1. An attorney represented the wife in an acrimonious divorce proceeding involving issues of property division and child custody. After one day of trial, the husband, through his lawyer, made a settlement offer. The proposed settlement required that the wife's attorney agree not to represent the wife in any subsequent proceeding, brought by either party, to modify or enforce the provisions of the decree. The wife wanted to accept the offer, and her attorney reasonably believed that it was in the wife's best interest to do so because the settlement offer was better than any potential award to the wife resulting from the case going to judgment. Consequently, the attorney recommended to the wife that she accept the offer.

Was it proper for the wife's attorney to recommend that the wife accept the settlement offer?

(A) No, because the attorney did not obtain the wife's informed consent to the conflict of interest created by the proposed settlement.
(B) No, because the proposed settlement restricted the attorney's right to represent the wife in the future.
(C) Yes, because the restriction on the attorney was limited to subsequent proceedings in the same matter.
(D) Yes, because the attorney reasonably believed that it was in the wife's best interest to accept the proposed settlement.

2. An experienced oil and gas developer asked an attorney to represent him in a suit to establish the developer's ownership of certain oil and gas royalties. The developer did not have available the necessary funds to pay the attorney's reasonable hourly rate for undertaking the case and proposed instead that, if he prevailed in the lawsuit, he would pay the attorney 20% of the first year's royalties recovered in the suit. Twenty percent of the first year's royalties would likely exceed the amount that the attorney would have received from charging his regular hourly rate. The attorney accepted the proposal.

Is the attorney subject to discipline?

(A) Yes, because the agreement gave the attorney a proprietary interest in the developer's cause of action.
(B) Yes, because the fee was likely to exceed the amount that the attorney would have received from charging his regular hourly rate.
(C) No, because the developer rather than the attorney proposed the fee arrangement.
(D) No, because the attorney may contract with the developer for a reasonable contingent fee.

3. An attorney represents a company that produces chemical products. Some of the waste products of the company's manufacturing processes are highly toxic and are reasonably certain to cause substantial bodily harm if disposed of improperly. The president of the company recently informed the attorney that a new employee mistakenly disposed of the waste products in the ground behind the company plant, an area that is part of the source of the city's water supply. The attorney advised the president that, although the conduct was not criminal, the company could be civilly liable for negligence in lawsuits brought by any persons harmed by the waste products. The attorney advised the president to immediately report the problem to city authorities. Fearful of adverse publicity, the president declined to do so. The attorney further advised the president that she believed the president's decision was immoral. The president continued to decline to report the matter. The attorney then informed the president that she was withdrawing from the representation and would inform the authorities herself. Immediately after withdrawing, the attorney reported the company's conduct to the authorities.

Is the attorney subject to discipline?

(A) Yes, because the information was given to the attorney in confidence and may not be revealed without the client's consent.
(B) Yes, because the company's conduct was not criminal.
(C) No, because the attorney reasonably believed that the company's disposal of the waste products was reasonably certain to cause substantial bodily harm.
(D) No, because the attorney reasonably believed that the president was pursuing an imprudent course of conduct.

4. An attorney worked in the legal department of a public utility company and represented that company in litigation. The company was sued by a consumer group which alleged that the company was guilty of various acts in violation of its charter. Through its general counsel, the company instructed the attorney not to negotiate a settlement but to go to trial under any circumstances since a precedent needed to be established. Although the company's defense could be supported by a good faith argument, the attorney believed that the case should be settled if possible.

Must the attorney withdraw as counsel in this case?

(A) No, because as an employee, the attorney is bound by the instructions of the general counsel.
(B) No, because the company's defense can be supported by a good faith argument.
(C) Yes, because a lawyer should endeavor to avoid litigation.
(D) Yes, because the company is controlling the attorney's judgment in settling the case.
5. An attorney represented a client who was the plaintiff in a personal injury action. The personal injury action was settled, and the attorney received a check in the amount of $10,000 payable to the attorney. The attorney deposited the check in her clients’ trust account.

One day later, the attorney received a letter from a bank, which had heard of the settlement of the personal injury lawsuit. The bank informed the attorney that the client had failed to make his monthly mortgage payments for the last three months and demanded that the attorney immediately release $900 of the proceeds of the settlement to the bank or the bank would institute mortgage foreclosure proceedings against the client. The attorney informed the client of the bank’s letter. The client did not dispute the $900 debt to the bank, but responded:

“I don’t care what the bank does. The property is essentially worthless, so let the bank foreclose. If the bank wants to sue me, I’ll be easy enough to find. I don’t think they’ll even bother. You just take your legal fees and turn the rest of the proceeds over to me.”

Is the attorney subject to discipline if she follows the client’s instructions?
(A) Yes, because the client did not dispute the $900 debt to the bank.
(B) Yes, because the attorney knows that the client is planning to force the bank to sue him.
(C) No, because the attorney did not represent the client in the mortgage matter.
(D) No, because the bank has no established right to the specific proceeds of the client’s personal injury judgment.

