



**Michael R. Marget**  
Senior Managing Director & CEO  
4L Law Firm Services

## Ethics Alert for Florida Law Firms

The Florida Bar issued new rules governing the administration of client trust accounts which took effect June 1, 2014.

The rules governing management of client trust accounts are set forth in Chapter 5 of the Rules Regulating The Florida Bar. Section 5.1-2(c) was recently amended to require law firms to maintain and distribute a detailed, written plan regarding the administration of the firm's client trust accounts to every firm lawyer. At a minimum, these trust account plans must include:

- Names of the lawyers or position titles of the non-lawyers authorized to sign trust account checks or initiate electronic transfer of funds.
- Names of the lawyers with responsibility for oversight of bank account reconciliations and reviewing the trust account check register.
- Names of the lawyers responsible for answering any questions lawyers may have regarding the operation of the client trust accounts and their compliance with Rule 5.

The new rule also state that any time there is a material change in the administration of the trust accounts, the written trust account plan must be updated and re-issued to every lawyer. Material changes would cover such things as opening new trust accounts, changing the names of authorized signatories or reassignment of responsibility for overseeing reconciliations.

The new rule does not prohibit non-lawyers from being check-signers, initiating electronic transfers, completing the monthly and annual account reconciliations or otherwise engaging in the administrative details of client trust accounts. However, it clearly reinforces the precept that ethical management of client trust accounts is a non-delegable responsibility of the firm's lawyer managers.

A second change requires any lawyer with knowledge that client trust accounts are not operating in compliance with Chapter 5 to report such discrepancies to the firm's managing partner or shareholder. The rule goes on to state that if the lawyer with such knowledge learns that the discrepancies have not been corrected within a reasonable time, such lawyer must report the noncompliance to staff counsel for The Florida Bar.

These new rules apply to every law firm operating in Florida, except for sole practitioners. To aid firms preparing their first such trust account plan, the staff at The Florida Bar has provided two outline, [click here to view](#).

*Michael R. Marget is the Senior Managing Director of 4L Law Firm Services LLC, an affiliate of Orion Law Management Systems, Inc. 4L performs outsourced bookkeeping and billing services and provides a managed IT solution for small and midsize law firms. These services utilize Orion's financial management and practice management software and later decided to delegate some billing and other back office accounting tasks to 4L. Mike is a former law firm administrator - COO and CFO - and can be reached via email at [mmarget@4L-Law.com](mailto:mmarget@4L-Law.com).*