IOLTA/Law Office Management
(EDU231025)

Wednesday, October 25, 2023

12:15 p.m. to 4:15 p.m.

Hawthorne Inn

Berlin, CT

CT Bar Institute, Inc.

CT: 3.0 CLE Credits (Ethics)
NY: 3.5 CLE Credits (Ethics)

No representation or warranty is made as to the accuracy of these materials. Readers should check primary sources where appropriate and use the traditional legal research techniques to make sure that the information has not been affected or changed by recent developments.

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LAWYERS' PRINCIPLES OF PROFESSIONALISM

As a lawyer, I have dedicated myself to making our system of justice work fairly and efficiently for all. I am an officer of this Court and recognize the obligation I have to advance the rule of law and preserve and foster the integrity of the legal system. To this end, I commit myself not only to observe the Connecticut Rules of Professional Conduct, but also conduct myself in accordance with the following Principles of Professionalism when dealing with my clients, opposing parties, fellow counsel, self-represented parties, the Courts, and the general public.

Civility:

Civility and courtesy are the hallmarks of professionalism. As such,

- I will be courteous, polite, respectful, and civil, both in oral and in written communications;
- I will refrain from using litigation or any other legal procedure to harass an opposing party;
- I will not impute improper motives to my adversary unless clearly justified by the facts and essential to resolution of the issue;
- I will treat the representation of a client as the client's transaction or dispute and not as a dispute with my adversary;
- I will respond to all communications timely and respectfully and allow my adversary a reasonable time to respond;
- I will avoid making groundless objections in the discovery process and work cooperatively to resolve those that are asserted with merit;
- I will agree to reasonable requests for extensions of time and for waiver of procedural formalities when the legitimate interests of my client will not be adversely affected;
- I will try to consult with my adversary before scheduling depositions, meetings, or hearings, and I will cooperate with her when schedule changes are requested;
- When scheduled meetings, hearings, or depositions have to be canceled, I will notify my adversary and, if appropriate, the Court (or other tribunal) as early as possible and enlist their involvement in rescheduling; and
- I will not serve motions and pleadings at such time or in such manner as will unfairly limit the other party's opportunity to respond.

Honesty:

Honesty and truthfulness are critical to the integrity of the legal profession – they are core values that must be observed at all times and they go hand in hand with my fiduciary duty. As such,

- I will not knowingly make untrue statements of fact or of law to my client, adversary or the Court;
- I will honor my word;
- I will not maintain or assist in maintaining any cause of action or advancing any position that is false or unlawful;

- I will withdraw voluntarily claims, defenses, or arguments when it becomes apparent that they do not have merit or are superfluous;
- I will not file frivolous motions or advance frivolous positions;
- When engaged in a transaction, I will make sure all involved are aware of changes I make to documents and not conceal changes.

Competency:

Having the necessary ability, knowledge, and skill to effectively advise and advocate for a client's interests is critical to the lawyer's function in their community. As such,

- I will keep myself current in the areas in which I practice, and, will associate with, or refer my client to, counsel knowledgeable in another field of practice when necessary;
- I will maintain proficiency in those technological advances that are necessary for me to competently represent my clients.
- I will seek mentoring and guidance throughout my career in order to ensure that I act with diligence and competency.

Responsibility:

I recognize that my client's interests and the administration of justice in general are best served when I work responsibly, effectively, and cooperatively with those with whom I interact. As such,

- Before dates for hearings or trials are set, or if that is not feasible, immediately after such dates have been set, I will attempt to verify the availability of key participants and witnesses so that I can promptly notify the Court (or other tribunal) and my adversary of any likely problem;
- I will make every effort to agree with my adversary, as early as possible, on a voluntary exchange of information and on a plan for discovery;
- I will attempt to resolve, by agreement, my objections to matters contained in my opponent's pleadings and discovery requests;
- I will be punctual in attending Court hearings, conferences, meetings, and depositions;
- I will refrain from excessive and abusive discovery, and I will comply with all reasonable discovery requests;
- In civil matters, I will stipulate to facts as to which there is no genuine dispute;
- I will refrain from causing unreasonable delays;
- Where consistent with my client's interests, I will communicate with my adversary in an effort to avoid needless controversial litigation and to resolve litigation that has actually commenced;
- While I must consider my client's decision concerning the objectives of the representation, I nevertheless will counsel my client that a willingness to initiate or engage in settlement discussions is consistent with zealous and effective representation.

Mentoring:

I owe a duty to the legal profession to counsel less experienced lawyers on the practice of the law and these Principles, and to seek mentoring myself. As such:

- I will exemplify through my behavior and teach through my words the importance of collegiality and ethical and civil behavior;
- I will emphasize the importance of providing clients with a high standard of representation through competency and the exercise of sound judgment;
- I will stress the role of our profession as a public service, to building and fostering the rule of law;
- I will welcome requests for guidance and advice.

Honor:

I recognize the honor of the legal profession and will always act in a manner consistent with the respect, courtesy, and weight that it deserves. As such,

- I will be guided by what is best for my client and the interests of justice, not what advances my own financial interests;
- I will be a vigorous and zealous advocate on behalf of my client, but I recognize that, as an officer of the Court, excessive zeal may be detrimental to the interests of a properly functioning system of justice;
- I will remember that, in addition to commitment to my client's cause, my responsibilities as a lawyer include a devotion to the public good;
- I will, as a member of a self-regulating profession, report violations of the Rules of Professional Conduct as required by those rules;
- I will protect the image of the legal profession in my daily activities and in the ways I communicate with the public;
- I will be mindful that the law is a learned profession and that among its desirable goals are devotion to public service, improvement of administration of justice, and the contribution of uncompensated time and civic influence on behalf of those persons who cannot afford adequate legal assistance; and
- I will support and advocate for fair and equal treatment under the law for all persons, regardless of race, color, ancestry, sex, pregnancy, religion, national origin, ethnicity, disability, status as a veteran, age, gender identity, gender expression or marital status, sexual orientation, or creed and will always conduct myself in such a way as to promote equality and justice for all.

Nothing in these Principles shall supersede, supplement, or in any way amend the Rules of Professional Conduct, alter existing standards of conduct against which a lawyer's conduct might be judged, or become a basis for the imposition of any civil, criminal, or professional liability.

Faculty Biographies

Elizabeth M. Rowe

Elizabeth Rowe began her legal career during law school as a First Year Honors Scholar for Halloran & Sage; later clerking for Horton Shields & Knox and Baker O'Sullivan & Bliss. After law school she became a private attorney in Middletown, Connecticut, working for Dowley & Associates. In June of 2007, she joined the Statewide Grievance Committee as Assistant Bar Counsel and was promoted to First Assistant Bar Counsel in July of 2022.

Attorney Rowe administers the random audit program and conducts all investigations of overdrafts to IOLTA accounts. In addition, she performs extensive audits at the behest of the Statewide Grievance Committee, the Office of the Chief Disciplinary Counsel and the courts. Attorney Rowe attended Loyola College in Maryland, graduating *magna cum laude* in 2001 and receiving a BA in History and a minor in Entrepreneurship. She then went on to graduate *cum laude* from UCONN School of Law in 2004 where she was the Administrative Editor of the Connecticut Journal of International Law; served as a teaching assistant for Wesley Horton's Appellate Advocacy; and received the Connecticut Bar Association Real Property Award as well as CALI Awards for the Best Exams in Income Taxation of Corporations and its Shareholders and Commercial Paper.

Suzanne B. Sutton

Suzanne has extensive experience in attorney discipline matters and bankruptcy law. Prior to joining Cohen and Wolf, she spent approximately nine years at the Office of Chief Disciplinary Counsel and was appointed First Assistant Chief Disciplinary Counsel. As a disciplinary counsel she investigated, negotiated and prosecuted all matters of grievance complaints and unauthorized practice of law issues. Suzanne now focuses on defending attorneys in the area of attorney discipline and professional malpractice. She also serves as an expert witness in the area of attorney discipline. She is a member of the CBA Standing Committee Professional Ethics, Professional Responsibility Section, Commercial Law Section Bankruptcy Section and former chair of the Professional Discipline Section.

In addition to grievance matters, Suzanne has extensive experience in commercial law and bankruptcy. She has represented individuals and businesses in Chapter 7, 13 and 11 cases and has served as a Chapter 7 Panel Trustee for the District of Connecticut.

Suzanne often participates in legal ethics seminars for the Connecticut Bar Association and for individual County Bar Associations. She is an adjunct legal ethics professor at the Quinnipiac University School of Law.

Marie-Louise Villar

Assistant Chief Disciplinary Counsel for the past five years, Marie-Louise Villar pursues complaints alleging attorney misconduct and the unauthorized practice of law. Prior to being appointed as Assistant Chief Disciplinary Counsel, Attorney Villar was a Special Deputy Assistant State's Attorney for more than ten years and was in private practice engaged in the general practice of law. In addition to practicing law, Marie-Louise believes strongly in enhancing the community's positive view of the legal system. She is an active member of the Hartford Youth Diversion Team (formerly Hartford Juvenile Review Board) and has also been involved in high school Mock Trial Competitions for nearly a decade, first as a coach and now as a judge. Marie-Louise taught in paralegal certificate programs in the Greater Hartford area for more than fifteen years and is always very proud to see her former students flourishing in the legal community. Attorney Villar is a member of the Connecticut Bar Association and the National Organization of Bar Counsel.

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(EDU231025)

October 25, 2023, 12:15 p.m. – 4:15 p.m.
Hawthorne Inn
2421 Berlin Tpk., Berlin

Agenda

Registration and lunch **12:15 p.m. – 1:00 p.m.**

Suzanne Sutton – Cohen & Wolf PC, Orange **1:00 p.m. – 1:30 p.m.**

- Overview of the Rules of Professional Conduct and Changes
- Major Challenges
- Best Practices

Elizabeth Rowe – Connecticut Statewide Grievance Committee, Judicial Branch, Hartford
1:30 p.m. – 2:30 p.m.

- Rule 1.15
- Audit
- Overdrafts
- Common Errors and Omissions

Break **2:30 p.m. – 2:45 p.m.**

Marie-Louise Villar – Office of Chief Disciplinary Counsel, Judicial Branch, Hartford
2:45 p.m. – 3:30 p.m.

- Disciplinary Counsel – What We Do
- Common violations
- Recent notable cases

Suzanne Sutton – Cohen & Wolf PC, Orange **3:30 p.m. – 4:15 p.m.**

- Complying with Audits
- Protecting your Practice
- Defending Disciplinary Actions

Suzanne B. Sutton

s.sutton@cohenandwolf.com

IOLTA Account Management Seminar

Not just a law firm. | **Your** law firm.

Rule 1.5 (b)/ Rule 1.2 Scope of Representation

- WRITTEN retainer agreement
- - EXPLAIN the WRITTEN retainer agreement
- - Who's the boss? Objectives of representation; means to an end.
- - As a real estate attorney do I still need a retainer agreement?

Other Engagement Letter Items

- Client Cooperation
- Communication parameters
- Termination clause
- Arbitration clause
- NO SUCH THING AS EARNED UPON RECEIPT

BEST PRACTICES

- All fee agreements executed by client
- Scope of representation should be clear
- Regularly prepare an accounting of fees & costs
- Return all unearned fees with an accounting (RPC 1.16(d))
- Terminate/ conclude representation with letter to client with an accounting
- Utilize CBA Resolution of Legal Fee Disputes Program

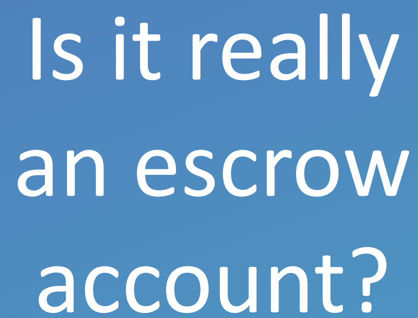
RPC 1.5 FEES

Fees and expenses must be reasonable. Factors include, but not limited to:

1. Time and labor required;
2. Novelty and difficulty of the matter;
3. Skill required;
4. Preclusion of taking other matters;
5. Fee customarily charged for similar matter;
6. Amount involved and result obtained;
7. Time limitations imposed by client;
8. Nature and length of the professional relationship;
9. Experience, reputation and ability of lawyer; and
10. Whether the fee is fixed or contingent.

RULE 1.15

- Great reading for insomniacs
- Explicitly explains IOLTA account requirements
- Rule 1.15 (f) and (g)
- Not protected by 5th Amendment
- When is a fee earned and no longer client's funds?



- Disputed payment placed into an “escrow” account which was actually a checking account in he and his parent’s name. CV 17-6018377
- Disputed payment kept in a “escrow” account actually attorney’s operating account.

Misappropriation of Client Funds

What is misappropriation?

What about just really poor bookkeeping is that misappropriation?

Staff misappropriations ?

What is the discipline difference between a violation under 1.15 and a violation under 2-47 ?

IOLTA Account Management

Attorney Elizabeth M. Rowe
First Assistant Bar Counsel
Statewide Grievance Committee
999 Asylum Avenue, Fifth Floor
Hartford, Connecticut 06105
elizabeth.rowe@jud.ct.gov

Statewide Grievance Committee

- Investigate overdrafts
- Conduct Random Audits
- Conduct Court Ordered and Statewide Grievance Committee Ordered Audits
- Assist with Audits for Trustees
- Answer General IOLTA Questions from Attorneys
- Approve Financial Institutions for IOLTA accounts

Rule 1.15 of the Rules of Professional Conduct

1. Properly identified IOLTA account
2. Safeguard client funds separately
3. Maintain Records for 7 years
4. De minimus personal funds
5. Deposit retainers and advanced costs
6. Prompt disbursement of funds

Rule 1.15 of the Rules of Professional Conduct

7. Safeguard disputed funds
8. Remove client's funds that reasonably could be earning interest
9. Maintain required financial records and perform quarterly reconciliations
10. Supervise staff
11. Make a succession plan (recommended)

Rule 1.15(j) Records

1. Bank Statements including copies of canceled checks and records of deposit
2. General Ledger (receipts and disbursement journal)
3. Individual Client ledgers
4. List of Outstanding Checks
5. Client Totals (monthly trial balances)
6. Retainer Agreements
7. Client Accountings (Settlement statements or billing records)
8. Bills to clients
9. Quarterly reconciliations
10. Portions of client files regarding the trust account
11. Wire instructions

How to Reconcile

- Bank Statements
- General Ledger
- Individual Client Ledgers
- Client Totals (Monthly trial balance)
- List of outstanding checks from prior reconciliation

What is a General Ledger?

-a “receipts and disbursements journal”
-debits to the left, credits to the right
-every transfer as it occurs, not when it cleared the bank
-include Connecticut Bar Foundation interest
-include bank fees (know your bank fees in advance)
-source every transaction to a client or a firm expense
-maintain a running balance

What's an Individual Client Ledger?

- each client matter needs its own "receipt and disbursement journal": dates, check numbers, payees, amounts and a running balance
- every deposit and withdrawal that is sourced to the client is listed
- clients with more than one matter may need more than one ledger
- should never be negative
- Not the same as a closing disclosure or settlement statement

What are Client Totals?

