



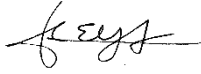
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FRAUD ADVISORY
23-0201-A-FA

TO: Executive Directors

FROM: Thomas E. Yatsco
Inspector General

DATE: December 4, 2023 

SUBJECT: Prohibited Outside Practice of Law and Outside Employment Activities

**How to Protect Your Program from Fraud Related to
Outside Practice of Law and Employment**

- Office of Inspector General (OIG) Hotline complaints about outside practice of law and outside employment are trending upward.
 - Grantees should protect themselves with rigorous written policies and become familiar with red flags of undisclosed and unapproved outside practice and employment.
 - This advisory includes examples of fraud and links to guidance on detecting and preventing prohibited outside practice and employment.
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Since March 2020, the Legal Services Corporation (LSC) OIG has received approximately 20 hotline complaints involving the outside practice of law or outside employment. Due to the notable increase in complaints, this advisory includes links to past OIG work on outside employment, outside practice of law, and outside employment during remote work. As you know, Part 1604 regulates the outside

practice of law by full-time grantee attorneys¹ and LSC has provided information related to the inherent risks associated with an employee's outside employment.

This advisory and prior OIG work provide guidance on how best to detect and prevent prohibited outside practice of law and undisclosed outside employment. We also encourage you to share it broadly within your organization and professional network.

Recent Outside Practice and Employment Fraud Cases Reported to OIG

During the pandemic, some individuals sought outside employment based upon their personal economic circumstances or due to recent technological advances allowing increased opportunities for telework and remote work. Unfortunately, some individuals have taken advantage of the situation and engaged in prohibited practices. The following are real-life examples of violations reported to the OIG since 2020.

In one recent case, a longtime grantee Information Technology (IT) Director was identified as having outside employment at another IT company as a part-time contractor, potentially during grantee business hours. The grantee employee did not disclose the outside employment and did not request approval from the Executive Director, as required by the grantee's outside employment policy.

In another recent case, it was discovered that a full-time paralegal employee was working simultaneously as a full-time paralegal for another local nonprofit during the same core business hours, receiving duplicate pay, in violation of grantee policies and potentially committing time and attendance fraud. The paralegal worked in a hybrid work environment at the grantee, with little to no supervision.

In a recent outside practice of law case, an LSC grantee discovered that a full-time staff attorney was the attorney of record for private clients in small claims hearings. The attorney filed pleadings with the court under the name of a private law firm that included the staff attorney's last name. The LSC grantee determined that the staff attorney violated 45 CFR Part 1604, resulting in their termination.

Resources to Help Prevent Outside Practice of Law and Employment Fraud

The following OIG advisories, as well as LSC Program Letter 18-1, (with links) provide information on how to draft rigorous outside employment and outside practice of law policies, as well as guidance on how best to detect and prevent prohibited outside practice of law and undisclosed outside employment in your organization. The need for vigilance continues as legal aid organizations continue to transition permanently to remote or hybrid work environments.

- [LSC Program Letter 18-1](#)
- [OIG Fraud Advisory on Outside Employment](#)
- [OIG Fraud Advisory on Outside Employment During Remote Work](#)

¹ See 45 CFR Part 1604 for additional guidance on permissible outside practice of law by grantee attorneys.

- [OIG Fraud Advisory on Unauthorized Outside Practice of Law](#)
- [OIG Fraud Advisory on Diversion of Clients for Legal Services](#)

Questions and Contacts

If you have any questions or would like additional information about this or any other issue, please contact Daniel O'Rourke, Assistant Inspector General for Investigations, LSC OIG, at (202) 295-1651, or by email at dorourke@oig.lsc.gov.

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