

Scams

Rampant in the Territory!

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The Society has been informed of several Territory practices succumbing to scams involving overseas clients seeking to recover a debit from a local or Australian-based company or persons. They often target smaller law practices but bigger firms may also be affected.

Practitioners are advised to carefully check any international transactions involving trust accounts in particular. If you have any suspicions or queries you should contact the Society or the Australian Federal Police as soon as practicable.

Be aware:

- Always allow clearance time for a bank cheque (a bank cheque is not as good as cash).
- Most bank cheques over 5,000.00 will have two signatures.
- Do not undertake a matter where communication is only via email without absolute knowledge of the identity of the client.
- Entrusted funds should be cleared before actioning any transaction against the funds directions from the client.
- Overseas cheques will take 20 days to clear.
- If entrusted funds are not cleared prior drawing upon them you are placing other client's funds and the practice's funds at risk.

- The identity of clients engaging your services via email should be verified.
- A dishonour fee for an overseas cheque is estimated to be between 20-25% of the AUD value - your practice is likely to be obligated to pay this value.
- Should you receive such a cheque via post please treat it carefully as it may be required as evidence by the relevant international authorities

Some of the common features of these scams are:

A:

- Practice is approached by a client who resides overseas.
- Passport extracts are often provided to assist in verifying the identity of the client.
- Client only communicates via email.
- Supporting documentation is usually received via email.
- Client email address is usually held with, Gmail, Hotmail or

Yahoo.

- The matter may be a debt recovery matter.
- A known local business or resident is often the defendant.



- Part way through the matter the client informs the practice that the matter has been

- The client will confirm the funds have been received and will request the practice to draw down on the funds (usually before the standard clearing period of 20 days).
- The client is likely to provide bank details in a third country.

B:

- Cheque is an ADI (bank) cheque.
- Client only communicates via email.
- Supporting documentation is usually received via email.
- Client email address is usually held with, Gmail, Hotmail or Yahoo.
- The matter is often a debit recovery matter.
- Part way through the matter the client informs the practice that the matter has been settled.
- Restitution is made via a cheque which appears to be an Australian bank cheque (thus avoiding clearance period).
- Funds are deposited into the practice general trust account.

- Client provides instructions to EFT funds to an overseas account.

C:

- Cheque is an ADI (bank) cheque.
- Client reportedly in Japan and only communicated via email.
- Requested to deposit trust funds prior to the practice accepting the matter.
- Client informed practice

that she was undergoing chemotherapy.

- Request for trust funds waived in interim.
- Client email address was held with Gmail.
- The matter was a debit recovery matter.
- Local address for debtor.
- Deed of debit was provided via email.
- A forged Australian bank cheque (from NSW) was received by the practice by way of a third party (as settlement of debit).
- Forged bank cheque subsequently deposited into the practice trust account.
- Practice waited for funds to clear.
- Practice contacted by the bank and notified the cheque was forged.

D:

- The practice received three international bank cheques by post.
- Two cheques were appropriately deposited into trust.
- One bank cheque in USD was honoured; however the second bank cheque (in USD) for a much greater value did not clear.
- The practice was charged an international currency dishonour fee (which is much greater than a local currency dishonour fee).
- One cheque remains in the possession of the practice.
- Once again the client held a global email address in this instance and in the other incidences it was Gmail account. ●

settled and a third party will deposit the funds into their trust account on behalf of the local business individual.

- The third party satisfying the debit will be from overseas.
- A cheque usually in foreign currency will be delivered to the practice.
- The cheque is likely to be delivered by registered postal item.

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ITEM CON YOU OR
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