

November 2018

HARRISBURG COMMERCIAL

real estate REPORT

Wire Fraud – The Criminal Fraud Threatening Real Estate

By Ryan P. Mellinger, Esq.



"Did you hear about Smith's title company? They received a phone call from their client saying that they switched banks and therefore the wire had to be sent somewhere else. They did it and sent \$75,000 to fraudsters." Unfortunately, this isn't a fictitious story. The title company name has been changed, but the scam was real. They received a funds transfer agreement from their real sellers, but then received a phone call saying they had to change banks due to a relocation. The title company did the right thing and asked for a new form to be completed and sent it to the email address given to them over the phone. The seller from the phone call filled it out and sent it back. The

phone call and the second form were both phony. Because the title company did not have cyber insurance, they lost the \$75,000 and their E&O insurance.

Criminals and fraudsters are becoming bolder and more sophisticated in their schemes, resulting in an increasing rate of victims. In a 2017 Internet Crime report by the FBI, it was stated that in the real estate/rental sector alone there were more than 9,600 victims who lost an accumulated \$56 million. The type of fraud with the highest reported business losses globally in 2017 was Business Email Compromise, also known as Email Account Compromise, with losses totaling more than \$675 million. It was also detailed that Pennsylvania ranked fifth in the number of reported victims of internet fraud in 2017.

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These scams often start with the criminal finding a weak link in a personal or business email account or using phishing techniques to obtain personal information. The victim can be any member of the real estate transaction - the agent, buyer, seller, mortgage lender, attorneys and/or the title company. Once they have compromised the email account, they typically sit and watch. They monitor the conversations back and forth and wait for the perfect time, usually towards the end of the transaction when communications pick up pace and it is easy to slip in without anyone noticing. They will either use the actual email account of their victim or they will create a fake account closely resembling it. They will copy everything from your email account

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Industrial Listings



1,500 – 3,000 SF

Lease - 1261 Claremont Road, Carlisle

- Small office and warehouse space available for lease
- Warehouse has drive-in door (8' x 10') and features plenty of on-site parking
- Claremont Road is just moments from Route 11/I-81 interchange



6,000 SF

Sale - 3243 Pennwood Road, Harrisburg

- Conveniently located in Harrisburg with access to I-81 and I-83
- It can be purchased in conjunction with 638 (paved and fenced parking lot) and 651 Alricks Street and/or 700 Angenese Street
- 10+/- parking spaces available



29,280 SF

Sale - 700 Angenese Street, Harrisburg

- Functional warehouse property for sale along the Sixth Street industrial corridor
- Convenient access to I-81, Route 22/322 and the City
- This property can be purchased in conjunction with 638 and 651 Alricks Street and/or 3243 Pennwood Road
- A 5,500 SF temporary canvas building has been setup at this location, which can also be purchased for an additional cost

New Listing



100 - 14,500 SF

NEW Office Lease - 1007 N. Front Street, Harrisburg

- Attractive office space on North Front Street in Harrisburg with beautiful views of the Susquehanna Riverfront
- This space is undergoing interior updates, offers on-site parking and quick access to I-83, I-81 and the West Shore
- 40 On-site parking spaces available



20,000 SF

Sale - 638 & 651 Alricks Street, Harrisburg

- Freestanding warehouse along the 6th Street industrial corridor
- The building is clean, well-maintained, functional, and offers convenient access to I-81, Route 22/322 and the City
- Additional land across the street (638 Alricks Street) is also available for sale, all as one parcel including the street between them (Alricks Street, which has been vacated, paved, and fenced)
- Opportunity for additional car parking, truck parking or outside storage



including your signature line, addresses and logos. Sometimes they will even give a phone number to confirm the last-minute change, but it goes right to the criminal. Their goal is to get your money into their hands as soon as possible after settlement and it usually works.

