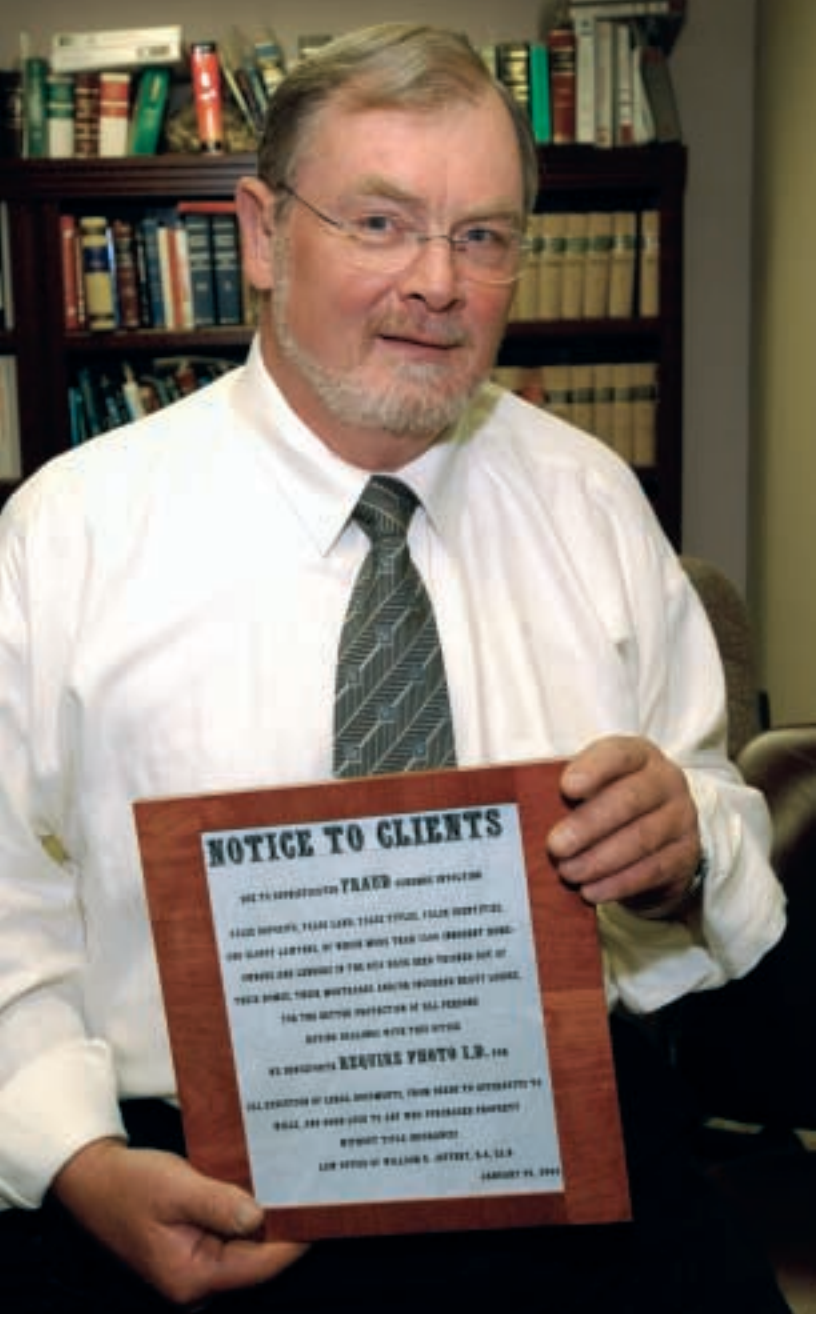

Fighting fraud:

be wary of providing ID services

The sign in his office says it all: If you want William Jeffery LL.B to act for you, you'd better be prepared to produce proper identification.

In fact, Bill's so aware of the value of proper ID that he quickly saw through a request to have his office provide "identification services" for a third party intermediary providing mortgage administration services for financial institutions. "This is nothing more than a rube's game to give them access to my insurance coverage if this 'client' turned out to be a fraudster," says Jeffery. "They were in fact making me a stooge."

For a $40 fee, the intermediary wanted Jeffery to verify the identity of clients it sent his way: He had previously signed on with this organization, which had provided him with software to be used in his real estate practice, and had promised a supply of referrals for refinance and purchase transactions.

"I did three transactions for them, they did everything at their end and I got a lower fee than I had been promised when I signed on."

So when the fax came asking him to provide client identification services, Jeffery balked. "That fax – in connection with the information I was reading about real estate fraud – raised a red flag for me. To provide this kind of service would be like sticking my hand in a mosquito pen: I'd get bitten for sure."

His reply letter, in which he called the fee an "access cost to obtain indemnification from a lawyer's insurer for having acted in this sort of transaction, without any real or substantial involvement in the investigation of its bona fides," has gone unanswered.

What's worse, he says, is that he believes other lawyers in today's competitive environment may just be willing to take on this kind of risk. For his part, Jeffery explains to clients the significance of obtaining personal ID: "It's the first thing I ask for when they walk in – and I show them the printed notice plaque (shown above). It sparks a lot of interest and discussion – and they're happy to provide that identification with the understanding that I do this for their protection – and my own."

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