-every client ledger with a positive running balance

-if a client ledger has a negative balance, it should appear here (needs to be corrected as soon as discovered)

What are Outstanding Checks and Deposits in Transit?

Outstanding checks are checks that you have issued, which have not yet been presented for payment

Deposits in transit are deposits you have received and recorded but have not yet been credited by the bank

How do you Reconcile your IOLTA Account?

- Begin with the bank statement and do a "drill-down" of every item on the statement.
- Check off each item against the general ledger and each individual client ledger. If you are missing something from the general ledger add it in. (Such as a missing bank fee or CBF interest)
- Make a list of items that are outstanding (have not cleared) the bank. These are your new list of outstanding checks and deposits in transit.
- Determine the client totals which should match the running balance for the general ledger for the last date of the review.
- If you have outstanding checks more than six months old (stale checks) inquire with the payee into the reason they were not presented for payment.
- If you have client totals with no activity for six months (stale balances) determine whether those funds can be distributed and if not whether the funds belong in a separate interest-bearing account
- If you need to re-issue a check, enter the void in the general ledger and individual client ledger along with the new check

Sample Reconciliation

Bank Reconciliation				
As of September 30, 2023				
Bank End Balance per Statement				$ 64,813.00
Minus Outstanding checks				$(19,313.00)
Plus Deposits in Transit				$ 10,000.00
Bank End Balance				$ 55,500.00
Client Totals				$ 55,500.00
General Ledger Total				$ 55,500.00

Handling Escrowed Funds

-Perform the $10,000/60 day balancing test
-Determine what event triggers disbursement
-Calendar the item for periodic review to determine when to disburse
-Sometimes doing nothing is the best option
-60 day rule for third parties (Rule 1.15(g))
-Interpleader, if necessary

Handling Retainers

Only advanced fees should be held in the IOLTA account.

Fees should be removed as earned and billed

Prior to transfer, either have the client sign the accounting showing the disbursement <u>or</u> provide a billing statement which indicates a reasonable amount of time to object

Handling Funds when Terminated

Do's

Talk to Malpractice Carrier

Make a Copy of the File for Yourself

Ask for Letter of Protection from Successor Counsel

Escrow Disputed Funds

Provide an Accounting

Don't's

Don't Prejudice the Client.

Don't Demand a Release Before Returning Records or Money.

Don't Withhold Unearned Funds.

Don't Negotiate with an Unrepresented Client

Audits

- Random (Practice Book §2-27(e))
- Overdraft (Practice Book §2-28(h))
- Disciplinary Order (Inherent authority of the Court)

Random Audits

Notice of audit and questionnaire is sent by certified mail with 10 days to comply

Audit is done on site unless the attorney is out-of-state or works from a home office

Attorney must return questionnaire prior to the audit

Attorney must produce copies of the Rule 1.15(j) documents and make a space for the auditor to review the documents. Documents you provide will not be returned.

If you know there is a problem with the accounts you can try to work on it before we get there or notify us of the issue prior to the document review.

After the Random Audit

Bar counsel will provide you with a report card and directives regarding the audit. Absent misappropriation, goal is education, not punishment.

Once you receive the report card, you must either affirm that you will comply with the directives or dispute it and explain the nature of your disagreement.

Work diligently to complete the directives

Failure to comply can result in either a grievance complaint or a presentment to court.

Frequently, the court will order interim suspension until the attorney complies with the audit.

Overdrafts-Practice Book §2-28

1. Banks are required to enter agreements with the Statewide Grievance Committee to be approved as a financial institution offering an IOLTA account product to lawyers.
2. Banks must report overdrafts to the Bar Counsel's office within 7 business days. They do not have to report overdrafts that are corrected within 24 hours, but they can.
3. Bar Counsel notifies the attorney of the overdraft and requests an explanation within 10 days. Provide a copy of the relevant bank statements as part of your answer.
4. Bar counsel reviews answer and can request additional documentation and/or an audit of the account.
5. Attorneys must cooperate with the investigation.
6. If misconduct occurred, or the attorney does not cooperate with the investigation, a grievance complaint is filed.

Overdraft Audits

During an investigation of an overdraft, if we believe that the attorney is not keeping accurate financial records or there is malfeasance, Bar Counsel can order an audit of the IOLTA account. The audit is similar to the random audit process but is done as a mail-in audit and reviewed by an attorney.

Disciplinary Audits

A court or the Statewide Grievance Committee can order an audit as discipline if there has been a finding of a violation of Rule 1.15 of the Rules of Professional Conduct.

You would receive a list of documents required along with due dates.

Common Errors and Omissions

1. Failure to Answer
2. Missing or Inaccurate Records
3. Failure to reconcile
4. Stale checks and balances
5. Negative ledgers
6. Bank fails to credit deposit
7. Human Error
8. Commingling
9. Fraud

Best Practices

Use Software that automatically balances

Understand the software you are using

Reconcile monthly

Use only one checkbook and write the checks in order; immediately enter the checks and deposits in the general ledger

Find out the hold period for deposited checks with your bank and don't issue checks too early

Find out the wire fees for incoming and outgoing wires

Follow up on stale checks and stale balances

Review the cancelled checks for fraud (fraudulent signatures, fraudulent amounts, fraudulent payees, etc.)

Alert the bank immediately to any suspicious activity

Common IOLTA Fraud Issues

- Check washing—payee name is changed;
- Stolen checks from the mail;
- Fake signatures and check numbers;
- Fake debits, including small amounts that may go unnoticed;
- Errors from mobile deposits-depositing a check twice or entering the wrong amount on a mobile deposit;
- Wire fraud; and
- Fake clients

ALWAYS REVIEW YOUR BANK STATEMENTS AND CANCELLED CHECKS!

Some Big Bank

MONTH	PREVIOUS BALANCE	TOTAL DEPOSITS
September	$40,500.00	$863,025.00

YEAR	ENDING BALANCE	TOTAL WITHDRAWLS
2023	$64,813.00	$838,712.00

Dewey Cheatham & Howe
Client's Funds IOLTA Account
123 Main Street
Berlin, CT 06023

Account Number
12345-6789

Deposits

deposit no.	date	amount	description
Counter Deposit	9/1/2023	$ 50,000.00	
Wire	9/5/2023	$ 25,010.00	
Wire	9/6/2023	$ 35,000.00	
Wire	9/14/2023	$ 500,000.00	
Wire	9/21/2023	$ 253,010.00	
Interest	9/2/2023	$ 5.00	
TOTAL		$ 863,025.00	

Withdrawals

type	date	amount	for
Wire	9/14/2023	$ 400,000.00	Larry A mortgage
Wire	9/14/2013	$ 112,962.00	Larry A
Wire fee	9/5/2023	$ 10.00	
Wire fee	9/6/2023	$ 10.00	
Wire Fee	9/14/2023	$ 10.00	
Wire fee	9/14/2023	$ 20.00	
WireFee	9/14/2023	$ 20.00	
Wire fee	9/21/2023	$ 10.00	
6781	9/9/2023	$ 500.00	
6782	9/12/2023	$ 10,000.00	
6783	9/18/2023	$ 3,500.00	
6784	9/15/2023	$ 5,000.00	
6785	9/8/2023	$ 15,990.00	
6786	9/12/2023	$ 25,000.00	
6787	9/15/2023	$ 11,000.00	

*6789	9/15/2023	$ 800.00	
*6791	9/29/2023	$ 1,375.00	
*6793	9/29/2023	$ 4,500.00	
6794	9/29/2023	$ 500.00	
6795	9/22/2023	$ 1,500.00	
6796	9/22/2023	$ 1,000.00	
6798	9/21/2023	$ 245,000.00	
Interest		$ 5.00	CT Bar Foundation
TOTAL		$838,712.00	

*Indicates Break in Serial Sequence

General Ledger
Dewey, Cheatham Howe

Real Estate IOLTA Account #12345-6789

Date	Check Number	Payee	Client / Memo	Receipt	Disbursement	Running Balance
09/01/23			Opening Balance	$40,500.00		$40,500.00
09/01/23	Deposit		Larry A-Sale	$50,000.00		$90,500.00
09/05/23	Wire		Moe B Buy	$25,010.00		$115,510.00
09/05/23	Wire In fee		Moe B Buy		($10.00)	$115,500.00
09/06/23	Wire		Curly C Re-Fi	$35,000.00		$150,500.00
09/06/23	Wire In fee		Curly C Re-Fi		($10.00)	$150,490.00
09/08/23	6781	Dewey Cheatham & Howe	Curly C Re-Fi		($500.00)	$149,990.00
09/08/23	6782	Car Loan	Curly C Re-Fi		($10,000.00)	$139,990.00
09/08/23	6783	Fancy Store Card 1	Curly C Re-Fi		($3,500.00)	$136,490.00
09/08/23	6784	Visa Card 2	Curly C Re-Fi		($5,000.00)	$131,490.00
09/08/23	6785	Curly C	Curly C Re-Fi		($15,990.00)	$115,500.00
09/10/23	6786	Attorney John Doe	Moe B Buy		($25,000.00)	$90,500.00
09/14/23	Wire		Larry A-Sale	$500,000.00		$590,500.00
09/14/23	Wire In fee		Larry A-Sale		($10.00)	$590,490.00
09/14/23	Wire	Mortgage	Larry A-Sale		($400,000.00)	$190,490.00
09/14/23	Wire Out fee		Larry A-Sale		($20.00)	$190,470.00
09/14/23	Wire	Larry A	Larry A-Sale		($112,962.00)	$77,508.00
09/14/23	Wire out fee		Larry A-Sale		($20.00)	$77,488.00
09/14/23	6787	Betty Broker	Larry A-Sale		($11,000.00)	$66,488.00
09/14/23	6788	Bobby Broker	Larry A-Sale		($16,500.00)	$49,988.00
09/14/23	6789	Dewey Cheatham & Howe	Larry A-Sale		($800.00)	$49,188.00
09/14/23	6790	DRS Conveyance Tax	Larry A-Sale		($2,750.00)	$46,438.00
09/14/23	6791	Small Town Conveyance Tax	Larry A-Sale		($1,375.00)	$45,063.00
09/14/23	6792	Small Town Recording	Larry A-Sale		($63.00)	$45,000.00
09/14/23	6793	Small Town Water and Sewer	Larry A-Sale		($4,500.00)	$40,500.00
09/21/23	Wire		Moe B Buy	$253,010.00		$293,510.00
09/21/23	Wire In Fee		Moe B Buy		($10.00)	$293,500.00
09/21/23	6794	Old Republic Title	Moe B Buy		($500.00)	$293,000.00

General Ledger
Dewey, Cheatham Howe

09/21/23	6795	Home Owner Insurance	Moe B Buy		($1,500.00)	$291,500.00
09/21/23	6796	Dewey Cheatham & Howe	Moe B Buy		($1,000.00)	$290,500.00
09/21/23	6797	Attorney John Doe	Moe B Buy		($250,000.00)	$40,500.00
09/21/23	VOID	Check #6797	Moe B Buy	$250,000.00		$290,500.00
09/21/23	6798	Attorney John Doe	Moe B Buy		($245,000.00)	$45,500.00
09/29/23	Interest			$5.00		$45,505.00
09/30/23	Interest				($5.00)	$45,500.00
9/30/2023	Deposit		Donald D	$ 10,000.00		$55,500.00

Client Ledger
Dewey, Cheatham Howe

CLIENT NAME :		Larry A				
Date	Check #	Payee/ Source	Client / Memo	Receipt	Disbursement	Running Balance
09/01/23	Deposit		Larry A-Sale	$50,000.00		$50,000.00
09/14/23	Wire		Larry A-Sale	$500,000.00		$550,000.00
09/14/23	Wire In fee		Larry A-Sale		($10.00)	$549,990.00
09/14/23	Wire	Mortgage	Larry A-Sale		($400,000.00)	$149,990.00
09/14/23	Wire Out fee		Larry A-Sale		($20.00)	$149,970.00
09/14/23	Wire	Larry A	Larry A-Sale		($112,962.00)	$37,008.00
09/14/23	Wire out fee		Larry A-Sale		($20.00)	$36,988.00
09/14/23	6787	Betty Broker	Larry A-Sale		($11,000.00)	$25,988.00
09/14/23	6788	Bobby Broker	Larry A-Sale		($16,500.00)	$9,488.00
09/14/23	6789	Dewey Cheatham & Howe	Larry A-Sale		($800.00)	$8,688.00
09/14/23	6790	DRS Conveyance Tax	Larry A-Sale		($2,750.00)	$5,938.00
09/14/23	6791	Small Town Conveyance Tax	Larry A-Sale		($1,375.00)	$4,563.00
09/14/23	6792	Small Town Recording	Larry A-Sale		($63.00)	$4,500.00
09/14/23	6793	Small Town Water and Sewer	Larry A-Sale		($4,500.00)	$0.00

Client Ledger
Dewey, Cheatham Howe

CLIENT NAME :		Moe B				
Date	Check #	Payee/ Source	Client / Memo	Receipt	Disbursement	Running Balance
09/05/23	Wire		Moe B Buy	$25,010.00		$25,010.00
09/05/23	Wire In fee		Moe B Buy		($10.00)	$25,000.00
09/10/23	6786	Attorney John Doe	Moe B Buy		($25,000.00)	$0.00
09/21/23	Wire		Moe B Buy	$253,010.00		$253,010.00
09/21/23	Wire In Fee		Moe B Buy		($10.00)	$253,000.00
09/21/23	6794	Old Republic Title	Moe B Buy		($500.00)	$252,500.00
09/21/23	6795	Home Owner Insurance	Moe B Buy		($1,500.00)	$251,000.00
09/21/23	6796	Dewey Cheatham & Howe	Moe B Buy		($1,000.00)	$250,000.00
09/21/23	6797	Attorney John Doe	Moe B Buy		($250,000.00)	$0.00
09/21/23	VOID	Check #6797	Moe B Buy	$250,000.00		$250,000.00
09/21/23	6798				($245,000.00)	$5,000.00

Client Ledger
Dewey, Cheatham Howe

CLIENT NAME :		Curly C				
Date	Check #	Payee/ Source	Client / Memo	Receipt	Disbursement	Running Balance
09/06/23	Wire		Curly C Re-Fi	$35,000.00		$35,000.00
09/06/23	Wire In fee		Curly C Re-Fi		($10.00)	$34,990.00
09/08/23	6781	Dewey Cheatham & Howe	Curly C Re-Fi		($500.00)	$34,490.00
09/08/23	6782	Car Loan	Curly C Re-Fi		($10,000.00)	$24,490.00
09/08/23	6783	Fancy Store Card 1	Curly C Re-Fi		($3,500.00)	$20,990.00
09/08/23	6784	Visa Card 2	Curly C Re-Fi		($5,000.00)	$15,990.00
09/08/23	6785	Curly C	Curly C Re-Fi		($15,990.00)	$0.00

Client Ledger
Dewey, Cheatham Howe

CLIENT NAME :		Donald D				
Date	Check #	Payee/ Source	Client / Memo	Receipt	Disbursement	Running Balance
09/30/23	Deposit		Donald D	$10,000.00		$10,000.00

Client Ledger
Dewey, Cheatham Howe

CLIENT NAME :		Estate of Queen				
Date	Check #	Payee/ Source	Client / Memo	Receipt	Disbursement	Running Balance
11/01/22	Deposit	Crown Jewel LLC	Estate of Queen			$40,000.00

Client Ledger
Dewey, Cheatham Howe

CLIENT NAME :		DCH Firm Funds				
Date	Check #	Payee/ Source	Client / Memo	Receipt	Disbursement	Running Balance
09/01/01	Deposit		Firm Funds	$500.00		$500.00

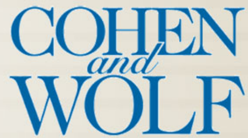
Client Totals
Dewey, Cheatham & Howe

Client	Amount	Notes
Estate of Queen	$40,000.00	Waiting for probate tax clearance
Moe B	$ 5,000.00	Escrow for release of mechanic's lien
DCH Firm Funds	$ 500.00	For banking fees
Donald D	$10,000.00	Deposit on beach house
TOTAL	**$55,500.00**	

Outstanding Checks

List of Outstanding checks Dewey, Cheatham & Howe					
11/14/2022	6788	Bobby Broker	Larry A-Sale		($16,500.00)
11/14/2022	6790	DRS Conveyance Tax	Larry A-Sale		($2,750.00)
11/14/2022	6792	Small Town Recording	Larry A-Sale		($63.00)
TOTAL					**($19,313.00)**

Bank Reconciliation Dewey, Cheatham & Howe as of September 30, 2023	
Bank End Balance per Statement	$ 64,813.00
Minus Outstanding checks	$ (19,313.00)
Plus Deposits in Transit	$ 10,000.00
Bank End Balance	**$ 55,500.00**
Client Totals	**$ 55,500.00**
General Ledger Total	**$ 55,500.00**



Suzanne B. Sutton

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Audit Failure or Grievance

Now What Do I Do?