It is not just title companies that are the victims; it could be your client as well. An example is a couple in Colorado who lost their life savings during the purchase of their retirement home. The couple sold their previous home and planned to use the \$272,536 dollars in proceeds as a down payment. Somewhere along the line the hackers gained access to the accounts of someone in the transaction and the couple received an email with instructions on wiring the down payment in preparation for the settlement. In the lawsuit that followed against the mortgage lender, the real estate agent and mortgage broker alleged that "during the negotiation, inspection, and closing process, the defendants routinely sent sensitive financial information through non-secure email, violating their own and industry guidelines." The money was never recovered from the scammers and the resolution between the defendants and the plaintiffs is unknown.

Is there a solution to this problem that doesn't involve hiding under our desks? The hard answer is no. While the FBI and other state and local organizations have increased their efforts to take down the cyber hackers, they seem to be one step ahead using technology and industry knowledge to their advantage and making it harder to stop the fraud scheme once it starts.

As an industry, we need to use a mixture of common sense, due diligence, and some simple technological enhancements to protect ourselves. Here are a couple of suggestions from the FBI to mitigate the risk of being scammed:

- Avoid free web-based email accounts: Establish a company domain name and use it to establish company e-mail accounts in lieu of free, web-based accounts.
- Be suspicious of requests for secrecy or pressure to act quickly.
- Do not use the "Reply" option to respond to any business emails. Instead, use the "Forward" option and either type in the correct email address or select it from the email address book to ensure the intended recipient's correct email address is used.
- Verify changes in vendor payment location by adding additional two-factor authentication such as having a secondary sign-off by company personnel.
- Confirm requests for transfers of funds. When using phone verification as part of two-factor authentication, use previously known numbers, not number provided in the email request.

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Commercial Listings



7,357 SF

Sale - 326 Herman Avenue, Lemoyne

- Your chance to purchase the former West Shore Bureau of Fire station
- The firehouse has kept some of its original charm and features but also had renovations including additions, an upgraded AMP service, updated kitchen area and ADA restroom
- Office and retail uses would be allowed with a zoning change



30,080 SF

Sale/Lease - 5610 Derry Street, Harrisburg

- Move-in ready, aggressively priced flex retail and office space with a warehousing component (as an accessory use) along a heavily traveled section of Derry Street
- Located near major retailers such as Home Depot, Sheetz, and McDonalds
- This one-story building features a large, open showroom and multiple warehouse areas with 21'- 25' (18'6" clear) ceiling heights



5,918 SF

Lease - 415 Market Street, Harrisburg

- First floor space available in the Harrisburg Transportation Center in Downtown Harrisburg
- Within walking distance to all the downtown restaurants, amenities, and Riverfront Park

(Featured article...Continued from page 3)

- Know the habits of your customers, including the details of, reasons behind and amount of payments.
- Beware of sudden changes in business practices. For example, if a current business contact suddenly asks to be contacted via their personal e-mail address when all previous correspondence has been through company email, the request could be fraudulent. Always verify via other channels that you are still communicating with your legitimate business partner.
- Be very aware of emails that come before a long weekend or bank holidays. The scammers love to use these extra days to gain more time and distance between you and your money.

If you believe you have become the victim of wire fraud, it is important that you report the fraudulent wire transfers to both the sending and receiving banks as soon as possible after the transaction. It is also imperative to contact the FBI and report the transaction to the FBI's Internet Crime Complaint Center at www.ic3.gov. Once seventy-two hours pass, the chances of getting the money back are slim to none.

On June 11, 2018, federal authorities announced a major coordinated law enforcement effort to disrupt international Business Email Compromise schemes that were designed to intercept and hijack wire transfers. Called *Operation WireWire*, the six-month maneuver culminated in 74 arrests, with 42 in the United States. The operation resulted in the disruption and recovery of approximately \$14 million in fraudulent wire transfers.

"...Operation WireWire, the six-month maneuver culminated in 74 arrests, with 42 in the United States. The operation resulted in the disruption and recovery of approximately \$14 million in fraudulent wire transfers."

