

**American Bar Association  
CPR Policy Implementation Committee**

**Variations of the ABA Model Rules of Professional Conduct**

**Rule 1.15 Safekeeping Property**

(a) A lawyer shall hold property of clients or third persons that is in a lawyer's possession in connection with a representation separate from the lawyer's own property. Funds shall be kept in a separate account maintained in the state where the lawyer's office is situated, or elsewhere with the consent of the client or third person. Other property shall be identified as such and appropriately safeguarded. Complete records of such account funds and other property shall be kept by the lawyer and shall be preserved for a period of [five years] after termination of the representation.

(b) A lawyer may deposit the lawyer's own funds in a client trust account for the sole purpose of paying bank service charges on that account, but only in an amount necessary for that purpose.

(c) A lawyer shall deposit into a client trust account legal fees and expenses that have been paid in advance, to be withdrawn by the lawyer only as fees are earned or expenses incurred.

(d) Upon receiving funds or other property in which a client or third person has an interest, a lawyer shall promptly notify the client or third person. Except as stated in this rule or otherwise permitted by law or by agreement with the client, a lawyer shall promptly deliver to the client or third person any funds or other property that the client or third person is entitled to receive and, upon request by the client or third person, shall promptly render a full accounting regarding such property.

(e) When in the course of representation a lawyer is in possession of property in which two or more persons (one of whom may be the lawyer) claim interests, the property shall be kept separate by the lawyer until the dispute is resolved. The lawyer shall promptly distribute all portions of the property as to which the interests are not in dispute.

Variations from ABA Model Rule are noted. Based on reports of state committees reviewing recent changes to the model rules. For information on individual state committee reports, see <http://www.abanet.org/cpr/jclr/home.html>.

	<p>Comments not included.</p> <p>*Current links to state Rules of Professional conduct can be found on the ABA website: <a href="http://www.abanet.org/cpr/links.html">http://www.abanet.org/cpr/links.html</a>*</p>
<p>AL Effective 2/19/09</p>	<p>Adds to beginning of Rule:</p> <p><b>Definitions.</b> <i>As used in this rule, the terms below shall have the following meaning:</i></p> <p><i>"IOLTA account" means a pooled interest- or dividend-bearing trust account benefiting the Alabama Law Foundation or the Alabama Civil Justice Foundation established in an eligible institution for the deposit of nominal or short-term funds of clients or third persons.</i></p> <p><i>"Eligible institution" means any bank or savings and loan association authorized by federal or state laws to do business in Alabama, whose deposits are insured by an agency of the federal government, or any open-end investment company registered with the Securities and Exchange Commission and authorized by federal or state laws to do business in Alabama. Eligible institutions must meet the requirements set out in section (g).</i></p> <p><i>"Interest- or dividend-bearing trust account" means a federally insured checking account or a business checking account with an automated investment feature, such as an overnight sweep and investment in a government money-market fund or daily (overnight) financial-institution repurchase agreement invested solely in or fully collateralized by U.S. Government Securities. A daily financial-institution repurchase agreement may be established only with an eligible institution that is 'well capitalized' or 'adequately capitalized' as those terms are defined by applicable federal statutes and regulations. An open-end money-market fund must hold itself out as a money-market fund as defined by applicable federal statutes and regulations under the Investment Company Act of 1940, and, at the time of the investment, have total assets of at least \$250,000,000. The funds covered by this rule shall be subject to withdrawal upon request and without delay except as permitted by law.</i></p> <p><i>"Allowable reasonable fees" means: ((1) per check charges, (2) per deposit charges, (3) a fee in lieu of minimum balance, (4) Federal deposit insurance fees, (5) sweep fees, and (6) a reasonable IOLTA account administrative fee.</i></p> <p><i>"U.S. Government Securities" means U.S. Treasury obligations and obligations issued or guaranteed as to principal and interest by the United States or any agency or instrumentality thereof.</i></p> <p>(a) Replaces general articles with “the” in several instances; Adds before “other property:” <i>No funds of a lawyer shall be deposited in such a trust account, except (1) unearned attorney fees that are being held until earned,</i></p>

	<p><i>and (2) funds sufficient to pay bank service charges on that account or to obtain a waiver thereof. Interest or dividends, if any, on funds, less fees charged to the account, other than overdraft and returned item charges, shall belong to the client or third person, except as provided in Rule 1.15(g), and the lawyer shall have no right or claim to the interest.</i></p> <p>(a) Changes “for a period of [five] years” to “for six (6) years;” Adds to end of paragraph:</p> <p><i>A lawyer shall designate all such trust accounts, whether general or specific, as well as deposit slips and all checks drawn thereon, as either an 'Attorney Trust Account,' an 'Attorney Escrow Account,' or an 'Attorney Fiduciary Account.' A lawyer shall designate all business accounts, as well as other deposit slips and all checks drawn thereon, as a 'Business Account,' a 'Professional Account,' an 'Office Account,' a 'General Account,' a 'Payroll Account,' or a 'Regular Account.' However, nothing in this rule shall prohibit a lawyer from using any additional description or designation for a specific business or trust account, including, for example, fiduciary accounts maintained by the lawyer as executor, guardian, trustee, receiver, or agent or in any other fiduciary capacity.</i></p> <p>Does not adopt MR (b) or (c);</p> <p>(b) is similar to MR (d) but changes wording: Adds “from a source other than the client or the third person” after “has an interest;”</p> <p>(c) is similar to MR (e) but changes “two or more...lawyer)” to “both the lawyer and another person;” changes “until the dispute is resolved” to “until there is an accounting and a severance of their interests;” Replaces last sentence with: “If a dispute arises concerning their respective interests, the portion in dispute shall be kept separate by the lawyer until the dispute is resolved.”</p> <p>Adds to end of paragraph:</p> <p><i>(d) A lawyer shall not make disbursements of a client's funds from separate accounts containing the funds of more than one client unless the client's funds are collected funds; provided, however, that if a lawyer has a reasonable and prudent belief that a deposit of an instrument payable at or through a bank representing the client's funds will be collected promptly, then the lawyer may, at the lawyer's own risk, disburse the client's uncollected funds. If collection does not occur, then the lawyer shall, as soon as practical, but in no event more than five (5) working days after notice of noncollection, replace the funds in the separate account.</i></p> <p><i>(e) A lawyer shall request that the financial institution where the lawyer maintains a trust account file a report to the Office of General Counsel of the Alabama State Bar in every instance where a properly payable item or order to pay is presented against a lawyer's trust account with insufficient funds to pay the item or order when presented and either (1) the item or payment order is</i></p>
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*returned because there are insufficient funds in the account to pay the item or order or, (2) if the request is honored by the financial institution and the overdraft created thereby is not paid within three (3) business days of the date the financial institution sends notification of the overdraft to the lawyer. The report of the financial institution shall contain the same information, or a copy of that information, forwarded to the lawyer who presented the item or order.*

*A lawyer shall enter into an agreement with the financial institution that holds the lawyer's trust account pursuant to which the financial institution agrees to file the report required by this rule. Every lawyer shall have the duty to assure that his or her trust accounts maintained with a financial institution in Alabama are pursuant to such an agreement. This duty belongs to the lawyer and not to the financial institution. The filing of a report with the Office of General Counsel pursuant to this paragraph shall constitute a proper basis for an investigation by the Office of General Counsel of the lawyer who is the subject of the report, pursuant to the Alabama Rules of Disciplinary Procedure. Nothing in this rule shall preclude a financial institution from charging a lawyer or a law firm a fee for producing the report and maintaining the records required by this Rule. Every lawyer and law firm maintaining a trust account in Alabama shall hereby be conclusively deemed to have consented to the reporting and production requirements mandated by this rule and shall hold harmless the financial institution for its compliance with the aforesaid reporting and production requirements. Neither the agreement with the financial institution nor the reporting or production of records by a financial institution made pursuant to this rule shall be deemed to create in the financial institution a duty to exercise a standard of care or a contract with third parties that may sustain a loss as a result of a lawyer's overdrawing a trust account.*

*A lawyer shall not fail to produce any of the records required to be maintained by these Rules at the request of the Office of General Counsel, the Disciplinary Commission, or the Disciplinary Board. This obligation shall be in addition to, and not in lieu of, any other requirements of the Rules of Professional Conduct or Rules of Disciplinary Procedure for the production of documents and evidence.*

*(f) A lawyer, except a lawyer not engaged in active practice pursuant to Alabama Code 1975, §§ 34-3-17 and -18, shall maintain a separate account to hold funds of a client or third person. Every lawyer admitted to practice in this State shall annually certify to the Secretary of the Alabama State Bar that all IOLTA eligible funds are held in an IOLTA Account, or that the lawyer is exempt because the lawyer: does not have an office within*

*the State of Alabama; does not hold funds for clients or third persons; is not engaged in the active practice of law; is a judge, attorney general, public defender, U.S. attorney, district attorney, on duty with the armed services or employed by a local, state or federal government, and is not otherwise engaged in the private practice of law; or is a corporate or other in-house counsel or teacher of law and is not otherwise engaged in the private practice of law. Certification may be made by a firm on behalf of all lawyers in a firm.*

*(g) Lawyers shall hold in IOLTA accounts all funds of clients or third persons that are nominal in amount or that the lawyer expects to be held for a short period and from which no income could be earned for the client or third person in excess of the costs incurred to secure such income. In no event shall a lawyer receive the interest on an IOLTA account.*

*In determining whether to deposit funds into an IOLTA account, a lawyer shall consider the following factors: the amount of interest or dividends likely to be earned during the period the funds are expected to be deposited; the estimated cost of establishing and administering a non-IOLTA trust account for the benefit of the client or third person, including the cost of the lawyer's services and the cost of preparing any tax reports required for interest accruing to the benefit of a client or third person; the ability of financial institutions or lawyers or law firms to calculate and pay interest to individual clients or third persons; and any other circumstances that affect the ability of the client or third-person funds to earn income in excess of the costs incurred to secure such funds. A lawyer shall review the IOLTA account at reasonable intervals to determine whether changed circumstances require further action with respect to the funds of any client or third person.*

*The determination whether the funds of a client or third person can earn income in excess of costs as provided in (g) above shall rest in the sound judgment of the lawyer or law firm, and no lawyer shall be charged with an ethical impropriety or breach of professional conduct based on the good-faith exercise of such judgment.*

*Offering IOLTA accounts is voluntary for financial institutions. Lawyers may place trust accounts only in eligible institutions that meet the requirements of this rule, including:*

*Interest Rates: Eligible institutions shall pay on IOLTA accounts the highest interest rate or dividend the financial institution offers to its non-IOLTA customers when the IOLTA account meets or exceeds the same minimum balance and other eligibility requirements, if any.*

*A financial institution shall pay on IOLTA accounts the highest*

*interest rate or dividend generally available among the following product types or any comparable product type (if the product type is available from the financial institution to its non-IOLTA customers) by either using the identified product type as an IOLTA account or paying the equivalent interest rate or dividend on the existing IOLTA account in lieu of actually establishing the highest interest rate or dividend product:*

*1. An interest-bearing checking account such as a negotiable order of withdrawal (NOW) account, or business checking account with interest.*

*2. A business checking account with an automated investment feature, such as an overnight sweep and investment in repurchase agreements or money-market funds as described in the definitions.*

*3. A government (such as for municipal deposits) interest-bearing checking account.*

*4. A checking account paying preferred interest rates, such as money-market or indexed rates.*

*5. Any other suitable interest- or dividend- bearing deposit account offered by the institution to its non-IOLTA customers.*

*As an alternative, the financial institution may pay:*

*6. An amount on funds, net of allowable reasonable fees, which would otherwise qualify for investment options described in (1) through (4) above equal to 55% of the Federal Funds Target Rate as of the first business day of the quarter or other IOLTA remitting period.*

*The following considerations will apply to determinations of comparability:*

*1. Accounts that have limited check-writing capability required by law or government regulation may not be considered as comparable to IOLTA in Alabama. Such accounts, however, are distinguished from checking accounts that pay money-market interest rates on account balances without the check-writing limitations. Such accounts are included in the option 4 class identified above. Additionally, rates that are not generally available to other account holders, such as special promotional rates used to attract new customers, are not considered for comparability in Alabama.*

*2. For the purpose of determining compliance with the above provisions, all participating financial institutions shall report in a form and manner prescribed by the Alabama Law Foundation and Alabama Civil Justice Foundation the highest interest or dividend rate for each of the accounts they offer within the above-listed account types. The foundations will certify participating financial institutions' compliance with this rule on an annual basis.*

*3. In determining the highest interest rate or dividend generally available from the institution to its non-IOLTA customers, the*

*eligible institution may consider factors, in addition to the IOLTA account balance, customarily considered by the institution when setting interest rates or dividends for its customers, provided that those factors do not discriminate between IOLTA accounts and accounts of non-IOLTA customers and provided further that those factors do not include that the account is an IOLTA account.*

*Pursuant to a written agreement between the lawyer and the eligible institution, interest on the IOLTA account shall be remitted at least quarterly to the Alabama Law Foundation or the Alabama Civil Justice Foundation, as the lawyer shall designate.*

*Interest or dividends shall be calculated in accordance with the institution's standard practice for non-IOLTA account customers, less reasonable fees, if any, in connection with the deposited funds.*

*Allowable reasonable fees, as defined in this rule, are the only service charges or fees permitted to be deducted from interest or dividend earned on IOLTA accounts. Allowable reasonable fees may be deducted from interest or dividends on an IOLTA account only at such rates and under such circumstances as is the eligible institution's customary practice for its non-IOLTA customers. All other fees and charges shall not be assessed against the interest or dividends earned on the IOLTA account, but rather shall be the responsibility of, and may be charged to, the lawyer maintaining the IOLTA account.*

*Fees or charges in excess of the interest or dividend earned on the account for any month or quarter shall not be taken from interest or dividend earned on other IOLTA accounts or from the principal of the account.*

*Financial institutions may elect to pay higher rates than required by this rule or to waive any or all fees on IOLTA accounts.*

*A statement should be transmitted to the Alabama Law Foundation or the Alabama Civil Justice Foundation with each remittance showing the period for which the remittance is made, the name of the lawyer or law firm from whose IOLTA account the remittance is being sent, the IOLTA account number, the rate of interest applied, the gross interest or dividend earned during the period, the amount and description of any service charges or fees assessed during the remittance period, if any, the average account balance for the remittance period, and the net amount of interest or dividend remitted for the period. A copy of the statement shall also be sent to the lawyer.*

*(h) All interest or dividends transmitted to and received by the Alabama Law Foundation pursuant to Rule 1.15(g) shall be distributed by it for one or more of the following purposes:*

- (1) to provide legal aid to the poor;*
- (2) to provide law-student loans;*
- (3) to provide for the administration of justice;*

	<p>(4) to provide law-related educational programs to the public;  (5) to help maintain public law libraries; and  (6) for such other programs for the benefit of the public as the Supreme Court of the State of Alabama specifically approves from time to time.</p> <p>(i) All interest or dividends transmitted to and received by the Alabama Civil Justice Foundation pursuant to Rule 1.15(g) shall be distributed by it for one of more of the following purposes:  (1) to provide financial assistance to organizations or groups providing aid or assistance to:  (A) underprivileged children;  (B) traumatically injured children or adults;  (C) the needy;  (D) handicapped children or adults; or  (E) drug and alcohol rehabilitation programs;  (2) to be used in such other programs for the benefit of the public as the Supreme Court of the State of Alabama specifically approves from time to time.</p> <p>(j) A lawyer shall not fail to produce, at the request of the Office of General Counsel, the Disciplinary Commission, or the Disciplinary Board, any of the records required to be maintained by these Rules. This obligation shall be in addition to, and not in lieu of, any other requirements of the Rules of Professional Conduct or the Rules of Disciplinary Procedure for the production of documents and evidence.</p>
<p>AK  Effective  4/15/09</p>	<p>(c) Replaces “the lawyer’s...paid in advance” and adds instead “funds received for future fees and expenses into a client trust account;”  (e) Adds “conflicting” before “interests;”  Adds:  (f) Unless an election not to participate is submitted in accordance with the procedure set forth in paragraph (g), a lawyer or law firm shall establish and maintain an interest bearing insured depository account into which must be deposited funds of clients which are nominal in amount or are expected to be held for a short period of time, but only in compliance with the following provisions:  (1) No earnings from such account shall be made available to the lawyer or law firm and the lawyer or law firm shall have no right or claim to such earnings.  (2) Only funds of clients which are nominal in amount or are expected to be held for a short period of time may be deposited in such account. Funds which reasonably may be expected to generate in excess of one hundred dollars interest may not be deposited in such account.  (3) The depository institution shall be directed by the lawyer or law firm establishing such account:</p>

	<p><i>Supreme Court Order No.1680 Page 128 of 271</i>  <i>Effective Date: April 15, 2009</i>  <i>(a) To remit earnings from such account, net of any service charges or fees, as computed in accordance with the institution's standard accounting practice to the Alaska Bar Foundation, Inc., at least quarter-annually; and</i>  <i>(b) To transmit with each remittance of earnings a statement showing the name of the lawyer or law firm on whose account the remittance is sent and the rate of interest applied, with a copy of such statement to such lawyer or law firm.</i>  <i>(4) The lawyer or law firm shall review the account at reasonable intervals to determine if changed circumstances required further action with respect to the funds of any client.</i>  <i>(g) A lawyer shall indicate on the lawyer's annual bar dues notice whether the lawyer or the lawyer's law firm: 1) elects to maintain the account described in paragraph (f); 2) elects not to maintain the account described in paragraph (f); or 3) does not maintain a trust account. A lawyer or law firm who wishes to change a previous election may do so at any time by notifying the Alaska Bar Association in writing.</i></p>
<p>AZ Effective 12/1/03</p>	<p>(e): added at the end: "As to the portion of the property in dispute, the lawyer shall commence an interpleader action if otherwise not able to resolve the dispute."</p>
<p>AR Effective 5/1/05</p>	<p>Title, adds: AND TRUST ACCOUNTS</p> <p>(a) Safekeeping property.</p> <p>(1) A lawyer shall hold property of clients or third persons, including prospective clients, that is in a lawyer's possession in connection with a representation separate from the lawyer's own property.</p> <p>(2) Property, other than funds of clients or third persons, shall be identified as such and appropriately safeguarded.</p> <p>(3) Complete records of trust account funds and other property shall be kept by the lawyer and shall be preserved for a period of five years after the termination of the representation or the last contact with a prospective client.</p> <p>(4) A lawyer shall maintain on a current basis books and records in accordance with generally accepted accounting practice and comply with any record keeping rules established by law, rule, or court order.</p> <p>(5) Upon receiving funds or other property in which a client or third person has an interest, a lawyer shall promptly notify the client or third person in writing. Except as stated in this Rule or otherwise permitted by law or by agreement with the client, a lawyer shall promptly deliver to</p>

the client or third person any funds or other property that the client or third person is entitled to receive and, upon request by the client or third person, shall promptly render a full written accounting regarding such property to the client or third persons.

(6) When in the course of representation a lawyer is in possession of property in which two or more persons (one of whom may be the lawyer) claim interests, the property shall be kept separate by the lawyer until the dispute is resolved. The lawyer shall promptly distribute all portions of the property as to which the interests are not in dispute.

(b) Trust Accounts: IOLTA trust accounts and non-IOLTA trust accounts.

(1) Funds of a client shall be deposited and maintained in one or more separate, clearly identifiable trust accounts in the state where the lawyer's office is situated, or elsewhere with the consent of the client or third person.

(2) A lawyer shall deposit into a client trust account legal fees and expenses that have been paid in advance, to be withdrawn by the lawyer only as fees are earned or expenses incurred.

(3) A lawyer may deposit funds belonging to the lawyer or the law firm in a client trust account for the sole purposes of paying bank services charges on that account, or to comply with the minimum balance required for the waiver of bank charges, but only in the amount necessary for those purposes, but not to exceed \$500.00 in any case. Such funds belonging to the lawyer or law firm shall be clearly identified as such in the account records.

(4) Each trust account referred to in section (b) (1) shall be an interest-bearing trust account in a bank, savings bank, trust company, savings and loan association, savings association, credit union, or federally regulated investment company, and the institution shall be insured by an agency of the federal government.

(5) Each such trust account shall provide overdraft notification to the Executive Director of the Office of Professional Conduct for the purpose of reporting whenever any properly payable instrument is presented against a lawyer trust account containing insufficient funds, irrespective of whether or not the instrument is honored. The financial institution shall report simultaneously with its notice to the lawyer the following information:

(i) In the case of a dishonored instrument, the report shall be identical to the overdraft notice customarily forwarded to the depositor, and should include a copy of the dishonored instrument, if such a copy is normally provided to depositors;

(ii) In the case of instruments that are presented against insufficient funds but which instruments are honored, the report shall identify the financial institution, the lawyer or law firm, the account number, the date of presentation for payment, and the date paid, as well as the amount of overdraft created thereby.

(6) A lawyer who receives client funds which, in the judgment of the lawyer, are nominal in amount, or are expected to be held for such a short period of time that it is not practical to earn and account for income on individual deposits, shall create and maintain an interest-bearing, multi-client trust account ("IOLTA" account) for such funds. The account shall be maintained in compliance with the following requirements:

(i) The trust account shall be maintained in compliance with sections (b)(1) - (b)(5) of this Rule and the funds shall be subject to withdrawal upon request and without delay;

(ii) No earnings from the account shall be made available to the lawyer or law firm; and,

(iii) The interest accruing on this account, net of reasonable check and deposit processing charges which shall only include any items deposited charge, monthly maintenance fee, per item check charge, and per deposit charge, shall be paid to the Arkansas IOLTA Foundation, Inc. All other fees and transaction costs shall be paid by the lawyer or law firm.

(7) All client funds shall be deposited in the account specified in section (b)(6), unless they are deposited in a separate interest-bearing account ("non-IOLTA" account) for a specific and individual matter for a particular client. There shall be a separate account opened for each such particular client matter. Interest so earned must be held in trust as property of each client in the same manner as is provided in this Rule.

(8) The interest paid on the account shall not be less than, nor the fees and charges assessed greater than, the rate paid or fees and charges assessed, to any non-lawyer customers on accounts of the same class within the same institution.

(9) The decision whether to use an "IOLTA" account specified in section (b)(6) or a "non-IOLTA" account specified in section (b)(7) is within the discretion of the lawyer. In making this determination, consideration should be given to the following:

(i) The amount of interest which the funds would earn during the period they are expected to be deposited; and,

(ii) The cost of establishing and administering the account, including the cost of the lawyer's or law firm's services.

(10) All lawyers who maintain accounts provided for in this Rule, must convert their client trust account(s) to interest-bearing account(s) with the interest to be paid to the Arkansas IOLTA Foundation, Inc. no later than six months from the date of the order adopting this Rule, unless the account falls within subsection (b)(7). Every lawyer practicing or admitted to practice in this State shall, as a condition thereof, be conclusively deemed to have consented to the reporting requirements mandated by this rule. All lawyers shall certify annually that they, their law firm or professional corporation is in compliance with all sections and

	<p><u>subsections of this Rule.</u></p> <p><u>(11) A lawyer shall certify, in connection with the annual renewal of the lawyer's license, that the lawyer is complying with all provisions of this rule. Certification shall be made on a form provided by and in a manner designated by the Clerk of the Supreme Court.</u></p> <p><u>(12) A lawyer or a law firm may be exempt from the requirements of this rule if the Arkansas IOLTA Foundation's Board of Directors, on its own motion, has exempted the lawyer or law firm from participation in the Program for a period of no more than two years when service charges on the lawyer's or law firm's trust account equal or exceed any interest generated.</u></p>
<p>CA Current Rule</p>	<p>[California's Rules of Professional Conduct are structured differently from the ABA Model Rules. Please see California Rules : <a href="http://calbar.ca.gov/calbar/pdfs/rules/Rules_Professional-Conduct.pdf">http://calbar.ca.gov/calbar/pdfs/rules/Rules_Professional-Conduct.pdf</a>]</p>
<p>CO Effective 1/1/08</p>	<p>(a) Timeframe is seven years, instead of five; Does not adopt MR (b) or (c); (b) is similar to MR (d) but deletes "notify...promptly;" adds "promptly" before "upon request;" deletes "shall promptly" before "render a full accounting;" (c) is similar to MR (e) but replaces "in the course of representation" with "in connection with a representation;" replaces language after "until" with "there is accounting and severance of their interests;" Adds as second-to-last sentence, "If a dispute arises concerning their respective interests, the portion in dispute shall be kept separate by the lawyer until the dispute is resolved;" Adds: <i>Required Bank Accounts</i> <i>(d) Every lawyer in private practice in this state shall maintain in a financial institution doing business in Colorado, in the lawyer's own name, or in the name of a partnership of lawyers, or in the name of an entity authorized pursuant to C.R.C.P. 265 of which the lawyer is a member, or in the name of the lawyer or entity by whom the lawyer is employed or with whom the lawyer is associated:</i> <i>(1) A trust account or accounts, separate from any business and personal accounts and from any fiduciary accounts that the lawyer may maintain as executor, guardian, trustee, or receiver, or in any other fiduciary capacity, into which the lawyer shall deposit funds entrusted to the lawyer's care and any advance payment of fees that has not been earned or advance payment of expenses that have not been incurred. A lawyer shall not be required to maintain a trust account if the lawyer never receives such funds or payments; and,</i> <i>(2) A business account or accounts into which all funds received for professional services shall be deposited. All business accounts, as well as all deposit slips and all checks drawn thereon, shall be prominently designated as a "professional account" or an "office account".</i></p>

	<p><i>(e) With respect to trust accounts established pursuant to this Rule:</i></p> <p><i>(1) One or more of the trust accounts may be a Colorado Lawyer Trust Account Foundation (“COLTAF”) account or accounts, as described in Rule 1.15(h)(2). All COLTAF accounts shall be designated “COLTAF Trust Account.”</i></p> <p><i>(2) All such trust accounts, whether general or specific, as well as all deposits slips and checks drawn thereon, shall be prominently designated as a “trust account.” Nothing herein shall prohibit any additional descriptive designation for a specific trust account.</i></p> <p><i>(3) Trust accounts shall be maintained only in financial institutions doing business in Colorado that are approved by the Regulation Counsel based upon policy guidelines adopted by the Board of Trustees of the Colorado Attorneys’ Fund for Client Protection. Regulation Counsel shall annually publish a list of such approved institutions. A financial institution shall be approved if it shall file with the Regulation Counsel an agreement, in a form provided, to report to the Regulation Counsel in the event any properly payable trust account instrument is presented against insufficient funds, irrespective of whether the instrument is honored; any such agreement shall apply to all branches of the financial institution and shall not be canceled except on thirty-days notice in writing to the Regulation Counsel. The agreement shall further provide that all reports made by the financial institution shall be in the following format: (1) in the case of a dishonored instrument, the report shall be identical to the overdraft notice customarily forwarded to the depositor; (2) in the case of an instrument that is presented against insufficient funds but which instrument is honored, the report shall identify the financial institution, the lawyer or law firm, the account number, the date of presentation for payment, and the date paid, as well as the amount of the overdraft created thereby. Such reports shall be made simultaneously with, and within the time provided by law for, notice of dishonor, if any; if an instrument presented against insufficient funds is honored, then the report shall be made within five banking days of the date of presentation for payment against insufficient funds. In addition, each financial institution approved by the Regulation Counsel must cooperate with the COLTAF program and must offer a COLTAF account to any lawyer who wishes to open one. In addition to the reports specified above, approved financial institutions shall agree to cooperate fully with the Regulation Counsel and to produce any trust account or business account records on receipt of a subpoena therefore in connection with any proceeding pursuant to C.R.C.P. 251. Nothing herein shall preclude a financial institution from charging a lawyer or law firm for the reasonable cost of producing the reports and records required by this Rule, but such charges shall not be a transaction</i></p>
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	<p><i>cost to be charged against funds payable to the COLTAF program. Every lawyer or law firm maintaining a trust account in this state shall, as a condition thereof, be conclusively deemed to have consented to the reporting and production requirements by financial institutions mandated by this Rule and shall indemnify and hold harmless the financial institution for its compliance with such reporting and production requirement. A financial institution shall be immune from suit arising out of its actions or omissions in reporting overdrafts or insufficient funds or producing documents under this Rule. The agreement entered into by a financial institution with the Regulation Counsel shall not be deemed to create a duty to exercise a standard of care and shall not constitute a contract for the benefit of any third parties that may sustain a loss as a result of lawyers overdrawing lawyer trust accounts.</i></p> <p><i>(4) The name of institutions in which such accounts are maintained and identification numbers of each account shall be recorded on a statement filed with the annual attorney registration payment pursuant to C.R.C.P. 227(2). Such information shall be available for use in accordance with paragraph (j) of this Rule. For each COLTAF account, the statement shall indicate the account number, the name the account is under, and the depository institution.</i></p> <p><i>Trust Account Requirements and Management; COLTAF Accounts</i></p> <p><i>(f) All trust accounts shall be maintained in interest-bearing, insured depository accounts; provided, that with the consent of the client or third person whose funds are in the account, an account in which interest is paid to the client or third person need not be an insured depository account. All COLTAF accounts shall be insured depository accounts. For the purpose of this Rule, "insured depository accounts" shall mean government insured accounts at a regulated financial institution, on which withdrawals or transfers can be made on demand, subject only to any notice period which the institution is required to reserve by law or regulation.</i></p> <p><i>(g) A lawyer may deposit funds reasonably sufficient to pay anticipated service charges or other fees for maintenance or operation of such account into trust accounts. Such funds shall be clearly identified in the lawyer's records of the account.</i></p> <p><i>(h) COLTAF Accounts:</i></p> <p><i>(1) Except as may be prescribed by subparagraph (2) below, interest earned on accounts in which the funds are deposited (less any deduction for service charges or fees of the depository institution) shall belong to the clients or third persons whose funds have been so deposited; and the lawyer or law firm shall have no right or claim to such interest.</i></p> <p><i>(2) If the funds are not held in accounts with the interest paid to clients or third persons as provided in subsection (h)(1) of this Rule, a lawyer or law firm shall establish a COLTAF account,</i></p>
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*which is a pooled interest-bearing insured depository account for funds of clients or third persons that are nominal in amount or are expected to be held for a short period of time in compliance with the following provisions:*

*(a) No interest from such an account shall be payable to a lawyer or law firm.*

*(b) The account shall include funds of clients or third persons that are nominal in amount or are expected to be held for a short period of time with the intent that such funds not earn interest in excess of the reasonably estimated cost of establishing, maintaining and accounting for trust accounts for the benefit of such clients or third parties.*

*(c) A lawyer or law firm depositing funds in a COLTAF account shall direct the depository institution:*

*(i) To remit interest, net of service charges or fees, if any are charged, computed in accordance with the institution's standard accounting practice, at least quarterly, to COLTAF; and*

*(ii) To transmit with each remittance to COLTAF a statement showing the name of the lawyer or law firm on whose account the remittance is sent and the rate of interest applied.*

*(d) The provisions of this subparagraph (h)(2) shall not apply in those instances where it is not feasible to establish a trust account for the benefit of COLTAF for reasons beyond the control of the lawyer or law firm, such as the unavailability of a financial institution in the community that offers such an account.*

*(3) If a lawyer or law firm discovers that funds of any client or third person have mistakenly been held in a trust account for the benefit of COLTAF in a sufficient amount or for a sufficiently long time so that interest on the funds being held in such account exceeds the reasonably estimated cost of establishing, maintaining and accounting for a trust account for the benefit of such client or third person (including without limitation administrative costs of the lawyer or law firm, bank service charges, and costs of preparing tax reports of such income to the client or third person) the lawyer or law firm shall request COLTAF to calculate and remit trust account interest already received by it to the lawyer or law firm for the benefit of such client or third person in accordance with written procedures that COLTAF shall publish and make available through its website and shall provide to any lawyer or law firm upon request.*

*(4) Information necessary to determine compliance or justifiable reasons for noncompliance with subparagraph (h)(2) shall be included in the annual attorney registration statement. COLTAF shall assist the Colorado Supreme Court in determining whether lawyers or law firms have complied in establishing the trust account required under subparagraph (h)(2). If it appears that a*

	<p><i>lawyer or law firm has not complied where it is feasible to do so, the matter may be referred to the Regulation Counsel for investigation and proceedings in accordance with C.R.C.P. 251.</i></p> <p><i>(i) Management of Trust Accounts.</i></p> <p><i>(1) ATM or Debit Cards. A lawyer shall not use any debit card or automated teller machine card to withdraw funds from a trust account.</i></p> <p><i>(2) All trust account withdrawals and transfers shall be made only by a lawyer admitted to practice law in this state or by a person supervised by such lawyer and may be made only by authorized bank or wire transfer or by check payable to a named payee.</i></p> <p><i>(3) Cash withdrawals and checks made payable to "Cash" are prohibited.</i></p> <p><i>(4) Cancelled Checks. A lawyer shall request that the lawyer's trust account bank return to the lawyer, photo static or electronic images of cancelled checks written on the trust account. If the bank provides electronic images, the lawyer shall either maintain paper copies of the electronic images or maintain the electronic images in readily obtainable format.</i></p> <p><i>(5) Persons Authorized to Sign. Only a lawyer admitted to practice law in this state or a person supervised by such lawyer shall be an authorized signatory on a trust account;</i></p> <p><i>(6) Reconciliation of Trust Accounts. No less than quarterly, a lawyer shall reconcile the trust account records both as to individual clients and in the aggregate with the lawyer's trust account bank statement(s).</i></p> <p><i>Required Accounting Records; Retention of Records;</i></p> <p><i>Availability of Records</i></p> <p><i>(j) A lawyer, whether practicing as a sole practitioner, in a partnership, or through an entity authorized pursuant to C.R.C.P. 265, shall maintain in a current status and retain for a period of seven years after the event that they record:</i></p> <p><i>(1) Appropriate receipt and disbursement records of all deposits in and withdrawals from all trust accounts and any other bank account that concerns the lawyer's practice of law, specifically identifying the date, payor and description of each item deposited as well as the date, payee, and purpose of each disbursement. All trust account monies intended for deposit shall be deposited intact without deductions or "cash out" from the deposit and the duplicate deposit slip that evidences the deposit must be sufficiently detailed to identify each item deposited;</i></p> <p><i>(2) An appropriate record-keeping system identifying each separate person or entity for whom the lawyer holds money or property in trust, for all trust accounts, showing the payor of all funds deposited in such accounts, the names and addresses of all persons for whom the funds are or were held, the amount of such funds, the</i></p>
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	<p><i>description and amounts of charges or withdrawals from such accounts, and the names of all persons to whom any such funds were disbursed;</i></p> <p><i>(3) Copies of all retainer and compensation agreements with clients (including written communications setting forth the basis or rate for the fees charged by the lawyer as required by Rule 1.5(b);</i></p> <p><i>(4) Copies of all statements to clients showing the disbursement of funds to them or on their behalf;</i></p> <p><i>(5) Copies of all bills issued to clients;</i></p> <p><i>(6) Copies of all records showing payments to any persons, not in the lawyer's regular employ, for services rendered or performed;</i></p> <p><i>(7) All bank statements and photo static copies or electronic copies of all canceled checks; and,</i></p> <p><i>(8) Copies of those portions of each client's case file reasonably necessary for a complete understanding of the financial transactions pertaining thereto.</i></p> <p><i>(k) The financial books and other records required by this Rule shall be maintained in accordance with one or more of the following recognized accounting methods: the accrual method, the cash basis method, and the income tax method. All such accounting methods shall be consistently applied. Bookkeeping records may be maintained by computer provided they otherwise comply with this Rule and provided further that printed copies can be made on demand in accordance with this Rule. They shall be located at the principal Colorado office of each lawyer, partnership, professional corporation, or limited liability corporation.</i></p> <p><i>(l) Dissolutions. Upon the dissolution of any partnership of lawyers or of any professional corporation or limited liability corporation, the former partners or shareholders shall make appropriate arrangements for the maintenance by one of them or by a successor firm of the records specified in subsection (j) of this Rule.</i></p> <p><i>(m) Availability Of Records. Any of the records required to be kept by this Rule shall be produced in response to a subpoena duces tecum issued by the Regulation Counsel in connection with proceedings pursuant to C.R.C.P. 251. When so produced, all such records shall remain confidential except for the purposes of the particular proceeding and their contents shall not be disclosed by anyone in such a way as to violate the attorney-client privilege of the lawyer's client.</i></p>
<p>CT Effective 1/1/2012</p>	<p>Adds (a):</p> <p><i>(a) As used in this Rule, the terms below shall have the following meanings:</i></p> <p><i>(1) "Allowable reasonable fees" for IOLTA accounts are per check charges, per deposit charges, a fee in lieu of a minimum balance, federal deposit insurance fees, sweep fees,</i></p>

