

### LOVE THE ETHICS OF THE LEGAL PROFESSION !

Certain solicitors' firms, domiciled in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), are instructing their legal clerks, registered with The Law Society of Hongkong, to induce certain salesmen, working in select real estate companies, to drum up legal work for the firms.

Presumably, the solicitors' clerks are receiving special honoraria for their '*overtime work*'.

TARGET has confirmed that these legal clerks have, literally, taken to the streets in an attempt befriend employees of large real-estate companies in order to have the real-estate employees push business in the direction of the firm for which the clerks work.

The commissions, being paid by the clerks of these solicitors' firms to their real-estate '*friends*', appear to vary according to the amount of work that is brought in, directly or indirectly, by the employees of the real estate firms, according to a very well-placed source at one real-estate company.

Solicitors, in most cases, do not get directly involved in these deals, but they must know of the arrangements since one would suppose that payments have to be made through the solicitor firm's account.

Unless there is a kind of legal slush fund, of course.

In a recent case, a \$HK15-million property transaction took place in Central and the buyer of the commercial property was introduced to an '*executive*' of a well-known solicitors' firm which, prior to 1997, was known to specialise in conveyancing work in the HKSAR and the New Territories.

The modus operandi appeared to be that that the real-estate agent, who represented the vendor of the property, '*accidentally*' introduced the buyer of the property to his '*friend*' (the so-called '*executive*' in the solicitor's firm) while the buyer was inspecting his newly acquired property.

It was all one big coincident, of course, but the '*executive*', after shaking hands with the new buyer, quickly whipped out his name card, which bore the name of the solicitor's firm with his title: '*Executive*'.

He, then, stated to the new buyer: '*If I can help you, just telephone me. I can negotiate for you; and, get you the best deal. Just ask for Tony Chan.*'

For what reason this solicitor's clerk, '*executive*', what-have-you, should have turned up at the newly purchased offices in Central, without being invited, is open to question, of course, but it leaves little doubt as to what was this '*executive's*' motive.

And, also, there can be no second-guessing as to how the '*executive*' obtained the intelligence to walk into the correct office in a 38-storey commercial building in the heart of Central at exactly the same time as the new buyer was inspecting his newly acquired offices.

Mind you, at this stage of the proceedings, only a Provisional Sales and Purchase Agreement had been signed, and a 5-percent deposit had been turned over to the solicitor's firm, acting on behalf of the vendor.

The '*executive*', by the way, is not part of the solicitor's firm, acting on behalf of the vendor – and he made this only too clear at the outset of his introduction to the new buyer of the Central offices.

For what reason solicitors' firms in the HKSAR should have to resort to such tactics, TARGET has no idea (TARGET could make a fairly good stab at the reason, however), but it does appear to indicate that

entrepreneurialism in the legal profession is far from being dead.

In these days, when solicitors' firms are being forced to contract and/ to amalgamate, one may state, without fear or contradiction, that financial necessity is the mother of legal invention.

This may indicate that, perhaps, some, or many, of the solicitors of the 416 square miles that comprise the HKSAR are not as lily white as they would have the world, and The Law Society of Hongkong, believe.

While '*ambulance chasing*' in the US is scorned at by the lawyers in most of the 50 States that constitute the largest economy in the world, today, it appears that the HKSAR has invented a new type of activity for certain solicitors' firms: Property purchase chasing.

(Executing the legal work in respect of conveyancing transactions in the HKSAR is considered among the best type, and easiest, of commissions for most solicitors' firms because such work is fairly easy money, taking the least amount of time and energy, in most cases, with solicitors' clerks, bearing the brunt of the paperwork, which is fairly mechanical in this day and age)

### **The Banks Get In On The Act**

While certain solicitors' firms in the HKSAR fight for business, employing new tactics (assumed) to lure conveyancing transactions to them, certain banks are, also, getting into the act – probably, not to be outdone by the legal profession's success.

What many banks are, now, doing is trying to persuade customers, who recently purchased property, to consider using a solicitor's firm – from the bank's preferred list.

It is not a demand of the bank, but customers, especially those who do not know one solicitor's firm from any other common worm in a garden, full of the creepy crawlers, would be advised to choose from the bank's preferred list.

What is not known, however, is whether this modus operandi is known in the head offices of the banks, or such practices are restricted to certain parties in certain branch offices.

Also, if the bank has agreed to lend money to a customer, who is buying property, that customer will, also, be required, by the bank's rules, to obtain insurance coverage from the designated insurance company, strongly suggested by the lending bank.

The rate, being charged by the bank's designated insurance company, is usually about 1.50 percent of the purchase price of the property; and, the insurance policy covers fire, only.

Other bona fide insurance companies, not on the bank's preferred list, normally quote one percent of the purchase price and offer rebates of up to 50 percent of the premium that is quoted.

To complain about the preferred insurance company's rate to the lending bank is to court the possibility of an application for a loan, being reconsidered, TARGET has been told by a very reliable source.

TARGET is not suggesting that certain banks, certain insurance companies, and certain solicitors' firms are working together, because that does not appear to be the case: All 3 parties want to cut out a piece of the property '*cake*' for themselves, after starving for more than 3 years.

TARGET has not contacted The Law Society of Hongkong Ltd over this confirmed report since that would appear to be akin to an ant, considering the rape of an elephant.

*If readers feel that they would like to voice their opinions about that which they have read in TARGET, please feel to e-mail your views to [targnews@hkstar.com](mailto:targnews@hkstar.com). TARGET does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.*