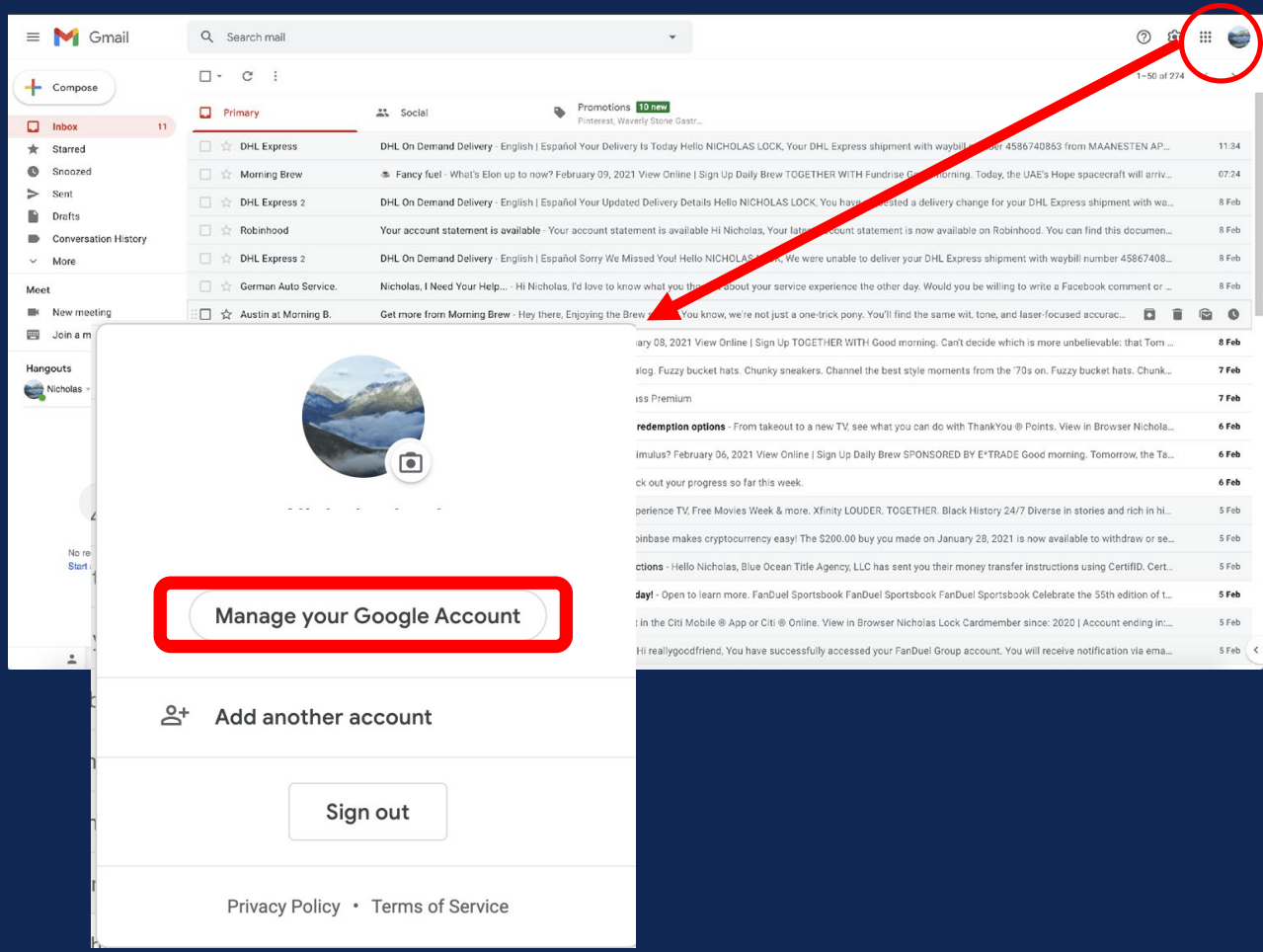
Recent activity:

