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**FEDERAL BUREAU OF INVESTIGATION**

**Private Sector Advisory**

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## ***Transnational Organized Crime Groups Target US-based Attorneys with Debt Collection Wire Fraud Scheme***

Transnational organized crime<sup>a</sup> (TOC) groups are targeting attorneys across the United States with a sophisticated debt collection fraud scheme. The TOC groups hire unwitting attorneys to represent them for a fraudulent legal scenario, solicit them to deposit large counterfeit checks into their client trust accounts, and then persuade them to immediately wire the deposited amount to a foreign bank account controlled by members of the TOC group. This advisory will inform the reader how the scheme works, offer measures to help mitigate the threat, and advise how to report incidents to law enforcement.

### **How the Scheme Works**

#### **Step 1 – Initial Contact**

A member of a TOC group contacts an attorney or law firm, henceforth referred to as the victim, and purports to be a representative of a foreign company. The perpetrator informs the victim that the foreign company is looking for a US-based attorney to help settle debt litigation with a US business. The reason for the alleged dispute may relate to a defaulted loan repayment or an attempt to recoup losses for a purchase in which the item was never received.

Whether or not the victim agrees to work with the foreign company, the perpetrator will—often within the next several business days—inform the victim that the US business has contacted the foreign company and will immediately make a partial or full payment directly to the victim.

#### **Step 2 – Receipt of Counterfeit Check**

The victim receives a counterfeit cashier's check for part of the disputed amount, typically several hundred thousand dollars. The perpetrator asks the victim to deposit the cashier's check into the victim's client trust account. If the victim deposits the check, the bank typically makes the deposited funds available before it is able to fully clear the check.

#### **Step 3 – Remittance of Genuine Money**

The perpetrator will send wire instructions to the victim and request that, due to extenuating circumstances, the victim must wire a large portion or all of the cashier's check (less a small retainer fee) to a specified foreign bank account.

<sup>a</sup> The FBI defines organized crime as any group having some manner of a formalized structure and whose primary objective is to obtain money through illegal activities.

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### Step 4 – Victim’s Account Suffers Loss

The bank will notify the victim that the cashier’s check was counterfeit and the client trust account suffers a loss for the amount of the deposited check.

### Incidents in the United States

The FBI has received numerous complaints from victims across the United States who were contacted by suspected TOC members misrepresenting themselves as a German or English company in a loan dispute with a US business. In each case, the victims received counterfeit cashier’s checks, ranging between \$200,000 and \$500,000, and were directed to deposit the checks and wire large sums of the deposited money to various bank accounts in Japan.

### Common Indicators of Fraud

- Perpetrators of this fraud scheme claim to be representatives of foreign companies.
  - Initial contact is often made using e-mail or social networking sites such as LinkedIn.
  - The sender’s e-mail address may appear unprofessional or attempt to closely replicate a legitimate foreign company’s true e-mail address.
  - The sender’s IP address may resolve to Nigeria or Canada.
- The companies identified by the perpetrators are genuine companies that tend to be well established but not well known. If contacted, the US businesses typically have no knowledge of the situation or that their identities are being exploited for fraud.
- Perpetrators are not able to provide a reasonable explanation as to why the victim was chosen to represent their legal interests.
- The debt dispute is inexplicably settled within several days of initial contact. The victim may not have an opportunity to perform any legal work.
- The victim receives a large and often unsolicited cashier’s check and is asked to take their retainer fee from the check. The cashier’s check is typically postmarked in Canada, despite the fact that neither party in the dispute is based in Canada.
- The perpetrator requests the victim perform a wire transfer before the bank can officially clear the check. The wire recipient is an unrelated business or individual in an unrelated foreign country, often Japan.

### Mitigation to Counter the Debt Collection Wire Fraud Scheme

The FBI suggests verifying check authenticity from bank officials before depositing a check received under these, or other, suspicious circumstances. In addition, the FBI recommends

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verifying the legitimacy of the suspicious debt disputes by contacting the US business using independently obtained contact information rather than relying on information provided by the foreign company.

**Reporting the Crime**

The FBI encourages victims of the debt collection wire fraud scheme to report it to their local FBI office ([www.fbi.gov](http://www.fbi.gov)) or the Internet Crime Complaint Center ([www.ic3.gov](http://www.ic3.gov)). A victim filing such a report will be asked to reference the debt collection wire fraud scheme and any known ties to TOC and then to provide the following information:

- Identifiers for the perpetrators, e.g., name, telephone number, e-mail address information, wire instructions;
- Details on how and when you were defrauded; and
- Actual and attempted loss amounts.

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