

Don't get duped:



of a bad cheque fraud you should recognize



Lawyers in all areas of practice continue to be the frequent targets of bad cheque scams. These scams involve debt collections, business loans, IP licensing disputes or spousal support payments. While it appears Ontario lawyers are increasingly aware of these frauds, occasionally some are being duped into disbursing funds on a bad cheque they have deposited in their trust accounts.

Don't be complacent and think you will never be fooled. These frauds are getting ever more sophisticated. The matters will look legitimate, the fraudsters will be very convincing and the client ID and other documents you receive will look real. The fake cheques will be printed on real cheque stock and in the past have fooled bank tellers and branch managers. There are often two or more people collaborating to make the scenario even more convincing (e.g., the lender and the debtor, the lender and the borrower, both ex-spouses, etc.). We have seen fake law firm websites created to make these frauds look more legitimate.

Listed below are 20 of the most common red flags of a bad cheque fraud. While some of these things may occur on legitimate matters or may be harmless, you should proceed with extreme caution if several of the items listed occur on a matter you are handling.

- 1** Initial contact email is BCC'd to many people (you may see "undisclosed recipients" in the To: field).
- 2** Initial contact email is generically addressed (e.g., "Dear attorney").
- 3** Client is new to your firm.
- 4** Client is in a distant jurisdiction.
- 5** Client says he prefers email communication due to long distances, time zone differences or a medical condition.
- 6** Client shows up and pushes for work to be done just before a holiday when banks will be closed.

7 The name and/or email address in the From: field is different from the name and/or email address of the person you are asked to reply to in the body of the email.

8 Client uses one or more email addresses from a free email service (e.g., Gmail™, MSN®, Yahoo!®) when the matter is on behalf of a business entity that you expect would have its own email address.

9 Information in the email header indicates sender is not where he/she claims to be.

10 The client signs a retainer and client promises to pay your retainer fee, but it never arrives and they then suggest you deduct your fee from the cheque you have received or will receive from the opposing party.

11 The fee offered is unusually high for the type and amount of work you have done and/or will do.

12 The fee is to be paid on a contingent basis from the (bogus) cheque you are to receive.

13 The client is in a rush and wants you to do the work very quickly.

14 The client or person on the other side doesn't seem to be concerned if shortcuts are taken.

15 Despite your client saying a lawyer is required, payment from the opposing party arrives at your office with you having done little or no work to get it.

16 Cheque or bank draft arrives at your office in a plain envelope and/or without a covering letter.

17 Cheque is drawn from the account of an entity that appears to be unrelated to the matter (e.g., a spousal arrears payment from a business entity).

18 Payment amounts are different than expected or change at the last minute without explanation.

19 Client instructs you to quickly wire the funds to an offshore bank account based on changed or urgent circumstances.

20 Some or all of the payment is going to a third party who appears unrelated to the matter.

If some of these red flags arise on a matter you are working on, take steps to protect yourself. Use Google® to verify identity and contact information for all parties involved in the transaction. Our AvoidAClaim.com blog lists names used by fraudsters.

Make sure you understand and are comfortable with all aspects of the transaction. Dig deeper and ask questions about anything you don't understand. One of our claims professionals would be pleased to talk you through assessing and dealing with a matter that is potentially a fraud. If you have been successfully duped, please immediately notify LAWPRO as there may be a claim against you. Visit lawpro.ca for instructions on how to report a claim. ■