

## THE BOAT-SELLING BLUES

*Unfortunately, these days, selling your boat may be rife with attempts from “buyers” trying to fleece you! Here are the red flags for fraud and what to do about it*



**F**or a boat owner who's ready to move on to his or her next great love, there's only one thing worse than being unable to sell the old boat: being hoodwinked out of it! Unfortunately, boat sales are rife with fraud, and it's difficult to sell a boat in this day and age without someone, somewhere, trying to trick you at least once, twice, or a dozen times as you endeavor to complete the boat-selling process.

Here's a case in point. I was selling my own boat last winter and, on five different occasions, some nefarious alleged boaters contacted me. All of the communications came via email and were virtually the same, beginning with what seemed like a reasonable inquiry such as the one copy-cut-pasted below:

“Hello .. Are you the original owner? What is present condition and How long have you had the boat for? What is your best price for it. I will be

able to make the payment by cashiers check and my mover will pick up after the check is cashed. Let me know if that works for you.”

### Red flags flying

**RED FLAG NO. 1:** Obvious poor punctuation and grammar. These scammers crank out a million and one of their “inquiries” every day and many of them have a poor grasp of the English language.

**RED FLAG NO. 2:** Everything the alleged buyer asked about was thoroughly detailed in the listing – the fact that I'd owned the boat for 14 years (and obviously wasn't the original owner as the boat was more than 20 years old), and the condition of the boat.

**RED FLAG NO. 3:** Enlisting a third party to pick up the boat without the buyer ever having inspected it, much less having a survey done.

**RED FLAG NO. 4:** The offer to pay by cashier's check and pick up the boat after it had been cashed. This seems like a reasonable show of good faith, but scammers have become very good at printing fake checks so realistic that banks initially accept them. It isn't until days or even weeks later that the scam becomes apparent, and then the bank can pull those funds right back

out of your account. Check with your bank to confirm its policy regarding final acceptance of funds.

With so much flag-waving going on, one would hope that I was suspicious of these emails, and I certainly was. So, I replied by asking, “May I have your full name and address so I can vet your authenticity?”

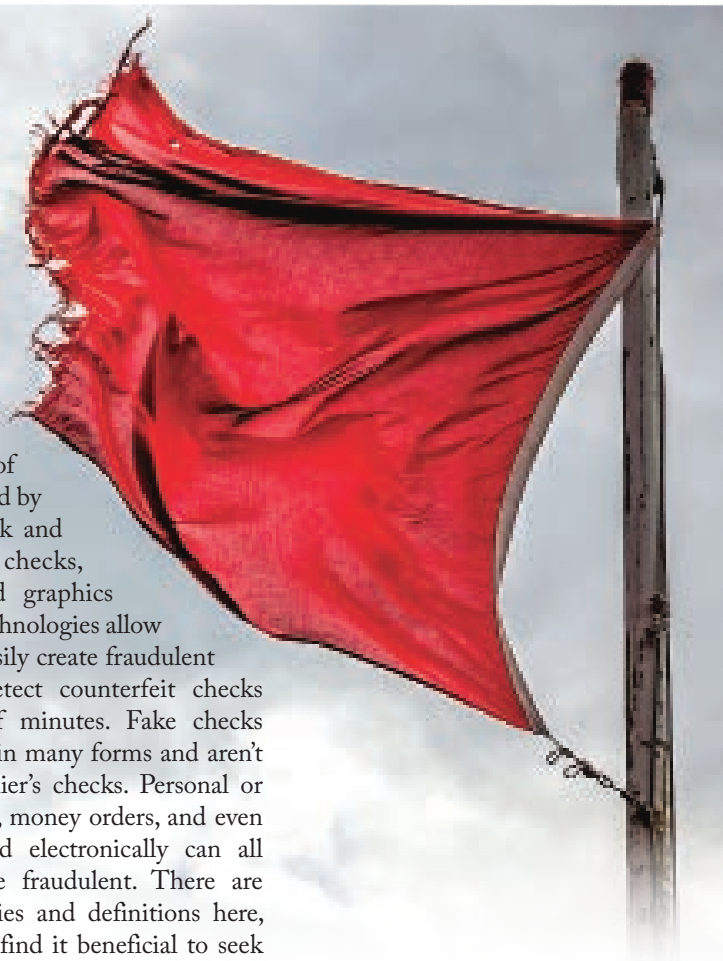
In all but one of the cases, that ended the communication. In one, however, the “buyer” responded, “I’m not here for any game..My name is Crane Lance and my mover will come for the inspection and the pick up after the check is cashed. Let me have your contact number name and address.” However, he still failed to provide his address or any way to verify who he was. At this point I was sure fraud was being attempted but decided to give it one more chance and asked again for his address. He did not provide it, though a day later he emailed again saying, “I’m waiting to hear from you.”

