



GREGORY D. TOTTEN
District Attorney

NEWS RELEASE

vcdistrictattorney.com

Twitter: @VenturaDAOoffice

Contact: Tony Wold
Senior Deputy District Attorney
Telephone: (805) 662-1750
E-mail: Tony.Wold@ventura.org
Approved: MDS *mels*
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Wire Fraud Advisory

VENTURA, California – District Attorney Gregory D. Totten warned today of a fraud scheme in which individuals purchasing a home or engaging in business transactions can be tricked into wiring large sums of money to thieves. Sadly, in many cases, the money cannot be retrieved.

This scam is called Business Email Compromise (BEC). Typically, the suspect hacks into an email account to monitor communications about an upcoming real estate purchase or business deal. When the deal nears completion, the suspect will send a “spoofed” email to the purchaser that falsely appears to be from a real estate agent, escrow officer, or title agent involved in the transaction. The fraudulent email provides instructions on wiring the funds (e.g., a down payment for a house) and the consumer wires money to an account under the suspect’s control. Once received, the funds are rapidly – sometimes within minutes or hours – wired overseas or converted to cryptocurrency such as Bitcoin. Too often, these funds represent the consumer’s life savings.

Recently, the Ventura County District Attorney’s Office received reports of fraudulent BEC transactions targeting consumers in our area. A prompt investigation resulted in the return of most of the stolen funds to the victims. In one case, \$358,405 of funds an individual had sent to purchase a small business was recovered. In another case, \$142,770 of a down payment for a home was recovered. Quick action by consumers and investigators was essential to thwart these crimes. Unfortunately, in many cases, by the time the theft is discovered, the funds have been transferred and cannot be recovered.

Last year in California alone, over \$42 million was lost to BEC scams. Fifty percent of victim losses stemmed from BEC fraud involving real estate transactions. Nationwide, BEC causes \$3.1 billion in losses. The District Attorney recommends the following tips to avoid becoming a victim of this type of fraud:

- Obtain names and phone numbers from all real estate professionals – including the buyer’s or seller’s agent, escrow agent, attorney, and any other professionals that may be involved in the purchase or sale of the property – at the beginning of the transaction.
- Never wire or electronically transfer funds (including opening deposits, down payments, or earnest money) without first calling and verifying *all* emailed wire instructions. Use a known phone number obtained at the beginning of the transaction for this confirmation. *Do not* use any phone number provided in an emailed wire transfer instruction. This confirmation should be accomplished by voice, not by text or email.
- Throughout your real estate transaction, provide sensitive information only by voice rather than by email or text. Limit social media use, including location information and check-in sites, and do not discuss pending real estate transactions on any form of social media. Such information may be used to target your transaction and to better time fraudulent wire transfer emails.
- Insist your real estate professionals communicate with you using secured business email accounts instead of free email services such as Gmail, Yahoo, Hotmail, etc. Secure your own email accounts with multi-factor authentication, strong passwords, and virtual private network (VPN) services if using free email services.

Consumers who believe they have already wired funds to an unauthorized account should *immediately* do the following:

- First, contact your bank, in person, and demand a wire recall. Obtain confirmation that the wire has been reversed. If the transfer has been made after normal business hours, call your bank’s 24-hour customer support line.
- Second, immediately file a fraud report with the Federal Bureau of Investigation at <https://bec.ic3.gov/>
- Third, submit a real estate fraud complaint form to the District Attorney’s Office through www.refat.org

In light of the pervasive spread of business email compromise activity, consumers must be especially vigilant. Once funds have been wired out of a consumer's account, successful recovery of those funds is often impossible.

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The Ventura County District Attorney's Office is the public prosecutor for the county's 850,000 residents. The office employs approximately 280 employees including attorneys, investigators, victim advocates, and other professional support staff who strive to seek justice, ensure public safety, and protect the rights of crime victims.

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