

REMAINING VIGILANT TO FRAUD

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Lawyers across North America are being targeted and falling victim to fraudulent schemes. Many of the schemes are very elaborate with the fraudsters going to great lengths to make them seem legitimate. There are variations on these schemes, but ultimately the lawyer's trust account is used to facilitate the fraud.

As a Nova Scotian real estate practitioner, you are as much a target for a scam artist as were lawyers in Ontario, Western Canada, Atlanta and California who were victimized in debt collection schemes in the past few months.

I have already reported on two frauds attempted on local lawyers or their clients and a third scheme that seems to be circulating again in Nova Scotia. The details of these are posted on the LIANS Website at <http://www.lians.ca/FraudAlertAug07.pdf> and http://www.lians.ca/FraudAlert_May5-08_revSept19-08.pdf and http://www.lians.ca/FraudAlert_Sept23-08_FraudFightingTips.pdf

As well, they are discussed below.

NOVA SCOTIA SITUATIONS

Scheme I

In August, 2007, a vendor in rural Nova Scotia listed his property for sale on the Internet. A person posing as a U.K. businessman offered to purchase the property directly from the vendor. There were a series of e-mails and phone calls between the vendor and the interested "purchaser" regarding the transaction. The vendor requested a non-refundable deposit of \$62,500 from the "purchaser". The "purchaser" couriered the vendor a "certified cheque" in the amount of \$82,500.

The cheque was drawn on an account purportedly held by a legitimate company at an Alberta branch of a nationally recognized bank. Addresses and phone numbers for the payer and the bank were included on the cheque. A copy of this cheque and a verification statement is attached as Appendix A of this paper.

When the vendor attended at his bank to deposit the cheque his banking officer called the number indicated for the Alberta bank to inquire about the authenticity of the cheque. The banking officer was told that it was "as good as gold" and that there were sufficient funds on account for the cheque to clear. The cheque was deposited and the vendor considered the funds certified.

In e-mails sent after the cheque was deposited, the "purchaser" explained to the vendor that he had received a loan from the company for this deal, as well as other transactions the "purchaser" had in process; hence it had to be in one lump sum from the loan company. The "purchaser" requested that the vendor accept \$40,000 as the deposit, instead of \$62,500 as the purchaser now needed the balance (\$42,500) to complete another deal in Japan. He asked the vendor to wire the \$42,500 to a bank account in Japan.

When the vendor began receiving these emails from the "purchaser" to wire \$42,500 to Japan, he contacted a lawyer. His lawyer contacted the "broker" who had been identified as the "purchaser's mortgage broker" in Ontario. The broker was evasive and wouldn't provide the lawyer with the "purchaser's" name or contact information. The broker eventually said he would have the "purchaser" contact the vendor's lawyer. When the "purchaser" did contact the lawyer he said he was a 32 year old

U.K. businessman. After speaking to him, the vendor's lawyer doubted this was true. The conversations the lawyer had with the broker and the purchaser, combined with the poor grammar and spelling in the purchaser's e-mails raised red flags in the vendor's lawyer's mind. He advised his client not to return any funds.

When the vendor did not wire funds to the Japan account, the e-mails to him from the "purchaser" became aggressive and the vendor was threatened with a lawsuit. On his lawyer's advice the vendor continued to resist returning funds to the "purchaser." The "purchaser" persisted in attempting to convince the vendor to wire funds. After the vendor's lawyer had personally spoken with the "purchaser" and "mortgage broker", the vendor received a waiver from a director of the non-existent company which appeared to authorize the release of the funds to Japan. Again, the document contained spelling errors, was not on letterhead, and in general, was suspicious.

Within days of the vendor depositing the \$82,500 cheque to his account, the lawyer and his client discovered that the "good as gold" cheque was, in fact, worthless and part of a fraudulent scheme. Phone numbers for the bank and payer which were on the cheque had been ringing through to bogus representatives, who then confirmed the legitimacy of the payer, the cheque, and the availability of funds.