What Happens if I get Grieved?

- 1. ANSWER ! (Rule 8.1)
- 2. Contact your carrier.
- 3. Have an objective person review.
- 4. Be detailed and include any documentation supporting your response.
- 5. Include any documents required under Rule 1.15 request or any document needed from audit.

What Happens If Probable cause Is Found?

- 1. A hearing on the merits with the Office of Chief Disciplinary Counsel.
- 2. Misconduct must be proven by clear and convincing evidence.
- 3. Have witnesses ready.
- 4. 2-37 discipline after hearing.
- 5. Presentment ordered after hearing.

the lawyer and the client have not agreed that the lawyer will handle the matter on appeal, the lawyer must consult with the client about the possibility of appeal before relinquishing responsibility for the matter. See Rule 1.4 (a) (2). Whether the lawyer is obligated to prosecute the appeal for the client depends on the scope of the representation the lawyer has agreed to provide to the client. See Rule 1.2.

To prevent neglect of client matters in the event of a sole practitioner's death or disability, the duty of diligence may require that each sole practitioner prepare a plan, in conformity with applicable rules, that designates another competent lawyer to review client files, notify each client of the lawyer's death or disability, and determine whether there is a need for immediate protective action. Cf. Rule 28 of the American Bar Association Model Rules for Lawyer Disciplinary Enforcement (providing for court appointment of a lawyer to inventory files and take other protective action in absence of a plan providing for another lawyer to protect the interests of the clients of a deceased lawyer or a lawyer with disabilities).

Rule 1.4. Communication

(a) A lawyer shall:

(1) promptly inform the client of any decision or circumstance with respect to which the client's informed consent, as defined in Rule 1.0 (f), is required by these Rules;

(2) reasonably consult with the client about the means by which the client's objectives are to be accomplished;

(3) keep the client reasonably informed about the status of the matter;

(4) promptly comply with reasonable requests for information; and

(5) consult with the client about any relevant limitation on the lawyer's conduct when the lawyer knows that the client expects assistance not permitted by the Rules of Professional Conduct or other law.

(b) A lawyer shall explain a matter to the extent reasonably necessary to permit the client to make informed decisions regarding the representation.

(P.B. 1978-1997, Rule 1.4.) (Amended June 26, 2006, to take effect Jan. 1, 2007.)

COMMENTARY: Reasonable communication between the lawyer and the client is necessary for the client effectively to participate in the representation.

Communicating with Client. If these Rules or other law require that a particular decision about the representation be made by the client, subsection (a) (1) requires that the lawyer promptly consult with and secure the client's consent prior to taking action. See Rule 1.2 (a).

Subsection (a) (2) requires the lawyer to reasonably consult with the client about the means to be used to accomplish the client's objectives. In some situations—depending on both the importance of the action under consideration and the feasibility of consulting with the client—this duty will require consultation prior to taking action. In other circumstances, such as during a trial when an immediate decision must be made, the exigency of the situation may require the lawyer to act without prior consultation. In such cases the lawyer must nonetheless act reasonably to inform the client of actions the lawyer has taken on the client's behalf. Additionally, subsection (a) (3) requires that the lawyer keep the client reasonably informed about the status of the matter, such as significant developments affecting the timing or the substance of the representation.

A lawyer's regular communication with clients will minimize the occasions on which a client will need to request information concerning the representation. When a client makes a reasonable request for information, however, subsection (a) (4) requires prompt compliance with the request, or if a prompt response is not feasible, that the lawyer, or a member of the lawyer's staff, acknowledge receipt of the request and advise the client when a response may be expected. A lawyer should promptly respond to or acknowledge client communications.

Explaining Matters. The client should have sufficient information to participate intelligently in decisions concerning the objectives of the representation and the means by which they are to be pursued, to the extent the client is willing and able to do so. Adequacy of communication depends in part on the kind of advice or assistance that is involved. For example, when there is time to explain a proposal made in a negotiation, the lawyer should review all important provisions with the client before proceeding to an agreement. In litigation, a lawyer should explain the general strategy and prospects of success and ordinarily should consult the client on tactics that are likely to result in significant expense or to injure or coerce others. On the other hand, a lawyer ordinarily will not be expected to describe trial or negotiation strategy in detail. The guiding principle is that the lawyer should fulfill reasonable client expectations for information consistent with the duty to act in the client's best interests, and the client's overall requirements as to the character of representation. In certain circumstances, such as when a lawyer asks a client to consent to a representation affected by a conflict of interest, the client must give informed consent, as defined in Rule 1.0 (f).

Ordinarily, the information to be provided is that appropriate for a client who is a comprehending and responsible adult. However, fully informing the client according to this standard may be impracticable, for example, when the client is a child or suffers from diminished capacity. See Rule 1.14. When the client is an organization or group, it is often impossible or inappropriate to inform every one of its members about its legal affairs; ordinarily, the lawyer should address communications to the appropriate officials of the organization. See Rule 1.13. Where many routine matters are involved, a system of limited or occasional reporting may be arranged with the client.

Withholding Information. In some circumstances, a lawyer may be justified in delaying transmission of information when the client would be likely to react imprudently to an immediate communication. Thus, a lawyer might withhold a psychiatric diagnosis of a client when the examining psychiatrist indicates that disclosure would harm the client. A lawyer may not withhold information to serve the lawyer's own interest or convenience or the interests or convenience of another person. Rules or court orders governing litigation may provide that information supplied to a lawyer may not be disclosed to the client. Rule 3.4 (3) directs compliance with such rules or orders.

Rule 1.5. Fees

(a) A lawyer shall not make an agreement for, charge, or collect an unreasonable fee or an unreasonable amount for expenses. The factors to be considered in determining the reasonableness of a fee include the following:

(1) The time and labor required, the novelty and difficulty of the questions involved, and the skill requisite to perform the legal service properly;

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(2) The likelihood, if made known to the client, that the acceptance of the particular employment will preclude other employment by the lawyer;

(3) The fee customarily charged in the locality for similar legal services;

(4) The amount involved and the results obtained;

(5) The time limitations imposed by the client or by the circumstances;

(6) The nature and length of the professional relationship with the client;

(7) The experience, reputation, and ability of the lawyer or lawyers performing the services; and

(8) Whether the fee is fixed or contingent.

(b) The scope of the representation, the basis or rate of the fee and expenses for which the client will be responsible, shall be communicated to the client, in writing, before or within a reasonable time after commencing the representation, except when the lawyer will charge a regularly represented client on the same basis or rate. Any changes in the basis or rate of the fee or expenses shall also be communicated to the client in writing before the fees or expenses to be billed at higher rates are actually incurred. In any representation in which the lawyer and the client agree that the lawyer will file a limited appearance, the limited appearance engagement agreement shall also include the following: identification of the proceeding in which the lawyer will file the limited appearance; identification of the court events for which the lawyer will appear on behalf of the client; and notification to the client that after the limited appearance services have been completed, the lawyer will file a certificate of completion of limited appearance with the court, which will serve to terminate the lawyer's obligation to the client in the matter, and as to which the client will have no right to object. Any change in the scope of the representation requires the client's informed consent, shall be confirmed to the client in writing, and shall require the lawyer to file a new limited appearance with the court reflecting the change(s) in the scope of representation. This subsection shall not apply to public defenders or in situations where the lawyer will be paid by the court or a state agency.

(c) A fee may be contingent on the outcome of the matter for which the service is rendered, except in a matter in which a contingent fee is prohibited by subsection (d) or other law. A contingent fee agreement shall be in a writing signed by the client and shall state the method by which the fee is to be determined, including the percentage or percentages of the recovery that shall accrue to the lawyer as a fee in the event of settlement, trial or appeal, whether and to what extent the client will be responsible for any court costs and expenses of litigation, and whether such expenses are to be deducted before or after the contingent fee is calculated. The agreement must clearly notify the client of any expenses for which the client will be liable whether or not the client is the prevailing party. Upon conclusion of a contingent fee matter, the lawyer shall provide the client with a written statement stating the outcome of the matter and, if there is a recovery, showing the remittance to the client and the method of its determination.

(d) A lawyer shall not enter into an arrangement for, charge, or collect:

(1) Any fee in a domestic relations matter, the payment or amount of which is contingent upon the securing of a dissolution of marriage or civil union or upon the amount of alimony or support, or property settlement in lieu thereof; or

(2) A contingent fee for representing a defendant in a criminal case.

(e) A division of fee between lawyers who are not in the same firm may be made only if:

(1) The client is advised in writing of the compensation sharing agreement and of the participation of all the lawyers involved, and does not object; and

(2) The total fee is reasonable.

(P.B. 1978-1997. Rule 1.5.) (Amended June 26, 2006, to take effect Jan. 1, 2007; amended June 14, 2013, to take effect Oct. 1, 2013.)

COMMENTARY: **Basis or Rate of Fee.** Subsection (a) requires that lawyers charge fees that are reasonable under the circumstances. The factors specified in (1) through (8) are not exclusive. Nor will each factor be relevant in each instance. Subsection (a) also requires that expenses for which the client will be charged must be reasonable. A lawyer may seek reimbursement for the cost of services performed in-house, such as copying, or for other expenses incurred in-house, such as telephone charges, either by charging a reasonable amount to which the client has agreed in advance or by charging an amount that reasonably reflects the cost incurred by the lawyer.

When the lawyer has regularly represented a client, the lawyer and the client ordinarily will have evolved an understanding concerning the basis or rate of the fee and the expenses for which the client will be responsible. In a new client-lawyer relationship, however, an understanding as to fees and expenses must be promptly established. Generally, it is desirable to furnish the client with at least a simple memorandum or copy of the lawyer's customary fee arrangements that states the general nature of the legal services to be provided, the basis, rate or total amount of the fee and whether and to what extent the client will be responsible for any costs,

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expenses or disbursements in the course of the representation. A written statement concerning the terms of the engagement reduces the possibility of misunderstanding. Absent extraordinary circumstances, the lawyer should send the written fee statement to the client before any substantial services are rendered, but in any event, not later than ten days after commencing the representation.

Contingent fees, like any other fees, are subject to the reasonableness standard of subsection (a) of this Rule. In determining whether a particular contingent fee is reasonable, or whether it is reasonable to charge any form of contingent fee, a lawyer must consider the factors that are relevant under the circumstances. Applicable law may impose limitations on contingent fees, such as a ceiling on the percentage allowable, or may require a lawyer to offer clients an alternative basis for the fee. Applicable law also may apply to situations other than a contingent fee, for example, government regulations regarding fees in certain tax matters. In matters where a contingent fee agreement has been signed by the client and is in accordance with General Statutes § 52-251c, the fee is presumed to be reasonable.

Terms of Payment. A lawyer may require advance payment of a fee, but is obliged to return any unearned portion. See Rule 1.16 (d). A lawyer may accept property in payment for services, such as an ownership interest in an enterprise, providing this does not involve acquisition of a proprietary interest in the cause of action or subject matter of the litigation contrary to Rule 1.8 (i). However, a fee paid in property instead of money may be subject to the requirements of Rule 1.8 (a) because such fees often have the essential qualities of a business transaction with the client.

An agreement may not be made whose terms might induce the lawyer improperly to curtail services for the client or perform them in a way contrary to the client's interest. For example, a lawyer should not enter into an agreement whereby services are to be provided only up to a stated amount when it is foreseeable that more extensive services probably will be required, unless the situation is adequately explained to the client. Otherwise, the client might have to bargain for further assistance in the midst of a proceeding or transaction. However, it is proper to define the extent of services in light of the client's ability to pay. A lawyer should not exploit a fee arrangement based primarily on hourly charges by using wasteful procedures.

Prohibited Contingent Fees. Subsection (d) prohibits a lawyer from charging a contingent fee in a domestic relations matter when payment is contingent upon the securing of a divorce or upon the amount of alimony or support or property settlement to be obtained. This provision does not preclude a contract for a contingent fee for legal representation in connection with the recovery of postjudgment balances due under support, alimony or other financial orders because such contracts do not implicate the same policy concerns.

Division of Fee. A division of fee is a single billing to a client covering the fee of two or more lawyers who are not in the same firm. A division of fee facilitates association of more than one lawyer in a matter in which neither alone could serve the client as well and most often is used when the fee is contingent and the division is between a referring lawyer and a trial specialist. Contingent fee agreements must be in writing signed by the client and must otherwise comply with subsection (c) of this Rule. A lawyer should only refer a matter to a lawyer whom the referring lawyer reasonably believes is competent to handle the matter. See Rule 1.1.

Subsection (e) does not prohibit or regulate divisions of fees to be received in the future for work done when lawyers were previously associated in a law firm.

Disputes over Fees. If an arbitration or mediation procedure such as that in Practice Book Section 2-32 (a) (3) has been established for resolution of fee disputes, the lawyer must comply with the procedure when it is mandatory, and, even when it is voluntary, the lawyer should conscientiously consider submitting to it. Law may prescribe a procedure for determining a lawyer's fee, for example, in representation of an executor or administrator, a class or a person entitled to a reasonable fee as part of the measure of damages. The lawyer entitled to such a fee and a lawyer representing another party concerned with the fee should comply with the prescribed procedure.