	<p><i>and a reasonable IO LTA account administrative or maintenance fee.</i></p> <p><i>(2) An “eligible institution” means (i) a bank or savings and loan association authorized by federal or state law to do business in Connecticut, the deposits of which are insured by an agency of the United States government, or (ii) an openend investment company registered with the United States Securities and Exchange Commission and authorized by federal or state law to do business in Connecticut. In addition, an eligible institution shall meet the requirements set forth in subsection (h) (3 ) below. The determination of whether or not an institution is an eligible institution shall be made by the organization designated by the judges of the superior court to administer the program pursuant to subsection (h) (4 ) below, subject to the dispute resolution process provided in subsection (h) (4 ) (E) below.</i></p> <p><i>(3) “Federal Funds Target Rate” means the target level for the federal funds rate set by the Federal Open Market Committee of the Board of Governors of the Federal Reserve System from time to time or, if such rate is no longer available, any comparable successor rate. If such rate or successor rate is set as a range, the term “Federal Funds Target Rate” means the upper limit of such range.</i></p> <p><i>(4) “Interest- or dividend-bearing account” means (i) an interest-bearing checking account, or (ii) an investment product which is a daily (overnight) financial institution repurchase agreement or an open-end money market fund. A daily financial institution repurchase agreement must be fully collateralized by U .S. Government Securities and may be established only with an eligible institution that is “well-capitalized” or “adequately capitalized” as those terms are defined by applicable federal statutes and regulations. An open-end money market fund must be invested solely in U.S. Government Securities or repurchase agreements fully collateralized by U.S. Government Securities, must hold itself out as a “money market fund” as that term is defined by federal statutes and regulations under the Investment Company Act of 1940 and, at the time of the investment, must have total assets of at least \$ 250,000,000.</i></p> <p><i>(5 ) “IOLTA account” means an interest- or dividend-bearing account established by a lawyer or law firm for clients’ funds at an eligible institution from which funds may be withdrawn upon request by the depositor without delay. An IOLTA account shall include only client or third person funds, except as permitted by subsection (h) (6) below. The determination of whether or not an interest- or dividend-bearing account meets the requirements of an IO LTA account shall be made by the organization designated by the judges of the superior court to administer the program pursuant to subsection (h) (4) below.</i></p> <p><i>(6 ) “Non-IOLTA account” means an interestor dividend-bearing account, other than an IOLTA account, from which funds may be withdrawn upon request by the depositor without delay.</i></p>
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	<p>(7) <i>“U.S. Government Securities” means direct obligations of the United States government, or obligations issued or guaranteed as to principal and interest by the United States or any agency or instrumentality thereof, including United States government-sponsored enterprises, as such term is defined by applicable federal statutes and regulations.</i></p> <p>CT (b) is the same as MR (a), but requires that the records be kept for a period of <i>seven</i> years.</p> <p>CT (c) is the same as MR (b), but adds “or obtaining a waiver of fees and service charges on the account” after “paying bank service charges on that account.”</p> <p>CT (d) is the same as MR, but adds to the beginning: “Absent a written agreement with the client otherwise”</p> <p>CT (e) is the same as MR (d), but adds “or third person” after “by agreement with the client” in the second sentence.</p> <p>CT (f) is the same as MR (e)</p> <p>Adds at the end:</p> <p><i>(g) Notwithstanding subsections (b), (c), (d), (e) and (f), lawyers and law firms shall participate in the statutory program for the use of interest earned on lawyers’ clients’ funds accounts to provide funding for the delivery of legal services to the poor by nonprofit corporations whose principal purpose is providing legal services to the poor and for law school scholarships based on financial need. Lawyers and law firms shall place a client’s or third person’s funds in an IOLTA account if the lawyer or law firm determines, in good faith, that the funds cannot earn income for the client in excess of the costs incurred to secure such income. For the purpose of making this good faith determination of whether a client’s funds cannot earn income for the client in excess of the costs incurred to secure such income, the lawyer or law firm shall consider the following factors: (1) The amount of the funds to be deposited; (2) the expected duration of the deposit, including the likelihood of delay in resolving the relevant transaction, proceeding or matter for which the funds are held; (3) the rates of interest, dividends or yield at eligible institutions where the funds are to be deposited; (4) the costs associated with establishing and administering interest-bearing accounts or other appropriate investments for the benefit of the client, including service charges, minimum balance requirements or fees imposed by the eligible institutions; (5) the costs of the services of the lawyer or law firm in connection with establishing and maintaining the account or other appropriate investments; (6) the costs of preparing any tax reports required for income earned on the funds in the account or other appropriate investments; and (7) any other circumstances that affect the capability of the funds to earn income for the client in excess of the costs incurred to secure such income. No lawyer shall be subject to discipline for determining</i></p>
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	<p><i>in good faith to deposit funds in the interest earned on lawyers' clients' funds account in accordance with this subsection.</i></p> <p><i>(h) An IOLTA account may only be established at an eligible institution that meets the following requirements:</i></p> <p><i>(1) No earnings from the IO L T A account shall be made available to a lawyer or law firm.</i></p> <p><i>(2) Lawyers or law firms depositing a client's or third person's funds in an IOLTA account shall direct the depository institution:</i></p> <p><i>(A) To remit interest or dividends, net of allow able reasonable fees, if any, on the average monthly balance in the account, or as otherwise computed in accordance with the institution's standard accounting practices, at least quarterly, to the organization designated by the judges of the superior court to administer this statutory program;</i></p> <p><i>(B) To transmit to the organization administering the program with each remittance a report that identifies the name of the lawyer or law firm for whom the remittance is sent, the amount of remittance attributable to each IOLTA account, the rate and type of interest or dividends applied, the amount of interest or dividends earned, the amount and type of fees and service charges deducted, if any, and the average account balance for the period for which the report is made and such other information as is reasonably required by such organization; and</i></p> <p><i>(C) To transmit to the depositing lawyer or law firm at the same time a report in accordance with the institution's normal procedures for reporting to its depositors.</i></p> <p><i>(3) Participation by banks, savings and loan associations, and investment companies in the IOLTA program is voluntary. An eligible institution that elects to offer and maintain IOLTA accounts shall meet the following requirements:</i></p> <p><i>(A) The eligible institution shall pay no less on its IOLTA accounts than the highest interest rate or dividend generally available from the institution to its non-IOLTA customers when the IOLTA account meets or exceeds the same minimum balance or other eligibility qualifications on its non-IOLTA accounts, if any. In determining the highest interest rate or dividend generally available from the institution to its non-IOLTA customers, an eligible institution may consider, in addition to the balance in the IO L T A account, factors customarily considered by the institution when setting interest rates or dividends for its non-IO L T A customers, provided that such factors do not discriminate between IO L T A accounts and non-IO L T A accounts and that these factors do not include the fact that the account is an IO L T A account. In lieu of the rate set forth in the first sentence of this subparagraph, an eligible institution may pay a rate equal to the higher of either (i) one percent per annum, or (ii) sixty percent of the Federal Funds</i></p>
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*Target Rate. Such alternate rate shall be determined for each calendar quarter as of the first business day of such quarter and shall be deemed net of allowable reasonable fees and service charges. The eligible institution may offer, and the lawyer or law firm may request, a sweep account that provides a mechanism for the overnight investment of balances in the IO L T A account in an interest- or dividend-bearing account that is a daily financial institution repurchase agreement or a money market fund. Nothing in this Rule shall preclude an eligible institution from paying a higher interest rate or dividend than described above or electing to waive any fees and service charges on an IO L T A account. An eligible institution may choose to pay the higher interest or dividend rate on an IOLTA account in lieu of establishing it as a higher rate product.*

*(B) Interest and dividends shall be calculated in accordance with the eligible institution's standard practices for non-IOLTA customers.*

*(C) Allowable reasonable fees are the only fees and service charges that may be deducted by an eligible institution from interest earned on an IOLTA account. Allowable*

*reasonable fees may be deducted from interest or dividends on an IOLTA account only at the rates and in accordance with the customary practices of the eligible institution for non-IOLTA customers. No fees or service charges other than allowable reasonable fees may be assessed against the accrued interest or dividends on an IOLTA account. Any fees and service charges other than allowable reasonable fees shall be the sole responsibility of, and may only be charged to, the lawyer or law firm maintaining the IOLTA account. Fees and service charges in excess of the interest or dividends earned on one IOLTA account for any period shall not be taken from interest or dividends earned on any other IOLTA account or accounts or from the principal of any IOLTA account.*

*(4) The judges of the superior court, upon recommendation of the chief court administrator, shall designate an organization qualified under Sec. 5 0 1 (c) (3) of*

*the Internal Revenue Code, or any subsequent corresponding Internal Revenue Code of the United States, as from time to time amended, to administer the program. The chief court administrator shall cause to be printed in the Connecticut Law Journal an appropriate announcement identifying the designated organization. The organization administering the program shall comply with the following:*

*(A) Each June mail to each judge of the superior court and to each lawyer or law firm participating in the program a detailed annual report of all funds disbursed under the program including the amount disbursed to each recipient of funds;*

*(B) Each June submit the following in detail to the chief court*

	<p><i>administrator for approval and comment by the Executive Committee of the superior court: (i) its proposed goals and objectives for the program; (ii) the procedures it has established to avoid discrimination in the awarding of grants;</i></p> <p><i>(iii) information regarding the insurance and fidelity bond it has procured; (iv) a description of the recommendations and advice it has received from the Advisory Panel established by General Statutes § 51-81c and the action it has taken to implement such recommendations and advice; (v) the method it utilizes to allocate between the two uses of funds provided for in § 51-81c and the frequency with which it disburses funds for such purposes; (vi) the procedures it has established to monitor grantees to ensure that any limitations or restrictions on the use of the granted funds have been observed by the grantees, such procedures to include the receipt of annual audits of each grantee showing compliance with grant awards and setting forth quantifiable levels of services that each grantee has provided with grant funds; (vii) the procedures it has established to ensure that no funds that have been awarded to grantees are used for lobbying purposes; and (viii) the procedures it has established to segregate funds to be disbursed under the program from other funds of the organization;</i></p> <p><i>(C) Allow the judicial branch access to its books and records upon reasonable notice;</i></p> <p><i>(D) Submit to audits by the judicial branch; and</i></p> <p><i>(E) Provide for a dispute resolution process for resolving disputes as to whether a bank, savings and loan association, or open-end investment company is an eligible institution within the meaning of this Rule.</i></p> <p><i>(5) Before an organization may be designated to administer this program, it shall file with the chief court administrator, and the judges of the superior court shall have approved, a resolution of the board of directors of such an organization which includes provisions:</i></p> <p><i>(A) Establishing that all funds the organization might receive pursuant to subsection (h) (2) (A) above will be exclusively devoted to providing funding for the delivery of legal services to the poor by nonprofit corporations whose principal purpose is providing legal services to the poor and for law school scholarships based on financial need and to the collection, management and distribution of such funds;</i></p> <p><i>(B) Establishing that all interest and dividends earned on such funds, less allow able reasonable fees, if any, shall be used exclusively for such purposes;</i></p> <p><i>(C) Establishing and describing the methods the organization will utilize to implement and administer the program and to allocate funds to be disbursed under the program, the frequency with which the funds will be disbursed by the</i></p>
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	<p><i>organization for such purposes, and the segregation of such funds from other funds of the organization;</i></p> <p><i>(D ) Establishing that the organization shall consult with and receive recommendations from the Advisory Panel established by General Statutes § 5 1 -8 1c regarding the implementation and administration of the program , including the method of allocation and the allocation of funds to be disbursed under such program;</i></p> <p><i>(E) Establishing that the organization shall comply with the requirements of this Rule; and</i></p> <p><i>(F) Establishing that said resolution will not be amended, and the facts and undertakings set forth in it will not be altered, until the same shall have been approved by the judges of the superior court and ninety days have elapsed after publication by the chief court administrator of the notice of such approval in the Connecticut Law Journal.</i></p> <p><i>(6 ) Nothing in this subsection (h) shall prevent a lawyer or law firm from depositing a client's or third person's funds, regardless of the amount of such funds or the period for which such funds are expected to be held, in a separate non-IOLTA account established on behalf of and for the benefit of the client or third person. Such an account shall be established as:</i></p> <p><i>(A) A separate clients' funds account for the particular client or third person on which the interest or dividends will be paid to the client or third person; or</i></p> <p><i>(B ) A pooled clients' funds account with subaccounting by the bank, savings and loan association or investment company or by the lawyer or law firm, which provides for the computation of interest or dividends earned by each client's or third person's funds and the payment thereof to the client or third person.</i></p> <p><i>(i) A lawyer who practices in this jurisdiction shall maintain current financial records as provided in this Rule and shall retain the following records for a period of seven years after termination of the representation:</i></p> <p><i>(1) receipt and disbursement journals containing a record of deposits to and withdrawals from client trust accounts, specifically identifying the date, source, and description of each item deposited, as well as the date, payee and purpose of each disbursement;</i></p> <p><i>(2) ledger records for all client trust accounts showing, for each separate trust client or beneficiary, the source of all funds deposited, the names of all persons for whom the funds are or were held, the amount of such funds, the descriptions and amounts of charges or withdrawals, and the names of all persons or entities to whom such funds were disbursed;</i></p> <p><i>(3) copies of retainer and compensation agreements with clients as required by Rule 1.5 of the Rules of Professional Conduct;</i></p> <p><i>(4) copies of accountings to clients or third persons showing the</i></p>
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	<p><i>disbursement of funds to them or on their behalf;</i></p> <p><i>(5) copies of bills for legal fees and expenses rendered to clients;</i></p> <p><i>(6) copies of records showing disbursements on behalf of clients;</i></p> <p><i>(7) the physical or electronic equivalents of all checkbook registers, bank statements, records of deposit, prenumbered canceled checks, and substitute checks provided by a financial institution;</i></p> <p><i>(8) records of all electronic transfers from client trust accounts, including the name of the person authorizing transfer, the date of transfer, the name of the recipient and confirmation from the financial institution of the trust account number from which money was withdrawn and the date and the time the transfer was completed;</i></p> <p><i>(9) copies of monthly trial balances and at least quarterly reconciliations of the client trust accounts maintained by the lawyer; and</i></p> <p><i>(10) copies of those portions of client files that are reasonably related to client trust account transactions.</i></p> <p><i>(j) With respect to client trust accounts required by this Rule:</i></p> <p><i>(1) only a lawyer admitted to practice law in this jurisdiction or a person under the direct supervision of the lawyer shall be an authorized signatory or authorize transfers from a client trust account;</i></p> <p><i>(2) receipts shall be deposited intact and records of deposit should be sufficiently detailed to identify each item; and</i></p> <p><i>(3 ) withdrawals shall be made only by check payable to a named payee and not to cash, or by authorized electronic transfer.</i></p> <p><i>(k) The records required by this Rule may be maintained by electronic, photographic, or other media provided that they otherwise comply with these Rules and that printed copies can be produced. These records shall be readily accessible to the lawyer.</i></p> <p><i>(l) Upon dissolution of a law firm or of any legal professional corporation, the partners shall make reasonable arrangements for the maintenance of client trust account records specified in this Rule.</i></p> <p><i>(m) Upon the sale of a law practice, the seller shall make reasonable arrangements for the maintenance of records specified in this Rule.</i></p>
<p>DE Effective 7/1/03</p>	<p>kept DE version of 1.15 which includes detailed provisions regarding financial recordkeeping. did not add new text or comment changes to the rule.</p> <p>[there is also a new 1.15A on overdraft notification]</p> <p><b>RULE 1.15 SAFEKEEPING PROPERTY</b></p> <p>(a) A lawyer shall hold property of clients or third persons that is in a lawyer's possession in connection with a representation separate from the lawyer's own property. Funds shall be kept in a separate account maintained in the state where the lawyer's office is situated, or elsewhere with the consent of the client or third person. Funds of the lawyer that are reasonably sufficient to pay bank charges may be deposited therein; however, such amount may not exceed \$500 and must be separately stated</p>

and accounted for in the same manner as clients' funds deposited therein. Other property shall be identified as such and appropriately safeguarded. Complete records of such account funds and other property shall be kept by the lawyer and shall be preserved for a period of five years after the completion of the events that they record.

(b) Upon receiving funds or other property in which a client or third person has an interest, a lawyer shall promptly notify the client or third person. Except as stated in this Rule or otherwise permitted by law or by agreement with the client, a lawyer shall promptly deliver to the client or third person any funds or other property that the client or third person is entitled to receive and, upon request by the client or third person, shall promptly render a full accounting regarding such property.

(c) When in the course of representation a lawyer is in possession of property in which both the lawyer and another person claim interests, the property shall be kept separate by the lawyer until there is an accounting and severance of their interests. If a dispute arises concerning their respective interests, the portion in dispute shall be kept separate by the lawyer until the dispute is resolved.

(d) A lawyer engaged in the private practice of law must maintain financial books and records on a current basis, and shall preserve the books and records for at least five years following the completion of the year to which they relate, or, as to fiduciary books and records, five years following the completion of that fiduciary obligation. The maintenance of books and records must conform with the following provisions:

(1) All bank statements, cancelled checks, and duplicate deposit slips relating to fiduciary and non-fiduciary accounts must be preserved.

(2) Bank accounts and related statements, checks, deposit slips, and other documents maintained for fiduciary funds must be specifically designated as "Trust Account" or "Escrow Account," and must be used only for funds held in a fiduciary capacity.

(3) Bank accounts and related statements, checks, deposit slips, and other documents maintained for non-fiduciary funds must be specifically designated as "Attorney Business Account" or "Attorney Operating Account," and must be used only for funds held in a non-fiduciary capacity. A lawyer in the private practice of law shall maintain a non-fiduciary account for general operating purposes, and the account shall be separate from any of the lawyer's personal or other accounts.

(4) All records relating to property other than cash received by a lawyer in a fiduciary capacity shall be maintained and preserved. The records must describe with specificity the identity and location of such property.

(5) All billing records reflecting fees charged and other billings to clients or other parties must be maintained and preserved.

(6) Cash receipts and cash disbursement journals must be maintained and preserved for each bank account for the purpose of

recording fiduciary and non-fiduciary transactions. A lawyer using a manual system for such purposes must total and balance the transaction columns on a monthly basis.

(7) A monthly reconciliation for each bank account, matching totals from the cash receipts and cash disbursement journals with the ending check register balance, must be performed. The reconciliation procedures, however, shall not be required for lawyers using a computer accounting system or a general ledger.

(8) The check register balance for each bank account must be reconciled monthly to the bank statement balance.

(9) With respect to all fiduciary accounts:

(A) A subsidiary ledger must be maintained and preserved with a separate account for each client or third party in which cash receipts and cash disbursement transactions and monthly balances are recorded.

(B) Monthly listings of client or third party balances must be prepared showing the name and balance of each client or third party, and the total of all balances.

(C) No funds disbursed for a client or third party must be in excess of funds received from that client or third party. If, however, through error funds disbursed for a client or third party exceed funds received from that client or third party, the lawyer shall transfer funds from the non-fiduciary account in a timely manner to cover the excess disbursement.

(D) The reconciled total cash balance must agree with the total of the client or third party balance listing. There shall be no unidentified client or third party funds. The bank reconciliation for a fiduciary account is not complete unless there is agreement with the total of client or third party accounts.

(E) No funds which should have been disbursed shall remain in the account, including, but not limited to, earned legal fees, which must be transferred to the lawyer's non-fiduciary account on a prompt and timely basis when earned.

(F) No funds of the lawyer shall be placed in or left in the account except as provided in Rule 1.15(a).

(G) When a separate real estate bank account is maintained for settlement transactions, and when client or third party funds are received but not yet disbursed, a listing must be prepared on a monthly basis showing the name of the client or third party, the balance due to each client or third party, and the total of all such balances. The total must agree with the reconciled cash balance.

(10) If a lawyer maintains financial books and records using a computer system, the lawyer must cause to be printed each month a hard copy of all monthly journals, ledgers, reports, and reconciliations, and must review and preserve the documents in the same manner as other financial records described in this Rule.

(e) A lawyer's financial books and records must be subject to examination by the auditor for the Lawyers' Fund for Client Protection, for

the purpose of verifying the accuracy of a certificate of compliance filed each year by the lawyer pursuant to Supreme Court Rule 69. The examination must be conducted so as to preserve, insofar as is consistent with these Rules, the confidential nature of the lawyer's books and records. If the lawyer's books and records are not located in Delaware, the lawyer may have the option either to produce the books and records at the lawyer's office in Delaware or to produce the books and records at the location outside of Delaware where they are ordinarily located. If the production occurs outside of Delaware, the lawyer shall pay any additional expenses incurred by the auditor for the purposes of an examination.

(f) A lawyer holding client funds must initially and reasonably determine whether the funds should or should not be placed in an interest-bearing depository account for the benefit of the client. In making such a determination, the lawyer must consider the financial interests of the client, the costs of establishing and maintaining the account, any tax reporting procedures or requirements, the nature of the transaction involved, the likelihood of delay in the relevant proceedings, whether the funds are of a nominal amount, and whether the funds are expected to be held by the lawyer for a short period of time. A lawyer must at reasonable intervals consider whether changed circumstances would warrant a different determination with respect to the deposit of client funds. Except as provided in these Rules, interest earned on client funds placed into an interest-bearing depository account for the benefit of the client (less any deductions for service charges or other fees of the depository institution) shall belong to the client whose funds are deposited, and the lawyer shall have no right or claim to such interest.

(g) A lawyer holding client funds who has reasonably determined, pursuant to subsection (f) of this Rule, that such funds need not be deposited into an interest-bearing depository account for the benefit of the client must maintain a pooled interest-bearing depository account for the deposit of the funds; provided, however, that this requirement shall not apply to a lawyer who either has obtained inactive status pursuant to Supreme Court Rule 69(d), or has obtained a Certificate of Retirement pursuant to Supreme Court Rule 69(f), or has formally elected to opt out of this requirement in accordance with the procedure set forth below in subparagraph (k).

(h) A lawyer who maintains such a pooled account shall comply with the following:

(1) The account shall include only client's funds which are nominal amount or are expected to be held for a short period of time.

(2) No interest from such an account shall be made available to a lawyer or law firm.

(3) Lawyers or law firms depositing client funds in a pooled interest-bearing account under this paragraph (h) [(g)] shall direct the depository institution:

(a) To remit interest, net any service charges or fees, as computed

in accordance with the institution's standard accounting practice, at least quarterly, to the Delaware Bar Foundation; and

(b) To transmit with each remittance to the Delaware Bar Foundation a statement showing the name of the lawyer or law firm on whose accounting remittance is sent and the rate of interest applied; with a copy of statement to be transmitted to the lawyer or law firm by the Delaware Bar Foundation.

(i) The funds transmitted to the Delaware Bar Foundation shall be available for distribution for the following purposes:

(1) To improve the administration of justice;

(2) To provide and to enhance the delivery of legal services to the poor;

(3) To support law related education;

(4) For such other purposes that serve the public interest

The Delaware Bar Foundation shall recommend for the approval of the Supreme Court of the State of Delaware, such distributions as it may deem appropriate. Distributions shall be made only upon the Court's approval.

(j) Lawyers or law firms, depositing client funds in a pooled interest-bearing depository account under this paragraph shall not be required to advise the client of such deposit or of the purposes to which the interest accumulated by reason of such deposits is to be directed.

(k) The procedure available for opting out of the requirement to maintain pooled interest-bearing accounts are as follows:

(1) Prior to December 15, 1983, a lawyer wishing to decline to maintain a pooled interest-bearing account[s] described in this paragraph for any calendar year may do so by submitting a Notice of Declination in writing to the Clerk of the Supreme Court *ab initio* or before December 15 of the preceding calendar year. Any such submission shall remain effective, unless revoked and need not be renewed for any ensuing year.

(2) Any lawyer who has not filed a Notice of Declination on or before December 15, 1983, may elect not to maintain a pooled interest-bearing depository account for client funds as required and instead to maintain a pooled depository account for such funds that does not bear interest or that bears interest solely for the benefit of the clients who deposited the funds by certifying that the lawyer or law firm opts out of the obligation to comply with the requirements by timely submission of the Annual Registration Statement required by Supreme Court Rule 69(b)(i). Any such certification shall release the lawyer or law firm submitting it from participation effective as of the date that the certification is submitted and it shall remain effective until revoked as set forth below without need for renewal for any ensuing year.

(3) Notwithstanding the foregoing provisions of this subparagraph, any lawyer or law firm may petition the Court at any time and, for good cause shown, may be granted leave to opt out of the obligation to comply with the mandatory requirements of this paragraph.

(l) An election to opt out of the obligation to comply with

paragraph (h) hereof may be revoked at any time upon the opening by a non-participating lawyer or law firm of a pooled interest-bearing account as previously described and due notification thereof to the Court Administrator of the Supreme Court pursuant to Supreme Court Rule 69(g).

(m) A lawyer should exercise good faith judgment in determining initially, whether funds of a client are of such nominal amount or are expected to be held by the lawyer for such a short period of time that the funds should not be placed in an interest-bearing depository account for the benefit of the client. The lawyer should also consider such other facts as:

- (1) The cost of establishing and maintaining the account, service charges, accounting fees, and tax reporting procedures;
- (2) The nature of the transaction(s) involved; and
- (3) The likelihood of delay in the relevant proceedings.

A lawyer should review at reasonable intervals whether changed circumstances require further action respecting the deposit of client funds.

(n) A lawyer shall not disburse Fiduciary Funds from his or her attorney trust account(s) unless the funds deposited in the account to be disbursed are good funds as hereinafter defined. "Good funds" shall mean:

- (1)~~(i)~~ cash;
- (2)~~(ii)~~ electronic fund ("wire") transfer;
- (3)~~(iii)~~ certified check;
- (4)~~(iv)~~ bank cashier's check or treasurer's check;
- (5)~~(v)~~ U.S. Treasury or State of Delaware Treasury check;
- (6)~~(vi)~~ Check drawn on a separate trust or escrow account of an attorney engaged in the private practice of law in the State of Delaware held in a fiduciary capacity, including his or her client's funds;
- (7)~~(vii)~~ Check of an insurance company that is authorized by the Insurance Commissioner of Delaware to transact insurance business in Delaware;
- (8)~~(viii)~~ Check in an amount no greater than ~~\$2,000.00~~ \$10,000.00;
- (9)~~(ix)~~ Check greater than ~~\$2,000.00~~ \$10,000.00, which has been actually and finally collected and may be drawn against under federal or state banking regulations then in effect;
- (10)~~(x)~~ Check drawn on an escrow account of a real estate broker licensed by the State of Delaware up to the limit of guarantee provided per transaction by statute.

#### RULE 1.15A TRUST ACCOUNT OVERDRAFT NOTIFICATION

(a) Attorney accounts designated as "Trust Account" or "Escrow Account" pursuant to Rule 1.15(d)(2) shall be maintained only in financial institutions approved by the Lawyers' Fund for Client Protection (the "Fund"). A financial institution may not be approved as a depository for attorney trust and escrow accounts unless it shall have filed with the Fund an agreement, in a form provided by the Fund, to report to the Office of Disciplinary Counsel ("ODC") in the event any instrument in properly

	<p>payable form is presented against an attorney trust or escrow account containing insufficient funds, irrespective of whether or not the instrument is honored.</p> <p>(b) The Supreme Court may establish rules governing approval and termination of approved status for financial institutions and the Fund shall annually publish a list of approved financial institutions. No trust or escrow account shall be maintained in any financial institution that does not agree to make such reports. Any such agreement shall apply to all branches of the financial institution and shall not be canceled except upon thirty (30) days notice in writing to the Fund.</p> <p>(c) The overdraft notification agreement shall provide that all reports made by the financial institution shall be in the following format:</p> <p>(1) In the case of a dishonored instrument, the report shall be identical to the overdraft notice customarily forwarded to the depositor, and the financial institution shall provide a copy of the dishonored instrument to the ODC no later than seven (7) calendar days following a request for the copy by the ODC.</p> <p>(2) In the case of instruments that are presented against insufficient funds, but which instruments are honored, the report shall identify the financial institution, the attorney or law firm, the account number, the date of presentation for payment, and the date paid, as well as the amount of the overdraft created thereby.</p> <p>(d) Reports shall be made simultaneously with, and within the time provided by law for, notice of dishonor. If an instrument presented against insufficient funds is honored, then the report shall be made within seven (7) calendar days of the date of presentation for payment against insufficient funds.</p> <p>(e) Every attorney practicing or admitted to practice in this jurisdiction shall, as a condition thereof, be conclusively deemed to have consented to the reporting and production requirements mandated by this rule.</p> <p>(f) Nothing herein shall preclude a financial institution from charging a particular attorney or law firm for the reasonable costs of producing the reports and records required by this rule.</p> <p>(g) The terms used in this section are defined as follows:</p> <p>(1) "Financial institution" includes banks, savings and loan associations, credit unions, savings banks, and any other business or persons who accept for deposit funds held in trust by attorneys.</p> <p>(2) "Properly payable" refers to an instrument that, if presented in the normal course of business, is in a form requiring payment under the laws of Delaware.</p> <p>(3) "Notice of dishonor" refers to the notice that a financial institution is required to give, under the laws of Delaware, upon presentation of an instrument that the institution dishonors.</p> <p>(h) Every attorney practicing or admitted to practice in this jurisdiction shall designate every account into which attorney trust or escrow funds are deposited either as a "Rule 1.15A Attorney Trust Account" or a "Rule</p>
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	1.15A Attorney Escrow Account.”
District of Columbia Effective 8/1/2010	<p>(a): Adds: <i>“of clients or third persons that are in a lawyer’s possession (trust funds)”</i> after “funds” and before “shall”; deletes “a separate account maintained in the state...” to end of paragraph; inserts <i>one or more trust accounts maintained in accordance with paragraph (b). Complete records of such account funds and other property shall be kept by the lawyer and shall be preserved for a period of five years after termination of the representation to end.</i></p> <p>(b): <i>All trust funds shall be deposited with an “approved depository” as that term is defined in Rule XI of the Rules Governing the District of Columbia Bar. Trust funds that are nominal in amount or expected to be held for a short period of time, and as such would not be expected to earn income for a client or third-party in excess of the costs incurred to secure such income, shall be held at an approved depository and in compliance with the District of Columbia’s Interest on Lawyers Trust Account (DC IOLTA) program. The title on each DC IOLTA account shall include the name of the lawyer or law firm that controls the account, as well as “DC IOLTA Account” or “IOLTA Account.” The title on all other trust accounts shall include the name of the lawyer or law firm that controls the account, as well as “Trust Account” or “Escrow Account.” The requirements of this paragraph (b) shall not apply when a lawyer is otherwise compliant with the contrary mandates of a tribunal; or when the lawyer is participating in, and compliant with, the trust accounting rules and the IOLTA program of the jurisdiction in which the lawyer is licensed and principally practices.</i></p> <p>(c): Deletes MR (c). State Rule (c) similar to MR (d), inserts <i>subject to Rule 1.6</i> after “regarding such property” to end.</p> <p>(d): State Rule (d) similar to MR (e), replaces “two or more persons (one of whom may be the lawyer) claim interests” with <i>interests are claimed by the lawyer and another person, or by two or more persons to each of whom the lawyer may have an obligation</i>; replaces “the dispute is resolved” with <i>until there is an accounting and severance of interests in the property to end</i>. Deletes sentence “The lawyer shall promptly..” to end. Adds: <i>If a dispute arises concerning the respective interests among persons claiming an interest in such property, the undisputed portion shall be distributed and the portion in dispute shall be kept separate by the lawyer until the dispute is resolved. Any funds in dispute shall be deposited in a separate account meeting the requirements of paragraph (a) and (b).</i></p> <p>(e) <i>Advances of unearned fees and unincurred costs shall be treated as property of the client pursuant to paragraph (a) until earned or incurred unless the client gives informed consent to a different arrangement. Regardless of whether such consent is provided, Rule 1.16(d) applies to require the return to the client of any unearned portion of advanced legal</i></p>