One of the most concerning aspects of this scheme from the vendor's lawyer's perspective was that there were actually valid phone numbers for the non-existent company and bank branch and that individuals at these numbers were receiving and responding to calls and holding the bank and payer out to be perfectly legitimate. The fraudsters were described by the lawyer as very bold and the scheme elaborate.

Scheme II

In May of 2008, another of our lawyers reported a debt collection scam attempted on him. The lawyer had been contacted by email by a UK company asking that he represent it in the collection of an outstanding debt of \$110,000 owed to it by an Ontario company. The creditor offered to pay a fee of 20% of the amount collected to the lawyer. The lawyer advised the UK company that it would make more sense to have an Ontario law firm do this work, as the debtor was an Ontario company. The creditor continued to want the Nova Scotia lawyer to do the work.

Notwithstanding that the law firm never formally agreed to represent the UK creditor, or sent an invoice or demand letter, the lawyer received a telephone call from a woman who identified herself as being from the Accounts Payable Department of the debtor company located in Ottawa, Ontario. This woman acknowledged that the company owed the money and advised it wanted to pay the debt in full, right away. A certified cheque from the company was sent by Express Post to the law firm. The lawyer advised that the cheque was very authentic looking and appeared to have all the normal security features that one would look for on a cheque.

The lawyer was asked to send funds, minus legal fees, to an account in Singapore. Aware of the earlier fraudulent scheme that had been reported on in Nova Scotia, and because this "collection" was the easiest the lawyer had ever seen, the lawyer directed his staff to do some independent checking on the debtor and creditor companies.

A Google search revealed an Ontario company with the same name or close to the same name, but, when contacted, the legitimate company advised that while it had offices in Ontario, it had none in Ottawa (the address shown as the company address on the certified cheque delivered to the law firm).

A reverse phone search for the company phone number shown on the cheque showed an address for what appeared to be an apartment complex in Ottawa, Ontario. The law firm also reviewed the bank's website to determine if the bank listed as a branch on the debtor cheque was accurate. It was not. Nothing could be found about the UK company. All of this raised more red flags for the lawyer.

Not wanting to process the "certified" cheque in the normal fashion, the lawyer took it to the branch manager of his bank who confirmed that had it just been processed through the teller, it probably would have been initially processed and deposited into the lawyer's trust account without much, if any, scrutiny. It could have been a significant amount of time before the counterfeit cheque was returned and the law firm's trust account debited.

The lawyer asked the local branch manager to check with the bank whose transit number was shown on the cheque. He did and that branch advised they did not have a branch at the address noted on the cheque and confirmed this was the sixth call it had received that day relating to this type of fraudulent scheme. As a follow up, the local branch manager did call the phone number for the bank noted on the cheque and, as with the previous reported fraudulent scheme, was told by the person answering the phone that the cheque was good and the company legitimate.

Luckily, the lawyer did not negotiate the cheque; instead he reported what he believed to be a fraudulent scheme. This lawyer noted that someone with less seniority may have been more easily lured into this trap; or, if the debtor hadn't been so anxious to pay, red flags may not have gone up as quickly, or at all, with the lawyer who had been targeted.

Our Most Recent Report

In September 2008, a newly admitted Nova Scotia lawyer reported to us that he received an email request for services from a Hong Kong based company. His acceptance of the request for services would require receiving payment on behalf of the company from customers in North America and paying those funds over to the company.

The company requesting the lawyer's services advised him that they obtained his contact information from the Online Lawyers Directory as a result of their search for a reliable firm or individual to provide legal services. He was also advised that after a careful review of his profile, qualifications and experience, it was logical to believe that he was capable and qualified to provide the legal services they requested. This surprised the lawyer. Being newly admitted he did not believe that his profile or qualifications were listed anywhere that the company could access. They hadn't even yet been posted to his law firm's website.

After an Alert regarding this request for services was circulated by LIANS, two other lawyers contacted me and provided copies of the exact email request for services that they had also received in September. In its entirety (with contact info removed) it reads as follows:

“Attention Attorney

Request for Legal Representation.

