

**BUSINESS STRUCTURES INVOLVING LLLT AND LAWYER OWNERSHIP**

(a) Notwithstanding the provisions of Rule 5.4, a lawyer may;

(1) share fees with an LLLT who is in the same firm as the lawyer;

(2) form a partnership with an LLLT where the activities of the partnership consist of the practice of law; or

(3) practice with or in the form of a professional corporation, association, or other business structure authorized to practice law for a profit in which an LLLT owns an interest or serves as a corporate director or officer or occupies a position of similar responsibility.

(b) A lawyer and an LLLT may practice in a jointly owned firm or other business structure authorized by paragraph (a) of this rule only if;

(1) LLLTs do not direct or regulate any lawyer's professional judgment in rendering legal services;

(2) LLLTs have no direct supervisory authority over any lawyer;

(3) LLLTs do not possess a majority ownership interest or exercise controlling managerial authority in the firm; and

(4) lawyers with managerial authority in the firm expressly undertake responsibility for the conduct of LLLT partners or owners to the same extent they are responsible for the conduct of lawyers in the firm under Rule 5.1.

[Adopted effective April 14, 2015.]

**Comment**

[1] This rule authorizes lawyers to enter into some fee-sharing arrangements and for-profit business relationships with LLLTs. It is designed as an exception to the general prohibition stated in Rule 5.4 that lawyers may not share fees or enter into business relationships with individuals other than lawyers.

[2] In addition to expressly authorizing fee-sharing and business structures between LLLTs and lawyers in paragraph (a), paragraph (b) of the Rule sets forth limitations on the role of LLLTs in jointly owned firms, specifying that regardless of an LLLT's ownership interest in such a firm, the business may not be structured in a way that permits LLLTs ownership interest in such a firm, the business may not be structured in a way that permits LLLTs directly or indirectly to supervise lawyers or to otherwise direct or regulate a lawyer's independent professional judgment. This includes a limitation on LLLTs possessing a majority ownership interest or controlling managerial authority in a jointly owned firm, a structure that could result indirectly in non-lawyer decision-making affecting the professional independence of lawyers. Lawyer managers, by contract, will be required to undertake responsibility for a firm's LLLT owners by expressly assuming responsibility for their conduct to the same extent as they are responsible for the conduct of firm lawyers. See also Rule 5.10.

[Comments adopted effective April 14, 2015.]