As of July 1, 2011

	<p><i>fees and unincurred costs at the termination of the lawyer's services in accordance with Rule 1.16(d).</i></p> <p><i>(f) Nothing in this rule shall prohibit a lawyer from placing a small amount of the lawyer's funds into a trust account for the sole purpose of defraying bank charges that may be made against that account.</i></p>
FL Effective 5/22/06	Rule is substantially different: Compliance With Trust Accounting Rules. A lawyer shall comply with The Florida Bar Rules Regulating Trust Accounts.
GA* Effective 1/1/01	<p><i>*Has not amended Rule since the most recent amendments to the ABA Model Rules</i></p> <p>Title: "Rule 1.15(I): Safekeeping Property-General;" (a) Changes "in the state...third person;" time period is six years; Does not have MR (b) or (c); (b) is MR (d); (c) is similar to MR (e) but changes "two or more...lawyer)" to "both the lawyer and another person;" replaces language after "the lawyer until" with: "there is an accounting and severance of their interests. If a dispute arises concerning their respective interests, the portion in dispute shall be kept separate by the lawyer until the dispute is resolved;" Adds to end: "The maximum penalty for a violation of this Rule is disbarment."</p> <p>Also has Rules 1.15(II) and 1.15(III): <a href="http://www.gabar.org/handbook/part_iv_after_january_1_2001_-_georgia_rules_of_professional_conduct/">http://www.gabar.org/handbook/part_iv_after_january_1_2001_-_georgia_rules_of_professional_conduct/</a></p>
HI* Effective 1/1/94	<p><i>*Has not amended Rule since the most recent amendments to the ABA Model Rules</i></p> <p><b>Rule 1.15. PRESERVING IDENTITY OF FUNDS AND PROPERTY OF A CLIENT OR THIRD PERSON.</b></p> <p><i>(a) Every lawyer in private practice in the State of Hawai'i who receives or handles client funds shall maintain in one or more bank or savings and loan association accounts maintained in this state, in the lawyer's own name, or in the name of a partnership of lawyers, or in the name of the professional corporation of which the lawyer is a member, or in the name of the lawyer or partnership of lawyers by whom employed:</i></p> <p><i>(1) a trust account or accounts, separate from any business and personal accounts, into which all funds entrusted to the lawyer's care shall be deposited; and</i></p> <p><i>(2) a business account into which all earned trust funds for professional services shall be deposited.</i></p> <p><i>(b) Each trust account, as well as deposit slips and checks drawn thereon, shall be prominently labeled "client trust account." Nothing herein shall prohibit any additional descriptive designation for a specific trust</i></p>

*account. Client trust account checks shall bear preprinted consecutive numbers. Each business account, as well as deposit slips and checks drawn thereon, shall be prominently labeled "business account," "office account," or appropriate business-type account.*

*(c) A lawyer in possession of any funds or other property belonging to a client or third person, where such possession is incident to the lawyer's practice of law, is a fiduciary and shall not commingle such funds or property with his or her own or misappropriate such funds or property to his or her own use and benefit. A lawyer may deposit into a trust account funds reasonably sufficient to either pay bank charges or avoid paying bank charges on the account. Funds belonging in part to a client and in part presently or potentially to the lawyer or law firm must be deposited into the trust account, but the portion belonging to the lawyer or law firm must be withdrawn when due unless the right of the lawyer or law firm to receive the funds is disputed by the client, in which event the disputed portion shall not be withdrawn until the dispute is finally resolved.*

*(d) All funds entrusted to a lawyer shall be deposited intact into a trust account. The deposit slip shall be sufficiently detailed to identify each item. All fee retainers shall be maintained in trust until earned. All fee retainers are refundable until earned.*

*(e) All trust account withdrawals shall be made only by authorized bank transfer or by check made payable to a named payee and not to cash. Only an attorney admitted to practice law in this state shall be an authorized signatory on an attorney trust account. Earned fees withdrawn from a trust account shall be distributed by check to the named lawyer, law partnership, or professional law corporation. No personal or non-client business expenses of the lawyer, law partnership, or professional law corporation shall be paid directly from the trust account.*

*(f) A lawyer shall:*

*(1) promptly notify a client or third person of the lawyer's receipt of funds, securities, or other properties in which the client or third person has an interest;*

*(2) identify and label securities and properties of a client or third person promptly upon receipt and place them in a safe deposit box or other place of safekeeping as soon as practicable;*

*(3) maintain complete computerized or manual records of all funds, securities, and other properties of a client or third person coming into the possession of the lawyer and promptly render appropriate accounts to the client or third person regarding them. The books and records shall be preserved for a [sic] least six years after completion of the employment to which they relate. Every lawyer in private practice shall certify, in connection with the annual renewal of the lawyer's registration, that the lawyer or the lawyer's law firm maintains books and records in compliance with this rule, HRPC Rule 1.15; and*

*(4) promptly pay or deliver to the client or third person, as requested by the client or third person, the funds, securities, or other properties in the*

*possession of the lawyer which the client or third person is entitled to receive.*

*(g) A lawyer shall, at a minimum, maintain for at least six years after completion of the employment to which they relate, the following computerized or manual books and records demonstrating compliance with this rule, HRPC Rule 1.15:*

*(1) Cash receipts and disbursements journals for each trust and business account, including entries for receipts, disbursements, and transfers, and also containing at least:*

*(A) identification of the client matter for which trust funds were received, disbursed, or transferred;*

*(B) the date on which trust funds were received, disbursed, or transferred;*

*(C) the check number for each disbursement; and*

*(D) the payor or payee for which the trust funds were received, disbursed, or transferred.*

*(2) A subsidiary ledger containing either a separate page for each client (for manual records only) or an equivalent computer analysis showing all individual receipts, disbursements, or transfers and any unexpended balance, and also containing:*

*(A) identification of the client or matter for which trust funds were received, disbursed, or transferred;*

*(B) the date on which trust funds were received, disbursed, or transferred;*

*(C) the check number for each disbursement; and*

*(D) the payor or payee for which trust funds were received, disbursed, or transferred.*

*(3) Copies of any retainer and compensation agreements with clients.*

*(4) Copies of any statements to clients showing the disbursement of funds to them or on their behalf.*

*(5) Copies of all bills rendered to clients.*

*(6) Copies of records showing all payments to attorneys, investigators, or other persons, not in the lawyer's regular employ, for services rendered or performed.*

*(7) All checkbooks, check stubs, bank statements, prenumbered cancelled checks (or access to cancelled checks), and deposit slips (or access to deposit slips).*

*(8) Copies of all monthly trust account reconciliations.*

*(9) Copies of all records showing at least quarterly (i) a listing of trust accounts (names and related balances), the grand total of which agrees with (equals) (ii) the reconciled trust account bank balance of even date (a printed copy of the listing and the reconciled trust account balance shall be maintained for 6 years).*

*(10) A record showing all property, specifically identified, other than cash, held in trust, provided that routine files and documents which are not expected to be held indefinitely need not be so recorded.*

	<p><i>(h) The financial books and other records required by this rule shall be maintained on a cash method consistently applied from year to year. Bookkeeping records may be maintained by computer, provided that they otherwise comply with this rule and provided further that printed copies can be made on demand. Bookkeeping records shall be located at the principal Hawai'i office of each lawyer, law partnership, or professional law corporation and shall be available for inspection, checks for compliance with this rule, and copying at that location by a duly authorized representative of the Office of Disciplinary Counsel.</i></p>
<p>ID Effective 7/1/04</p>	<p>Does not have (b). Adds:</p> <p>(e) Nothing in these Rules shall prohibit a lawyer or law firm from placing clients' funds which are nominal in amount or to be held for a short period of time in one or more interest-bearing accounts for the benefit of the charitable purposes of a Court-approved Interest on Lawyer Trust Accounts (IOLTA) program.</p> <p>(f) Unless an election not to do so is submitted in accordance with the procedure set forth in subsection (i) of this Rule, a lawyer or law firm with which the lawyer is associated who receives client funds shall maintain a pooled interest-bearing depository account for disposition of client funds that are nominal in amount or expected to be held for a short period of time. Such an account shall comply with the following provisions:</p> <ol style="list-style-type: none"> <li>(1) The account shall include all clients' funds which are nominal in amount or are expected to be held for a short period of time.</li> <li>(2) No interest from such an account shall be made available to a lawyer or law firm.</li> <li>(3) The determination of whether clients' funds are nominal in amount or to be held for a short period of time rests in the sound judgment of each lawyer or law firm.</li> <li>(4) Notification to clients whose funds are nominal in amount or to be held for a short period of time is not required.</li> </ol> <p>(g) An interest-bearing trust account established pursuant to subsection (a) of this Rule shall be established in accordance with I.B.C.R. 302(a)(2).</p> <p>(h) Lawyers or law firms depositing clients' funds which are nominal in amount or to be held for a short period of time in an interest-bearing depository account under subsection (f) of this Rule shall direct the depository institution:</p> <ol style="list-style-type: none"> <li>(1) to remit interest or dividends, net of reasonable service charges or fees, on the average monthly balance in the account, or as otherwise computed in accordance with the institution's standard accounting practice for other depositors, at least quarterly, to the Idaho Law Foundation;</li> <li>(2) to transmit with each remittance to the Idaho Law Foundation a statement showing the name of the lawyer or law firm for whom the remittance is sent, the rate of interest applied, and the</li> </ol>

	<p>average account balance of the period for which the report is made; and</p> <p>(3) to transmit to the depositing lawyer or law firm at the same time a report showing the amount paid to the Foundation, the rate of interest applied, and the average account balance of the period for which the report is made.</p> <p>(i) Interest transmitted to the Idaho Law Foundation shall, after deduction for the necessary and reasonable administrative expenses of the Idaho Law Foundation for operation of the IOLTA program, shall be distributed by that entity in proportions it deems appropriate, for the following purposes:</p> <ol style="list-style-type: none"><li>(1) to provide legal aid to the poor;</li><li>(2) to provide law related education programs for the public;</li><li>(3) to provide scholarships and student loans;</li><li>(4) to improve the administration of justice; and</li><li>(5) for such other programs for the benefit of the public as are specifically approved from time to time by the Supreme Court of Idaho.</li></ol> <p>(j) A lawyer or law firm that elects to decline to maintain accounts described in subsection (e) of this Rule shall submit a Notice of Declination in writing to the Executive Director of the Idaho State Bar or designee by February 1 of the year to which the Notice of Declination will apply.</p> <ol style="list-style-type: none"><li>(1) Notwithstanding the foregoing, any lawyer or law firm may petition the Court at any time and for good cause shown may be granted leave to file a Notice of Declination at a time other than those specified above. An election to decline participation may be revoked at any time by filing a request for enrollment in the program.</li><li>(2) A lawyer or law firm that does not file with the Executive Director of the Idaho State Bar a Notice of Declination in accordance with the provisions of this Rule shall be required to maintain account in accordance with subsection (e) of this Rule.</li></ol> <p>(k) Each active member of the Idaho State Bar shall certify, each year, upon making application for licensure the following year that he or she has and intends to keep in force, in the state of Idaho, a separate bank account or accounts for the purpose of keeping money in trust for his or her clients, which account conforms to the requirements of this disciplinary rule, or that because of the nature of his or her practice no client funds are received. Certification shall be upon a form to be provided by the Idaho State Bar and shall include the following:</p> <ol style="list-style-type: none"><li>(1) The name and address of the lawyer or law firm filing the certification;</li><li>(2) The name and address of each financial institution in which the account or accounts are maintained;</li><li>(3) The number of each account maintained pursuant to this rule;</li></ol>
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	<p>(4) The dates covered by the certification; and  (5) The signature, under penalty of perjury, of the lawyer making the certification.</p>
<p>IL  Effective  1/1/2010</p>	<p>(a) Adapts “[five years]”  (c) Substitutes “in” for “into; inserts between “account” and “legal fees”: “funds received to secure payment of;” changes “earned or expenses” to “earned and expenses; ”  Adds at end of (c): “Funds received as a fixed fee, a general retainer, or an advance payment retainer shall be deposited in the lawyer’s general account or other account belonging to the lawyer. An advance payment retained may be used only when necessary to accomplish some purpose for the client that cannot be accomplished by using a security retainer. An agreement for an advance payment retainer shall be in a writing signed by the client that uses the term “advance payment retainer” to describe the retainer, and states the following:  (1) the special purpose for the advance payment retainer and an explanation why it is advantageous to the client;  (2) that the retainer will not be held in a client trust account, that it will become the property of the lawyer upon payment, and that it will be deposited in the lawyer’s general account;  (3) the manner in which the retainer will be applied for services rendered and expenses incurred;  (4) that any portion of the retainer that is not earned or required for expenses will be refunded to the client;  (5) that the client has the option to employ a security retainer, provided, however, that if the lawyer is unwilling to represent the client without receiving an advance payment retainer, the agreement must so state and provide the lawyer’s reasons for that condition;”  Adds paragraph (f): All nominal or short-term funds of clients or third persons held by a lawyer or law firm, including advances for costs and expenses, and funds belonging in part to a client or third person and in part presently or potentially to the lawyer or law firm, shall be deposited in one or more pooled interest- or dividend-bearing trust accounts known as Interest on Lawyers’ Trust Accounts (“IOLTA accounts”), established with an eligible financial institution selected by a lawyer or law firm in the exercise of ordinary prudence, and with the Lawyers Trust Fund of Illinois designated as income beneficiary. Each IOLTA account shall comply with the following provisions:  (1) Each lawyer or law firm in receipt of nominal or short-term client funds shall establish one or more IOLTA accounts with an eligible financial institution authorized by federal or state law to do business in the state of Illinois. An eligible financial institution is a bank or a savings bank insured by the Federal Deposit Insurance Corporation or an open-end investment company registered with the Securities and Exchange Commission, which offers IOLTA</p>

	<p>accounts within the requirements of this Rule as administered by the Lawyers Trust Fund of Illinois.</p> <p>(2) Eligible institutions shall maintain IOLTA accounts that pay the highest interest rate or dividend available from the institution to its non-IOLTA account customers when IOLTA accounts meet or exceed the same minimum balance or other account eligibility guidelines, if any. In determining the highest interest rate or dividend generally available from the institution to its non-IOLTA accounts, eligible institutions may consider factors, in addition to the IOLTA account balance, customarily considered by the institution when setting interest rates or dividends for its customers, provided that such factors do not discriminate between IOLTA accounts and accounts of non-IOLTA customers, and that these factors do not include that the account is an IOLTA account.</p> <p>(3) An IOLTA account that meets the highest comparable rate or dividend standard set forth in paragraph (f)(2) must use one of the identified account options as an IOLTA account, or pay the equivalent yield on an existing IOLTA account in lieu of using the highest-yield bank product:</p> <ul style="list-style-type: none"><li>(a) a checking account paying preferred interest rates, such as money market or indexed rates, or any other suitable interest-bearing deposit account offered by the eligible institution to its non-IOLTA customers.</li><li>(b) for accounts with balances of \$100,000 or more, a business checking account with automated investment feature, such as an overnight sweep and investment in repurchase agreements fully collateralized by U.S. Government securities as defined in paragraph (h).</li><li>(c) for accounts with balances of \$100,000 or more, a money market fund with, or tied to, check-writing capacity, that must be solely invested in U.S. Government securities or securities fully collateralized by U.S. Government securities, and that has total assets of at least \$250 million.</li></ul> <p>(4) As an alternative to the account options in paragraph (f)(3), the financial institution may pay a “safe harbor” yield equal to 70% of the Federal Funds Target Rate or 1.0%, whichever is higher.</p> <p>(5) Each lawyer or law firm shall direct the eligible financial institution to remit monthly earnings on the IOLTA account directly to the Lawyers Trust Fund of Illinois. For each individual IOLTA account, the eligible financial institution shall provide: a statement transmitted with each remittance showing the name of the lawyer or law firm directing that the remittance be sent; the account number; the remittance period; the rate of interest applied; the account balance on which the interest was calculated; the reasonable service fee(s) if any; the gross earnings for the remittance period; and the</p>
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	<p>net amount of earnings remitted. Remittances shall be sent to the Lawyers Trust Fund electronically unless otherwise agreed. Fees in excess of the earnings accrued on an individual IOLTA account for any month shall not be taken from earnings accrued on other IOLTA accounts or from the principal of the account.</p> <p>(6) Each lawyer or law firm shall deposit into such interest-bearing trust accounts all clients' funds which are nominal in amount or are expected to be held for a short period of time.</p> <p>(7) The decision as to whether funds are nominal in amount or are expected to be held for a short period of time rests exclusively in the sound judgment of the lawyer or law firm, and no charge of ethical impropriety or other breach of professional conduct shall attend a lawyer's or law firm's judgment on what is nominal or short term."</p> <p>Adds paragraph (g): "Ordinarily, in determining the type of account into which to deposit particular funds for a client or third person, a lawyer or a law firm shall take into consideration the following factors:</p> <ul style="list-style-type: none"><li>(1) the amount of interest which the funds would earn during the period they are expected to be held and the likelihood of delay in the relevant transaction or proceeding;</li><li>(2) the cost of establishing and administering the account, including the cost of the lawyer's services;</li><li>(3) the capability of the financial institution, through subaccounting, to calculate and pay interest earned by each client's funds, net of any transaction costs, to the individual client."<p>Adds paragraph (h): "Definitions</p><ul style="list-style-type: none"><li>(1) "IOLTA account" means an interest- or dividend-bearing trust account benefitting the Lawyers Trust Fund of Illinois, established in an eligible institution for the deposit of nominal or short-term funds of clients or third persons as defined in paragraph (f) and from which funds may be withdrawn upon request as soon as permitted by law.</li><li>(2) "Money market fund" is an investment company registered under the Investment Company Act of 1940, as amended, that is qualified to hold itself out to investors as a money market fund or the equivalent of a money market fund under Rules and Regulations adopted by the Securities and Exchange Commission pursuant to said Act.</li><li>(3) "U.S. Government securities" refers to U.S. Treasury obligations and obligations issued by or guaranteed as to principal and interest by any AAA-rated United States agency or instrumentality thereof. A daily overnight financial repurchase agreement ("repo") may be established only with an institution that is deemed to be "well capitalized" or "adequately capitalized" as defined by applicable federal statutes and regulations.</li><li>(4) "Safe harbor" is a yield that if paid by the financial institution</li></ul></li></ul>
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	<p>on IOLTA accounts shall be deemed as a comparable return in compliance with this Rule. Such yield shall be calculated as 70% of the Federal Funds Target Rate as reported in the Wall Street Journal on the first business day of the calendar month.</p> <p>(5) “Allowable reasonable fees” for IOLTA accounts are per-check charges, per deposit charges, a fee in lieu of a minimum balance, federal deposit insurance fees, automated investment (“sweep”) fees, and a reasonable maintenance fee, if those fees are charged on comparable bank accounts maintained by non-IOLTA depositors. All other fees are the responsibility of, and may be charged to, the lawyer or law firm maintaining the IOLTA account.”</p> <p>Adds paragraph (i): “In the closing of a real estate transaction, a lawyer’s disbursement of funds deposited but not collected shall not violate his or her duty pursuant to this Rule 1.15 if, prior to the closing, the lawyer has established a segregated Real Estate Funds Account (REFA) maintained solely for the receipt and disbursement of such funds, has deposited such funds into a REFA, and:</p> <ul style="list-style-type: none"><li>(1) is acting as a closing agent pursuant to an insured closing letter for a title insurance company licensed in the State of Illinois and uses for such funds a segregated REFA maintained solely for such title insurance business; or</li><li>(2) has met the “good-funds” requirements. The good-funds requirements shall be met if the bank in which the REFA was established has agreed in a writing directed to the lawyer to honor all disbursement orders drawn on that REFA for all transactions up to a specified dollar amount not less than the total amount being deposited in good funds. Good funds shall include only the following forms of deposits: (a) a certified check, (b) a check issued by the State of Illinois, the United States, or a political subdivision of the State of Illinois or the United States, (c) a cashier’s check, teller’s check, bank money order, or official bank check drawn on or issued by a financial institution insured by the Federal Deposit Insurance Corporation or a comparable agency of the federal or state government, (d) a check drawn on the trust account of any lawyer or real estate broker licensed under the laws of any state, (e) a personal check or checks in an aggregate amount not exceeding \$5,000 per closing if the lawyer making the deposit has reasonable and prudent grounds to believe that the deposit will be irrevocably credited to the REFA, (f) a check drawn on the account of or issued by a lender approved by the United States Department of Housing and Urban Development as either a supervised or a nonsupervised mortgagee as defined in 24 C.F.R. §202.2, (g) a check from a title insurance company licensed in the State of Illinois, or from a title insurance agent of the title insurance company, provided that the title insurance company has guaranteed the funds of that title insurance agent. Without limiting the rights of the lawyer against</li></ul>
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	<p>any person, it shall be the responsibility of the disbursing lawyer to reimburse the trust account for such funds that are not collected and for any fees, charges and interest assessed by the paying bank on account of such funds being uncollected.”</p>
<p>IN Effective 1/1/05</p>	<p>(a) Identical          (b) A lawyer may deposit his or her own funds reasonably sufficient to maintain a nominal balance in a client trust account.          (c) Identical          (d) – (e): Identical          (f) Except as provided in paragraph (g) of this rule, a lawyer or law firm shall create and maintain an interest-bearing trust account for clients' funds which are nominal in amount or to be held for a short period of time so that they could not earn income for the client in excess of the costs incurred to secure such income (hereinafter sometimes referred to as an "IOLTA account") in compliance with the following provisions:</p> <ol style="list-style-type: none"> <li>(1) Client funds shall be deposited in a lawyer's or law firm's IOLTA account unless the funds can earn income for the client in excess of the costs incurred to secure such income. A lawyer or law firm shall establish a separate interest-bearing trust account for clients' funds which are neither nominal in amount nor to be held for a short period of time and which could earn income for the client in excess of costs for a particular client or client's matter. All of the interest on such account, net of any transaction costs, shall be paid to the client, and no earnings from such account shall be made available to a lawyer or law firm.</li> <li>(2) No earnings from such an IOLTA account shall be made available to a lawyer or law firm.</li> <li>(3) The IOLTA account shall include all clients' funds which are nominal in amount or to be held for a short period of time.</li> <li>(4) An IOLTA account may be established with any financial institution (i) authorized by federal or state law to do business in Indiana, (ii) insured by the Federal Deposit Insurance Corporation or its equivalent, and (iii) approved as a depository for trust accounts pursuant to <i>Indiana Admission and Discipline Rules</i>, Rule 23, Section 29. Funds in each IOLTA account shall be subject to withdrawal upon request and without delay and without risk to principal by reason of said withdrawal.</li> <li>(5) Participating financial institutions shall maintain IOLTA accounts which pay the highest interest rate</li> </ol>

or dividend generally available from the institution to its non-IOLTA account customers when IOLTA accounts meet or exceed the same minimum balance or other account eligibility qualifications, if any. In determining the highest interest rate or dividend generally available from the institution to its non-IOLTA accounts, eligible institutions may consider factors, in addition to the IOLTA account balance, customarily considered by the institution when setting interest rates or dividends for its customers, provided that such factors do not discriminate between IOLTA accounts and accounts of non-IOLTA customers, and that these factors do not include that the account is an IOLTA account. All interest earned net of fees or charges shall be remitted to the Indiana Bar Foundation (the "Foundation"), which is designated in paragraph (i) of this rule to organize and administer the IOLTA program, and the depository institution submits reports thereon as set forth below.

- (6) Lawyers or law firms depositing client funds in an IOLTA account established pursuant to this rule shall, on forms approved by the Foundation, direct the depository institution:
  - (A) to remit all interest or dividends, net of reasonable service charges or fees, if any, on the average monthly balance in the account, or as otherwise computed in accordance with the institution's standard accounting practice, at least quarterly, solely to the Foundation. The depository institution may remit the interest or dividends on all of its IOLTA accounts in a lump sum; however, the depository institution must provide, for each individual IOLTA account, the information to the lawyer or law firm and to the Foundation required by subparagraphs (f)(6)(B) and (f)(6)(C) of this rule;
  - (B) to transmit with each remittance to the Foundation a statement showing the name of the lawyer or law firm for whom the remittance is sent, the rate of interest applied, and such other information as is reasonably required by the Foundation;
  - (C) to transmit to the depositing lawyer or law firm a periodic account statement for the IOLTA

	<p>account reflecting the amount of interest paid to the Foundation, the rate of interest applied, the average account balance for the period for which the interest was earned, and such other information as is reasonably required by the Foundation; and</p> <p>(D) to waive any reasonable service charge that exceeds the interest earned on any IOLTA account during a reporting period ("excess charge"), or bill the excess charge to the Foundation.</p> <p>(7) Any IOLTA account which has or may have the net effect of costing the IOLTA program more in fees than earned in interest over a period of time may, at the discretion of the Foundation, be exempted from and removed from the IOLTA program. Exemption of an IOLTA account from the IOLTA program revokes the permission to use the Foundation's tax identification number for that account. Exemption of such account from the IOLTA program shall not relieve the lawyer and/or law firm from the obligation to maintain the property of clients and third persons separately, as required above, in a non-interest bearing account.</p> <p>(8) The IOLTA program will issue refunds when interest has been remitted in error, whether the error is the bank's or the lawyer's. Requests for refunds must be submitted in writing by the bank, the lawyer, or the law firm on a timely basis, accompanied by documentation that confirms the amount of interest paid to the IOLTA program. As needed for auditing purposes, the IOLTA program may request additional documentation to support the request. The refund will be remitted to the appropriate financial institution for transmittal at the lawyer's direction after appropriate accounting and reporting. In no event will the refund exceed the amount of interest actually received by the IOLTA program.</p> <p>(9) All interest transmitted to the Foundation shall be held, invested and distributed periodically in accordance with a plan of distribution which shall be prepared by the Foundation and approved at least annually by the Supreme Court of Indiana, for the following purposes:</p> <p>(A) to pay or provide for all costs, expenses and</p>
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	<p>fees associated with the administration of the IOLTA program;</p> <ul style="list-style-type: none"><li>(B) to establish appropriate reserves;</li><li>(C) to assist or establish approved pro bono programs as provided in Rule 6.5;</li><li>(D) for such other programs for the benefit of the public as are specifically approved by the Supreme Court from time to time.</li></ul> <p>(10) The information contained in the statements forwarded to the Foundation under subparagraph (f)(6) of this rule shall remain confidential and the provisions of Rule 1.6 (Confidentiality of Information), are not hereby abrogated; therefore, the Foundation shall not release any information contained in any such statement other than as a compilation of data from such statements, except as directed in writing by the Supreme Court.</p> <p>(11) The Foundation shall have full authority to and shall, from time to time, prepare and submit to the Supreme Court for approval, forms, procedures, instructions and guidelines necessary and appropriate to implement the provisions set forth in this rule and, after approval thereof by the Court, shall promulgate same.</p> <p>(g) Every lawyer admitted to practice in this State shall annually certify to this Court, pursuant to Ind.Adms.Disc.R. 23(21), that all client funds which are nominal in amount or to be held for a short period of time by the lawyer or the lawyer's law firm so that they could not earn income for the client in excess of the costs incurred to secure such income are held in an IOLTA account, or that the lawyer is exempt because:</p> <ul style="list-style-type: none"><li>(1) the lawyer or law firm's client trust account has been exempted and removed from the IOLTA program by the Foundation pursuant to subparagraph (f)(7) of this rule; or</li><li>(2) the lawyer:<ul style="list-style-type: none"><li>(A) is not engaged in the private practice of law;</li><li>(B) does not have an office within the State of Indiana;</li><li>(C) is a judge, attorney general, public defender, U.S. attorney, district attorney, on duty with the armed services or employed by a local, state or federal government, and is not otherwise engaged in the private practice of law;</li><li>(D) is a corporate counsel or teacher of law and is</li></ul></li></ul>
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	<p style="text-align: center;">not otherwise engaged in the private practice of law;</p> <p>(E) has been exempted by an order of general or special application of this Court which is cited in the certification; or</p> <p>(F) compliance with paragraph (f) would work an undue hardship on the lawyer or would be extremely impractical, based either on the geographic distance between the lawyer's principal office and the closest depository institution which is participating in the IOLTA program, or on other compelling and necessitous factors.</p> <p>(h) In the exercise of a lawyer's good faith judgment in determining whether funds of a client can earn income in excess of costs a lawyer shall take into consideration the following factors:</p> <ol style="list-style-type: none"><li>(1) the amount of interest which the funds would earn during the period they are expected to be deposited;</li><li>(2) the cost of establishing and administering the account, including the cost of the lawyer's services, accounting fees, and tax reporting costs and procedures;</li><li>(3) the capability of a financial institution, a lawyer or a law firm to calculate and pay income to individual clients;</li><li>(4) any other circumstances that affect the ability of the client's funds to earn a net return for the client; and</li><li>(3) the nature of the transaction(s) involved.</li></ol> <p>The determination of whether a client's funds are nominal or short-term so that they could not earn income in excess of costs shall rest in the sound judgment of the lawyer or law firm. No lawyer shall be charged with an ethical impropriety or other breach of professional conduct based on the good faith exercise of such judgment.</p> <p>(i) The Foundation is hereby designated as the entity to organize and administer the IOLTA program established by paragraph (f) of this rule in accordance with the following provisions:</p> <ol style="list-style-type: none"><li>(1) The Board of Directors of the Foundation (the "Board") shall have general supervisory authority over the administration of the IOLTA program, subject to the continuing jurisdiction of the Supreme Court.</li><li>(2) The Board shall receive the net earnings from IOLTA accounts established in accordance with paragraph (f) of this rule and shall make appropriate temporary investments of IOLTA program funds pending disbursement of such funds.</li></ol>
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	<p>(3) The Board shall, by grants, appropriations and other appropriate measures, make disbursements from the IOLTA program funds, including current and accumulated net earnings, in accordance with the plan of distribution approved by the Supreme Court from time to time referenced in subparagraph (f)(8) of this rule.</p> <p>(4) The Board shall maintain proper records of all IOLTA program receipts and disbursements, which records shall be audited or reviewed annually by a certified public accountant selected by the Board. The Board shall annually cause to be presented to the Supreme Court a reviewed or audited financial statement of its IOLTA program receipts and expenditures for the prior year. The report shall not identify any clients of lawyers or law firms or reveal confidential information. The statement shall be filed with the Clerk of the Supreme Court and a summary thereof shall be published in the next available issue of one or more state-wide publications for attorneys, such as <i>Res Gestae</i> and <i>The Indiana Lawyer</i>.</p> <p>(5) The president and other members of the Board shall administer the IOLTA program without compensation, but may be reimbursed for their reasonable and necessary expenses incurred in the performance of their duties, and shall be indemnified by the Foundation against any liability or expense arising directly or indirectly out of the good faith performance of their duties.</p> <p>(6) The Board shall monitor attorney compliance with the provisions of this rule and periodically report to the Supreme Court those attorneys not in compliance with the provisions of Rule 1.15.</p> <p>(7) In the event the IOLTA program or its administration by the Foundation is terminated, all assets of the IOLTA program, including any program funds then on hand, shall be transferred in accordance with the Order of the Supreme Court terminating the IOLTA program or its administration by the Foundation; provided, such transfer shall be to an entity which will not violate the requirements the Foundation must observe regarding transfer of its assets in order to retain its tax-exempt status under the Internal Revenue Code of 1986, as amended, or similar future provisions of law.</p>
IA	(a): deletes at the end of the 2 <sup>nd</sup> sentence: “maintained in the state where

As of July 1, 2011

Effective 7/1/05	<p>the lawyer's office is situated, or elsewhere with the consent of the client or third person." [requires that records be preserved for six years.]</p> <p>adds as (f): "All client trust accounts shall be governed by Iowa Court Rules chapter 45."</p>
KS Effective 7/1/07	Same as MR
KY Effective 7/15/09	Same as MR
LA Effective 3/1/04	<p><i>(a) Except as provided in (g) and the IOLTA Rules below, funds shall be kept in one or more separate interest-bearing client trust accounts maintained in a bank or savings and loan association: 1) authorized by federal or state law to do business in Louisiana, the deposits of which are insured by an agency of the federal government; 2) in the state where the lawyer's primary office is situated, if not within Louisiana; or 3) elsewhere with the consent of the client or third person. No earnings on a client trust account may be made available to or utilized by a lawyer or law firm. Other property shall be identified as such and appropriately safeguarded. Complete records of such account funds and other property shall be kept by the lawyer and shall be preserved for a period of five years after termination of the representation.</i></p> <p>(b): adds "or obtaining a waiver of those charges" after "on that account"</p> <p>(c), adds at the end: "The lawyer shall deposit legal fees and expenses into the client trust account consistent with Rule 1.5(f)."</p> <p>(d), adds after first sentence: "For purposes of this rule, the third person's interest shall be one of which the lawyer has actual knowledge, and shall be limited to a statutory lien or privilege, a final judgment addressing disposition of those funds or property, or a written agreement by the client or the lawyer on behalf of the client guaranteeing payment out of those funds or property."</p> <p>includes (f) with details on financial recordkeeping and includes a section on IOLTA.</p> <p>(f) Every check, draft, electronic transfer, or other withdrawal instrument or authorization from a client trust account shall be personally signed by a lawyer or, in the case of electronic, telephone, or wire transfer, from a client trust account, directed by a lawyer or, in the case of a law firm, one or more lawyers authorized by the law firm.</p> <p>(g) A lawyer shall create and maintain an "IOLTA Account," which is a pooled interest-bearing client trust account for funds of clients or third persons which are nominal in amount or to be held for such a short period of time that the funds would not be expected to earn income for the client of third person in excess of the costs incurred to secure such income.</p> <p>(1) IOLTA Accounts shall be of a type approved and authorized by the Louisiana Bar Foundation and maintained only in "eligible" financial</p>

	<p>institutions, as approved and certified by the Louisiana Bar Foundation. The Louisiana Bar Foundation shall establish regulations, subject to approval by the Supreme Court of Louisiana, governing the determination that a financial institution is eligible to hold IOLTA Accounts and shall at least annually publish a list of LBF-approved/certified eligible financial institutions. Participation in the IOLTA program is voluntary for financial institutions.</p> <p>IOLTA Accounts shall be established at a bank or savings and loan association authorized by federal or state law to do business in Louisiana, the deposits of which are insured by an agency of the federal government or at an open-end investment company registered with the Securities and Exchange Commission authorized by federal or state law to do business in Louisiana which shall be invested solely in or fully collateralized by U.S. Government Securities with total assets of at least \$250,000,000 and in order for a financial institution to be approved and certified by the Louisiana Bar Foundation as eligible, shall comply with the following provisions:</p> <p>(A) No earnings from such an account shall be made available to a lawyer or law firm.</p> <p>(B) Such account shall include all funds of clients or third persons which are nominal in amount or to be held for such a short period of time the funds would not be expected to earn income for the client or third person in excess of the costs incurred to secure such income.</p> <p>(C) Funds in each interest-bearing client trust account shall be subject to withdrawal upon request and without delay, except as permitted by law.</p> <p>(2) To be approved and certified by the Louisiana Bar Foundation as eligible, financial institutions shall maintain IOLTA Accounts which pay an interest rate comparable to the highest interest rate or dividend generally available from the institution to its non-IOLTA customers when IOLTA Accounts meet or exceed the same minimum balance or other eligibility qualifications, if any. In determining the highest interest rate or dividend generally available from the institution to its non IOLTA accounts, eligible institutions may consider factors, in addition to the IOLTA Account balance, customarily considered by the institution when setting interest rates or dividends for its customers, provided that such factors do not discriminate between IOLTA Accounts and accounts of non-IOLTA customers, and that these factors do not include that the account is an IOLTA Account. The eligible institution shall calculate interest and dividends in accordance with its standard practice for non-IOLTA customers, but the eligible institution may elect to pay a higher interest or dividend rate on IOLTA Accounts.</p> <p>(3) To be approved and certified by the Louisiana Bar Foundation as eligible, a financial institution may achieve rate comparability required in (g)(2) by:</p> <p>(A) Establishing the IOLTA Account as:</p> <p>(1) an interest-bearing checking account; (2) a money market deposit</p>
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	<p>account with or tied to checking; (3) a sweep account which is a money market fund or daily (overnight) financial institution repurchase agreement invested solely in or fully collateralized by U.S. Government Securities; or (4) an open-end money market fund solely invested in or fully collateralized by U.S. Government Securities. A daily financial institution repurchase agreement may be established only with an eligible institution that is “well-capitalized” or “adequately capitalized” as those terms are defined by applicable federal statutes and regulations. An open-end money market fund must be invested solely in U.S. Government Securities or repurchase agreements fully collateralized by U.S. Government Securities, must hold itself out as a “money-market fund” as that term is defined by federal statutes and regulations under the Investment Company Act of 1940, and, at the time of the investment, must have total assets of at least \$250,000,000. “U.S. Government Securities” refers to U.S. Treasury obligations and obligations issued or guaranteed as to principal and interest by the United States or any agency or instrumentality thereof.</p> <p>(B) Paying the comparable rate on the IOLTA checking account in lieu of establishing the IOLTA Account as the higher rate product; or</p> <p>(C) Paying a “benchmark” amount of qualifying funds equal to 60% of the Federal Fund Target Rate as of the first business day of the quarter or other IOLTA remitting period; no fees may be deducted from this amount which is deemed already to be net of “allowable reasonable fees.”</p> <p>(4) Lawyers or law firms depositing the funds of clients or third persons in an IOLTA Account shall direct the depository institution:</p> <p>(A) To remit interest or dividends, net of any allowable reasonable fees on the average monthly balance in the account, or as otherwise computed in accordance with an eligible institution’s standard accounting practice, at least quarterly, to the Louisiana Bar Foundation, Inc.;</p> <p>(B) to transmit with each remittance to the Foundation, a statement, on a form approved by the LBF, showing the name of the lawyer or law firm for whom the remittance is sent and for each account: the rate of interest or dividend applied; the amount of interest or dividends earned; the types of fees deducted, if any; and the average account balance for each account for each month of the period in which the report is made; and</p> <p>(C) to transmit to the depositing lawyer or law firm a report in accordance with normal procedures for reporting to its depositors.</p> <p>(5) “Allowable reasonable fees” for IOLTA Accounts are: per check charges; per deposit charges; a fee in lieu of minimum balance; sweep fees and a reasonable IOLTA Account administrative fee. All other fees are the responsibility of, and may be charged to, the lawyer or law firm maintaining the IOLTA Account. Fees or service charges that are not “allowable reasonable fees” include, but are not limited to: the cost of check printing; deposit stamps; NSF charges; collection charges; wire transfers; and fees for cash management. Fees or charges in excess of the earnings accrued on the account for any month or quarter shall not be taken from earnings accrued on other IOLTA Accounts or from the principal of</p>
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the account. Eligible financial institutions may elect to waive any or all fees on IOLTA Accounts.

