

Committee Opinion
October 9, 1986

LEGAL ETHICS OPINION 833

ATTORNEY-CLIENT PRIVILEGE –
CONFIDENTIALITY.

While representing a client in the sale of assets of a corporation, an attorney learned that his client had been given two personal promissory notes which were excluded from the sale agreement to avoid taxation. The attorney has been advised that the notes have been paid. The attorney is now ready to file with the State Corporation Commission a certificate from the Virginia Department of Taxation. The certificate was prepared by the client's accountant and states that no further taxes are due from the corporation.

Given the above circumstances, the committee was of the opinion that the attorney was required to advise the client that his conduct was violative of either 26 U.S.C. § 7201 or 26 U.S.C. § 7206(1), and that the attorney must report his client's conduct, unless the client agrees to refrain from his illegal conduct.

Furthermore, the attorney has a duty to insure that all information on the certificate that will be filed is true and correct and accurately reports all transactions and all income involved. [DR:4-101(D)(1), DR:7-102(A)]

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