New Scam Targeting Law Firms - 13 February 2013

Suspicious Transaction Reporting Office ('STRO') has received information of a possible new scam targeting law firms. The scam usually begins with a person ('suspect'), purportedly based overseas, contacting the law firm by e-mail, and engaging the firm to collect a loan repayment from a Singapore company. The said suspect then agrees to pay the law firm a retainer, and forwards a softcopy of the purported Loan Agreement.

A few days later, an official of the Singapore company e-mails the law firm, claiming that the suspect had contacted him. The official then agrees to repay the loan, and mails a cashier's order (issued by a local bank) for the amount owed under the Loan Agreement to the law firm. After informing the suspect of the receipt of cashier's order, the law firm is then instructed by the suspect to deduct the retainer from the amount received and send the balance to the suspect.

STRO has reason to believe that the Loan Agreement and cashier's order received by the law firm are fictitious. The scam lies in the law firm paying the balance monies to the suspect before allowing the cashier's order to clear. The law firm would incur a loss when its cheque to the suspect clears, and the cashier's order is subsequently dishonoured.

Law firms may wish to be cautious in situations similar to the one highlighted above. Law firms may wish to consider making a report under section 39(1) of the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act if you come across the above scam or any other suspicious transactions*.

For clarification, please contact Ms Chua Jia Leng at 6557 3917 or e-mail stro@spf.gov.sg.

*Guidance on filing suspicious transaction reports ('STR') and the form used to report a STR is found at the Law Society's Practice Direction 1 of 2008 (Prevention of Money Laundering and the Funding of Terrorist Activities). The completed STR can be sent via e-mail to stro@spf.gov.sg.