This is an official request for legal representation on behalf of [redacted] Ltd. We are an investment holding company with principal business in hybrid machines and trading. We got your contact information from the Online Lawyers Directory as a result of our search for a reliable firm or individual to provide legal services as requested. After a careful review of your profile as well as your qualification and experience, it is logical to believe that you are capable and qualified to provide the legal services as requested.

Your acceptance of our request for your services will require the responsibility of Providing a medium of receiving payments on behalf of our company for customers in North America. Our Request is solely based on our need for your services to initiate a reduction in time and cost of doing business. Our strategy is to avoid the wait time for international monetary transaction between Asia and North America, that has posed as a Major delay in business transactions with our North American customers. To give you a better understanding of what your responsibilities will be as our legal representative, it is important that you understand some difficulties we are faced with presently in receiving funds from clients in North America. Firstly, There have been cases in the past of clients with delinquent payments and we were mostly incapacitated due to international legal boundaries to exert pressure on such clients or commence litigation in such cases.

This normally results in very late payments from customers. Secondly, most payments for equipments are drawn in checks and it takes approximately two weeks for checks from other continents to clear with our local banks. These delays mostly result in our late response to orders and we sometimes loose clients to other suppliers.

Thirdly, we experience high tariffs and foreign exchange charges as funds will have to be converted by our banks to local currencies as they are cleared with our banks and re converted to foreign currency as we place orders for supplies from our international suppliers. As you can see, the back and forth process of currency conversion, results in high charges for foreign exchange thereby resulting to increase in cost of doing business.

Your services will be;

1. Provide consultation and legal advise in cases of clients with delinquent payments.
2. Receive funds on our behalf from our North American clients.

We propose that cases of customers with delinquent payment will be billed on a case to case bases and let us know your retainer fee or charge for any funds received by you for regular payment on behalf [redacted] Ltd. I do hope this is acceptable to you. Upon receipt of your acceptance, I will update you on how we may proceed and open negotiation for remuneration accordingly.

I will need you to provide your beneficiary information such as

1. Name to be written on the cheque/draft
2. Your direct mailing address
3. Name of your bank.
4. Your direct telephone & fax numbers.

On behalf of _____ Ltd., Please accept my sincerest appreciation in advance for your willingness to render your services as we look forward to your prompt response to our request. Your decision to consider our proposal will be invaluable to us and we are eagerly looking forward to your prompt response.

Best Regards,

Ltd.

Other Jurisdictions

In the past few months there have also been reports of lawyers in two Western Provinces as well as Atlanta and California falling victim to the type of debt collection scams that were attempted in Nova Scotia.

In each case the lawyer was retained by a bogus client and received funds into his trust account by way of a cheque or bank draft that appeared legitimate. The lawyer then paid out funds from his trust account before learning that the funds were bogus and his trust account debited. Details on the American cases follow.

California

In July 2008, *The California Bar Journal*, (http://www.calbar.ca.gov/state/calbar/calbar_cbj.jsp?sCategoryPath=/Home/Attorney%20Resources/California%20Bar%20Journal/July2008&sCatHtmlPath=cbj/2008-07_TH_01_Internet-Scam.html&sCatHtmlTitle=Top%20Headlines) reported on an email solicitation received by a Long Beach California lawyer who was targeted in a debt collection scheme.

The email received by the California lawyer read in part as follows:

“We the management of AsiaLink Industrial, Hong Kong require your legal representation for our North American Customers.

We are of the opinion that the ability to consolidate payments from North America will eradicate delays due to inter-continental monetary transaction between Asia and North America.

We understand that a proper Attorney Client Retainer will provide the necessary authorization and we are most inclined to commence talks as soon as possible. Your consideration of our request is highly anticipated and we look forward to your prompt response.”

In this case the lawyer searched the company on the Internet and felt that it was a legitimate business. He responded advising he was interested in the work and would need a retainer agreement.

The foreign company replied by email agreeing to a retainer and asked that the paperwork be drawn up and sent. In the same reply, the company official said that just the knowledge that it had hired a U.S. lawyer had prompted its debtor to agree to repayment.

