



Lawyers' Insurance Association of Nova Scotia

ALERT!

New business loan transaction scam

A new type of potential scam circulating to lawyers in Atlantic Canada involves a business loan transaction, instead of the usual real estate or collaborative family law "client". This email has been received:

Dear Attorney

My name is Mr Yu Shengli from China. I provided a business associate of mine who is now base in Canada a loan two years back. He needed this loan to buy some equipment for his business in 2008.

The loan was for 24 months and interest rate of 8.75%. The capital and interest were supposed to be paid on or before April 2010 but He has only paid part of the loan for now, so i would like you to assist me in collecting the money from him as he is now base in Canada.

Please let me know if this fall within the scope of your practice.

*Sincerely
Mr Yu Shengli*

A loan agreement and a copy of this "client's" passport are also provided to the lawyer. There is good reason to believe that the passport has been doctored/forged (eg - serial numbers that do not match).

Remember that **you must always confirm** a prospective client's identification in accordance with the [Client ID Regulations](#) of the Nova Scotia Barristers' Society. These require that in a non-face-to-face transaction involving a client who is not present in Canada, identity verification must be carried out by an agent on behalf of the lawyer. Often in these scams, potential clients will not be willing to have you retain the verification agent or comply overall with the Client ID Regulations. It is best to advise the client that the transaction will not be completed until they comply with the regulation.

Keep in mind these potential red flags when you are contacted:

- Client is offshore, unknown to the firm and often in a rush to complete the transaction.
- Client readily agrees to pay a seemingly high rate of fees from the funds that you are to secure for them.
- The debtor will often send their payment cheque promptly with little to no persuasion. This is suspicious considering the client's dire need to retain you initially.

If you do decide to proceed with a transaction, be sure to go to the bank website to verify branch transit number, address and phone number on the cheque. Wait until the bank confirms that the funds are legitimate and are safe to withdraw from the deposit. Where possible, use the [Large Value Transfer System \(LVTS\)](#), an electronic funds transfer system that allows large payments to be exchanged securely and immediately.

To report or seek advice on fraud and scam attempts, contact **Cynthia Nield, Database and Information Officer** at cniel@lians.ca or call **902 423 1300, x346**.

To ensure that you don't miss future resource postings, important fraud alerts and other valuable updates from LIANS, remember to add cniel@lians.ca to your 'Safe List'.