

## Tip of the Month

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## LACBA

LOS ANGELES COUNTY BAR ASSOCIATION

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### Recognize the Danger of Representing Both Sides to a Transaction

It is common for parties to a transaction want to save money by involving only one attorney. This could arise in the sale and purchase of real estate or a business, or in any kind of contract or agreement.

As a general rule, the parties to the transaction have conflicting interests, even if both have a common interest in bringing the transaction to closure. In effect, however, the lawyer may be perceived by both clients as "looking out for their interests" and later may be accused of malpractice for failing to advise one side or the other of a certain issue, or permitting a certain term to be included in the contract without disclosing how it could affect the client.

In addition, issues may arise or situations may develop prior to the closing that could change how one side or the other views the transaction. Although most ethics rules permit the representation of both sides with the proper disclosure and client consent, it is always risky from a malpractice liability standpoint and should be avoided.