In a matter of days — and before any retainer was paid — the lawyer received what looked like a legitimate cashier's cheque from a well-known U.S. bank. He deposited the cheque into his trust account and as directed by the "client", wired the debt amount minus his fees to a bank account number supplied by the client. Shortly thereafter he learned the cheque was bogus.

Fortunately, for this lawyer, his bank was able to stop the wire transfer. Learning that the cashier's cheque was fake, his bankers stayed late at work so they could contact the Hong Kong bank when it opened in the morning and they were able to stop the money from being deposited into the fraudster's account.

The California Bar Journal article pointed out that in this case the fraudsters knew how to delay confirmation that the cashier's cheque was bogus long enough to get a lawyer's trust account money into their own hands. They did that by changing the nine-digit MICR (magnetic ink character recognition) lines at the bottom of the cheque. The cheque might indicate it is drawn on one particular bank, but the code recognizes the cheque as being another bank. This appears to have been what was also done in the Nova Scotia case.

Atlanta, Georgia

Atlanta Georgia lawyer, Gregory Bartko, was not as lucky as his California counterpart. A lawyer with 26 years experience who sometimes handled international legal transactions involving Asian clients, he fell victim to a debt collection scam. He received almost \$200,000 into his trust account by way of a bogus cheque and wired most of it out to a South Korean "client" within three days of receiving it. When his bank learned the cheque was bogus Bartko's trust account was debited resulting in a significant shortfall in that account.

As reported on September 9, 2008 in the *ABA Journal Law News Now* (http://abajournal.com/news/e_mail_scam_targeting_law_firms_ensnares_a_lawyer_in_atlanta) Bartko had been contacted by a person who identified himself as a representative of a real company that trades on the Taiwanese Stock Exchange. Bartko now thinks there was no connection between the company and the person who contacted him.

As in the California case, the fraudsters in this instance changed the nine-digit numbers at the bottom of the cheque so that it was wired to a different bank than the one that was named. This caused a delay in the processing and return of the bogus cheque.

British Columbia

At Appendix B of this paper is a sample bogus cheque received by a British Columbia law firm, together with the envelope in which it was delivered. This cheque was not deposited by the law firm because of the following red flags that alerted them:

1. it is was a totally unsolicited cheque
2. the paper on which it was printed was flimsy
3. the envelope indicated the cheque, (which was supposedly from a Canadian company) came from Romania

Other Types of Fraud

Identity fraud, flip/value fraud and business loan fraud are other types of fraud that have been reported in other Canadian jurisdictions.

With identity fraud, the fraudster finds a property, often (but not always) vacant or tenanted and having a single owner. The fraudster assumes the identity of the true owner, and then either mortgages the property or sells it to a sometimes innocent third party, disappearing with the mortgage or sale proceeds.

Sometimes fraudsters actually register a false discharge of mortgage as part of their fraudulent scheme to mortgage or sell a property.

In British Columbia such an identity fraud type of scheme involving real estate was recently averted and one of fraudsters caught and arrested in a “sting operation” that can be viewed on You Tube at <http://www.youtube.com/watch?v=tKTNhpTeltc>

Flip/Value Fraud

British Columbia and Ontario have also seen value or flip fraud. This type of fraud frequently includes identity fraud. A complacent and/or wilfully blind lawyer is drawn into the scheme.

In an article entitled Dangerous Liaisons and published in Law Pro Magazine (Summer 2007 vol. 6 no.2) <http://www.practicepro.ca/LawPRomag/RolphWishartDangerousLiaisons.pdf> Caron Wishart and Debra Rolph discuss fraudulent flip schemes and identity fraud in the context of the Vishnu (Joey) Poonai case (R. v. Poonai, 2006 CanLII 43618 (ON S.C.) Docket: CR593/06).

