



# Managing Client Affairs and Making Introductions: Case Study



## Instructions from an overseas client

Current to July 2021

### The Facts



A woman who claims to be a UK national phoned you seeking representation in relation to the purchase of some high-value properties. Although your practice focuses on estates law, the woman said that you were highly recommended by a close friend of hers whose opinion she valued highly and who was also one of your long-standing clients. The woman acknowledged that her matter was not in your primary area of practice, but what mattered most to her was that she be able to deal with someone she could trust. The woman did not intend to travel to visit the properties prior to purchasing them.

The woman asked that the purchases be completed as soon as possible and offered to pay you an extra fee if the purchases were completed by a certain date. She assured you that financing would not delay the purchase since no loans were required.

**NOTE:** While the legal services described in this case study are outside of the paralegal scope of practice, the red flags and best practice recommendations apply, with appropriate modifications, to the provision of legal services by paralegals.

## Red Flags



You are being asked to advise on an area of law outside your expertise



Client is not planning to visit the properties, despite the high value of the transaction



No financing is required for the transactions despite their high value



Client promises to pay extra fees to expedite the transaction



Client provides no explanation for the expedited transactions

## What Should You Do?



You should:

- **Determine source of referral. It is good practice to confirm any referral source.** You can ask the prospective client who referred them and request consent to contact the referral source. If the prospective client declines to provide this information or does not consent, this is an additional red flag. If the client provides the information and consents, you may discover that the referral source doesn't know the client well or at all, which may also be a red flag.
- **Comply with client identification, verification, and source of funds requirements.** Unless an exemption applies, you are required to identify a client whenever you are retained to provide legal services and verify the identity of such client where the legal services you provide involve a financial transaction. You must also obtain information from the client about the source of funds being received, paid, or transferred in respect of the financial transaction. These requirements apply even if the client is being referred by a trusted referral source (i.e., a long-standing client).
- **Conduct a comprehensive risk assessment and due diligence review.** You should undertake additional inquiries when there are high-risk indicators such as: the client not visiting the properties; paying for high-value properties without financing; asking you to take on a matter outside your area of practice; or requesting that you expedite the transaction without a logical explanation.
- **Decline to act.** If after further inquiries you are not satisfied on a reasonable basis that the transaction is legitimate, you must decline to act.

## Supports and Resources



- **Guidance Documents:** For more information, consider consulting the Law Society's [Client Identification and Verification](#) page, [Fraud](#) page, and [Red Flags Quick Reference Guide](#).
- **Practice Management Helpline:** Lawyers or paralegals who have questions about their professional obligations relating to client identification and verification, fraud, money laundering, terrorist financing, or other illegal activity may wish to contact the [Practice Management Helpline](#).



PRACTICE  
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Helpline

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À LA GESTION  
DE LA PRATIQUE