

MINUTES

COMMITTEE: Ethics Committee

DATE: Thursday, February 6, 1997

11. CHAPTER 7: WHETHER LAWYER MAY INVEST IN CLIENT OFFERING

A lawyer acts for a client that has established a British Columbia limited partnership which will invest in a United States real estate development. The work the lawyer has performed for the client includes incorporating a British Columbia company to act as general partner, preparing the limited partnership agreement documents and instructing other lawyers to prepare *Securities Act* compliance documents. The minimum possible investment in the limited partnership is \$26,000.00 US. The client is a land developer and the lawyer does some of the legal work for the client with respect to that land development in the location where the lawyer practises.

The lawyer has asked: 1) Whether he or his wife are precluded from investing in the Limited Partnership unit by reason of his solicitor/client relationship with the client; 2) If the answer to Question 1 is "yes", would he be prohibited from investing by reason of his solicitor/client relationship apart from the establishment of this limited partnership?

The Committee was of the view that it would not be improper for the lawyer to invest in the limited partnership. However, if the lawyer or his wife do invest, it was the Committee's view that it would be improper for the lawyer to perform services for the limited partnership or any services in connection with it after the lawyer or his wife acquire an interest.

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