

DATE: [Insert Date]

TO: [Name of Principal/Licensee]

FIRM: [Firm/Agency Name]

ADDRESS: [Firm Address]

RE: NOTICE OF TRUST ACCOUNT OVERDRAFT

Account Number: [Insert Last 4 Digits of Account Number]

Bank Name: [Insert Bank Name]

Dear [Name of Principal],

This letter serves as a formal warning regarding a reported overdraft on the above-referenced Trust Account. We have been notified by [Financial Institution] that on [Date of Overdraft], the account balance fell below zero, resulting in an overdraft amount of [Insert Amount].

Under [Insert Applicable Statute/Regulation], it is a mandatory requirement that Trust Accounts maintain a positive balance at all times. An overdraft indicates a potential deficiency in record-keeping or a misappropriation of client funds, both of which are serious compliance violations.

Required Action:

You are required to submit a written explanation and supporting documentation regarding this incident within [Number] business days. Your response must include:

- A detailed explanation of why the overdraft occurred.
- A copy of the Trust Account bank statement for the month of the incident.
- A copy of the Three-Way Reconciliation report for the period in question.
- Evidence of the corrective measures implemented to prevent future occurrences.

Failure to provide a satisfactory response or repeated occurrences of trust account mismanagement may result in further disciplinary action, including formal audits, fines, or the suspension of your license.

Please direct your response and all supporting documents to [Department Name/Email Address].

Sincerely,

[Your Name/Signature]

[Your Title]

[Compliance Department/Regulatory Body Name]