Rule 1.6. Confidentiality of Information

(a) A lawyer shall not reveal information relating to representation of a client unless the client gives informed consent, the disclosure is impliedly authorized in order to carry out the representation, or the disclosure is permitted by subsection (b), (c), or (d).

(b) A lawyer shall reveal such information to the extent the lawyer reasonably believes necessary to prevent the client from committing a criminal or fraudulent act that the lawyer believes is likely to result in death or substantial bodily harm.

(c) A lawyer may reveal such information to the extent the lawyer reasonably believes necessary to:

(1) Prevent the client from committing a criminal or fraudulent act that the lawyer believes is likely to result in substantial injury to the financial interest or property of another;

(2) Prevent, mitigate or rectify the consequence of a client's criminal or fraudulent act in the commission of which the lawyer's services had been used;

(3) Secure legal advice about the lawyer's compliance with these Rules;

(4) Comply with other law or a court order.

(5) Detect and resolve conflicts of interest arising from the lawyer's change of employment or from changes in the composition or ownership of a firm, but only if the revealed information would not compromise the attorney-client privilege or otherwise prejudice the client.

(d) A lawyer may reveal such information to establish a claim or defense on behalf of the lawyer in a controversy between the lawyer and the client, to establish a defense to a criminal charge or civil claim against the lawyer based upon conduct in which the client was involved, or to respond to allegations in any proceeding concerning the lawyer's representation of the client.

(e) A lawyer shall make reasonable efforts to prevent the inadvertent or unauthorized disclosure of, or unauthorized access to, information relating to the representation of a client.

(P.B. 1978-1997, Rule 1.6.) (Amended June 26, 2006, to take effect Jan. 1, 2007; amended June 14, 2013, to take effect Jan. 1, 2014.)

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other harm unless action is taken, and that a normal client-lawyer relationship cannot be maintained as provided in subsection (a) because the client lacks sufficient capacity to communicate or to make adequately considered decisions in connection with the representation, then subsection (b) permits the lawyer to take protective measures deemed necessary. Such measures could include: consulting with family members, using a reconsideration period to permit clarification or improvement of circumstances, using voluntary surrogate decision-making tools such as durable powers of attorney or consulting with support groups, professional services, adult-protective agencies or other individuals or entities that have the ability to protect the client. In taking any protective action, the lawyer should be guided by such factors as the wishes and values of the client to the extent known, the client's best interests and the goals of intruding into the client's decision-making autonomy to the least extent feasible, maximizing client capacities and respecting the client's family and social connections.

In determining the extent of the client's impaired capacity, the lawyer should consider and balance such factors as: the client's ability to articulate reasoning leading to a decision, variability of state of mind and ability to appreciate consequences of a decision; the substantive fairness of a decision; and the consistency of a decision with the known long-term commitments and values of the client. In appropriate circumstances, the lawyer may seek guidance from an appropriate diagnostician.

If a legal representative has not been appointed, the lawyer should consider whether appointment of a legal representative is necessary to protect the client's interests. In addition, rules of procedure in litigation sometimes provide that minors or persons with impaired capacity must be represented by a guardian or next friend if they do not have a general guardian. In many circumstances, however, appointment of a legal representative may be more expensive or traumatic for the client than circumstances in fact require. Evaluation of such circumstances is a matter entrusted to the professional judgment of the lawyer. In considering alternatives, however, the lawyer should be aware of any law that requires the lawyer to advocate the least restrictive action on behalf of the client.

Disclosure of the Client's Condition. Disclosure of the client's impaired capacity could adversely affect the client's interests. For example, raising the question of impaired capacity could, in some circumstances, lead to proceedings for involuntary conservatorship and/or commitment. Information relating to the representation is protected by Rule 1.6. Therefore, unless authorized to do so by these rules or other law, the lawyer may not disclose such information. When taking protective action pursuant to subsection (b), the lawyer is impliedly authorized to make the necessary disclosures, even when the client directs the lawyer to the contrary. Nevertheless, given the risks of disclosure, subsection (c) limits what the lawyer may disclose in consulting with other individuals or entities or seeking the appointment of a legal representative. At the very least, the lawyer should determine whether it is likely that the person or entity consulted with will act adversely to the client's interests before discussing matters related to the client. The lawyer's position in such cases is an unavoidably difficult one.

Emergency Legal Assistance. In an emergency where the health, safety or a financial interest of a person with impaired capacity is threatened with imminent and irreparable harm, a lawyer may take legal action on behalf of such a person even though the person is unable to establish a client-lawyer relationship or to make or express considered judgments about the matter, when the person or another acting in good faith on that person's behalf has consulted with the lawyer. Even in such an emergency, however, the lawyer should not act unless the lawyer reasonably believes that the person has no other lawyer, agent or other representative available. The lawyer should take legal action on behalf of the person only to the extent reasonably necessary to maintain the status quo or otherwise avoid imminent and irreparable harm. A lawyer who undertakes to represent a person in such an exigent situation has the same duties under these Rules as the lawyer would with respect to a client.

A lawyer who acts on behalf of a person with impaired capacity in an emergency should keep the confidences of the person as if dealing with a client, disclosing them only to the extent necessary to accomplish the intended protective action. The lawyer should disclose to any tribunal involved and to any other counsel involved the nature of his or her relationship with the person. The lawyer should take steps to regularize the relationship or implement other protective solutions as soon as possible. Normally, a lawyer would not seek compensation for such emergency actions taken.

Rule 1.15. Safekeeping Property

(a) As used in this Rule, the terms below shall have the following meanings:

(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.

(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 open-end 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 (i) (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 (i) (4) below, subject to the dispute resolution process provided in subsection (i) (4) (E) below.

(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.

(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

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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.

(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 (i) (6) below. The determination of whether or not an interest- or dividend-bearing account meets the requirements of an IOLTA account shall be made by the organization designated by the judges of the Superior Court to administer the program pursuant to subsection (i) (4) below.

(6) ''Non-IOLTA account'' means an interest- or dividend-bearing account, other than an IOLTA account, from which funds may be withdrawn upon request by the depositor without delay.

(7) ''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.

(b) 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 seven years after termination of the representation.

(c) A lawyer may deposit the lawyer's own funds in a client trust account for the sole purposes of paying bank service charges on that account or obtaining a waiver of fees and service charges on the account, but only in an amount necessary for those purposes.

(d) Absent a written agreement with the client otherwise, 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.

(e) 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 or third person, 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.

(f) 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) have interests, the property shall be kept separate by the lawyer until any competing interests are resolved. The lawyer shall promptly distribute all portions of the property as to which the lawyer is able to identify the parties that have interests and as to which there are no competing interests. Where there are competing interests in the property or a portion of the property, the lawyer shall segregate and safeguard the property subject to the competing interests.

(g) The word ''interest(s)'' as used in this subsection and subsections (e) and (f) means more than the mere assertion of a claim by a third party. In the event a lawyer is notified by a third party or a third party's agent of a claim to funds held by the lawyer on behalf of a client, but it is unclear to the lawyer whether the third party has a valid interest within the meaning of this Rule, the lawyer may make a written request that the third party or third party's agent provide the lawyer such reasonable information and/or documentation as needed to assist the lawyer in determining whether substantial grounds exist for the third party's claim to the funds. If the third party or third party's agent fails to comply with such a request within sixty days, the lawyer may distribute the funds in question to the client.

(h) 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

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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 in good faith to deposit funds in the interest earned on lawyers' clients' funds account in accordance with this subsection.

(i) An IOLTA account may only be established at an eligible institution that meets the following requirements:

(1) No earnings from the IOLTA account shall be made available to a lawyer or law firm.

(2) Lawyers or law firms depositing a client's or third person's funds in an IOLTA account shall direct the depository institution:

(A) To remit interest or dividends, net of allowable 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;

(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

(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.

(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:

(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 IOLTA account, factors customarily considered by the institution when setting interest rates or dividends for its non-IOLTA customers, provided that such factors do not discriminate between IOLTA accounts and non-IOLTA accounts and that these factors do not include the fact that the account is an IOLTA 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 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 IOLTA 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 IOLTA 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.

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(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. 501 (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 published 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 shall publish on the designated organization's website a detailed annual report of all funds disbursed under the program, including the amount disbursed to each recipient of funds, and shall cause to be published in the Connecticut Law Journal a notice that the detailed annual report is available on the designated organization's website, along with a link to the report that can be accessed by members of the public as well as each judge of the Superior Court, and mail to each lawyer or law firm participating in the program a copy of that detailed annual report;

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

(C) Allow the Judicial Branch access to its books and records upon reasonable notice;

(D) Submit to audits by the Judicial Branch; and

(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.

(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:

(A) Establishing that all funds the organization might receive pursuant to subsection (i) (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;

(B) Establishing that all interest and dividends earned on such funds, less allowable reasonable fees, if any, shall be used exclusively for such purposes;

(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 organization for such purposes, and the segregation of such funds from other funds of the organization;

(D) Establishing that the organization shall consult with and receive recommendations from the Advisory Panel established by General Statutes § 51-81c regarding the implementation and administration of the program, including the method of

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allocation and the allocation of funds to be disbursed under such program;

(E) Establishing that the organization shall comply with the requirements of this Rule; and

(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.

(6) Nothing in this subsection (i) 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:

(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

(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.

(j) 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:

(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;

(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;

(3) copies of retainer and compensation agreements with clients as required by Rule 1.5 of the Rules of Professional Conduct;

(4) copies of accountings to clients or third persons showing the disbursement of funds to them or on their behalf;

(5) copies of bills for legal fees and expenses rendered to clients;

(6) copies of records showing disbursements on behalf of clients;

(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;

(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;

(9) copies of monthly trial balances and at least quarterly reconciliations of the client trust accounts maintained by the lawyer; and

(10) copies of those portions of client files that are reasonably related to client trust account transactions.

(k) With respect to client trust accounts required by this Rule:

(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;

(2) receipts shall be deposited intact and records of deposit should be sufficiently detailed to identify each item; and

(3) withdrawals shall be made only by check payable to a named payee or by authorized electronic transfer and not to cash.

(*l*) 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.

(m) 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.

(n) Upon the sale of a law practice, the seller shall make reasonable arrangements for the maintenance of records specified in this Rule.

(P.B. 1978-1997, Rule 1.15.) (Amended June 26, 2006, to take effect Sept. 1, 2006; amended June 29, 2007, to take effect Sept. 1, 2007; amended June 30, 2008, to take effect Aug. 1, 2008; amended June 21, 2010, to take effect Aug. 1, 2010; amended June 20, 2011, to take effect Jan. 1, 2012; amended June 12, 2015, to take effect Jan. 1, 2016; amended June 10, 2022, to take effect Jan. 1, 2023.)

HISTORY—2023: In the second sentence of subdivision (i) (4), ''printed'' was deleted after ''cause to be'' and replaced with ''published.'' Additionally, prior to 2023, subparagraph (i) (4) (A) read: ''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 fund disbursed under the

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program including the amount disbursed to each recipient of funds.''

COMMENTARY: A lawyer should hold property of others with the care required of a professional fiduciary. Securities should be kept in a safe deposit box, except when some other form of safekeeping is warranted by special circumstances. All property that is the property of clients or third persons, including prospective clients, must be kept separate from the lawyer's business and personal property and, if moneys, in one or more trust accounts. Separate trust accounts may be warranted when administering estate moneys or acting in similar fiduciary capacities. A lawyer should maintain on a current basis books and records in accordance with generally accepted accounting practices.

While normally it is impermissible to commingle the lawyer's own funds with client funds, subsection (c) provides that it is permissible when necessary to pay bank service charges on that account. Accurate records must be kept regarding which part of the funds is the lawyer's.

Lawyers often receive funds from which the lawyer's fee will be paid. The lawyer is not required to remit to the clients' funds account funds that the lawyer reasonably believes represent fees owed. However, a lawyer may not hold funds to coerce a client into accepting the lawyer's contention. The disputed portion of the funds must be kept in a trust account and the lawyer should suggest means for prompt resolution of the dispute, such as arbitration. The undisputed portion of the funds shall be promptly distributed.

Subsection (f) also recognizes that third parties, such as a client's creditor who has a lien on funds recovered in a personal injury action, may have lawful interests in specific funds or other property in a lawyer's custody. A lawyer may have a duty under applicable law to protect such third-party interests against wrongful interference by the client. In such cases the lawyer must refuse to surrender the property to the client until the competing interests are resolved. A lawyer should not unilaterally assume to arbitrate a dispute between the client and the third party, but, when there are substantial grounds for dispute as to the person entitled to the funds, the lawyer may file an action to have a court resolve the dispute.

The word ''interest(s)'' as used in subsections (e), (f) and (g) includes, but is not limited to, the following: a valid judgment concerning disposition of the property; a valid statutory or judgment lien, or other lien recognized by law, against the property; a letter of protection or similar obligation that is both (a) directly related to the property held by the lawyer, and (b) an obligation specifically entered into to aid the lawyer in obtaining the property; or a written assignment, signed by the client, conveying an interest in the funds or other property to another person or entity.

The obligations of a lawyer under this Rule are independent of those arising from activity other than rendering legal services. For example, a lawyer who serves only as an escrow agent is governed by the applicable law relating to fiduciaries even though the lawyer does not render legal services in the transaction and is not governed by this Rule. A ''lawyers' fund'' for client protection provides a means through the collective efforts of the bar to reimburse persons who have lost money or property as a result of dishonest conduct of a lawyer. Where such a fund has been established, a lawyer must participate where it is mandatory, and, even when it is voluntary, the lawyer should participate.

Subsection (i) requires lawyers and law firms to participate in the statutory IOLTA program. The lawyer or law firm should 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.

Subsection (j) lists the basic financial records that a lawyer must maintain with regard to all trust accounts of a law firm. These include the standard books of account, and the supporting records that are necessary to safeguard and account for the receipt and disbursement of client or third person funds as required by Rule 1.15 of the Rules of Professional Conduct.

Subsection (j) requires that lawyers maintain client trust account records, including the physical or electronic equivalents of all checkbook registers, bank statements, records of deposit, prenumbered canceled checks, and substitute checks for a period of at least seven years after termination of each particular legal engagement or representation. The ''Check Clearing for the 21st Century Act'' or ''Check 21 Act,'' codified at 12 U.S.C. § 5001 et seq., recognizes ''substitute checks'' as the legal equivalent of an original check. A ''substitute check'' is defined at 12 U.S.C. § 5002 (16) as paper reproduction of the original check that contains an image of the front and back of the original check; bears a magnetic ink character recognition (''MICR'') line containing all the information appearing on the MICR line of the original check; conforms with generally applicable industry standards for substitute checks; and is suitable for automated processing in the same manner as the original check. Banks, as defined in 12 U.S.C. § 5002 (2), are not required to return to customers the original canceled checks. Most banks now provide electronic images of checks to customers who have access to their accounts on internet based websites. It is the lawyer's responsibility to download electronic images. Electronic images shall be maintained for the requisite number of years and shall be readily available for printing upon request or shall be printed and maintained for the requisite number years.

