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**Representation of A Corporation**—Laura (L) Interaction with Eric (E)

Under the California Rules of Professional Code (CA RPC) and Model Rules (MR), when an attorney represents a corporation, they exclusively represent the corporation itself and not its constituents. The attorney must make it known to the constituents of the corporation that the attorney's representation extends to the corporation alone.

Here, L should have told E that she cannot take on his personal matters of documents that he obtained through his position at MoreHome. L is not entitled to give E legal advice as this could be a breach of duty of loyalty to MoreHome and potential conflict of interest (later discussed below). L should have expressly told E that her duty of loyalty and care resides with MoreHome and not with him. Further, by L obtaining these records, she should have immediately reported to the higher-ups of the MoreHome (discussed below).

Thus, for L engaging in the conversation with E and not expressly telling E that she represents MoreHome and E, she is in violation of this ethics code.

**Duty to Report Within Corporation**—Documents Falsifying Financial History

Under the CA RPC and MR, when the attorney realizes that there is a going to be a substantial and great financial harm to the corporation because of the misconduct of the constituents or other board members, the attorney has a duty to report up. Under CA RPC and unlike the MR, the attorney is not permitted to report out unless the president or CEO themselves are conducting misconduct.

***Immediate Substantial Harm To Corporation***

Here the documents provided from E to L indicating that the MoreHome employees are falsifying the financial history of many mortgage applications so they can qualify for mortgages in which they are not allowed to do. These documents indicate MoreHome's policies are requiring the employees to push risky mortgages onto unsuspecting customers which would cause several lawsuits and liability actions against MoreHome.

Thus, for all said, there was an immediate and substantial harm to the corporation as the employees were conducting risky practice.

***Reporting Up***

When there is substantial harm imposed on the corporation and it is reasonably established by the attorney has the absolute duty to report up to the higher position members of the corporation.

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After hearing all this information from E for his misconduct and the misconduct of the other employees in MoreHome, L had taken the correct procedures by discussing what E had said to her and reporting up to Mianne (M), CEO of MoreHome. L did this promptly, as required to when the E had left the her office.

Thus, L properly reported up to M as the CEP of MoreHome.

### ***Reporting Out—Whistle Blowing To State Attorney General***

Under the MR, the attorney may report out but is not required to. Under CA RPC, an attorney is not allowed to report out unless there the would be substantial bodily, financial harm to others, financial harm to the corporation because of the misconduct of the corporation highest board members. If this happens, the attorney is required to whistle blow the misconduct of the corporation to the proper federal agency (Department of Justice or State Attorney General)

Though L took the proper procedures of reporting up, she was entitled and obligated to report out, which she did. Here, M, as the highest board member of MoreHome, instructed L to not do anything with the documents and give them to her. L knowing that the actions described by E constituted a crime under state law and L could reasonably infer that this would cause severe financial stability not only to the MoreHome but also to the customers of MoreHome. However, instead of reporting out to the State attorney General as she should have, she reported to other counsel which could be a breach of confidentiality (discussed below). Regardless, however, L did take the proper steps of whistleblowing MoreHome's conduct to the State Attorney General.

Thus, L was entitled to report out, however, she may have not been entitled to report out to other counsel as she should have reported out to the State Attorney General only as a whistleblower first, regardless, she took the proper step by whistleblowing to the State Attorney General

### ***Duty to Communciate***

L had the duty to communciate the acts to M of her misconduct as it v, thus, L could be in breach of this.

### ***Duty of Loyalty (DOL):Confidentiality—L consulting with outside counsel.***

As with the representation of the an individual, the duty of confidentiality is the same standard as the attorney has an absolute duty to keep the information confidential. However, the attorney can break this duty if they reasonably believe the client (here, the cooperation) has committed a serious crime or is about commit a serious crime that would cause serious injury and/or bodily harm.

Here, there could be some breach of client confidentiality as a L had consulted with what do to with the documents. However, this may not be considered to be a breach as L has the reasonable belief that the constituents of MoreHome and the CEO herself, M, has committed the act of giving risky mortgages which is considered to be a state crime. However, as stated

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above under the "Reporting Out" argument section, L may have been only obligated to discuss this confidentiality with State Attorney General. However, L can argue that she did not breach her duty of confidentiality as she did it in the best interest of MoreHome. In doing so, she consulted without side counsel as she did not know whether the Secretary of State was investigating MoreHome. L's breach of confidentiality was necessary as it was in the best interest of MoreHome and its clients.

Thus, though L has breached here DOL of confidentiality to MoreHome by discussing confidential materials to other counsel, she was permitted as MoreHome had committed acts that are considered to be state crime.

**Duty of Competence:** L consulting with outside counsel.

Under both the CA RPC and MR, every attorney owes a duty of competence throughout the course of representation of their client. If they are not competent in the particular area of law, they can become competent by learning or by seeking the advice of other experienced attorneys in the field.

Here, it is arguable that L was not competent as she did not know what to do in this situation as she should have as general counsel of MoreHouse which requires to be competent through the advice of other counsel. However, in doing so she may have potentially breached the duty of confidentiality.

Thus, even though L become competent in her actions to do with MoreHome and was advised by experienced and seasoned counsel in the field to whistleblow to the State Attorney General, she may have breached her duty of loyalty for confidentiality in the process.

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**END OF EXAM**