(6) A lawyer is not required independently to determine whether an interest rate is comparable to the highest rate or dividend generally available and shall be in presumptive compliance with Rule 1.15(g) by maintaining a client trust account of the type approved and authorized by the Louisiana Bar Foundation at an “eligible” financial institution.

**IOLTA RULES**

(1) The IOLTA program shall be a mandatory program requiring participation by lawyers and law firms, whether proprietorships, partnerships, limited liability companies or professional corporations.

(2) The following principles shall apply to funds of clients or third persons which are held by lawyers and law firms:

(a) No earnings on the IOLTA Accounts may be made available to or utilized by a lawyer or law firm.

(b) Upon the request of, or with the informed consent of a client or third person, a lawyer may deposit funds of the client or third person into a non-IOLTA, interest-bearing client trust account and earnings may be made available to the client or third person, respectively, whenever possible upon deposited funds which are not nominal in amount or are to be held for a period of time long enough that the funds would be expected to earn income for the client or third person in excess of the costs incurred to secure such income; however, traditional lawyer-client relationships do not compel lawyers either to invest such funds or to advise clients or third persons to make their funds productive.

(c) Funds of clients or third-persons which are nominal in amount or to be held for such a short period of time that the funds would not be expected to earn income for the client or third person in excess of the costs incurred to secure such income shall be retained in an IOLTA Account at an eligible financial institution as outlined above in section (g), with the interest or dividend (net of allowable reasonable fees) made payable to the Louisiana Bar Foundation, Inc., said payments to be made at least quarterly.

(d) In determining whether the funds of a client or third person can earn income in

excess of costs, a lawyer or law firm shall consider the following factors:

(1) The amount of the funds to be deposited;

(2) The expected duration of the deposit, including the likelihood of delay in the matter for which the funds are held;

(3) The rates of interest or yield at financial institutions where the funds are to be deposited;

(4) The cost of establishing and administering non-IOLTA accounts for the benefit of the client or third person including service charges, the costs of the lawyer’s services, and the costs of preparing any tax reports required for income accruing to the benefit of the client or third person;

(5) The capability of financial institutions, lawyers or law firms to calculate and pay income to individual clients or third persons;

	<p>(6) Any other circumstances that affect the ability of the funds of the client or third person to earn a positive return for the client or third person. The determination of whether funds to be invested could be utilized to provide a positive net return to the client or third person rests in the sound judgment of each lawyer or law firm. The lawyer or law firm shall review its IOLTA Account at reasonable intervals to determine whether changed circumstances require further action with respect to the funds of any client or third person.</p> <p>(e) Although notification of a lawyer’s participation in the IOLTA Program is not required to be given to clients or third persons whose funds are held in IOLTA Accounts, many lawyers may want to notify their clients or third persons of their participation in the program in some fashion. The Rules do not prohibit a lawyer from advising all clients or third persons of the lawyer’s advancing the administration of justice in Louisiana beyond the lawyer’s individual abilities in conjunction with other public-spirited members of the profession. The placement of funds of clients or third persons in an IOLTA Account is within the sole discretion of the lawyer in the exercise of the lawyer’s independent professional judgment; notice to the client or third person is for informational purposes only.</p> <p>(3) The Louisiana Bar Foundation shall hold the entire beneficial interest in the interest or dividend income derived from client trust accounts in the IOLTA program. Interest or dividend earned by the program will be paid to the Louisiana Bar Foundation, Inc. to be used solely for the following purposes:</p> <ul style="list-style-type: none"> <li>(a) to provide legal services to the indigent and to the mentally disabled;</li> <li>(b) to provide law-related educational programs for the public;</li> <li>(c) to study and support improvements to the administration of justice; and</li> <li>(d) for such other programs for the benefit of the public and the legal system of the state as are specifically approved from time to time by the Supreme Court of Louisiana.</li> </ul> <p>(4) The Louisiana Bar Foundation shall prepare an annual report to the Supreme Court of Louisiana that summarizes IOLTA income, grants, operating expenses and any other problems arising out of administration of the IOLTA program. In addition, the Louisiana Bar Foundation shall also prepare an annual report to the Supreme Court of Louisiana that summarizes all other Foundation income, grants, operating expenses and activities, as well as any other problems which arise out of the Foundation’s implementation of its corporate purposes. The Supreme Court of Louisiana shall review, study and analyze such reports and shall make recommendations to the Foundation with respect thereto.</p>
<p>ME Effective 8/1/09</p>	<p>Same as MR</p>
<p>MD</p>	<p>(a): replaces the rest of the 2<sup>nd</sup> sentences after the word “maintained,” with</p>

Effective 7/1/05	“pursuant to Title 16, Chapter 600 of the Maryland Rules.” (c): adds to beginning “Unless the client gives informed consent, confirmed in writing, to a different arrangement,”
MA Rules effective 9/1/08	<p><b>(a) Definitions:</b></p> <p>(1) “Trust property” means property of clients or third persons that is in a lawyer's possession in connection with a representation and includes property held in any fiduciary capacity in connection with a representation, whether as trustee, agent, escrow agent, guardian, executor, or otherwise. Trust property does not include documents or other property received by a lawyer as investigatory material or potential evidence. Trust property in the form of funds is referred to as “trust funds.”</p> <p>(2) “Trust account” means an account in a financial institution in which trust funds are deposited. Trust accounts must conform to the requirements of this rule.</p> <p><b>(b) Segregation of Trust Property.</b> A lawyer shall hold trust property separate from the lawyer's own property.</p> <p>(1) Trust funds shall be held in a trust account, except that advances for costs and expenses may be held in a business account.</p> <p>(2) No funds belonging to the lawyer shall be deposited or retained in a trust account except that:</p> <p>(i) Funds reasonably sufficient to pay bank charges may be deposited therein, and</p> <p>(ii) Trust funds belonging in part to a client or third person and in part currently or potentially to the lawyer shall be deposited in a trust account, but the portion belonging to the lawyer must be withdrawn at the earliest reasonable time after the lawyer's interest in that portion becomes fixed. A lawyer who knows that the right of the lawyer or law firm to receive such portion is disputed shall not withdraw the funds until the dispute is resolved. If the right of the lawyer or law firm to receive such portion is disputed within a reasonable time after notice is given that the funds have been withdrawn, the disputed portion must be restored to a trust account until the dispute is resolved.</p> <p>(3) Trust property other than funds shall be identified as such and appropriately safeguarded.</p> <p><b>(c) Prompt Notice and Delivery of Trust Property to Client or Third Person.</b> Upon receiving trust funds or other trust property in which a client or third person has an interest, a lawyer shall promptly notify the client or third person. Except as stated in this rule or as otherwise permitted by law or by agreement with the client or third person on whose behalf a lawyer holds trust property, a lawyer shall promptly deliver to the client or third person any funds or other property that the client or third person is entitled to receive.</p> <p><b>(d) Accounting.</b></p> <p>(1) Upon final distribution of any trust property or upon request by the client or third person on whose behalf a lawyer holds trust property, the</p>

	<p><i>lawyer shall promptly render a full written accounting regarding such property.</i></p> <p><i>(2) On or before the date on which a withdrawal from a trust account is made for the purpose of paying fees due to a lawyer, the lawyer shall deliver to the client in writing (i) an itemized bill or other accounting showing the services rendered, (ii) written notice of amount and date of the withdrawal, and (iii) a statement of the balance of the client's funds in the trust account after the withdrawal.</i></p> <p><b><i>(e) Operational Requirements for Trust Accounts.</i></b></p> <p><i>(1) All trust accounts shall be maintained in the state where the lawyer's office is situated, or elsewhere with the consent of the client or third person on whose behalf the trust property is held, except that all funds required by this rule to be deposited in an IOLTA account shall be maintained in this Commonwealth.</i></p> <p><i>(2) Each trust account title shall include the words "trust account," "escrow account," "client funds account," "conveyancing account," "IOLTA account," or words of similar import indicating the fiduciary nature of the account. Lawyers maintaining trust accounts shall take all steps necessary to inform the depository institution of the purpose and identity of such accounts.</i></p> <p><i>(3) No withdrawal from a trust account shall be made by a check which is not prenumbered. No withdrawal shall be made in cash or by automatic teller machine or any similar method. No withdrawal shall be made by a check payable to "cash" or "bearer" or by any other method which does not identify the recipient of the funds.</i></p> <p><i>(4) Every withdrawal from a trust account for the purpose of paying fees to a lawyer or reimbursing a lawyer for costs and expenses shall be payable to the lawyer or the lawyer's law firm.</i></p> <p><i>(5) Each lawyer who has a law office in this Commonwealth and who holds trust funds shall deposit such funds, as appropriate, in one of two types of interest bearing accounts: either (i) a pooled account ("IOLTA account") for all trust funds which in the judgment of the lawyer are nominal in amount, or are to be held for a short period of time, or (ii) for all other trust funds, an individual account with the interest payable as directed by the client or third person on whose behalf the trust property is held. The foregoing deposit requirements apply to funds received by lawyers in connection with real estate transactions and loan closings, provided, however, that a trust account in a lending bank in the name of a lawyer representing the lending bank and used exclusively for depositing and disbursing funds in connection with that particular bank's loan transactions, shall not be required but is permitted to be established as an IOLTA account. All IOLTA accounts shall be established in compliance with the provisions of paragraph (g) of this rule.</i></p> <p><i>(6) Property held for no compensation as a custodian for a minor family member is not subject to the Operational Requirements for Trust Accounts set out in this paragraph (e) or to the Required Accounts and Records in</i></p>
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paragraph (f) of this rule. As used in this subsection, "family member" refers to those individuals specified in section (e)(2) of rule 7.3.

**(f) Required Accounts and Records:** Every lawyer who is engaged in the practice of law in this Commonwealth and who holds trust property in connection with a representation shall maintain complete records of the receipt, maintenance, and disposition of that trust property, including all records required by this subsection. Records shall be preserved for a period of six years after termination of the representation and after distribution of the property. Records may be maintained by computer subject to the requirements of subparagraph 1G of this paragraph (f) or they may be prepared manually.

**(1) Trust Account Records.** The following books and records must be maintained for each trust account:

**A. Account Documentation.** A record of the name and address of the bank or other depository; account number; account title; opening and closing dates; and the type of account, whether pooled, with net interest paid to the IOLTA Committee (IOLTA account), or account with interest paid to the client or third person on whose behalf the trust property is held (including master or umbrella accounts with individual subaccounts).

**B. Check Register.** A check register recording in chronological order the date and amount of all deposits; the date, check or transaction number, amount, and payee of all disbursements, whether by check, electronic transfer, or other means; the date and amount of every other credit or debit of whatever nature; the identity of the client matter for which funds were deposited or disbursed; and the current balance in the account.

**C. Individual Client Records.** A record for each client or third person for whom the lawyer received trust funds documenting each receipt and disbursement of the funds of the client or third person, the identity of the client matter for which funds were deposited or disbursed, and the balance held for the client or third person, including a subsidiary ledger or ledger for each client matter for which the lawyer receives trust funds documenting each receipt and disbursement of the funds of the client or third person with respect to such matter. A lawyer shall not disburse funds from the trust account that would create a negative balance with respect to any individual client.

**D. Bank Fees and Charges.** A ledger or other record for funds of the lawyer deposited in the trust account pursuant to paragraph (b)(2)(i) of this rule to accommodate reasonably expected bank charges. This ledger shall document each deposit and expenditure of the lawyer's funds in the account and the balance remaining.

**E. Reconciliation Reports.** For each trust account, the lawyer shall prepare and retain a reconciliation report on a regular and periodic basis but in any event no less frequently than every sixty days. Each reconciliation report shall show the following balances and verify that they are identical:

**(i) The balance which appears in the check register as of the reporting date.**

(ii) *The adjusted bank statement balance, determined by adding outstanding deposits and other credits to the bank statement balance and subtracting outstanding checks and other debits from the bank statement balance.*

(iii) *For any account in which funds are held for more than one client matter, the total of all client matter balances, determined by listing each of the individual client matter records and the balance which appears in each record as of the reporting date, and calculating the total. For the purpose of the calculation required by this paragraph, bank fees and charges shall be considered an individual client record. No balance for an individual client may be negative at any time.*

*F. Account Documentation. For each trust account, the lawyer shall retain contemporaneous records of transactions as necessary to document the transactions. The lawyer must retain:*

(i) *bank statements.*

(ii) *all transaction records returned by the bank, including canceled checks and records of electronic transactions.*

(iii) *records of deposits separately listing each deposited item and the client or third person for whom the deposit is being made.*

*G. Electronic Record Retention. A lawyer who maintains a trust account record by computer must maintain the check register, client ledgers, and reconciliation reports in a form that can be reproduced in printed hard copy. Electronic records must be regularly backed up by an appropriate storage device.*

(2) *Business Accounts. Each lawyer who receives trust funds must maintain at least one bank account, other than the trust account, for funds received and disbursed other than in the lawyer's fiduciary capacity.*

(3) *Trust Property Other than Funds. A lawyer who receives trust property other than funds must maintain a record showing the identity, location, and disposition of all such property.*

**(g) Interest on Lawyers' Trust Accounts.**

(1) *The IOLTA account shall be established with any bank, savings and loan association, or credit union authorized by Federal or State law to do business in Massachusetts and insured by the Federal Deposit Insurance Corporation or similar State insurance programs for State chartered institutions. At the direction of the lawyer, funds in the IOLTA account in excess of \$100,000 may be temporarily reinvested in repurchase agreements fully collateralized by U.S. Government obligations. Funds in the IOLTA account shall be subject to withdrawal upon request and without delay.*

(2) *Lawyers creating and maintaining an IOLTA account shall direct the depository institution:*

(i) *to remit interest or dividends, net of any service charges or fees, on the average monthly balance in the account, or as otherwise computed in accordance with an institution's standard accounting practice, at least quarterly, to the IOLTA Committee;*

<p><i>(ii) to transmit with each remittance to the IOLTA Committee a statement showing the name of the lawyer who or law firm which deposited the funds; and</i></p> <p><i>(iii) at the same time to transmit to the depositing lawyer a report showing the amount paid, the rate of interest applied, and the method by which the interest was computed.</i></p> <p><i>(3) Lawyers shall certify their compliance with this rule as required by S.J.C. Rule 4:02, subsection (2).</i></p> <p><i>(4) This court shall appoint members of a permanent IOLTA Committee to fixed terms on a staggered basis. The representatives appointed to the committee shall oversee the operation of a comprehensive IOLTA program, including:</i></p> <p><i>(i) the receipt of all IOLTA funds and their disbursement, net of actual expenses, to the designated charitable entities, as follows: sixty seven percent (67%) to the Massachusetts Legal Assistance Corporation and the remaining thirty three percent (33%) to other designated charitable entities in such proportions as the Supreme Judicial Court may order;</i></p> <p><i>(ii) the education of lawyers as to their obligation to create and maintain IOLTA accounts under Rule 1.15(h);</i></p> <p><i>(iii) the encouragement of the banking community and the public to support the IOLTA program;</i></p> <p><i>(iv) the obtaining of tax rulings and other administrative approval for a comprehensive IOLTA program as appropriate;</i></p> <p><i>(v) the preparation of such guidelines and rules, subject to court approval, as may be deemed necessary or advisable for the operation of a comprehensive IOLTA program;</i></p> <p><i>(vi) establishment of standards for reserve accounts by the recipient charitable entities for the deposit of IOLTA funds which the charitable entity intends to preserve for future use; and</i></p> <p><i>(vii) reporting to the court in such manner as the court may direct.</i></p> <p><i>(5) The Massachusetts Legal Assistance Corporation and other designated charitable entities shall receive IOLTA funds from the IOLTA Committee and distribute such funds for approved purposes. The Massachusetts Legal Assistance Corporation may use IOLTA funds to further its corporate purpose and other designated charitable entities may use IOLTA funds either for (a) improving the administration of justice or (b) delivering civil legal services to those who cannot afford them.</i></p> <p><i>(6) The Massachusetts Legal Assistance Corporation and other designated charitable entities shall submit an annual report to the court describing their IOLTA activities for the year and providing a statement of the application of IOLTA funds received pursuant to this rule.</i></p> <p><b><i>(h) Dishonored Check Notification.</i></b></p> <p><i>All trust accounts shall be established in compliance with the following provisions on dishonored check notification:</i></p> <p><i>(1) A lawyer shall maintain trust accounts only in financial institutions which have filed with the Board of Bar Overseers an agreement, in a form</i></p>
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	<p><i>provided by the Board, to report to the Board in the event any properly payable instrument is presented against any trust account that contains insufficient funds, and the financial institution dishonors the instrument for that reason.</i></p> <p><i>(2) Any such agreement shall apply to all branches of the financial institution and shall not be cancelled except upon thirty days notice in writing to the Board.</i></p> <p><i>(3) The Board shall publish annually a list of financial institutions which have signed agreements to comply with this rule, and shall establish rules and procedures governing amendments to the list.</i></p> <p><i>(4) The dishonored check notification agreement shall provide that all reports made by the financial institution shall be identical to the notice of dishonor customarily forwarded to the depositor, and should include a copy of the dishonored instrument, if such a copy is normally provided to depositors. Such reports shall be made simultaneously with the notice of dishonor and within the time provided by law for such notice, if any.</i></p> <p><i>(5) Every lawyer practicing or admitted to practice in this Commonwealth shall, as a condition thereof, be conclusively deemed to have consented to the reporting and production requirements mandated by this rule.</i></p> <p><i>(6) The following definitions shall be applicable to this subparagraph:</i></p> <p><i>(i) "Financial institution" includes (a) any bank, savings and loan association, credit union, or savings bank, and (b) with the written consent of the client or third person on whose behalf the trust property is held, any other business or person which accepts for deposit funds held in trust by lawyers.</i></p> <p><i>(ii) "Notice of dishonor" refers to the notice which a financial institution is required to give, under the laws of this Commonwealth, upon presentation of an instrument which the institution dishonors.</i></p> <p><i>(iii) "Properly payable" refers to an instrument which, if presented in the normal course of business, is in a form requiring payment under the laws of this Commonwealth.</i></p>
<p>MI* Rules effective 10/1/88</p>	<p><i>*Made only partial amendments effective 1/1/2011 since the most recent amendments to the ABA Model Rules (amended Rules 3.1, 3.3, 3.4, 3.5, 3.6, 5.5, and 8.5 and adopted new Rules 2.4, 5.7, and 6.6.</i></p> <p><b>Rule 1.15 Safekeeping Property.</b></p> <p><i>(a) Definitions.</i></p> <p><i>(1) "Allowable reasonable fees" for IOLTA accounts are per check charges, per deposit charges, a fee in lieu of a minimum balance, federal deposit insurance fees, sweep fees, and a reasonable IOLTA account administrative or maintenance fee. All other fees are the responsibility of, and may be charged to, the lawyer maintaining the IOLTA account. Fees or charges in excess of the interest or dividends earned on the account for any month or quarter shall not be taken from interest or dividends earned on other IOLTA accounts or from the principal of the account.</i></p>

	<p>(2) An “eligible institution” for IOLTA accounts is a bank or savings and loan association authorized by federal or state law to do business in Michigan, the deposits of which are insured by an agency of the federal government, or is an open-end investment company registered with the Securities and Exchange Commission authorized by federal or state law to do business in Michigan. The eligible institution must pay no less on an IOLTA account than the highest interest rate or dividend generally available from the institution to its non-IOLTA customers when the IOLTA account meets the same minimum balance or other eligibility qualifications. Interest or dividends and fees shall be calculated in accordance with the eligible institution’s standard practice, but institutions may elect to pay a higher interest or dividend rate and may elect to waive any fees on IOLTA accounts.</p> <p>(3) “IOLTA account” refers to an interest- or dividend-bearing account, as defined by the Michigan State Bar Foundation, at an eligible institution from which funds may be withdrawn upon request as soon as permitted by law. An IOLTA account shall include only client or third person funds that cannot earn income for the client or third person in excess of the costs incurred to secure such income while the funds are held.</p> <p>(4) “Non-IOLTA account” refers to an interest- or dividend bearing account from which funds may be withdrawn upon request as soon as permitted by law in banks, savings and loan associations, and credit unions authorized by federal or state law to do business in Michigan, the deposits of which are insured by an agency of the federal government. Such an account shall be established as:</p> <ul style="list-style-type: none"><li>(A) a separate client trust account for the particular client or matter on which the net interest or dividend will be paid to the client or third person, or</li><li>(B) a pooled client trust account with subaccounting by the bank or savings and loan association or by the lawyer, which will provide for computation of net interest or dividend earned by each client or third person’s funds and the payment thereof to the client or third person.</li></ul> <p>(5) “Lawyer” includes a law firm or other organization with which a lawyer is professionally associated.</p> <p>(b) A lawyer shall:</p> <ul style="list-style-type: none"><li>(1) promptly notify the client or third person when funds or property in which a client or third person has an interest is received;</li><li>(2) preserve complete records of such account funds and other property for a period of five years after termination of the representation; and</li></ul>
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	<p><i>(3) promptly pay or deliver any funds or other property that the client or third person is entitled to receive, except as stated in this rule or otherwise permitted by law or by agreement with the client or third person, and, upon request by the client or third person, promptly render a full accounting regarding such property.</i></p> <p><i>(c) When two or more persons (one of whom may be the lawyer) claim interest in the property, it shall be kept separate by the lawyer until the dispute is resolved. The lawyer shall promptly distribute all portions of the property as to which the interests are not in dispute.</i></p> <p><i>(d) A lawyer shall hold property of clients or third persons in connection with a representation separate from the lawyer's own property. All client or third person funds shall be deposited in an IOLTA or non-IOLTA account. Other property shall be identified as such and appropriately safeguarded.</i></p> <p><i>(e) In determining whether client or third person funds should be deposited in an IOLTA account or a non-IOLTA account, a lawyer shall consider the following factors:</i></p> <ul style="list-style-type: none"><li><i>(1) the amount of interest or dividends the funds would earn during the period that they are expected to be deposited in light of (a) the amount of the funds to be deposited; (b) the expected duration of the deposit, including the like-lihood of delay in the matter for which the funds are held; and (c) the rates of interest or yield at financial institutions where the funds are to be deposited;</i></li><li><i>(2) the cost of establishing and administering non-IOLTA accounts for the client or third person's benefit, including service charges or fees, the lawyer's services, preparation of tax reports, or other associated costs;</i></li><li><i>(3) the capability of financial institutions or lawyers to calculate and pay income to individual clients or third persons; and</i></li><li><i>(4) any other circumstances that affect the ability of the funds to earn a net return for the client or third person.</i></li></ul> <p><i>(f) A lawyer may deposit the lawyer's own funds in a client trust account only in an amount reasonably necessary to pay financial institution service charges or fees or to obtain a waiver of service charges or fees.</i></p> <p><i>(g) Legal fees and expenses that have been paid in advance shall be deposited in a client trust account and may be withdrawn only as fees are earned or expenses incurred.</i></p> <p><i>(h) No interest or dividends from the client trust account shall be available to the lawyer.</i></p> <p><i>(i) The lawyer shall direct the eligible institution to:</i></p> <ul style="list-style-type: none"><li><i>(1) remit the interest and dividends from an IOLTA account, less allowable reasonable fees, if any, to the Michigan State Bar Foundation at least quarterly;</i></li><li><i>(2) transmit with each remittance a report that shall identify each lawyer for whom the remittance is sent, the amount of remittance</i></li></ul>
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	<p><i>attributable to each IOLTA account, the rate and type of interest or dividends applied, the amount of interest or dividends earned, the amount and type of fees deducted, if any, and the average account balance for the period in which the report is made; and</i></p> <p><i>(3) transmit to the depositing lawyer a report in accordance with normal procedures for reporting to its depositors.</i></p> <p><i>(j) A lawyer's good-faith decision regarding the deposit or holding of such funds in an IOLTA account is not reviewable by a disciplinary body. A lawyer shall review the IOLTA account at reasonable intervals to determine whether changed circumstances require the funds to be deposited prospectively in a non-IOLTA account.</i></p>
<p>MN Effective 10/1/05 Amended as of 07/1/2011</p>	<p>(a) All funds of clients or third persons held by a lawyer or law firm in connection with a representation shall be deposited in one or more identifiable interest bearing trust accounts as set forth in paragraphs (d) through (g). No funds belonging to the lawyer or law firm shall be deposited therein except as follows:</p> <p>(1) funds of the lawyer or law firm reasonably sufficient to pay service charges may be deposited therein;</p> <p>(2) funds belonging in part to a client or third person and in part presently or potentially to the lawyer or law firm must be deposited therein.</p> <p>(b) A lawyer must withdraw earned fees and any other funds belonging to the lawyer or the law firm from the trust account within a reasonable time after the fees have been earned or entitlement to the funds has been established, and the lawyer must provide the client or third person with: (i) written notice of the time, amount, and purpose of the withdrawal; and (ii) an accounting of the client's or third person's funds in the trust account. If the right of the lawyer or law firm to receive funds from the account is disputed by the client or third person claiming entitlement to the funds, the disputed portion shall not be withdrawn until the dispute is finally resolved. If the right of the lawyer or law firm to receive funds from the account is disputed within a reasonable time after the funds have been withdrawn, the disputed portion must be restored to the account until the dispute is resolved.</p> <p>(c) A lawyer shall:</p> <p>(1) promptly notify a client or third person of the receipt of the client's or third person's funds, securities, or other properties;</p> <p>(2) identify and label securities and properties of a client or third person promptly upon receipt and place them in a safe deposit box or other place of safekeeping as soon as practicable;</p> <p>(3) maintain complete records of all funds, securities, and other properties of a client or third person coming into the possession of the lawyer and render appropriate accounts to the client or third person regarding them;</p> <p>(4) promptly pay or deliver to the client or third person as requested the funds, securities, or other properties in the possession of the lawyer which the client or third person is entitled to receive; and</p> <p>(5) except as specified in Rule 1.5(b)(1) and (2), deposit all fees received</p>

	<p>in advance of the legal services being performed into a trust account and withdraw the fees as earned.</p> <p>(d) Each trust account referred to in paragraph (a) shall be an interest bearing account in a bank, savings bank, trust company, savings and loan association, savings association, or federally regulated investment company selected by a lawyer in the exercise of ordinary prudence.</p> <p>(e) A lawyer who receives client or third person funds shall maintain a pooled interest bearing trust account for deposit of funds that are nominal in amount or expected to be held for a short period of time. The interest accruing on this account, net of any transaction costs, shall be paid to the Lawyer Trust Account Board established by the Minnesota Supreme Court.</p> <p>(f) All client or third person funds shall be deposited in the account specified in paragraph (e) unless they are deposited in a:</p> <ol style="list-style-type: none"><li>(1) separate interest bearing trust account for the particular third person, client, or client's matter on which the interest, net of any transaction costs, will be paid to the client or third person; or</li><li>(2) pooled interest bearing trust account with subaccounting which will provide for computation of interest earned by each client's or third person's funds and the payment thereof, net of any transaction costs, to the client.</li></ol> <p>(g) In determining whether to use the account specified in paragraph (e) or an account specified in paragraph (f), a lawyer shall take into consideration the following factors:</p> <ol style="list-style-type: none"><li>(1) the amount of interest which the funds would earn during the period they are expected to be deposited;</li><li>(2) the cost of establishing and administering the account, including the cost of the lawyer's services;</li><li>(3) the capability of financial institutions described in paragraph (d) to calculate and pay interest to individual clients.</li></ol> <p>(h) Every lawyer engaged in private practice of law shall maintain or cause to be maintained on a current basis books and records sufficient to demonstrate income derived from, and expenses related to, the lawyer's private practice of law, and to establish compliance with paragraphs (a) through (f). Equivalent books and records demonstrating the same information in an easily accessible manner and in substantially the same detail are acceptable. The books and records shall be preserved for at least six years following the end of the taxable year to which they relate or, as to books and records relating to funds or property of clients or third persons, for at least six years after completion of the employment to which they relate.</p> <p>(i) Every lawyer subject to paragraph (h) shall certify, in connection with the annual renewal of the lawyer's registration and in such form as the Clerk of the Appellate Courts may prescribe, that the lawyer or the lawyer's law firm maintains books and records as required by paragraph (h). The Lawyers Professional Responsibility Board shall publish annually the books and records required by paragraph (h).</p> <p>(j) Lawyer trust accounts shall be maintained only in financial institutions</p>
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	<p>approved by the Office of Lawyers Professional Responsibility. Every check, draft, electronic transfer, or other withdrawal instrument or authorization shall be personally signed or, in the case of electronic, telephone, or wire transfer, directed by one or more lawyers authorized by the law firm.</p> <p>(k) A financial institution shall be approved as a depository for lawyer trust accounts if it files with the Office of Lawyers Professional Responsibility an agreement, in a form provided by the Office, to report to the Office in the event any properly payable instrument is presented against a lawyer trust account containing insufficient funds, irrespective of whether the instrument is honored. The Lawyers Professional Responsibility Board shall establish rules governing approval and termination of approved status for financial institutions, and shall annually publish a list of approved financial institutions. No trust account shall be maintained in any financial institution that does not agree to make such reports. Any such agreement shall apply to all branches of the financial institution and shall not be canceled except upon three days notice in writing to the Office.</p> <p>(l) The overdraft notification agreement shall provide that all reports made by the financial institution shall be in the following format:</p> <p>(1) in the case of a dishonored instrument, the report shall be identical to the overdraft notice customarily forwarded to the depositor, and should include a copy of the dishonored instrument, if such a copy is normally provided to depositors;</p> <p>(2) in the case of an instrument that is presented against insufficient funds but which instrument is honored, the report shall identify the financial institution, the lawyer or law firm, the account number, the date of presentation for payment, and the date paid, as well as the amount of overdraft created thereby.</p> <p>Such reports shall be made simultaneously with, and within the time provided by law for notice of dishonor, if any. If an instrument presented against insufficient funds is honored, then the report shall be made within five banking days of the date of presentation for payment against insufficient funds.</p> <p>(m) Every lawyer practicing or admitted to practice in this jurisdiction shall, as a condition thereof, be conclusively deemed to have consented to the reporting and production requirements mandated by this rule.</p> <p>(n) Nothing herein shall preclude a financial institution from charging a particular lawyer or law firm for the reasonable cost of producing the reports and records required by this rule.</p> <p>(o) Definitions.</p> <p>“Financial Institution” includes banks, savings and loan associations, savings banks, and any other businesses or persons that accept for deposit funds held in trust by lawyers.</p> <p>“Properly payable” refers to an instrument which, if presented in the normal course of business, is in a form requiring payment under the laws of this jurisdiction.</p>
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	<p>“Notice of dishonor” refers to the notice which a financial institution is required to give, under the laws of this jurisdiction, upon presentation of an instrument that the institution dishonors.</p>
<p>MS Effective 11/3/05</p>	<p>(a): replaces “[five]” with “seven” (b) and (c): retains former MR Adds (d): Nothing in these Rules shall prohibit a lawyer or law firm from placing clients’ funds which are nominal in amount or to be held for a short period of time in one or more interest-bearing accounts for the benefit of the charitable purposes of a court-approved Interest on Lawyer Trust Accounts (IOLTA) program. Adds (e): Unless an election not to do so is submitted in accordance with the procedures set forth in subsection (g) of this Rule, a lawyer or law firm with which the lawyer is associated who receives client funds shall maintain a pooled interest-bearing depository account for the deposit of client funds that are nominal in amount or expected to be held for a short period of time. Such an account shall comply with the following provisions: (1) No earnings from such an account shall be made available to a lawyer or firm. (2) The account shall include all clients' funds which are nominal in amount or to be held for a short period of time. (3) An interest-bearing trust account may be established with any bank or savings and loan association authorized by federal or state law to do business in Mississippi and insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation or any successor thereof. Funds in each interest-bearing trust account shall be subject to withdrawal upon request and without delay. (4) The rate of interest payable on any interest-bearing trust account shall not be less than the rate paid by the depository institution to regular, nonlawyer depositors. Higher rates offered by the institution to customers whose deposits exceed certain time or quantity minima, such as those offered in the form of certificates of deposit, may be obtained by the lawyer or law firm on some or all of deposit funds so long as there is no impairment of the right to withdraw or transfer principal immediately. Adds (f): Lawyers or law firms depositing clients’ funds which are nominal in amount or to be held for a short period of time in an interest-bearing depository account under subsection (e) of this Rule shall direct that a depository institution: (1) To remit interest or dividends, net of any service charges or fees, on the average monthly balance in the account, or as otherwise computed in accordance with an institution's standard accounting practice, at least quarterly, to the Mississippi Bar Foundation, Inc.; (2) To transmit with each remittance to the Foundation a statement showing the name of the lawyer or law firm for whom the remittance is sent and the rate of interest applied; and (3) To transmit to the depositing lawyer or law firm at the same time a</p>

