



South Carolina
Department of Labor, Licensing and Regulation



Real Estate Commission

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May 8, 2025

Fraud Awareness & Prevention Techniques

In December 2022, the South Carolina Real Estate Commission issued an alert regarding fraudulent sales and mortgages, most commonly associated with vacant lots. You can find a copy of that alert [here](#). Fraud continues to occur within the real estate industry, placing members of the public and real estate licensees at risk. This article provides examples of warning signs that may indicate some sort of fraud may be occurring in a real estate transaction and some suggested techniques/resources to utilize when attempting to combat fraud.

**Many of the below warning signs may occur for valid reasons. It is still important for licensees to take a deeper look to ensure fraud is not taking place. Real Estate licensees are reminded that they have a duty (S.C. Code §§40-57-710 and 40-57-350) to take reasonable precautions to protect members of the public and their clients from fraud.*

Example 1: The buyer/seller states that they are traveling (sometimes abroad), claims they cannot meet in person, and has to do everything by email.

What can you do? Click [Here](#)

Example 2: The seller has a family emergency, needs a quick cash sale, and will accept substantially less than full price if they can close in a very short time.

What can you do? Click [Here](#)

Example 3: The seller does not require a Due Diligence fee and/or low or not Earnest Money combined with a quick closing (in order to obtain quick proceeds before scam is discovered).

What can you do? Click [Here](#)

Example 4: The buyer/seller gets very angry at the real estate licensee as the transaction gets closer to closing and applies pressure on the licensee to make sure the deal goes through. Sometimes they offer an incentive such as commission bonuses or promising other opportunities to buy or sell. Or the buyer/seller makes constant excuses, is not able to perform the terms of the contract, or is not returning paperwork.

What can you do? Click [Here](#)

Example 5: The email address or phone numbers are from another country

What can you do? Click [Here](#)

SCAM ALERT!

Example 1: The buyer/seller states that they are traveling (sometimes abroad), claims they cannot meet in person, and has to do everything by email.

Suggestions:

1. Request that the buyer/seller send you a copy of a photo ID, such as a state issued ID card or driver's license, [military ID](#), or passport.

When reviewing:

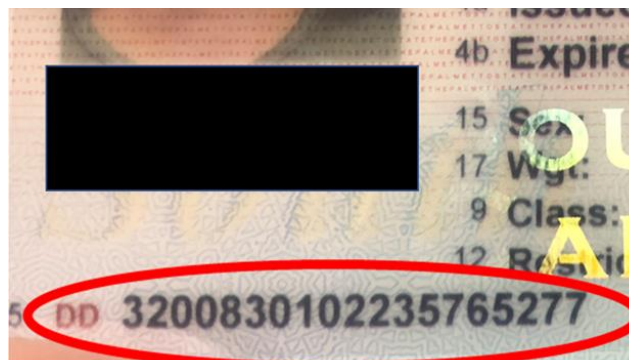
- a. Be careful to look for photo IDs that appear to come from places different than where the buyer/seller states they live.
 - b. Photo IDs, should be legible and visible, particularly for any transaction that is being handled remotely If provided with a state issued ID card or driver's license.
- c. You can request a copy of the person's driving record from the Department of Motor Vehicles (DMV) to compare the information printed on the state issued ID card or driver's license with what has been presented to you.¹
 - d. Check that state issued ID card or driver's license information through the use of the [Driver's License Data Verification service](#) (DLDV), which is available through the American Association of Motor Vehicle Administrators (AAMVA). DLDV will allow a user to complete the fields below and get a "True/False" indicator for each field based on the data contained in that State DMV's database for that credential.

Document Number	State Code
First Name	Middle Name
Last Name	Name Suffix
Street	City
State	Zip Code
Issue Date	Expiration Date
Eye Color	Height
Weight	Gender

Currently, 44 United States jurisdictions fully participate in DLDV and AAMVA maintains a map showing participation States and details on their webpage. Additional information about DLDV can be found [here](#).

- e. For South Carolina ID cards and driver's licenses, you can compare a person's document identifier number (ACN/DDN) on their physical ID card or driver's license with the ACN/DDN listed on their Official 3-Year or 10-year Driving Record. Licensees can obtain Driver Records directly from the [SCDMV](#) by mailing in SCDMV form MV-70 (with payment as required by SCDMV) or by visiting any SCDMV Branch Office location. Alternatively, this can be done by creating a Member Services account through [Tyler Tech](#) (not required).

*Example of ACN/DDN and its placement on a SC driver's license or ID card:



¹ See 18 USC § 2721(b)(3), which is an exception to the Driver Privacy Protection Act (DPPA) that allows, in the normal course of business, a legitimate business or its agents, employees, or contractors to verify the accuracy of personal information submitted by the individual to the business.

