

Trust Accounting Ethics

April 2026

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Overview of Discussion

Trust accounting basics

Receiving funds into trust account

Three disbursement scenarios

1. Personal injury/contingency settlement
2. Funds advanced for hourly fees
3. Advanced fixed (flat) fees

Missouri Trust Account Regulations – the Basics

Missouri Rules Governing Trust Accounts

Rule 4-1.145 Definitions – Safekeeping Property and IOLTA Accounts (1,211 words)

Rule 4-1.5 Trust Accounts and Property of Others (4,496 words)

Rule 4-1.155 IOLTA Accounts (1,045 words)

ABA Model Rule 1.15 – 832 words

Rule 4-1.15 Amendments

Adopted August 7, 1985, effective January 1, 1986.

Amended March 9, 1990, effective July 1, 1990;

amended March 3, 1994, effective July 1, 1994;

amended November 4, 1999, effective November 4, 1999;

amended May 27, 1999, effective January 1, 2000;

amended August 24, 2004, effective January 1, 2005;

amended March 1, 2007, effective July 1, 2007;

amended August 21, 2007, effective January 1, 2008;

amended January 6, 2009, effective January 6, 2009;

amended October 8, 2009, effective January 1, 2010;

amended October 29, 2009, effective January 1, 2010;

amended October 30, 2012, effective July 1, 2013;

amended March 7, 2017, effective July 1, 2016;

amended December 14, 2016, effective January 1, 2017;

amended July 23, 2018, effective January 1, 2019;

amended November 19, 2019, effective November 19, 2019.)