	<p>report showing the amount paid to the Foundation, the rate of interest applied, and the average account balance of the period for which the report is made.</p> <p>Adds (g): A lawyer or law firm that elects not to maintain the account described by subsection (e) of this Rule shall, on or before November 1, 1993, make such election on a Notice of Election form provided by the Mississippi Bar. A lawyer admitted to the Mississippi Bar after August 1, 1993, who elects not to maintain such an account shall submit an appropriate Notice of Election within ninety (90) days after admission to the Bar.</p> <p>(1) If a Notice of Election is not submitted within the applicable time, the lawyer or law firm shall be required to maintain the account described in subsection (e) of this Rule.</p> <p>(2) Any lawyer or law firm may withdraw from participation in the program effective August 1 of any year by submitting an appropriate Notice of Election during the preceding month of July. A lawyer who wishes to change a previous election not to participate may do so at any time by notifying the Executive Director of the Mississippi State Bar.</p> <p>(3) Notwithstanding any provisions to the contrary herein, the Mississippi Bar may for good cause permit withdrawal from participation in the program at any time.</p> <p>Adds (h): A lawyer generally may not use, endanger, or encumber money held in trust for a client or third person without the permission of the owner given after full disclosure of the circumstances. Except for disbursements based upon any of the four categories of limited-risk uncollected deposits enumerated in paragraph A below, a lawyer may not disburse funds held in trust unless the funds are collected funds. For purposes of this provision, "collected funds" means funds deposited, finally settled, and credited to the lawyer's trust account.</p> <p>(1) Certain categories of trust account deposits are considered to carry a limited and acceptable risk of failure so that disbursements of trust account funds may be made in reliance on such deposits without disclosure to and permission of clients and third persons owning trust account funds that may be affected by such disbursements. Provided the lawyer has other sources of funds available at the time of disbursement (other than client or third party funds) sufficient to replace any uncollected funds, notwithstanding that a deposit made to the lawyer's trust account has not been finally settled and credited to the account, the lawyer may disburse funds from the trust account in reliance on such deposit under any of the following circumstances:</p> <p>(i) when the deposit is made by certified check or cashier's check;</p> <p>(ii) when the deposit is made by a bank check, official check, treasurer's check, money order, or other such instrument where the payor is a bank, savings and loan association, or credit union;</p> <p>(iii) when the deposit is made by a check issued by the United States, the State of Mississippi, or any agency or political subdivision of the State of</p>
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	<p>Mississippi; or</p> <p>(iv) when the deposit is made by a check or draft issued by an insurance company, title insurance company, or a licensed title insurance agency authorized to do business in the State of Mississippi.</p> <p>In any of the above circumstances, a lawyer's disbursement of funds from a trust account in reliance on deposits that are not yet collected funds is at the risk of the lawyer making the disbursement. If any of the deposits fail, for any reason, the lawyer, upon obtaining knowledge of the failure, must immediately act to protect the property of the lawyer's clients and third persons. If the lawyer accepting any such check personally pays the amount of any failed deposit within three business days of receipt of notice that the deposit has failed, the lawyer will not be considered guilty of professional misconduct based upon the disbursement of uncollected funds.</p> <p>(2) A lawyer's disbursement of funds from a trust account in reliance on deposits that are not yet collected funds in any circumstances other than those four categories set forth above, when it results in funds of clients or third persons being used, endangered, or encumbered, will be grounds for a finding of professional misconduct.</p>
<p>MO Effective 7/1/07</p>	<p>(a) Replaces “maintained...is situated” with “designated as a "Client Trust Account" or words of similar import maintained in the state where the lawyer's office is situated;” replaces “kept...a period of” with “maintained for the later of;”</p> <p>Adds:</p> <p><i>(f) Except as provided in Rule 4-1.15(g), a lawyer or <a href="#">law firm</a> shall establish and maintain one or more interest-bearing insured depository accounts into which shall be deposited all funds of clients or third persons that are nominal in amount or are expected to be held for a short period of time, but only in compliance with the following provisions:</i></p> <p><i>(1) no earnings from such account shall be made available to the lawyer or <a href="#">law firm</a>, and the lawyer or law firm shall have no right or claim to such earnings;</i></p> <p><i>(2) only funds of clients that are nominal in amount or are expected to be held for a short period of time and on which interest is not paid to the clients may be deposited in such account, taking into consideration the following factors:</i></p> <p><i>(i) the amount of interest that the funds would earn during the period they are expected to be deposited;</i></p> <p><i>(ii) the cost of establishing and administering the account, including the cost of the lawyer's services and the cost of preparing any tax reports required for interest accruing to a client's benefit;</i></p> <p><i>and</i></p> <p><i>(iii) the capability of financial institutions to calculate and pay interest to individual clients;</i></p> <p><i>(3) funds deposited in such account shall be available for withdrawal or transfer on demand, subject only to any notice</i></p>

	<p><i>period that the institution is required to observe by law or regulation;</i></p> <p><i>(4) the depository institution shall be directed by the lawyer or <a href="#">law firm</a> establishing such accounts:</i></p> <p><i>(i) to remit at least quarter-annually earnings from such account, net of any service charges or fees as computed in accordance with the institution's standard accounting practice, to the Missouri Lawyer Trust Account Foundation, which shall be the sole beneficial owner of the interest or earnings generated by such account; and</i></p> <p><i>(ii) to transmit with each remittance of earnings a statement showing the name of the lawyer or <a href="#">law firm</a> on whose account the remittance is sent and the rate of interest applied, with a copy of such statement to such lawyer or law firm; and</i></p> <p><i>(5) the lawyer or <a href="#">law firm</a> shall review the account at <a href="#">reasonable intervals</a> to determine if changed circumstances require further action with respect to the funds of any client.</i></p> <p><i>(g) Every lawyer shall certify, in connection with this Court's annual enrollment statement and in such form as the clerk of this Court may prescribe, that the lawyer or the law firm with which the lawyer is associated either participates in the program as provided in Rule 4-1.15(f) or is exempt because the:</i></p> <p><i>(1) nature of the lawyer or <a href="#">law firm</a>'s practice is such that the lawyer or law firm does not hold client or third party funds or is not required to maintain a trust account; or</i></p> <p><i>(2) lawyer is primarily engaged in the practice of law in another jurisdiction and not regularly engaged in the practice of law in this state;</i></p> <p><i>(3) lawyer is associated in a <a href="#">law firm</a> with at least one lawyer who is admitted to practice in a jurisdiction other than the state of Missouri and the lawyer or law firm maintains a pooled interest-bearing trust account for the deposit of funds of clients or third persons in a financial institution located outside the state of Missouri and the interest, net of any service charges and fees, from the account is being remitted to the client or third person who owns the funds or to a nonprofit organization or government agency pursuant to the laws or <a href="#">rules</a> governing lawyer conduct of the jurisdiction in which the financial institution is located;</i></p> <p><i>(4) lawyer or law firm elects to decline to maintain accounts as described in Rule 4-1.15(f) in accordance with the procedures set forth in Rule 4-1.15(g); or</i></p> <p><i>(5) Missouri Lawyer Trust Account Foundation's Board of Directors, on its own motion, has exempted the lawyer or <a href="#">law firm</a> from participation in the program when service charges on the lawyer or law firm's trust account equals or exceeds any interest generated.</i></p>
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	<p>(h) A lawyer or <u>law firm</u> may elect to decline to maintain accounts as described in Rule 4-1.15(f) by so notifying the Missouri Lawyer Trust Account Foundation in <u>writing</u> on or before January 31 of any year. A lawyer or law firm that does not so advise the Missouri Lawyer Trust Account Foundation shall be required to maintain such accounts.</p> <p>(i) For purposes of Rule 4-1.15(f):</p> <p>(1) "insured depository accounts" shall mean government insured accounts at a regulated financial institution on which withdrawals or transfers can be made on demand, subject only to any notice period that the institution is required to observe by law or regulation.</p> <p>(2) The Missouri Lawyer Trust Account Foundation is that not-for-profit corporation described in this Court's Order of October 23, 1984.</p> <p>(j) A lawyer shall securely store a client's file for 10 years after completion or termination of the representation absent other arrangements between the lawyer and client. If the client does not request the file within 10 years after completion or termination of the representation, the file shall be deemed abandoned by the client and may be destroyed.</p> <p>A lawyer shall not destroy a file pursuant to this <u>Rule 4-1.15(j)</u> if the lawyer <u>knows</u> or <u>reasonably should know</u> that:</p> <p>(1) a legal malpractice claim is pending related to the representation;</p> <p>(2) a criminal or other governmental investigation is pending related to the representation;</p> <p>(3) a complaint is pending under Rule 5 related to the representation; or</p> <p>(4) other litigation is pending related to the representation.</p> <p>Items in the file with intrinsic value shall never be destroyed. A lawyer destroying a file pursuant to this <u>Rule 4-1.15(j)</u> shall securely store items of intrinsic value or deliver such items to the state unclaimed property agency. The file shall be destroyed in a manner that preserves confidentiality.</p> <p>A lawyer's obligation to maintain trust account records as required by <u>Rule 4-1.15(a)</u> is not affected by this <u>Rule 4-1.15(j)</u>.</p>
<p>MT Effective 4/1/04</p>	<p>Did not add new MR (b) and (c)</p> <p>(a): second sentence is different: Funds shall be kept in accordance with Rule 1.18 and this Rule</p> <p>(b) same as MR (d)</p> <p>(c): did not make changes; kept old MR (c)</p>
<p>NE Effective 9/1/05</p>	<p>Same as MR</p>
<p>NV</p>	<p>(a) A lawyer shall hold funds or other property of clients or third persons</p>

As of July 1, 2011

<p>Effective 5/1/06</p>	<p>that is in a lawyer's possession in connection with a representation separate from the lawyer's own property. All funds received or held for the benefit of clients by a lawyer or firm, including advances for costs and expenses, shall be deposited in one or more identifiable bank accounts designated as a trust account maintained in the state where the lawyer's office is situated, or elsewhere with the consent of the client or third person. Other property in which clients or third persons hold an interest shall be identified as such and appropriately safeguarded. Complete records of such account funds and other property shall be kept by the lawyer and shall be preserved for a period of seven years after termination of the representation.</p>
<p>NH Effective 1/1/08</p>	<p>Same as MR</p>
<p>NJ Effective 1/1/04</p>	<p>(a) A lawyer shall hold property of clients or third persons that is in a lawyer's possession in connection with a representation separate from the lawyer's own property. Funds shall be kept in a separate account maintained in a financial institution in <del>the state where the lawyer's office is situated, or elsewhere with the consent of the client or third person</del> <u>New Jersey. Funds of the lawyer that are reasonably sufficient to pay bank charges may, however, be deposited therein.</u> Other property shall be identified as such and appropriately safeguarded. Complete records of such account funds and other property shall be kept by the lawyer and shall be preserved for a period of <del>five</del> <u>seven</u> years after the event that they record. Does not include MR (b), but includes similar language in (a). do not have MR (c). (b), MR (d), does not include last phrase of MR which states that upon request by the client or third person, the lawyer shall promptly render a full accounting regarding such property. (c), MR (e), does not have any of the changes made by E2k to this provision which is the old MR (c). adds (d): "A lawyer shall comply with the provisions of R. 1.21-6 ("Recordkeeping") of the Court Rules."</p>
<p>NM Effective 11/2/09</p>	<p>Changed to Rule 16-115; (a) Renamed "<b>A. Holding another's property separately;</b>" Changes "five years" to "five (5) years;" (b) Renamed "<b>B. Client trust account deposits; discretionary;</b>" (c) Renamed "<b>C. Client trust account deposits; mandatory;</b>" (d) Renamed "<b>D. Notification of receipt of funds or property;</b>" (e) Renamed "<b>E. Severance of interest.</b>"</p>
<p>NY Effective 4/1/09</p>	<p><b><i>RULE 1.15: PRESERVING IDENTITY OF FUNDS AND PROPERTY OF OTHERS; FIDUCIARY RESPONSIBILITY; COMMINGLING AND MISAPPROPRIATION OF CLIENT FUNDS OR PROPERTY; MAINTENANCE OF BANK ACCOUNTS; RECORD KEEPING; EXAMINATION OF RECORDS</i></b> <i>(a) Prohibition Against Commingling and Misappropriation of Client Funds or Property.</i></p>

*A lawyer in possession of any funds or other property belonging to another person, where such possession is incident to his or her practice of law, is a fiduciary, and must not misappropriate such funds or property or commingle such funds or property with his or her own.*

*(b) Separate Accounts.*

*(1) A lawyer who is in possession of funds belonging to another person incident to the lawyer's practice of law shall maintain such funds in a banking institution within New York State that agrees to provide dishonored check reports in accordance with the provisions of 22 N.Y.C.R.R. Part 1300. "Banking institution" means a state or national bank, trust company, savings bank, savings and loan association or credit union. Such funds shall be maintained, in the lawyer's own name, or in the name of a firm of lawyers of which the lawyer is a member, or in the name of the lawyer or firm of lawyers by whom the lawyer is employed, in a special account or accounts, separate from any business or personal accounts of the lawyer or lawyer's firm, and separate from any accounts that the lawyer may maintain as executor, guardian, trustee or receiver, or in any other fiduciary capacity; into such special account or accounts all funds held in escrow or otherwise entrusted to the lawyer or firm shall be deposited; provided, however, that such funds may be maintained in a banking institution located outside New York State if such banking institution complies with 22 N.Y.C.R.R. Part 1300 and the lawyer has obtained the prior written approval of the person to whom such funds belong specifying the name and address of the office or branch of the banking institution where such funds are to be maintained.*

*(2) A lawyer or the lawyer's firm shall identify the special bank account or accounts required by Rule 1.15(b)(1) as an "Attorney Special Account," or "Attorney Trust Account," or "Attorney Escrow Account," and shall obtain checks and deposit slips that bear such title. Such title may be accompanied by such other descriptive language as the lawyer may deem appropriate, provided that such additional language distinguishes such special account or accounts from other bank accounts that are maintained by the lawyer or the lawyer's firm.*

*(3) Funds reasonably sufficient to maintain the account or to pay account charges may be deposited therein.*

*(4) Funds belonging in part to a client or third person and in part currently or potentially to the lawyer or law firm shall be kept in such special account or accounts, but the portion belonging to the lawyer or law firm may be withdrawn when due unless the right of the lawyer or law firm to receive it is disputed by the client or third person, in which event the disputed portion shall not be withdrawn until the dispute is finally resolved.*

*(c) Notification of Receipt of Property; Safekeeping; Rendering Accounts; Payment or Delivery of Property.*

*A lawyer shall:*

*(1) promptly notify a client or third person of the receipt of funds, securities, or other properties in which the client or third person has an interest;*

*(2) identify and label securities and properties of a client or third person promptly upon receipt and place them in a safe deposit box or other place of safekeeping as soon as practicable;*

*(3) maintain complete records of all funds, securities, and other properties of a client or third person coming into the possession of the lawyer and render appropriate accounts to the client or third person regarding them; and*

*(4) promptly pay or deliver to the client or third person as requested by the client or third person the funds, securities, or other properties in the possession of the lawyer that the client or third person is entitled to receive.*

*(d) Required Bookkeeping Records.*

*(1) A lawyer shall maintain for seven years after the events that they record:*

*(i) the records of all deposits in and withdrawals from the accounts specified in Rule 1.15(b) and of any other bank account that concerns or affects the lawyer's practice of law; these records shall specifically identify the date, source and description of each item deposited, as well as the date, payee and purpose of each withdrawal or disbursement;*

*(ii) a record for special accounts, showing the source of all funds deposited in such accounts, the names of all persons for whom the funds are or were held, the amount of such funds, the description and amounts, and the names of all persons to whom such funds were disbursed;*

*(iii) copies of all retainer and compensation agreements with clients;*

*(iv) copies of all statements to clients or other persons showing the disbursement of funds to them or on their behalf;*

*(v) copies of all bills rendered to clients;*

*(vi) copies of all records showing payments to lawyers, investigators or other persons, not in the lawyer's regular employ, for services rendered or performed;*

*(vii) copies of all retainer and closing statements filed with the Office of Court Administration; and*

*(viii) all checkbooks and check stubs, bank statements, prenumbered canceled checks and duplicate deposit slips.*

(2) *Lawyers shall make accurate entries of all financial transactions in their records of receipts and disbursements, in their special accounts, in their ledger books or similar records, and in any other books of account kept by them in the regular course of their practice, which entries shall be made at or near the time of the act, condition or event recorded.*

(3) *For purposes of Rule 1.15(d), a lawyer may satisfy the requirements of maintaining “copies” by maintaining any of the following items: original records, photocopies, microfilm, optical imaging, and any other medium that preserves an image of the document that cannot be altered without detection.*

(e) *Authorized Signatories.*

*All special account withdrawals shall be made only to a named payee and not to cash. Such withdrawals shall be made by check or, with the prior written approval of the party entitled to the proceeds, by bank transfer. Only a lawyer admitted to practice law in New York State shall be an authorized signatory of a special account.*

(f) *Missing Clients.*

*Whenever any sum of money is payable to a client and the lawyer is unable to locate the client, the lawyer shall apply to the court in which the action was brought if in the unified court system, or, if no action was commenced in the unified court system, to the Supreme Court in the county in which the lawyer maintains an office for the practice of law, for an order directing payment to the lawyer of any fees and disbursements that are owed by the client and the balance, if any, to the Lawyers’ Fund for Client Protection for safeguarding and disbursement to persons who are entitled thereto.*

(g) *Designation of Successor Signatories.*

(1) *Upon the death of a lawyer who was the sole signatory on an attorney trust, escrow or special account, an application may be made to the Supreme Court for an order designating a successor signatory for such trust, escrow or special account, who shall be a member of the bar in good standing and admitted to the practice of law in New York State.*

(2) *An application to designate a successor signatory shall be made to the Supreme Court in the judicial district in which the deceased lawyer maintained an office*

*for the practice of law. The application may be made by the legal representative of the deceased lawyer’s estate; a lawyer who was affiliated with the deceased lawyer in the practice of law; any person who has a beneficial interest in such trust, escrow or special account; an officer of a city or county bar association; or counsel for an attorney disciplinary committee. No lawyer may charge a legal fee for assisting with an application to designate a successor signatory pursuant to this Rule.*

(3) *The Supreme Court may designate a successor signatory*

	<p><i>and may direct the safeguarding of funds from such trust, escrow or special account, and the disbursement of such funds to persons who are entitled thereto, and may order that funds in such account be deposited with the Lawyers' Fund for Client Protection for safeguarding and disbursement to persons who are entitled thereto.</i></p> <p><i>(h) Dissolution of a Firm.</i></p> <p><i>Upon the dissolution of any firm of lawyers, the former partners or members shall make appropriate arrangements for the maintenance, by one of them or by a successor firm, of the records specified in Rule 1.15(d).</i></p> <p><i>(i) Availability of Bookkeeping Records: Records Subject to Production in Disciplinary Investigations and Proceedings.</i></p> <p><i>The financial records required by this Rule shall be located, or made available, at the principal New York State office of the lawyers subject hereto, and any such records shall be produced in response to a notice or subpoena duces tecum issued in connection with a complaint before or any investigation by the appropriate grievance or departmental disciplinary committee, or shall be produced at the direction of the appropriate Appellate Division before any person designated by it. All books and records produced pursuant to this Rule shall be kept confidential, except for the purpose of the particular proceeding, and their contents shall not be disclosed by anyone in violation of the attorney-client privilege.</i></p> <p><i>(j) Disciplinary Action.</i></p> <p><i>A lawyer who does not maintain and keep the accounts and records as specified and required by this Rule, or who does not produce any such records pursuant to this Rule, shall be deemed in violation of these Rules and shall be subject to disciplinary proceedings.</i></p>
<p>NC Effective 3/1/03</p>	<p><b>Rule 1.15-1 Definitions</b></p> <p>For purposes of this Rule 1.15, the following definitions apply:</p> <p>(a) "Bank" denotes a bank, savings and loan association, or credit union chartered under North Carolina or federal law.</p> <p>(b) "Client" denotes a person, firm, or other entity for whom a lawyer performs, or is engaged to perform, any legal services.</p> <p>(c) "Dedicated trust account" denotes a trust account that is maintained for the sole benefit of a single client or with respect to a single transaction or series of integrated transactions.</p> <p>(d) "Entrusted property" denotes trust funds, fiduciary funds and other property belonging to someone other than the lawyer which is in the lawyer's possession or control in connection with the performance of legal services or professional fiduciary services.</p> <p>(e) "Fiduciary account" denotes an account, designated as such, maintained by a lawyer solely for the deposit of fiduciary funds or other entrusted property of a particular person or entity.</p> <p>(f) "Fiduciary funds" denotes funds belonging to someone other than the lawyer that are received by or placed under the control of the lawyer in connection with the performance of professional fiduciary services.</p>

	<p>(g) "Funds" denotes any form of money, including cash, payment instruments such as checks, money orders, or sales drafts, and receipts from electronic fund transfers.</p> <p>(h) "General trust account" denotes any trust account other than a dedicated trust account.</p> <p>(i) "Instrument" denotes an instrument under the Uniform Commercial Code, a payment item or advice accepted for credit by a bank, or a requisition or order for the electronic transfer of funds.</p> <p>(j) "Legal services" denotes services rendered by a lawyer in a client-lawyer relationship.</p> <p>(k) "Professional fiduciary services" denotes compensated services (other than legal services) rendered by a lawyer as a trustee, guardian, personal representative of an estate, attorney-in-fact, or escrow agent, or in any other fiduciary role customary to the practice of law.</p> <p>(l) "Trust account" denotes an account, designated as such, maintained by a lawyer for the deposit of trust funds.</p> <p>(m) "Trust funds" denotes funds belonging to someone other than the lawyer that are received by or placed under the control of the lawyer in connection with the performance of legal services.</p> <p><b>Rule 1.15-2 General Rules</b></p> <p>(a) Entrusted Property. All entrusted property shall be identified, held, and maintained separate from the property of the lawyer, and shall be deposited, disbursed, and distributed only in accordance with this Rule 1.15.</p> <p>(b) Deposit of Trust Funds. All trust funds received by or placed under the control of a lawyer shall be promptly deposited in either a general trust account or a dedicated trust account of the lawyer.</p> <p>(c) Deposit of Fiduciary Funds. All fiduciary funds received by or placed under the control of a lawyer shall be promptly deposited in a fiduciary account or a general trust account of the lawyer.</p> <p>(d) Safekeeping of Other Entrusted Property. A lawyer may also hold entrusted property other than fiduciary funds (such as securities) in a fiduciary account. All entrusted property received by a lawyer that is not deposited in a trust account or fiduciary account (such as a stock certificate) shall be promptly identified, labeled as property of the person or entity for whom it is to be held, and placed in a safe deposit box or other suitable place of safekeeping. The lawyer shall disclose the location of the property to the client or other person for whom it is held. Any safe deposit box or other place of safekeeping shall be located in this state, unless the lawyer has been otherwise authorized in writing by the client or other person for whom it is held.</p> <p>(e) Location of Accounts. All trust accounts shall be maintained at a bank in North Carolina or a bank with branch offices in North Carolina except that, with the written consent of the client, a dedicated trust account may be maintained at a bank that does not have offices in North Carolina or at a financial institution other than a bank in or outside of North Carolina. A</p>
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	<p>lawyer may maintain a fiduciary account at any bank or other financial institution in or outside of North Carolina selected by the lawyer in the exercise of the lawyer's fiduciary responsibility.</p> <p>(f) Segregation of Lawyer's Funds. No funds belonging to a lawyer shall be deposited in a trust account or fiduciary account of the lawyer except:</p> <p>(1) funds sufficient to open or maintain an account, pay any bank service charges, or pay any tax levied on the account; or</p> <p>(2) funds belonging in part to a client or other third party and in part currently or conditionally to the lawyer.</p> <p>(g) Mixed Funds Deposited Intact. When funds belonging to the lawyer are received in combination with funds belonging to the client or other persons, all of the funds shall be deposited intact. The amounts currently or conditionally belonging to the lawyer shall be identified on the deposit slip or other record. After the deposit has been finally credited to the account, the lawyer may withdraw the amounts to which the lawyer is or becomes entitled. If the lawyer's entitlement is disputed, the disputed amounts shall remain in the trust account or fiduciary account until the dispute is resolved.</p> <p>(h) Instruments Payable to Lawyer. An instrument drawn on a trust account or fiduciary account for the payment of the lawyer's fees or expenses shall be made payable to the lawyer and shall indicate the client balance on which instrument is drawn.</p> <p>(i) No Bearer Instruments. No instrument shall be drawn on a trust account or fiduciary account made payable to cash or bearer.</p> <p>(j) No Personal Benefit. A lawyer shall not use or pledge any entrusted property to obtain credit or other personal benefit for the lawyer or any person other than the legal or beneficial owner of that property.</p> <p>(k) Bank Directive. Every lawyer maintaining a trust account or fiduciary account at a bank shall file with the bank a written directive requiring the bank to report to the executive director of the North Carolina State Bar when an instrument drawn on the account is presented for payment against insufficient funds. No trust account or fiduciary account shall be maintained in a bank that does not agree to make such reports.</p> <p>(l) Notification of Receipt. A lawyer shall promptly notify his or her client of the receipt of any entrusted property belonging in whole or in part to the client.</p> <p>(m) Delivery of Client Property. A lawyer shall promptly pay or deliver to the client, or to third persons as directed by the client, any entrusted property belonging to the client and to which the client is currently entitled.</p> <p>(n) Property Received as Security. Any entrusted property or document of title delivered to a lawyer as security for the payment of a fee or other obligation to the lawyer shall be held in trust in accordance with this Rule 1.15 and shall be clearly identified as property held as security and not as a completed transfer of beneficial ownership to the lawyer. This provision does not apply to property received by a lawyer on account of fees or other</p>
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amounts owed to the lawyer at the time of receipt; however, such transfers are subject to the rules governing legal fees or business transactions between a lawyer and client.

(o) Duty to Report Misappropriation. A lawyer who discovers or reasonably believes that entrusted property has been misappropriated or misapplied shall promptly inform the North Carolina State Bar.

(p) Interest on Deposited Funds. Except as authorized by Rule 1.15-4, any interest earned on a trust account or fiduciary account, less any amounts deducted for bank service charges and taxes, shall belong to the client or other person or entity entitled to the corresponding principal amount.

Under no circumstances shall the lawyer be entitled to any interest earned on funds deposited in a trust account or fiduciary account.

(q) Abandoned Property. If entrusted property is unclaimed, the lawyer shall make due inquiry of his or her personnel, records and other sources of information in an effort to determine the identity and location of the owner of the property. If that effort is successful, the entrusted property shall be promptly transferred to the person or entity to whom it belongs. If the effort is unsuccessful and the provisions of G.S. 116B-18 are satisfied, the property shall be deemed abandoned, and the lawyer shall comply with the requirements of Chapter 116B of the General Statutes concerning the escheat of abandoned property.

**Rule 1.15-3 Records and Accountings**

(a) Minimum Records for Accounts at Banks. The minimum records required for general trust accounts, dedicated trust accounts and fiduciary accounts maintained at a bank shall consist of the following:

(1) all bank receipts or deposit slips listing the source and date of receipt of all funds deposited in the account, and, in the case of a general trust account, also the name of the client or other person to whom the funds belong;

(2) all canceled checks or other instruments drawn on the account, or printed digital images thereof furnished by the bank, showing the amount, date, and recipient of the disbursement, and, in the case of a general trust account, the client balance against which each instrument is drawn, provided, that:

(A) digital images must be legible reproductions of the front and back of the original instruments with no more than six instruments per page and no images smaller than 1-3/16 x 3 inches; and

(B) the bank must maintain, for at least six years, the capacity to reproduce electronically additional or enlarged images of the original instruments upon request within a reasonable time;

(3) all instructions or authorizations to transfer, disburse, or withdraw funds from the trust account;

(4) all bank statements and other documents received from the bank with respect to the trust account, including, but not limited to notices of return or dishonor of any instrument drawn on the account against insufficient funds;

(5) in the case of a general trust account, a ledger containing a record of

	<p>receipts and disbursements for each person or entity from whom and for whom funds are received and showing the current balance of funds held in the trust account for each such person or entity; and</p> <p>(6) any other records required by law to be maintained for the trust account.</p> <p>(b) Minimum Records for Accounts at Other Financial Institutions. The minimum records required for dedicated trust accounts and fiduciary accounts at financial institutions other than a bank shall consist of the following:</p> <p>(1) all depository receipts or deposit slips listing the source and date of receipt of all property deposited in the account;</p> <p>(2) a copy of all checks or other instruments drawn on the account, or printed digital images thereof furnished by the depository, showing the amount, date, and recipient of the disbursement, provided, that the images satisfy the requirements set forth in Rule 1.15-3(b)(2);</p> <p>(3) all instructions or authorizations to transfer, disburse, or withdraw funds from the account;</p> <p>(4) all statements and other documents received from the depository with respect to the account, including, but not limited to notices of return or dishonor of any instrument drawn on the account for insufficient funds; and</p> <p>(5) any other records required by law to be maintained for the account.</p> <p>(c) Quarterly Reconciliations of General Trust Accounts. At least quarterly, the individual client balances shown on the ledger of a general trust account must be totaled and reconciled with the current bank balance for the trust account as a whole.</p> <p>(d) Accountings for Trust Funds. The lawyer shall render to the client a written accounting of the receipts and disbursements of all trust funds (i) upon the complete disbursement of the trust funds, (ii) at such other times as may be reasonably requested by the client, and (iii) at least annually if the funds are retained for a period of more than one year.</p> <p>(e) Accountings for Fiduciary Property. Inventories and accountings of fiduciary funds and other entrusted property received in connection with professional fiduciary services shall be rendered to judicial officials or other persons as required by law. If an annual or more frequent accounting is not required by law, a written accounting of all transactions concerning the fiduciary funds and other entrusted property shall be rendered to the beneficial owners, or their representatives, at least annually and upon the termination of the lawyer's professional fiduciary services.</p> <p>(f) Minimum Record Keeping Period. A lawyer shall maintain, in accordance with this Rule 1.15, complete and accurate records of all entrusted property received by the lawyer, which records shall be maintained for a period of at least six (6) years from the last transaction to which the records pertain.</p> <p>(g) Audit by State Bar. The financial records required by this Rule 1.15 shall be subject to audit for cause and to random audit by the North Carolina State Bar; and such records shall be produced for inspection and</p>
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	<p>copying in North Carolina upon request by the State Bar.</p> <p><b>Rule 1.15-4 Interest On Lawyers' Trust Accounts</b></p> <p>(a) Pursuant to a plan promulgated by the North Carolina State Bar and approved by the North Carolina Supreme Court, a lawyer may elect to create or maintain an interest-bearing general trust account for those funds of clients which, in the lawyer's good-faith judgment, are nominal in amount or are expected to be held for a short period of time. Funds deposited in a permitted interest-bearing general trust account under the plan must be available for withdrawal upon request and without delay. The account shall be maintained in a bank. The North Carolina State Bar shall furnish to each lawyer or firm that elects to participate in the Interest on Lawyers' Trust Account (IOLTA) plan, a suitable plaque or scroll indicating participation in the program, which plaque or scroll shall be exhibited in the office of the participating lawyer or firm.</p> <p>(b) Lawyers or law firms electing to deposit client funds in a general trust account under the plan shall direct the depository institution:</p> <p>(1) to remit interest or dividends, as the case may be (less any deduction for bank service charges, fees of the depository institution, and taxes collected with respect to the deposited funds) at least quarterly to the North Carolina State Bar;</p> <p>(2) to transmit with each remittance to the North Carolina State Bar a statement showing the name of the lawyer or law firm maintaining the account with respect to which the remittance is sent and the rate of interest applied in computing the remittance; and</p> <p>(3) to transmit to the depository lawyer or law firm at the same time a report showing the amount remitted to the North Carolina State Bar and the rate of interest applied in computing the remittance.</p> <p>(c) The North Carolina State Bar shall periodically deliver to each nonparticipating lawyer a form whereby the lawyer may elect not to participate in the IOLTA plan. If a lawyer does not so elect within the time provided, the lawyer shall be deemed to have opted to participate in the plan and shall provide to the North Carolina State Bar such information as is required to participate in IOLTA.</p> <p>(d) A lawyer or law firm participating in the IOLTA plan may terminate participation at any time by notifying the North Carolina State Bar or the IOLTA Board of Trustees. Participation will be terminated as soon as practicable after receipt of written notification from a participating lawyer or firm.</p>
<p>ND Effective 8/1/06</p>	<p>(a), changes second sentence: Funds shall be deposited in one or more identifiable interest bearing trust accounts in accordance with the provisions of paragraph (f).</p> <p>Fourth sentence: adds "in the manner prescribed in paragraph (h)" after "by the lawyer" and then ends sentence.</p> <p>(b): adds fees associated with credit card payments, or wire transfers related to that account" after "service charges"</p> <p>(d): adds "in connection with a representation" after "receiveing"</p>