Even with this coordinated effort, all indications are that this fraudulent activity is far from over; in fact, we will most likely see an increase in the future. Just last week, a new scam alert was sent out from an underwriter where the criminals intercepted a request for a payoff. They sent the unsuspecting title company a payoff on bank letterhead saying that they would only accept wired funds for payment. After settlement occurred the title company wired the funds expecting a satisfaction to be filed in the courthouse. A month later, the seller received a notice of payment from the mortgage company and contacted the title company, but by that time the money was long gone with no chance of ever being recovered. Fraud is an issue that impacts everyone involved in the mortgage process, but by being proactive and making wire fraud a hot button issue in the industry, we can protect our colleagues and clients from suffering unimaginable losses. ■

About the Author:

Ryan P. Mellinger, Esq. earned his law degree from Widener University in 2011. He joined a private practice for two years until he opened Prime Transfer, Inc. in Lancaster in 2013. In 2017, he expanded the company and opened a second location in Lemoyne. Prime Transfer, Inc. is an independent title company that prides itself on being very competitive in the local markets with a large emphasis on good customer service.

Office Listings



Sale/Lease - 130 State Street, Harrisburg

- 955 SF available for lease along the State Street corridor leading to the steps of the Capitol Complex
- The entire 3,060 SF building is also available for sale
- Ideal for lobbyist, attorney or other professional who visit the City frequently and could benefit from having a local office
- A nearby parking lot for 6-7 parking spaces is included in the sale (call us for details)



Sale/Lease - 1001 S. Market Street, Mechanicsburg

- Two-story professional medical office available
- Recently renovated with high quality finishes and an efficient floorplan
- Desirable location in Southpoint Office Center at the intersection of Market Street and Shepherdstown Road and near Cumberland Parkway exit of Route 15



Lease - 156 Cumberland Parkway, Suite 200 Mechanicsburg

- First floor office space available in this Class A, high-profile building
- The location offers easy access to Route 15 and the PA Turnpike (I-76), plus great local amenities
- It is hereby disclosed that a partner in the ownership of this property is a licensed real estate salesperson in the Commonwealth of Pennsylvania

Seeking New Articles



The Bill Gladstone Group of NAI CIR is looking to fill editorial content in our quarterly magazine and monthly newsletter publications for the 2019 calendar year.

What Are We Looking For?

Industry related articles that our readership of over 4,500 business decision makers and industry leaders would benefit from reading in print and online through social media. Articles are typically 1,200 – 1,500 words and include an author bio, headshot, and mentioning of your company.

Topics Can Include: Finance, development, law, architecture, technology, engineering, environmental, wellness, current trends, security, business operations, and much more.

Need Assistance With A Topic?

We can suggest one that would be a good fit for your expertise.

Contact: Leah Wentz (717) 761-5070, ext. 116 or lwentz@naicir.com.

Please forward this information to any colleagues you feel could be a good fit for our publications as well. We look forward to hearing from you!



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Office Listings



155 - 5,910 SF

Lease - 112 Market Street, Harrisburg

- Great downtown location, directly across from the Dauphin County Courthouse and accessible to all the downtown business and entertainment districts
- Suites available in all sizes, from a single office to an entire floor
- The fifth floor suite was recently renovated with expansive views of the Susquehanna River
- Parking is available in the Market Square Garage at market rates



1,542 - 10,500 SF

Lease - 205 Grandview Avenue, Camp Hill

- Class B medical/office building available for lease
- The building is located in a prestigious West Shore location and boasts gorgeous views
- The property is undergoing major renovations including new HVAC units and exterior painting



48,949 SF

Sale/Lease - 346 York Road, Carlisle

- This nearly 50,000 SF property offers immense versatility and opportunities
- Located just moments from the Carlisle Crossing Shopping Center, Carlisle Airport, and I-81
- Over 240 lined parking spaces

Office Listings



524 - 10,918 SF

Lease - 301 Chestnut Street, Harrisburg

- Located at Pennsylvania Place, this is a one-of-a-kind development for the Harrisburg market that includes over 50,000 SF of Class A office space in the City's thriving downtown district
- The building offers an ultimate level of visibility, functionality and sophistication
- On-site parking, workout facility, a swimming pool and high-end finishes embody the urban luxury of this high-rise mixed-use building



2,113 - 5,113 SF

Sale - 5006 - 5010 E. Trindle Road, Mechanicsburg

- Five condominium units available for sale (2,113 - 5,113 SF)
- Excellent location in newly developed area in Hampden Township
- Can be sold individually for owner/user or together as an investment



