



## CHICAGO BULL

(8-6-2018)

### EMAIL & WIRE FRAUD:

**FIRST PRIORITY:  
PROTECTING your clients,  
your firm and yourself!**



Who and What are AT RISK?

- Commercial and residential transactions are at risk
- Payoff letters, wiring instructions to buyers from sellers and for others - any communications (other than in person personal delivery by the intended recipient)
- Your and your law firm's financial and business future, as well as reputation in the community
- Your personal finances

This is NOT A NEW ISSUE! Alerts, information and advice have been broadly disseminated and are available everywhere – the [news](#), the [Real Property Section listserv](#), [Lawyers Mutual](#), [title insurers](#), the [NC State Bar](#) ([repeatedly](#), including [2011 FEO 7](#)), the [NC Closing Attorney Best Practices Task Force](#), banks with trust accounts now requiring multi-factor authentication AND EVEN THE [Attorney General's office!](#) LISTEN, LEARN AND IMPLEMENT TODAY so that *you* will *not* be next!

Here's the nutshell:

- TRAIN AND EDUCATE YOUR STAFF, OTHER ATTORNEYS, YOUR REGULAR REALTOR & LENDER CUSTOMERS, AND BASICALLY EVERYONE WHO MAY BE INVOLVED IN THE CLOSING, WIRING AND TRUST ACCOUNTING PROCESS.
- Obtain signed [Wire Fraud Alert Forms](#) with your *reliable contact information* (yours and theirs) and warnings about why this is critically important *to them, directly and securely* with each of the parties with whom you may be electronically receiving or transmitting information or funds *immediately when you open the file.*
- Consider including this Wire Fraud Alert in your engagement letter with the proposed new client, on your firm's website, in your automatic email footer, and any other location which might reach or be available to a client or party to a transaction.
- Obtain verbal verification *before any financial transaction, incoming or outgoing*, from a known, trusted contact *with the payee* at a known trusted telephone number for every instruction *and especially any last minute changes!* REMEMBER: Most banks and closing attorneys do not suddenly change their wiring instructions at the last minute.
- *You initiate the contact! DO NOT rely on them calling in to you.*

- Verify delivery with the intended recipient using the *reliable contact information*, especially for larger amounts.
- Verify the coverage of any cyber-insurance or endorsements to existing malpractice or comprehensive liability policies. Do not assume that you will be covered.
- And, most importantly of all: BE DILIGENT!! KEEP UP WITH ADVICE AND INSTRUCTIONS FROM OTHERS IN THE INDUSTRY ABOUT THE SOURCES OF THE RISK. KEEP UPDATING AND IMPROVING YOUR SYSTEMS AND PRACTICES TO CONTINUE PROTECTION.
- TRAIN AND EDUCATE YOUR STAFF, OTHER ATTORNEYS, YOUR REGULAR REALTOR & LENDER CUSTOMERS, AND BASICALLY EVERYONE WHO MAY BE INVOLVED IN THE CLOSING, WIRING AND TRUST ACCOUNTING PROCESS. (Did I say that already? Well, THAT bears saying again, repeatedly with existing and new firm employees.)
- And, despite all your efforts, if a wire goes astray, FOLLOW UP ASAP WITH:
  - Your bank and be sure to say: **FRAUD**
  - The transmitting bank (for incoming wires, such as buyer or loan proceeds)
  - The recipient bank (for outgoing wires, such as payoffs or seller proceeds)
  - Local law enforcement
  - Federal Bureau of Investigation: <https://www.fbi.gov/>
  - Internet Crime Complaint Center: <http://www.ic3.gov>
  - Your malpractice carrier
  - Your cyber-insurance carrier
  - The title insurance company involved
  - Your client and/or the parties involved

***BE SAFE OUT THERE!! A little due diligence goes a very long way!!***