



Disbursing Funds from Client Trust Accounts to Pay for Legal Services

SCR 20:1.5(h)(1) of the Wisconsin Rules of Professional Conduct addresses the withdrawal of fees from a client trust account to pay the lawyer for services rendered. Under the rule, the lawyer must fully notify the client of the services provided, the amount due, and the amount of funds remaining in the client trust account to pay for future legal services.

BY DEAN R. DIETRICH

Question

My client has paid an advanced fee for services I am providing in a litigation matter. I have put the payment in my client trust account. What steps must I take to withdraw money to pay myself?

Answer

The withdrawal of fees from a client trust account to pay the lawyer for services rendered is now addressed under SCR 20:1.5(h)(1) of the Wisconsin Rules of Professional Conduct. The provisions formerly were in the trust account rule (SCR 20:1.15) but now are in the fee rule (SCR 20:1.5).

There are generally two methods that can be followed to withdraw fees from a client trust account to pay for services. Both procedures require the lawyer to send an itemized bill or other accounting to the client showing the legal services that have been provided with a notice of the amount owed and the anticipated date of withdrawal of the funds from the trust account. The communication must also contain a statement of the balance of the client funds that will remain in the trust account. All this information is generally included on a statement sent by the law firm using normal billing procedures.

Option One. The two different options relate to the timing for the withdrawal of the funds from the trust account to pay for the fees earned by the lawyer. Under SCR 20:1.5(h)(1), the itemized bill must be sent five business days before the date when the law firm withdraws the money from the trust account. If the client objects to the disbursement of the funds during that five-business-day period, the disputed funds must remain in the

trust account until the dispute is resolved.

Also, if the client makes a particular and reasonable objection to a disbursement within 30 days after the funds have been withdrawn, the law firm must return the disputed portion of the fee payment to the trust account until the dispute is resolved. When such an objection is made, the lawyer must properly advise the client in writing of the lawyer's position regarding the disputed funds and make reasonable efforts to clarify and address the client's objection.

Option Two. The other alternative is for the lawyer to withdraw the fees from the client trust account on the date that the itemized bill is sent to the client. This option can be used only if the lawyer has given prior notice in writing (typically in an engagement letter or engagement agreement) that earned fees will be withdrawn from the client trust account on the date that the itemized bill is sent. The itemized bill or invoice must still contain a statement of the services rendered, the amount owed by the client with the anticipated date of withdrawal, and a statement of the balance of funds in the client trust account after the withdrawal has taken place. The lawyer may have to return disputed funds to the trust account if the client makes a reasonable objection.

The important point to these procedures is the obligation to fully notify the client of the services that were provided, the amount that is due, and the amount of funds remaining in the client trust account to pay for future legal services. Lawyers should make sure that their procedures are well established and always followed to ensure compliance with this rule. **WL**



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