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# Real estate fraud risk is on the rise, and victims are sounding the alarm

One victim of real estate fraud warns: 'Our money was just gone'

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By **Breck Dumas** | **FOXBusiness**

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Purchasing a home is an exciting milestone in a person's life, but criminals are increasingly exploiting such transactions through real estate fraud, robbing victims who are often left with little or no recourse.

CertifID's 2024 State of Wire Fraud report released Tuesday found that 1 in 20 Americans who bought or sold a home within the past three years have been victims of some type of real estate fraud, with the median amount in consumer losses exceeding \$70,000 as a result of stolen buyer's down payments and seller's net proceeds.

Real estate wire fraud is surging, and victims are calling for awareness and recourse as cybercriminals become increasingly cunning. (Justin Sullivan/Getty Images / Getty Images)

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The wire fraud protection company warns fraudsters have become increasingly skilled at leveraging public records, breaching broker and title agency systems, and posing as someone involved in a transaction to steal from unsuspecting consumers.

Virginia resident Darryl Aldrich and his wife were targeted in such a scam and shared the experience with FOX Business in an interview, saying it is "still kind of hard to believe" it happened.

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Two days before closing on their home purchase, Aldrich received a legitimate email from the title company, alerting him that he would be receiving wiring instructions the next day. So, when he received an email with the identical email signature and wiring instructions the next day, he moved forward with sending the wire – more than \$28,000.

When the Adlrichs showed up at the closing, the title officer asked when they planned to send the wire, saying it had not been received. So, the couple pulled up the email as proof of the instructions they had followed.

The problem was, the second email was sent by a fraudster impersonating the contact at the title company, with wire instructions to another account. The Aldrich's money had been wired to a criminal.

A cybercriminal mimicked the title company and even the email signature of the employee who sent the wire instructions to the Aldrich family, convincing them it was safe to wire their funds to a different account. (iStock / iStock)

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"All of our hearts just sank at that point," Aldrich recalled. "That money was just gone out of our account."

Aldrich found out later that the email address of the fraudster was different from the first email that had been sent from his contact at the title company but said he could not view (and therefore verify) the email address because he had pulled it up on his smartphone.

Thankfully, Chase, the bank receiving the funds, flagged the account the Aldrichs had sent the payment to because of suspicious activity, and the funds were restored to the couple's account days later. However, many victims are not so lucky.

The latest data from the FBI shows this type of crime, which falls under the category of business email compromise, cost victims a record \$446.1 million in real estate transactions during 2022, and CertifID co-founder and CEO Tyler Adams told FOX Business the crime is only accelerating as fraudsters become more sophisticated.

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"If you are a first time homebuyer entering into a real estate transaction, you need to be made aware you are entering one of the biggest cybercrime environments that we've ever seen today," Adams said. "You have to be on high alert with every email that you get from your real estate agents, you have to be on high alert with every communication they get from your title company, because at any point, somebody's communication could be compromised or broken down, and you could start receiving emails that look like they're coming from one of those trusted parties when they're not."

He added, "That's where we see the consumer get hurt the most, because they received communication convincing them to send money to a fraudulent account or entity, and they believe it to be true."

Criminals are also tricking title companies into sending funds for sellers and mortgage payoffs to incorrect accounts, stealing the money. (Photographer: Daniel Acker/Bloomberg via Getty Images / Getty Images)

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It is not just buyers and sellers getting scammed. Adams said title companies are losing a significant amount sending wires to "sellers" that are not actually who they say they are, and submitting funds thinking they are paying off a mortgage – but it is actually a scammer's account.

"So everybody's at risk here as a result of typically phishing schemes that lead to email compromises that then lead to these sorts of scenarios," he said.

Meanwhile, CertifID's survey found most (51%) consumers were not aware of these types of scams prior to closing on a transaction, and 60% said they received little to no education on the risks of real estate fraud from their agent, title agency or attorney.

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Aldrich said he wants people to be more aware of what happened to him and his family, because he knows a lot of victims' funds are not recovered. He believes title agencies should do more to warn people about scams since they have become more common and suggests the wire verification happens in person, when possible.

"I feel like there should be some more steps they should be taking or at least make it possible to do certified checks or something," Aldrich told FOX Business. "I don't know, that doesn't seem too crazy to me."

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