

Scams

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- If it sounds too good to be true, it probably is.
- Silence is the scammer's best friend; knowledge is the scammer's worst enemy.
- Be cautious of anyone who contacts you via internet.
- Beware of the rushed retainer that offers fees well above your normal rate.
- Anytime a person wants their money really quickly, it's time to reflect and do some due diligence.
- The scammer will request the money be wired to a foreign country, and insists on quick remittance.

Experience is learning from your own mistakes, but true wisdom is learning from someone else's.

Imagine you receive the following email:

“I am the VP of ABC Corp., a Korean company specialising in the manufacture of widgets. One of our customers in Atlantic Canada, DEF Corp., owes us \$300,000 . Despite writing and calling them on several occasions, the account is still outstanding. We would appreciate it if you would act on our behalf to recover the debt.”

Invoices, statements and demand letters appear legitimate. Often it's a well known corporation. Or scammers will file articles of incorporation, build web sites, and purchase prepaid cell phones with local phone numbers with scammers posing as both client and debtor. All can be done cheaply and easily on the internet.

After correspondence with the debtor, they agree to pay and you receive a bank draft payable to your firm, which you deposit in the firm's trust account.

Funds become "available" for withdrawal based on the bank's availability schedule. "Available" funds do not equal collected funds. A cheque can be returned after the funds have been "made available." The depository bank will say that the "funds will be available on," not that "these funds are good."

The client instructs you to remit the funds (minus your fee) direct to his offshore account ASAP. Some days (or even weeks)later your bank advises the draft was counterfeit . You have to replace the shortfall in your trust account.

These cheques are often stolen from real companies and altered so that only the name of the payee is changed. It is not until the cheque returns to the legitimate company and an audit is performed that the counterfeit is detected.

Scammers often gain additional time by using a fake bank routing number. The counterfeit cheque bounces around in a clearing system until it kicks out to human attention. The cheque can take a week or more to find its way back to your account.

Or the counterfeits are created with names, routing and account numbers of legitimate companies. The normal processing for any cheque is for the instrument to be sent to the paying bank. The bank often only checks to see if the funds are available and the account the cheque is drawn on is in good standing.

Funds are almost impossible to recover. The wire to another country is typically again wired to another institution as soon as they hit the designated bank.

It has been widely reported that lawyers in the US, Canada and Australia have fallen victim to this type of scam.

SOURCES:

Check Scams that Target Lawyers: Robert T. Luttrell III

COUNT	DATE	FROM	TO	CONTENTS
8	08/13/08	M&T Bank Carlisle, PA	Korea Exchange Bank, South Korea	\$244,278.00 wire transfer
11	02/27/09	First Commercial Bank, Birmingham, AL	Korea Exchange Bank, South Korea	\$180,937.70 wire transfer
14	01/20/10	M&T Bank, Harrisburg, PA	ABN AMRO Bank, Singapore	\$275,000.00 wire transfer
19	07/24/2009	Bank of America, Somerville, NJ	Kookmin Bank, Korea	\$380,550.00 Wire (Cohn)
24	08/30/2010	Citizens Bank, Greensburg, PA	Korea Exchange Bank, Korea	Wire for \$241,000.00

How to Safeguard Against the Scams

Follow Client ID Regulations

<http://www.nsbs.org/documents/general/ClientID/ClientIDPkg.pdf>

Take steps to confirm the true existence of the client. Demand physical addresses, multiple phone numbers and identification from all parties whose matters you agree to take.

Verify information before getting involved in the matter. Many scammers go to great lengths to create a “real” presence for themselves, particularly as corporate identities. But a lack of information on the Internet—such as a Web site, listings in online phone directories or any mention of the party when you use a search engine such as Google News—may be a tip-off that the person or corporation is a sham. Use Google Earth to check out pictures of the streetscape at the address you are given. If it’s supposed to be an operating business but it looks more like a vacant lot or a bus terminal, you may need to do a little more digging.

How to Safeguard Against the Scams (cont...)

Contact the Debtor using verified business contact information

Don't allow yourself to be rushed into representing anyone.