*Example a 10-year Driver Record and the ACN/DDN:

OFFICIAL 10 YEAR DRIVER RECORD

Customer No: [REDACTED]		Driver License No: [REDACTED]	
Name: [REDACTED]			
Address: [REDACTED]			
City: [REDACTED]	State: SC	Zip: [REDACTED]	
County: [REDACTED]			
DOB: [REDACTED]	Sex: [REDACTED]	Driver Training: N	
Status - DL: NO SUSPENSION		CDL: NO DISQUALIFICATION	

License Information						
Type	Class	Function	Issued	Expires	First Issued Rest.	Endo
DL (R)	D	Renewal	[REDACTED]	[REDACTED]	Y	N

Document Identifier
(ACN / DDN)
3200830102235765277

- f. Verify the presence of particular security features known to exist for that type of photo ID. As an example, US passports issued in 2021 and later incorporate publicly known security features as set forth in the photo below:



- g. Perform a general review of the photo ID. Items to look for during a general review are:
- i. Consistency – Ensuring the information on the photo ID matches other information given to you by the buyer/seller. Examples warranting a deeper look:
 - The photo ID states that the person is 70 years old, but the person you are dealing with appears to 30 years old.
 - The font type on the photo ID is not consistent within the photo ID itself or is not aligned properly with other type or features on the photo ID.
 - If there are machine readable zones on the photo ID, the data contained in those machine readable zones is not consistent with the data printed in the other parts of the photo ID.
 - ii. Unusual signs of wear – This is more useful when looking at the physical photo ID in person, but can sometimes be a valuable tool even when looking at a photo or scan of the ID. Unusual signs of wear can indicate that the photo or other information on the ID has been changed.
2. You can confirm that the seller matches the owner of record according to the register of deeds office, the county tax office, or other official records holders for the property. Some documents on file with these offices may contain copies of the seller's signature, which can be compared with signatures on any photo ID provided by the seller and/or on documents signed as part of the real estate listing and/or transaction.

3. You can ask the seller/buyer to attend a live video call with you (Face Time, Zoom, Teams, etc). Taking this additional step can alert licensees to additional red flags (for example, if the video appears faked) and/or can provide reassurance that the licensee is actually dealing with the person they believe they are dealing (interacting) with in the transaction. Further, taking this step helps demonstrate the licensee's due diligence in confirming identity of the person the licensee believes they are working with in the transaction. If the seller/buyer refuses to participate in the live video call with you, this is an additional red flag that should be given considerable weight.

Example 2: *The seller has a family emergency, needs a quick cash sale, and will accept substantially less than full price if they can close in a very short time.*

Suggestions:

1. To the extent possible, you can check to see if the stated family emergency appears to have occurred. For example, if the stated family emergency is the sudden or unexpected death of a family member, you could check to see if there is any public record that such a death occurred, e.g., can you locate a published obituary online.
2. Seller Agents have a duty to exercise reasonable skill and care in discharging the licensee's duties, which includes advising the seller if their proposed sale price is abnormally low. S.C. Code §40-57-350(C)(1)(c).

When providing that advice, the Seller Agent should listen closely to the explanation given by the Seller to determine if there are any red flags, such as: for wanting a cash only sale, being willing to accept substantially less than full price, and/or desiring/requiring a closing in a short period of time. A deeper look to confirm property ownership by the Seller is warranted and the licensee should consider taking some of the photo ID confirmation steps outlined above.

3. Seller Agents can check the listing history of a property and contact prior listing agents/firms to see if there were indications of fraud or materials facts that may need to be disclosed. Indicators that a call like this may be needed are: being on the market for a short period of time, having a sudden withdraw, or listing prices being substantially different.
4. This stated reason for a quick sale may also indicate underlying problems with the property (unpaid liens, title problems, or structural issues). For this reason, it is especially critical to ensure a thorough title search and property inspection are completed.

Example 3: *The seller does not require a Due Diligence fee and/or low or not Earnest Money combined with a quick closing (in order to obtain quick proceeds before scam is discovered).*

Suggestions:

1. While seller agents should have already verified the identity of their seller, as discussed above, buyer agents can request proof of seller identification from the seller agent and then verify the seller's identification through the methods set forth above, as well as verifying the seller is the property owner via public records. If seller agents receive a request for verification of the identity of their seller, they should obtain written permission from their seller to share that verification

documentation prior to sending it to the buyer agent.

2. Verify that any transaction funds are going to a legitimate place. For example, licensees can independently confirm that funds are going to a real attorney, a licensed real estate licensee, or the true property owner. Attorneys and licensed real estate licensees can normally be looked up on State Bar websites (attorneys) or licensing websites (licensees). Frequently these listings will include verified contact information for the attorney or real estate licensee and you can use that verified contact information to compare to the communications you have received and/or reach out to the attorney or licensee via that verified contact information.

