





# FNF hack highlights why many are increasingly concerned about cybersecurity



**Real Estate Matters**  
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Recently, Fidelity National Financial, a Fortune 500 provider of title insurance for buyers and sellers, was hit by a devastating cyber attack.

Fidelity National Financial submitted regulatory documents to the U.S. Securities and Exchange Commission acknowledging the attack on Nov. 21, describing how it handled the situation. “Among other containment measures, we blocked access to certain of our systems, which resulted in disruptions to our business. For example, the services we provide related to title insurance, escrow and other title-related services, mortgage transaction services, and technology to the real estate and mortgage industries, have been affected by these measures.”

The next day, AlphV/Black Cat ransomware gang claimed credit.

As we write this, a week after FNF acknowledged the attack, Fidelity National Financial’s website is finally back online. The company hasn’t said whether it paid a ransom to restart its systems. While its website may be back online, many of its title company and settle-

ment agent services are still suffering an outage.

Regardless, the hack compromised the ability for the title company to close deals for its buyer and seller customers over the Thanksgiving weekend. For most people, when you buy or sell a home, you’re closing on the single biggest financial transaction of your life. Having that go awry can cause confusion, concern and even panic.

The FNF hack also highlights why so many in the financial services industry are increasingly concerned about cybersecurity. On its website, FNF has a link to a page discussing its “Commitment to Helping Combat Wire Fraud” and another to “potentially fraudulent employment offers.”

Business Email Compromise (BEC) is one way wire fraud happens in real estate. A hacker targets employees of a business. They send phishing emails that look real enough for someone in the business to click on them. The hacker then gains access to that person’s email account, and scrapes it for relevant data. They target buyers or sellers engaging in a transaction. Then, they impersonate someone who works for a business, send fraudulent emails and redirect funds to themselves. It could be the buyer’s closing funds, seller’s proceeds, lender’s funds or broker’s commissions.

Once these funds are steered into the hacker’s account, they’re gone. Typically, those accounts are offshore, or the

funds are quickly transferred to crypto accounts in an offshore or untouchable account, then moved again and again. With the price of homes these days, it’s easy to see how millions of dollars could be at risk just from the cash generated by a single day of closings managed by a company like FNF.

Add it all up, and victims from cyber crime have lost an estimated \$27.6 billion between 2018 and 2022, according to the Federal Bureau of Investigations (FBI) Internet Crime Complaint Center (IC3). We think it’s likely more than that.

The FBI’s Recovery Asset Team (RAT) has made progress with stopping these crimes and recovering some of the stolen funds. In the report, “RAT initiated the Financial Fraud Kill Chain (FFKC) on 2,838 Business Email Compromise (BEC) complaints involving domestic-to-domestic transactions with potential losses of over \$590 million. A monetary hold was placed on approximately \$433 million, which represents a 73% success rate.”

Compared to an estimated \$27.6 billion in losses, recovering \$433 million feels like a drop in the bucket. Especially since the FBI acknowledges the threat of cyber crime is growing. In fact, estimated losses jumped from \$6.9 billion in 2021 to \$10.3 billion in 2022. We should all be worried about how fast that’s growing.

As we’ve said in the past, you have to

protect yourself from cyber crime. Enable two-factor authentication (2FA) on all of your accounts and devices. Pick complex passwords (more than eight digits, with upper and lower case letters, numbers and characters). Store those passwords safely. Use a password manager. Be careful about who has access to your phone. Limit the information you put online about yourself. Regularly check your credit report and score. Set up accounts at Experian, Equifax and TransUnion, and freeze your credit (it’s free). Move as many of your bills online as you can. Regularly check your credit card statement for fraudulent charges. If you’re working on a financial transaction, make sure you go to the right website and work through a secure digital channel.

Most importantly, don’t randomly click on emails or pop-up ads. That’s a fast way to have a hacker crack open your digital and financial life.

We assume that FNF will solve its cyber problems shortly, probably before you read this. Closings will then resume. In the meantime, those buyers and sellers affected by the hack will have to have patience. Hopefully, they won’t have issues with their lenders.

