

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

2 (a) A lawyer may provide legal services pursuant to ~~section (b) of~~ this Rule only if there  
3 is at all times 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 is  
11 ~~reasonable and has been~~ authorized as required by Utah Supreme Court  
12 Standing Order No. 15;

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

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

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

19 ~~(c) A lawyer may permit a person to recommend, retain, or pay the lawyer to render~~  
20 ~~legal services for another.~~

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

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

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

## 32 **Comments**

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

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

52 | [3] ~~Paragraphs (b) and~~ Paragraph (c) ~~permit~~permits individual lawyers or law firms to  
53 | pay for client referrals, share fees with nonlawyers, or allow third party retention. In  
54 | each of these ~~contexts~~instances, the financial arrangement must be reasonable,  
55 | ~~approved by the Utah Supreme Court for authorization~~authorized as required under  
56 | Supreme Court Standing Order No. 15, and disclosed in writing to the client before  
57 | engagement and before fees are shared. Whether in accepting or paying for referrals, or  
58 | fee-sharing, the lawyer must protect the lawyer's professional judgment, ensure the  
59 | lawyer's loyalty to the client, and protect client confidences.

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

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