

NaegeleBlog

articles about issues of law and public policy, and other matters of interest

- [Home](#)
- [About](#)
-

Lawyers And Internet Scams

31 01 2010



By [Timothy D. Naegele\[1\]\[2\]](#)

Approximately 35 years ago, I ran into my first serious scam or scheme when I was a partner of a Washington, D.C. law firm, after having worked in the U.S. Senate for three and a half years. At that time, the Saudis were swimming in oil money; and I was told they needed safe places to invest in the U.S. We arranged for a billion dollar investment “on their behalf” with an American quasi-government agency, only to find that the Saudi “agent” was nothing more than a moneyman trying to pitch the deal simultaneously to the Saudis and Americans. Fortunately, we did not lose any money.

Fast forward to last year, and I was approached by an “Asian company” that purportedly wanted an American law firm to represent it in collecting monies due from its “delinquent” U.S. customers. A fee agreement was prepared, and an upfront retainer was agreed upon; and next I was told that a customer had agreed to pay what was due rather than contest it, and would be sending a cashier’s check to my firm. Our retainer was to be deducted, with the balance being remitted by wire transfer to Asia.

Having represented approximately 200 banks over the years, I was wary of the transaction, and even more so when the check arrived and its appearance was not that of most cashier’s checks that I had seen. To its credit, the State Bar of California had an article in its California Bar Journal that I read, describing such transactions in detail as being bogus.[\[3\]](#) The scam went like this. The lawyer would deposit the check in his or her bank account, without knowing that the bank’s routing number was incorrect at the bottom of the

check. Thus, the check would go into the bank's check clearing system, and effectively get "lost" for a while because of the incorrect routing number; and the Asian company would be demanding payment.

Unbeknownst to most Americans, including lawyers, the fine print in bank checking agreements allows a bank to charge back a bogus check to its customer's account almost without any time limitation. Thus, an unsuspecting lawyer would believe the Asian company's check had cleared, and would wire the funds to its "client," only to find that its friendly American banker was demanding that good funds be deposited to replace the wired funds.

I have been told that these and similar scams are run out of Canada and elsewhere, by Nigerians and others, who have profited to the tune of approximately \$150 million. Despite the fervent hope of "green shoots" and an upturn in the U.S. and global economies, we may witness even worse economic times ahead, during the balance of this decade.^[4] Thus, scams are apt to be more prevalent than ever.

There are romance scams, which seek the wiring of monies too; and the list goes on and on, seemingly only limited by the scammers' imagination and the gullibility of Americans and others.^[5] Yes, there are government agencies that are charged with preventing such wrongdoing and apprehending the wrongdoers, but I am not aware of any significant successes to date. In fact, the number of lawyers and law firms that have been scammed—and have lost in the hundreds of thousands of dollars with each transaction—continues to grow.

Based on my experiences, I recommend to anyone who needs more information that they contact the Internet Fraud Center of ScamWarners, which seeks "to protect, inform and assist victims and potential victims of internet fraud."^[6] They are the best that I have seen, and they are free; and they are better than most if not all the government agencies that try to protect us. Put simply, beware of anything that is too good to be true—because it is, certainly in the case of the scams. I never cease to be amazed by the number of lawyers who keep getting scammed significantly, which may put a smile on the faces of many non-lawyers.

© 2010, Timothy D. Naegele

^[1] Timothy D. Naegele was counsel to the U.S. Senate Banking Committee, and chief of staff to Presidential Medal of Freedom and Congressional Gold Medal recipient and former U.S. Senator Edward W. Brooke (R-Mass), the first black senator since Reconstruction after the U.S. Civil War. He practices law in Washington, D.C. and Los Angeles with his firm, Timothy D. Naegele & Associates (www.naegele.com). He has an undergraduate degree in economics from UCLA, as well as two law degrees from the School of Law (Boalt Hall), University of California, Berkeley, and from Georgetown University. He is a member of the District of Columbia and California bars. He served as a Captain in the U.S. Army, assigned to the Defense Intelligence Agency at the Pentagon, where he received the Joint Service Commendation Medal. Mr. Naegele is an Independent politically; and he is listed in Who's Who in America, Who's Who in American Law, and Who's Who in Finance and Business. He has written extensively over the years. *See, e.g.*, www.naegele.com/whats_new.html#articles

^[2] This article was prompted by a fine Wall Street Journal article (*see* <http://online.wsj.com/article/SB126490149294538081.html>), which does not address the specific issues discussed in this article but nonetheless "inspired" me to finally write about Internet scams that are sweeping the U.S. and other countries.

^[3] *See* http://calbar.ca.gov/state/calbar/calbar_cbj.jsp?

