

# ALTA Press Release

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AMERICAN  
LAND TITLE  
ASSOCIATION

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For Immediate Release



## American Land Title Association Commends U.S. Senators on Wire Fraud Letter to Federal Reserve

Washington, D.C., July 31, 2019 — The [American Land Title Association](#) (ALTA), the national trade association of the land title insurance industry, applauds the bipartisan group of 33 senators – led by U.S. Senators Jerry Moran (R-Kan.) and Chris Van Hollen (D-Md.) – who today questioned Federal Reserve Chairman Jerome Powell on what efforts the Federal Reserve has underway to limit fraud and verify payee matching on wire payments.

There is an increasing problem of wire fraud through business email compromise and email account compromise in the United States. This serious issue continues to put Americans – especially homebuyers – at risk of sending large payments to the wrong accounts with no recourse for getting that money back.

“We write to you concerning the increasing problem of wire fraud through business email compromise (BEC) and email account compromise (EAC) in the U.S.,” the senators wrote. “This method of fraud poses great risks to our constituents, specifically homebuyers. Confidence in our payment system’s ability to safely transfer large sums of money is an incredibly important part of the homebuying process. We are concerned that the Federal Reserve’s policies on wire fraud lack the urgency of the problem . . . Given the rapidly increasing seriousness of the issue, we are interested in what efforts the Federal Reserve has underway to limit fraud and verify payee matching on wire payments.”

“We applaud Senators Moran and Van Hollen, along with the other senators, for their letter to Chairman Powell asking for information about the work the Federal Reserve is doing to protect consumers and the wire system from fraud,” said ALTA CEO Diane Tomb. “Thieves use sophisticated fraud schemes to steal money when people are buying or selling homes, and we must maintain confidence in our electronic payment system, which is the fastest and safest way to transfer money.”

ALTA has a history of shining a light on wire fraud. Last month, ALTA founded the [Coalition to Stop Real Estate Wire Fraud](#) to raise awareness and educate homebuyers, real estate and mortgage professionals as well as policymakers about the extent and urgency of the wire fraud epidemic; provide concrete steps people can take to prevent wire fraud; and identify and empower victims to tell their stories and advocate for solutions.

Full text of the senators’ letter can be found [here](#) and below:

*The Honorable Jerome Powell  
Chairman  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue NW  
Washington, DC 20551*

Dear Chairman Powell:

We write to you concerning the increasing problem of wire fraud through business email compromise (BEC) and email account compromise (EAC) in the U.S. This method of fraud poses great risks to our constituents, specifically homebuyers. Confidence in our payment system's ability to safely transfer large sums of money is an incredibly important part of the homebuying process.

We are concerned that the Federal Reserve's policies on wire fraud lack the urgency of the problem. The Federal Reserve's report last fall, "Changes in U.S. Payments Fraud from 2012 to 2016: Evidence from the Federal Reserve Payments Study," does not even mention the issue of wire fraud. While other countries, like the United Kingdom, have taken proactive roles in preventing wire fraud, especially for real estate transactions, the Fed's only other substantive effort to date appears to be the Secure Payments Task Force's announcement to create and publish "recommended fraud definitions."

Last summer, the Federal Bureau of Investigation (FBI) released a public service announcement titled, "Business E-mail Compromise the 12 Billion Dollar Scam." The FBI reported that from 2015 to 2017 there was an 1,100% increase in the number of real estate related email compromise scams reported to the FBI. Of these scams, the amount of funds lost increased nearly 2,200%. In fiscal year 2017 alone, the FBI reported that \$969 million was "diverted or attempted to be diverted" from real estate purchases to "criminally controlled" accounts, an incredible increase from \$19 million in 2016.

The Federal Trade Commission (FTC) and Consumer Financial Protection Bureau (CFPB) have also taken steps to raise awareness of this issue, issuing warnings to consumers on the dangers of wire fraud while urging consumers to "Protect Your Mortgage Closing from Scammers" and "Watch out for Mortgage Closing Scams."

Given the rapidly increasing seriousness of the issue, we are interested in what efforts the Federal Reserve has underway to limit fraud and verify payee matching on wire payments.

We would appreciate your response to the following:

1. What is the Federal Reserve doing to address criminal exploitation of weaknesses in the U.S. wire system to trick unsuspecting consumers into sending payments to the wrong financial account?
2. Is the Federal Reserve coordinating with federal agencies on addressing wire fraud?
3. How is the Federal Reserve working with financial institutions to decrease this type of wire fraud?
4. Has the Federal Reserve considered payee matching requirements when a wire transfer is initiated?
5. Does the Federal Reserve have sufficient authority to institute these protections for the U.S. wire system and the Federal Reserve's Fed Wire system? If not, what authorities are needed to institute these protections?
6. Can the wire system's current technology accommodate payee verification? If not, is there a reason payee verification was not included in the Federal Reserve's evaluation of the future of the payments system?

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**About ALTA**

The [American Land Title Association](#), founded in 1907, is the national trade association representing more than 6,300 insurance companies, title and settlement agents, independent abstracters, title searchers, and real estate attorneys. With offices throughout the United States, ALTA members conduct title searches, examinations, closings, and issue title insurance that protects real property owners and mortgage lenders against losses from defects in titles.

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