The ACH (Automated Clearing House) Network is an electronic funds transfer or payment system that primarily provides for the interbank clearing of electronic payments between originating and receiving participating financial institutions. ACH transactions are payment instructions to either debit or credit a deposit account. ACH payments are used in a variety of payment environments including bill payments, business-to-business payments, and government payments (e.g., tax refunds). In addition to the primary use of ACH transactions, retailers and third parties use the ACH system for other types of transactions including electronic check conversion (ECC). ECC is the process of transmitting MICR information from the bottom of a check, converting check payments to ACH transactions depending upon the authorization given by the account holder at the point-of-purchase. In this type of transaction, the lawyer should be careful to comply with the requirements of subsection (j) (8).

There are five types of check conversions where a lawyer should be careful to comply with the requirements of subsection (j) (8). First, in a ''point-of-purchase conversion,'' a paper check is converted into a debit at the point of purchase, and the paper check is returned to the issuer. Second, in a ''back-office conversion,'' a paper check is presented at the point-of-purchase and is later converted into a debit, and the paper check is destroyed. Third, in a ''account-receivable conversion,'' a paper check is converted into a debit, and the paper check is destroyed. Fourth, in a ''telephone-initiated debit'' or ''check-by-phone'' conversion, bank account information is provided via the telephone, and the information is converted to a debit. Fifth, in a ''web-initiated debit,'' an electronic payment is initiated through a secure web environment. Subsection (j) (8) applies to each of the types of electronic funds transfers described. All electronic funds transfers shall be recorded, and a lawyer should not reuse a check number which has been previously used in an electronic transfer transaction.

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The potential of these records to serve as safeguards is realized only if the procedures set forth in subsection (j) (9) are regularly performed. The trial balance is the sum of balances of each client's ledger card (or the electronic equivalent). Its value lies in comparing it on a monthly basis to a control balance. The control balance starts with the previous month's balance, then adds receipts from the Trust Receipts Journal and subtracts disbursements from the Trust Disbursements Journal. Once the total matches the trial balance, the reconciliation readily follows by adding amounts of any outstanding checks and subtracting any deposits not credited by the bank at month's end. This balance should agree with the bank statement. Quarterly reconciliation is recommended only as a minimum requirement; monthly reconciliation is the preferred practice given the difficulty of identifying an error (whether by the lawyer or the bank) among three months' transactions.

In some situations, documentation in addition to that listed in subdivisions (1) through (9) of subsection (i) is necessary for a complete understanding of a trust account transaction. The type of document that a lawyer must retain under subdivision (10) of subsection (i) because it is ''reasonably related'' to a client trust transaction will vary depending on the nature of the transaction and the significance of the document in shedding light on the transaction. Examples of documents that typically must be retained under this subdivision include correspondence between the client and lawyer relating to a disagreement over fees or costs or the distribution of proceeds, settlement agreements contemplating payment of funds, settlement statements issued to the client, documentation relating to sharing litigation costs and attorney's fees for subrogated claims, agreements for division of fees between lawyers, guarantees of payment to third parties out of proceeds recovered on behalf of a client, and copies of bills, receipts or correspondence related to any payments to third parties on behalf of a client (whether made from the client's funds or from the lawyer's funds advanced for the benefit of the client).

Subsection (k) lists minimal accounting controls for client trust accounts. It also enunciates the requirement that only a lawyer admitted to the practice of law in this jurisdiction or a person who is under the direct supervision of the lawyer shall be the authorized signatory or authorized to make electronic transfers from a client trust account. While it is permissible to grant limited nonlawyer access to a client trust account, such access should be limited and closely monitored by the lawyer. The lawyer has a nondelegable duty to protect and preserve the funds in a client trust account and can be disciplined for failure to supervise subordinates who misappropriate client funds. See Rules 5.1 and 5.3 of the Rules of Professional Conduct.

Authorized electronic transfers shall be limited to (1) money required for payment to a client or third person on behalf of a client; (2) expenses properly incurred on behalf of a client, such as filing fees or payment to third persons for services rendered in connection with the representation; or (3) money transferred to the lawyer for fees that are earned in connection with the representation and are not in dispute; or (4) money transferred from one client trust account to another client trust account.

The requirements in subdivision (2) of subsection (k) that receipts shall be deposited intact mean that a lawyer cannot deposit one check or negotiable instrument into two or more accounts at the same time, a practice commonly known as a split deposit.

Subsection (*l*) allows the use of alternative media for the maintenance of client trust account records if printed copies of necessary reports can be produced. If trust records are computerized, a system of regular and frequent (preferably daily) backup procedures is essential. If a lawyer uses third-party electronic or internet based file storage, the lawyer must make reasonable efforts to ensure that the company has in place, or will establish reasonable procedures to protect the confidentiality of client information. See ABA Formal Ethics Opinion 398 (1995). Records required by subsection (j) shall be readily accessible and shall be readily available to be produced upon request by the client or third person who has an interest as provided in Rule 1.15 of the Rules of Professional Conduct, or by the official request of a disciplinary authority, including but not limited to, a subpoena duces tecum. Personal identifying information in records produced upon request by the client or third person or by disciplinary authority shall remain confidential and shall be disclosed only in a manner to ensure client confidentiality as otherwise required by law or court rule.

Subsections (m) and (n) provide for the preservation of a lawyer's client trust account records in the event of dissolution or sale of a law practice. Regardless of the arrangements the partners or shareholders make among themselves for maintenance of the client trust records, each partner may be held responsible for ensuring the availability of these records. For the purposes of these Rules, the terms ''law firm,'' ''partner,'' and ''reasonable'' are defined in accordance with Rules 1.0 (d), (h), and (i) of the Rules of Professional Conduct.

AMENDMENT NOTE: The changes to this rule authorize the administrator of the IOLTA program to distribute electronically to the judges its annual report required by the rule.

Rule 1.16. Declining or Terminating Representation

(a) Except as stated in subsection (c), a lawyer shall not represent a client or, where representation has commenced, shall withdraw from the representation of a client if:

(1) The representation will result in violation of the Rules of Professional Conduct or other law;

(2) The lawyer's physical or mental condition materially impairs the lawyer's ability to represent the client; or

(3) The lawyer is discharged.

(b) Except as stated in subsection (c), a lawyer may withdraw from representing a client if:

(1) withdrawal can be accomplished without material adverse effect on the interests of the client;

(2) the client persists in a course of action involving the lawyer's services that the lawyer reasonably believes is criminal or fraudulent;

(3) the client has used the lawyer's services to perpetrate a crime or fraud;

(4) the client insists upon taking action that the lawyer considers repugnant or with which the lawyer has a fundamental disagreement;

(5) the client fails substantially to fulfill an obligation to the lawyer regarding the lawyer's services and has been given reasonable warning that the lawyer will withdraw unless the obligation is fulfilled;

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(6) the representation will result in an unreasonable financial burden on the lawyer or has been rendered unreasonably difficult by the client; or

(7) other good cause for withdrawal exists.

(c) A lawyer must comply with applicable law requiring notice to or permission of a tribunal when terminating a representation. When ordered to do so by a tribunal, a lawyer shall continue representation notwithstanding good cause for terminating the representation.

(d) Upon termination of representation, a lawyer shall take steps to the extent reasonably practicable to protect a client's interest, such as giving reasonable notice to the client, allowing time for employment of other counsel, surrendering papers and properly to which the client is entitled and refunding any advance payment of the fee that has not been earned. The lawyer may retain papers relating to the client to the extent permitted by other law. If the representation of the client is terminated either by the lawyer withdrawing from representation or by the client discharging the lawyer, the lawyer shall confirm the termination in writing to the client before or within a reasonable time after the termination of the representation.

(P.B. 1978-1997, Rule 1.16.) (Amended June 25, 2001, to take effect Jan. 1, 2002; amended June 26, 2006, to take effect Jan. 1, 2007.)

COMMENTARY: A lawyer should not accept representation in a matter unless it can be performed competently, promptly, without improper conflict of interest and to completion. Ordinarily, a representation in a matter is completed when the agreed upon assistance has been concluded. See Rules 1.2 (c) and 6.5; see also Rule 1.3, Commentary.

Mandatory Withdrawal. A lawyer ordinarily must decline or withdraw from representation if the client demands that the lawyer engage in conduct that is illegal or violates the Rules of Professional Conduct or other law. The lawyer is not obliged to decline or withdraw simply because the client suggests such a course of conduct; a client may make such a suggestion in the hope that a lawyer will not be constrained by a professional obligation.

When a lawyer has been appointed to represent a client, withdraws ordinarily requires approval of the appointing authority. See also Rule 6.2. Similarly, court approval or notice to the court is often required by applicable law before a lawyer withdraws from pending litigation. Difficulty may be encountered if withdrawal is based on the client's demand that the lawyer engage in unprofessional conduct. The court may request an explanation for the withdrawal, while the lawyer may be bound to keep confidential the facts that would constitute such an explanation. Lawyers should be mindful of their obligations to both clients and the court under Rules 1.6 and 3.3.

Withdrawal of Limited Appearance. When the lawyer has filed a limited appearance under Practice Book Section 3-8 (b) and the lawyer has completed the representation described in the limited appearance, the lawyer is not required to obtain permission of the tribunal to terminate the representation before filing the certificate of completion.

Discharge. A client has a right to discharge a lawyer at any time, with or without cause, subject to liability for payment for the lawyer's services. Where future dispute about the withdrawal may be anticipated, it may be advisable to prepare a written statement reciting the circumstances.

Whether a client can discharge appointed counsel may depend on applicable law. A client seeking to do so should be given a full explanation of the consequences. These consequences may include a decision by the appointing authority that appointment of successor counsel is unjustified, thus requiring the client to represent himself or herself.

If the client has diminished capacity, the client may lack the legal capacity to discharge the lawyer and, in any event, the discharge may be seriously adverse to the client's interests. The lawyer should make special effort to help the client consider the consequences and may take reasonably necessary action as provided in Rule 1.14.

Assisting the Client upon Withdrawal. Even if the lawyer has been unfairly discharged by the client, a lawyer must take all reasonable steps to mitigate the consequences to the client. The lawyer may retain papers as security for a fee only to the extent permitted by law. See Rule 1.5.

Confirmation in Writing. A written statement to the client confirming the termination of the relationship and the basis of the termination reduces the possibility of misunderstanding the status of the relationship. The written statement should be sent to the client before or within a reasonable time after the termination of the relationship.

Rule 1.17. Sale of Law Practice

A lawyer or a law firm may sell or purchase a law practice, or an area of practice, including good will, if the following conditions are satisfied:

(a) The seller ceases to engage in the private practice of law, or in the area of practice that has been sold, in Connecticut;

(b) The entire practice, or the entire area of practice, is sold to one or more lawyers or law firms;

(c) The seller gives written notice to each of the seller's clients regarding:

(1) the proposed sale;

(2) the client's right to retain other counsel or to take possession of the file; and

(3) the fact that the client's consent to the transfer of the client's files will be presumed if the client does not take any action or does not otherwise object within ninety days of receipt of the notice. If a client cannot be given notice, the representation of that client may be transferred to the purchaser only upon entry of an order so authorizing by a court having jurisdiction. The seller may disclose to the court in camera information relating to the representation only to the extent necessary to obtain an order authorizing the transfer of a file.

(d) The fees charged clients shall not be increased by reason of the sale.

(Adopted June 26, 2006, to take effect Jan. 1, 2007.)

COMMENTARY: The practice of law is a profession, not merely a business. Clients are not commodities that can be purchased and sold at will. Pursuant to this Rule, when a lawyer or an entire firm ceases to practice, or ceases to practice in an area of law, and other lawyers or firms take over

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estate development and financing (with due consideration to tax and securities consequences) and determination of property rights.

(27) Taxation: The practice of law dealing with all matters arising under the Internal Revenue Code, Employee Retirement Income Security Act (ERISA), state and local tax laws and foreign tax laws, including counseling with respect thereto; practice before federal and state courts and governmental agencies.

(28) Workers' compensation: The practice of law dealing with the representation of parties before federal and state agencies, boards and courts in actions to determine eligibility for workers' compensation, and disability.

(P.B. 1978-1997, Rule 7.4A.) (Amended June 20, 2005, to take effect Jan. 1, 2006; amended June 29, 2007, to take effect Jan. 1, 2008; amended June 30, 2008, to take effect, Jan. 1, 2009; amended June 13, 2014, to take effect Jan. 1, 2015; amended June 13, 2019, to take effect Jan. 1, 2020.)

Rule 7.4B. Legal Specialization Screening Committee

(a) The chief justice, upon recommendation of the Rules Committee of the Superior Court, shall appoint a committee of five members of the bar of this state which shall be known as the ''Legal Specialization Screening Committee.'' The Rules Committee of the Superior Court shall designate one appointee as chair of the Legal Specialization Screening Committee and another as vice chair to act in the absence or disability of the chair.

(b) When the committee is first selected, two of its members shall be appointed for a term of one year, two members for a term of two years, and one member for a term of three years, and thereafter all regular terms shall be three years. Terms shall commence on July 1. In the event that a vacancy arises in this position before the end of a term, the chief justice, upon recommendation of the Rules Committee of the Superior Court, shall appoint a member of the bar of this state to fill the vacancy for the balance of the term. The Legal Specialization Screening Committee shall act only with a concurrence of a majority of its members, provided, however, that three members shall constitute a quorum.

(c) The Legal Specialization Screening Committee shall have the power and duty to:

(1) Receive applications from boards or other entities for authority to certify lawyers practicing in this state as being specialists in a certain area or areas of law.

(2) Investigate each applicant to determine whether it meets the criteria set forth in Rule 7.4A (a).

(3) Submit to the Rules Committee of the Superior Court a written recommendation, with reasons therefor, for approval or disapproval of each application, or for the termination of any prior approval granted by the Rules Committee.

(4) Adopt regulations and develop forms necessary to carry out its duties under this section. The regulations and forms shall not become effective until first approved by the Rules Committee of the Superior Court.

(5) Consult with such persons deemed by the committee to be knowledgeable in the fields of law to assist it in carrying out its duties.

(P.B. 1978-1997, Rule 7.4B.)

Rule 7.4C. Application by Board or Entity To Certify Lawyers as Specialists

Any board or entity seeking the approval of the Rules Committee of the Superior Court for authority to certify lawyers practicing in this state as being specialists in a certain field or fields of law as set forth in Rule 7.4A (e), shall file its application with the Legal Specialization Screening Committee pursuant to Rule 7.4B on form JD-ES-63. The application materials shall be filed in a format prescribed by the Legal Specialization Screening Committee, which may require them to be filed electronically.

(P.B. 1978-1997, Rule 7.4.) (Amended June 30, 2008, to take effect Jan. 1, 2009; amended June 12, 2015, to take effect Jan. 1, 2016; amended June 13, 2019, to take effect Jan. 1, 2020.)

Rule 7.5. Firm Names and Letterheads

[Repealed as of Jan. 1, 2020.]

