

1 **Rule 5.4. Professional Independence of a Lawyer**

2 (a) A lawyer may provide legal services pursuant to this Rule only if there is at all times  
3 no interference with the lawyer's:

4 (1) professional independence of judgment,

5 (2) duty of loyalty to a client, and

6 (3) protection of client confidences.

7 (b) A lawyer may permit a person to recommend, retain, or pay the lawyer to render  
8 legal services for another.

9 (c) A lawyer or law firm may share legal fees with a nonlawyer if:

10 (1) the fee to be shared is reasonable and the fee-sharing arrangement has been  
11 authorized as required by Utah Supreme Court Standing Order No. 15;

12 (2) the lawyer or law firm provides written notice to the affected client and, if  
13 applicable, to any other person paying the legal fees;

14 (3) the written notice describes the relationship with the nonlawyer, including  
15 the fact of the fee-sharing arrangement; and

16 (4) the lawyer or law firm provides the written notice before accepting  
17 representation or before sharing fees from an existing client.

18 (d) A lawyer may practice law with nonlawyers, or in an organization, including a  
19 partnership, in which a financial interest is held or managerial authority is exercised by  
20 one or more persons who are nonlawyers, provided that the nonlawyers or the  
21 organization has been authorized as required by Utah Supreme Court Standing Order  
22 No. 15 and provided the lawyer shall:

23 (1) before accepting a representation, provide written notice to a prospective  
24 client that one or more nonlawyers holds a financial interest in the organization  
25 in which the lawyer practices or that one or more nonlawyers exercises  
26 managerial authority over the lawyer; and

27 (2) set forth in writing to a client the financial and managerial structure of the  
28 organization in which the lawyer practices.

29 **Comments**

30 [1] The provisions of this Rule are to protect the lawyer's professional independence of  
31 judgment, to assure that the lawyer is loyal to the needs of the client, and to protect  
32 clients from the disclosure of their confidential information. Where someone other than  
33 the client pays the lawyer's fee or salary, manages the lawyer's work, or recommends  
34 retention of the lawyer, that arrangement does not modify the lawyer's obligation to the  
35 client. As stated in paragraph (a), such arrangements must not interfere with the  
36 lawyer's professional judgment. See also Rule 1.8(f) (lawyer may accept compensation  
37 from a third party as long as there is no interference with the lawyer's independent  
38 professional judgment and the client gives informed consent). This Rule does not lessen  
39 a lawyer's obligation to adhere to the Rules of Professional Conduct and does not  
40 authorize a nonlawyer to practice law by virtue of being in a business relationship with  
41 a lawyer. It may be impossible for a lawyer to work in a firm where a nonlawyer owner  
42 or manager has a duty to disclose client information to third parties, as the lawyer's  
43 duty to maintain client confidences would be compromised.

44 [2] The Rule also expresses traditional limitations on permitting a third party to direct  
45 or regulate the lawyer's professional judgment in rendering legal services to another.  
46 See also Rule 1.8(f) (lawyer may accept compensation from a third party as long as there  
47 is no interference with the lawyer's independent professional judgment and the client  
48 gives informed consent).

49 [3] Paragraph (c) permits individual lawyers or law firms to pay for client referrals,  
50 share fees with nonlawyers, or allow third party retention. In each of these instances,  
51 the financial arrangement must be reasonable, authorized as required under Supreme  
52 Court Standing Order No. 15, and disclosed in writing to the client before engagement  
53 and before fees are shared. Whether in accepting or paying for referrals, or fee-sharing,

54 the lawyer must protect the lawyer's professional judgment, ensure the lawyer's loyalty  
55 to the client, and protect client confidences.

56 [4] Paragraph (d) permits individual lawyers or law firms to enter into business or  
57 employment relationships with nonlawyers, whether through nonlawyer ownership or  
58 investment in a law practice, joint venture, or through employment by a nonlawyer  
59 owned entity. In each instance, the nonlawyer owned entity must be approved by the  
60 Utah Supreme Court for authorization under Standing Order No. 15.

61 | [5] This Rule differs from the ABA Model Rule. Additional changes have been made to  
62 | the comments.

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