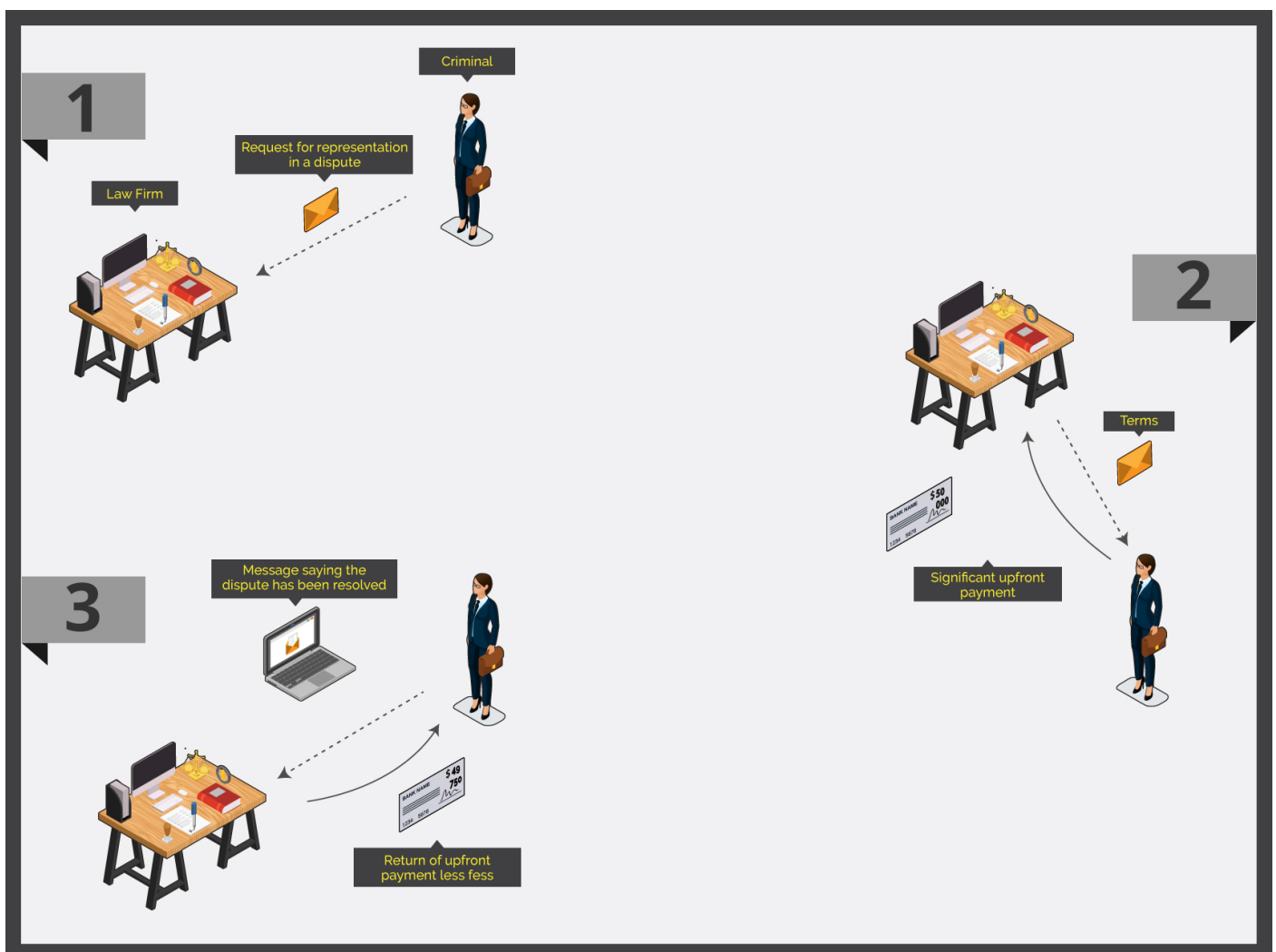


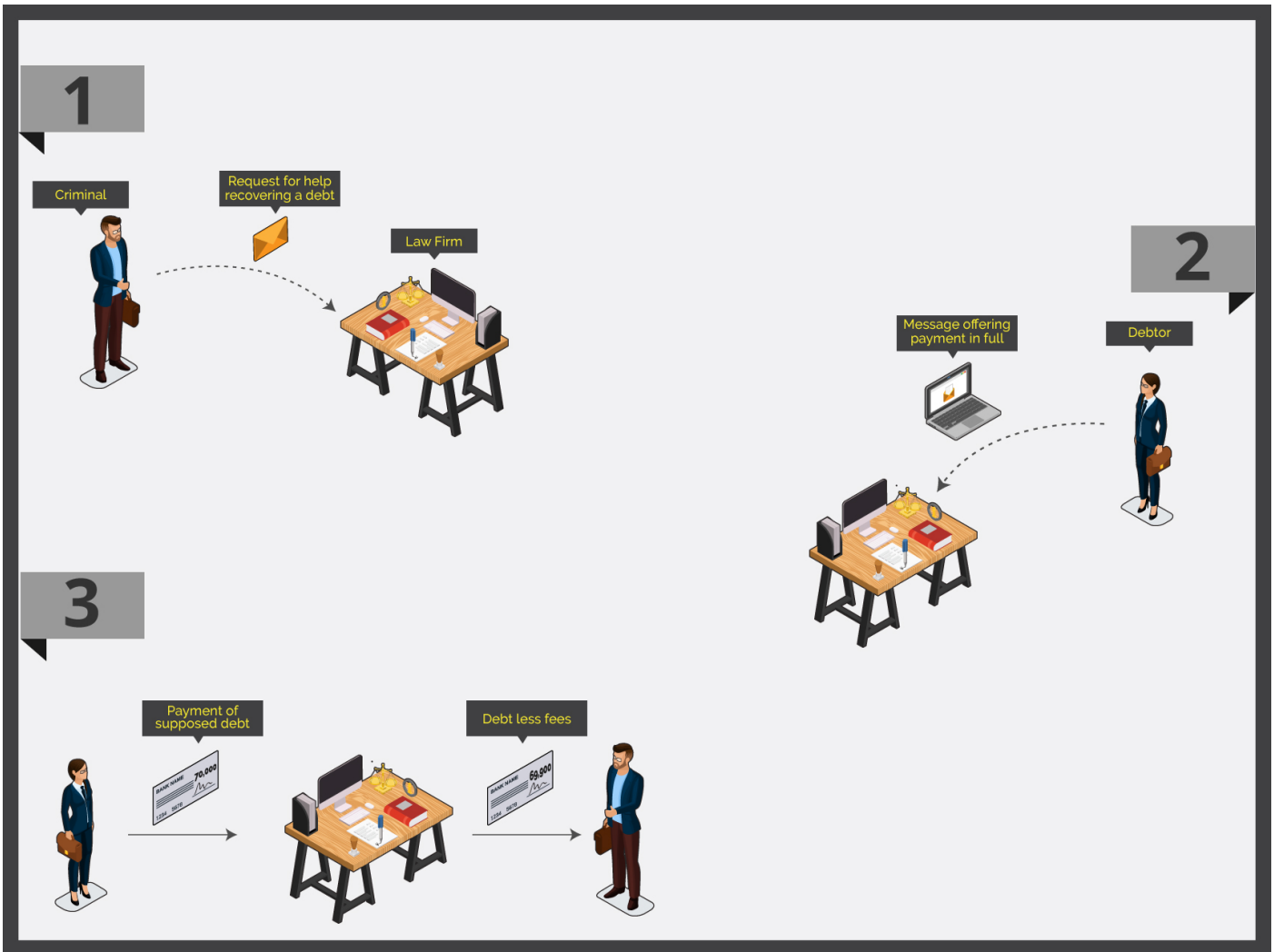
## Sham litigation money laundering

Financial crime risk is generally thought of as being associated with banking and real estate, but no professional services firm is immune. A number of laundering methodologies have emerged in recent years based on engaging law firms in sham litigation. There are numerous variations on the concept, but the two methods detailed below are among the most common.

### *Legal representation / payment on account*



1. A criminal approaches a law firm in a 'reputable' jurisdiction. She asks the firm to represent her company in a dispute
2. After some initial checks, the firm agrees and sends over its terms. The criminal accepts and sends over a significant sum as an upfront payment on account. The firm accepts, thinking it has found an unusually great client
3. A week or so later the criminal gets back in touch and says it has unexpectedly resolved the dispute. The law firm wires back the upfront payment, minus a small fee for initial time. The money now looks completely clean



1. A criminal approaches a law firm in a reputable jurisdiction asking for help recovering a debt. The firm accepts.
2. Before the firm has even written an initial letter of demand, the debtor gets in touch. He explains that he heard from his creditor that the law firm was now on the case, and offers to settle in full.
3. The debtor sends the money to the law firm, which forwards it to the criminal minus a fee for services. The money is now clean.