

TRUST ACCOUNT ABUSE

WHAT IS IT?

Attorneys using funds from their trust accounts for normal business expenses in contravention of the Attorneys Act.



POSSIBLE INDICATORS

- Transfers from attorneys' trust accounts into personal accounts
- Absence of a business account to service the practice
- Cross-border transfers involving an offshore tax haven
- Activities inconsistent with business profile

CASE STUDY



ABUSE OF ATTORNEY'S TRUST ACCOUNT

The FIC received several STRs about an attorney who appeared to be abusing his attorney trust facility, which must be regulated in terms of section 78(1) of the Attorneys Act (1979).

The suspicious transactions in the reports pointed out that multiple large sums of money were being deposited into the trust account by different people and companies over a period exceeding two years. These funds were used to make payments to other depositors in South Africa and abroad.

Funds from this account were being remitted to foreign jurisdictions deemed to be tax havens. Some monies were transferred to the attorney's personal credit card and his practice expenses were also paid directly from the trust account. No business account serviced the practice. ■