

LAWYERS BEWARE OF SCAMS

By David I. Grunfeld

At this point most lawyers are aware of the existence of many scam artists who contact us by email. Offers to hold and transfer money from princes or others overseas, we know to ignore.

However, there are many other schemes used these days, which sometimes seem realistic. The purpose of this article is to identify them so receipt of such a communication will give us reason to pause.

Collection lawyers get emails which tell about a balance due on a debt by a local debtor. The email is likely to come from a foreign company, allegedly referred by another company or their attorney, not names which are familiar.

A fee agreement is reached which gives the lawyer a percentage of the collection, but even before the lawyer can investigate the debtor or send a demand letter, the creditor writes and says the matter has been settled, and shortly thereafter a check is received by the attorney. It may even be a certified or bank check, maybe on an out-of-state or out of country bank. Of course, the creditor demands that the attorney take his share and remit the creditor's share immediately.

Then the check is dishonored, which may take a week or two. Most likely, the check was stolen or forged. So, the lawyer's escrow account is out the money, plus bank charges. Naturally attempts to reach the creditor thereafter are unavailing.

The family law practitioner's version is for a balance due on a property settlement agreement by a now-local ex-spouse.



The transactional attorney is asked to be a depository for funds needed to complete a contract, such as for equipment purchase.

The estates attorney is asked to be a depository for down money or the balance for a property purchase.

I now have crafted a standard response to these invitations, in which I say we will consider acceptance of the matter, conditioned upon disclosure of full contact information for both parties, refusal to accept third-party checks, and no distribution to be made until certainty that the check has cleared (I sometimes call the check maker to assure validity of the check before depositing it).

These scammers are getting increasingly clever—they will give you copies of what looks like signed contracts or notes, invoices and other convincing document-

tation. They may give a sob story about desperately needing the funds.

The bottom line is—be suspicious, maybe decline or ignore the request, and do not deposit the check without ascertaining its validity. Certainly, do not make distribution without waiting a few weeks for the check to clear, even if a bank or certified check. Smart lawyers have been burned.

Legitimate claims can arrive in this fashion, but more likely we get scams. Be wise! ■

David I. Grunfeld (dgrunfeld@astorweiss.com), of counsel to Astor Weiss Kaplan & Mandel, LLP, is a member of the editorial board of The Philadelphia Lawyer.