	<p>Adds: (f) Each trust account referred to in paragraph (a) shall be an interest bearing trust account in a bank, savings bank, trust company, saving and loan association, savings association, credit union, or federally regulated investment company selected by a lawyer in the exercise of ordinary prudence authorized by federal or state law to do business in North Dakota and insured by the Federal Deposit Insurance Corporation, the National Credit Union Share Insurance Fund, or the Federal Savings and Loan Insurance Corporation. Interest bearing trust funds shall be placed in accounts in which withdrawals or transfers can be made by the depositing lawyer or law firm without delay, subject only to any notice period which the depository institution is required to reserve by law or regulation.</p> <p>(1) A lawyer who receives funds of clients or third persons shall maintain a pooled interest bearing trust account for deposit of all such funds received that are nominal in amount or expected to be held for a short period of time. The interest accruing on this account, net of any transaction costs, shall be paid to and administered by the North Dakota Bar Foundation in accordance with Administrative Rule 24 of the Supreme Court of North Dakota. The North Dakota Bar Foundation holds the entire beneficial interest in all interest monies accruing on this account.</p> <p>(2) All funds of a client or third person shall be deposited in the account specified in paragraph (f)(1) unless they are deposited in:</p> <p>(i) a separate interest bearing trust account for the particular client or third person on which the interest, net of any transaction costs, will be paid to the client or third person; or</p> <p>(ii) a pooled interest bearing trust account with subaccounting which will provide for computation of interest earned by each client's or third person's funds and the payment thereof, net of any transaction costs, to the client or third person.</p> <p>(3) In determining whether to use the account specified in paragraph (f)(1) or an account specified in paragraph (f)(2), a lawyer should take into consideration the following factors when deciding whether the funds to be invested may be utilized to provide a positive net return to the client or third person:</p> <p>(i) the amount of interest which the funds would earn during the period they are expected to be deposited;</p> <p>(ii) the cost of establishing and administering the account, including the cost of the lawyer's services and the cost of preparing any tax reports required for interest accruing to a client's or third person's benefit; and</p> <p>(iii) the capability of financial institutions described in paragraph (f) to calculate and pay interest on individual accounts or subaccounts.</p> <p>(4) As to accounts under paragraph (f)(1), a lawyer or law firm shall direct the depository institution:</p> <p>(i) to remit interest or dividends, net of any service charges or fees, on the average monthly balance in the account, or as otherwise computed in accordance with an institution's standard accounting practice, at least quarterly, to the North Dakota Bar Foundation (the foundation); and</p>
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	<p>(ii) to transmit with each remittance to the foundation a statement showing the name of the lawyer or law firm for whom the remittance is sent, the rate of interest applied, and the amount of service charges deducted, if any, and the account balance(s) of the period in which the report is made, with a copy of such statement to be transmitted to the depositing lawyer or law firm.</p> <p>Adds: (g) Lawyers who are admitted to practice in a jurisdiction other than the state of North Dakota and lawyers who are associated in a law firm with at least one lawyer who is admitted to practice in a jurisdiction other than the state of North Dakota are exempt from the requirements of paragraph (f) if the lawyer or law firm maintains a pooled interest bearing trust account for the deposit of funds of clients or third persons in a financial institution located outside the state of North Dakota and the interest, net of any service charges and fees, from the account is being remitted to the client or third person who owns the funds, or to a non-profit organization or government agency pursuant to the laws or rules governing lawyer conduct of the jurisdiction in which the financial institution is located. This exemption shall not relieve a lawyer from any of the other obligations imposed by this rule.</p> <p>Adds: (h) A lawyer shall maintain or cause to be maintained on a current basis records sufficient to demonstrate compliance with the provisions of this Rule. Such records shall be preserved for at least six years after termination of the representation.</p> <p>Adds: (i) A lawyer shall certify, in connection with the annual renewal of the lawyer's license and in such form as the clerk of the supreme court of North Dakota may prescribe, that the lawyer is complying with the provisions of this Rule.</p>
<p>OH (revised, effective 1/1/10)</p>	<p>Title: adds "Funds and" after "Safekeeping"</p> <p>(a) A lawyer shall hold property of clients or third persons that is in a lawyer's possession in connection with a representation separate from the lawyer's own property. Funds shall be kept in a separate interest-bearing account in a financial institution authorized to do business in Ohio and maintained in the state where the lawyer's office is situated. The account shall be designated as a "client trust account," "IOLTA account," or with a clearly identifiable fiduciary title. Other property shall be identified as such and appropriately safeguarded. Records of such account funds and other property shall be kept by the lawyer and shall be preserved for a period of seven years after termination of the representation or the appropriate disbursement of such funds or property, whichever comes first. For other property, the lawyer shall maintain a record that identifies the property, the date received, the person on whose behalf the property was held, and the date of distribution. For funds, the lawyer shall do all of the following:</p> <ol style="list-style-type: none"> <li>(1) maintain a copy of the fee agreement with each client;</li> <li>(2) maintain a record for each client on whose behalf funds are held that sets forth all of the following:</li> </ol>

	<p>(i) the name of the client;</p> <p>(ii) the date, amount, and source of all funds received on behalf of such client;</p> <p>(iii) the date, amount, payee, and purpose of each disbursement made on behalf of such client;</p> <p>(iv) the current balance for such client.</p> <p>(3) maintain a record for each bank account that sets forth all of the following:</p> <p>(i) the name of such account;</p> <p>(ii) the date, amount, and client affected by each credit and debit;</p> <p>(iii) the balance in the account.</p> <p>(4) maintain all bank statements, deposit slips, and cancelled checks, if provided by the bank, for each bank account;</p> <p>(5) perform and retain a monthly reconciliation of the items contained in divisions (a)(2), (3), and (4) of this rule.</p> <p>(b): adds “or obtaining a waiver of” after “paying”</p> <p>(d): inserts “lawful” before “interest” in first sentence, adds after first sentence: “For purposes of this rule, the third person’s interest shall be one of which the lawyer has actual knowledge and shall be limited to a statutory lien, a final judgment addressing disposition of the funds or property, or a written agreement by the client or the lawyer on behalf of the client guaranteeing payment from the specific funds or property;” adds “or a third person, confirmed in writing” after “agreement with the client”</p> <p>Breaks language after “upon” into separate sentence and adds “funds and” before “property”</p> <p>(e): adds “funds or other” before first use of “property,” removes parentheses around “one of whom may be the lawyer” and replaces with commas, replaces “the property shall be kept separate by the lawyer” with “the lawyer shall hold the funds or other property pursuant to division (a) of this rule”</p> <p>Adds (f) Upon dissolution of any law firm, the former partners, managing partners, or supervisory lawyers shall promptly account for all client funds and shall make appropriate arrangements for one of them to maintain all records generated under division (a) of this rule.</p> <p>Adds (g) A lawyer, law firm, or estate of a deceased lawyer who sells a law practice shall account for and transfer all funds held pursuant to this rule to the lawyer or law firm purchasing the law practice at the time client files are transferred.</p> <p>Adds (h) A lawyer, a lawyer in the lawyer’s firm, or a firm that owns an interest in a business that provides a law-related service shall:</p> <p>(1) maintain funds of clients or third persons that cannot earn any net income for the clients or third persons in an interest-bearing trust account that is established in an eligible depository institution as required by sections 3953.231, 4705.09, and 4705.10 of the Revised Code or any rules adopted by the Ohio Legal Assistance Foundation pursuant to section</p>
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	<p>120.52 of the Revised Code. (2) notify the Ohio Legal Assistance Foundation, in a manner required by rules adopted by the Ohio Legal Assistance Foundation pursuant to section 120.52 of the Revised Code, of the existence of an interest-bearing trust account; (3) comply with the reporting requirement contained in Gov. Bar R. VI, Section 1(F).</p>
<p>OK Effective 1/1/08</p>	<p>(e) Changes language to: <i>When in connection with a representation, a lawyer possesses funds or other property in which both the lawyer and another person claim interests, the funds or other property shall be kept separate by the lawyer until there is an accounting and severance of their interests. If a dispute arises concerning their respective interests, the portion in dispute shall be kept separate by the lawyer until the dispute is resolved, and the undisputed portion of the funds shall be promptly distributed.</i></p> <p>Adds (f)-(o): <i>(f) Where funds or other items of property entrusted to a lawyer have been impressed with a specific purpose as to their use, they shall retain that specific character unless otherwise authorized by a client or third person or prohibited by law. Where funds are impressed with a specific purpose, a lawyer may not subject them to a counterclaim, set off for fees, or subject them to a lien.</i></p> <p><i>(g) Effective January 1, 2009, all members of the Bar who are required under the Oklahoma Rules of Professional Conduct, to maintain a trust account for the deposit of clients' funds entrusted to said lawyer, shall do so and furnish information regarding said account(s) as hereinafter provided. Each member of the Bar shall provide the Oklahoma Bar Association with the name of the bank or banks in which the lawyer carries any trust account, the name under which the account is carried and the account number. The lawyer or law firm shall provide such information within thirty (30) days from the date that said account is opened, closed, changed, or modified. The Oklahoma Bar Association will provide on-line access and /or paper forms for members to comply with these reporting requirements. Provision will be made for a response by lawyers who do not maintain a trust account and the reason for not maintaining said account. Information received by the Association as a result of this inquiry shall remain confidential except as provided by the Rules Governing Disciplinary Proceedings. Failure of any lawyer to respond giving the information requested by the Oklahoma Bar Association, Oklahoma Bar Foundation or the Office of the General Counsel of the Oklahoma Bar Association will be grounds for appropriate discipline.</i></p> <p><i>(h) A lawyer or law firm that holds funds of clients or third parties in connection with a representation shall create and maintain an interest-</i></p>

*bearing demand trust account and shall deposit therein all such funds to the extent permitted by applicable banking laws, that are nominal in amount or to be held for a short period of time in compliance with the following provisions:*

*(1) the account may be established with any bank or savings and loan association authorized by federal or state law to do business in Oklahoma and insured by the Federal Deposit Insurance Corporation;*

*(2) the rate of interest payable on the account shall not be less than the rate paid by the depository institution to regular, non-lawyer depositors. Higher rates offered by the institution to customers whose deposits exceed certain time or quantity minimums, such as those offered in the form of certificates of deposit, may be obtained by a lawyer or law firm so long as there is no impairment of the right to withdraw or transfer principal immediately (except as accounts generally may be subject to statutory notification requirements), even though interest may be sacrificed thereby;*

*(3) the depository institution shall be directed:*

*(i) to remit interest or dividends, as the case may be, on the average monthly balance in the account, at least quarterly, to the Oklahoma Bar Foundation, Inc. ("Foundation"); and*

*(ii) to transmit with each remittance to the Foundation a statement showing the name of the lawyer or the law firm for whom the remittance is sent, the account number, the period of time covered by the statement, the rate of interest applied and the average daily balance of the account;*

*(4) the lawyer or law firm shall not deposit funds belonging to the lawyer or law firm in the account, except that funds necessary to comply with the depository institution's minimum balance requirements for the maintenance of the account or funds needed to pay applicable fees and service charges may be deposited therein;*

*(5) in determining whether to use the interest-bearing account herein specified, the lawyer shall consider whether the funds to be invested could be utilized to provide a positive net return to the client, taking into consideration the following factors:*

*(i) the amount of interest that the funds would earn during the period they are expected to be deposited;*

*(ii) the cost of establishing and administering the account, including the cost of the lawyer's services and the cost of preparing any tax reports required for interest accruing to a client's benefit; and*

*(iii) the capability of financial institutions to calculate and pay*

*interest to individual clients;*

*(6) in the event that any client asserts a claim against a lawyer based upon such lawyer's determination to place client advances in the account because such balance is nominal in amount or to be held for a short period of time, the Foundation shall, upon written request by such lawyer, review such claim and either:*

*(i) approve such claim (if such balances are found not to be nominal in amount or short in duration) and remit directly to the claimant any sum of interest remitted to the Foundation on account of such funds; or*

*(ii) reject such a claim (if such balances are found to be nominal in amount or short in duration) and advise the claimant in writing of the grounds therefor. In the event of any subsequent litigation involving such a claim, the Foundation shall interplead any such sum of interest and shall assume the defense of the action;*

*(7) The requirements of subparagraph (h) shall not apply if:*

*(i) it is not feasible for the lawyer or law firm to establish an interest-bearing trust account for reasons beyond the control of the lawyer or law firm, such as the unavailability of a financial institution which offers such an account in the community where the principal office of the lawyer or law firm is situated, or*

*(ii) those financial institutions which offer such an account in the community where the principal office of the lawyer or law firm is situated impose fees and service charges that routinely exceed the interest generated by the account; and*

*(8) Information necessary to determine compliance or justifiable reason for noncompliance with the requirements of subparagraph (h) shall be included in the reporting required by subparagraph (g) of this rule. If it appears that a lawyer or law firm has not complied where it is feasible to do so, the matter may be referred to the office of the General Counsel of the Oklahoma Bar Association for appropriate investigation and proceedings.*

*(i) When a lawyer receives funds subject to this rule that are not required to be deposited in an interest bearing account payable to the Oklahoma Bar Foundation pursuant to (h), the lawyer may create and maintain either an interest bearing or a noninterest bearing account, provided that any interest earned by the funds belongs to the client, shall be distributed according to the client's instructions, and shall not be used by the lawyer for any purpose without the client's express consent.*

*(j) Beginning January 1, 2008 and in addition to the requirements previously set forth in this Rule, lawyers trust accounts shall be maintained only in financial institutions approved by the Office of the General Counsel. The Office shall establish rules governing approval and termination of approved status for financial institutions, and shall annually publish a list of approved financial institutions.*

*(k) A financial institution may be approved as a depository for lawyer trust accounts if it files with the Office of the General Counsel an agreement, a Trust Account Overdraft Reporting Agreement (TAORA) form provided by the Office, to report to the Office in the event any properly payable instrument is presented against a lawyer trust account containing insufficient funds, irrespective of whether or not the instrument is honored. No trust account shall be maintained in any financial institution which does not agree to make such reports. Any such agreement shall apply to all branches of the financial institution and shall not be cancelled except upon thirty (30) days notice in writing to the Office.*

*(l) The Trust Account Overdraft Reporting Agreement shall provide that all reports made by the financial institution shall be in the following format:*

*(1) In the case of a dishonored instrument, the report shall be identical to the overdraft notice customarily forwarded to the depositor, and should include a copy of the dishonored instrument, if such a copy is normally provided to depositors.*

*(2) In the case of instruments that are presented against insufficient funds but which instruments are honored, the report shall identify the financial institution, the lawyer or law firm, the account number, the date of presentation for payment and the date paid, as well as the amount of overdraft created thereby.*

*(3) Such reports shall be made simultaneously with, and within the time provided by law for notice of dishonor, if any. If an instrument presented against insufficient funds is honored, then the report shall be made within five (5) banking days of the date of presentation for payment against insufficient funds.*

*(m) Every lawyer practicing or admitted to practice in this jurisdiction shall be deemed to have consented to the reporting and production requirements mandated by this rule.*

*(n) Nothing herein shall preclude a financial institution from charging a particular lawyer or law firm for the reasonable cost of producing the reports and records required by this rule.*

	<p><i>(o) Definitions</i></p> <p><i>"Financial Institution" – includes banks, savings and loan associations, savings banks and any other business or person which accepts for deposit funds held in trust by lawyers.</i></p> <p><i>"Properly payable" – refers to an instrument which, if presented in the normal course of business, is in a form requiring payment under the laws of this jurisdiction.</i></p> <p><i>"Notice of dishonor" – refers to the notice, which a financial institution is required to give, under the laws of this jurisdiction, upon presentation of an instrument, which the institution dishonors.</i></p>
<p>OR Effective 12/1/06</p>	<p>1.15-1</p> <p>(a): A lawyer shall hold property of clients or third persons that is in a lawyer's possession separate from the lawyer's own property. Funds, including advances for costs and expenses and escrow and other funds held for another, shall be kept in a separate "Lawyer Trust Account" maintained in the state where the lawyer's office is situated, or elsewhere with the consent of the client or third person. Each lawyer trust account shall be an interest bearing account in a financial institution selected by the lawyer or law firm in the exercise of reasonable care. Lawyer trust accounts shall conform to Rule 1.15-2. Other property shall be identified as such and appropriately safeguarded. Complete records of such account funds and other property shall be kept by the lawyer and shall be preserved for a period of five years after termination of the representation.</p> <p>(b) and (c) Identical but refer to "lawyer trust account" rather than "client trust account."</p> <p>(d) and (e) Identical</p> <p>Adds:</p> <p>Rule 1.15-2 IOLTA ACCOUNTS and Trust Account Overdraft Notification</p> <p>(a) A lawyer trust account for client funds that cannot earn interest in excess of the costs of generating such interest ("net interest") shall be referred to as an IOLTA (Interest on Lawyer Trust Accounts) account. A lawyer or law firm establishing an IOLTA account shall so advise the Oregon Law Foundation in writing within 30 days of its establishment.</p> <p>(b) All client funds shall be deposited in the lawyer's or law firm's IOLTA account unless a particular client's funds can earn net interest. All interest earned by funds held in the IOLTA account shall be paid to the Oregon Law Foundation as provided in this rule.</p> <p>(c) Client funds that can earn net interest shall be deposited in an interest bearing trust account for the client's benefit and the net interest earned by funds in such an account shall be held in trust as property of the client in the same manner as is provided in paragraphs (a) through (d) of Rule 1.15-1 for the principal funds of the client. The interest bearing account shall be either:</p>

	<p>(1) a separate account for each particular client or client matter; or</p> <p>(2) a pooled lawyer trust account with subaccounting which will provide for computation of interest earned by each client's funds and the payment thereof, net of any bank service charges, to each client.</p> <p>(d) In determining whether client funds can or cannot earn net interest, the lawyer or law firm shall consider the following factors:</p> <p>(1) the amount of the funds to be deposited;</p> <p>(2) the expected duration of the deposit, including the likelihood of delay in the matter for which the funds are held;</p> <p>(3) the rates of interest at financial institutions where the funds are to be deposited;</p> <p>(4) the cost of establishing and administering a separate interest bearing lawyer trust account for the client's benefit, including service charges imposed by financial institutions, the cost of the lawyer or law firm's services, and the cost of preparing any tax-related documents to report or account for income accruing to the client's benefit;</p> <p>(5) the capability of financial institutions, the lawyer or the law firm to calculate and pay income to individual clients; and</p> <p>(6) any other circumstances that affect the ability of the client's funds to earn a net return for the client.</p> <p>(e) The lawyer or law firm shall review the IOLTA account at reasonable intervals to determine whether circumstances have changed that require further action with respect to the funds of a particular client.</p> <p>(f) If a lawyer or law firm determines that a particular client's funds in an IOLTA account either did or can earn net interest, the lawyer shall transfer the funds into an account specified in paragraph (c) of this rule and request a refund for any interest earned by the client's funds that may have been remitted to the Oregon Law Foundation.</p> <p>(1) The request shall be made in writing to the Oregon Law Foundation within a reasonable period of time after the interest was remitted to the Foundation and shall be accompanied by written verification from the financial institution of the interest amount.</p> <p>(2) The Oregon Law Foundation will not refund more than the amount of interest it received from the client's funds in question. The refund shall be remitted to the financial institution for transmittal to the lawyer or law firm, after appropriate accounting and reporting.</p> <p>(g) No earnings from a lawyer trust account shall be made available to a lawyer or the lawyer's firm.</p> <p>(h) A lawyer or law firm may maintain a lawyer trust account only at a financial institution that:</p> <p>(1) is authorized by state or federal banking laws to transact banking business in the state where the account is maintained;</p> <p>(2) is insured by the Federal Deposit Insurance Corporation or an analogous federal government agency;</p> <p>(3) has entered into an agreement with the Oregon Law Foundation:</p> <p>(i) to remit to the Oregon Law Foundation, at least quarterly, interest</p>
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	<p>earned on the average daily balance in the lawyer's or law firm's IOLTA account, less reasonable service charges, if any; and</p> <p>(ii) to deliver to the Oregon Law Foundation a report with each remittance showing the name of the lawyer or law firm for whom the remittance is sent, the number of the IOLTA account as assigned by the financial institution, the average daily account balance for each month for which the remittance is made, the rate of interest applied, the period for which the remittance is made, and the amount and description of any service charges deducted during the remittance period; and</p> <p>(4) has entered into an overdraft notification agreement with the Oregon State Bar requiring the financial institution to report to the Oregon State Bar Disciplinary Counsel when any properly payable instrument is presented against such account containing insufficient funds, whether or not the instrument is honored.</p> <p>(i) Overdraft notification agreements with financial institutions shall require that the following information be provided in writing to Disciplinary Counsel within ten banking days of the date the item was returned unpaid:</p> <p>(1) the identity of the financial institution;</p> <p>(2) the identity of the lawyer or law firm;</p> <p>(3) the account number; and</p> <p>(4) either (i) the amount of the overdraft and the date it was created; or (ii) the amount of the returned instrument and the date it was returned.</p> <p>(j) Agreements between financial institutions and the Oregon State Bar shall apply to all branches of the financial institution and shall not be canceled except upon a thirty-day notice in writing to Disciplinary Counsel.</p> <p>(k) Nothing in this rule shall preclude financial institutions which participate in any trust account overdraft notification program from charging lawyers or law firms for the reasonable costs incurred by the financial institutions in participating in such program.</p> <p>(l) Every lawyer who receives notification from a financial institution that any instrument presented against his or her lawyer trust account was presented against insufficient funds, whether or not the instrument was honored, shall promptly notify Disciplinary Counsel in writing of the same information required by paragraph (i). The lawyer shall include a full explanation of the cause of the overdraft.</p>
<p>PA Rule Amended Effective 4/2/09</p>	<p><i>(a) The following definitions are applicable to Rule 1.15:</i></p> <p><i>(1) Eligible Institution. An Eligible Institution is a Financial Institution which has been approved as a depository of Trust Accounts pursuant to Pa.R.D.E. 221(h).</i></p> <p><i>(2) Fiduciary. A Fiduciary is a lawyer acting as a personal representative, guardian, conservator, receiver, trustee, agent under a</i></p>

*durable power of attorney, or other similar position.*

*(3) Fiduciary Funds. Fiduciary Funds are Rule 1.15 Funds which the lawyer holds as a Fiduciary. Fiduciary Funds may be either Qualified Funds or Nonqualified Funds.*

*(4) Financial Institution. A Financial Institution is an entity which is authorized by federal or state law and licensed to do business in the Commonwealth of Pennsylvania as one of the following: a bank, bank and trust company, trust company, credit union, savings bank, savings and loan association or foreign banking corporation, the deposits of which are insured by an agency of the federal government, or as an investment adviser registered under the Investment Advisers Act of 1940 or with the Pennsylvania Securities Commission, an investment company registered under the Investment Company Act of 1940, or a broker dealer registered under the Securities Exchange Act of 1934.*

*(5) Interest On Lawyer Trust Account (IOLTA) Account. An IOLTA Account is an income producing Trust Account from which funds may be withdrawn upon request as soon as permitted by law. Qualified Funds are to be held or deposited in an IOLTA Account.*

*(6) IOLTA Board. The IOLTA Board is the Pennsylvania Interest On Lawyers Trust Account Board.*

*(7) Non-IOLTA Account. A Non-IOLTA Account is an income producing Trust Account from which funds may be withdrawn upon request as soon as permitted by law in which a lawyer deposits Rule 1.15 Funds. Only Nonqualified Funds are to be held or deposited in a Non-IOLTA Account. A Non-IOLTA Account shall be established only as:*

*(i) a separate client Trust Account for the particular client or matter on which the net income will be paid to the client or third person; or*

*(ii) a pooled client Trust Account with subaccounting by the Eligible Institution or by the lawyer, which will provide for computation of net income earned by each client's or third person's funds and the payment thereof to the client or third person.*

*(8) Nonqualified Funds. Nonqualified Funds are Rule 1.15 Funds, whether cash, check, money order or other negotiable instrument, which are not Qualified Funds.*

*(9) Qualified Funds. Qualified Funds are Rule 1.15 Funds which are nominal in amount or are reasonably expected to be held for such a short period of time that sufficient income will not be generated to justify the*

*expense of administering a segregated account.*

*(10) Rule 1.15 Funds. Rule 1.15 Funds are funds which the lawyer receives from a client or third person in connection with a client-lawyer relationship, or as an escrow agent, settlement agent or representative payee, or as a Fiduciary, or receives as an agent, having been designated as such by a client or having been so selected as a result of a client-lawyer relationship or the lawyer's status as such. When the term "property" appears with "Rule 1.15 Funds," it means property of a client or third person which the lawyer receives in any of the foregoing capacities.*

*(11) Trust Account. A Trust Account is an account in an Eligible Institution in which a lawyer holds Rule 1.15 Funds. A Trust Account must be maintained either as an IOLTA Account or as a Non-IOLTA Account.*

*(b) A lawyer shall hold all Rule 1.15 Funds and property separate from the lawyer's own property. Such property shall be identified and appropriately safeguarded.*

*(c) Complete records of the receipt, maintenance and disposition of Rule 1.15 Funds and property shall be preserved for a period of five years after termination of the client-lawyer or Fiduciary relationship or after distribution or disposition of the property, whichever is later. A lawyer shall maintain the following books and records for each Trust Account and for any other account in which Fiduciary Funds are held pursuant to Rule 1.15(l):*

*(1) all transaction records provided to the lawyer by the Financial Institution or other investment entity, such as periodic statements, cancelled checks, deposited items and records of electronic transactions; and*

*(2) check register or separately maintained ledger, which shall include the payee, date and amount of each check, withdrawal and transfer, the payor, date, and amount of each deposit, and the matter involved for each transaction.*

*(3) The records required by this rule may be maintained in electronic or hard copy form. If records are kept only in electronic form, then such records shall be backed up at least monthly on a separate electronic storage device.*

*(d) Upon receiving Rule 1.15 Funds or property which are not Fiduciary Funds or property, a lawyer shall promptly notify the client or third person, consistent with the requirements of applicable law. Notification of receipt of Fiduciary Funds or property to clients or other persons with a*

*beneficial interest in such Fiduciary Funds or property shall continue to be governed by the law, procedure and rules governing the requirements of confidentiality and notice applicable to the Fiduciary entrustment.*

*(e) Except as stated in this Rule or otherwise permitted by law or by agreement with the client or third person, a lawyer shall promptly deliver to the client or third person any property, including but not limited to Rule 1.15 Funds, that the client or third person is entitled to receive and, upon request by the client or third person, shall promptly render a full accounting regarding the property; Provided, however, that the delivery, accounting and disclosure of Fiduciary Funds or property shall continue to be governed by the law, procedure and rules governing the requirements of Fiduciary administration, confidentiality, notice and accounting applicable to the Fiduciary entrustment.*

*(f) When in possession of funds or property in which two or more persons, one of whom may be the lawyer, claim an interest, the funds or property shall be kept separate by the lawyer until the dispute is resolved. The lawyer shall promptly distribute all portions of the funds or property, including Rule 1.15 Funds, as to which the interests are not in dispute.*

*(g) The responsibility for identifying an account as a Trust Account shall be that of the lawyer in whose name the account is held.*

*(h) A lawyer shall not deposit the lawyer's own funds in a Trust Account except for the sole purpose of paying service charges on that account, and only in an amount necessary for that purpose.*

*(i) A lawyer shall deposit into a Trust Account legal fees and expenses that have been paid in advance, to be withdrawn by the lawyer only as fees are earned or expenses incurred, unless the client gives informed consent, confirmed in writing, to the handling of fees and expenses in a different manner.*

*(j) At all times while a lawyer holds Rule 1.15 Funds, the lawyer shall also maintain another account that is not used to hold such funds.*

*(k) All Nonqualified Funds which are not Fiduciary Funds shall be placed in a Non-IOLTA Account or in another investment vehicle specifically agreed upon by the lawyer and the client or third person which owns the funds.*

*(l) All Fiduciary Funds shall be placed in a Trust Account (which, if the Fiduciary Funds are also Qualified Funds, must be an IOLTA Account) or in another investment or account which is authorized by the law applicable to the entrustment or the terms of the instrument governing the Fiduciary*

	<p><i>Funds.</i></p> <p><i>(m) All Qualified Funds which are not Fiduciary Funds shall be placed in an IOLTA Account.</i></p> <p><i>(n) A lawyer shall be exempt from the requirement that all Qualified Funds be placed in an IOLTA Account only upon exemption requested and granted by the IOLTA Board. If an exemption is granted, the lawyer must hold Qualified Funds in a Trust Account which is not income producing. Exemptions shall be granted if:</i></p> <p><i>(1) the nature of the lawyer's practice does not require the routine maintenance of a Trust Account in Pennsylvania;</i></p> <p><i>(2) compliance with this paragraph would work an undue hardship on the lawyer or would be extremely impractical, based either on the geographical distance between the lawyer's principal office and the closest Eligible Institution, or on other compelling and necessitous factors; or</i></p> <p><i>(3) the lawyer's historical annual Trust Account experience, based on information from the Eligible Institution in which the lawyer deposits funds, demonstrates that the service charges on the account would significantly and routinely exceed any income generated.</i></p> <p><i>(o) An account shall not be considered an IOLTA Account unless the Eligible Institution at which the account is maintained shall:</i></p> <p><i>(1) Remit at least quarterly any income earned on the account to the IOLTA Board;</i></p> <p><i>(2) Transmit to the IOLTA Board with each remittance and to the lawyer who maintains the IOLTA Account a statement showing at least the name of the account, service charges or fees deducted, if any, the amount of income remitted from the account, and the average daily balance, if available; and</i></p> <p><i>(3) Pay a rate of interest or dividends no less than the highest interest rate or dividend generally available from the Eligible Institution to its Non-IOLTA customers when the IOLTA Account meets the same minimum balance or other eligibility qualifications, and comply with the Regulations of the IOLTA Board with respect to service charges, if any.</i></p> <p><i>(p) A lawyer shall not be liable in damages or held to have breached any fiduciary duty or responsibility because monies are deposited in an IOLTA Account pursuant to the lawyer's judgment in good faith that the monies</i></p>
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*deposited were Qualified Funds.*

*(q) There is hereby created the Pennsylvania Interest On Lawyers Trust Account Board, which shall administer the IOLTA program. The IOLTA Board shall consist of nine members who shall be appointed by the Supreme Court. Two of the appointments shall be made from a list provided to the Supreme Court by the Pennsylvania Bar Association in accordance with its own rules and regulations. With respect to these two appointments, the Pennsylvania Bar Association shall submit three names to the Supreme Court, from which the Court shall make its final selections. The term of each member shall be three years and no member shall be appointed for more than two consecutive three year terms. The Supreme Court shall appoint a Chairperson. In order to administer the IOLTA program, the IOLTA Board shall promulgate rules and regulations consistent with this Rule for approval by the Supreme Court.*

*(r) The IOLTA Board shall comply with the following:*

*(1) The IOLTA Board shall prepare an annual audited statement of its financial affairs.*

*(2) The IOLTA Board shall submit to the Supreme Court for its approval a copy of its audited statement of financial affairs, clearly setting forth in detail all funds previously approved for disbursement under the IOLTA program and the IOLTA Board's proposed annual budget, designating the uses to which IOLTA Funds are recommended.*

*(3) Upon approval of the Supreme Court, the IOLTA Board shall distribute and/or expend IOLTA Funds.*

*(s) Income earned on IOLTA Accounts (IOLTA Funds) may be used only for the following purposes:*

*(1) delivery of civil legal assistance to the poor and disadvantaged in Pennsylvania by non-profit corporations described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended;*

*(2) educational legal clinical programs and internships administered by law schools located in Pennsylvania;*

*(3) administration and development of the IOLTA program in Pennsylvania; and*

*(4) the administration of justice in Pennsylvania.*

*(t) The IOLTA Board shall hold the beneficial interest in IOLTA Funds.*

	<p><i>Monies received in the IOLTA program are not state or federal funds and are not subject to Article VI of the act of April 9, 1929 (P. L. 177, No. 175) known as The Administrative Code of 1929, or the act of June 29, 1976 (P. L. 469, No. 117).</i></p> <p><i>(u) Every attorney who is required to pay an active annual assessment under Rule 219 of the Pennsylvania Rules of Disciplinary Enforcement (relating to periodic assessment of attorneys; voluntary inactive status) shall pay an additional annual fee of \$25.00 for use by the IOLTA Board. Such additional assessment shall be added to, and collected with and in the same manner as, the basic annual assessment, but the statement mailed by the Attorney Registration Office pursuant to Rule 219 shall separately identify the additional assessment imposed pursuant to this subdivision. All amounts received pursuant to this subdivision shall be credited to the IOLTA Board.</i></p>
<p>RI Effective 4/15/07</p>	<p>Same as MR</p>
<p>SC Effective 10/1/05</p>	<p>(a): designates 6 years rather than 5          (b): deletes the word “bank”          (c): adds “unearned” before “legal fees”          adds as (f): A lawyer shall not disburse funds from an account containing the funds of more than one client or third person unless the funds are collected funds; provided, however, a lawyer may treat as equivalent to collected funds cash, verified and documented electronic fund transfers, or other deposits treated by the depository bank as equivalent to cash, properly endorsed government checks, certified checks, cashiers checks or other checks drawn by a bank, and any other instrument payable at or through a bank, if the amount of such other instrument does not exceed \$5,000 and the lawyer has reasonable and prudent belief that the deposit of such other instrument will be collected promptly. However, such collected funds shall not be disbursed prior to deposit into the lawyer’s trust account. If the actual collection of deposits treated as the equivalent of collected funds does not occur, the lawyer shall, as soon as practical but in no event more than five working days after notice of noncollection, deposit replacement funds in the account.          adds as (g): A lawyer shall not use or pledge any entrusted property to obtain credit or other personal benefit for the lawyer or any person other than the legal or beneficial owner of that property.          adds as (h): Every lawyer maintaining a law office trust account shall file with the financial institution a written directive requiring the institution to report to the Commission on Lawyer Conduct when any properly payable instrument drawn on the account is presented for payment against insufficient funds. No law office trust account shall be maintained in a financial institution that does not agree to make such reports. The inadvertent failure of the institution to provide the report required by this</p>

