

FRAUD FIGHTING TIPS FOR YOUR LAW PRACTICE

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Be Alert To

- Situations where little or no legal work is required, but a large sum of money is expected to flow into and out of your trust account
- A client who is prepared to pay higher than normal legal fees for what seems to be very little work; or a client who is not concerned about interest rates or what appears to be high brokerage fees
- Spelling and/or grammar mistakes in e-mails sent to you by the companies or individuals asking that you represent them
- A client with no apparent connection to you, who compliments you on your “special expertise or qualifications”. Ask yourself why this client would want you to act for them; is it you, or your trust account they want? Don’t let flattery from the client go to your head. Investigate closely the identity of the client and the authenticity of funds provided to you
- Rushed closings or transactions and a client who is pressuring you to do something that just doesn’t feel right. Don’t pay out funds too quickly and without doing all necessary investigations on your client and on the authenticity of funds provided to you
- Periods of time when there are banking holidays and when you are short staffed, e.g., between Christmas and New Years or before a long weekend. These are times when you may not check details as closely, and also times when banks are closed, resulting in delays in the return of counterfeit bank drafts and cheques
- Using Canada 411 or a similar directory to do independent verification of phone numbers, company name and address, as well as bank address and phone numbers shown on cheques or bank drafts. Do not rely on contact information indicated on a cheque or bank draft as these numbers could, in fact, be ringing through to the fraudster
- Being asked to accept more money into your trust account than is needed for the transaction. Don’t do it. If more funds than are necessary are wired or otherwise deposited into your account without your authorization, don't be pressured to accept the deposit. Have your bank return the entire deposit immediately
- Requests that sale proceeds be made payable from your trust account to a third party who is not connected to the transaction. Resist such requests. There should be no need for this to be done
- Typos on bank drafts/cheques
- Bank drafts/cheques drawn on poor quality paper

- Call display that doesn't match the name of the person who is calling
- Requests that documentation you have prepared be taken outside your office for execution
- Envelopes in which funds are delivered to you; check and keep envelopes when bank drafts and cheques are received; in one B.C. case a bank draft received from a Canadian company in an attempted debt collection scam came in an envelope from Romania
- Middleman who makes all the appointments because you don't have a number to contact the client directly. When possible, work with clients you can meet in person. Have your office deal directly with clients to set up appointments and receive documents and money from them rather than dealing with a third party spokesperson

Remember, in any fraud there isn't usually one red flag or indicator. It's a combination of things – when you add it all up, it just doesn't fit. Be alert to possible fraud and listen to your gut instinct. If something seems too good to be true it usually is.

Educate your staff to always be vigilant to suspicious or nervous behaviour from clients, and to make this known to members of the firm. Alert LIANS and your colleagues when you become aware of an attempted fraud.

As well, educate yourself and your staff on the Nova Scotia Barristers' Society's New Identification and Verification Regulations. These regulations will come into effect for Nova Scotia Lawyers on November 2, 2008. All Canadian law societies have agreed to adopt similar rules in an effort to fight fraud.