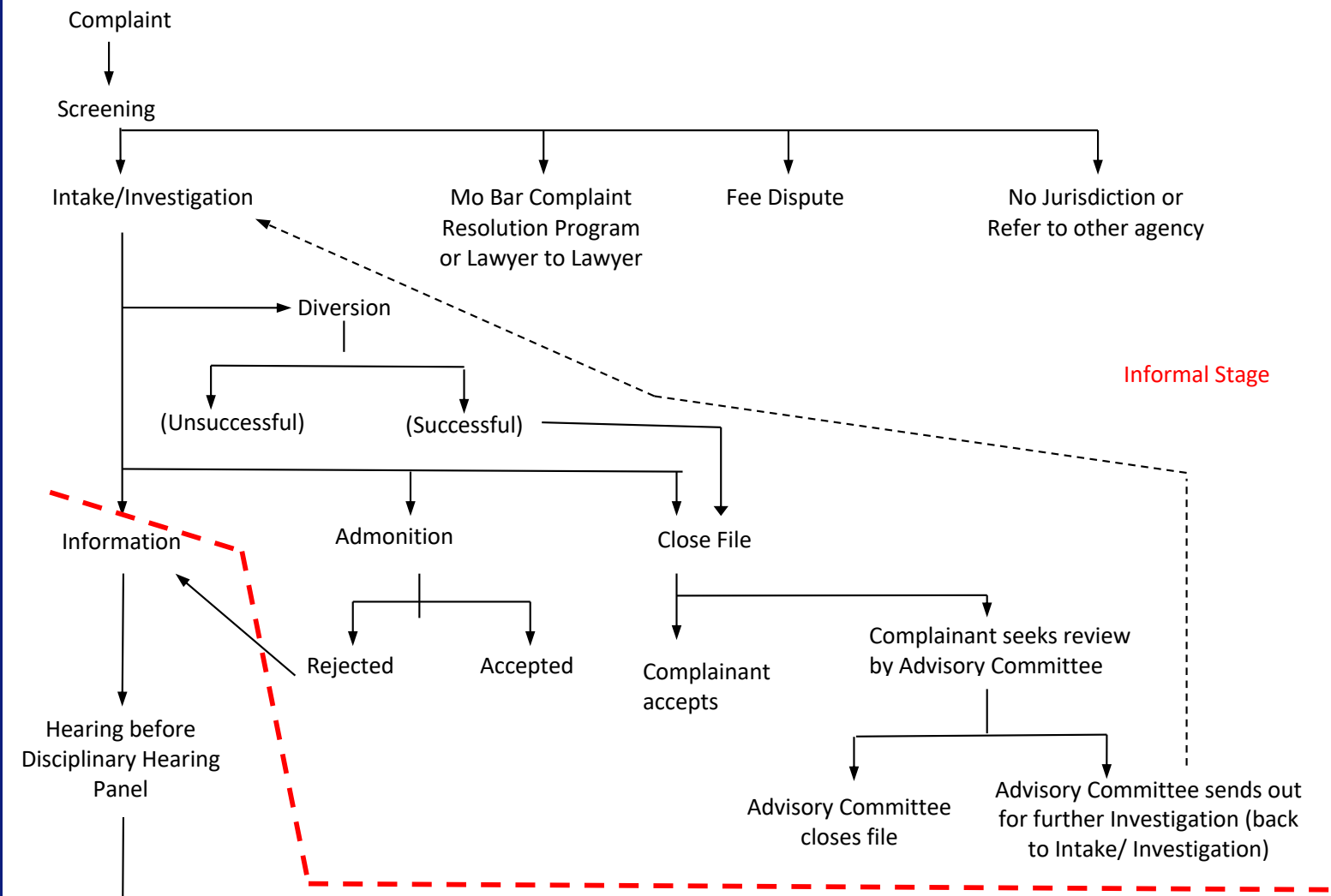
Missouri Rule 4-1.15

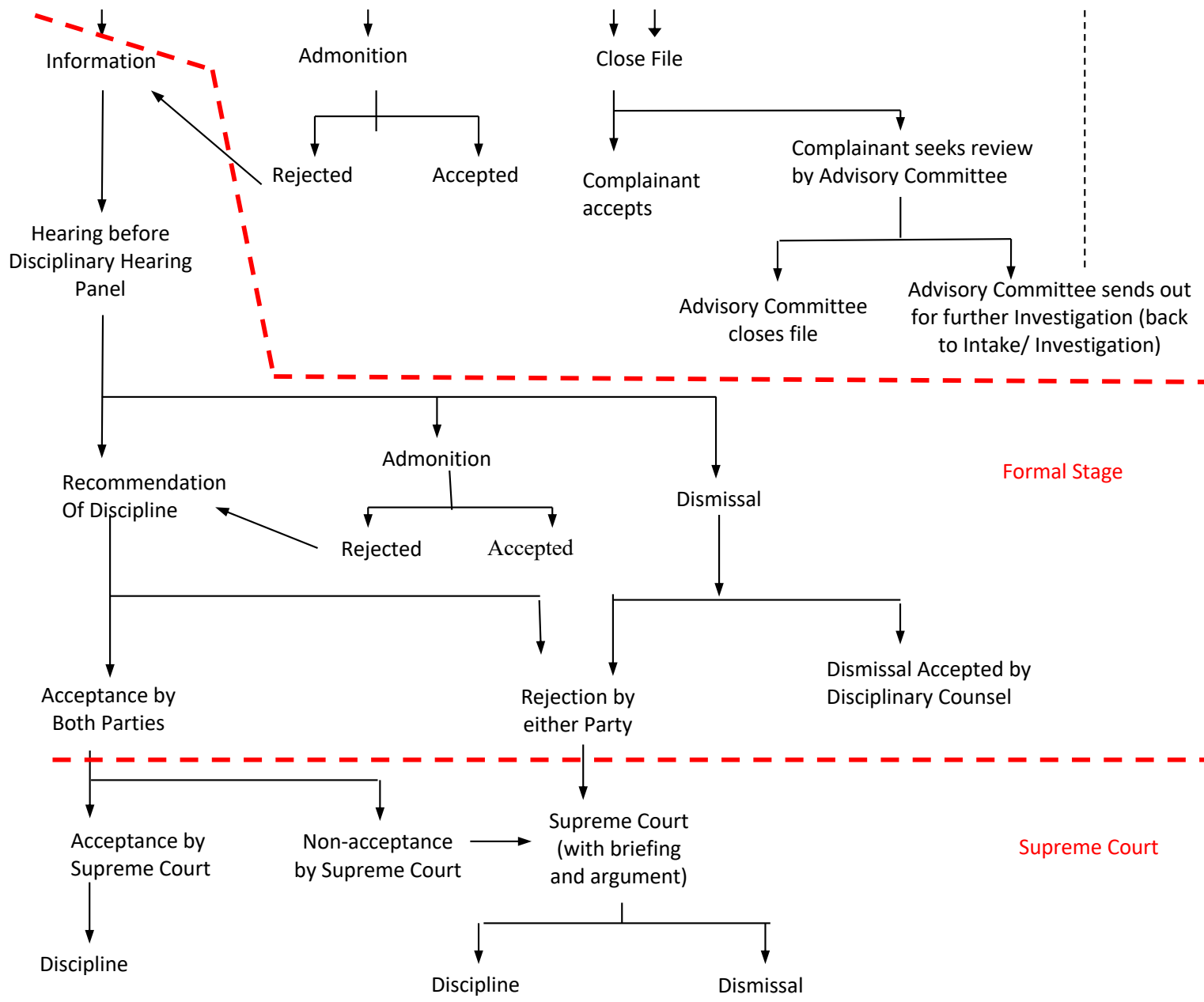
- A lawyer shall hold property of clients or third persons that is in a lawyer's possession in connection with a representation separate from the lawyer's own property.
- **Client or third party funds** shall be kept in a separate account designated as a "Client Trust Account" or words of similar import maintained in the state where the lawyer's office is situated or elsewhere if the client or third person consents.

