

Beware of those selling bridges

by

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Although the exact origin of the phrase “I have a bridge to sell you” is uncertain, it is largely believed to have originated in the late 1800s or early 1900s when con artists would approach unsuspecting newly arrived immigrants and “sell” them the Brooklyn Bridge.

Lately, lawyers in firms of all sizes have been approached with an offer of a “bridge” that is for sale. Typically, the lawyer will receive an e-mail asking for assistance in collecting a debt that is owed. The writer of the e-mail is usually conveniently outside the country and the debtor resides within the lawyer’s jurisdiction.

Frequently, but not always, the amount owed is an unusual amount. For example, in one of these offers the alleged agreement was for \$448,450 and only \$44,000 had been paid.

Another version of the e-mail makes it appear as if the matter is being referred by an actual lawyer. To some people, these e-mail offers are clearly a scam. But a few believe the offers are real. Although the message warning of these scams has been given before, some warnings deserve to be repeated.

Generally, with a minimal amount of work, any lawyer who responds to such an e-mail will receive a check in payment of the debt. The check will appear to be drawn on an account with a known bank or from a known company. Sometimes the check appears to be a cashier’s check from a well-known financial institution. (In this version of the scam, one financial institution may be identified on the face of the check but the account number on the check belongs to another financial institution. The result is a significant delay in the processing of the check.)

When the lawyer notifies the “client” that he or she has received funds on the client’s behalf, typically the client will send directions regarding wire transfers to be made. The con artists rely on the fact that the lawyer will make the wire transfers as soon as the money is available and will not wait until the check actually clears. As there is frequently a few days lag time between when the funds are made available and when

the lawyer is notified that the check did not clear (surprise!), the con artists have received the money from the wire transfers and disappeared.

Falling prey to these scams creates a huge financial burden for lawyers. As these are “client funds,” these transactions presumably are processed through the lawyer’s client trust account. Therefore, when the financial institution dishonors the check and reverses the deposit, it creates a shortage in the trust account. Depending on the lawyer’s situation, it can cause an overdraft of the trust account or cause the inappropriate use of the funds belonging to other clients to cover the dishonored instrument. (See Minnesota Rule of Professional Conduct 1.15 and Appendix 1.)

This is a good time to reiterate that the handling of other people’s money requires great care and diligence.

Although occasionally it may be hard to identify a client with a legitimate collection issue from the scam, there are some steps that a lawyer should take to prevent becoming a victim of these scams.

A lawyer should ask the e-mailer questions concerning the underlying matter, including questions about how the agreement was arrived at and who was involved with reaching the agreement. A lawyer should verify contact information contained in the e-mail and about the various listed players. If the client says that the agreement was reached in mediation or through a collaborative process, ask questions about what organization sponsored the event, who the mediator was, etc.

The most important step a lawyer can take is to wait to disburse the funds until the check has cleared both the lawyer’s account and the account the check is written on. Remember, just because a bank makes funds available to you does not mean the check has actually cleared. The client is not entitled to the funds until the funds are no longer subject to removal.

A few simple steps, which should be taken in all transactions, and a dose of common sense can help avoid falling victim to these modern “bridge” scams.