

Commercial Equipment Purchase / Debt Collection Scam



ALIA has recently received reports of suspicious communications from foreign business people looking for Alberta lawyers to facilitate the purchase of commercial equipment or, in some instances, the collection of commercial debt from a purported borrower in the lawyer's jurisdiction. These appear to be [bad cheque scams](#) in which the lawyer will be asked to deposit the cheque for the purchase or from the debt collection into the trust account and wire the balance (after legal fees are deducted) to an overseas account; the cheque is fraudulent and the lawyer will be left with a shortfall in the trust account.

In this type of scam, the fraudsters will often use the details of a real company, including web addresses and mailing addresses. However, the contact phone number and email will be fake. Their emails are usually generically addressed (such as "Dear Attorney" or "Attention Counsel") and do not specify where legal services are required. In a recent alert, the email indicates legal services are required "in your area" but does not provide any additional location information.

Fraudsters are going to great lengths to make their schemes appear legitimate. Red flags can be as simple as situations where little or no legal work is required but a large sum of money is expected to flow through the lawyer's trust account.

Action to be taken:

ALIA recommends that lawyers use caution when responding to and engaging with potential clients with whom they do not have a relationship. In order to protect themselves, lawyers should follow the [Client Identification and Verification Rules](#) of the Law Society of Alberta.

ALIA also recommends a review of processes involving payments from firm bank accounts to ensure that appropriate measures are implemented to prevent fraud. Lawyers should seek confirmation from the bank that any incoming funds have cleared prior to issuing a trust cheque.

Fraud alerts with similar details can be viewed on the [Avoid-A-Claim website](#) provided by LawPRO, the insurer of lawyers in Ontario.

The Alberta Lawyers Insurance Association (ALIA) provides the ALIAAlert service to all Alberta lawyers participating in the indemnity program. ALIA does not independently confirm the facts or allegations provided to us. If you believe that you have been targeted by potential fraudulent activity, please contact ALIAAlert.