



RISK MANAGEMENT RESOURCES

## ARTICLES

There's a Deposed Prince on Line  
1 and He Wants to Scam You



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## THERE'S A DEPOSED PRINCE ON LINE 1 AND HE WANTS TO SCAM YOU

More likely, there's an email in your inbox with language similar to this:

Dear Sir,

We wish to retain your services to facilitate in the retrieval of delinquent accounts and holdings from our customers in United States. These accounts are delinquent due to the current economic status affecting business owners around the world. We would like for the accounts to be mediated and closed before the end of the incoming quarter. The companies that have disarray have been legitimate to our company for years so we believe and hope that the need for litigation will not arise. We would like to receive your retainer agreement, rates and all other essential material regarding your firm's compensation policies. I look forward to your prompt response.

Sincerely,

Deposed Prince followed by a company name in an exotic locale with telephone, fax numbers and website address that appear legitimate.

Someone is offering to hire you as their lawyer in order to help them transfer money. It sounds easy enough, but an empty trust account is often the result.

### THE SCAM:

Often, the potential client asks the law firm to supply bank account information. This may be a test to determine how easy a prey you will be. The potential client then requests that payments be made using a wire transfer service like Western Union because of the speed at which the payment can be received and processed. However, in truth, wire transfers and similar methods of payment are irreversible, untraceable and anonymous.

In some of the scams, the potential client offers to send you an advance on your commission in order to build trust and to get money from your bank. They send you a check for part of your commission, instructing you to deposit it and then wire payment to them for taxes, bonding, or some other phony purpose. The bank tells you the check has cleared because the normal time has passed to be notified that checks have bounced. After you wire the money, the check that you deposited finally bounces because it turned out to be an elaborate fake. Now the scammer has your payment, and you're left owing your bank the amount that you withdrew.

### RED FLAGS:

- All communication is via e-mail
- E-mail is addressed to "undisclosed recipients"
- E-mail address appears to be an individual account rather than company account

- Client is evasive when determining scope of engagement
- The check for funds arrives from a suspicious address

**TIPS:**

- Do independent research beyond what the potential client provides – for instance if they give a bank telephone number to verify a check, that could be someone pretending to work for the bank
- Ask the client’s permission to contact the company in question to verify a business relationship exists
- Ask the bank to verify the check rather than immediately deposit and wire funds
- Never provide your bank account or other financial information. This information can be used to withdraw money from your account.
- Make sure your firm has proper checks and balances in place concerning trust accounts and that you conduct internal reviews frequently so if someone in the firm becomes a victim of theft, the loss can be detected quickly
- It’s often difficult to locate the individuals involved; however, it’s still helpful to report actual or attempted money offer scams to law enforcement agencies
- Review the January 8, 2007, OCC Bulletin article issued by the Comptroller of the Currency at [www.occ.treas.gov/ftp/bulletin/2007-2.html](http://www.occ.treas.gov/ftp/bulletin/2007-2.html)
- Confirm the existence of the bank the money is drawn at [www2.fdic.gov/idasp/main\\_bankfind.asp](http://www2.fdic.gov/idasp/main_bankfind.asp)
- To view sample counterfeit documents used in financial crimes, see the National Check Fraud Center site at <http://ckfraud.org/counterfeitcks.html>
- Review special alerts about counterfeit financial documents at [www.fdic.gov/news/news/SpecialAlert/2009](http://www.fdic.gov/news/news/SpecialAlert/2009)

**Duty to Report:**

Rule 1.6(b)(2) of the North Carolina Rules of Professional Conduct says a lawyer may reveal information protected from disclosure to the extent the lawyer “reasonably believes necessary” to prevent the commission of a crime by the client, even in the situation where the lawyer is the target of the crime.

Report the scam to the proper authorities and if you suffer a loss to your trust account, report the problem to the State Bar and to Lawyers Mutual.