

## MINUTES

**COMMITTEE:** Ethics Committee

**DATE:** April 11, 1996

### **4. CHAPTER 7, RULE 2; WHETHER LAWYER HAS BUSINESS CONFLICT**

This item was carried over from the Ethics Committee meeting of March 7, 1996.

The Committee considered a request from a lawyer who wished to have the Committee's opinion whether she will be in a conflict if she performs legal services for a company. The company is a public company and the lawyer has shares in the company. Her mother is the majority shareholder and other relatives also have interests in the company. She herself is a vice-president of the company, but owns less than 1% of the total share holdings. She presently owns 46,500 shares of the 6,128,850 shares presently issued. The market value of the shares on March 5, 1996 was \$1.40 per share.

The company wished to retain the lawyer to collect a small number of debts and to act for the company on a potential litigation claim with respect to a mineral rights expropriation.

In response to further questions from the Committee, the lawyer has advised that the potential amount at issue with respect to the mineral rights expropriation is \$25,000,000. While the lawyer has advised that she considers that she is not sufficiently experienced to represent the company with respect to the mineral rights expropriation, she would appreciate an opinion from the Committee respecting her ability to act on that matter. She gave her own view that she does not believe that her professional judgment would be affected by the personal and family interests she has in the company.

With respect to the collection of the small number of debts for the company, the Committee was of the view that acting in those matters would not reasonably be expected to affect the lawyer's professional judgment contrary to Chapter 7, Rule 2. However, with respect to the mineral rights expropriation, the Committee was of the view that the financial interest at stake with respect to that matter is so great that it would reasonably be expected to affect the lawyer's professional judgment given the potential personal financial implications for the lawyer and her family. The lawyer is, therefore, prevented by Chapter 7, Rule 2 from acting for the company on that issue.

The Committee did not consider the professional liability insurance implications of the lawyer acting in these circumstances and the lawyer should explore those issues before considering whether to act for the Company with respect to any matters.