12,925 SF

Sale - 1309 Bridge Street, New Cumberland

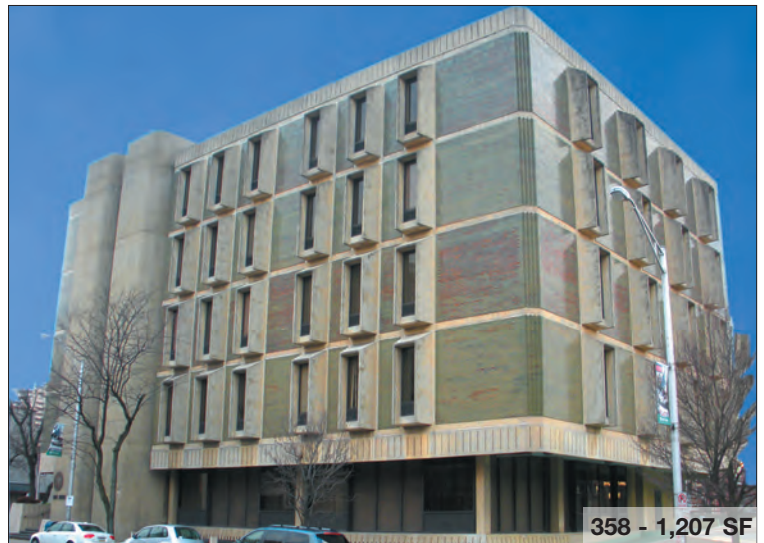
- Property is comprised of a 12,925+/- SF, two-story brick office building on a 0.65+/- acre parcel with abundant parking
- Currently, there are five (5) tenants in the building with month-to-month leases
- The property has been well cared for over the years by the original Owner



4,542 SF

Sublease - 208 N. Third Street, Suite 400, Harrisburg

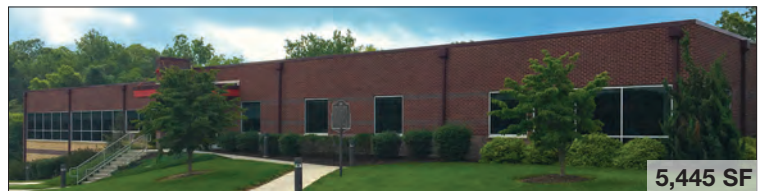
- New sublease opportunity in completely renovated and updated suite on the 4th floor
- Historic building faces the Capitol Complex with great window lines
- Downtown amenities are just a few steps from the doors and parking is a block in every direction
- **SIX MONTHS FREE RENT (CALL FOR DETAILS)**



358 - 1,207 SF

Lease - 800 N. Third Street, Harrisburg

- Prominent downtown office building across from the State Museum
- One block from the Capitol Complex; perfect location for attorneys and associations
- On-site parking and many other amenities are available to tenants



5,445 SF

Lease - 400 Bent Creek Boulevard, Suite 150, Mechanicsburg

- Professional office space located within the Pennsylvania School Boards Association's building
- The building and suite have been well-maintained and updated since being constructed in 2005
- Over 200 lined parking spaces available in-common

Featured Land



Sale - 1706 Good Hope Road, Enola

- Just over 6.75 acres of land in highly desirable Hampden Township
- Property has excellent visibility from Good Hope Road and I-81
- Zoned Office Park, which is a suitable environment for business, professional, financial, and governmental offices adjacent to or conveniently accessible to major transportation corridors

Investment Listing



Sale - 1800 Columbia Avenue, Lancaster

- Great investment opportunity directly across from Wheatland Center, which is two miles west of Downtown Lancaster
- Property sits on a heavily traveled retail corridor and is only 3.5 miles from the Route 283 and Route 741 interchange
- Real estate only; business is not for sale
- Tenant has just signed renewal until December 2028

