10 Signs of a Potentially Untrustworthy Client

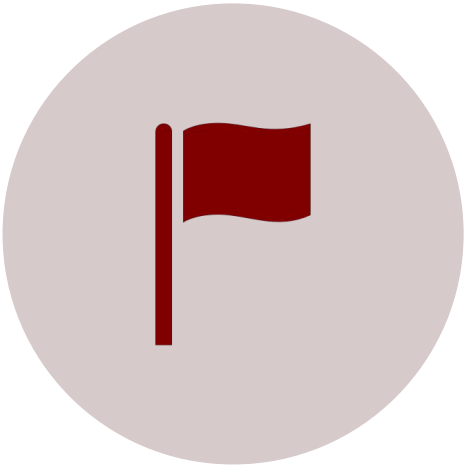
Cari Sheehan
Assistant General Counsel

Taft/

Introduction



UNDERSTANDING THE IMPORTANCE OF CLIENT TRUSTWORTHINESS IN LEGAL PRACTICE.



IDENTIFY RED FLAGS IN CLIENT BEHAVIOR.

Taft/

Importance of Client Vetting



DUE DILIGENCE IN CLIENT SELECTION.



RISKS OF REPRESENTING UNTRUSTWORTHY CLIENTS.

Taft/

Sign 1: Changes in Professional Relationships



Frequent changes in auditors, bankers, or lawyers.



Clients criticize former professionals as overly cautious.

Taft/

Sign 2: Weak or Nonexistent Professional Relationships

Clients engaging unqualified firms for major transactions.

Avoiding scrutiny.

Taft/

Sign 3: Unexplained Departures



Sudden departure of key executives.



May signal internal or legal problems.

Taft/

Sign 4: Questionable Business Plans or Strategies



Dramatic shifts in focus without rationale.



Unrealistic resource demands.

Taft/

Sign 5: Unusual Revenue Patterns



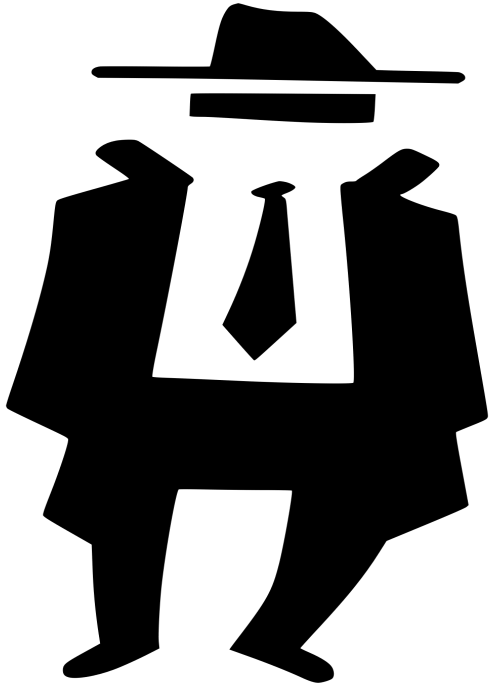
Rapid or inexplicable growth.



Potential financial misrepresentation; Inability to pay.

Taft/

Sign 6: Lack of Available Information



Minimal public or transparent data.

May indicate concealment.

Taft/

Sign 7: Conspicuous Consumption

Extravagant lifestyle vs known income.

Potential hidden liabilities.

Taft/

Sign 8: Misinformation or Misrepresentation



Clients provide misleading information.



Undermines trust and can lead to issues.

Taft/

Sign 9: Inconsistent Communication



Reluctance to share info.



Inconsistent communication.

Taft/

Sign 10: Good Client, Gone Bad



Follow your gut instinct/intuition



Personal relationships cloud business judgement

Taft/

Potential Ethical Implications
Client Obligations

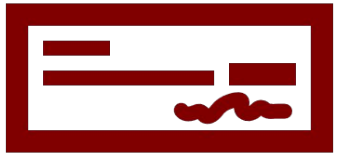
- Rule 1.1 Competence
- Ruel 1.2 Attorney-Client Relationship
- Rule 1.3 Diligence
- Rule 1.4 Communication
- Rule 1.5 Fees/Collection
- Rule 1.6 Confidentiality
- Rule 1.16 Termination of Representation
- Rule 3.3 Candor to Tribunal
- Rule 3.4 Fairness to Opposing Party and Counsel
- Rule 4.1 Truthfulness in Statements to Others
- Rule 8.4 Misconduct

Taft/

Risk Management Strategies



Assess client credibility.



Use background checks and consultations.

