



Be Wary: Scams and Frauds Continue to Dupe Lawyers Out of Client Money

Email fraud is nearly as old as email itself; internet scams are nearly as old as the publicly-available internet. For more than a decade, risk management and ethics lawyers have done worked hard to educate other lawyers on the best means to protect themselves and their clients' money. Yet, lawyers continue to be victimized, typically left holding the bag when client money goes missing as the result of scam. In addition to civil liability, failure to adequately protect client money often results in bar discipline.

For example, the North Carolina State Bar Grievance Committee disciplined three lawyers in three separate matters when those lawyers fell prey wire fraud exploits and sent client money to the bad actors. See, [NCbar.gov - Disciplinary Order Handler - King, Jeremy](#); [NCbar.gov - Disciplinary Order Handler - Morgan, Richard](#); [NCbar.gov - Disciplinary Order Handler - Morgan, Jr., William](#); [NC 2015 FEO 6](#). This discipline is in addition to the likelihood that these lawyers are liable for the loss of the wired client money.

To make matters worse (if that's possible), legal malpractice policies are unlikely to cover this sort of loss.

Although scammers continue to evolve their tactics, there are basic and relatively simple best practices lawyers can and should employ to avoid being duped:

- When moving money, don't rely on email communications alone. Verify the identity of participants in the transaction by phone, video call, and independent internet searches.
- Carefully review URLs and email addresses to verify association with the participants.
- Slight misspellings or differences in characters in email addresses or contact information are not mistakes – they are red flags of a scam in progress.
- Be suspicious of wire transactions and instructions that are communicated solely email, or communicated at the end of the day, seeking to create urgency sufficient to override standard security procedures.
- Before sending any funds by wire, use a secondary method – obtained independently - to verify the wire instructions by contacting the sender and the receiver.

Wire fraud will continue to plague lawyers and their clients. Don't be one of its victims.

Have a risk management or ethics questions? We're here to help. To obtain a consultation, you should log in to [Attorneys Risk Management](#), and click on the "Request a Risk Management Consultation" button.



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