ALLIANT NATIONAL TITLE INSURANCE COMPANY

NATIONAL TITLE TIP 2025-01

TO: Alliant National Agents

DATE: January 28, 2025

SUBJECT: ***Deepfake technology increases risk associated with redirecting wires***

A report of a twist on the redirecting wires scam was received. Rather than intercepting an email, the scammer initiated a "correction of wire instructions" communication via voicemail message to the buyer. Fortunately, the title agent handling the closing had provided their proper wire instructions at the outset of the transaction and included on those instructions a warning that any attempt to change the wire instructions should be confirmed by calling the title agent. When the targeted buyer followed that procedure, the scam was thwarted.

Deepfake technology is technology which renders a simulation of someone's voice or presence. AI-driven improvements in deepfake technology are getting so good that they are making it virtually impossible to tell the difference between the "real thing" and the artificial solely through human observation. Even if the phone call or audio-visual communication sounds and looks like a trusted individual, it may be the product of deepfake technology. Be aware that you cannot trust what you see and hear via technology devices without conducting further verification.

TIPS:

Buyer's funds to close, mortgage payoffs, seller's proceeds, and realtor commissions are all targets for cybercriminals. Here are some tips to mitigate the risk of transferring money via fraudulent wiring instructions:

1. Establish trusted phone numbers for all parties at the onset of a real estate transaction.
   Whenever possible, obtain the contact information for the parties in the transaction from the purchase contract. Do not use a phone number provided in a voice message or email or one you cannot confirm. For an email, do not confirm by replying to the e-mail. Use an email address in the contract or one provided by a trusted third party.

2. Educate clients.
   Inform your clients upfront about potential scams and advise them to verify wire instructions.

3. Avoid emailing sensitive information.
   Use encrypted or secure email or encrypted portals for wire instructions.

4. Verify Wire Instructions.
   Always confirm wire instructions directly with the intended payee via a trusted phone number. **If any party receives a phone call or email purporting to change instructions, do not take any action without verifying through a trusted phone number.**

5. Use an ID and Wire Fraud prevention tool (such as Alliant National's SecureMyTransaction, CertifID, or ClosingLock).

6. Use a code phrase.
   Set up a code phrase at the onset of the real estate transaction and establishment of the customer relationship. If the person speaking cannot provide the pre-established code, then (s)he is not to be trusted.

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7. Double check wire details.
   Ensure wire transfer details match exactly before initiating the wire transaction.

8. Enact cybersecurity protocols.
   Maintain strong email security, use multi-factor authentication and conduct regular phishing training for your staff.

9. Slow down.
   Speed is the fraudster's ally and your enemy. Fraudsters gain an advantage by pressuring people to act quickly without independent confirmation of all the facts. Be on high alert for possible fraud anytime wire transfer instructions include tight deadlines or last-minute changes revolving around a pending real estate transaction.

10. Cyber Insurance.
    Carry a standalone Cyber Insurance Policy. It is the ultimate backstop should a fraud occur. The coverage must have both crimes and liability included. It is essential to have coverage for social engineering, business email compromise (BEC) and telephone/ telecommunications fraud. Ensure compliance with required protocols contained in the policy.

11. Act quickly.
    If fraud is suspected, contact your bank, your local FBI office, your insurance carrier, and your underwriter immediately. Time is critical.

SOME RED FLAGS SPECIFIC TO WIRE FRAUD:

- **Persistent emails** - multiple emails being sent minutes apart – trying to create a sense of urgency for last minute changes regarding a real estate closing.
- **Refusing to discuss by phone** - criminals sending fraudulent emails will refuse to discuss last minute changes by phone (they make an excuse that they are in meetings and unable to call).
- **Poor grammar and incorrect spelling -** may help identify a fraudulent email.
- **Repeated requests to keep the transaction confidential** - whenever wire transfer instructions specify to keep the transaction "secret", you should verify the legitimacy of the source of the request. Speak to the executive or manager requesting the transaction be secret by phone or in person. If you still have doubts, ask to speak to another, more senior executive.
- **Suspicious looking email addresses or domains** - double and triple check email addresses. Instead of (or in addition to) hacking an account, a common trick is to masquerade as a party to the transaction by modifying an email address slightly, so an employee doesn't notice that the message is from fraudulent domain. By replacing the "w" in Bank of the West's name with a double "v," for example, a masquerader was able to send emails from Bankofthevvest.com. Replacing an "L" with an "I" or a "1" in ColdwelIBanker.com is another example.
- **Suspicious patterns** - fake Realtor™ calls to request information and then exploiting emails with revised wiring instructions for transmitting seller's proceeds or other funds to a bogus bank account. For brokers, review your sent emails to cross reference replies that you did not send.
- **The New Deal out of Nowhere** – be leery of email contact only out-of-the blue contracts and associated check for earnest money. Expect an immediate request to return all or a portion of the earnest money via wire transfer for the funds delivered via the check. The check is likely fraudulent, and you are now wiring funds to an untraceable bank account.

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