Poonai, an Ontario lawyer now disbarred, was convicted criminally in 2006 for his part in a “fraudulent flip” scheme relating to twelve different real estate transactions. Poonai acted for vendors and purchasers but not the lenders. He recruited other lawyers to represent the lenders, saying he was very busy and promised them steady work. In this article, Wishart and Rolph describe the scheme in part as follows:

Lawyers enticed to participate in fraudulent schemes often don't have a busy practice and welcome a steady stream of real estate transactions to help build the practice.

In many cases, the recruited lawyer didn't even meet with the borrowers and/or lenders. The transactions were presented as fait accompli, and the lawyers simply signed where they are told to sign, register documents when ready, and distribute the money as directed. Attention to detail was discouraged. Questions were deflected by Poonai. Passivity was a valued trait of the other lawyers.

The scheme generally involved flip transactions and identity theft. The property was purchased at a low price, or at market value, resold immediately for a substantially higher price, and mortgage funds were advanced by a lending institution based on the higher price. The difference between the funds required to close the deal and the mortgage advance was the profit for the fraudsters.

In some cases identify theft and impersonation of ostensible borrowers for the purpose of using their name and credit to secure mortgages on various properties were also involved. In most of the transactions, the lending institutions were provided with an agreement of purchase and sale reflecting only the final price, but were given nothing to indicate that there was a flip.

For his involvement, Poonai was convicted of fraud and disbarred. One of the other lawyers recruited by him was disbarred and the other allowed to resign.

Business Loan Fraud

The Lawyers' Professional Indemnity Company, in an article that appeared in Law Pro Magazine (Summer 2008 vol.7 no, 2) http://www.practicepro.ca/LAWPROMag/Wishart_Fraud_Growing.pdf described the following type of business loan fraud seen recently in Ontario.

A new client introduced to the lawyer by a broker or a former client is looking to set up a business and is borrowing money to buy inventory or materials. The loan documentation looks legitimate and the deal is processed. A certified cheque is deposited into the lawyer's trust account. The lawyer draws a certified cheque on the trust account as directed. Several days after that cheque is cashed, the lawyer is advised that the deposited cheque is counterfeit and there is a shortfall in his trust account.

Using this type of scheme, fraudsters successfully duped 10 lawyers in Ontario over the Christmas 2007 and New Year 2008 holiday time. They struck again just before the May 2008 long weekend when four more Ontario lawyers were left with shortfalls in their trust accounts.

Protecting Yourself and Your Practice

It is important that you and your staff remain vigilant and alert to the possibility of fraud when you receive a request to provide services to a client previously unknown to you, (international or not) and when those services require the use of your trust account to receive and disburse funds.

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.

There seems to be a pattern to attempts at fraudulent schemes. If at first a scheme doesn't succeed, a slight variation is tried, often three to six months later when lawyers or their firms may become a little less vigilant.

Educate your staff to always be vigilant to suspicious or nervous behaviour from clients, and to make this known to members of the firm. Discuss this paper and the tips set out in Appendix C, with your colleagues and staff, so that you can establish a team approach to avoid falling victim to a fraudulent scheme.

Read and comply with the Nova Scotia Barristers' Society's New Client Identification and Verification Regulations <http://www.nsbs.org/documents/news/ClientIDPkg.pdf>. 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.

As well read the Alerts that are sent from my office to yours and discuss them with others in your office. One lawyer caught in a debt collection scam in another jurisdiction apparently knew fraud alerts were being circulated to lawyers in his jurisdiction but failed to read them.

And finally, alert your colleagues and me at Lawyers' Insurance Association of Nova Scotia if you feel that a new scheme may be circulating.

If you have any questions on this or any other Risk or Practice Management issue do not hesitate to contact me, Deborah E. Gillis, Q.C., Risk and Practice Management Advisor for LIANS. I can be reached at:

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Halifax, NS B3J 1V7
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dgillis@lians.ca

Appendix A

SECRET
NO FORN DISSEM
JUL 31 2001

AUSPICE OF FBIK U.S. PATENT NUMBERS UNDER SIGNATURE INDICATES CHECK IS FRAUDULENT. PATENT NUMBERS ARE PRINTED WITH HEAT SENSITIVE INK & WILL DISAPPEAR WHEN BLOWING OR RUBBING

⑈0012A7027⑈ ⑆02509⑈001⑆: 1225⑈21

THE CHECK IS VOID WITHOUT A RED & GRAY BORDER AND MICROPRINTED FILLS & HOLES AT THE INTERSECTIONS.