As of July 1, 2011

	<p>rule shall not be construed to establish a breach of duty of care, or contract with, the Court or any third party who may sustain a loss as a result of an overdraft of a lawyer trust account.</p>
<p>SD Effective 1/1/04</p>	<p>includes MRs (b) and (c) at the end of (a). adds as (d) and (e): (d) Preserving Identity of Funds and Property of Client. (1) All funds of clients paid to a lawyer or law firm, including advances for costs and expenses, shall be deposited in one or more identifiable bank accounts maintained in the state in which the law office is situated and no funds belonging to the lawyer or law firm shall be deposited therein except as follows: (i ) Funds reasonably sufficient to pay bank charges may be deposited therein. (ii ) Funds belonging in part to a client and in part presently or potentially to the lawyer or law firm must be deposited therein, but the portion belonging to the lawyer or law firm may be withdrawn when due unless the right of the lawyer or law firm to receive it is disputed by the client, in which event the disputed portion shall not be withdrawn until the dispute is finally resolved. (2) A lawyer shall: (i ) Promptly notify a client of the receipt of his funds, securities, or other properties. (ii ) Identify and label securities and properties of a client promptly upon receipt and place them in a safe deposit box or other place of safekeeping as soon as practicable. (iii ) Maintain complete records of all funds, securities, and other properties of a client coming into the possession of the lawyer and render appropriate accountings to his client regarding them. (iv ) Promptly pay or deliver to the client as requested by a client the funds, securities, or other properties in the possession of the lawyer which the client is entitled to receive. (3) A lawyer may elect to create and maintain an interest-bearing account for clients' funds which are nominal in amount or to be held for a short period of time in compliance with the following provisions: (i ) No earnings from such an account shall be made available to a lawyer or firm. (ii ) The account shall include all clients' funds which are nominal in amount or to be held for a short period of time. (iii ) An interest-bearing trust account may be established with any bank authorized by federal or state law to do business in South Dakota and insured by the Federal Deposit Insurance Corporation. Funds in each interest-bearing trust account shall be subject to withdrawal upon request and without delay. (iv ) The rate of interest payable on any interest-bearing trust account shall not be less than the rate paid by the depository institution to regular, nonlawyer depositors unless reduced to offset bank administrative costs.</p>

	<p>Higher rates offered by the institution to customers whose deposits exceed certain time or quantity minima, such as those offered in the form of certificates of deposit, may be obtained by a lawyer or law firm on some or all of deposit funds so long as there is no impairment of the right to withdraw or transfer principal immediately.</p> <p>(4) Lawyers or law firms electing to deposit client funds in a trust savings account shall direct the depository institution:</p> <p>(i) To remit interest or dividends, net of any service charges or fees, on the average monthly balance in the account, or as otherwise computed in accordance with an institution's standard accounting practice, at least quarterly, to the South Dakota Bar Foundation;</p> <p>(ii) To transmit with each remittance to the Foundation a statement showing the name of the lawyer or law firm for whom the remittance is sent and the rate of interest applied; and</p> <p>(iii) To transmit to the depositing lawyer or law firm at the same time a report showing the amount paid to the Foundation, the rate of interest applied, and the average account balance of the period for which the report is made.</p> <p>(e) Considerations</p> <p>(1) This is a voluntary program based upon the willing participation by attorneys and law firms, whether proprietorships, partnerships or professional corporations.</p> <p>(2) The program shall apply to all clients of the electing, participating attorneys or firms whose funds on deposit are either nominal in amount or to be held for a short period of time.</p> <p>(3) The following principles shall apply to clients' funds which are held by attorneys and firms who elect to participate in the program:</p> <p>(i) No earnings from the funds may be made available to any attorney or law firm.</p> <p>(ii) Upon request of the client, earnings may be made available to the client whenever possible upon deposited funds which are neither nominal in amount nor are to be held for a short period of time; however, traditional attorney-client relationships do not compel attorneys to either invest clients' funds or to advise clients to make their funds productive.</p> <p>(iii) Clients' funds which are nominal in amount or to be held for a short period of time shall be retained in an interest-bearing checking or savings trust account, with the interest (net of any service charge or fees) made payable to the South Dakota Bar Foundation.</p> <p>(iv) The determination of whether clients' funds are nominal in amount or to be held for a short period of time rests in the sound judgment of each attorney or law firm. Such judgment is not subject to review.</p> <p>(v) Notification of clients whose funds are nominal in amount or to be held for a short period of time is unnecessary for those attorneys and firms who choose to participate in the program. This is not to suggest that many attorneys will not want to notify their clients of their participation in the program in some fashion. There is no impropriety in an attorney or firm</p>
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	<p>advising all clients of their willingness to advance the administration of justice in South Dakota beyond their individual abilities in conjunction with other public-spirited members of their profession. Participation in the program will involve no more than a firm desire to participate, coupled with the attorney's or firm's communication of that desire to an authorized financial institution. That communication should contain only an expression of the attorney's or firm's desire to participate in the program and, if the institution has not already received appropriate notification, advice regarding the Internal Revenue Service's approval of the taxability of earned interest or dividends to the Foundation.</p> <p>(4) The following principles shall apply to those clients' funds held in trust accounts by attorneys or firms who elect NOT to participate in the program:</p> <p>(i) No earnings from the funds may be made available to any attorney or firm.</p> <p>(ii) Upon request of a client, earnings may be made available to client whenever possible on deposited funds which are neither nominal in amount nor to be held for a short period of time; however, traditional attorney-client relationships do not compel attorneys either to invest clients' funds or to advise clients to make their funds productive.</p> <p>(iii) Clients' funds which are nominal in amount or to be held for short periods of time, and for which individual income generation and allocation is not arranged with a financial institution, must be retained in a noninterest-bearing, demand trust account.</p> <p>(iv) The determination of whether clients' funds are nominal in amount or to be held for a short period of time rests in the sound judgment of each attorney or law firm.</p> <p>(5) Interest paid to the South Dakota Bar Foundation will be used for the following purposes:</p> <p>(i) To help prevent crime;</p> <p>(ii) To facilitate and improve the delivery of civil and criminal legal services and the administration of justice;</p> <p>(iii) To encourage law-related education in the schools (K-12);</p> <p>(iv) To encourage law-related education of adults including seminars and programs for charitable, civic and senior citizens groups;</p> <p>(v) To give the general public information about how the courts and lawyers function; and</p> <p>(vi) To issue publications educating the public about the United States legal system.</p>
<p>TN Effective 1/1/2011</p>	<p>Changes title to "Safekeeping Property and Funds" Adds "and funds" after "property" throughout (a) Deletes language after first sentence; (b) Replaces language with: <i>Funds belonging to clients or third persons shall be deposited in a separate account maintained in an FDIC member depository institution having a deposit-accepting office located in the state where the lawyer's office is</i></p>

	<p><i>situated (or elsewhere with the consent of the client or third person) and which participates in the required overdraft notification program as required by Supreme Court Rule 9, Section 29.1. A lawyer may deposit the lawyer's own funds in such an account for the sole purpose of paying financial institution service charges or fees on that account, but only in an amount reasonably necessary for that purpose. Other property shall be identified as such and appropriately safeguarded. Complete records of such funds and other property shall be kept by the lawyer and shall be preserved for a period of five years after termination of the representation.</i></p> <p><i>(1) Except as provided by subparagraph (b)(2), interest earned on accounts in which the funds of clients are deposited, less any deduction for financial institution service charges or fees (other than overdraft charges) and intangible taxes collected with respect to the deposited funds, shall belong to the clients or third persons whose funds are deposited, and the lawyer shall have no right or claim to such interest. Overdraft charges shall not be deducted from accrued interest and shall be the responsibility of the lawyer.</i></p> <p><i>(2) A lawyer shall deposit all funds of clients and third persons that are nominal in amount or expected to be held for a short period of time such that the funds cannot earn income for the benefit of the client or third persons in excess of the costs incurred to secure such income in one or more pooled accounts known as an "interest on Lawyers' Trust Account" ("IOLTA"), in accordance with the requirements of Supreme Court Rule 43. A lawyer shall not deposit funds in any account for the purpose of complying with this subsection unless the account participates in the IOLTA program under Rule 43.</i></p> <p><i>(3) The determination of whether funds are required to be deposited in an IOLTA account pursuant to subparagraph (b)(2) rests in the sound discretion of the lawyer. No charge of ethical impropriety or other breach of professional conduct shall attend a lawyer's exercise of good faith judgment in making such a determination.</i></p>
<p>TX* Effective 3/1/05</p>	<p><i>*Has not amended Rule since the most recent amendments to the ABA Model Rules</i></p> <p>Rule 1.14            (a) Replaces "property...that is" with "property belonging in whole or part to clients or third persons that are;" in second sentence adds "Such" before "funds;" adds "designated as a trust or escrow" before "maintained;" changes "Other property" to "Other client property;" time period is five years;            Does not have MR (b) or (c);            (b) is MR (d);            is similar to MR (e) but changes "two or more...lawyer)" to "both the lawyer and another person;" replaces language after "until" with: "there is</p>

	<p>an accounting and severance of their interest. All funds in a trust or escrow account shall be disbursed only to those persons entitled to receive them by virtue of the representation or by law. If a dispute arises concerning their respective interests, the portion in dispute shall be kept separate by the lawyer until the dispute is resolved, and the undisputed portion shall be distributed appropriately.”</p>
<p>UT Effective 11/1/05</p>	<p>(a): adds as the third sentence: The account may only be maintained in a financial institution that agrees to report to the Office of Professional Conduct in the event any instrument in properly payable form is presented against an attorney trust account containing insufficient funds, irrespective of whether or not the instrument is honored.</p>
<p>VT Effective 9/1/09</p>	<p>Text of ABA (a) becomes (a)(1); Replaces “in a separate account...third person” with “in accordance with Rules 1.15A and B;” Changes “five years” to “six years;”          Adds (a)(2): “For purposes of these rules, property held “in connection with a representation” means funds or property of a client or third party that is in the lawyer’s possession as a result of a representation in a lawyer-client relationship or as a result of a fiduciary relationship that arises in the course of a lawyer-client relationship or as a result of a court appointment. “Fiduciary relationship” includes, but is not limited to, agent, attorney-in-fact, conservator, guardian, executor, administrator, personal representative, special administrator, or trustee;”          (b) Replaces “a client trust account” with “an account in which client funds are held;” adds “bank” before “service charges;”          (c) Deletes “into a client trust account;”          Adds:              (f) Except as provided in paragraph (g):                  (1) a lawyer shall not disburse funds held for a client or third person unless the funds are “collected funds.” For purposes of this rule, “collected funds” means funds that a lawyer reasonably believes have been deposited, finally settled, and credited to the lawyer’s trust account.                  (2) a lawyer shall not use, endanger, or encumber money held in trust for a client or third person for purposes of carrying out the business of another client or person without the permission of the owner given after full disclosure of the circumstances.              (g) In the following circumstances, a lawyer may disburse trust account funds deposited for or on behalf of a client or third person in reliance on that deposit even though the deposit does not constitute collected funds if the lawyer reasonably believes that the instrument or instruments deposited will clear and will constitute collected funds in the lawyer’s trust account within a reasonable period of time:                  (1) When the deposit is either a certified check, cashier’s check, money order, official check, treasurer’s check, or</p>

	<p>other such check issued by, or drawn on, a federally insured bank, savings bank, savings and loan association, or credit union, or of any holding company or wholly owned subsidiary of any of the foregoing; or</p> <p>(2) When the deposit is a check drawn on the IOLTA account of an attorney licensed to practice law in the State of Vermont or on the IORTA account of a real estate broker licensed under 26 V.S.A. Chapter 41; or</p> <p>(3) When the deposit is a check issued by the United States of America or any agency thereof, or by the State of Vermont or any agency or political subdivision thereof; or</p> <p>(4) When the deposit is a personal check or checks in an aggregate amount that does not exceed \$1,000 per transaction; or</p> <p>(5) When the deposit is a check or draft issued by an insurance company, title insurance company, or title insurance agency, licensed to do business in Vermont.</p> <p>(h) If an uncollected deposit in reliance upon which a lawyer has disbursed trust account funds fails, the lawyer, upon obtaining knowledge of the failure, shall immediately act to protect the funds or other property of the lawyer's other clients or third persons held by the lawyer in accordance with this rule."</p>
<p>VA Effective 1/1/04</p>	<p>(a) All funds received or held by a lawyer or law firm on behalf of a client, other than reimbursement of advances for costs and expenses, shall be deposited in one or more identifiable escrow accounts maintained at a financial institution in the state in which the law office is situated and no funds belonging to the lawyer or law firm shall be deposited therein except as follows:</p> <p>(1) funds reasonably sufficient to pay service or other charges or fees imposed by the financial institution may be deposited therein; or</p> <p>(2) funds belonging in part to a client and in part presently or potentially to the lawyer or law firm must be deposited therein, and the portion belonging to the lawyer or law firm must be withdrawn promptly after it is due unless the right of the lawyer or law firm to receive it is disputed by the client, in which event the disputed portion shall not be withdrawn until the dispute is finally resolved.</p> <p>(b): same as former MR (c)</p> <p>(c) A lawyer shall:</p> <p>(1) promptly notify a client of the receipt of the client's funds, securities, or other properties;</p> <p>(2) identify and label securities and properties of a client promptly upon receipt and place them in a safe deposit box or other place of safekeeping as soon as practicable;</p> <p>(3) maintain complete records of all funds, securities, and other properties of a client coming into the possession of the lawyer and render appropriate accounts to the client regarding them; and</p>

<p>(4) promptly pay or deliver to the client or another as requested by such person the funds, securities, or other properties in the possession of the lawyer which such person is entitled to receive.</p> <p>(d) Funds, securities or other properties held by a lawyer or law firm as a fiduciary shall be maintained in separate fiduciary accounts, and the lawyer or law firm shall not commingle the assets of such fiduciary accounts in a common account (including a book-entry custody account), except in the following cases:</p> <p>(1) funds may be maintained in a common escrow account subject to the provisions of Rule 1.15(a) and (c) in the following cases:</p> <p>(i) funds that will likely be disbursed or distributed within thirty (30) days of deposit or receipt;</p> <p>(ii) funds of \$5,000.00 or less with respect to each trust or other fiduciary relationship;</p> <p>(iii) funds held temporarily for the purposes of paying insurance premiums or held for appropriate administration of trusts otherwise funded solely by life insurance policies; or</p> <p>(iv) trusts established pursuant to deeds of trust to which the provisions of <i>Code of Virginia</i> Section 5558 through 5567 are applicable;</p> <p>(2) funds, securities, or other properties may be maintained in a common account:</p> <p>(i) where a common account is authorized by a will or trust instrument;</p> <p>(ii) where authorized by applicable state or federal laws or regulations or by order of a supervising court of competent jurisdiction; or</p> <p>(iii) where (a) a computerized or manual accounting system is established with record-keeping, accounting, clerical and administrative procedures to compute and credit or charge to each fiduciary interest its pro-rata share of common account income, expenses, receipts and disbursements and investment activities (requiring monthly balancing and reconciliation of such common accounts), (b) the fiduciary at all times shows upon its records the interests of each separate fiduciary interest in each fund, security or other property held in the common account, the totals of which assets reconcile with the totals of the common account, (c) all the assets comprising the common account are titled or held in the name of the common account, and (d) no funds or property of the lawyer or law firm or funds or property held by the lawyer or the law firm other than as a fiduciary are held in the common account.</p> <p>For purposes of this Rule, the term “fiduciary” includes only personal representative, trustee, receiver, guardian, committee, custodian and attorney-in-fact.</p> <p>(e) Record-Keeping Requirements, Required Books and Records. As a minimum requirement every lawyer engaged in the private practice of law in Virginia, hereinafter called “lawyer,” shall maintain or cause to be maintained, on a current basis, books and records which establish compliance with Rule 1.15(a) and (c). Whether a lawyer or law firm maintains computerized records or a manual accounting system, such</p>
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	<p>system must produce the records and information required by this Rule.</p> <p>(1) In the case of funds held in an escrow account subject to this Rule, the required books and records include:</p> <p>(i) a cash receipts journal or journals listing all funds received, the sources of the receipts and the date of receipts. Checkbook entries of receipts and deposits, if adequately detailed and bound, may constitute a journal for this purpose. If separate cash receipts journals are not maintained for escrow and non-escrow funds, then the consolidated cash receipts journal shall contain separate columns for escrow and non-escrow receipts;</p> <p>(ii) a cash disbursements journal listing and identifying all disbursements from the escrow account. Checkbook entries of disbursements, if adequately detailed and bound, may constitute a journal for this purpose. If separate disbursements journals are not maintained for escrow and non-escrow disbursements then the consolidated disbursements journal shall contain separate columns for escrow and non-escrow disbursements;</p> <p>(iii) subsidiary ledger. A subsidiary ledger containing a separate account for each client and for every other person or entity from whom money has been received in escrow shall be maintained. The ledger account shall by separate columns or otherwise clearly identify escrow funds disbursed, and escrow funds balance on hand. The ledger account for a client or a separate subsidiary ledger account for a client shall clearly indicate all fees paid from trust accounts;</p> <p>(iv) reconciliations and supporting records required under this Rule;</p> <p>(v) the records required under this paragraph shall be preserved for at least five full calendar years following the termination of the fiduciary relationship.</p> <p>(2) in the case of funds or property held by a lawyer or law firm as a fiduciary subject to Rule 1.15(d), the required books and records include:</p> <p>(i) an annual summary of all receipts and disbursements and changes in assets comparable to an accounting that would be required of a court supervised fiduciary in the same or similar capacity. Such annual summary shall be in sufficient detail as to allow a reasonable person to determine whether the lawyer is properly discharging the obligations of the fiduciary relationship;</p> <p>(ii) original source documents sufficient to substantiate and, when necessary, to explain the annual summary required under (i), above;</p> <p>(iii) the records required under this paragraph shall be preserved for at least five full calendar years following the termination of the fiduciary relationship.</p> <p>(f) Required Escrow Accounting Procedures. The following minimum escrow accounting procedures are applicable to all escrow accounts subject to Rule 1.15(a) and (c) by lawyers practicing in Virginia.</p> <p>(1) Insufficient fund check reporting.</p> <p>(i) Clearly identified escrow accounts required. A lawyer or law firm shall deposit all funds held in escrow in a clearly identified account, and shall inform the financial institution in writing of the purpose and identify of</p>
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	<p>such account. Lawyer escrow accounts shall be maintained only in financial institutions approved by the Virginia State Bar, except as otherwise expressly directed in writing by the client for whom the funds are being deposited;</p> <p>(ii) Overdraft notification agreement required. A financial institution shall be approved as a depository for lawyer escrow accounts if it shall file with the Virginia State Bar an agreement, in a form provided by the Bar, to report to the Virginia State Bar in the event any instrument which would be properly payable if sufficient funds were available, is presented against a lawyer escrow account containing insufficient funds, irrespective of whether or not the instrument is honored. The Virginia State Bar shall establish rules governing approval and termination of approved status for financial institutions. The Virginia State Bar shall maintain and publish from time to time a list of approved financial institutions. No escrow account shall be maintained in any financial institution which does not agree to make such reports. Any such agreement shall apply to all branches of the financial institution and shall not be canceled by the financial institution except upon thirty (30) days notice writing to the Virginia State Bar, or as otherwise agreed to by the Virginia State Bar. Any such agreement may be canceled without prior notice by the Virginia State Bar if the financial institution fails to abide by the terms of the agreement;</p> <p>(iii) Overdraft reports. The overdraft notification agreement shall provide that all reports made by the financial institution shall be in the following format:</p> <p>(a) in the case of a dishonored instrument, the report shall be identical to the overdraft notice customarily forwarded to the depositor, and should include a copy of the dishonored instrument, if such a copy is normally provided to depositors;</p> <p>(b) in the case of instruments that are presented against insufficient funds but which instruments are honored, the report shall identify the financial institution, the lawyer or law firm, the account name, the account number, the date of presentation for payment, and the date paid, as well as the amount of the overdraft created thereby;</p> <p>(c) such reports shall be made simultaneously with and within the time provided by law for notice of dishonor to the depositor, if any. If an instrument presented against insufficient funds is honored, then the report shall be made within five (5) banking days of the date of presentation for payment against insufficient funds;</p> <p>(iv) Financial institution cooperation. In addition to making the reports specified above, approved financial institutions shall agree to cooperate fully with the Virginia State Bar and to produce any lawyer escrow account or other account records upon receipt of a subpoena therefor. A financial institution may charge for the reasonable costs of producing the records required by this Rule.</p> <p>(v) Lawyer cooperation. Every lawyer or law firm shall be conclusively</p>
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	<p>deemed to have consented to the reporting and production requirements mandated by this Rule;</p> <p>(vi) Definitions. “Lawyer” means a member of the Virginia State Bar, any other lawyer admitted to regular or limited practice in this State, and any member of the bar of any other jurisdiction while engaged, pro hac vice or otherwise, in the practice of law in Virginia;</p> <p>“Lawyer escrow account” or “escrow account” means an account maintained in a financial institution for the deposit of funds received or held by a lawyer or law firm on behalf of a client;</p> <p>“Client” includes any individual, firm, or entity for which a lawyer performs any legal service, including acting as an escrow agent or as legal representative of a fiduciary, but not as a fiduciary. The term does not include a public or private entity of which a lawyer is a fulltime employee;</p> <p>“Dishonored” shall refer to instruments which have been dishonored because of insufficient funds as defined above;</p> <p>“Financial institution” and “bank” include regulated state or federally chartered banks, savings institutions and credit unions which have signed the approved Notification Agreement, which are licensed and authorized to do business and in which the deposits are insured by an agency of the Federal Government;</p> <p>“Insufficient Funds” refers to an overdraft in the commonly accepted sense of there being an insufficient balance as shown on the bank’s accounting records; and does not include funds which at the moment may be on deposit, but uncollected;</p> <p>“Law firm” includes a partnership of lawyers, a professional or nonprofit corporation of lawyers, and a combination thereof engaged in the practice of law. In the case of a law firm with offices in this State and in other jurisdictions, these Rules apply to the offices in this State, to escrow accounts in other jurisdictions holding funds of clients who are located in this State, and to escrow accounts in other jurisdictions holding client funds from a transaction arising in this State;</p> <p>“Notice of Dishonor” refers to the notice which, pursuant to Uniform Commercial Code Section 3-508(2), must be given by a bank before its midnight deadline and by any other person or institution before midnight of the third business day after dishonor or receipt of notice of dishonor. As generally used hereunder, the term notice of dishonor shall refer only to dishonor for the purpose of insufficient funds, or because the drawer of the bank has no account with the depository institution;</p> <p>“Properly payable” refers to an instrument which, if presented in the normal course of business, is in a form requiring payment under Uniform Commercial Code Section 4-104, if sufficient funds were available.</p> <p>(2) Deposits. All receipts of escrow money shall be deposited intact and a retained duplicate deposit slip or other such record shall be sufficiently detailed to show the identity of each item;</p> <p>(3) Deposit of mixed escrow and non-escrow funds other than fees and retainers. Mixed escrow and non-escrow funds shall be deposited intact to</p>
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	<p>the escrow account. The non-escrow portion shall be withdrawn upon the clearing of the mixed fund deposit instrument;</p> <p>(4) Periodic trial balance. A regular periodic trial balance of the subsidiary ledger shall be made at least quarter annually, within 30 days after the close of the period and shall show the escrow account balance of the client or other person at the end of each period.</p> <p>(i) The total of the trial balance must agree with the control figure computed by taking the beginning balance, adding the total of monies received in escrow for the period and deducting the total of escrow monies disbursed for the period; and</p> <p>(ii) The trial balance shall identify the preparer and be approved by the lawyer or one of the lawyers in the law firm.</p> <p>(5) Reconciliations.</p> <p>(i) A monthly reconciliation shall be made at month end of the cash balance derived from the cash receipts journal and cash disbursements journal total, the escrow account checkbook balance, and the escrow account bank statement balance;</p> <p>(ii) A periodic reconciliation shall be made at least quarter annually, within 30 days after the close of the period, reconciling cash balances to the subsidiary ledger trial balance;</p> <p>(iii) Reconciliations shall identify the preparer and be approved by the lawyer or one of the lawyers in the law firm.</p> <p>(6) Receipts and disbursements explained. The purpose of all receipts and disbursements of escrow funds reported in the escrow journals and subsidiary ledgers shall be fully explained and supported by adequate records.</p>
<p>WA Effective 9/1/06</p>	<p>Required Trust Account Records</p> <p>(a) A lawyer must maintain current trust account records. They may be in electronic or manual form and must be retained for at least seven years after the events they record. At minimum, the records must include the following:</p> <p>(1) Checkbook register or equivalent for each trust account, including entries for all receipts, disbursements, and transfers, and containing at least:</p> <p>(i) identification of the client matter for which trust funds were received, disbursed, or transferred;</p> <p>(ii) the date on which trust funds were received, disbursed, or transferred;</p> <p>(iii) the check number for each disbursement;</p> <p>(iv) the payor or payee for or from which trust funds were received, disbursed, or transferred; and</p> <p>(v) the new trust account balance after each receipt, disbursement, or transfer;</p> <p>(2) Individual client ledger records containing either a separate page for each client or an equivalent electronic record showing all individual receipts, disbursements, or transfers, and also containing:</p> <p>(i) identification of the purpose for which trust funds were received,</p>

	<p>disbursed, or transferred;</p> <p>(ii) the date on which trust funds were received, disbursed or transferred;</p> <p>(iii) the check number for each disbursement;</p> <p>(iv) the payor or payee for or from which trust funds were received, disbursed, or transferred; and</p> <p>(v) the new client fund balance after each receipt, disbursement, or transfer;</p> <p>(3) Copies of any agreements pertaining to fees and costs;</p> <p>(4) Copies of any statements or accountings to clients or third parties showing the disbursement of funds to them or on their behalf;</p> <p>(5) Copies of bills for legal fees and expenses rendered to clients;</p> <p>(6) Copies of invoices, bills or other documents supporting all disbursements or transfers from the trust account;</p> <p>(7) Bank statements, copies of deposit slips, and cancelled checks or their equivalent;</p> <p>(8) Copies of all trust account client ledger reconciliations; and</p> <p>(9) Copies of those portions of clients' files that are reasonably necessary for a complete understanding of the financial transactions pertaining to them.</p> <p>(b) Upon any change in the lawyer's practice affecting the trust account, including dissolution or sale of a law firm or suspension or other change in membership status, the lawyer must make appropriate arrangements for the maintenance of the records specified in this Rule.</p>
<p>WV* Effective 1/1/89</p>	<p><i>*Has not amended Rule since the most recent amendments to the ABA Model Rules</i></p> <p>(a) Adds "designated as a "client's trust account" in an institution whose accounts are federally insured and" before "maintained;" adds "in a separate account" before "elsewhere;" time period is five years; Does not have MR (b) or (c);</p> <p>(c) is MR (e) but changes "two or more...lawyer)" to "both the lawyer and another person;" replaces language after "until" with "there is an accounting and severance of their interests. If a dispute arises concerning their respective interests, the portion in dispute shall be kept separate by the lawyer until the dispute is resolved;"</p> <p>Adds:</p> <p><i>(d) A lawyer who receives client funds that are nominal in amount or are expected to be held for a brief period shall establish and maintain a pooled, interest-bearing, federally-insured depository account for the deposit of such funds, in compliance with the following provisions:</i></p> <p><i>(1) the account shall include only such client funds that are so nominal in amount or are expected to be held for such a brief period of time that administrative expenses would exceed interest earned from the investment thereof;</i></p> <p><i>(2) no interest from such account shall be made available to the lawyer;</i></p>

	<p><i>(3) funds deposited in such account must be available for withdrawal or transfer on demand, subject only to any notice period which the depository institution is required to observe by law or regulation;</i></p> <p><i>(4) the lawyer shall direct the depository institution:</i></p> <p><i>(I) to remit interest, on at least a quarterly basis, net any customary service charges or fees in accordance with the depository institution's standard accounting practice, to the West Virginia Bar Foundation, Inc.; and</i></p> <p><i>(ii) to transmit with each remittance to the West Virginia Bar Foundation, Inc., a statement showing the name of the lawyer or law firm on whose account the remittance is sent and the rate of interest applied, with a copy of such statement to be transmitted to such lawyer or law firm; and</i></p> <p><i>(5) the lawyer shall review the account at reasonable intervals to determine whether the circumstances warrant further action with respect to the funds of any client.</i></p> <p><i>(e) A lawyer may not be charged with any breach of the Rules of Professional Conduct or other ethical violation with regard to either the good faith determination of whether the client funds are nominal in the amount or are expected to be held for a brief period or the failure to establish and maintain a pooled, interest-bearing, federally-insured depository account for the deposit of such funds in accordance with Rule 1.15(d).</i></p> <p><i>(f) All interest transmitted to the West Virginia Bar Foundation, Inc., shall be distributed by that entity as follows: (1) an annual fee not to exceed fifty thousand dollars shall be retained by the West Virginia Bar Foundation, Inc., for administration of the fund, with a detailed annual accounting of services performed in consideration for such fee to be filed for public inspection with the Supreme Court of Appeals; (2) special grants not to exceed fifteen percent of the fund's annual receipts to WV CASA Network, coordinating agency for court-appointed special advocate programs, in the amount of 43.5 percent of special grant funds available; to the West Virginia Fund for Law in the Public Interest, Inc., to provide summer legal interns to West Virginia's four legal services organizations, in the amount of 19.3 percent of special grant funds available; to the Appalachian Center for Law and Public Service, a West Virginia University College of Law public service program providing legal services for the poor, in the amount of 7.72 percent of special grant funds available; to the Elder Law Program of the North Central West Virginia Legal Aid Society, Inc., in the amount of 24.125 percent of special grant funds available; and to the ChildLaw Services of Mercer County 5.355 percent of special grant funds available; and (3) the remaining funds to West Virginia's four legal services organizations in</i></p>
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	<p><i>accordance with their percentage of poor population served using the most recent Bureau of the Census statistics or such other method of distribution as may hereinafter be adopted by order of the Supreme Court of Appeals. Any funds distributed by the West Virginia Bar Foundation, Inc., pursuant to this subdivision shall not be used by the recipient organization to support any lobbying activities.</i></p>
<p>WI Effective 7/1/07</p>	<p>Safekeeping property; trust accounts and fiduciary accounts. (a) Definitions. In this section: (1) "Demand account" means an account upon which funds are disbursed through a properly payable instrument. (2) "Fiduciary" means an agent, attorney-in-fact, conservator, guardian, personal representative, special administrator, trustee, or other position requiring the lawyer to safeguard the property of a 3rd party. (3) "Fiduciary account" means an account in which the lawyer deposits fiduciary property. (4) "Fiduciary property" means funds or property of a client or 3rd party that is in the lawyer's possession in a fiduciary capacity that directly arises in the course of, or as a result of, a lawyer-client relationship or an appointment by a court. Fiduciary property includes, but is not limited to, property held as agent, attorney-in-fact, conservator, guardian, personal representative, special administrator, or trustee, subject to the exceptions identified in sub. (k). (5) "Financial institution" means a bank, savings bank, trust company, credit union, savings and loan association, or investment institution, including a brokerage house. (6) "Immediate family member" means the lawyer's spouse, child, stepchild, grandchild, sibling, parent, grandparent, aunt, uncle, niece, or nephew. (7) "Interest of Lawyer Trust Account ("IOLTA")" means a pooled, interest-bearing, demand account, separate from the lawyer's business and personal accounts, via which the lawyer deposits, holds, and disburses funds received in trust on behalf of a client or 3rd party, the interest on which does not go to the client. Typical funds that would be placed in an IOLTA account include earnest monies, loan proceeds, settlement proceeds, collection proceeds, cost advances, and advance payments for fees that have not yet been earned. These accounts are subject to the provisions of SCR Chapter 13, Interest on Trust Accounts Program. (8) "Properly payable instrument" means an instrument that, if presented in the normal course of business, is in a form requiring payment pursuant to the laws of this state. (9) "Trust account" means an account in which the lawyer deposits trust property. (10) "Trust property" means funds or property of clients or 3rd parties that is in the lawyer's possession in connection with a representation, which is</p>

