

MINUTES

COMMITTEE: Ethics Committee

DATE: July 3, 1997

**3. CHAPTER 11, RULE 7: WHETHER PAYMENT OF DISBURSEMENT ON
LAWYER'S BILL BY CLIENT AMOUNTS TO A TRUST CONDITION THAT
LAWYER WILL PAY THE DISBURSEMENT TO THE CREDITOR**

The Committee considered what ethical obligations a lawyer has in circumstances where the lawyer has billed the client and the client has paid the lawyer for a disbursement owed to a creditor for the client's case.

At law whether a lawyer is under an obligation to pay funds to the creditor in these circumstances will depend on the facts in each case. In addition to any obligations placed on lawyers by Chapter 2, Rule 2 of the *Professional Conduct Handbook*, however, the Committee was of the view that, in the absence of an agreement between the lawyer and the client to the contrary, lawyers who receive funds from clients in these circumstances must use those funds to pay the disbursements owed to the unpaid creditor forthwith. Failure to do so will amount to unprofessional conduct.

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