

1 **Rule 5.4. Professional independence of a licensed paralegal practitioner.**

2 (a) A licensed paralegal practitioner or firm of licensed paralegal practitioners shall not  
3 share legal fees with a non-lawyer or a non-licensed paralegal practitioner, except that:

4 (a)(1) an agreement by a licensed paralegal practitioner with the licensed paralegal  
5 practitioner's firm, partner or associate may provide for the payment of money, over a  
6 reasonable period of time after the licensed paralegal practitioner's death, to the licensed  
7 paralegal practitioner's estate or to one or more specified persons;

8 (a)(2)(i) a licensed paralegal practitioner who purchases the practice of a deceased,  
9 disabled or disappeared licensed paralegal practitioner may, pursuant to the provisions of  
10 Rule 1.17, pay to the estate or other representative of that licensed paralegal practitioner  
11 the agreed-upon purchase price; and

12 (a)(2)(ii) a licensed paralegal practitioner who undertakes to complete unfinished legal  
13 business of a deceased licensed paralegal practitioner may pay to the estate of the deceased  
14 licensed paralegal practitioner that proportion of the total compensation which fairly  
15 represents the services rendered by the deceased licensed paralegal practitioner; and

16 (a)(3) a licensed paralegal practitioner or firm of licensed paralegal practitioners may  
17 include non-lawyer and non-licensed paralegal practitioner employees in a compensation  
18 or retirement plan, even though the plan is based in whole or in part on a profit-sharing  
19 arrangement.

20 (b) A licensed paralegal practitioner shall not form a partnership with a non-lawyer or  
21 ~~non-LPP non-licensed paralegal practitioner~~ if any of the activities of the partnership  
22 consist of the practice of law.

23 (c) A licensed paralegal practitioner shall not permit a person who recommends,  
24 employs or pays the licensed paralegal practitioner to render legal services for another to  
25 direct or regulate the licensed paralegal practitioner's professional judgment in rendering  
26 such legal services.

27 (d) A licensed paralegal practitioner shall not practice with or in the form of a  
28 professional corporation or association authorized to practice law for a profit, if:

29 (d)(1) a non-lawyer or non-licensed paralegal practitioner owns any interest therein,  
30 except that a fiduciary representative of the estate of a licensed paralegal practitioner may  
31 hold the stock or interest of the licensed paralegal practitioner for a reasonable time during  
32 administration;

33 (d)(2) a non-lawyer or non-licensed paralegal practitioner is a corporate director or  
34 officer thereof or occupies the position of similar responsibility in any form of association  
35 other than a corporation; or

36 (d)(3) a non-lawyer or non-licensed paralegal practitioner has the right to direct or  
37 control the professional judgment of a licensed paralegal practitioner.

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

Comment

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

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

[2a] Reserved.