



Jacques Robert

Real News

June 2013

**Tel. (613) 837-7880**  
**Fax. (613) 837-7664**

**2788 St. Joseph Blvd. (Orleans)**  
**105-555 Leggett Drive (Kanata)**  
**9 Antares Drive (Hunt Club)**  
**1300-340 Albert Street (Central)**

Dear clients, friends and family,

We hope this finds you well.

We are excited to introduce to you a new addition to our team. Marie-France Lafleur has joined the firm as an Associate Lawyer and will be starting on June 10, 2013. Marie-France offers bilingual services and can be reached at [mflafleur@jacquesrobert.com](mailto:mflafleur@jacquesrobert.com).

It seems that more and more, fraud is becoming a huge epidemic in Ontario. In this issue, we share with you the types of fraud that are occurring more frequently in hopes that being aware of this information can help people in our industry in preventing fraudsters from striking here in our backyard.

Did you know that we post all of our newsletters online? Yes, they are available on our website by clicking [here](#).

We also include a list of this month's community events for those of you interested in getting involved in the community.

We thank you for your ongoing support.

Sincerely,

*Jacques & Team*

## Real Estate Scams

### Identity Theft Fraud

- Client uses fake ID to assume identity of existing property owner (or director/officer of corporate owner).
- Client sells or mortgages the property, or discharges mortgage from title, then gets new (often high-ratio) mortgage from another lender.
- Paperwork looks in order; no encumbrances on title, but one or more recently discharged mortgages.
- Client in hurry and accommodating: May discourage house inspection or appraisal.
- Transaction closes, you pay proceeds to client who makes a few mortgage payments, then disappears with funds.
- Lender sues you for value of mortgage.

### Flip (value) Fraud

- Client says she or he is a real estate agent or in business of buying and selling.
- Client promises high fees, lots of business for quick turnaround on deals. (Short turnaround means proper searches aren't conducted).
- Once transaction closes, client flips property to accomplice (e.g., appraiser and/or mortgage broker) for much higher value.
- Lender issues mortgage on inflated property value.
- Client uses mortgage proceeds to pay initial purchase price, splits excess funds with accomplices.
- Client makes a few payments, and then disappears with funds.
- Lender sues you for excess/inflated value of mortgage.

## Red flags: The client

- Does not care about property, price, mortgage interest rate, legal and/or brokerage fees.
- Only uses a cell phone number for contact.
- Cannot produce title documents, survey, reporting letter, tax or utility bills.
- Does not appear familiar with property.
- Won't permit contact with prior lawyer.
- Client is "out of sync" with property - e.g., don't appear educated/affluent enough.
- Funds directed to third party with no apparent connection to transaction.
- Stranger who appears to control client attends to sign documents.

## Red flags: The transaction

- Repeat activity on single property or for single client.
- Rental and vacant properties especially vulnerable.
- Client buys and sells often, prefers to deal in cash.
- Property listing expired without sale (i.e., sale may be unregistered).
- Frequent and quick mortgage discharges on property.
- New referral source sending lots of business.
- "Rush" deals, often with promise of more.
- Client produces small deposit relative to price.
- No amendments to Agreement of Purchase and Sale.
- Sale is presented as a "private agreement" - no agent involved, or names agent has no knowledge of transaction.
- Municipality or utility companies have no knowledge of client's ownership.
- Client paying little or nothing from own funds.
- Unusual adjustments in favour of vendor, or large vendor-take-back mortgage.
- Use of counter cheques.
- Use of Power of Attorney.

### TIP: BE ALERT

- Avoid having documents executed outside your office.
- Consider reviewing or discussing transaction with another lawyer.
- Consider market trends in the transaction area.

## Bad Cheque Scams

### Red flags

These are the common red flags that can indicate that a matter is a fraud. While some of these things may occur on legitimate matters, you should proceed with extreme caution if many of them appear on the any matter you are handling.

- Initial contact email is generically addressed (e.g., "Dear attorney") and BCC'd too many people.
- Payment amounts are different than expected or change without explanation.
- Client instructs you to quickly wire the funds to an offshore bank account based on changed or urgent circumstances.
- Some or all of the payment is going to third party who appears unrelated to the matters.
- The name and/or email address of the person sending the email (i.e., in the FROM line) is difference from the name and/or email address of the person you are asked to reply to in the body of the email, and may not match the name and/or email address of the person "signing" the email.
- Client uses one of more email addresses from a free email service (e.g., Gmail, MSN, Yahoo!), even when the matter is on behalf of a business entity.
- Client raises issues of conflicts or payment of a retainer.
- Domain name used in personalized email address or website was recently registered (check at WhoIs.net).
- IP Address in metadata of email indicates sender is in a geographic location that is different from where he/she claims to be.

- Client is new to your firm.
- Client is in a distant jurisdiction.
- Client shows up and wants the matter completed around banking holidays.
- Client says he prefers email communication due to time zone differences.
- Client provides only a cell number.
- Client is in a rush - and pressures you to "do the deal" quickly.
- Client and other involved don't seem concerned if shortcuts are taken.
- Client is willing to pay higher-than-usual fees on a contingent basis from (bogus) funds you are to receive.
- Despite the client stating a lawyer is needed to help push for payment, the debtor pays without any hassle.
- Cheque or bank draft arrives at your office in plain envelope and/or without covering letter.
- Cheque is drawn from the account of an entity that appears to be unrelated (e.g., a spousal arrears payment from a business entity).