

MINUTES

COMMITTEE: Ethics Committee

DATE: July 4, 1996

7. CHAPTER 7, RULE 2; WHETHER A LAWYER HAS BUSINESS CONFLICT

A lawyer will own five percent of a company which is intending to purchase property for \$700,000. He has been asked to act for the company in the purchase. He has also been requested to prepare a shareholder/co-ownership agreement which will govern the relationship between the parties but the lawyer, in drawing those documents, is acting only for himself. Each of the individual investors who will sign the agreement has retained independent counsel.

The lawyer has asked whether he is permitted to act for the company in the purchase of the property and whether it is proper for him to draw the shareholder/co-ownership agreement in these circumstances.

With respect to the question of whether the lawyer may act for the company, the Committee was of the view that in these circumstances the lawyer would be purporting to act as both investor and lawyer, contrary to Chapter 7 of the *Professional Conduct Handbook*. It was the Committee's view that the lawyer's financial interest in the company would reasonably be expected to affect his professional judgment and it was therefore not proper for him to act. With respect to the drawing of the agreement, since the lawyer would be acting only for himself the Committee saw nothing improper with him drawing the agreement. If the lawyer has concerns about the insurance implications of drawing the agreement himself he should contact the Law Society Insurance Department.

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