6. An attorney represented a client in an action against the client’s former business partner to recover damages for breach of contract. During the representation, the client presented the attorney with incontrovertible proof that the partner had committed perjury in a prior action that was resolved in the partner’s favor. Neither the attorney nor the client was involved in any way in the prior action. The attorney believes that it would be detrimental to the client’s best interests to reveal the perjury because implications might be drawn from the former close personal and business relationship between the client and the partner.

Is it proper for the attorney to disclose the perjury to the tribunal?
(A) No, because the attorney believes that the disclosure would be detrimental to the client’s best interests.
(B) No, because neither the client nor the attorney was involved in the prior action.
(C) Yes, because the attorney has knowledge that the partner perpetrated a fraud on the tribunal.
(D) Yes, because the information is unprivileged.

7. An attorney was engaged under a general retainer agreement to represent a corporation involved in the uranium industry. Under the agreement, the attorney handled all of the corporation’s legal work, which typically involved regulatory issues and litigation.

The corporation told the attorney that a congressional committee was holding hearings concerning the extent of regulation in the copper industry. Because the corporation was considering buying a copper mine during the next fiscal year, the corporation asked the attorney to appear and testify that the industry was overregulated. The attorney subsequently testified to that effect before the relevant congressional committee. The attorney registered his appearance under his own name and did not disclose that he was appearing on behalf of a client. Afterward, the attorney billed the corporation for fees and expenses related to his testimony. The attorney’s testimony was truthful.

Was the attorney’s conduct proper?
(A) Yes, because the duty of confidentiality prevented the attorney from disclosing the identity of his client.
(B) Yes, because the attorney-client evidentiary privilege prevented disclosure of the identity of his client in this context.
(C) No, because the attorney failed to disclose that he was appearing and testifying in a representative capacity.
(D) No, because the attorney accepted compensation in return for his testimony.

8. An attorney represented a plaintiff in a civil suit against a defendant, who was also represented by a lawyer. In the course of developing the plaintiff’s case, the attorney discovered evidence that she reasonably believed showed that the defendant had committed a crime. The attorney felt that the defendant’s crime should be reported to local prosecutorial authorities. After full disclosure, the plaintiff consented to the attorney’s doing so. Without advising the defendant’s lawyer, the attorney informed the local prosecutor of her findings, but she sought no advantage in the civil suit from her actions. The defendant was subsequently indicted, tried, and acquitted of the offense.

Was the attorney’s disclosure to prosecutorial authorities proper?
(A) Yes, because the attorney reasonably believed that the defendant had committed a crime.
(B) Yes, because the attorney was required to report unprivileged knowledge of criminal conduct.
(C) No, because the attorney did not know that the defendant had committed a crime.
(D) No, because the plaintiff’s civil suit against the defendant was still pending.

9. A law firm has 300 lawyers in 10 states. It has placed the supervision of all routine administrative and financial matters in the hands of a nonlawyer administrator. The administrator is paid a regular monthly salary and a year-end bonus of 1% of the law firm’s net income from fees. Organizationally, the administrator reports to the managing partner of the law firm. This partner deals with all issues related to the law firm’s supervision of the practice of law. The administrator has access to client files but does not have control over the professional judgment of the lawyers in the firm.
Is it proper for the partner to participate in the law firm’s use of the administrator’s services in this fashion?
(A) No, because the administrator has access to client files.
(B) No, because the law firm is assisting a nonlawyer in the unauthorized practice of law.
(C) No, because the law firm is sharing legal fees with a nonlawyer.
(D) Yes, because the administrator does not control the professional judgment of the lawyers in the firm.

10. An attorney who had represented a client for many years prepared the client’s will and acted as one of the two subscribing witnesses to its execution. The will gave 10% of the client’s estate to the client’s housekeeper, 10% to the client’s son and sole heir, and the residue to charity. Upon the client’s death one year later, the executor named in the will asked the attorney to represent him in probating the will and administering the estate. At that time, the executor informed the attorney that the son had notified him that he would contest the probate of the will on the grounds that the client lacked the required mental capacity at the time the will was executed. The attorney believes that the client was fully competent at all times and will so testify, if called as a witness. The other subscribing witness to the client’s will predeceased the client.

Is it proper for the attorney to represent the executor in the probate of the will?
(A) Yes, because the attorney is the sole surviving witness to the execution of the will.
(B) Yes, because the attorney’s testimony will support the validity of the will.
(C) No, because the attorney will be called to testify on a contested issue of fact.
(D) No, because the attorney will be representing an interest adverse to the interests of the client’s heir.

11. An attorney has experienced several instances in which clients failed to pay their fees in a timely manner when it was too late in the representation to withdraw without prejudicing the clients. To avoid a recurrence of this situation, the attorney has drafted a stipulation of consent to withdraw if fees are not paid according to the fee agreement. She proposes to have all clients sign the stipulation at the outset of the representation. Clients will be provided an opportunity to seek independent legal advice before signing the stipulation.