Make your staff aware of the possibility of fraud, create policies and procedures to ferret it out, and make sure that they are observed. Often staffers are the first to “smell a rat,” but they may be reluctant to approach you with their suspicions.

Do not rush disbursement of funds

Always observe your bank's requirements for allowing cheques to clear as well as the requirements of your rules of professional conduct.

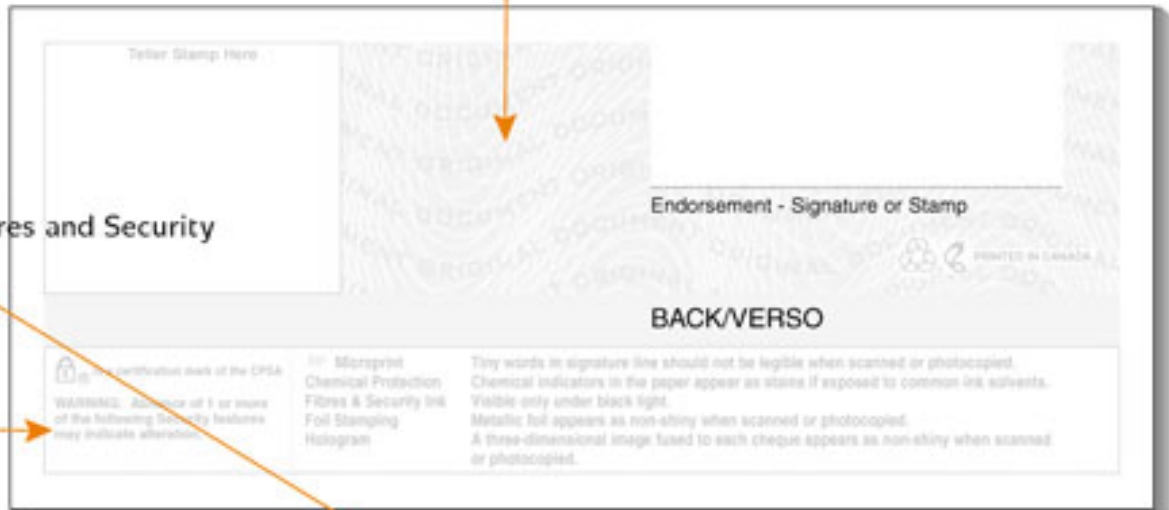
SOURCES:

David Bilinsky and Laura A. Calloway, Law Practice Magazine



Fluorescent Fibres and Security Ink Message

Chemical Protection



Warning Box

Foil Stamping



Hologram

Microprint

Document Fraud Deterrent Icon



CHEQUE SECURITY

Fluorescent Fibres & Security Ink Message

- Visible only under UV light

Chemical Protection

- Chemical indicators in the paper appear as stains if exposed to common ink solvents

Microprint

- Tiny words on cheque should not be legible if scanned or photocopied

Document Fraud Deterrent Icon

- Indicates the presence of security features

Warning Box

- Outlines the security features contained in the cheque and the implications if copying, alteration or counterfeiting is attempted. In addition, cheques enhanced security features, include:
 - Foil Stamping
 - Metallic foil appears as non-shiny if scanned or photocopied
 - Embossment
 - A raised image that cannot be duplicated if scanned or photocopied
 - Hologram
 - Multi-coloured reflective image fused to each cheque appears as non-shiny if scanned or photocopied.

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Trust Account

5475 Spring Garden Road, Suite 503

Halifax, N.S. B3J 3T2

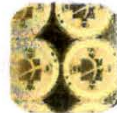
Tel: (902) 429-3123, Fax: (902) 429-3522

BANK OF MONTREAL
5435 SPRING GARDEN ROAD
HALIFAX, N.S. B3J 1G1



PAY
TO THE
ORDER OF

Merrick Jamieson Sterns Washington & Mahody - TRUST ACCOUNT



PER _____

PER _____



SECURITY FEATURES INCLUDE - USE REVERSE
CONTIENIT DES CARACTÉRISTIQUES DE SÉCURITÉ - VOIR L'ENVERS
S1067