

1 Rule 5.4. Professional ~~h~~Independence of a ~~l~~Lawyer.

2 (a) A lawyer or law firm shall not share legal fees with a nonlawyer, except that:

3 ~~(a)(1) A non~~ agreement by a lawyer with the lawyer's firm, partner, or associate may  
4 provide for the payment of money, over a reasonable period of time after the lawyer's  
5 death, to the lawyer's estate or to one or more specified persons;

6 ~~(a)(2)(i) a lawyer who purchases the practice of a deceased, disabled or~~  
7 ~~disappeared lawyer may, pursuant to the provisions of Rule 1.17, pay to the estate or~~  
8 ~~other representative of that lawyer the agreed-upon purchase price; and~~

9 ~~(a)(2)(ii) A a~~ lawyer who undertakes to complete unfinished legal business of a  
10 deceased lawyer may pay to the estate of the deceased lawyer that proportion of the  
11 total compensation which fairly represents the services rendered by the deceased  
12 lawyer; and

13 ~~(a)(3) A a~~ lawyer or law firm may include nonlawyer employees in a compensation or  
14 retirement plan, even though the plan is based in whole or in part on a profit-sharing  
15 arrangement.

16 (b) A lawyer shall not form a partnership with a nonlawyer if any of the activities of  
17 the partnership consist of the practice of law.

18 (c) A lawyer shall not permit a person who recommends, employs, or pays the  
19 lawyer to render legal services for another to direct or regulate the lawyer's professional  
20 judgment in rendering such legal services.

21 (d) A lawyer shall not practice with or in the form of a professional corporation or  
22 association authorized to practice law for a profit, if:

23 ~~(d)(1) A a~~ nonlawyer owns any interest therein, except that a fiduciary representative  
24 of the estate of a lawyer may hold the stock or interest of the lawyer for a reasonable  
25 time during administration;

26 ~~(d)(2) A a~~ nonlawyer is a corporate director or officer thereof ~~or occupies the position~~  
27 ~~of similar responsibility in any form of association other than a corporation;~~ or

28 ~~(d)(3) A a~~ nonlawyer has the right to direct or control the professional judgment of a  
29 lawyer.

30 (e) A lawyer may practice in a non-profit corporation which is established to serve  
31 the public interest provided that the nonlawyer directors and officers of such corporation  
32 do not interfere with the independent professional judgment of the lawyer.

33 Comment

34 [\[1\]](#) The provisions of this Rule express traditional limitations on sharing fees. These  
35 limitations are to protect the lawyer's professional independence of judgment. Where  
36 someone other than the client pays the lawyer's fee or salary, or recommends  
37 employment of the lawyer, that arrangement does not modify the lawyer's obligation to  
38 the client. As stated in paragraph (c), such arrangements should not interfere with the  
39 lawyer's professional judgment.

40 ~~[\[2\]](#) The Rule is intended to prevent lay interference with the attorney/client  
41 relationship in non-profit public interest law firms. Typically, these organizations are  
42 structured so that a lay board of directors decides to undertake or fund a case or  
43 category of cases on behalf of a third party. The organization thus becomes the payor  
44 or provider of legal services for others.~~ also expresses traditional limitations on  
45 permitting a third party to direct or regulate the lawyer's professional judgment in  
46 rendering legal services to another. See also Rule 1.8(f)– (lawyer may accept  
47 compensation from a third party as long as there is no interference with the lawyer's  
48 independent professional judgment and the client gives informed consent)

49 [\[2a\]](#) Paragraph 4 of the ABA Model Rule was not adopted because it is inconsistent  
50 with the provisions of Rule 7.2(c) which prohibits the sharing of attorney's fees.

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