[sCategoryPath=/Home/Attorney%20Resources/California%20Bar%20Journal/July2009&sCatHtmlPath=cbj/2009-07_TH_01_scams.html&sCatHtmlTitle=Top%20Headlines](#)
and <http://www.naegele.com/documents/CaliforniaBarJournal.pdf>

[4] See, e.g., http://www.americanbanker.com/issues/173_212/-365185-1.html and http://www.realclearpolitics.com/news/tms/politics/2009/Apr/08/euphoria_or_the_obama_depression.html

[5] See, e.g. <http://www.scamwarners.com/forum/viewtopic.php?t=5>

[6] See <http://www.scamwarners.com>

Possibly related posts: (automatically generated)

- [Human Trafficking](#)
- [The Great Depression II?](#)
- [Giants of the law](#)
- [NEW TWIST ON COUNTERFEIT CHECK SCHEMES TARGETING U.S. LAW FIRMS](#)

« [The End Of Barack Obama](#)

Actions

-  [Comments RSS](#)
-  [Trackback](#)
-  [Edit](#)

Information

- Date : January 31, 2010
- Tags: [Naegele](#), [Timothy D. Naegele](#), [America](#), [United States](#), [economy](#), [U.S. Senate](#), [Senate](#), [Congress](#), [economic meltdown](#), [economic](#), [Asia](#), [Asian scams](#), [scams](#), [Nigeria](#), [Nigerians](#), [scammers](#), [Canada](#), [scam](#), [scheme](#), [Saudis](#), [Saudi Arabia](#), [Americans](#), [law firm](#), [Washington](#), [Washington D.C.](#), [State Bar of California](#), [California Bar](#), [cashiers check](#), [wire transfer](#), [banks](#), [bank](#), [bank account](#), [routing number](#), [bank routing number](#), [check clearing system](#), [banker](#), [American banker](#), [green shoots](#), [romance scam](#), [ScamWarners](#), [lawyer](#), [lawyers](#), [attorney](#), [attorneys](#)
- Categories : [Google News](#), [Yahoo!](#), [google](#)

2 responses

31 01 2010



[Nigel Hawkins](#) (21:45:49) : [edit](#)

Great site with lots of relevent information
Glad i found it

Thanks

Nigel

[Reply](#)

1 02 2010



[Michelle Banks](#) (00:38:17) : [edit](#)

On behalf of the entire team at scamwarners.com I would like to thank Timothy for his glowing endorsements.

At scamwarners we like to think that we can make a difference when it comes to Internet related scams, no matter how big or small they are.

~Michelle Banks (Site Moderator & Scam warner)

[Reply](#)

Leave a comment

Logged in as [naegeleblog](#). [Log out »](#)

Submit comment

You are the author of this post.

Pages

- [About](#)

Recent Posts

- [Lawyers And Internet Scams](#)
- [The End Of Barack Obama](#)
- [EMP Attack: Only 30 Million Americans Survive](#)
- [Alexander the Great](#)
- [Toyota And Lexus Vehicles Are Unsafe](#)
- [Barack Obama: America's Second Emperor?](#)

- [Human Trafficking](#)
- [Obama In Afghanistan: Doomed From The Start?](#)
- [Is Redemption Possible For Tiger Woods?](#)
- [The Great Depression II?](#)
- [Is Barack Obama A Racist?](#)

Blogroll

- [NaegeleBlog \(USA Today\)](#)
- [Timothy D. Naegele's Instablog \(Seeking Alpha\)](#)
- [WordPress.com](#)
- [WordPress.org](#)

Links

- ["Euphoria or the Obama Depression?" \(McClatchy\)](#)
- ["Greenspan's Fingerprints All Over Enduring Mess" \(American Banker\)](#)
- ["Interview with Timothy D. Naegele" \(Phil's StockWorld\)](#)
- ["Interview with Timothy D. Naegele" \(Seeking Alpha\)](#)
- [BankingLaw.com](#)
- [Naegele.com](#)
- [Timothy D. Naegele & Associates](#)
- [Timothy D. Naegele & Associates: Attorneys](#)
- [Timothy D. Naegele & Associates: Links](#)
- [Timothy D. Naegele & Associates: What's New](#)
- [Timothy D. Naegele Resume](#)
- [Timothy D. Naegele: Other Articles](#)
- [Timothy D. Naegele: Published Articles](#)

Archives

- [January 2010](#)
- [December 2009](#)

Calendar of NaegeleBlog Posts

January 2010

M T W T F S S

[1](#) 2 3

[4](#) 5 6 7 8 9 10

11 12 13 14 15 16 [17](#)

18 [19](#) [20](#) 21 22 23 24

25 26 27 28 29 30 [31](#)

[« Dec](#)

Meta

- [Site Admin](#)
- [Log out](#)
- [Entries RSS](#)
- [Comments RSS](#)
- [WordPress.com](#)

NaegeleBlog Subscription

You are subscribed to this blog ([manage](#)).

[Blog at WordPress.com](#) • Freshy theme by [Jide](#).