FOREIGN SELLER OR SCAM ARTIST?

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HOTSPOT FOR FRAUD?

The real estate industry is a hotspot for fraud for several reasons:

1. The median price of homes and land has increased, creating large sums of money that criminals find attractive.
2. Transactions can involve multiple parties, allowing room for miscommunication and errors.
3. The market is busier than usual, and agents are rushing to meet deadlines, limiting proper attention to protocols.
4. All the data that a scammer needs is easily found online.

HOW THE SCAM WORKS

1. This scam involves the sale of property without the knowledge of the actual owner or their involvement.
2. The imposter goes online to the local property appraiser's website to search for land records that indicate an owner with an out-of-country address.
3. These imposters usually target vacant land owned by foreigners although there are several cases involving domestic sellers as well as other types of real estate.
4. Once the imposter has the landowner's name and address, they create a fake passport (or other ID) to match the country shown in the address.
5. They provide this ID in hopes that nobody will notice it's been altered.
6. They pretend to be the real owner throughout the entire process. They make appointments with the "Embassy" to get the documents "notarized" and then mail them back to the closing agent hoping they won't recognize that the notary is forged.
7. They provide wire instructions and once the proceeds are received, they ride off into the proverbial sunset.
8. Days, weeks, or years later, the real seller learns that the deed has been changed and comes forward seeking to reclaim their property.

RED FLAGS

There are many red flags that consistently come up in these types of fraudulent transactions. One red flag (by itself) may not be an indication of fraud but when there are several red flags on one transaction, it can be a good indicator that there is a problem. Agents must be on the lookout for these typical signs:

1. These imposter sellers reach out to real estate agents through Zillow, Realtor.com, or their websites to ask for a CMA. They mention that they are eager to sell and that they are looking for a "quick sale" and prefer an "all cash sale." Sometimes they will give an excuse why they need to sell so fast, which usually involves an illness.
2. The scammers will only communicate via text or email. They refuse to speak on the phone and use excuses like:
    - ✓ They work in the Gulf of Mexico on an oil rig
    - ✓ They don't have a good wi-fi connection

- ✓ Their camera is broken on their phone
- ✓ They don't have a computer with a camera
- ✓ There is a language barrier
- ✓ Plus, many other excuses

3. The scammers are not able to answer any questions relating to the property. They don't know about utility assessments, lot clearing, seawalls, endangered species, or other improvements.
4. The scammers are not able to provide any details or documents from when they purchased the property. They can only provide a copy of the deed or tax bill, which is readily available online.
5. Scammers appear to live in one country but then provide documents "notarized" in different country without any explanation.
6. Scammers provide wire instructions to a bank in a completely different country, usually an Asian country like Singapore or Vietnam.
7. Look for inconsistencies such as:
   - Claiming to be out of the country but has a US phone number
   - Responds from multiple email addresses
   - Forgets and sends a second ID with different picture

ONLINE RESOURCES

European Council PRADO Website:
https://www.consilium.europa.eu/prado/en/prado-start-page.html
Swedish Police Department:
https://etjanster.polisen.se/egid/giltighetskontroll/giltighetskontroll
Ontario Canada Driver's License Check:
https://www.dlc.rus.mto.gov.on.ca/dlc/enter-details
Mexico CURP Checker Online:
https://www.gob.mx/curp/
Columbia Status of Citizen Card:
https://wsp.registraduria.gov.co/certificado/
Florida Driver's License Check Online:
https://services.flhsmv.gov/DLCheck/
Wikipedia – National Identification Numbers:
https://en.wikipedia.org/wiki/National_identification_number
UK Passport Office – Basic Passport Checks:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/867550/Basic_passport_checks_1988_-2019_02.20.pdf
European Union PRADO – Links to Validity Checker by Country:
https://www.consilium.europa.eu/prado/en/check-document-numbers/check-document-numbers.pdf

PAPER RESOURCES

ID Checking Guide: https://www.nationalnotary.org/supplies/notary-books/id-checking-guides

PREVENTION PROTCOLS

1. Follow all published protocols by your broker.
2. Develop protocols/SOP for you and/or assistants to follow and provide training
3. Upon contact from seller, ask for:
   - Video call using Skype, Zoom, FaceTime, WhatsApp, etc.
   - A current photo of them holding the ID document in their hand
   - At least 2 forms of government issued ID, such as:

Passport	Driver's License
Social Security Card	ITIN Assignment Letter
National ID Card	Permanent Resident Card
Residency Card	Birth Certificate
Voter Registration Card	Health Insurance Card
Travel Visa	Work Identification Card

4. If a referral, confirm how they know this seller.
5. Ask them if there were any red flags during their initial contact.
6. Send out a letter or postcard to the address shown on the last recorded deed or property appraiser website and wait for the owner to respond.
7. Send a document for e-signature and then check IP address to confirm location and IP address match.
8. Compare address and phone numbers for consistency.
9. Use Google translate app on your phone to translate foreign languages on the ID.
10. Request proof of ownership from the seller. Examples include:
    - Copy of original purchase contract
    - Copy of the HUD/CD/Settlement Statement
    - Copy of contract with builder if new construction
    - Mortgage Statement/Information
    - Paid receipt/credit card statement for property taxes
    - Paid receipt/credit card statement for assessments/utilities
    - Copy of original title commitment or policy
    - Copy of the wire confirmations from bank at time of purchase
    - Listing offers/postcards from other Realtors
    - Any mail received via post office from a US sender
    - Any other document that can prove their ownership besides something that is readily available online.



11. Be suspicious when a foreign seller says that they "don't care about FIRPTA" or that they "don't care about getting a refund."
12. Be suspicious of foreign sellers that hire an attorney (usually at the last minute) to represent them for a low-valued property. The scammers think that hiring an attorney adds legitimacy to their case. Plus, attorneys are not verifying their client's ID documents.
13. Always check the validity of ID documents yourself.
14. Trust your gut! If it doesn't feel right, ask more questions.
15. Confirm the identity of all your sellers – not just foreigners selling vacant land.

HOW TO REPORT FRAUDULENT SELLERS

1. Contact your local police department. Find out if they have a Financial Crimes Unit.
2. Contact the US Secret Service as this is the branch of government that deals with these types of crimes.
3. Contact the Office of the Attorney General.
4. Notify your broker and co-workers, alerting them to the imposter.
5. Contact your title company and inform them.
6. Notify the other real estate agent ASAP.
7. Contact your local MLS office.