

A NEW TWIST ON AN OLD INTERNET SCAM

We have just learned of a new scam that is similar to previous scams we have seen but a bit more sophisticated. In a [2010 alert](http://www.lawyersmutualnc.com/_public/documents/resources/ALERT_emailscam.pdf) (http://www.lawyersmutualnc.com/_public/documents/resources/ALERT_emailscam.pdf), we warned you of a scam where you are contacted by an out of state or more likely an out of country prospective client. This person tells you that they would like to hire you to collect a debt owed by a person or company in North Carolina. The prospective client provides you with the contact information for the debtor, and you send a collection letter. Amazingly, in just a few days you receive what appears to be an official bank check. Relying on the official check, the lawyer disburses the funds to the new client and later discovers the check is a fake and there is now a trust account shortfall.

In the new scam we just learned about, the scammer uses a real lawyer as the first point of contact. In this case, the North Carolina lawyer received an e-mail from what purported to be a Connecticut lawyer indicating he was going into the hospital for heart surgery and needed to refer a client for a collection matter in North Carolina. The Connecticut lawyer advised that his client would be getting in touch with the North Carolina firm very soon. Because he was going in for heart surgery, he would not be able to talk further with the North Carolina lawyer. There is in fact a Connecticut lawyer with the name used in the referral. However, he had no idea someone was using his name. The prospective client, a German company, contacts the North Carolina lawyer and asks the lawyer to send a demand letter to a company in Statesville. The client indicates that collection should not be difficult with the threat of a lawsuit. The client provides a copy of a sales agreement between the client and the Statesville company and tells the lawyer that \$500,000 is still owing on a \$915,000 steel order. In fact, counsel for the Statesville company has confirmed that it has no business relationship with the supposed client, does not owe any money to this company, and is itself a victim of the scam. The lawyer sends the demand letter and in just a few days a UPS package arrives at the lawyer's office with partial payment of \$295,000 in the form of what appears to be an official bank check from Citibank (copy of the check below). Interestingly, the UPS package that



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was purportedly from the Statesville company came from Canada. If the lawyer were to deposit the check into the firm's trust account and disburse against this check, he or she would soon discover that the check was a fake.

Because the initial referral from a licensed Connecticut lawyer seemed legitimate, it is easy for the lawyer to let his or her guard down. However, there are red flags here. The Connecticut lawyer is unavailable to discuss the referral. Collection was far too easy and happened very quickly. The UPS package arrived from Canada.

You can easily avoid falling for these scams by taking some simple precautions. When dealing with new out of state or out of country clients, do some basic investigation of the prospective client and the debtor. Contact the debtor company to verify that it actually has a business relationship with the prospective client. Insist on wired funds and verify that the wired funds have cleared before disbursing. Require the prospective client to pay a retainer and refuse to do anything until you have received the retainer in the form of wired funds. It is highly unlikely that a scammer is going to pay a retainer in this situation and take the risk of losing that money.

For more information on the latest email scams, check out Dan Pinnington's blog "[AvoidAClaim](http://avoidaclaim.com/)" (<http://avoidaclaim.com/>) where he discusses recent scams and shares typical fraudulent emails.

If you are targeted with this scam or similar scams, you should contact law enforcement agencies and notify Lawyers Mutual so that we can get the word out to our insureds.