Access Type [?] (Browser, mobile, POP3, etc.)	Location (IP address) [?]
Browser (Chrome) Hide details *"Mozilla/5.0 (Windows NT 10.0; Win64; x64) AppleWebKit/537.36 (KHTML, like Gecko) Chrome/125.0.0.0 Safari/537.36,gzip(gfe),gzip(gfe)"*	* United States (MI) (209.124.58.90)
Authorized Application (445112211283-sk04feuogpcjd3dq8eshrdnr4bpm1sfk.apps.googleusercontent.com) Hide details *"name: Microsoft Office 365"* *"support-url: https://support.microsoft.com/"* *"vendor: Microsoft Corporation"* *"version: 15.20.7587.30"* OAuth Domain Name: Manage Account Access	United States (WY) (40.99.177.205)
Browser	United States (MI) (209.124.58.90)
Browser	United States (MI) (209.124.58.90)
Authorized Application () Show details	United States (MI) (209.124.58.90)
Browser	United States (MI) (209.124.58.90)
Browser	United States (MI) (209.124.58.90)
Authorized Application (532713016892-ev29m8tv9gejefcvvv1o3coj5bhkc1ar.apps.googleusercontent.com) Hide details OAuth Domain Name: *532713016892-ev29m8tv9gejefcvvv1o3coj5bhkc1ar.apps.googleusercontent.com* Manage Account Access	United States (MI) (209.124.58.90)
Browser	United States (MI) (209.124.58.90)

* indicates activity from the current session.

This computer is using IP address 209.124.58.90. (United States (MI))

It’s Easy: Multi-factor Authentication



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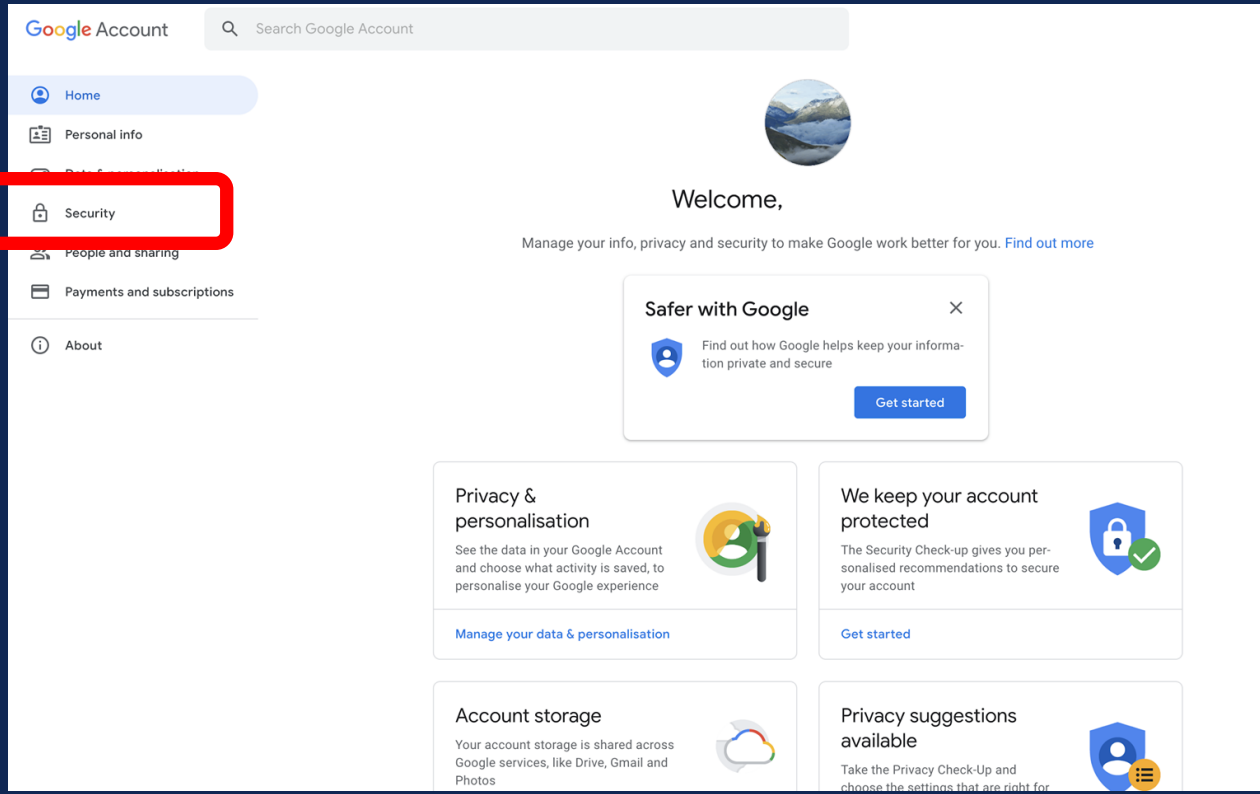