3. Avoid direct wire transfers, when possible, especially to foreign accounts (overseas accounts). Wire transfers are difficult to trace and recover once the funds are sent.

*As a real estate licensee, you are bound to your client by the duties of loyalty, obedience, disclosure, confidentiality, **reasonable care, diligence**, and accounting. S.C. Code §40-57-350(A). This means, in part, that you have a legal obligation to safeguard your client's property, money, deeds, documents, and personal information by engaging in reasonable care and diligence in how you handle those items.

Example 4: The buyer/seller gets very angry at the real estate licensee as the transaction gets closer to closing and applies pressure on the licensee to make sure the deal goes through. Sometimes they offer an incentive such as commission bonuses or promising other opportunities to buy or sell. Or the buyer/seller makes constant excuses, is not able to perform the terms of the contract, or is not returning paperwork.

Suggestions:

1. For any documents that must be notarized, you can contact the public notary to confirm that the notary witnesses any signatures on documents provided.
2. Ensure you are engaging in reasonable care and due diligence to ensure you are not being used as part of a fraudulent transaction. If needed, slow the transaction down a bit and utilize some of the methods described in this document to confirm you are dealing with who you

think you are dealing with, that the seller is the owner of the property, that funds are prepared to go to the correct and valid locations, and that any other proper steps are completed in a way you would expect them to be completed if you were the client and these were your funds involved in the transaction.

Example 5: The email address or phone numbers are from another country

Suggestions:

1. You can send a letter (certified or signature confirmation) to the address of record for the property asking the person to contact you to confirm they are attempting to sell the property.
2. You can use online tools to verify that the area code and country code of the phone number relate to the location they should be based on the information received from the seller/buyer.
3. You can try calling or emailing from a different phone number or email address to see if you receive a response that lines up correctly with who you think you are dealing with at that phone number or email address.
4. You can ask the buyer/seller for an explanation as to why the email address or phone number are from another country and consider whether the explanation given is reasonable based on your professional experience. If the explanation does not appear reasonable, then a deeper look may be needed.
5. Review email domains to see if there are misspellings, odd words or letters, or other unusual parts. Consider checking behind the domain name by researching the domain itself to learn more about it and the types of people that typically use that domain.
6. If the contact is from an international real estate agent or company, you can verify their credentials with local or international regulatory bodies similar to the SC Real Estate Commission. Additionally, you can check for online reviews or feedback. If there are no online reviews or feedback, this is an additional red flag. Further, a review of such reviews or feedback may reveal concerning information to be considered. Finally, if you are familiar with any attorneys or real estate agents in the area the international real estate agent or company is located, you could also contact them to confirm the legitimacy of the person or company.

7. When communicating over the internet, including via email, especially for international deals, it is strongly recommended that licensees use a VPN (Virtual Private Network) to protect the privacy of the data being transmitted.

Utilizing the techniques described in this document does not guarantee that you or your client will never fall victim to fraud, but does improve the likelihood of discovering if an attempted fraud is in the works.

If a client insists on completing the transaction:

Despite the licensee expressing fraud concerns to the client, the client insists on completing the transaction. It is strongly recommended that the licensee either:

- 1) terminate the client relationship as allowed within the agency agreement; or
- 2) detail their concerns in a document including warning signs of fraud they see in the transaction, outline the steps they have taken to mitigate any of those warning signs/concerns, set forth in said document that the licensee shall not be responsible for any loss of funds or property if the client directs the licensee to complete the transaction despite these concerns, and require the client to sign this document prior to completing the transaction, including, if possible, prior to the transmission of any funds.

Property owners that have fallen victim:

Someone attempted to sell their property without their consent or the Property owner suffered (or almost suffered) fraud related to real estate. Property owners can contact resources below:

- Federal Bureau of Investigation - <https://www.fbi.gov/>
- Local Law Enforcement
- South Carolina Law Enforcement Division - <https://www.sled.sc.gov/>
- Local Solicitor or other Prosecutor's Office - <https://scprosecutors.sc.gov/circuitsolicitors>
- South Carolina Attorney General's Office - <https://www.scag.gov/>
- Federal Trade Commission – <https://www.identitytheft.gov>

If the event involved matters on or communicated through the internet:

- The FBI's Internet Crime Unit (<https://www.ic3.gov/>)
- The service provider or website the person was using at the time of the events

If the event involved mortgage fraud: in addition to the resources listed above, contact the Financial Crimes Enforcement Network at <https://www.fincen.gov/mortgage-and-real-estate-fraud>.

Additional resources:

- <https://www.fbi.gov/how-we-can-help-you/safety-resources/scams-and-safety>
- <https://consumer.sc.gov/consumer-resources/consumer-faqs/scam-education>
- <https://www.fincen.gov/resources-public>
- <https://www.fincen.gov/resources-institutions-and-financial-industry-professionals>
- <https://consumer.sc.gov/rental-scams>