MAINTAINING THE INTEGRITY OF THE PROFESSION

Rule 8.1. Bar Admission and Disciplinary Matters

An applicant for admission to the bar, or a lawyer in connection with a bar admission application or in connection with a disciplinary matter, shall not:

(1) Knowingly make a false statement of material fact; or

(2) Fail to disclose a fact necessary to correct a misapprehension known by the person to have arisen in the matter, or knowingly fail to respond to a lawful demand for information from an admissions or disciplinary authority, except that this rule does not require disclosure of information otherwise protected by Rule 1.6.

(P.B. 1978-1997, Rule 8.1.)

COMMENTARY: The duty imposed by this Rule extends to persons seeking admission to the bar as well as to lawyers. Hence, if a person makes a material false statement in connection with an application for admission, it may be the basis for subsequent disciplinary action if the person is admitted, and in any event may be relevant in a subsequent admission application. The duty imposed by this Rule applies to a lawyer's

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own admission or discipline as well as that of others. Thus, it is a separate professional offense for a lawyer to knowingly make a misrepresentation or omission in connection with a disciplinary investigation of the lawyer's own conduct. Subdivision (2) of this Rule also requires correction of any prior misstatement in the matter that the applicant or lawyer may have made and affirmative clarification of any misunderstanding on the part of the admissions or disciplinary authority of which the person involved becomes aware.

This Rule is subject to the provisions of the fifth amendment to the United States Constitution and corresponding provisions of state constitutions. A person relying on such a provision in response to a question, however, should do so openly and not use the right of nondisclosure as a justification for failure to comply with this Rule.

A lawyer representing an applicant for admission to the bar, or representing a lawyer who is the subject of a disciplinary inquiry or proceeding, is governed by the rules applicable to the client-lawyer relationship, including Rule 1.6 and, in some cases, Rule 3.3.

Rule 8.2. Judicial and Legal Officials

(a) A lawyer shall not make a statement that the lawyer knows to be false or with reckless disregard as to its truth or falsity concerning the qualifications or integrity of a judge, adjudicatory officer or public legal officer, or of a candidate for election or appointment to judicial or legal office.

(b) A lawyer who is a candidate for judicial office shall comply with the applicable provisions of the Code of Judicial Conduct.

(P.B. 1978-1997, Rule 8.2.)

COMMENTARY: Assessments by lawyers are relied on in evaluating the professional or personal fitness of persons being considered for election or appointment to judicial office and to public legal offices, such as attorney general, prosecuting attorney and public defender. Expressing honest and candid opinions on such matters contributes to improving the administration of justice. Conversely, false statements by a lawyer can unfairly undermine public confidence in the administration of justice.

When a lawyer seeks judicial office, the lawyer should be bound by applicable limitations on political activity.

To maintain the fair and independent administration of justice, lawyers are encouraged to continue traditional efforts to defend judges and courts unjustly criticized.

Rule 8.3. Reporting Professional Misconduct

(a) A lawyer who knows that another lawyer has committed a violation of the Rules of Professional Conduct that raises a substantial question as to that lawyer's honesty, trustworthiness or fitness as a lawyer in other respects, shall inform the appropriate professional authority. A lawyer may not condition settlement of a civil dispute involving allegations of improprieties on the part of a lawyer on an agreement that the subject misconduct not be reported to the appropriate disciplinary authority.

(b) A lawyer who knows that a judge has committed a violation of applicable rules of judicial conduct that raises a substantial question as to the judge's fitness for office shall inform the appropriate authority.

(c) This Rule does not require disclosure of information otherwise protected by Rule 1.6 or General Statutes § 51-81d (f) or obtained while serving as a member of a bar association ethics committee or the Judicial Branch Committee on Judicial Ethics.

(P.B. 1978-1997, Rule 8.3.) (Amended June 26, 2006, to take effect Jan. 1, 2007; amended June 30, 2008, to take effect Aug. 1, 2008.)

COMMENTARY: Self-regulation of the legal profession requires that members of the profession initiate a disciplinary investigation when they know of a violation of the Rules of Professional Conduct. Lawyers have a similar obligation with respect to judicial misconduct. An apparently isolated violation may indicate a pattern of misconduct that only a disciplinary investigation can uncover. Reporting a violation is especially important where the victim is unlikely to discover the offense.

A report about misconduct is not required where it would involve violation of Rule 1.6. However, a lawyer should encourage a client to consent to disclosure where prosecution would not substantially prejudice the client's interests.

If a lawyer were obliged to report every violation of the Rules, the failure to report any violation would itself be a professional offense. Such a requirement existed in many jurisdictions but proved to be unenforceable. This Rule limits the reporting obligation to those offenses that a self-regulating profession must vigorously endeavor to prevent. A measure of judgment is, therefore, required in complying with the provisions of this Rule. The term "substantial" refers to the seriousness of the possible offense and not the quantum of evidence of which the lawyer is aware. A report should be made to the bar disciplinary agency unless some other agency, such as a peer review agency, is more appropriate in the circumstances. Similar considerations apply to the reporting of judicial misconduct.

The duty to report professional misconduct does not apply to a lawyer retained to represent a lawyer whose professional conduct is in question. Such a situation is governed by the Rules applicable to the client-lawyer relationship.

Information about a lawyer's or judge's misconduct or fitness may be received by a lawyer in the course of that lawyer's participation in an approved lawyers or judges assistance program. In that circumstance, providing for an exception to the reporting requirements of subsections (a) and (b) of this Rule encourages lawyers and judges to seek treatment through such a program. Conversely, without such an exception, lawyers and judges may hesitate to seek assistance from these programs, which may then result in additional harm to their professional careers and additional injury to the welfare of clients and the public.

Rule 8.4. Misconduct

It is professional misconduct for a lawyer to:

(1) Violate or attempt to violate the Rules of Professional Conduct, knowingly assist or induce another to do so, or do so through the acts of another;

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in inactive status, retirements, revocations of retirements, or reinstatements.

(P.B. 1978-1997, Sec. 26.)

Sec. 2-24. Notice by Attorney of Admission in Other Jurisdictions

An attorney who is admitted to practice at the bar of another state, the District of Columbia, or the Commonwealth of Puerto Rico, or of any United States court, shall send to the Connecticut statewide bar counsel written notice of all such jurisdictions in which he or she is admitted to practice within thirty days of admission to practice in such jurisdiction.

(P.B. 1978-1997, Sec. 26A.)

Sec. 2-25. Notice by Attorney of Disciplinary Action in Other Jurisdictions

An attorney shall send to the statewide bar counsel written notice of all disciplinary actions imposed by the courts of another state, the District of Columbia, or the Commonwealth of Puerto Rico, or of any United States court, within thirty days of the order directing the disciplinary action.

(P.B. 1978-1997, Sec. 26B.)

Sec. 2-26. Notice by Attorney of Change in Address

An attorney shall send prompt written notice of a change in mailing and street address to the Statewide Grievance Committee on a registration form approved by the statewide bar counsel and to the clerks of the courts where the attorney has entered an appearance.

(P.B. 1978-1997, Sec. 27.)

Sec. 2-27. Clients' Funds; Attorney Registration

(Amended June 29, 2007, to take effect Jan. 1, 2008; amended June 11, 2021, to take effect Jan. 1, 2022.)

(a) Consistent with the requirement of Rule 1.15 of the Rules of Professional Conduct, each attorney or law firm shall maintain, separate from the attorney's or the firm's personal funds, one or more accounts accurately reflecting the status of funds handled by the attorney or firm as fiduciary or attorney, and shall not use such funds for any unauthorized purpose.

(b) Each attorney or law firm maintaining one or more trust accounts as defined in Rule 1.15 of the Rules of Professional Conduct and Section 2-28 (b) shall keep records of the maintenance and disposition of all funds of clients or of third persons held by the attorney or firm in a fiduciary capacity from the time of receipt to the time of final distribution. Each attorney or law firm shall retain the records required by Rule 1.15 of the Rules of Professional Conduct for a period of seven years after termination of the representation.

(c) Such books of account and statements of reconciliation, and any other records required to be maintained pursuant to Rule 1.15 of the Rules of Professional Conduct, shall be made available upon request of the Statewide Grievance Committee or its counsel, or the disciplinary counsel for review, examination or audit upon receipt of notice by the Statewide Grievance Committee of an overdraft notice as provided by Section 2-28 (f). Upon the filing of a grievance complaint or a finding of probable cause, such records shall be made available upon request of the Statewide Grievance Committee, its counsel or the disciplinary counsel for review or audit.

(d) Each attorney shall register with the Statewide Grievance Committee, on a form devised by the committee, the address of the attorney's office or offices maintained for the practice of law, the attorney's office e-mail address and business telephone number, the name and address of every financial institution with which the attorney maintains any account in which the funds of more than one client are kept and the identification number of any such account. Such registrations will be made on an annual basis and at such time as the attorney changes his or her address or addresses or location or identification number of any such trust account in which the funds of more than one client are kept. The registration forms filed pursuant to this subsection and pursuant to Section 2-26 shall not be public; however, all information obtained by the Statewide Grievance Committee from these forms shall be public, except the following: trust account identification numbers; the attorney's home address, unless no office address is registered and then only if the home address is part of the public record of a grievance complaint as defined in Section 2-50 or the attorney uses the attorney's personal juris number to appear in a matter in this state; the attorney's office e-mail address; and the attorney's birth date. Unless otherwise ordered by the court, all nonpublic information obtained from these forms shall be available only to the Statewide Grievance Committee and its counsel, the reviewing committees, the grievance panels and their counsel, the bar examining committee, the standing committee on recommendations for admission to the bar, disciplinary counsel, the client security fund committee and its counsel, a judge of the Superior Court, a judge of the United States District Court for the District of Connecticut, any grievance committee or other disciplinary authority of the United States District Court for the District of Connecticut or, with the consent of the attorney, to any other person. Excluding trust account identification numbers, nonpublic information obtained from these forms

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shall be available to the Department of Revenue Services in connection with the collection of the occupational tax on attorneys pursuant to General Statutes § 51-81b. In addition, the trust account identification numbers on the registration forms filed pursuant to Section 2-26 and this section shall be available to the organization designated by the judges of the Superior Court to administer the IOLTA program pursuant to Rule 1.15 of the Rules of Professional Conduct. The registration requirements of this subsection shall not apply to judges of the Supreme, Appellate or Superior Courts, judge trial referees, family support magistrates, federal judges, federal magistrate judges, federal administrative law judges or federal bankruptcy judges.

(e) The Statewide Grievance Committee or its counsel may conduct random inspections and audits of accounts maintained pursuant to Rule 1.15 of the Rules of Professional Conduct to determine whether such accounts are in compliance with the rule and this section. If any random inspection or audit performed under this subsection discloses an apparent violation of this section or the Rules of Professional Conduct, the matter may be referred to a grievance panel for further investigation or to the disciplinary counsel for presentment to the Superior Court. Any attorney whose accounts are selected for inspection or audit under this section shall fully cooperate with the inspection or audit, which cooperation shall not be construed to be a violation of Rule 1.6 (a) of the Rules of Professional Conduct. Any records, documents or information obtained or produced pursuant to a random inspection or audit shall remain confidential unless and until a presentment is initiated by the disciplinary counsel alleging a violation of Rule 1.15 of the Rules of Professional Conduct or of this section, or probable cause is found by the grievance panel, the Statewide Grievance Committee or a reviewing committee. Contemporaneously with the commencement of a presentment or the filing of a grievance complaint, notice shall be given in writing by the Statewide Grievance Committee to any client or third person whose identity may be publicly disclosed through the disclosure of records obtained or produced in accordance with this subsection. Thereafter, public disclosure of such records shall be subject to the client or third person having thirty days from the issuance of the notice to seek a court order restricting publication of any such records disclosing confidential information. During the thirty day period, or the pendency of any such motion, any document filed with the court or as part of a grievance record shall refer to such clients or third persons by pseudonyms or with appropriate redactions, unless otherwise ordered by the court.

(f) Violation of subsection (a), (b) or (c) of this section shall constitute misconduct. An attorney who fails to register in accordance with subsection (d) shall be administratively suspended from the practice of law in this state pursuant to Section 2-27B.

(P.B. 1978-1997, Sec. 27A.) (Amended June 25, 2001, to take effect Jan. 1, 2002; amended June 24, 2002, to take effect July 1, 2003; May 14, 2003, effective date changed to Oct. 1, 2003; Sept. 30, 2003, effective date changed to Jan. 1, 2004; amended June 26, 2006, to take effect Jan. 1, 2007, and with respect to subsection (e), July 1, 2007; amended June 29, 2007, to take effect Jan. 1, 2008; amended June 30, 2008, to take effect Jan. 1, 2009; amended June 20, 2011, to take effect Jan. 1, 2012; amended June 15, 2018, to take effect Jan. 1, 2019; amended June 11, 2021, to take effect Jan. 1, 2022; amended June 10, 2022, to take effect Oct. 1, 2022.)

HISTORY—October, 2022: In subsection (d), what is now the fifth sentence was added.

COMMENTARY—October, 2022: The change to this section authorizes the Department of Revenue Services to receive nonpublic information, excluding trust account identification numbers, obtained from the attorney registration process in connection with the collection of the occupational tax on attorneys pursuant to General Statutes § 51-81b.

TECHNICAL CHANGE: In the title, ''Lawyer'' was deleted and replaced with ''Attorney.''

Sec. 2-27A. Minimum Continuing Legal Education*

(a) On an annual basis, each attorney admitted in Connecticut shall certify, on the registration form required by Section 2-27 (d), that the attorney has completed in the last calendar year no less than twelve credit hours of appropriate continuing legal education, at least two hours of which shall be in ethics/professionalism. The ethics and professionalism components may be integrated with other courses. This rule shall apply to all attorneys except the following:

(1) Judges and senior judges of the Supreme, Appellate or Superior Courts, judge trial referees, family support magistrates, family support magistrate referees, administrative law judges, elected constitutional officers, federal judges, federal magistrate judges, federal administrative law judges or federal bankruptcy judges;

(2) Attorneys who are disbarred, resigned pursuant to Section 2-52, on inactive status pursuant to Section 2-56 et seq., or retired pursuant to Section 2-55 or 2-55A;

(3) Attorneys who are serving on active duty in the armed forces of the United States for more than six months in such year;

(4) Attorneys for the calendar year in which they are admitted;

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the attorneys so listed and referred to the clerk shall be deemed administratively suspended from the practice of law in this state until such time as compliance has occurred and proof of same provided to the Statewide Grievance Committee, which suspension shall be effective upon publication of the list in the Connecticut Law Journal. An administrative suspension of an attorney for failure to comply with attorney registration or minimum continuing legal education shall not be considered discipline, but an attorney who is placed on administrative suspension for such failure shall be ineligible to practice law as an attorney admitted to practice in this state, and shall not be considered in good standing pursuant to Section 2-65 of these rules until such time as proof of compliance is provided to the Statewide Grievance Committee.

(b) An attorney aggrieved by an order placing the attorney on administrative suspension for failing to comply with Section 2-27 (d) or 2-27A may make an application to the Superior Court to have the order vacated, by filing the application with the Superior Court for the Hartford Judicial District within thirty days of the date that the order is published, and mailing a copy of the same by certified mail, return receipt requested, to the Statewide Grievance Committee. The application shall set forth the reasons why the application should be granted. The court shall schedule a hearing on the application, which shall be limited to whether good cause exists to vacate the suspension order.

