

## Retainer Refund Scam

ALIA has received reports from Alberta law firms which have been contacted by individuals purporting to be in custody and seeking a quotation for legal services. When the lawyer provides an estimate, the caller indicates that a family member will be paying the retainer. The family member then contacts the law firm and pays the retainer by credit card.



The next day, the original caller contacts the law firm advising that his charges have been dropped, he no longer needs a lawyer and would like a refund. The caller then provides written instructions from the family member who paid the retainer to issue the refund to the caller, and advises that he will pick up the cheque from the law firm. The caller then picks up the cheque and provides an out-of-province ID before the bank can identify the original credit card transaction as fraudulent.

### Action to be taken:

Prior to issuing a trust cheque, a lawyer must ensure that the trust account has sufficient funds to allow the withdrawal to be completed; failing to complete this step is a common source of inadvertent trust account shortages.

Best practice is to seek confirmation from the bank that the incoming funds have cleared prior to issuing a trust cheque.

- Do not refund any monies until the payment has fully cleared
- Check the validity of all credit and debit cards
- Issue refunds using the original method of payment

ALIA also recommends a review of processes involving payments from firm bank accounts to ensure that appropriate measures are implemented to prevent fraud.

*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.*