A. GP Solo Internal Work

Responses to the survey program at the GP Solo spring meeting resulted in a split of opinions: about 50% in favor and 50% opposed.

We have set up a discussion board website within the Division to facilitate discussion on this issue, obtain input from the membership and address other ethics issues; the site is:
http://www2.americanbar.org/divisions/genpractice/ZZ950210/Pages/default.aspx

PLEASE NOTE: You will need to “sign in” to access the discussion board the “sign in” link is located in the top right corner of the webpage.

B. Ethics 20/20 Commission Work on ABS

1. The Working Group is seeking the Commission's guidance at this meeting and nothing has yet been finally decided.

2. It is important to note at the outset that this is not MDP redux.

3. The Ethics 20/20 Commission issued a very detailed Issues Paper about the different forms of alternative business structures and how other countries have implemented a wide range of approaches. Available on 20/20 website.

4. **ABS Working Group Charge**: Understanding how (and if) those models might be adapted or implemented domestically, as well as the challenges these approaches pose in the global legal services marketplace, is important given this Commission's charge.

5. The Commission has not yet made any decisions about this topic other than:

   a) It would be remiss if it did not reexamine these issues. In this regard the Commission’s study is informed by previous ABA efforts to examine alternative business structures—both the substantive and political results of those efforts.

   b) The Commission **will not** recommend that passive nonlawyer equity ownership in law firms or that publicly traded law firms should be permitted at this time in the U.S. There are other countries that do allow this. (e.g.: no selling stock in a law firm)
c) Commission is still studying far more modest approaches that would allow the US legal profession, consistent with core values and professional independence, to help lawyers provide better client service and greater access to justice. The Commission will likely further narrow the approaches under its consideration at this meeting. It will then determine what, if any changes to propose by September. As with other subjects, any initial proposal will be broadly disseminated for comment.

d) These issues no longer theoretical:

- U.S. lawyers and law firms are already encountering these alternative structures and participating in them—3 U.S. based firms have transformed their London offices to legal disciplinary practices that permit up to 25% of the law firm to be comprised of nonlawyer partners/managers.

  The Commission is studying what type of guidance should be given to help them do so ethically.

- For 21 years the District of Columbia has allowed nonlawyers to have financial interest or managerial authority in a law firm under following circumstances:

  Ø nonlawyer can only perform professional services that assist org. in providing legal services to clients

  Ø Org’s sole purpose is law practice

  Ø nonlawyers must abide by DC RPC

  Ø lawyers responsible for nonlawyers as if they were other lawyers in the firm under Rule 5.1

  Ø all set forth in writing

  Ø No caps on % of nonlawyers

DC Experiences

**Small Firms:** We have learned that uptake in the District of Columbia has been by small firms, where there is typically one or two major lawyer partners and they work with nonlawyer professionals who help them provide legal services to their clients. For example, PI lawyers who have medical investigators or IT professionals as partners.

**Large Firms:** also have senior nonlawyer partners (often but by no means exclusively lobbyists) because they are rainmakers. So there is an advantage in allowing them to become partners and share profits.
Commission heard from those with experience helping set up these entities in the District of Columbia for firms of all sizes that the concerns about nonlawyer partners inserting themselves into the decision process relating to client matters have not been an issue. There have been no disciplinary matters relating to these entities in the District of Columbia. Commission is looking further at this.

e) Data collected thus far from the Young Lawyers Division shows interest in allowing some modest form of ABS.

f) **Why do lawyers want nonlawyer partners and not just employees?**
Responses to date include:

- It appeals to clients
- It helps with recruitment of talent
- It allows increased innovation
- It permits more cost effective delivery of legal services.