

Case Study

Fighting Corporate Crime

Verafin Alerts Financial Institution to Major Real Estate Fraud Against Title Company

Fraudsters will exploit every opportunity for their gain, including targeting corporate customers such as title companies with elaborate wire scams. This anonymized case study highlights one such scenario observed in the Verafin Cloud, and how our robust Wire Fraud solution detected the suspicious activity and alerted a financial institution to an ongoing fraud impacting one of their corporate customers.

Noverland Ltd. was a successful title company operating in the continental United States. One day, the company was contacted by a real estate investor seeking to purchase land she had seen online, valued at \$1.6M. The deal appeared legitimate, and she needed Noverland Ltd. to complete the title work between her and the property owner Mr. Smithson, who provided the company with a home address, and a different address where he wished to receive all mail related to the property sale. Mr. Smithson claimed that this mailing address was a forwarding location where his chronically ill son was working and could receive mail between medical treatments. He later sent closing documents to Noverland Ltd. and requested a meeting between Noverland Ltd. and a notary at a different address, claiming he would be out of state.



Soon after, **Noverland Ltd. received a message from Mr. Smithson that a check for \$1.6M was his preferred method of payment, and that it must be sent urgently.** Although the check was issued, Mr. Smithson claimed that Noverland Ltd. had completed it incorrectly — he explained that the name on the check did not match his account, and he could not cash it. **Mr. Smithson was creating an excuse to demand another, irrevocable form of payment — a wire.** Citing a need to avoid any further inconvenience and close the sale as soon as possible, Mr. Smithson forwarded payment instructions to Noverland Ltd. and demanded the wire transfer, which the company initiated with their financial institution Welter Bank.

When the wire was initiated, it was examined by Verafin's targeted Unusual Outgoing Wire – Title Company analysis in real time and suspended for potential fraud. **The wire recipient was new to Noverland Ltd., and critically, was also new to the Verafin Cloud — strongly indicating that the receiving account was created to facilitate fraud.**

Verafin alerted a Welter Bank analyst to the suspicious activity, and the bank successfully recovered the funds, and filed a Suspicious Activity Report (SAR) to law enforcement. Upon further investigation, local authorities determined that the land was owned by another man — Mr. Smith, a victim of identity theft. Mr. Smith, who had no intention of selling the property, had been impersonated by the fraudster and his personal information was exploited to open the account used in the scam.

Combining the power of consortium data in the Verafin Cloud with intelligently segmented and real-time analysis, Verafin's Wire Fraud solution can help effectively protect your customers from loss, including businesses and title companies. You gain a true understanding of the risk associated with both sides of a wire payment, allowing your institution to determine if a receiving account has trusted history or is a potential mule account created to facilitate fraud, and intervene immediately with our inline blocking capabilities to stop fraudulent wires before the funds leave your institution.

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