(c) The notice required by this section shall be sent by regular mail to the last address registered by the attorney pursuant to Section 2-26 and Section 2-27 (d) and to any e-mail address on record with the Judicial Branch.

(Adopted June 11, 2021, to take effect Jan. 1, 2022.)

Sec. 2-28. Overdraft Notification

(a) The terms used in this section are defined as follows:

(1) ''Financial institution'' includes banks, savings and loan associations, credit unions, savings banks and any other business or person which accepts for deposit funds held in trust by attorneys.

(2) ''Properly payable'' refers to an instrument which, if presented in the normal course of busisess, is in a form requiring payment under law.

(3) ''Insufficient funds'' refers to the status of an account that does not contain sufficient funds available to pay a properly payable instrument.

(4) ''Uncollected funds'' refers to funds deposited in an account and available to be drawn upon but not yet deemed by the financial institution to have been collected.

(b) Attorneys shall deposit all funds held in any fiduciary capacity in accounts clearly identified as ''trust,'' ''client funds'' or ''escrow'' accounts, referred to herein as ''trust accounts,'' and shall take all steps necessary to inform the depository institution of the purpose and identity of such accounts. Funds held in trust include funds held in any fiduciary capacity in connection with a representation in Connecticut, whether as trustee, agent, guardian, executor or otherwise. Where an attorney fiduciary has the right to draw by a properly payable instrument on such trust account in which the funds of more than one client are kept, such account shall be maintained only in financial institutions approved by the Statewide Grievance Committee. No such trust account in which the funds of more than one client are kept shall be maintained in any financial institution in Connecticut which does not file the agreement required by this section. Violation of this subsection shall constitute misconduct.

(c) Attorneys regularly maintaining funds in a fiduciary capacity shall register any account in which the funds of more than one client are kept with the Statewide Grievance Committee in accordance with Section 2-27 (d).

(d) A financial institution shall be approved as a depository for attorney trust accounts only if it files with the Statewide Grievance Committee an agreement, in a form provided by the committee, to report to the committee the fact that an instrument has been presented against an attorney trust account containing insufficient funds, irrespective of whether or not the instrument is honored. No report shall be required if funds in an amount sufficient to cover the deficiency in the trust account are deposited within one business day of the presentation of the instrument. No report shall be required in the case of an instrument presented and paid against uncollected funds.

(e) Any such agreement shall not be cancelled by a financial institution except upon thirty days written notice to the Statewide Grievance Committee. The Statewide Grievance Committee shall establish rules governing approval and termination of approved status for financial institutions, and shall publish annually a list of approved institutions. Any such agreement shall apply to all branches of the financial institution in Connecticut and shall not be cancelled except upon thirty days notice in writing to the Statewide Grievance Committee.

(f) The financial institution shall report to the Statewide Grievance Committee within seven

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business days from the date of such presentation, any instrument presented against insufficient funds on any trust funds account unless funds in an amount sufficient to cover the deficiency in the account are deposited within one business day of the presentation of the instrument. The report shall be accompanied by a copy of the instrument.

(g) The Statewide Grievance Committee may delegate to the statewide bar counsel the authority to investigate overdraft notifications and determine that no misconduct has occurred or that no further action is warranted. Any determination that misconduct may have occurred and a grievance complaint should be initiated, unless such complaint is premised upon the failure of an attorney to file an explanation of an overdraft, shall be made by the Statewide Grievance Committee.

(h) Upon receipt of notification of an overdraft, the Statewide Grievance Committee, its counsel or disciplinary counsel may request that the attorney produce such books of account and statements of reconciliation, and any other records required to be maintained pursuant to Section 2-27 (b) for review, examination or audit. Failure of the attorney to respond to inquiries of the Statewide Grievance Committee, its counsel, or disciplinary counsel, or to produce the requested books of account and statements of reconciliation or other records shall be grounds for disciplinary counsel to file an application for an interim suspension in accordance with the provisions of Section 2-42.

(i) Every attorney practicing or admitted to practice in Connecticut shall, as a condition thereof, be conclusively presumed to have authorized the reporting and production requirements of this section. Where an attorney qualifies as executor of a will or as trustee or successor fiduciary, the attorney fiduciary shall have a reasonable time after qualification to bring preexisting trust accounts into compliance with the provisions of this section.

(P.B. 1978-1997, Sec. 27A.1.) (Amended June 24, 2002, to take effect July 1, 2003; May 14, 2003, effective date changed to Oct. 1, 2003; Sept. 30, 2003, effective date changed to Jan. 1, 2004; amended June 26, 2006, to take effect Jan. 1, 2007.)

Sec. 2-28A. Attorney Advertising; Mandatory Filing

(a) Any attorney who advertises services to the public through any media, electronic or otherwise, or through written or recorded communication pursuant to Rule 7.2 of the Rules of Professional Conduct shall file a copy of each such advertisement or communication with the Statewide Grievance Committee either prior to or concurrently with the attorney's first dissemination of the advertisement or written or recorded communication, except as otherwise provided in subsection (b) herein. The materials shall be filed in a format prescribed by the Statewide Grievance Committee, which may require them to be filed electronically. Any such submission in a foreign language must include an accurate English language translation.

The filing shall consist of the following:

(1) A copy of the advertisement or communication in the form or forms in which it is to be disseminated (e.g., videotapes, DVDs, audiotapes, compact discs, print media, photographs of outdoor advertising);

(2) A transcript, if the advertisement or communication is in video or audio format;

(3) A list of domain names used by the attorney primarily to offer legal services, which shall be updated quarterly;

(4) A sample envelope in which the written communication will be enclosed, if the communication is to be mailed;

(5) A statement listing all media in which the advertisement or communication will appear, the anticipated frequency of use of the advertisement or communication in each medium in which it will appear, and the anticipated time period during which the advertisement or communication will be used.

(b) The filing requirements of subsection (a) do not extend to any of the following materials:

(1) An advertisement in the public media that contains only, in whole or in part, the following information, provided the information is not false or misleading:

(A) The name of the lawyer or law firm, a listing of lawyers associated with the firm, office addresses and telephone numbers, office and telephone service hours, fax numbers, website and e-mail addresses and domain names, and a designation such as ''attorney'' or ''law firm'';

(B) Date of admission to the Connecticut bar and any other bars and a listing of federal courts and jurisdictions where the lawyer is licensed to practice;

(C) Technical and professional licenses granted by the state or other recognized licensing authorities;

(D) Foreign language ability;

(E) Fields of law in which the lawyer practices or is designated, subject to the requirements of Rule 7.1, or is certified pursuant to Rule 7.4A;

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(5) If the grievance panel has dismissed the complaint, to assist the complainant in understanding the reasons for the dismissal.

(P.B. 1978-1997, Sec. 27E.) (Amended June 24, 2002, to take effect July 1, 2003; May 14, 2003, effective date changed to Oct. 1, 2003; Sept. 30, 2003, effective date changed to Jan. 1, 2004.)

Sec. 2-32. Filing Complaints against Attorneys; Action; Time Limitation*

(a) Any person, including disciplinary counsel, or a grievance panel on its own motion, may file a written complaint, executed under penalties of false statement, alleging attorney misconduct whether or not such alleged misconduct occurred in the actual presence of the court. Complaints against attorneys shall be filed with the statewide bar counsel. Within seven days of the receipt of a complaint, the statewide bar counsel shall review the complaint and process it in accordance with subdivision (1), (2) or (3) of this subsection as follows:

(1) forward the complaint to a grievance panel in the judicial district in which the respondent maintains his or her principal office or residence, provided that, if the respondent does not maintain such an address in this state, the statewide bar counsel shall forward the complaint to any grievance panel and notify the complainant and the respondent, by certified mail with return receipt or with electronic delivery confirmation, of the panel to which the complaint was sent. The notification to the respondent shall be accompanied by a copy of the complaint. The respondent shall respond within thirty days of the date notification is mailed to the respondent unless for good cause shown such time is extended by the grievance panel. The response shall be sent to the grievance panel to which the complaint has been referred. The failure to file a timely response shall constitute misconduct unless the respondent establishes that the failure to respond timely was for good cause shown;

(2) refer the complaint to the chair of the Statewide Grievance Committee or an attorney designee of the chair and to a nonattorney member of the committee, and the statewide bar counsel in conjunction with the chair or attorney designee and the nonattorney member shall, if deemed appropriate, dismiss the complaint on one or more of the following grounds:

(A) the complaint only alleges a fee dispute and not a clearly excessive or improper fee;

(B) the complaint does not allege facts which, if true, would constitute a violation of any provision of the applicable rules governing attorney conduct;

(C) the complaint does not contain sufficient specific allegations on which to conduct an investigation;

(D) the complaint is duplicative of a previously adjudicated complaint;

(E) the complaint alleges that the last act or omission constituting the alleged misconduct occurred more than six years prior to the date on which the complaint was filed;

(i) Notwithstanding the period of limitation set forth in this subparagraph, an allegation of misconduct that would constitute a violation of Rule 1.15, 8.1 or 8.4 (2) through (6) of the Rules of Professional Conduct may still be considered as long as a written complaint is filed within one year of the discovery of such alleged misconduct.

(ii) Each period of limitation in this subparagraph is tolled during any period in which: (1) the alleged misconduct remains undiscovered due to active concealment; (2) the alleged misconduct would constitute a violation of Rule 1.8 (c) and the conditions precedent of the instrument have not been satisfied; (3) the alleged misconduct is part of a continuing course of misconduct; or (4) the aggrieved party is under the age of majority, insane, or otherwise unable to file a complaint due to mental or physical incapacitation.

(F) the complaint alleges misconduct occurring in a Superior Court, Appellate Court or Supreme Court action and the court has been made aware of the allegations of misconduct and has rendered a decision finding misconduct or finding that either no misconduct has occurred or that the allegations should not be referred to the Statewide Grievance Committee;

(G) the complaint alleges personal behavior outside the practice of law which does not constitute a violation of the Rules of Professional Conduct;

(H) the complaint alleges the nonpayment of incurred indebtedness;

(I) the complaint names only a law firm or other entity and not any individual attorney, unless dismissal would result in gross injustice. If the complaint names a law firm or other entity as well as an individual attorney or attorneys, the complaint shall be dismissed only as against the law firm or entity;

(J) the complaint alleges misconduct occurring in another jurisdiction in which the attorney is also admitted and in which the attorney maintains an office to practice law, and it would be more practicable for the matter to be determined in the other jurisdiction. If a complaint is dismissed pursuant to this subdivision, it shall be without prejudice and the matter shall be referred by the statewide

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bar counsel to the jurisdiction in which the conduct is alleged to have occurred.

(3) If a complaint alleges only a fee dispute within the meaning of subsection (a) (2) (A) of this section, the statewide bar counsel in conjunction with the chairperson or attorney designee and the nonattorney member may stay further proceedings on the complaint on such terms and conditions as deemed appropriate, including referring the parties to fee arbitration. The record and result of any such fee arbitration shall be filed with the statewide bar counsel and shall be dispositive of the complaint. A party who refuses to utilize the no cost fee arbitration service provided by the Connecticut Bar Association shall pay the cost of the arbitration.

(b) The statewide bar counsel, chair or attorney designee and nonattorney member shall have fourteen days from the date the complaint was filed to determine whether to dismiss the complaint. If after review by the statewide bar counsel, chair or attorney designee and nonattorney member it is determined that the complaint should be forwarded to a grievance panel for investigation in accordance with subsections (f) through (j) of this section, the complaint shall be so forwarded in accordance with subsection (a) (1) of this section within seven days of the determination to forward the complaint.

(c) If the complaint is dismissed by the statewide bar counsel in conjunction with the chair or attorney designee and nonattorney member, the complainant and respondent shall be notified of the dismissal in writing. The respondent shall be provided with a copy of the complaint with the notice of dismissal. The notice of dismissal shall set forth the reason or reasons for the dismissal. The complainant shall have fourteen days from the date notice of the dismissal is mailed to the complainant to file an appeal of the dismissal. The appeal shall be in writing setting forth the basis of the appeal and shall be filed with the statewide bar counsel who shall forward it to a reviewing committee for decision on the appeal. The reviewing committee shall review the appeal and render a decision thereon within sixty days of the filing of the appeal. The reviewing committee shall either affirm the dismissal of the complaint or order the complaint forwarded to a grievance panel for investigation in accordance with subsections (f) through (j) of this section. The decision of the reviewing committee shall be in writing and mailed to the complainant. The decision of the reviewing committee shall be final.

(d) The statewide bar counsel shall keep a record of all complaints filed. The complainant and the respondent shall notify the statewide bar counsel of any change of address or telephone number during the pendency of the proceedings on the complaint.

(e) If for good cause a grievance panel declines, or is unable pursuant to Section 2-29 (d), to investigate a complaint, it shall forthwith return the complaint to the statewide bar counsel to be referred by him or her immediately to another panel. Notification of such referral shall be given by the statewide bar counsel to the complainant and the respondent by certified mail with return receipt or with electronic delivery confirmation.

(f) The grievance panel, with the assistance of the grievance counsel assigned to it, shall investigate each complaint to determine whether probable cause exists that the attorney is guilty of misconduct. The grievance panel may, upon the vote of a majority of its members, require that a disciplinary counsel pursue the matter before the grievance panel on the issue of probable cause.

(g) Investigations and proceedings of the grievance panel shall be confidential unless the attorney under investigation requests that such investigation and proceedings be public.

(h) On the request of the respondent and for good cause shown, or on its own motion, the grievance panel may conduct a hearing on the complaint. The complainant and respondent shall be entitled to be present at any proceedings on the complaint at which testimony is given and to have counsel present, provided, however, that they shall not be entitled to examine or cross-examine witnesses unless requested by the grievance panel.

(i) The panel shall, within 110 days from the date the complaint was referred to it, unless such time is extended pursuant to subsection (j), do one of the following: (1) If the panel determines that probable cause exists that the respondent is guilty of misconduct, it shall file the following with the Statewide Grievance Committee and with the disciplinary counsel: (A) its written determination that probable cause exists that the respondent is guilty of misconduct, (B) a copy of the complaint and response, (C) a transcript of any testimony heard by the panel, (D) a copy of any investigatory file and copies of any documents, transcripts or other written materials which were available to the panel. These materials shall constitute the panel's record in the case. (2) If the panel determines that no probable cause exists that the respondent is guilty of misconduct, it shall dismiss the complaint unless there is an allegation in the complaint that the respondent committed a crime. Such dismissal shall be final and there shall be no review of the matter by the Statewide Grievance Committee, but the panel shall file with the Statewide

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Grievance Committee a copy of its decision dismissing the complaint and the materials set forth in subsection (i) (1) (B), (C) and (D). In cases in which there is an allegation in the complaint that the respondent committed a crime, the panel shall file with the Statewide Grievance Committee and with disciplinary counsel its written determination that no probable cause exists and the materials set forth in subsection (i) (1) (B), (C) and (D). These materials shall constitute the panel's record in the case.