Once the dust settles, those affected buyers and sellers will have to sort out any losses they may have sustained by their inability to close on their deal, and FNF will have to deal with each of those buyers and sellers when the time comes.

## Center

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said architect Jerry Sparkman.

“Rodolfo saw some of the glazed terracotta on Ca’ d’Zan, so there was the historic precedent that he was interested in. He also was looking at the jade collection, so the green was an inspiration. He explored how to use glazed tiles to reference the Ca’ d’Zan and the jade collection.”

“We don’t use formula,” said Machado in explaining the building’s design. “We think from scratch.”

The pavilion’s bold contrast to the rest of the Mediterranean Revival-style art museum is intentional, and a matter of symbolism.

“The program was very precise. The museum knew exactly what they wanted and how big it should be. They wanted to put an end to the way the additions had been done, and do something con-

temporary and new and different, and, if possible, to relate to Asian studies.”

“What do you want the building to do, to say? The message of the building is a programmatic requirement,” Machado said in an interview with the Herald-Tribune. “I wanted the building to be about Asia and wanted it to be new and modern and 21st century. And also of the place, of the culture. Green like an Asian garden, and Florida with the sensuality of the curvatures” of the tiles.

“We wanted this building to be something unique in the world, and a work of art,” Dr. Stephen High, The Ringling’s executive director, told the Herald-Tribune shortly before the building opened. “We are a collection of art objects, and our buildings should reflect that.”

*“Florida Buildings I Love” is Harold Bubil’s homage to the Sunshine State’s built environment. This article originally ran on Aug. 3, 2019, using material from his coverage of the building’s opening in 2016.*



The green terra cotta tiles provide architectural interest at the Center for Asian Art.



The progression of architecture at The Ringling: the original 1931 gallery, left, a 1966 addition, center, and the green pavilion that, with the renovated 1966 building, form the Center for Asian Art. HAROLD BUBI PHOTOS/L/HERALD-TRIBUNE FILE

## Home Front

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bid or require the seller to pay the commission as a contingency of the offer. Commissions paid by buyers are not mortgageable, and therefore the challenges of down payments and overall affordability will be further exacerbated.

Higher costs than necessary due to collective pricing are an overarching premise of this discussion and also one without merit. Over the last several decades, countless business models have emerged offering highly differentiated and discounted rate structures. Today, one may find numerous companies purporting to sell a home for as little as a few hundred dollars.

Virtually none of these models have gained substantive market share or

proven financially successful due to the associated lack of marketing, service, transaction representation, and caliber of professionalism and skill offered. There is a dramatic difference between brokerages, and this difference conclusively impacts the final financial result for the seller as well as the experience during the marketing and transaction process.

The premise of “unconscious parallelism” applies here. Competing businesses can share similar pricing and practices – without any agreement or collusion – based on knowledge of the market and the competition. One may find general similarity in rates across myriad industries, generally confirmed by obtaining multiple bids. How much difference do we see in the price of gas or a gallon of milk among stores? Are they all in collusion? Hardly so. The similarity is based on the wholesale cost plus a rea-

sonable return that is limited by other consumer options. And isn’t it interesting all these law firms filing class-action suits have recoverable fees ranging from 30% to 40% of the award? Pro-bono it is not.

Real estate brokerage is among the most fractionalized industries, where even major firms control very small market shares due to the highly competitive landscape. In fact, within the Sarasota region, there are currently over 9,200 agents from more than 1,200 brokerages, all fiercely vying for listings entering the market. Realtors are expressly forbidden to discuss commission rates with each other. One may easily confirm the variations in commission rates by location, price range, and specific company. One should also acknowledge this is a success-based industry where significant investments are made in both time and money with absolutely no return unless

a seller achieves his or her objectives and agrees to the terms of the transaction. The customer is always in control.

In my over 40 years in this business, I’ve had the opportunity to travel much of the globe and view real estate practices in countless countries, often dismayed by how little organization exists and how properties do not receive the level of exposure to create an environment of true competition. There’s a reason the model in the U.S. is envied for its level of efficiency, transparency, and customer satisfaction. I for one have no desire but to continue conducting my business in the same way that I’ve always known is the very best interests of my customers and the public. No doubt my competitive peers would agree.

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