

OREGON LAW PRACTICE MANAGEMENT

New Counterfeit Check Scam Targeting Lawyers

[The Oregon State Bar recently posted the following alert on its Web site:](#)

We have new reports this week that Oregon lawyers are being targeted by scammers. You can find details on the FBI's website in a post entitled "[U.S. Law Firms Continue to be the Target of Counterfeit Check Scheme.](#)" The post also includes a link to a government site where you can report an attempted scam email. It follows:

U.S. Law Firms Continue to be the Target of Counterfeit Check Scheme

03/12/12—The IC3 continues to receive reports of counterfeit check schemes targeting U.S. law firms. The scammers contact lawyers via e-mail, claiming to be overseas and requesting legal representation in collecting a debt from third parties located in the U.S. The law firms receive a retainer agreement and a check payable to the law firm. The firms are instructed to deposit the check, take out retainer fees, and wire the remaining funds to banks in China, Korea, Ireland, or Canada. After the funds are wired overseas, the checks are determined to be counterfeit.

In a slight variation of the scheme's execution, the victim law firm receives an e-mail from what appears to be an attorney located in another state requesting assistance for a client. The client needs aid in collecting a debt from a company located in the victim law firm's state. In some cases, the name of the referring attorney and the debtor company used in the e-mail were verified as legitimate entities and were being used as part of the scheme. The law firm receives a signed retainer agreement and a check made payable to the law firm from the alleged debtor. The client instructs the law firm to deposit the check and to wire the funds, minus all fees, to an overseas bank account. The law firm discovers after the funds are wired that the check is counterfeit.

Law firms should use caution when engaging in transactions with parties who are handling their business solely via e-mail, particularly those parties claiming to reside overseas. Attorneys who agree to represent a client in circumstances similar to those described above should consider incorporating a provision into their retainer agreement that allows the attorney to hold funds received from a debtor for a sufficient period of time to verify the validity of the check.

If you have been a victim of an internet scam or have received an e-mail that you believe was an attempted scam, please file a complaint at <http://www.ic3.gov/>

Although this is not a new problem, some scammers are becoming more sophisticated and suspect emails may be harder to identify than in the past. Always use caution when responding to an unsolicited email, whether it has to do with the legal profession or not.

In a nutshell, here are the take-aways:

1. If you decide to represent a client via e-mail, especially one who purports to reside overseas, add a paragraph to your fee agreement allowing you to hold funds "collected" from the debtor for a sufficient period of time to verify the validity of the paying instrument.

2. Consider including a similar provision for retainers paid by your client. (In one variation of this scam, the overseas client uses a counterfeit check to pay the lawyer's retainer, then quickly fires the lawyer, demanding an immediate refund by wire transfer.)
3. Although the latest alert refers to *counterfeit checks*, lawyers have also been scammed by *counterfeit money orders*. If you "collect" a debt under the scenario described above, **wait at least 10 business days before disbursing any funds** regardless of the instrument used to pay the debt. In some circumstances, it may be appropriate to *double* this waiting period.
4. If you are the victim of a scam, [file a complaint](#)!
5. Keep in mind that scams of this type are typically *not covered* by the PLF Claims Made Plan. Proceed cautiously! For additional tips, see the following resources:
 - [Check Scams Become Even More Sophisticated and Generally Have No PLF Coverage](#)
 - [Check Scams Becoming More Sophisticated](#)
 - [Check Scams Target Lawyers](#)
 - [Changes to PLF Claims Made Plan \[New Exclusion for Check Scams\]](#)
 - [Scammers Take Aim at Lawyers: How to Avoid Becoming the Next Victim](#)
 - [Lawyers Beware: Avoiding the Scams](#)
 - [Trust Account Lessons: Cautionary Notes](#)
 - [Check Scams Continue to Plague Lawyers](#)
 - [Can You Spell S-C-A-M?](#)
 - [Money Transfer Scams – Advice from the FTC](#)
 - [Just in Time for the Holidays: A New E-Mail Scam](#)
 - [Check Scams – More to Know](#)
 - [Check Scams – Alive and Well in Oregon](#)
 - practicePRO's [Avoid a Claim Blog](#)

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