



COLORADO

Department of
Regulatory Agencies

Division of Real Estate

Broker Practice Advisory Fraudulent Sellers and Ongoing Criminal Land Sales

The Douglas Sheriff's Department recently reached out to the Division of Real Estate, requesting another advisory to be disseminated to the real estate community regarding the persistence of vacant land scams. While these scams may also take place in single-family homes and condominiums, they most commonly take place on vacant, raw, or undeveloped land. Another common thread among these scams is that the targeted property is not encumbered with a mortgage. Because these scams continue to victimize brokers and the public, the Division would like to take time to revisit this issue as it can happen everywhere in the state.

The essence of the scam is that a broker is contacted by a fraudster about selling a property in an attempt to steal the proceeds from the sale. The fraudster is looking to sell the property, usually on an expedited basis because they need the proceeds for another project or other investment. In truth, the fraudster has selected this particular property, which they do not own, because it is undeveloped or overlooked by the actual owner. Initial contact is usually made by text or email.

Fraudsters can go to great lengths to appear legitimate in these schemes. Some possible steps might be:

- Fraudsters contact brokers through a legitimate-seeming email address or manipulate their caller ID for contact via telephone or text to initiate the transaction.
- According to the Douglas Sheriff's Department, the fraudster usually does not allow in-person communication and requires that all communications be by text or email. The fraudster may explain that they are currently working out of state or even out of the country.
- Fraudsters commonly develop various excuses for (1) why they want to sell the property, (2) why time is of the essence, or (3) why they are the only point of contact for the transaction.
- Fraudsters instruct the broker to use a remote closing company
- Fraudsters will typically use a "local" notary of the fraudster's choosing and not accept the services of other professionals.
- The fraudster may present documentation in support of their claim of being a legitimate representative such as Letters from a Probate Court or an executed power of attorney. In addition to Court Orders, other documents that can be easy to mimic include Driver's licenses or other government-issued identification. In many cases, when copies, photographs, or scanned images are digitized and delivered, the quality of the image is degraded and therefore, easier to manipulate by a fraudster.





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- Another trick may be for the fraudster to appear to carbon copy (cc) the actual owner on email correspondence. Recall that email addresses are very easy to mimic.

Ideally, experienced brokers can identify that something might be off in transactions like these, but identification of red flags may not be as obvious to everyday members of the public. This is further complicated by fraudsters having a series of excuses ready to be used should they be questioned.

As a Colorado real estate broker, please be particularly vigilant before accepting a listing when circumstances like these are present. You should be aware that you should conduct due diligence on your transactions. Just a few precautionary steps can be taken to protect you and the actual owner from the potentially devastating harm that can come from perpetrating this type of scam. Here are a few additional considerations to assist you in conducting due diligence:

1. Schedule a meeting with the owner in-person, preferably at the property where you can meet the seller and ask questions. If your request for an in-person meeting is balked at, this might be a red flag.
2. Ask questions about conditions on the property. Are there any improvements? What is the terrain like? Are the adjacent properties owner occupied or developed? If answers to these questions do not reflect reality, this also might be a red flag.
3. When visiting the property, see if you can contact any neighbors for information about the owners. In these scams, a common thread is that neighbors are somewhat surprised to hear that the seller is interested in selling. Maybe this is because the neighbors know that the property has been in the seller's family for generations or maybe because the actual seller said "I am never selling" or "if I ever want to sell, I will make you an offer before I list the property." Speaking with neighbors might give you more information about the actual owner (profession, principal address, contact information).
4. Using common internet searches and social media can be helpful resources to confirm the address or other contact information (telephone, email, etc.) for the owner. The internet might also provide you with pictures of the owner, which you can compare to any information provided by the fraudster.
5. If the property is in a Common Interest Community (planned community, condominium, homeowners' association, property owners' association, cooperative, or timeshare), contact the association's board or Community Association Manager for information on the seller. You will have to contact the association at a later time, even if the seller is legitimate to obtain governing documents for the association which would need to be disclosed to a buyer pursuant to the Contract to Buy and Sell.





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When asking for any of the above, if the fraudster quickly withdraws or informs the broker that they have hired a different broker, this also might be a red flag.

If you believe that you have been the target of this suspicious activity, contact your local authorities and the Colorado Bureau of Investigations. For more information, please visit: <https://www.reportwirefraud.com/> and <https://stopfraudcolorado.gov/>.

This has been a Colorado Division of Real Estate Practice Advisory.

