

INTERNAL OFFICE FRAUD

Is the fraudster in your office?

Not all fraudsters are strangers. Even partners, associates, law clerks or other employees can be fraudsters.

LAWPRO[®]
Lawyers' Professional Indemnity Company

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

- Someone never takes vacation or sick leave, works overly long hours, or refuses to delegate work.
- A firm member undergoes a sudden change in lifestyle or temperament.
- The firm receives mail for a corporation for which no client file is opened or billed, or minute books are kept in the lawyer's office instead of with the corporate law clerk.
- Unusual patterns such as a sudden increase in payments to a person or entity, or complaints about slow payment from suppliers or clients, or an increase in written-off work in progress.
- Handwritten amendments on cheques returned from the bank.
- Double endorsed cheques which pay the fraudster personally. Look for names that are similar but not quite the same as existing clients and parties.

For more information see "Fraud on the Inside: What to do when partners, associates or staff commit fraud" at lawpro.ca/magazine

TIPS

- Conduct regular and random spot audits of lawyers and staff with access to law firm trust accounts.
- Keep an eye on lawyers and staff morale.
- Create a law firm culture which encourages mentorship and collegiality.
- Use unique passwords for anyone with access to law firm trust accounts.
- Create accounting systems where one person does not have full control or access to the money.
- Conduct a proper investigation, including gathering evidence and obtaining legal advice before proceeding on any suspicions of internal fraud.



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.

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