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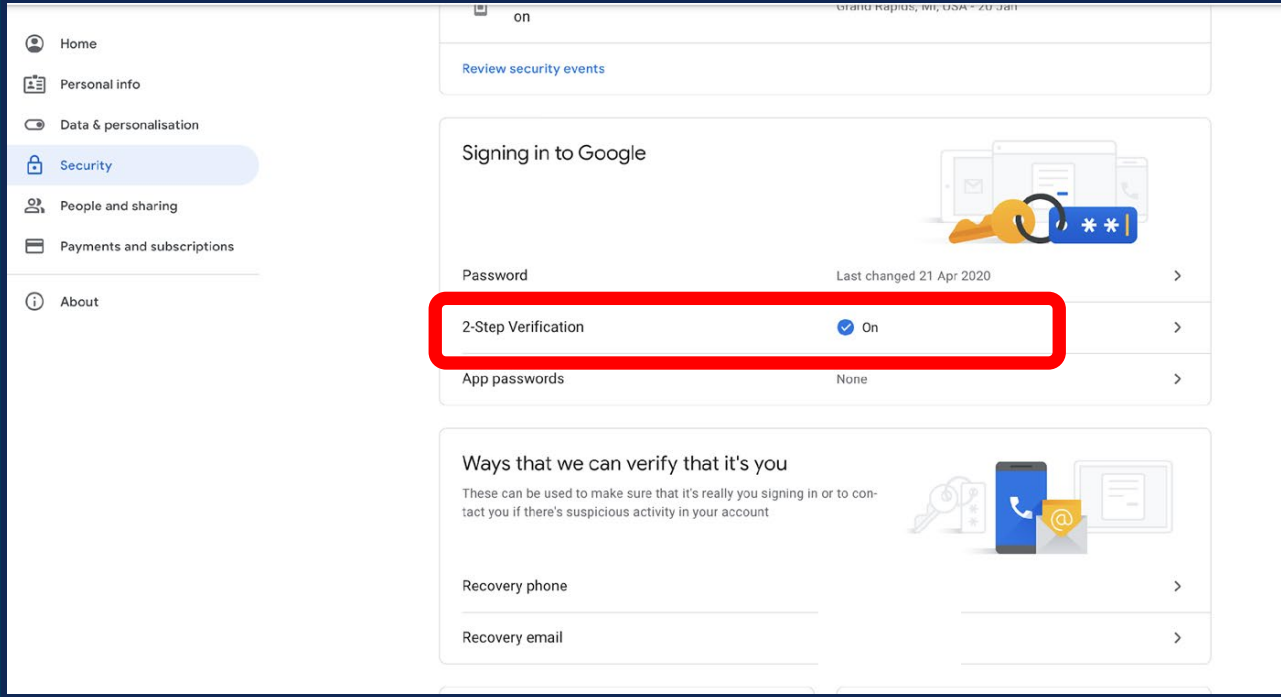

How can you help your clients be more secure?

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Communicate throughout the transaction.

1

Sell side:
Treat any vacant lot or not-owner occupied property with additional caution.

2

Sell side:
Check the source of your lead and set up an in person meeting or video call.

3

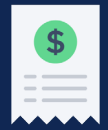
Sell side:
Contact your title agent for help to verify identity of a new client before you go forward.

4

Buy side:
Congrats you're under contract! Introduce the topic of wire fraud. It's NOT too early.

5

Buy side:
Remind your client when and how they'll be asked to send funds, and to always verify before sending.



6

Buy side:
Continue to be proactive about the risks of wire fraud all the way to closing.

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How are you verifying new clients or leads?

23%

Use an identity verification tool

31%

Check or make a copy of an ID

38%

Don’t have a standard practice

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From CertifID survey of 136 real estate agents, June 2024

Protection requires a layered approach.

Education of internal and external audiences

Standard operating procedures across your business

Software tools to lower risk, enable decision making, and improve efficiency

Incident response planning and testing to mitigate impact

First party insurance to protect you from loss

Education

Procedures

Technology

Incident Response

Insurance

CertifID 2024 State of Wire Fraud report

Need help?

info.certifid.com/nar

Submit a request to verify a seller's identity.

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Thank you NAR and everyone here today!

Tom Cronkright
Executive Chairman
CertifID

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