CCU
CCU Group Canada Ltd.
 Groupe CCU Canada Ltd.
 1111 CENTRE ST. W.
 CALGARY, ALBERTA T2C 2E7
 TEL (403) 99-4107

BANK OF MONTREAL
 218 St. S. S.B.
 Calgary, AB T2C 2E7
 TEL (403) 99-4107

AMOUNT PAID TO THE ORDER OF: \$ 87,500.00 DOLLARS

ACCEPT
 BANK OF MONTREAL
 218 ST. S. S.B.
 CALGARY, AB T2C 2E7
 JUL 24 2001

DO NOT DESTROY

⑈0012A7027⑈ ⑆02509⑈001⑆: 1225⑈21

NOV 23 2001 10:57 AM

2007-08-01
13:41
AUG 01 2007



00012870274 02509001: 12511 21

AMERICA OF FROM THE FEDERAL RESERVE BOARD OF GOVERNMENT OF THE UNITED STATES OF AMERICA

We confirm that this Certified Cheque
is a valid good and authentic document
Your funds are guaranteed, you may
Cash or Credit accordingly

01/08/07

BANK OF MONTREAL
719 WEST ST SE
CALGARY AB T2G6G5

Appendix B

ARMSTRONG



S.A. ARMSTRONG LIMITED

23 Bertrand Avenue, Scarborough, Ontario, Canada M1L 2P3

CANADIAN IMPERIAL BANK OF COMMERCE
Main Branch - Commerce Court
25 King Street West
Toronto, Ontario, Canada M5L 1G9

055162

Cheque No.	Cheque Date
055162	10-07-08

PAY *SEVENTY THOUSAND AND 00/100*

TO
THE
ORDER
OF

BELL ALLIANCE IN TRUST

Cheque Amount
70,000.00

[Handwritten Signature]
Authorized Signature

This document contains security features.

⑈055162⑈ ⑆000020010⑆ 00⑈35408⑈

Bell Alliance in Trust
Bell Alliance, Lawyers & Notaries Public
Suite 610, 1385 West 8th Avenue
Vancouver, BC V6H 3V9, CANADA.



PRIORITAR
PRIORITAIRE



Appendix C

Fraud Fighting Tips for Your Real Estate Practice

- Try to work with clients you can meet in person. Have your office deal directly with clients to set up appointments and receive documents and money rather than dealing with a spokesperson
- Verify your client's identity at the intake level and maintain a copy of this verification for your file. Look for at least two pieces of ID. Compare the address on the identification provided with the address that is provided to you by the client as his or her address. Also compare spellings of names. Where there are differences ask why; be satisfied with the answers, and document the explanations
- Educate yourself and your staff on the Nova Scotia Barristers' Society's New Client Identification and Verification Regulations <http://www.nsbs.org/documents/news/ClientIDPkg.pdf>. 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
- Use 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
- Check property ownership history - confirm current owner of the property and be vigilant of property flips. Be extra vigilant when the property is mortgage free and the discharge has only recently been registered; fraudulent schemes involving identity theft often include the registration a false mortgage discharge or selling a property that is, in fact, mortgage free
- When representing a vendor or mortgagor ask him or her to provide you with more than his or her deed; ask for survey or plot plans, as well as tax bills and assessment notices. A true owner should be able to provide these
- Compare the terms of the Purchase and Sale agreement you receive carefully with the mortgage instructions you receive; If you cannot comply with the mortgage instructions or if there are any inconsistencies between the Purchase and Sale agreement and the mortgage instructions, advise your client that you will have to advise the mortgagee of these inconsistencies and seek further instructions from it. If the client refuses to consent to this, advise him/her that you will withdraw from the transaction. This contingency should be discussed at the outset of your retainer
- Resist having documentation that you have prepared taken outside your office for execution
- Don't accept only your client's representation that the judgments, mortgages or liens have been paid. Determine for yourself the correct mailing address and phone numbers for the creditor, claimant or mortgagee. Then, get written confirmation directly from that person or institution about the status of the judgment, lien or mortgage and what is needed to satisfy or release it

