



1410 N. Westshore Boulevard, Suite 900
Tampa, FL 33607-4547
(813)228-0555 / (800)342-5957
(813)228-0301 (Fax)
www.oldrepublictitle.com
Home Office: Minneapolis, Minnesota 55401-2499

BULLETIN

To: All Old Republic National Title Agents and Offices
From: Underwriting Department
Re: Fraud Scam With a Smartphone
Date: August 18, 2011

The Florida Land Title Association recently reported an incident to its members where a title agent fell victim to a fraud scheme involving an emerging technology: depositing checks via Smartphone. A couple was issued a check for closing proceeds. They then left the agent's office but returned several hours later and asked the agent to wire the proceeds instead. The agent took the check back, voided it (rather than stopping payment on it) and wired the proceeds to the couple's account. The agent was apparently completely unaware that the check had already been deposited using a Smartphone.

More and more banks, and even online payment sites like PayPal, offer downloadable applications for Smartphones like iPhone and Android that use the phone's camera feature to take a picture of the front and back of a check and deposit it into the payee's account. The real danger in this technology, as evidenced by the above scenario, is that there are no markings on the check indicating whether it has been processed because the image is only scanned and not run through a machine as it would have been had it been deposited at an ATM or with a bank teller.

The key to preventing such a scam is to protect your checks as if they were cash while they are in your office and also to refuse to exchange them for other forms of payment after they have left your office. Even exiting the closing room for a few minutes to make copies or get someone a glass of water and leaving signed checks on the table could result in disaster, since it takes less than a minute to take a picture of the front and back of a check with a Smartphone and deposit it. Upon returning to the room, the agent might then be told that the sellers had changed their minds about the check and want a wire instead. The agent might not catch on to the scam until it is too late because the check will have been deposited without being removed from the closing room.

If you have questions or concerns, please contact the Underwriting Department.

** This Bulletin should become a permanent part of your records to assist in your compliance with the requirements contained herein. **

Please **provide a copy of this Bulletin to your staff** so they can read it and become aware of its contents.

REMEMBER: All ORT Alerts, Bulletins, Notices and our Newsletter can be found on our web site, www.ortfl.com.

Our Alerts and Bulletins are issued via fax and email, but you should check our web site frequently to make sure you have copies of everything issued.

Please call your Underwriting Department if you have any questions.