

FRAUD ALERT: Avoid falling victim to fraud

Late last year, 80 lawyers across the United States fell victim to an international trust fund cheque scam. We're all familiar with the scenario: an email solicits a lawyer to collect money from a divorce or other debt settlement. The lawyer is then contacted by an "agent" for the divorcee or company owing the money and offers to pay the debt. Upon receiving and depositing the cheque, the lawyer finds that they must wire the funds to an overseas bank before they or the bank discover that the cheque is fraud, and their trust account has been fleeced.

According to the [Patriot News](#), U.S. federal prosecutors indicted five Nigerians and one Canadian of wire fraud and conspiracy in this particular internet collections scam, with a net of \$32 million from firms in Pennsylvania, Massachusetts, Alabama and Georgia. The scam also targeted firms in Canada, Nigeria, the United Kingdom, South Korea, Japan, China and Singapore.

To avoid falling victim to these scams, remember to be cautious with all cheques received, especially if they exceed the agreed upon amount. Where possible, use the [Large Value Transfer System](#) (LVTS), an electronic funds transfer system that allows large payments to be exchanged securely and immediately.

Refamiliarize yourself with **Client ID Regulation 4.5.11**, which requires 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. Find regulation 4.5.11, sample verification agreements and more under the NSBS [Client ID Regulations](#).

To report or seek advice on dealing with fraud and scam attempts, contact Cynthia Nield at cnield@lians.ca, or 902 423 1300, x346.