

Dear Stewart Partners,

As the end of summer approaches and we head into a long weekend, we want to remind you that this is a prime weekend for wire misdirection fraud. We're providing some reminders to help you avoid becoming a victim and ask that you stay extra vigilant. In addition, for our Connecticut agents, we are including a short primer on signing authority for corporations under a power of attorney on releases, deeds, and other instruments.



Long Weekend or Fraud Weekend By: Jutta R. Deeney, Esq., Sr.
Underwriter and New England Regional Underwriting Counsel

Cybercriminals target long weekends. There are a few reasons for this, but primarily the long weekend buys the fraudster time. Long weekends provide one additional day that banks and businesses are closed, which may prevent the victims in the transaction from realizing that funds were wired into a fraudster's account. Put simply, the fraudster gains an additional day before the parties realize the money is gone, and the longer it takes to discover the fraud, the higher the likelihood that money won't be recovered. Also, because of the long weekends, many people in the transaction are being rushed to get the deal done, because not closing will have a greater impact on the buyers and sellers resulting in a minimum 3-day delay, and unhappy clients. Lastly, it's likely that you and your staff had a busy pre-holiday work week (particularly as it's also been the last week of the month), folks are anxious to start the weekend, some of your staff may be taking vacation, and those covering are doing more and working harder. Work fatigue has set in. The fraudster is counting on someone making a mistake and not following protocols, which is more likely to happen at the end of a busy work week with possibly lower staffing levels.

We've linked a video, provided some resources, and set out some reminders on wire fraud prevention and awareness below. It's a good time to remind your staff and colleagues of the heightened risk of wire fraud this coming weekend.

Wire Fraud Awareness and Prevention Tips

1. **Be Vigilant!** Communicate with all the parties in your transaction that wire fraud is a real risk and anyone who is wiring money should verify instructions prior to wiring funds. Buyers and sellers in a transaction may not know that the simple fact of being a party to a real estate transaction makes them a target. Wiring any money without confirming via a phone call to a known number is dangerous and very risky. As a

reminder, a “known number” is NOT the number received via the text or email containing the wiring instructions.

2. A Change in Wire Instructions is a Red Flag. Any change that you or your clients receive to change the original wiring instructions is a significant red flag and is likely fraudulent.
3. Make sure you or your office are reachable by phone. It is important that you and your office can be reached during business hours to confirm instructions and to be alerted if there is a potential wire fraud. Given the prevalence of remote-working, many calls to the front desk or main office line end up in voicemail, with messages to be retrieved at a later date. Consider forwarding the main number to a staff member so that wires can be quickly confirmed, receipt of funds can be verified, and that in the unfortunate event of an attempted wire misdirection, you can be reached and have the ability to respond quickly. The faster the fraud is identified the higher the likelihood of the funds being recovered.
4. Slow down and make sure that protocols are followed. Cutting corners and skipping a verification process is what the fraudster is counting on. Make sure that everyone in your office knows your process and procedures for sending and receiving wires and what to do in the event a wire is misdirected. This knowledge will minimize your risk.
5. Ask for Disbursement Confirmations. When representing sellers who are expecting proceeds, and/or are expecting a mortgage to be paid off, arrange with the closing counsel that you are immediately notified when the wire is sent and request the wire confirmation. One received, review the confirmation to make sure they match with instructions you have provided.
6. Examine Email Addresses. Look closely at email addresses, particularly messages that deal with money and funds. Don't assume the message is being sent by the sender, it could be a fraudster posing as the sender. Always assume that the bad guys are looking at your emails.

ALTA, the American Land Title Association, has produced a short informative video directed at consumers in the real estate transaction about the risks of wire fraud. This is a great video to share with your clients to help educate them about the risks and red flags. To view, follow this link: [ALTA Wire Fraud Tips Video \(youtube.com\)](https://www.youtube.com/watch?v=ALTA-Wire-Fraud-Tips-Video)

The Coalition to Stop Real Estate Wire Fraud - Check out the resources, including videos and print material, at The Coalition to Stop Real Estate Wire Fraud site at:

<https://stopwirefraud.org>



Corporate Powers of Attorney and Authorized Corporate Signatories in Connecticut By: Nancy Walkley, Esq., Assoc. Senior Underwriting Counsel, Connecticut

Releases

It is common to see releases of mortgages executed by attorneys in fact on behalf of mortgage lenders. In Connecticut, there is no need to record a corporate power of attorney. In commercial payoff instances, it is standard practice to request a copy of the power of attorney related to the signer of a release, along with whatever certificate or resolution was adopted to authorize the granting of the power of attorney, and due diligence

in that regard is complete. With residential mortgage releases those powers of attorney are generally not further researched and are accepted in the normal course of business.

Since the authority of an attorney in fact who executes a conveyance on behalf of a corporation is found in the corporate actions such as votes or resolutions, case law has not required recording of the power of attorney, making our statute C.G.S. 47-5, which requires the recording, inapplicable to corporate conveyances.

Conveyance Deeds and other instruments

For non-lender conveyances by corporate entities, the resolutions adopted to authorize the conveyance can appoint an authorized individual signatory for same obviating the need for a power of attorney to be executed. This simplifies the drafting of the signature blocks in corporate instruments in connection with a transaction. The By-Laws or Operating Agreement of a corporation or limited liability company should be reviewed along with such a resolution to confirm the appointment of the signatory was done in accordance with the entity's governing documents. A signature block in these instances can be as simple as that below:

XYZ LLC

By _____

John Smith, duly authorized signatory



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