

This Ontario-based scheme involves small business equipment loans and counterfeit cheques or bank drafts to be deposited to lawyers' trust accounts, and funds disbursed before the fraud is detected.

With all these schemes, the fraudsters want the payout of funds from the lawyers' trust account for the "transaction" to take place quickly and before the fraud is discovered. They therefore pressure for a quick closing.

As reported by LawPro all the recently reported schemes share the same basic timeline and circumstances, and in some cases, the same purported individuals or entities (a lender from Halifax).

In all cases, (about one month ago) a previously unknown client retained the lawyer to do an incorporation. The client presented a realistic looking photo ID (a newer Ontario driver licence). The client paid in full for the incorporation.

The client then returns to the firm asking the lawyer to act on an equipment purchase loan matter. Loan amounts are approximately \$350,000 and the loan is to come from a Halifax-based lender (there is someone answering the phone for the lender – LawPRO suspects the fraudster or an accomplice). The client pushes to have the loan completed as quickly as possible. The loan proceeds are to go to a third-party corporation (not the client's new corporation).

The Ontario lawyers' suspicions were also raised for one or more of the following reasons:

- the client and corporate addresses were the same;
- it is unusual for a brand new corporation with no apparent purpose to get a loan in this amount;
- the only security for the loan was a promissory note or GSA;
- the client had only a cell number or the home phone number given was not working;
- the address on the driver's licence was not a real one.

LawPro has reported that in the past year, almost 20 similar types of fraudulent schemes took place during the various holiday/long weekend times leaving Ontario lawyers with shortfalls in their trust accounts.

Fraudsters often hit just before or during a holiday period. With law offices often short staffed and with an extra banking holiday, the fraud is more likely to go undetected, until, for the lawyer, it is too late.