United States
Secret Service
Global Investigative
Operations Center

GIOC ALERT

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Fraud Advisory: Wire Transfer Scheme Targeting Mortgage Payoffs

The U.S. Secret Service has observed a sharp increase in fraud targeting wire transfers related to real estate sales and mortgages. Millions of mortgages are paid off each year in connection with the sale and refinancing of residential and commercial properties. Mortgage payoff statements are most often sent by mortgage lenders to title companies, who are responsible for administering payment.

This fraud scheme involves the impersonation of mortgage lenders with the intent to elicit payment. Cybercriminals send either completely fictitious or altered (changing bank account information) mortgage payoff statements to title companies. Believing the payoff statements are sent from legitimate mortgage lenders, title companies follow the wiring instructions included in the scam emails and wire funds to accounts controlled by the cybercriminals.

This scheme is particularly concerning due to the high value of individual wire transfers and frequently the lack of confirmation from lenders that wire transfers are received. This creates a unique challenge for title companies in discovering and recovering funds after they are transferred.

Prevention

- ✓ Update policies and procedures to ensure proper verification of information before releasing funds.
- ✓ Independently obtain mortgage payoff statements and confirm with verified and trusted sources.
- ✓ Independently verify the authenticity of information included in correspondence and statement.
- ✓ Do not rely on third-parties, such as mortgagors or other transaction participant, for information.
- ✓ Restrict wire transfers to known and previously verified accounts.
- ✓ Pay using checks when the information cannot be independently verified.
- ✓ Have a clear and detailed Incident Response Plan. For more information visit the Secret Service Preparing for a Cyber Incident page.

Contact your local U.S. Secret Service field office Cyber Fraud Task Force (CFTF) to report suspected fraud.