(j) The panel may file a motion for extension of time not to exceed thirty days with the Statewide Grievance Committee which may grant the motion only upon a finding of good cause. If the panel does not complete its action on a complaint within the time provided in this section, the Statewide Grievance Committee shall inquire into the delay and shall order that the panel take action on the complaint forthwith, or order that the complaint be forwarded to and heard by another panel or a reviewing committee designated by the Statewide Grievance Committee.

(k) The panel shall notify the complainant, the respondent, and the Statewide Grievance Committee of its determination. The determination shall be a matter of public record if the panel determines that probable cause exists that the respondent is guilty of misconduct.

(P.B. 1978-1997, Sec. 27F.) (Amended June 29, 1998, to take effect Jan. 1, 1999; amended June 28, 1999, to take effect Jan. 1, 2000; amended June 24, 2002, to take effect July 1, 2003; May 14, 2003, effective date changed to Oct. 1, 2003; amended June 30, 2003, to take effect Oct. 1, 2003; Sept. 30, 2003, effective date of two latest amendments changed to Jan. 1, 2004; amended June 21, 2004, to take effect Jan. 1, 2005; amended June 20, 2005, to take effect Jan. 1, 2006; amended June 30, 2008, to take effect Jan. 1, 2009; amended June 15, 2012, to take effect Jan. 1, 2013; amended June 14, 2013, to take effect Jan. 1, 2014.)

***APPENDIX NOTE:** The Rules Committee of the Superior Court enacted, and the judges of the Superior Court subsequently adopted, certain changes to the provisions of this rule in response to the public health and civil preparedness emergencies declared on March 10, 2020, and renewed on September 1, 2020, and January 26, 2021. The public health emergency was renewed on June 28, 2022, and is scheduled to expire on December 28, 2022, or when the federal public health emergency ends. See Appendix of Section 1-9B Changes.

Sec. 2-33. Statewide Grievance Committee

(a) The judges of the Superior Court shall appoint twenty-one persons to a committee to be known as the "Statewide Grievance Committee." At least seven shall not be attorneys and the remainder shall be members of the bar of this state. The judges shall designate one member as chair and another as vice-chair to act in the absence or disability of the chair.

(b) All members shall serve for a term of three years commencing on July 1. Except as otherwise provided herein, no person shall serve as a member for more than two consecutive three year terms, excluding any appointments for less than a full term; a member may be reappointed after a lapse of one year. If the term of a member who is on a reviewing committee expires while a complaint is pending before that committee, the judges or the executive committee may extend the term of such member to such time as the reviewing committee has completed its action on that complaint. In the event of such an extension the total number of Statewide Grievance Committee members may exceed twenty-one. The appointment of any member may be revoked or suspended by the judges or by the executive committee of the Superior Court. In connection with such revocation or suspension, the judges or the executive committee shall appoint a qualified individual to fill the vacancy for the remainder of the term or for any other appropriate period. In the event that a vacancy arises in this position before the end of a term by reasons other than revocation or suspension, the executive committee of the Superior Court shall fill the vacancy for the balance of the term or for any other appropriate period. Unless otherwise provided in this chapter, the committee must have at least a quorum present to act, and a quorum shall be eleven. The committee shall act by a vote of a majority of those present and voting, provided that a minimum of six votes for a particular action is necessary for the committee to act. Members present but not voting due to disqualification, abstention, silence or a refusal to vote, shall be counted for purposes of establishing a quorum, but not counted in calculating a majority of those present and voting.

(c) In addition to any other powers and duties set forth in this chapter, the Statewide Grievance Committee shall:

(1) Institute complaints involving violations of General Statutes § 51-88.

(2) Adopt rules to carry out its duties under this chapter which are not inconsistent with these rules.

(3) Adopt rules for grievance panels to carry out their duties under this chapter which are not inconsistent with these rules.

(4) In its discretion, disclose that it or the statewide bar counsel has referred a complaint to a panel for investigation when such disclosure is deemed by the committee to be in the public interest.

(P.B. 1978-1997, Sec. 27G.)

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RULE 9. OVERDRAFT NOTIFICATION

A. Approval of Financial Institutions.

1. Pursuant to Practice Book §2-28, attorney trust accounts must be maintained only in financial institutions approved by the Committee.

2. A financial institution seeking approval by the Committee shall submit a form to the Statewide Bar Counsel by which it agrees to report to the Committee the fact that an instrument has been presented against an attorney trust account containing insufficient funds, irrespective of whether or not the instrument is honored. The Statewide Bar Counsel shall transmit the form to the Committee for its consideration within 45 days of receipt by the Statewide Bar Counsel. Forms shall be made available to financial institutions seeking approval upon request to the Statewide Bar Counsel.

3. Approval of a financial institution shall be contingent upon the agreement of the financial institution to provide no less than 30 days notice of its decision to cancel its agreement with the Committee. Notice of the cancellation of an agreement by a financial institution with the Committee shall be submitted by the financial institution in writing to the Statewide Bar Counsel.

4. The Committee may terminate the approved status of a financial institution upon the failure of the financial institution to report to the Statewide Bar Counsel within seven business days from the date of such presentation, any instrument presented against an attorney trust account containing insufficient funds, except that the financial institution shall not be required to report to the Committee the fact that an instrument has been presented against an attorney trust account containing insufficient funds if funds in an amount sufficient to cover the deficiency in the trust account are deposited within one business day of the presentation of the instrument. The report shall be substantially in the following format:

(a) In the case of a dishonored instrument, the report shall be identical to the overdraft notice customarily forwarded to the depositor;

(b) In the case of instruments that are presented against insufficient funds but which 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, a copy of the instrument presented, as well as the amount of the overdraft created thereby.

5. Upon information and belief that an approved financial institution has failed to comply with its agreement to report the presentation of an instrument against insufficient funds and to provide a copy of the instrument, the Statewide Bar Counsel's Office shall, in writing, request an explanation of the failure from the financial institution. The financial institution shall have ten days from the date of the letter of inquiry from the Statewide Bar Counsel's Office to provide an explanation. The Statewide Bar Counsel's Office shall forward the explanation of the financial institution, or notice of its failure to submit an explanation, to the Committee. After its review of the explanation or lack thereof, the Committee may direct the Statewide Bar Counsel's Office to (a) request a further explanation of the financial institution's actions, (b) accept the explanation of the financial institution, or (c) terminate the approved status of the financial institution. Upon the decision of the Committee to terminate the approved status of a financial institution, the Committee shall cause to have notice of the termination published in the Connecticut Law Journal.

B. Review of Overdraft Notifications

1. Upon receipt of a notice of the presentation of an instrument against insufficient funds, the Statewide Bar Counsel shall notify, in writing, the attorney or law firm in whose name the account is registered of the receipt of the overdraft notification. The attorney or law firm shall have ten days from the date of the letter of notification forwarded by the Statewide Bar Counsel to submit an explanation of the overdraft. Such explanation shall be supported by documentation reasonably sufficient to demonstrate the basis of the overdraft.

2. Upon the failure of the attorney or law firm to submit an explanation of the overdraft, the Statewide Bar Counsel shall, on behalf of the Committee, initiate a grievance complaint and forward same to the appropriate grievance panel.

3. The Statewide Bar Counsel's Office shall review all overdraft notification explanations submitted by lawyers and law firms and (a) if the Statewide Bar Counsel's Office determines that the overdraft was not a result of misconduct, close the file on the matter or (b) if the Statewide Bar Counsel's Office is not satisfied with the explanation, refer the matter to the Committee which shall review the matter in accordance with subsection 4 of this section.

4. The Committee shall review all overdraft notification explanations referred by the Statewide Bar Counsel's Office in accordance with subsection 3 of this section submitted by lawyers and law firms and (a) if it determines that the overdraft was not a result of misconduct, close its file on the matter or (b) if it is not satisfied with the explanation, (i) refer the matter to a grievance panel for investigation, or the initiation of a complaint, or both, or (ii) instruct the Statewide Bar Counsel to initiate a grievance complaint. If the matter has been previously investigated by a grievance panel and the grievance panel chooses not to file a grievance complaint, the Committee may refer the matter to a reviewing committee for investigation or the initiation of a complaint, or both.

5. If a grievance panel to which an overdraft notification matter has been referred pursuant to subsection 4 of this section

determines that the initiation of a grievance complaint is not warranted, it shall file its determination, along with an explanation of its decision, with the Committee. If a grievance panel initiates a grievance complaint pursuant to subsection 4 of this section, said complaint shall be referred to a separate grievance panel for a determination of probable cause.
6. Whenever a grievance complaint is initiated pursuant to this rule, a copy of said complaint shall be forwarded to the Disciplinary Counsel for a determination as to whether interim suspension should be sought pursuant to Practice Book §2-42.

C. Overdraft Notification Records: All records pertaining to overdraft notification files that result in a determination that no further action is warranted and the file is closed shall not be public.

RULE 13. RANDOM INSPECTIONS AND AUDITS OF CLIENTS' FUNDS ACCOUNTS

A. Pursuant to Practice Book §2-27(e), the Committee or its counsel shall conduct random inspections and audits of clients’ funds accounts as defined in Practice Book §§2-27(d) and 2-28(b) and required to be registered with the Committee in accordance with Practice Book §2-27(d).

B. For purposes of Practice Book §2-27(e) and this rule, inspection and audit is defined as the inspection of a randomly selected clients’ funds account to ensure compliance with ethical rules, including, but not limited to, Practice Book §2-27 and the Rules of Professional Conduct.

C. The manner in which the Committee or its counsel shall randomly select, inspect and audit such accounts is by the following:

1. Commencing July 1, 2007, the Statewide Bar Counsel shall randomly select for inspection and audit, with such frequency as is determined by counsel, clients’ funds accounts registered with the Committee in accordance with Practice Book §2-27(d).

2. The Statewide Bar Counsel's Office shall send, by certified mail, written notice of the inspection and audit to the attorney(s) who has registered the selected clients’ funds account.

3. The random inspection and audit shall cover, at a minimum, the previous six months from the date of the notice of the inspection and audit and shall involve the inspection of the financial records for the selected clients’ funds account that are required to be maintained by the attorney(s) in accordance with Practice Book §2-27(b), including, but not limited to:

(a) a receipt and disbursement journal identifying all deposits in and withdrawals from the account and showing the running account balance;

(b) a separate accounting page or column for each client or third person for whom funds are held showing (A) all receipts and disbursements and (B) a running account balance;

(c) at least quarterly a written reconciliation of trust account journals, client ledgers and bank statements;

(d) a list identifying all trust accounts as defined in Practice Book §2-28 (b); and

(e) all checkbooks, bank statements, and canceled or voided checks.

4. The attorney(s) whose clients' funds account is the subject of the random inspection and audit and whose office is located in Connecticut will comply with the inspection and audit by undergoing an on-site inspection and audit by the Statewide Bar Counsel's Office of the financial records set forth in Practice Book §2-27(b) and subsection 3 of this section and any other records maintained by the attorney(s) for the selected account on the

date set forth in the written notice. The Statewide Bar Counsel's Office may complete the inspection and audit of the selected account by removing copies of any records produced at an on-site inspection to the Statewide Bar Counsel's Office. If good cause is shown, the attorney(s) whose clients' funds account is the subject of the random inspection and audit and whose office is located in Connecticut may comply with the inspection and audit by providing a copy of the financial records set forth in Practice Book §2-27(b) and subsection 3 of this section and any other financial records maintained by the attorney(s) for the selected account by United States mail service, in person, or by some other delivery service to the Statewide Bar Counsel's Office by the date provided in the written notice.

5. The attorney(s) whose clients' funds account is the subject of the random inspection and audit and whose office is located outside the State of Connecticut must comply with the inspection and audit by providing a copy of the financial records set forth in Practice Book §2-27(b) and subsection 3 of this section and any other financial records maintained by the attorney(s) for the selected account by United States mail service, in person, or by some other delivery sent to the Statewide Bar Counsel's Office by the date provided in the written notice.

D. Any copies produced pursuant to this rule shall be at the expense of the attorney(s) whose clients' funds account is the subject of the inspection and audit.

E. The attorney(s) whose account is selected for inspection and audit shall fully cooperate with the inspection and audit. "Fully cooperate" as that term is used in Practice Book §2-27(e) means, among other things, providing the Statewide Bar Counsel's Office with all the documents referred to in this rule and any other records and information as may be necessary for the Statewide Bar Counsel's Office to complete its inspection and audit. If the attorney(s) whose clients' fund account is the subject of the inspection and audit fails to fully cooperate, the Statewide Bar Counsel's Office shall, in its discretion, refer the matter to Disciplinary Counsel for an interim suspension proceeding pursuant to Practice Book §2-42.

F. If the inspection and audit does not disclose an apparent violation of Practice Book §2-27 or the Rules of Professional Conduct, the Statewide Bar Counsel shall:

1. Notify the attorney(s) that the inspection and audit did not disclose a violation of Practice Book §2-27 or the Rules of Professional Conduct; and

2. Remove the selected clients' funds account number from the random inspection and audit selection process for a period of one year from the date the file is closed.

G. If the inspection and audit discloses an apparent violation of Practice Book §2-27 or the Rules of Professional Conduct, the Statewide Bar Counsel's Office shall, in its discretion:

1. Negotiate with the attorney(s) with the goal of having the attorney(s) bring the subject clients' funds account into compliance with Practice Book §2-27 and the Rules of Professional Conduct, subject to the attorney(s) agreeing to reasonable, periodic subsequent inspections and audits of the clients' funds account by the Statewide Bar Counsel's Office to ensure compliance; or

2. Forward the file to a grievance panel for further investigation and the possible filing of a grievance complaint; or

3. Forward the file to Disciplinary Counsel to initiate a presentment complaint.

H. In any matter referred by the Statewide Bar Counsel's Office to a grievance panel or its counsel for investigation under this rule, said grievance panel shall complete its investigation within the same time frame as set forth for the investigation of grievance complaints under Practice Book §2-32(i).

I. If a grievance panel to which the result of a random inspection and audit of a selected clients' funds account has been forwarded for investigation and the possible filing of a grievance complaint determines that the initiation of a grievance complaint is not warranted, it shall file its written determination, along with an explanation of its decision, with the Committee.

J. If a grievance panel to which the result of a random inspection and audit of a selected clients' funds account has been forwarded for investigation and the possible filing of a grievance complaint initiates a grievance complaint, the grievance panel shall file its complaint with the Committee and shall forward a copy of the complaint to Disciplinary Counsel for a determination as to whether interim suspension should be sought pursuant to Practice Book §2-42. The grievance complaint shall be referred to a separate grievance panel for a determination of probable cause.

K. Prior to any public hearing arising from a random inspection and audit of a clients' funds account, the Committee or its counsel shall give written notice by certified mail to any client or third person whose identity may be publicly disclosed through the disclosure of records obtained or produced in accordance with the random audit and inspection. A copy of any such written notice shall be provided to Disciplinary Counsel. Thereafter, the identified client or third person shall have thirty days from the date of the written notice to seek a court order restricting publication of any such records disclosing confidential information. The client or third person who applies for such a court order shall serve, by certified mail, a copy of the application on the Committee through its counsel and on Disciplinary Counsel.