Is it proper for the attorney to use the stipulation to withdraw from representation whenever a client fails to pay fees?
(A) Yes, because a lawyer may withdraw when the financial burden of continuing the representation would be substantially greater than the parties anticipated at the time of the fee agreement.
(B) Yes, because the clients will have consented to the withdrawal in the stipulation.
(C) Yes, because clients will be provided an opportunity to seek independent legal advice before signing the stipulation.
(D) No, because a client’s failure to pay fees when due may be insufficient in itself to justify withdrawal.

12. An attorney has a highly efficient staff of paraprofessional legal assistants, all of whom are graduates of recognized legal assistant educational programs. Recently, the statute of limitations ran against a client’s claim when a legal assistant negligently misplaced the client’s file and suit was not filed within the time permitted by law.

Which of the following correctly states the attorney’s professional responsibility?
(A) The attorney is subject to civil liability and is also subject to discipline on the theory of respondeat superior.
(B) The attorney is subject to civil liability or is subject to discipline at the client’s election.
(C) The attorney is subject to civil liability but is NOT subject to discipline unless the attorney failed to adequately supervise the legal assistant.
(D) The attorney is NOT subject to civil liability and is NOT subject to discipline if the attorney personally was not negligent.

13. An attorney is a general practitioner with extensive experience in personal injury litigation. The attorney has also handled legal malpractice cases, but does not hold herself out to be experienced in such cases. A man contacted the attorney by telephone and asked her to represent him in a legal malpractice case that he wanted to file against the lawyer who had handled his divorce. The attorney refused even to meet with the man, saying that she was troubled by how high malpractice insurance premiums were getting and was not going to take any new legal malpractice cases. She did not offer to refer the man to other lawyers who took legal malpractice cases.

The man tried to contact several other lawyers, each of whom indicated that he or she would be happy to accept the representation but was too busy to take on any new matters. Six months later the statute of limitations expired without the man filing his lawsuit.

If the man can establish that a legal malpractice action against the divorce lawyer would have succeeded, is the attorney subject to civil liability for refusing to accept the representation?
(A) Yes, because the attorney did not have good cause to refuse the representation.
(B) Yes, because the attorney did not make reasonable efforts to find a competent lawyer to represent the man.
(C) No, because the attorney does not hold herself out as experienced in legal malpractice cases.
(D) No, because the attorney had no legal obligation to accept the man’s case.

14. An attorney and her client entered into a written retainer and hourly fee agreement requiring the client to pay $5,000 in advance of any services rendered by the attorney and requiring the attorney to return any portion of the $5,000 that was not earned. The agreement further provided that the attorney would render monthly statements and withdraw her fees as billed. The agreement was silent as to whether the $5,000 advance was to be deposited in the attorney’s clients’ trust account or in a general account. The attorney deposited the $5,000 in her clients’ trust account, which also contained funds that had been entrusted to the attorney by other persons. Thereafter, the attorney sent the client periodic accum-
rate billings, showing the services rendered and the balance of the client’s fee advance. The attorney did not withdraw any of the $5,000 advance until one year later when the matter was concluded to the client’s complete satisfaction. At that time, the attorney had billed the client reasonable legal fees of $4,500. The attorney wrote two checks on her clients’ trust account: one to herself for $4,500, which she deposited in her general office account, and one for $500 to the client.

Was the attorney’s conduct proper?
(A) Yes, because the attorney deposited the funds in her clients’ trust account.
(B) Yes, because the attorney rendered periodic and accurate billings.
(C) No, because the attorney’s failure to withdraw her fees as billed resulted in an impermissible commingling of her funds and the client’s funds.
(D) No, because the attorney required an advance payment against her fee.

15. A wife retained an attorney to advise her in negotiating a separation agreement with her husband. Even though he knew that his wife was represented by the attorney, the husband, who was not a lawyer, refused to obtain counsel and insisted on acting on his own behalf throughout the protracted negotiations. The attorney never met or directly communicated in any way with the husband during the entire course of the negotiations. After several months, the wife advised the attorney that the parties had reached agreement and presented the attorney with the terms. The attorney then prepared a proposed agreement that contained all of the agreed-upon terms.

The attorney mailed the proposed agreement to the husband, with a cover letter stating the following:

“As you know, I have been retained by your wife to represent her in this matter. I enclose two copies of the separation agreement negotiated by you and your wife. Please read it and, if it meets with your approval, sign both copies before a notary and return them to me. I will then have your wife sign them and furnish you with a fully executed copy.”

Is the attorney subject to discipline?
(A) Yes, because the attorney did not suggest that the husband seek the advice of independent counsel before signing the agreement.
(B) Yes, because the attorney directly communicated with an unrepresented person.
(C) No, because the attorney acted only as a scrivener.
(D) No, because the attorney’s letter did not imply that the attorney was disinterested.
Answer Key

1. B
2. D
3. C
4. B
5. D
6. A
7. C
8. A
9. D
10. C
11. D
12. C
13. D
14. C
15. D