



## State of Nevada Department of Business & Industry

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### **Consumer Alert: Real Estate Identity Theft and Fraud on the Rise**

*What property owners, homebuyers and industry professionals need to know to avoid becoming a victim*

**CARSON CITY, NV** – The Nevada Division of Insurance and the Nevada Real Estate Division want to bring public awareness and education to an increasingly prevalent real estate identity theft scam. Known as “vacant lot fraud” or “seller impersonation fraud,” bad actors impersonate the owners of a property or vacant lot and attempt to sell it for their own profit.

Unsuspecting owners, eager buyers and even licensed real estate and insurance professionals guiding the transactions can all unknowingly end up as victims in these elaborate identity theft schemes. The best way to protect yourself from this rising threat is to understand how the scam works, know the red flags to look out for, and the precautions you can take to prevent this scam from happening to you or your clients.

#### **How the scam works**

Scammers search public records to identify owners of real estate that is free of a mortgage or other liens, most often targeting vacant lots and investment, vacation or rental properties that are non-owner occupied. The scammer then poses as the owner and contacts a real estate agent to list the property for sale. Once an offer is made, the scammer quickly accepts it, then sends falsified documents to the title firm or closing attorney. The closing proceeds are then transferred to the scammer leaving the fraud typically undiscovered until transferring documents are recorded with the applicable county.

#### **Watch out for red flags**

According to the American Land Title Association (ALTA), homebuyers and licensed professionals alike should consider conducting additional due diligence or halt a transaction if they see these potentially suspicious seller behaviors:

- Seller is difficult to reach via phone or refuses to meet via video call; only communicates via

text or email

- Seller sets listing price lower than the current market value and wants a fast cash sale with little or no fee negotiation
- Seller refuses to attend signings; always claiming to be out of town
- Seller requests to use their own notary
- Seller demands proceeds be wired
- Seller has a different address than the owner's address or tax mailing address
- Seller refuses or is unable to complete multifactor authentication of identity verification

### **Precautions you can take**

ALTA advises title and real estate professionals to take the following precautions during the transaction to help thwart scammer's attempts early on:

- Contact the seller directly at an independently discovered and validated phone number
- Send mail to the seller at the address listed on tax and property records
- Ask the seller's real estate agent if they have personal or verified knowledge of the seller's identity
- If using a remote notary, be sure the notary is fully vetted and approved by your state; otherwise, the title company should arrange for an in-person notary signing at an attorney's office, title agency, or bank.
- Verify the seller's identity by sending the seller a link to complete a third-party identity verification
- Run the seller's email and phone number through a verification program
- Ask conversational questions to ascertain seller's knowledge of property information not readily available in public records
- Compare the seller's signature to previously recorded public documents
- Use a wire verification service or confirm wire instructions match account details on seller's disbursement authorization form
- Require a copy of a voided check with a disbursement authorization form
- Require that a check be sent for seller proceeds rather than a wire

Additionally, property monitoring services are offered by most county recorder's offices to help alert owners to any activity or attempted transactions involving their property. Prospective buyers can also purchase the American Land Title Association Homeowner's Policy of Title Insurance for additional fraud protection. If you are ever in doubt, have questions, or

something does not feel right during a real estate transaction, always speak directly with your real estate agent/broker or your title insurance agent.

### **Report fraudulent activity immediately!**

It is crucial to remain vigilant and report any suspicious or fraudulent activity immediately. Fraud reports can be filed at any of the following entities:

- Department of Business and Industry [Nevada Consumer Affairs](#)
- [IC3.gov](#) (FBI Internet Crime Complaint Center)
- [Nevada Attorney General's Fraud Unit](#)
- [Nevada Secretary of State](#)
- [Nevada State Police Investigation Division](#)
- Local law enforcement
- [Federal Trade Commission \(FTC\) Complaint Assistant](#)

For additional information, please refer to the list of resources below:

[Nevada Division of Insurance](#)

Email questions about suspected fraud to: [insurance.fraud@doi.nv.gov](mailto:insurance.fraud@doi.nv.gov)

[Information on Title Insurance](#)

[Nevada Real Estate Division](#)

[American Land Title Association](#)

[Better Business Bureau](#)

### **About the Nevada Division of Insurance**

*The mission of the Nevada Division of Insurance is to protect the rights of Nevada consumers in their experiences with the insurance industry and to ensure the financial solvency of insurers. For more information about the Division of Insurance, visit [DOI.NV.GOV](http://DOI.NV.GOV) or follow the Division on [Twitter](#), [Facebook](#), [LinkedIn](#), or [Instagram](#).*

### **About the Nevada Real Estate Division**

*The mission of the Nevada Real Estate Division is to protect the public and Nevada's real estate sectors by fairly and effectively regulating real estate professionals through licensure, registration, education, and enforcement. For more information about the Nevada Real Estate Division, visit [RED.NV.GOV](http://RED.NV.GOV).*

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