Taft/

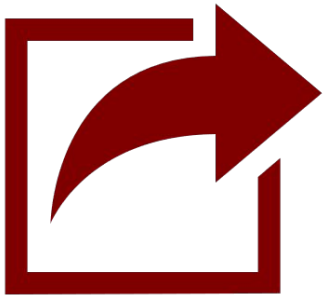
Decision-Making Framework

Evaluate representation viability.

Balance risk and obligations.

Taft/

Communication Best Practices



Keep clear, documented communication.



Set client expectations.

Taft/

Case Studies



Client with fast revenue growth under scrutiny.



Frequent legal counsel changes raise concerns.

Taft/

Yellow Flag Checklist



Resources for Further Guidance



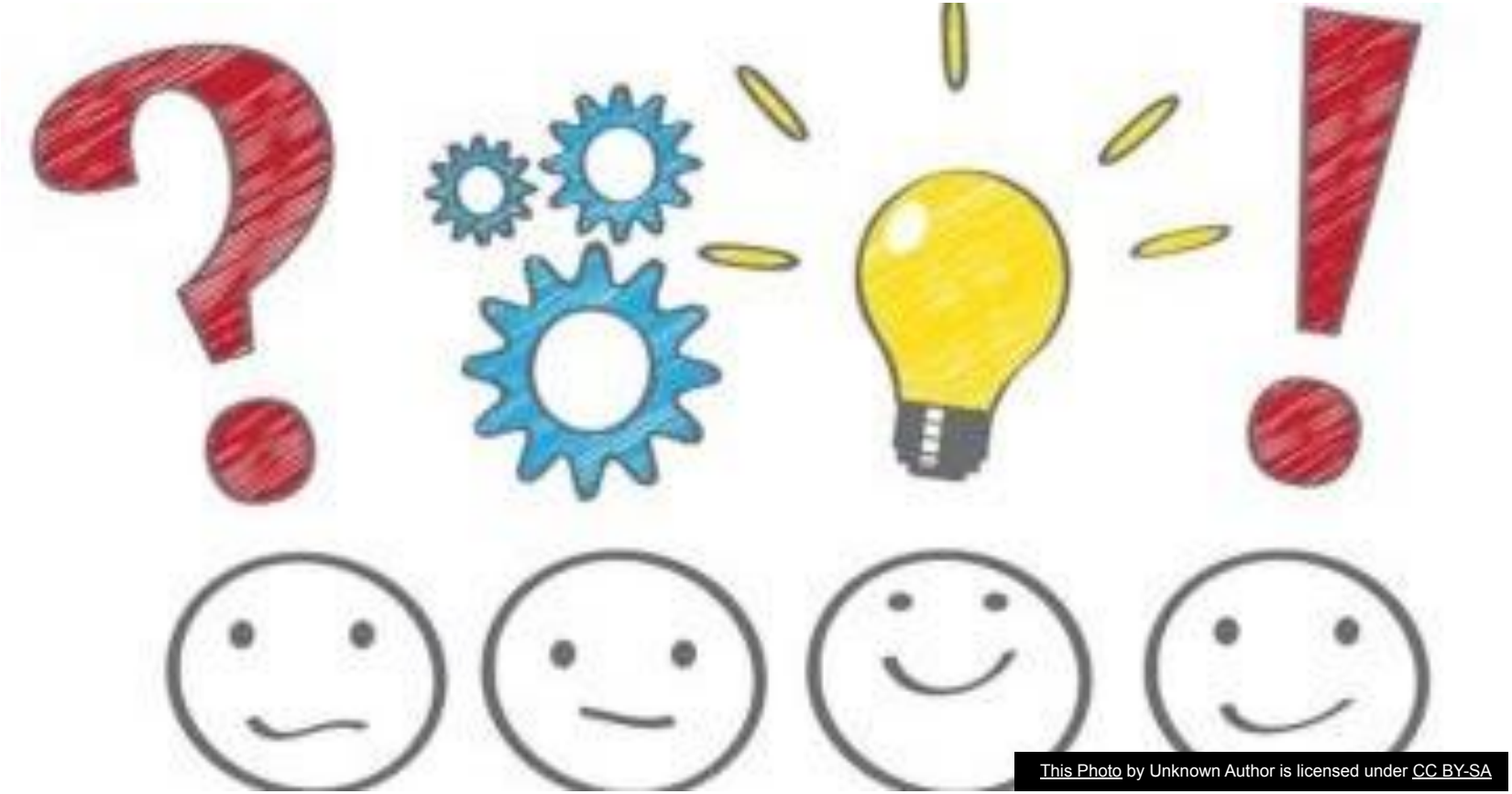
ABA PUBLICATIONS



MALPRACTICE CARRIER AND OTHER RESOURCES

Taft/

Questions & Discussion



This Photo by Unknown Author is licensed under CC BY-SA

Taft/