

GUIDELINE 15: TRUST ACCOUNTS

General

Rule Reference: By-Law 9

1. A paralegal has special obligations when handling client funds. When a paralegal receives money that belongs to a client or is to be held on behalf of a client, the funds must be deposited to a *trust account*. Because client funds must be held in trust by the paralegal, they are also known as *trust funds*.
2. By-Law 9 outlines a paralegal's responsibilities regarding financial transactions and record-keeping, including the operation of a trust account.

Authorization to Withdraw From Trust

Rule Reference: By-Law 9

3. A paralegal must be in control of his or her trust account. Although a person who is not a licensed paralegal or lawyer may be permitted to disburse trust funds alone in exceptional circumstances, the Law Society has found appropriate exceptional circumstances to be very rare.
4. If there is only one paralegal with signing authority on the trust account(s) it would be prudent to make arrangements for another paralegal or a lawyer to have signing authority on the trust account(s) in case of an unexpected emergency (i.e. illness or accident) or planned absence (i.e. vacation). The paralegal may arrange this through his or her financial institution through a power of attorney. The chosen paralegal or lawyer must be insured and entitled to provide legal services or to practise law.
5. To ensure that no unauthorized withdrawals from trust are being made, the paralegal should limit access to blank trust account cheques and electronic banking software. A paralegal should never sign blank trust cheques. The paralegal should use pre-numbered trust cheques and keep them locked up when not in use.