



The Voice of the 1031 Industry

Member Alert

January 24, 2017

The FEA brings you this Member Alert

FEA Receives Reports of Suspicious Calls to QIs

Several FEA members have recently fielded suspicious calls regarding the sale of QI firms and the use of escrow services. Members are encouraged to be cautious and relay information about suspicious activity to Lynn Harkin at FEA Headquarters.

Inquiries Regarding Business Purchases

The FEA's management firm, Association Management, Ltd. (AML), and various FEA members have recently received inquiries from an individual claiming to be interested in purchasing a Qualified Intermediary. The individual claimed to be looking for "a really good return" on various investments and that his team has a number of real estate development projects in the works. He had also inquired about brokers who actively sold Qualified Intermediaries and what kind of multiples they might get. The caller did not seem to be deterred by the prospects for tax reform.

As protectors of our industry and guardians of our clients' funds, please approach all such inquiries with a healthy amount of skepticism. And, please alert AML if the inquiry seems suspicious.

Inquiries Regarding Escrow Services

As with the QI purchase inquiry, AML and various members have recently been contacted regarding the performance of third-party escrow services. This individual claimed to be making a purchase of out-of-state equipment and needed a third-party service provider to accept a check and then distribute the funds upon meeting certain conditions. When pressed for additional detail regarding the transaction, he broke contact.

Be very careful; some individuals will look to use traditional escrow services to send a bad check, then immediately pressure the escrow service provider to wire funds - prior to the receipt of good funds. If you receive these types of customer inquiries, please contact AML right away.

Please relay information on suspicious activity to Lynn Harkin, FEA Executive Director at director@1031.org or (515) 244-6515.

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FEA President**

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