At this point, as I sat looking at the computer screen with the multi-email trail between us displayed, I noticed that each of his communications had come via a different email address – yet another red flag. With enough of those flags to sew a sail now waving, I forwarded the entire communication to the authorities and reported possible fraud.

### A buffet of bogus buyers

According to the Federal Deposit Insurance Corporation (FDIC), criminals have come to rely on their victim’s sense of security provided by a cashier’s check and official bank checks, while advanced graphics and printing technologies allow scammers to easily create fraudulent and hard-to-detect counterfeit checks in a matter of minutes. Fake checks may also come in many forms and aren’t necessarily cashier’s checks. Personal or business checks, money orders, and even checks delivered electronically can all turn out to be fraudulent. There are various intricacies and definitions here, and one might find it beneficial to seek advice from a reputable attorney and/or a bank representative if there is any question. And using a licensed yacht broker may provide some protection.

In all of these cases, who do you think



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gets left holding the bag? FDIC says that if it’s determined that the check is counterfeit days or even weeks after being deposited, you will likely be held personally responsible for the funds.

Telly Lehman, senior public affairs manager for the National Insurance Crime Bureau, confirms that scams involving cashier’s checks are among the most common. “In one example the ‘buyer’ sends a cashier’s check for an amount over the sale price,” she says. “In some cases, the seller notices the discrepancy and offers to wire the overage back to the ‘buyer.’ Once the wire is done and the transfer of the boat is made, the ‘buyer’ is gone with both. Meanwhile, seven to 10 days later, the cashier’s check is identified as fraudulent, leaving the seller without the boat and out the money wired for the supposed overage.”

Lehman says another scam to be aware of, one in which the seller is the fraudster, deals with fraudulent escrow accounts. “In this case, someone is selling a boat and a potential buyer is located

### Warning signs

In my own experience, several notable red flags popped right up from the start, but there are some other warning signs, in addition to the ones already mentioned, that should have boat sellers on watch. When you’re selling a boat, you should immediately become concerned when any of these indications of fraud become apparent:

- »» No concern over documentation or the title of the vessel
- »» Demands to use a specific escrow or shipping business of their own choice
- »» No haggling over the boat’s price
- »» An offer to buy a boat sight-unseen
- »» An offer to have a mover or other third party pick up the boat
- »» Payment via check or cashier’s check made out for more than the selling price
- »» An unwillingness to provide basic proof of identity such as a photo of their driver’s license
- »» Showing interest in a boat, yet appearing not to have read the listing
- »» The use of multiple phone numbers (and/or multiple email addresses) from the same individual

in a different part of the country,” she explains. “In these cases, due to the remote locations of both parties, the seller suggests they use an escrow account. The buyer, feeling comfortable that things seem secure, deposits the money into the escrow account. Unfortunately, the escrow account is phony. As a result, the ‘seller’ gets the money and the buyer is out the cash.”

We often use the term “escrow account” without understanding what it means. An escrow account set up by the seller may be called that but may not be safe because it’s under the sole control of the seller. Typically, an escrow account should be an actual bank account set up by a third-party attorney and/or broker and subject to the regulatory requirements of a state or industry (such as the brokerage industry) and professional licensing sanctions.

## **ALL SUSPECTED FRAUD SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION AND YOUR STATE’S OFFICE OF THE ATTORNEY GENERAL**

### **Buyer and seller, beware**

These common scams are not, of course, the only sort of fraud that takes place when it comes to items as valuable as boats. Other examples we ran across included people selling other people’s boats, people including shipping costs in a (fake) payment and asking the buyer to pay the shipper (who’s also a fake) directly after the sale (fake again), and/or fraudsters selling boats acquired through nefarious means using fake paperwork.

Unfortunately, in the modern age, it seems we have to add “seller beware” to the old adage “buyer beware.” And the worst thing about all this is that the miscreants aren’t only trying to steal our money, they’re also messing with one of the deepest, most emotional relationships a person can have – his or her love affair with their boat.

## **Checking the check**

FTC reports that from 2015 to 2020, complaints of fake checks increased about 65%. So how do you check up on a check and avoid becoming a chump?

- » Verify the routing number to make sure it has nine digits and matches the bank the check is drawn on.
- » Verify the bank address and make sure it matches the bank’s real address.
- » Verify the bank phone number printed on the check and call it to confirm the check is valid only after verifying the institution’s phone number via another source. Don’t call the number on a check without verifying it first, as sometimes scammers will use a fake number and have someone ready to answer the call.
- » Check the website of the Office of the Comptroller of Currency ([occ.gov](http://occ.gov)) for reports of fraud cases, and make sure the issuing bank of your check doesn’t match the name of any recently implicated institutions.