

CASE STUDY

Law firm scammed into funds transfer fraud



INDUSTRY

Legal

EMPLOYEES

< 25

COVERAGES

Funds Transfer Fraud (FTF)

A law firm specializing in dispute resolution and business litigation found itself embroiled in a wire fraud scam. The law firm had a new client that needed to collect a debt owed by a customer. The customer's insurance company had agreed to pay the debt and sent the law firm a cashier's check for \$89,000.

The law firm's bank instructed them to wait 10 days before wiring the money. After 10 days, they assumed everything was fine and wired the full amount to the client. However, the bank soon discovered that the check was fraudulent — the "client" was actually a threat actor who successfully scammed them.

The law firm contacted Coalition to file a claim, and we began working together to prepare supporting documents and the proof of loss to notify the FBI. Unfortunately, our team was unable to help recover the money. Due to the social engineering nature of the scam and a lack of evidence of a cyber intrusion, our Claims team advised the law firm not to engage in an incident response, though it would have been included under the Breach Response coverage in their policy.¹ Their Funds Transfer Fraud (FTF) coverage kicked in due to the fraudulent check and wiring of funds, and Coalition covered the full loss.

Coalition¹ brings together active monitoring, incident response, and comprehensive insurance to solve cyber risk. To learn more, visit coalitioninc.com.

¹ The claim scenarios described here are intended to show the types of situations that may result in claims. These scenarios should not be compared to any other claim. Whether or to what extent a particular loss is covered depends on the facts and circumstances of the loss, the terms and conditions of the policy as issued and applicable law.