



Due Diligence Required to Prevent Fraud

The following case study highlights the emerging problem of fraudulent owners attempting to sell or lease real estate. Licensed real estate professionals are required to perform basic due diligence to verify the identities of individuals who contact them to list properties for sale or for rent. Failure to do so may constitute a violation of Virginia law and regulations.

The Facts

Disclaimer: All names and dates are fictitious.

Darren McGavin is the owner of 7645 Ryder Lane (the subject property). In October 2025, broker Melinda Dillon was contacted by a person purporting to be McGavin through her firm's website. This person requested that Dillon list the subject property for rent. Dillon never spoke with this person but still sent an independent contractor listing agreement to lease the property. On October 9, 2025, the person purporting to be McGavin signed the independent contractor listing agreement with Dillon to lease the subject property. The limited agreement required only that Dillon list the property for lease in the MLS. Dillon received payment for her fee from a third-party and not McGavin.

The listing directed applicants to contact the owner directly for showings, inquiries, applications, and leases. Ian Petrella, a prospective tenant, emailed Dillon about the listing, but never received a response from Dillon. Instead, the individual claiming to be McGavin responded to Petrella's inquiry and provided an application. Petrella returned the application with his social security number, date of birth, and driver's license. The person claiming to be McGavin then sent Petrella a lease for signature.

Petrella wired a security deposit and pet deposit to a third-party on October 19, 2025, and he signed the lease on October 23, 2025 without viewing the subject property. On October 24, 2025, Petrella wired the first month's rent to the same third-party.

Petrella attempted to obtain the keys to the subject property, but the individual claiming to be McGavin kept informing Petrella that there was an issue with providing the keys. The person claiming to be McGavin then requested that Petrella wire an additional three months of rent in advance. At this point, Petrella became suspicious that he was being scammed.

Petrella then found the real McGavin on Facebook and contacted him. The real McGavin informed Petrella that he had not signed a lease for the subject property, and he informed Petrella that he had never listed the subject property for rent.

Petrella contacted the fake McGavin and requested that his money be returned. The fake McGavin never responded.

On October 11, 2024, Dillon received a voicemail from the real McGavin instructing her to remove the listing, which she did immediately.

The Result

The Real Estate Board found Dillon in violation of 18 VAC 135-20-290.1 because Dillon offered the subject property for lease without knowledge and consent of the owner or owner's representative, which constituted improper dealing. The Board also found Dillon in violation of Virginia Code section 54.1-2134.A.4. because she failed to exercise ordinary care when engaged by a tenant.

The Penalty

The Board imposed a monetary penalty of \$1,050.00 and placed Dillon's license on probation for six months. During the probationary period, Dillon was required to complete three classroom hours of post-license education pertaining to Agency.

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