

LAWPRO Fraud Alert: Beware Of Collaborative Family Law Agreement Scam

[The following is the text of a Fraud Alert sent to Ontario Lawyers on June 17, 2010]

Several lawyers have contacted LAWPRO over the last few weeks to advise us they have been the targets of a spousal support collection scam involving a collaborative family law agreement. One Ontario lawyer was successfully duped by this fraud.

We decided to send a warning to the profession as this fraud appears to be targeting many lawyers and the people behind it are very persistent and convincing.

The email communications from these fraudsters have reasonably good spelling and grammar in them. The background details provided appear to be legitimate, including information about residing in Ontario in the past, the ex-husband's current and past employment etc. The fraudster will provide what appears to be legitimate identification (e.g. a U.S. state driver's licence) and say he/she is residing overseas at present. The fraudster will readily sign and return a retainer agreement and promise to pay for required work at regular hourly rates. Note, on these frauds there is no promise of a huge contingency – one of the usual red flags of a fraud.

It appears likely that the same people are behind these fraud attempts as the text of the email messages and the collaborative family law agreement sent to each lawyer are more or less identical, save and except for the amount of arrears and the names of the husband, wife and their respective lawyers.

Typical fraudulent email

In several cases, the text of the initial email was as follows:

Subject: *Request for Legal Representation.*

Body:

Attn: [lawyer's first and last name]

Hi Counsel,

My name is [wife's name]. I am contacting your firm in regards to a divorce settlement with my ex husband [husband's name] who resides in your jurisdiction. I am currently on assignment in [Hong Kong or Japan or China]. We had an out of court agreement (Collaborative Law Agreement) for him to pay [amounts ranging from \$350,000-\$900,000] plus legal fees. He has only paid me [amounts ranging from \$30,000-\$150,000] since then.

I am hereby seeking your firm to assist me in collecting the balance from him. He has agreed already to pay me the balance but it is my belief that a Law firm like yours is needed to help me collect payment from my ex-husband or litigate this matter if he fails to pay as promised.

Yours truly
Wife's first and last name

Fraudsters follow through

Sending a reply to the initial email triggers a quick reply from the fraudster that includes more background on the couple's relationship and a copy of a collaborative family law agreement. Most of the terms of the agreement look reasonable and it is drafted to appear that two lawyers assisted in its preparation. [A copy of one of those agreements is available here.](#)

Within a day or two of getting the agreement there is another message indicating the ex-husband is willing to make payment, and one or more cheques arrive shortly thereafter. The lawyer is then pressed to wire the monies offshore.

Please proceed with caution if you receive an email message asking you to assist with the collection of spousal support arrears.

Many lawyers are not replying or acknowledging these messages when they are clearly attempted frauds. In cases where it is unclear, lawyers are replying with requests for identification and more details about the client's current whereabouts and past circumstances of the relationship. They are also explicitly indicating that they will not proceed with work unless they have a signed retainer agreement and have received payment of a retainer.

The information and identification provided by the fraudster can look legitimate, but there likely will be minor inconsistencies or things that don't add up. The fraudsters' reply will include a promise to pay the requested retainer. However, when the payment from the ex-husband shows up, usually a day or two later, the fraudster then says take the retainer from money the husband sent.

If there are things that don't add up, ask further questions and have the client explain any inconsistencies. Do the terms of the agreement look proper and complete? If the agreement provided to you has the names of lawyers in it, check whether they are called to the bar in the appropriate jurisdiction. This recent post on the AvoidAClaim blog has links to [provincial, territorial and U.S. state lawyer licensing databases.](#)

If you receive what appears to be a certified cheque or bank draft, contact the issuing bank to confirm that they in fact issued the cheque before you deposit it in your trust account. Even if the issuing bank confirms the cheque is legitimate, do not immediately release or wire funds to the client. Cheques sent to a U.S bank can take a week and sometimes significantly longer to clear.

If you have been targeted by one of these frauds please advise Dan Pinnington (dan.pinnington@lawpro.ca) or call 416-598-5863.

Be on guard as holiday approaches

In the past fraudsters have been particularly active in the days before long weekends and other holidays. Presumably this is to take advantage of circumstances when lawyers and law firms staff will be busy or more distracted with other things. Please be cautious as in light of any interruptions to banking services that may occur due to the G20 Summit and as we approach the Canada Day Holiday.

Please see further information in the [Keep your guard up! More sophisticated cheque scams targeting lawyers](#) article from the most recent issue of LAWPRO Magazine. Further fraud prevention information and resources are available on the [practicePRO Fraud page \(www.practicepro.ca/fraud\)](#) , including the [Fraud Fact Sheet](#), a handy reference for lawyers and law firm staff that describes the common frauds and the red flags that can help identify them.