

BAD CHEQUE SCAMS

Fraudsters retain the firm on a contrived legal matter so they can run a counterfeit cheque or bank draft through the firm trust account and walk away with real money. The fraudster will provide real looking ID and documents. When the bad cheque or draft bounces, there will be a shortfall in the trust account.



FRAUD WATCH



! If you aren't completely sure a matter is legitimate, terminate the retainer.
If you've been asked to do something that seems irregular, ask questions.
If it looks too easy or sounds too good to be true, it probably is.

SIGNS

- Initial contact email is generically addressed (e.g., “Dear attorney”) and/or BCC’d to many people.
- Client uses one or more email addresses from a free email service (e.g., Gmail, Yahoo!), even when the matter is on behalf of a business entity.
- Domain name used in email address or website was recently registered (check at Whois.com or a similar service provider).
- Email header indicates sender is not where they claim to be.
- Client is new to the firm.
- Client says they prefer email communication due to time zone differences.
- Client may sign retainer but never actually makes the payment.
- Client is in a rush and pressures you to “do the deal” quickly, before the cheque clears.
- Client is willing to pay higher-than-usual fees on a contingent basis from (bogus) funds you are to receive.
- Despite the client stating a lawyer is needed to help push for payment, the debtor pays without any hassle.
- Cheque is drawn from the account of an entity that appears to be unrelated (e.g., a spousal arrears payment from a business entity).
- Payment amounts are different than expected or change without explanation.
- Client instructs you to quickly wire the funds to another bank account based on changed or urgent circumstances.

TIPS

Cross-check and verify information provided to you by the client:

- Google names, addresses, and phone numbers of the client and other people/entities involved in the matter.
- Look up addresses using Street View in Google Maps.
- Search AvoidAClaim.com’s database of bad cheque fraud names.
- Ask your bank or the issuing bank to confirm the branch transit number and cheque are legitimate.
- Call the entity making the payment or loan and ask if they are aware of the transaction.
- Hold the funds until all banks confirm funds are clear and can be withdrawn.



If you suspect fraud, call LAWPRO at 1-800-410-1013 or 416-598-5899 and forward any suspicious emails and documents received to fraudinfo@lawpro.ca. Visit AvoidAClaim.com and click on “All Fraud Warnings” for a list of confirmed fraudsters.

© 2023 Lawyers’ Professional Indemnity Company.

LAWPRO is a registered trademark of Lawyers’ Professional Indemnity Company. All rights reserved. The material presented does not establish, report or create the standard of care for lawyers. The material is not a complete analysis of the topics covered, and readers are encouraged to conduct their own appropriate legal research.