

Committee Opinion
September 17, 1991

LEGAL ETHICS OPINION 1405

TITLE AGENCY: DIRECTLY PAYING
LAW FIRM EMPLOYEES AND
INVOICES FOR GOODS, SERVICES
AND ADVERTISEMENTS RENDERED
TO THE LAW FIRM.

A title insurance company, owned by one individual who functions as both sole shareholder and binder-issuing agent who is also sole owner of a law firm, is located in same office as law firm and pays for advertisements for the benefit of the law firm. The facts of the inquiry do not indicate the nature of the law firm's practice, i.e., whether the law firm represents clients to whom title policies will be issued.

Questions presented dealt with: (1) propriety of title insurance company directly paying salaries of law firm employees; and (2) propriety of title insurance company directly paying invoices rendered to law firm for goods, services, and advertisements received by law firm.

Although beyond the Committee's purview to opine as to interpretations of statutes, Committee referenced § 38.2-4614 (previously § 38.1-733.1), an "anti-kick" statute, and Opinion of the Attorney General, issued January 15, 1982, prior to the issuance of LE Op. 187.

The Committee opined that payments by the title insurance company as described, i.e., for law firm employees' salaries, and goods, services, and advertisements rendered to law firm would be improper and violative of DR:5-106(A)(2) and DR:5-101(A). Furthermore, if a finder of fact determines that such payments do constitute kickbacks, rebates, commissions or other payments prohibited under § 38.2-4614, the receipt of such payments might constitute misconduct in violation of DR:1-102(A)(3). [DRS 1-02(A)(3), 5-101(A), 5-106(A)(2); LE Op. 187, LE Op. 532, LE Op. 545, LE Op. 591, LE Op. 603, LE Op. 690, LE Op. 886, LE Op. 939, LE Op. 1152, LE Op. 1329; § 38.2-4614, Code of Virginia (1950); Opinion of the Attorney General (January 15, 1982).]

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