Don't Let Wire Fraud Cause You to Lose the Money You Need for Closing

Real Estate Today



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When I sit down with homebuyers, especially first-time buyers, I take the time to talk about something that has nothing to do with houses. I talk about wire fraud.

Most people imagine cybercrime as a technical exercise involving hackers breaking into computer networks and defeating sophisticated security systems. The reality is often much simpler. The most successful scams frequently rely on something more ordinary: trust.

A recent case involving the City of Mobile, Alabama, offers a lesson every homebuyer, seller, real estate agent and title company should study. I learned about it from the Square Footage email newsletter from Briefcase.

Mobile was building a new downtown arena and owed its contractor roughly $14.7 million. According to the city's publicly released timeline, someone posing as an employee of the contractor began communicating with city staff in late spring. Over the next four months, the impostor requested paperwork, submitted revised banking information, answered questions and gradually established credibility. The city ultimately updated its records, and on Oct. 2 sent a legitimate payment for a legitimate invoice to what turned out to be a fraudulent bank account.

The contractor never received the money.

What makes the story so instructive is that nobody hacked the city's computers. No ransomware was involved. No malware was deployed. The scammer simply convinced people that future payments should be directed somewhere else.

If that sounds familiar, it should.

Real estate wire fraud typically follows the same script. A buyer receives an email that appears to come from a title company, lender or their agent. The message explains that wiring instructions have changed and provides a new account number. Everything looks authentic. The logos are correct, the language is professional, and the sender may even appear to be someone already involved in the transaction.

Believing the message to be legitimate, the buyer wires hundreds of thousands of dollars to the account. Only later does everyone discover that the money went to a criminal rather than to the closing company.

The detail from the Mobile case that caught my attention most involves a verification attempt. According to local reporting, a supervisor did try to confirm the banking change. Unfortunately, the verification call was made using the telephone number provided in the email requesting the change.

Think about that for a moment. The city effectively called the person requesting the change and asked whether the request was genuine.

Naturally, the answer was yes.

That single mistake illustrates the most important lesson of all. Verification only works when the information being used to verify comes from an independent source. A phone number contained in the suspicious email is not independent. A known company phone number, a published office number, or a contact already in your records is.

The FBI has repeatedly warned about business email compromise and real estate wire fraud because the financial losses can be enormous. Homebuyers may assume that criminals focus on governments or large corporations, but crooks often prefer residential transactions. A typical closing involves substantial sums of money, tight deadlines and stressed participants who may be handling a wire transfer for the first time in their lives.

The good news is that these scams remain highly preventable.

Every buyer should be told at the beginning of the transaction that wiring instructions do not change by email. Every title company should require rigorous verification before accepting changes to payment information. Every lender and real estate professional should treat unexpected requests involving money as suspicious until proven otherwise.

Most important, anyone receiving revised wire instructions should stop and make a phone call using a trusted number obtained independently of the email.

A little inconvenience is far less painful than a major financial loss.

The lesson from Mobile is not really about city government. It is about human nature. The scammer succeeded because people wanted to be efficient, responsive and helpful. Those are admirable qualities in most situations. When money is moving electronically, however, skepticism can be just as valuable.

The safest closing is usually the most boring one: verify everything, trust nothing that arrives unexpectedly, and always pick up the phone before sending the money.

Are All Those Data Centers Needed?

I use AI all the time with no trouble, so why do they need to build more capacity? I address that question on my Substack blog, http://RealEstateToday.substack.com.

I'm Teaming Up With 2 of My Top Producers

Except in my first year as a Realtor, I never partnered with another agent or functioned as a team leader or team member, although I have been the managing broker since 2007, when I started Golden Real Estate.





Now, however, I have decided to form a team with David Dlugasch (top) and Chuck Brown (bottom), the only two agents in our brokerage with more experience than myself. From now on, I will take listings as usual but for each listing I will bring in one of them to double the attention given to each seller.

Between the three of us, we have over 75 years' experience in residential real estate marketing and sales.

David Dlugasch has 30 years' experince in real estate. He owned a distribution center in New Jersey before relocating to Gunnison in 1997, where he became the broker/owner of Peak Property Management and Sales in Crested Butte and Gunnison. He relocated to Arvada to be closer to his family. Having read this Denver Post column online for years in Gunnison, David looked me up when he moved here and became a member of the Golden Real Estate office 14 years ago, making him one of my longest serving broker associates.

Chuck has over 25 years' experience in real estate and joined us about the same time as David. A long-time Jefferson County resident he has built his business around relationships, market expertise and attention to detail. In his 12 years with me, he has helped me on many successful transactions and even represented the buyer when I listed my own home in 2022! When I need help on a market analysis for a complicated listing, I turn to Chuck for help. Chuck takes pride in helping buyers and sellers understand property values through thorough market analysis, staying current on market trends and guiding clients through every step of the transaction process. Although he has worked throughout the Denver metro area, he began his career in central Denver, and today much of his business is concentrated in west metro Denver and the foothills.

I thank readers of this column for consistently calling on me for their real estate needs. Know that henceforth, you get two for the price of one!

Here Are a Couple of Our Current Active Listings

Narrated Video Walk-Throughs of Each Listing Can Be Found at www.GRElistings.com

1694 S. Balsam St., Lakewood - $550,000



PRICE REDUCED! This 5-bedroom brick ranch with finished basement is on the northeast corner of Balsam Street and W. Mexico Ave. in the Clover Lane subdivision. It was built by the builder for his own family in 1962, but the current owner purchased it a few years later and has owned it for 58 years! He has kept it up nicely and made many improvements and repairs including granite countertops, Champion double-pane windows, new sewer line, heated garage, and more!



13527 W. 63rd Way, Arvada - $499,000

PRICE REDUCED! ***Seller offers $10,000 for interest rate buydown!*** This contemporary 3-bedroom/4-bath townhome features over 2,250 finished square feet, highlighted by an open-concept main level with soaring vaulted ceilings and slab-granite kitchen countertops. All new berber carpeting was just installed on all three levels plus the stairs. A sunny dining area opens to a spacious private patio, perfect for outdoor relaxation. Energy-conscious buyers will appreciate the ChargePoint EV charging station in the two-car garage. The basement contains a third bedroom with a 3/4 bath.

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