



**LAW SOCIETY OF NEW BRUNSWICK
BARREAU DU NOUVEAU-BRUNSWICK
RULES ON CLIENT IDENTIFICATION**

The Law Society of New Brunswick has adopted new Client Identification Rules to assist lawyers in identifying potential fraudulent client activities. The new rules, which come into force on **October 31st, 2008** include the steps lawyers must take to verify the identity of new clients.

Council of the Law Society approved those new rules on June 6, 2008. These rules establish rigorous client identification and verification requirements for New Brunswick's lawyers. The rules are based on a model rule developed by the Federation of Law Societies of Canada (the umbrella organization for Canada's 14 law societies). This is the second initiative undertaken by the Law Society of New Brunswick to proactively combat money laundering. The Law Society adopted the Federation's "no-cash rule" in 2005, which prohibits lawyers from accepting \$7,500 or more in cash from a client.

These Rules enhance public protection by requiring the lawyer to identify and verify the identity of a client, which will assist in preventing potential fraudulent or criminal activities. The adoption of these Rules follows the Law Society's consultation with the profession on the content of the Model Rule in the fall of 2007.

These Rules codify in many respects the steps a prudent lawyer would take in the normal course to verify a client's identity upon being retained to provide legal services.

The new requirements will assist lawyers in identifying any potential fraudulent client activities, for example whether a client is attempting to use the lawyer to launder funds.

Client Identification

The Rules require lawyers to follow certain client identification procedures whenever a lawyer is retained to provide professional services to a client. These include the client's name, address, telephone number and occupation. Additional information for organizational clients includes the client's business identification number, place of incorporation, general type of business and the identity of the instructing individual.

Client Verification

The verification requirements are triggered when the lawyer receives, pays or transfers funds on behalf of the client. The lawyer must take reasonable steps to verify the identity of the client by referencing reliable, independent source documents, data or information. Some funds transactions are exempt. For example, the requirements do not apply when funds are paid to the lawyer by a financial institution, public body, or a public company, or received from a trust account of another lawyer.

Information Records

The Rules also require lawyers to keep a record of the information and documents obtained to identify and verify the identity of clients. This information would be available to the Law Society of New Brunswick for the purpose of ensuring compliance with the Rules.

Withdrawal of Service

The Rules require the lawyer who reasonably suspects that his or her activities on behalf of the client would assist the client in a fraudulent or criminal activity to cease those activities, or, if that cannot be done, to withdraw from representation.

You will find enclosed a paper copy of the *Rules on Client Identification*, along with a detailed FAQs .

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