	<p>not fiduciary property.</p> <p>(b) Segregation of trust property.</p> <p>(1) Separate account. A lawyer shall hold in trust, separate from the lawyer's own property, that property of clients and 3rd parties that is in the lawyer's possession in connection with a representation. All funds of clients and 3rd parties paid to a lawyer or law firm in connection with a representation shall be deposited in one or more identifiable trust accounts.</p> <p>(2) Identification of account. Each trust account shall be clearly designated as a "Client Account," a "Trust Account," or words of similar import. The account shall be identified as such on all account records, including signature cards, monthly statements, checks, and deposit slips. An acronym, such as "IOLTA," "IOTA," or "LTAB," without further elaboration, does not clearly designate the account as a client account or trust account.</p> <p>(3) Lawyer funds. No funds belonging to the lawyer or law firm, except funds reasonably sufficient to pay monthly account service charges, may be deposited or retained in a trust account.</p> <p>(4) Unearned fees and cost advances. Except as provided in par. (4m), unearned fees and advanced payments of fees shall be held in trust until earned by the lawyer, and withdrawn pursuant to sub. (g). Funds advanced by a client or 3rd party for payment of costs shall be held in trust until the costs are incurred.</p> <p>(4m) Alternative protection for advanced fees. A lawyer who accepts advanced payments of fees may deposit the funds in the lawyer's business account, provided that a court of competent jurisdiction must ultimately approve the lawyer's fee, or that the lawyer complies with each of the following requirements:</p> <p>a. Upon accepting any advanced payment of fees pursuant to this subsection, the lawyer shall deliver to the client a notice in writing containing all of the following information:</p> <ol style="list-style-type: none"><li>1. the amount of the advanced payment;</li><li>2. the basis or rate of the lawyer's fee;</li><li>3. any expenses for which the client will be responsible;</li><li>4. that the lawyer has an obligation to refund any unearned advanced fee, along with an accounting, at the termination of the representation;</li><li>5. that the lawyer is required to submit any dispute about a requested refund of advanced fees to binding arbitration within 30 days of receiving a request for such a refund; and</li><li>6. the ability of the client to file a claim with the Wisconsin lawyers' fund for client protection if the lawyer fails to provide a refund of unearned advanced fees.</li></ol> <p>b. Upon termination of the representation, the lawyer shall deliver to the client in writing all of the following:</p> <ol style="list-style-type: none"><li>1. a final accounting, or an accounting from the date of the lawyer's most recent statement to the end of the representation, regarding the client's advanced fee payment with a refund of any unearned advanced fees;</li></ol>
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	<p>2. notice that, if the client disputes the amount of the fee and wants that dispute to be submitted to binding arbitration, the client must provide written notice of the dispute to the lawyer within 30 days of the mailing of the accounting; and</p> <p>3. notice that, if the lawyer is unable to resolve the dispute to the satisfaction of the client within 30 days after receiving notice of the dispute from the client, the lawyer shall submit the dispute to binding arbitration.</p> <p>c. Upon timely receipt of written notice of a dispute from the client, the lawyer shall attempt to resolve that dispute with the client, and if the dispute is not resolved, the lawyer shall submit the dispute to binding arbitration with the State Bar Fee Arbitration Program or a similar local bar association program within 30 days of the lawyer's receipt of the written notice of dispute from the client.</p> <p>d. Upon receipt of an arbitration award requiring the lawyer to make a payment to the client, the lawyer shall pay the arbitration award within 30 days, unless the client fails to agree to be bound by the award of the arbitrator.</p> <p>(6) Trust property other than funds. Unless the client otherwise directs in writing, a lawyer shall keep securities in bearer form in a safe deposit box at a financial institution authorized to do business in Wisconsin. The safe deposit box shall be clearly designated as a "Client Account" or "Trust Account." The lawyer shall clearly identify and appropriately safeguard other property of a client or 3rd party.</p> <p>(7) Multi-jurisdictional practice. If a lawyer also licensed in another state is entrusted with funds or property in connection with a representation in the other state, the provisions of this rule shall not supersede the applicable rules of the other state.</p> <p>(c) Types of trust accounts.</p> <p>(1) IOLTA accounts. A lawyer who receives client funds shall maintain a pooled interest-bearing, demand account for deposit of client or 3rd-party funds that are:</p> <p>a. nominal in amount or expected to be held for a short period of time; or</p> <p>b. not deposited in an account or investment under par. (2); or</p> <p>c. not eligible for an account or investment under par. (2), because the client is a corporation or organization not permitted by law to maintain such an account or the terms of the account are not consistent with a need to make funds available without delay.</p> <p>(1m) The interest accruing on an account under par. (1), less any transaction costs, shall be paid to the Wisconsin Trust Account Foundation, Inc., which shall be considered the beneficial owner of the accrued interest, pursuant to SCR Chapter 13, Interest on Trust Accounts Program. A lawyer may notify the client of the intended use of these funds.</p> <p>(2) Other client accounts. A lawyer shall deposit all client funds in an account specified in par. (1) unless the funds are deposited in any of the following:</p> <p>a. a separate interest-bearing trust account for the particular client or</p>
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	<p>client's matter, the interest on which shall be paid to the client, less any transaction costs;</p> <p>b. a pooled interest-bearing trust account with sub-accounting by the financial institution, the lawyer, or the law firm that will provide for computation of interest earned by each client's funds and the payment of the interest to the client, less any transaction costs;</p> <p>c. an income-generating investment vehicle selected by the client and designated in specific written instructions from the client or authorized by a court or other tribunal, on which income shall be paid to the client or as directed by the court or other tribunal, less any transaction costs; or</p> <p>d. an income generating investment vehicle selected by the lawyer to protect and maximize the return of funds in a bankruptcy estate, which investment vehicle is approved by the trustee in bankruptcy and by a bankruptcy court order, consistent with 11 U.S.C. s. 345; or</p> <p>e. a demand deposit or other non-interest-bearing account for funds that are neither nominal in amount nor expected to be held for a short term, if the client specifically so approves.</p> <p>(3) Selection of account. In deciding whether to use the account specified in par. (1) or an account or investment vehicle specified in par. (2), a lawyer shall determine, at the time of the deposit, whether the client funds could be utilized to provide a positive net return to the client by taking into consideration all of the following:</p> <p>a. the amount of income that the funds would earn during the period the funds are expected to be on deposit;</p> <p>b. the cost of establishing and administering the account, including the cost of the lawyer's services and the cost of preparing any tax reports required for income accruing to a client's benefit; and</p> <p>c. the capability of financial institutions to calculate and pay interest or other income to individual clients.</p> <p>(4) Professional judgment. The determination whether funds to be invested could be utilized to provide a positive net return to the client rests in the sound judgment of the lawyer or law firm. If a lawyer acts in good faith in making this determination, the lawyer is not subject to any charge of ethical impropriety or other breach of the Rules of Professional Conduct.</p> <p>(5) WisTAF. For accounts created under par. (1), the lawyer or law firm shall direct the financial institution to remit to the Wisconsin Trust Account Foundation, Inc., also known as "WisTAF," at least quarterly, all of the following:</p> <p>a. the interest or dividends, less any service charges or fees, on the average monthly balance in the account or as otherwise computed in accordance with an institution's standard accounting practice; and</p> <p>b. a statement showing the name of the lawyer or law firm for whose account the remittance is sent, the rate of interest applied, the amount of service charges deducted, if any, and the account balance for the period for which the report is made. A copy of the statement shall be provided to the lawyer or law firm.</p>
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	<p>(d) Prompt notice and delivery of property.</p> <p>(1) Notice and disbursement. Upon receiving funds or other property in which a client has an interest, or in which the lawyer has received notice that a 3rd party has an interest identified by a lien, court order, judgment, or contract, the lawyer shall promptly notify the client or 3rd party in writing. Except as stated in this rule or otherwise permitted by law or by agreement with the client, the lawyer shall promptly deliver to the client or 3rd party any funds or other property that the client or 3rd party is entitled to receive.</p> <p>(2) Accounting. Upon final distribution of any trust property or upon request by the client or a 3rd party having an ownership interest in the property, the lawyer shall promptly render a full written accounting regarding the property.</p> <p>(3) Disputes regarding trust property. When the lawyer and another person or the client and another person claim ownership interest in trust property identified by a lien, court order, judgment, or contract, the lawyer shall hold that property in trust until there is an accounting and severance of the interests. If a dispute arises regarding the division of the property, the lawyer shall hold the disputed portion in trust until the dispute is resolved. Disputes between the lawyer and a client are subject to the provisions of sub. (g)(2).</p> <p>(e) Operational requirements for trust accounts.</p> <p>(1) Location. Each trust account shall be maintained in a financial institution that is authorized by federal or state law to do business in Wisconsin and that is located in Wisconsin or has a branch office located in Wisconsin, and which agrees to comply with the overdraft notice requirements of sub. (h).</p> <p>(2) Insurance requirements. Each trust account shall be maintained at a financial institution that is insured by the federal deposit insurance corporation, the national credit union share insurance fund, the Wisconsin credit union savings insurance corporation, the securities investor protection corporation, or any other investment institution financial guaranty insurance.</p> <p>(3) Interest requirements. An interest-bearing trust account shall bear interest at a rate of not less than that applicable to individual accounts of the same type, size, and duration and in which withdrawals or transfers can be made without delay when funds are required, subject only to any notice period that the depository institution is required to observe by law.</p> <p>(4) Prohibited transactions.</p> <p>a. Cash. No disbursement of cash shall be made from a trust account or from a deposit to a trust account, and no check shall be made payable to "Cash."</p> <p>b. Telephone transfers. No deposits or disbursements shall be made to or from a pooled trust account by a telephone transfer of funds. This section does not prohibit any of the following:</p> <ol style="list-style-type: none"><li>1. wire transfers.</li></ol>
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	<p>2. telephone transfers between separate, non-pooled demand and separate, non-pooled, non-demand trust accounts that a lawyer maintains for a particular client.</p> <p>c. Internet transactions. A lawyer shall not make deposits to or disbursements from a trust account by way of an Internet transaction.</p> <p>d. Electronic transfers by 3rd parties. A lawyer shall not authorize a 3rd party to electronically withdraw funds from a trust account. A lawyer shall not authorize a 3rd party to deposit funds into the lawyer's trust account through a form of electronic deposit that allows the 3rd party making the deposit to withdraw the funds without the permission of the lawyer.</p> <p>e. Credit card transactions. A lawyer shall not authorize transactions by way of credit card to or from a trust account. However, earned fees may be deposited by way of credit card to a lawyer's business account.</p> <p>f. Debit card transactions. A lawyer shall not use a debit card to make deposits to or disbursements from a trust account.</p> <p>g. Exception: Collection trust accounts. Upon demonstrating to the office of lawyer regulation that a transaction prohibited by sub. (e)(4)c., e., or f., constitutes an integral part of the lawyer's practice, a lawyer may petition that office for a separate, written agreement, permitting the lawyer to continue to engage in the prohibited transaction, provided the lawyer identifies the excepted account, provides adequate account security, and complies with specific record-keeping and production requirements.</p> <p>h. Exception: Fee and cost advances by credit card, debit card or other electronic deposit. A lawyer may establish a trust account, separate from the lawyer's IOLTA trust account, solely for the purpose of receiving advanced payments of legal fees and costs by credit card, debit card or other electronic deposit, subject to the following conditions:</p> <ol style="list-style-type: none"><li>1. the separate trust account shall be entitled: "Credit Card Trust Account";</li><li>2. lawyer and law firm funds, reasonably sufficient to cover all monthly account fees and charges and, if necessary, any deductions by the financial institution or card issuer from a client's payment by credit card, debit card, or other electronic deposit, shall be maintained in the credit card trust account, and a ledger for account fees and charges shall be maintained;</li><li>3. each payment by credit card, debit card or other electronic deposit, including, if necessary, a reimbursement by the lawyer or law firm for any deduction by the financial institution or card issuer from the gross amount of each payment, shall be transferred from the credit card trust account to the IOLTA trust account immediately upon becoming available for disbursement; and</li><li>4. within 3 business days of receiving actual notice that a chargeback or surcharge has been made against the credit card trust account, the lawyer shall replace any and all funds that have been withdrawn from the credit card trust account by the financial institution or card issuer; and shall reimburse the account for any shortfall or negative balance caused by a chargeback or surcharge. The lawyer shall not accept new payments to the credit card trust account until the lawyer has reimbursed the credit card</li></ol>
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	<p>trust account for the chargeback or surcharge.</p> <p>(5) Availability of funds for disbursement.</p> <p>a. Standard for trust account transactions. A lawyer shall not disburse funds from any trust account unless the deposit from which those funds will be disbursed has cleared, and the funds are available for disbursement.</p> <p>b. Exception: Real estate transactions. In closing a real estate transaction, a lawyer's disbursement of closing proceeds from funds that are received on the date of the closing, but that have not yet cleared, shall not violate sub. (e)(5)a. if those proceeds are deposited no later than the first business day following the closing and are comprised of the following types of funds:</p> <ol style="list-style-type: none"><li>1. a certified check;</li><li>2. a cashier's check, teller's check, bank money order, official bank check or electronic transfer of funds, issued or transferred by a financial institution insured by the federal deposit insurance corporation or a comparable agency of the federal or state government;</li><li>3. a check drawn on the trust account of any lawyer or real estate broker licensed under the laws of any state;</li><li>4. a check issued by the state of Wisconsin, the United States, or a political subdivision of the state of Wisconsin or the United States;</li><li>5. a check drawn on the account of or issued by a lender approved by the federal department of housing and urban development as either a supervised or a nonsupervised mortgagee as defined in 24 C.F.R. s. 202.2;</li><li>6. a check from a title insurance company licensed in Wisconsin, or from a title insurance agent of the title insurance company, if the title insurance company has guaranteed the funds of that title insurance agent;</li><li>7. a non-profit organization check in an amount not exceeding \$5000 per closing if the lawyer has reasonable and prudent grounds to believe that the deposit will be irrevocably credited to the trust account; and</li><li>8. a personal check or checks in an aggregate amount not exceeding \$5000 per closing if the lawyer has reasonable and prudent grounds to believe that the deposit will be irrevocably credited to the trust account.</li></ol> <p>bm. Without limiting the rights of the lawyer against any person, it shall be the responsibility of the disbursing lawyer to reimburse the trust account for any funds described in sub. (e)(5)b. that are not collected and for any fees, charges, and interest assessed by the financial institution on account of the funds being disbursed before the related deposit has cleared and the funds are available for disbursement. The lawyer shall maintain a subsidiary ledger for funds of the lawyer that are deposited in the trust account to reimburse the account for uncollected funds and to accommodate any fees, charges, and interest.</p> <p>c. Exception: Collection trust accounts. When handling collection work for a client and maintaining a separate trust account to hold funds collected on behalf of that client, a lawyer's disbursement to the client of collection proceeds that have not yet cleared, does not violate sub. (e)(5)a. so long as those collection proceeds have been deposited prior to the disbursement.</p> <p>(6) Record retention. A lawyer shall maintain complete records of trust</p>
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	<p>account funds and other trust property and shall preserve those records for at least 6 years after the date of termination of the representation.</p> <p>(7) Production of records. All trust account records have public aspects related to a lawyer's fitness to practice. Upon request of the office of lawyer regulation, or upon direction of the supreme court, the records shall be submitted to the office of lawyer regulation for its inspection, audit, use, and evidence under any conditions to protect the privilege of clients that the court may provide. The records, or an audit of the records, shall be produced at any disciplinary proceeding involving the lawyer, whenever material. Failure to produce the records constitutes unprofessional conduct and grounds for disciplinary action.</p> <p>(8) Business account. Each lawyer who receives trust funds shall maintain at least one demand account, other than the trust account, for funds received and disbursed other than in the lawyer's trust capacity, which shall be entitled "Business Account," "Office Account," "Operating Account," or words of similar import.</p> <p>(f) Record-keeping requirements for trust accounts.</p> <p>(1) Demand accounts. Complete records of a trust account that is a demand account shall include a transaction register; individual client ledgers; a ledger for account fees and charges, if law firm funds are held in the account pursuant to sub. (b)(3); deposit records; disbursement records; monthly statements; and reconciliation reports, subject to all of the following:</p> <p>a. Transaction register. The transaction register shall contain a chronological record of all account transactions, and shall include all of the following:</p> <ol style="list-style-type: none"><li>1. the date, source, and amount of all deposits;</li><li>2. the date, check or transaction number, payee and amount of all disbursements, whether by check, wire transfer, or other means;</li><li>3. the date and amount of every other deposit or deduction of whatever nature;</li><li>4. the identity of the client for whom funds were deposited or disbursed;</li></ol> <p>and</p> <ol style="list-style-type: none"><li>5. the balance in the account after each transaction.</li></ol> <p>b. Individual client ledgers. A subsidiary ledger shall be maintained for each client or matter for which the lawyer receives trust funds, and the lawyer shall record each receipt and disbursement of that client's funds and the balance following each transaction. A lawyer shall not disburse funds from the trust account that would create a negative balance with respect to any individual client or matter.</p> <p>c. Ledger for account fees and charges. A subsidiary ledger shall be maintained for funds of the lawyer deposited in the trust account to accommodate monthly service charges. Each deposit and expenditure of the lawyer's funds in the account and the balance following each transaction shall be identified in the ledger.</p> <p>d. Deposit records. Deposit slips shall identify the name of the lawyer or</p>
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	<p>law firm, and the name of the account. The deposit slip shall identify the amount of each deposit item, the client or matter associated with each deposit item, and the date of the deposit. The lawyer shall maintain a copy or duplicate of each deposit slip. All deposits shall be made intact. No cash, or other form of disbursement, shall be deducted from a deposit. Deposits of wired funds shall be documented in the account's monthly statement.</p> <p>e. Disbursement records.</p> <ol style="list-style-type: none"><li>1. Checks. Checks shall be pre-printed and pre-numbered. The name and address of the lawyer or law firm, and the name of the account shall be printed in the upper left corner of the check. Trust account checks shall include the words "Client Account," or "Trust Account," or words of similar import in the account name. Each check disbursed from the trust account shall identify the client matter and the reason for the disbursement on the memo line.</li><li>2. Canceled checks. Canceled checks shall be obtained from the financial institution. Imaged checks may be substituted for canceled checks.</li><li>3. Imaged checks. Imaged checks shall be acceptable if they provide both the front and reverse of the check and comply with the requirements of this paragraph. The information contained on the reverse side of the imaged checks shall include any endorsement signatures or stamps, account numbers, and transaction dates that appear on the original. Imaged checks shall be of sufficient size to be readable without magnification and as close as possible to the size of the original check.</li><li>4. Wire transfers. Wire transfers shall be documented by a written withdrawal authorization or other documentation, such as a monthly statement of the account that indicates the date of the transfer, the payee, and the amount.</li></ol> <p>f. Monthly statement. The monthly statement provided to the lawyer or law firm by the financial institution shall identify the name and address of the lawyer or law firm and the name of the account.</p> <p>g. Reconciliation reports. For each trust account, the lawyer shall prepare and retain a printed reconciliation report on a regular and periodic basis not less frequently than every 30 days. Each reconciliation report shall show all of the following balances and verify that they are identical:</p> <ol style="list-style-type: none"><li>1. the balance that appears in the transaction register as of the reporting date;</li><li>2. the total of all subsidiary ledger balances for IOLTA accounts and other pooled accounts, determined by listing and totaling the balances in the individual client ledgers and the ledger for account fees and charges, as of the reporting date; and</li><li>3. the adjusted balance, determined by adding outstanding deposits and other credits to the balance in the financial institution's monthly statement and subtracting outstanding checks and other deductions from the balance in the monthly statement.</li></ol> <p>(2) Non-demand accounts. Complete records of a trust account that is a</p>
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	<p>non-demand account shall include all of the following:</p> <ul style="list-style-type: none"><li>a. all monthly or other periodic statements provided by the financial institution to the lawyer or law firm; and</li><li>b. all transaction records, including passbooks, records of electronic fund transactions, duplicates of any instrument issued by the financial institution from funds held in the account, duplicate deposit slips identifying the source of any deposit, and duplicate withdrawal slips identifying the purpose of any withdrawal.</li></ul> <p>(3) Tangible trust property and bearer securities.</p> <ul style="list-style-type: none"><li>a. Property ledger. A lawyer who receives, in trust, tangible personal property or securities in bearer form shall maintain a property ledger that identifies the property, date of receipt, owner, client or matter, and location of the property. The ledger shall also identify the disposition of all of the trust property received by the lawyer.</li><li>b. Receipt upon taking custody. Upon taking custody, in trust, of any tangible personal property or securities in bearer form, the lawyer shall provide to the previous custodian a signed receipt, with a description of the property and the date of receipt.</li><li>c. Dispositional receipt. Upon disposition of any tangible personal property or securities in bearer form held in trust, the lawyer shall obtain a signed receipt, with a description of the property and the date of disposition, from the recipient.</li></ul> <p>(4) Electronic record retention.</p> <ul style="list-style-type: none"><li>a. Back-up of records. A lawyer who maintains trust account records by computer shall maintain the transaction register, client ledgers, and reconciliation reports in a form that can be reproduced to printed hard copy. Electronic records must be regularly backed up by an appropriate storage device.</li><li>b. IOLTA account records. In addition to the requirements of sub. (f)(4)a., the transaction register, the subsidiary ledger, and the reconciliation report shall be printed every 30 days for the IOLTA account. The printed copy shall be retained for at least 6 years, as required under sub. (e)(6).</li></ul> <p>(g) Withdrawal of non-contingent fees from trust account.</p> <p>(1) Notice to client. At least 5 business days before the date on which a disbursement is made from a trust account for the purpose of paying fees, with the exception of contingent fees or fees paid pursuant to court order, the lawyer shall transmit to the client in writing all of the following:</p> <ul style="list-style-type: none"><li>a. an itemized bill or other accounting showing the services rendered;</li><li>b. notice of the amount owed and the anticipated date of the withdrawal; and</li><li>c. a statement of the balance of the client's funds in the lawyer trust account after the withdrawal.</li></ul> <p>(1m) Alternative notice to client. The lawyer may withdraw earned fees on the date that the invoice is transmitted to the client, provided that the lawyer has given prior notice to the client in writing that earned fees will be withdrawn on the date that the invoice is transmitted. The invoice shall</p>
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	<p>include each of the elements required by sub. (g)(1)a., b., and c.</p> <p>(2) Objection to disbursement. If a client makes a particularized and reasonable objection to the disbursement described in sub. (g)(1), the disputed portion shall remain in the trust account until the dispute is resolved. If the client makes a particularized and reasonable objection to a disbursement described in sub. (g)(1) or (1m) within 30 days after the funds have been withdrawn, the disputed portion shall be returned to the trust account until the dispute is resolved, unless the lawyer reasonably believes that the client's objections do not present a basis to hold funds in trust or return funds to the trust account under this subsection. The lawyer will be presumed to have a reasonable basis for declining to return funds to trust if the disbursement was made with the client's informed consent, in writing. The lawyer shall promptly advise the client in writing of the lawyer's position regarding the fee and make reasonable efforts to clarify and address the client's objections.</p> <p>(h) Dishonored instrument notification; (Overdraft notices). All demand trust accounts and demand fiduciary accounts are subject to the following provisions on dishonored instrument notification:</p> <p>(1) Overdraft reporting agreement. A lawyer shall maintain demand trust accounts only in a financial institution that has agreed to provide an overdraft report to the office of lawyer regulation under par. (3).</p> <p>(2) Identification of accounts subject to this subsection. A lawyer or law firm shall notify the financial institution at the time a trust account or fiduciary account is established that the account is subject to this sub. (h) and shall provide the financial institution with a list of all existing accounts at that institution that are subject to this subsection.</p> <p>(3) Overdraft report. In the event any properly payable instrument is presented against a lawyer trust account containing insufficient funds, whether or not the instrument is honored, the financial institution shall report the overdraft to the office of lawyer regulation.</p> <p>(4) Content of report. All reports made by a financial institution under this subsection shall be substantially in the following form:</p> <p>a. In the case of a dishonored instrument, the report shall be identical to an overdraft notice customarily forwarded to the depositor or investor, accompanied by the dishonored instrument, if a copy is normally provided to the depositor or investor.</p> <p>b. In the case of instruments that are presented against insufficient funds and are honored, the report shall identify the financial institution involved, the lawyer or law firm, the account number, the date on which the instrument is paid, and the amount of overdraft created by the payment.</p> <p>(5) Timing of report. A report made under this subsection shall be made simultaneously with the overdraft notice given to the depositor or investor.</p> <p>(6) Confidentiality of report. A report made by a financial institution under this subsection shall be subject to SCR 22.40, Confidentiality.</p> <p>(7) Withdrawal of report by financial institution. The office of lawyer regulation shall hold each overdraft report for 10 business days to enable</p>
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	<p>the financial institution to withdraw a report provided by inadvertence or mistake. The deposit of additional funds by the lawyer or law firm shall not constitute reason for withdrawing an overdraft report.</p> <p>(8) Lawyer compliance. Every lawyer practicing or admitted to practice in Wisconsin shall comply with the reporting and production requirements of this subsection.</p> <p>(9) Service charges. A financial institution may charge a lawyer or law firm for the reasonable costs of producing the reports and records required by this rule.</p> <p>(10) Immunity of financial institution. This subsection does not create a claim against a financial institution or its officers, directors, employees, or agents for failure to provide a trust account overdraft report or for compliance with this subsection.</p> <p>(i) Certification of compliance with trust account rules.</p> <p>(1) Annual requirement. A member of the state bar of Wisconsin shall file with the state bar of Wisconsin annually, with payment of the member's state bar dues or upon any other date approved by the supreme court, a certificate stating whether the member is engaged in the practice of law in Wisconsin. If the member is practicing law, the member shall state the account number of any trust account, and the name of each financial institution in which the member maintains a trust account, a safe deposit box, or both, as required by this section. The state bar shall supply to each member, with the annual dues statement, or at any other time directed by the supreme court, a form on which the certification must be made.</p> <p>(2) Trust account record compliance. Each state bar member shall explicitly certify on the state bar certificate described in par. (1) that the member has complied with each of the record-keeping requirements set forth in subs. (f) and (j)(5).</p> <p>(3) Certification by law firm. A law firm shall file one certificate on behalf of the lawyers in the firm who are required to file a certificate under par. (1). The law firm shall give a copy of the certificate to each lawyer in the firm.</p> <p>(4) Suspension for non-compliance. The failure of a state bar member to file the certificate is grounds for automatic suspension of the member's membership in the state bar in the same manner provided in SCR 10.03(6) for nonpayment of dues. The filing of a false certificate is unprofessional conduct and is grounds for disciplinary action.</p> <p>(j) Fiduciary property.</p> <p>(1) Separate account. A lawyer shall hold in trust, separate from the lawyer's own funds or property, those funds or that property of clients or 3rd parties that are in the lawyer's possession when acting in a fiduciary capacity that directly arises in the course of, or as a result of, a lawyer-client relationship or by appointment of a court.</p> <p>(1m) Other fiduciary accounts. A lawyer shall deposit all fiduciary funds specified in par. (1) in any of the following:</p> <p>a. a pooled interest-bearing fiduciary account with sub-accounting by the</p>
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	<p>financial institution, the lawyer, or the law firm that will provide for computation of interest earned by each fiduciary entity's funds and the proportionate allocation of the interest to the fiduciary entity, less any transaction costs;</p> <p>b. an income-generating investment vehicle, on which income shall be paid to the fiduciary entity or its beneficiary or beneficiaries, less any transaction costs;</p> <p>c. an income-generating investment vehicle selected by the lawyer and approved by a court for guardianship funds if the lawyer serves as guardian for a ward under chs. 54 and 881, stats.;</p> <p>d. an income-generating investment vehicle selected by the lawyer to protect and maximize the return on funds in a bankruptcy estate, which investment vehicle is approved by the trustee in bankruptcy and by a bankruptcy court order, consistent with 11 U.S.C. s. 345; or</p> <p>e. a demand deposit or other non-interest bearing account when, in the sound professional judgment of the lawyer, placement in such an account is consistent with the needs and purposes of the fiduciary entity or its beneficiary or beneficiaries.</p> <p>(2) Location. Each fiduciary account shall be maintained in a financial institution as provided by the written authorization of the client, the governing trust instrument, organizational by-laws, an order of a court or, absent such direction, in a financial institution that, in the lawyer's professional judgment, will best serve the needs and purposes of the client or 3rd party for whom the lawyer serves as fiduciary. If a lawyer acts in good faith in making this determination, the lawyer is not subject to any charge of ethical impropriety or other breach of the Rules of Professional Conduct. When the fiduciary property is held in a demand account from which funds are disbursed through a properly payable instrument issued directly by the lawyer or a member or employee of the lawyer's firm and the account is at a financial institution that is not located in Wisconsin or authorized by state or federal law to do business in Wisconsin, the lawyer shall comply with the requirements of sub. (j)(9)b. or c.</p> <p>(3) Prohibited transactions.</p> <p>a. Cash. No disbursement of cash shall be made from a fiduciary account or from a deposit to a fiduciary account, and no check shall be made payable to "Cash."</p> <p>b. Internet transactions. A lawyer shall not make deposits to or disbursements from a fiduciary account by way of an Internet transaction.</p> <p>c. Credit card transactions. A lawyer shall not authorize transactions by way of credit card to or from a fiduciary account.</p> <p>d. Debit card transactions. A lawyer shall not use a debit card to make deposits to or disbursements from a fiduciary account.</p> <p>(4) Availability of funds for disbursement. A lawyer shall not disburse funds from a fiduciary account unless the deposit from which those funds will be disbursed has cleared, and the funds are available for disbursement. However, the exception for real estate transactions under sub. (e)(5)b. shall</p>
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	<p>apply to fiduciary accounts.</p> <p>(5) Records. For each fiduciary account, the lawyer shall retain records of receipts and disbursements as necessary to document the transactions. The lawyer shall maintain all of the following:</p> <ul style="list-style-type: none"><li>a. all monthly or other periodic statements provided by the financial institution to the lawyer or law firm; and</li><li>b. all transaction records, including canceled or imaged checks, passbooks, records of electronic fund transactions, duplicates of any instrument issued by the financial institution from funds held in the account, duplicate deposit slips identifying the source of any deposit, and duplicate withdrawal slips identifying the purpose of any withdrawal.</li></ul> <p>(6) Record retention. A lawyer shall maintain complete records of fiduciary accounts and other fiduciary property during the course of the fiduciary relationship. A lawyer shall maintain a complete record of the fiduciary account for the 6 most recent years of the account's existence and shall maintain, at a minimum, a summary accounting of the fiduciary account for prior years of the account's existence. After the termination of the fiduciary relationship, the lawyer shall preserve complete records for at least 6 years.</p> <p>(7) Production of records. All fiduciary account records have public aspects related to a lawyer's fitness to practice. Upon request of the office of lawyer regulation, or upon direction of the supreme court, the records shall be submitted to the office of lawyer regulation for its inspection, audit, use, and evidence under any conditions to protect the privilege of clients that the court may provide. The records, or an audit of the records, shall be produced at any disciplinary proceeding involving the lawyer, whenever material. Failure to produce the records constitutes unprofessional conduct and grounds for disciplinary action.</p> <p>(8) Tangible fiduciary property and bearer securities.</p> <ul style="list-style-type: none"><li>a. Property ledger. A lawyer who, as a fiduciary, receives tangible personal property or securities in bearer form shall maintain a property ledger that identifies the property, date of receipt, owner, and location of the property. The ledger shall also identify the disposition of all such fiduciary property received by the lawyer.</li><li>b. Receipt upon taking custody. Upon taking custody, as a fiduciary, of any tangible personal property or securities in bearer form, the lawyer shall provide to the previous custodian a signed receipt, with a description of the property, and the date of receipt.</li><li>c. Dispositional receipt. Upon disposition of any tangible personal property or securities in bearer form held by the lawyer as a fiduciary, the lawyer shall obtain a signed receipt, with a description of the property and the date of disposition, from the recipient.</li></ul> <p>(9) Dishonored instrument notification or alternative protection. A lawyer who holds fiduciary property in a demand account from which funds are disbursed through a properly payable instrument issued directly by the lawyer or a member or employee of the lawyer's firm shall take one of the</p>
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	<p>following actions:</p> <ul style="list-style-type: none"> <li>a. comply with the requirements of sub. (h) dishonored instrument notification (overdraft notices); or</li> <li>b. have the account independently audited by a certified public accountant on at least an annual basis; or</li> <li>c. hold the funds in a demand account, which requires the approving signature of a co-trustee, co-agent, co-guardian, or co-personal representative before funds may be disbursed from the account.</li> </ul> <p>(10) Certification requirements. Funds held by a lawyer in a fiduciary account shall comply with the certification requirements of sub. (i).</p> <p>(k) Exceptions to this section.</p> <p>This rule does not apply in any of the following instances in which a lawyer is acting in a fiduciary capacity:</p> <ul style="list-style-type: none"> <li>(1) the lawyer is serving as a bankruptcy trustee, subject to the oversight and accounting requirements of the bankruptcy court;</li> <li>(2) the property held by the lawyer when acting in a fiduciary capacity is property held for the benefit of an "immediate family member" of the lawyer;</li> <li>(3) the lawyer is serving in a fiduciary capacity for a civic, fraternal, or non-profit organization that is not a client and has other officers or directors participating in the governance of the organization; or</li> <li>(4) the lawyer is acting in the course of the lawyer's employment by an employer not itself engaged in the practice of law, provided that the lawyer's employment is not ancillary to the lawyer's practice of law.</li> </ul>
<p>WY Effective 7/1/06</p>	<p>(a) A lawyer shall hold property of clients or third persons that is in a lawyer's possession in connection with a representation separate from the lawyer's own property. Funds shall be kept in a separate trust account maintained in the State of Wyoming or elsewhere with the written consent of the client or third person. Other property shall be identified as belonging to the appropriate entity and appropriately safeguarded. The trust account shall comply with the following provisions:</p> <ul style="list-style-type: none"> <li>(1) The trust account shall include all client or third party funds except those funds deposited pursuant to the written instructions of the client or third party in a special interest bearing account with the interest being paid pursuant to the written instructions of the client or third party.</li> <li>(2) No interest from such trust account shall be made available to a lawyer or law firm.</li> <li>(3) Upon receiving funds or other property in which a client or third person has an interest, a lawyer shall promptly notify the client or third person, provided however, notification to interested parties whose funds are nominal in amount or to be held for a short period of time is not required. The determination of whether the funds are nominal in amount or to be held for a short period of time rests in the sound judgment of each lawyer or law firm.</li> </ul> <p>Adds: (b) Any interest-bearing trust account established pursuant to subsection (a) of this Rule may be established with any financial institution</p>

	<p>which is authorized by federal or state law to do business in Wyoming and which is a member of the Federal Deposit Insurance Corporation, or any successor agency. Funds deposited in such accounts shall be subject to withdrawal by check and without delay. The account must be in the name of the lawyer or the law firm and be clearly labeled or designated as a “trust account.”</p> <p>(c): same as MR (b)</p> <p>(d): similar to MR (c). Ends first sentence after “advance.” Adds as second sentence: The lawyer may withdraw those funds only as fees are earned or expenses incurred.</p> <p>(e): similar to MR (d). Deletes first sentence. Adds as last sentence: Complete records of such accounting shall be kept by the lawyer and shall be preserved for a period of five years after termination of the representation.</p> <p>(f): similar to MR (e). Replaces “the property shall be kept separate” with “the property in dispute shall be kept in trust”</p> <p>Adds: (g) A lawyer shall keep complete and current records of the trust account funds. These records shall be preserved for a period of five years after termination of the representation. Specifically, the following records must be maintained:</p> <ol style="list-style-type: none"><li>(1) a receipt and disbursement journal showing a running balance and identifying all deposits in and withdrawals from the account, including:<ol style="list-style-type: none"><li>(i) the dates of the deposits and withdrawals,</li><li>(ii) from whom the deposits were received, and</li><li>(iii) for whom the withdrawals were made;</li></ol></li><li>(2) a separate accounting page or column for each client or third person for whom funds are held showing a running balance and identifying all receipts and disbursements as described in subsection (1) above;</li><li>(3) at least quarterly a written reconciliation of trust account journals, ledgers, and bank statements;</li><li>(4) all checkbooks, bank statements, and copies or originals of the canceled or voided checks.</li></ol> <p>Adds: (h) This rule does not apply to any member of the Wyoming State Bar, who, (1) is not engaged in the practice of law in Wyoming; (2) is employed on a full-time basis by any governmental agency or subdivision and is not engaged in the private practice of law; or (3) is employed on a full-time basis by any corporation or association which does not provide legal services to the public and who is not otherwise engaged in the private practice of law.</p> <p>Adds: (i) Each active member of the Wyoming State Bar who practices within the state shall certify each year upon making payment of annual license fees that the member has and intends to keep in force in the State of Wyoming a separate bank account or accounts for the purpose of keeping money in trust for clients, which account conforms to the requirements of this rule, or that because of the nature of the member's practice no client funds are received. Certification shall be upon a form to be provided by the</p>
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As of July 1, 2011

	Wyoming State Bar and shall include the following: (1) the name and address of the lawyer or law firm filing the certification; (2) the name and address of each financial institution in which the account or accounts are maintained; (3) the number of each account maintained pursuant to this rule; (4) the dates covered by the certification; and (5) the signature, under penalty of perjury, of the lawyer making the certification.
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