

You wish to know whether it is proper for 13 attorneys practicing before the bar, in a locality where only 21 attorneys engage in the practice of law, to form and own equal shares of stock in a corporation which will act as an agent for a title insurance company. You advised that equal dividends will be distributed among the attorneys, the agency will be located in its own office, separate from the office of any attorney, and an office manager and secretary will be hired to run the day-to-day business affairs. You state further that there are already two existing title insurance agencies in the locality which are owned in whole or in part by attorneys and which will indeed be in competition with the proposed new agency.

Disciplinary Rule 5-101(A) [ DR:5-101] is the controlling rule relative to your inquiry. The rule provides as follows:

A lawyer shall not accept employment if the exercise of his professional judgment on behalf of his client may be affected by his own financial, business, property, or personal interest, except with the consent of his client after full and adequate disclosure under the circumstances.

The Committee has previously opined that it is not improper for an attorney to place his real estate clients' title insurance needs through a title agency in which the attorney has an ownership interest, as long as full disclosure is made to the client. The Committee would direct your attention to LE Op. 886 and LE Op. 939, which in the Committee's view are dispositive of your inquiry.

Committee Opinion  
November 16, 1988

**Legal Ethics Committee Notes.** – Editor's Note: See also L E Op. No. 1564.