

Appendix B - Misappropriation

Apart from the costs and impacts of misappropriation on those whose trust has been broken, misappropriation of client funds paints the legal profession in a negative light and damages public trust. It is important to note that the levies paid by all insured lawyers are used to reimburse the misappropriated funds.

Small Number of Lawyers Involved

From 2015 to 2017, 15 lawyers were involved in misappropriation-related claims of which ALIA is aware.

Number of Claims

From 2015 to 2017, the actions of these lawyers resulted in 187 misappropriation-related claims of which ALIA is aware.

Amount of Money Paid Out

From 2015 to 2017, ALIA paid out \$245,330 in misappropriation-related claims. This is in addition to the funds paid out through the Law Society's Assurance Fund which continues to address misappropriation claims that occurred prior to July 1, 2014. While ALIA may pursue lawyers involved in misappropriation and seek to recover any money paid out in a related claim, recoveries are often only a fraction of what was paid out.

How is Misappropriation Discovered?

Most misappropriations are discovered after a lawyer has been suspended. A custodian is appointed to oversee the suspended/disbarred lawyer's practice and discovers the misappropriation when going through the firm's books and accounts.

It is up to all Alberta lawyers to address the issue of misappropriation. The Law Society has established processes for lawyers to report any concerns they may have with how funds being held in trust are managed. If you see something that looks suspicious, [report it](#).

To learn more about how to avoid issues with trust funds, visit ALIA's [Trust Misappropriation: Your Ounce of Prevention webpage](#).