Land Listings

Location	Acres	Zoning	Type
SOLD - 300 S. Sporting Hill Road, Mechanicsburg, Cumberland County	1.19	Apartment Office Limited (AOL)	Sale
370 W. Main Street, Leola, Lancaster County	1.3 - 2.8	General Commercial	Sale/Lease
Allentown Boulevard and N. Hershey Road, Harrisburg, Dauphin County	1.35 (1 lot)	Business Enterprise District	Sale
Bent Creek Boulevard, Lot 2, Mechanicsburg, Cumberland County	2.02	Community Commercial	Lease
7700 Derry Street, Harrisburg, Dauphin County	2.12 (lot 4)	Commercial District General	Sale
Price Reduced - I-81 and W. Trindle Road, Carlisle, Cumberland County	2.18 (2 parcels)	Commercial Highway	Sale
Price Reduced - 100 Narrows Drive, NEC of US Route 422 & Narrows Drive, Lebanon	2.2	Commercial	Sale
8001 Grayson Road, Harrisburg, Dauphin County	2.25	Commercial	Lease
7700 Derry Street, Harrisburg, Dauphin County	2.3 (lot 8)	Commercial District General	Lease
2600 Delta Road, Brogue, York County	2.5	General Commercial	Sale/Lease
St. Johns Road, Camp Hill, Cumberland County	3.05	General Commercial District	Sale
Peters Mountain Road & River Road, Halifax, Dauphin County	5.1	None	Sale
700 S. Baltimore Street, Dillsburg, York County	5.23 - 57.5	Agricultural - Conservation (AC)	Sale
Eisenhower Boulevard, Harrisburg, Dauphin County	5.39	Commercial General	Sale
W. Suncrest Drive and Spring Road, Carlisle, Cumberland County	6.72 (5 parcels)	Commercial/Light Industrial	Sale
1706 Good Hope Road, Enola, Cumberland County	6.78	Office Park	Sale
Pending - Lancer Street Extended, Harrisburg, Dauphin County	7.52	Medium Density Residential (R-2)	Sale
503 Jonestown Road, Jonestown, Lebanon County	7.91	Commercial	Sale
Route 441 and Orchard Drive, Harrisburg, Dauphin County	8.34	Single Family Residential District	Sale
Price Reduced - 730 Limekiln Road, New Cumberland, York County	8.64	Commercial Business	Sale
1900 State Road, Duncannon, Perry County	9.46	Commercial	Sale
Carlisle Pike (Route 11) Waterford Square, Mechanicsburg, Cumberland County	9.6 (11 lots)	Community Commercial (C2)	Sale
Eisenhower Blvd & Highspire Road, Harrisburg, Dauphin County	10	Commercial District General	Sale
Route 75 & William Penn Highway, Mifflintown, Juniata County	11	Industrial Commercial	Sale/Lease
Gettysburg Pike & Spring Lane Road, Dillsburg NWC and SWC, York County	14.68 & 14.92	Commercial	Sale
Price Reduced - Allentown Boulevard, Harrisburg, Dauphin County	17+	Commercial Highway (CH)	Sale
3050 Heidlersburg Road, York Springs, York County	18.16	Highway Commercial	Sale/Lease
349 Pleasant View Road, New Cumberland, York County	45.48	Commercial Business	Sale
Linglestown Road, Harrisburg, Dauphin County	61.55	Agricultural Residential	Sale

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Check Out Our Recent Deals

Visit www.billgladstone.com to view listings not included in this issue.



SOLD - 5441 Jonestown Road, Harrisburg

1,172 SF of retail/office space sold for use as a nail salon in Lower Paxton Township. The Bill Gladstone Group of NAI CIR represented the seller and Patty Fortney-Julius of EXP Realty LLC represented the buyer.



LEASED - 142 Reno Street, New Cumberland

4,700 SF of office and warehouse space in Cumberland County was leased to RestoreTeam Home Alliance, LLC. The Bill Gladstone Group of NAI CIR represented the lessor and Andy Kohr of Landmark Commercial Realty, Inc. represented the lessee.



LEASED - 800 N. Third Street, Suite 402, Harrisburg

Primartis Corporation has leased an office suite at 800 N. Third Street in the City of Harrisburg. The Bill Gladstone Group of NAI CIR facilitated the transaction. Additional space remains available.