- Don't accept more money into your trust account than is needed for the transaction. 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
- Don't pay funds from your trust account to parties who are not the vendors noted in the purchase and sale agreement, or have no apparent connection to the transaction. There should be no reason for this to be done
- Don't let yourself be pressured into acting on a transaction that doesn't feel right.
- Don't become dependent on a single client or referral source for the bulk of your business

Also 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
- A 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
- 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
- A true owner receiving a Canada Post Change of Address Notice when, in fact , they are not moving or changing their mailing address; if a true owner receives such a notice this is often a clue that some type of identity theft is happening, as fraudsters are looking to have documentation directed away from the real owner's address
- Envelopes in which funds are delivered to you; check and keep envelopes when bank drafts and cheques are received; in one British Columbia case a bank draft received from what was purported to be a Canadian company, came in an envelope from Romania

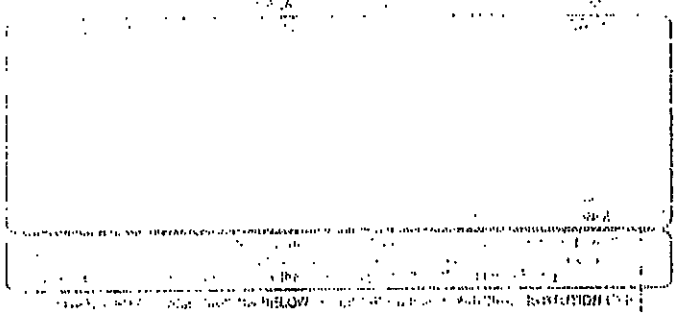
APPENDIX D

ABSTRACT OF PAT. U.S. PATENT NUMBERS UNDER SIGNATURE INDICATES CHECK IS FRAUDULENT; PATENT NUMBERS ARE PRINTED WITH HEAT SENSITIVE INK & WILL DISAPPEAR WHEN BLOWING OR RUBBING

298866 # @04 104 @ 0034

103 @ 184 @ 84

<p>W. RALSTON (CANADA) INC.</p> <p>300 LAURIER AVE W OTTAWA ONTARIO K1P 6E1 TEL: (613) 566-2100 TELEFAX: (613) 566-2101</p>		<p>298866</p> <p>VERBORNO N° DE VERBORNE 28067</p>	
<p>DATE: 24 APR 88</p> <p>PAY TO THE ORDER OF: 111,530.00</p>	<p>AMOUNT IN FIGURES: 111,530.00</p> <p>AMOUNT IN WORDS: 111,530.00</p>	<p>ROYAL BANK 300 LAURIER AVE W OTTAWA ONTARIO K1P 6E1</p>	
<p>DO NOT DESTROY</p> <p>CERTIFIED CHECK ONE</p>		<p>ROYAL BANK 300 LAURIER AVE W OTTAWA ONTARIO K1P 6E1</p>	
<p>W. RALSTON (CANADA) INC.</p> <p>300 LAURIER AVE W OTTAWA ONTARIO K1P 6E1</p>		<p>W. RALSTON (CANADA) INC.</p> <p>300 LAURIER AVE W OTTAWA ONTARIO K1P 6E1</p>	



RECEIVED

RECEIVED

TO VIEW OR REMOVE
HOLD UP FRONT
OR
UNDER BLACK LIGHT

THIS CHECK ALSO CONTAINS THE FOLLOWING SECURITY FEATURES:

1. The words "W. Ralston (Canada) Inc." are printed in the background of the check.
2. The words "W. Ralston (Canada) Inc." are printed in the background of the check.
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