

Beware of Scams Targeting Law Firms

Would you ever fall for an email scam that begins, "I am the former oil minister of Nigeria...."? Of course not. But did you know there is a clever e-mail scam targeting lawyers? Scammers are manipulating email and the Internet to link lawyers with fake new clients. They hope to hoodwink lawyers into accepting a bank cashier's check, which is commonly mistaken to be as good as cash, except their cashier's check has bounced because it is a forgery.

The Scams

There are many scams circulating that attempt to pilfer funds from law firms. Because of the way these scams operate, anyone who litigates is particularly susceptible.

In a typical scenario, the lawyer will receive an e-mail to the effect that a Pacific Rim business needs to retain a North American lawyer to recover debts from a North American debtor. Sometimes the e-mail will name another lawyer as the source of the referral.

If the lawyer receiving such an e-mail does an online search of the names of the referring attorney or the debtor, he or she will find that they are legitimate. Sometimes the e-mail discussion can continue for an extended period covering such items as retainer agreements, progress of settlement negotiations, etc.

Finally, the lawyer receives a cashier's check apparently from a reputable bank on behalf of the debtor for the lawyer to deposit in a client trust account. The cashier's check appears to be completely legitimate. The "client" then aggressively presses for an immediate wire of the amount owed to it minus the attorney's fees. If the lawyer sends such a wire under the mistaken belief that the cashier's check is the equivalent of cash, he or she will be horrified to discover days later that the cashier's check has bounced.

In general, lawyers should be leery of situations in which someone sends funds to the firm and then asks the firm to send a portion of the funds to a third party. The lawyer should question whether there is a legitimate reason for the payment to go through the firm rather than directly.

In addition, watch out for scammers posing as prospective clients requesting the firm's wire instructions or bank account details. This could be a pretense to obtain the information to rob money from the firm's account.

The Solutions

How can you protect yourself?

- Be alert to the fact that these scams exist;
- Know your client. If you are not sure who is contacting you, check them out. Also check with referring attorneys to confirm the legitimacy of the client;
- Don't rely on contact information which is provided. Independently find contact information and check it out;
- Be sure there is a legitimate reason for your firm to be making any payment;
- Do not send funds or a check unless you have first received good funds (or are willing to extend credit); and
- Where possible, avoid receiving checks by having immediately available funds wired directly into your account.

If you have questions regarding this Alert, please contact **Devika Kewalramani** at 212.554.7832/**dkewalramani@mosessinger.com** or **Arnold N. Bressler** at 212.554.7636/**abressler@mosessinger.com**.

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