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Fraudsters Are Stealing Land Out from Under Owners

It begins when a real estate agent gets a solicitation from a fake property owner wanting to sell their vacant lot in a rural community. A for sale sign goes up on the land. The seller asks for an all-cash sale and a quick closing. Within weeks, the deal can be done.

Meanwhile, the real property owner has no idea their land has just been sold out from under them. It's vacant land fraud, and it's happening at an alarming pace in New Jersey and around the country.

Joe Cardosi and Joe Sullivan, special agents in the FBI Newark field office, are working with property owners, realtors, title companies, attorneys, and insurance companies to thwart the fraud schemes. But it's not an easy task.

Cardosi said, "It boils down to property owner impersonation. These bad actors are able to use electronic communications to convince everyone at every level of a property sale that they're the rightful owner of the property and, therefore, the rightful recipient of the sale proceeds. But they don't own the property."

He explained there are several ways the rightful owners actually discover their property is listed for sale or has already been sold. "We have one victim who just drove by their land and saw the sign."

In other instances, victims saw heavy equipment prepping the lot for construction. Another landowner tried to pay his property taxes, and the clerk informed him it had already been paid. Yet another victim had police show up at their house for a welfare check at the behest of a realtor suspicious of a listing solicitation he received and discovered the fraud.

"It's truly disturbing to know these victims are just losing their land," said Sullivan.

How It Works

Cardosi and Sullivan say the fraud scheme usually begins when criminals send out solicitations to dozens of realtors who are listed on the internet or attempt to list the property themselves as for sale by owner. If even around 25% of the realtors respond and only around 5% of those result in an actual sale, the fraudsters can net anywhere from \$10,000 to over \$1,000,000. The losses add up quickly.

"We've had one example of a solicitation going out more than 60 times in an hour. When the realtor responds, the criminal has a fake id, fake documents, with the address of the real owner," said Cardosi. "They even have fake notary stamps and seals to fraudulently execute settlement documents."

Sullivan added, "What's different about this type of fraud—comparing it to others, like romance scams—the criminals know the process for selling a home or land here in the United States."

They stress that it's not as odd as it may seem for this type of fraud to take place. Sellers don't have to do much in the way of paperwork. The land itself is vacant, so there's no way to go ring someone's doorbell and ask questions. It's also an all-cash deal, so there aren't as many eyeballs on the transaction as there are when mortgage companies and associated underwriting is involved.

Also, COVID-19 changed the way business was and continues to be conducted. Everyone has grown accustomed to doing transactions and deals through email and over the phone. The remote nature of a sale is still commonplace, which benefits the scammers.

"There are several things that should stand out as red flags to anyone taking on a client interested in selling a vacant parcel of land," said Cardosi. "The fake seller will ask for a quick sale, even accepting offers way below market price. They will also have a pretext to speed up the sale."

Sullivan added, "The fake seller will always have an excuse for not being able to appear in person or on video, like they're traveling abroad, don't have a smart phone, or they're in the hospital. They want to do everything online, to include electronic signatures."

How It Gets Discovered

Law enforcement and the FBI have been alerted to the fraud at all points in the process.

"These bad actors are pretty good at faking their identities if there's just a preliminary look by anyone attempting to verify who they are," said Cardosi. "They have copies of the deeds, and they can answer most questions about the property that they found by doing a simple online search."

Sullivan said, "We've seen fake ids from the U.S. as well as other countries. Similarly, sales proceeds might be wired to a domestic bank account or directly overseas."

They have received calls from realtors who get the suspicious solicitations and title companies looking to verify identities of the fake sellers. They also get calls post-closing. One good thing: If caught in time, the FBI and banks can terminate the transaction if they discover it's a fraud.

"Unfortunately, the title companies often bear the brunt of the financial loss in this fraud. On the other hand, the real property owners face a legal quagmire as they attempt to unwind the fraudulent sale of their land, which in some instances occurred years prior and with significant investment by the unwitting buyer in the meantime," said Cardosi.

Title companies have started picking up on the scams, but when they push back, the bad actors change tactics. They have started employing money mules. If wire transfers are rejected because the property owner's name doesn't match the bank accounts, scammers use domestically based accomplices to set up limited liability companies.

Sullivan said, "We are doing a lot of outreach with the industry here in New Jersey. They're very interested in learning more so they don't fall victim to these scammers."

As more realtors, title companies, and other groups along the chain are becoming aware of the fraud—and taking steps to stop it—criminals are shifting their attention.

"We're now seeing this evolve to abandoned properties and rental homes," said Sullivan.

Tips for Landowners

- Set up title alerts with the county clerk's office, they will email if something comes up. (Not all counties offer this service.)
- Set up online search alerts for your property.
- Drive by the property or have a management company spot-check it.
- Befriend the members of the community or neighbors to warn you if they see anything suspicious.
- Pay taxes through escrow.
- Ask the local police department if they offer checks, alerts, etc. police department if they offer checks, alerts, etc.

Tips for the Industry

- Avoid remote closings, if at all possible.
- Ask for in-person identity checks. If this is not possible, ask for other video proof of life.
- Ask for a copy of the most recent tax bill or other piece of mail, in addition to an ID.
- Look up the phone number by reverse search or through the phone carrier. Watch for international VOIP.
- Check the email addresses and names. Fraudsters have been known to recycle them.
- Pay attention to the age of the seller, accents, excuses.
- Send a certified letter to the address of record on the tax bill.
- Call verifying public notary to confirm they attested to the documents.
- Spread the word in your professional network to help your colleagues avoid falling for the same scam.

How to Report It

We can stop wire transfers and help recover the money within 72 hours.

You can report it to FBI Newark at 793-792-3000, to 1-800-CALL-FBI, or online at tips.fbi.gov. You can also report it to www.ic3.gov, the FBI Internet Crime Complaint Center.



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