Possible Violations

- **Misappropriation** – funds “taken” for something other than proper purposes
- **Commingling** – funds of lawyer and third parties allowed to “commingle” in account
- **Record-keeping** – failure to maintain proper records

Missouri Discipline Process Flow Chart





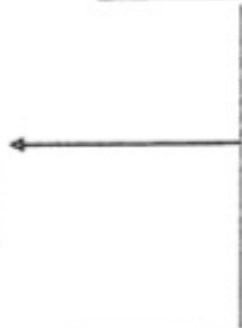
Customer Name:	Nadya Gud-Accountant, Esq									
Address (Original):	Client Trust Account									
Bank Name:	Bank of Lost Money									
Account Number:	xxxxx0123									
ONLY SCHEDULED CHECKS AND DEPOSITS REQUESTED FROM BANK										
DEPOSIT INTO ACCOUNT				CHECKS WRITTEN						
Post Date	Total Deposit	Item Amount	Payor	Check Date	Check Amount	Check Number	Payee	Memorandum/Comments	BALANCE	
Balance Forward (from Bank Statement)										
10.30.15					\$135.93		interest transfer to 2405		\$269,737.77	
11.05.15					\$9,532.08		online pmt Capital One		\$269,601.84	
11.09.15				11.06.15	\$1,747.51	1007	A Gun	final payment of settlement	\$260,069.76	
11.09.15				11.06.15	\$3,000.00	1008	Bob Brown	settlement advance	\$258,322.25	
11.25.15				11.24.15	\$750.00	2058	Pansy Bear	settlement of injury case	\$255,322.25	
11.30.15	\$131.08	\$131.08	interest						\$254,572.25	
11.30.15					\$131.08		interest transfer to 2405		\$254,703.33	
12.07.15					\$9,000.00		transfer to 8260		\$254,572.25	
12.14.15	\$12,051.42	\$12,051.42	Travelers (pay to Attorney and C & S Johns)						\$245,572.25	
12.17.15				12.14.15	\$5,729.07	2060	John Hatter	full & final settlement	\$257,623.67	
12.21.15	\$6,000.00	\$2,500.00	Markel Insurance (pay to L Base & Attorney)						\$251,894.60	
		\$3,500.00	Berkley Insurance (pay to K Straw and Attorney)						\$257,894.60	
12.21.15					\$8,000.00		transfer to 9743		\$249,894.60	
12.21.15				12.18.15	\$2,000.00	2061	Bob Brown	workers compensation settlement	\$247,894.60	
12.29.15	\$13,000.00	\$8,000.00	Creative Risk Solutions (pay to Attorney and K Hanes)						\$260,894.60	
		\$5,000.00	Farm Bureau Insurance (pay to Attorney and MSPRC) **B Cole						\$260,894.60	
12.29.15				12.29.15	\$9,461.34	2050	Boyd Alex	work comp settlement 12	\$251,433.26	
12.31.15	\$126.44	\$126.44	interest						\$251,559.70	

Client:

Client Name

Date
Account
Starting Balance

Client Deposit
Date and Amount
Resulting Balance



Interim balance if less than
desposited funds

Date of Distribution
Amount
Resulting Balance

Bank Accounts for Law Firm

All firms (basically) need at least two accounts

1. Operating or business account
2. IOLTA trust account
3. (Sometimes) Non-IOLTA trust account

Suggestion:

Don't use your Operating or Business Account for personal expenditures.

Receive wages or a draw, deposit the funds into a personal account, and then pay for your personal needs from that personal account.

Trust Account

- IOLTA Trust Account -- a “pooled” account for multiple clients, if interest will be “insignificant”
 - Legal aid ultimately receives the interest
- Non-IOLTA Trust Account – for a single client if interest will be “not insignificant” *(Rarely used)*
 - The client receives the interest

IOLTA = “Interest on Lawyer Trust Accounts”

What Goes Into Trust Accounts

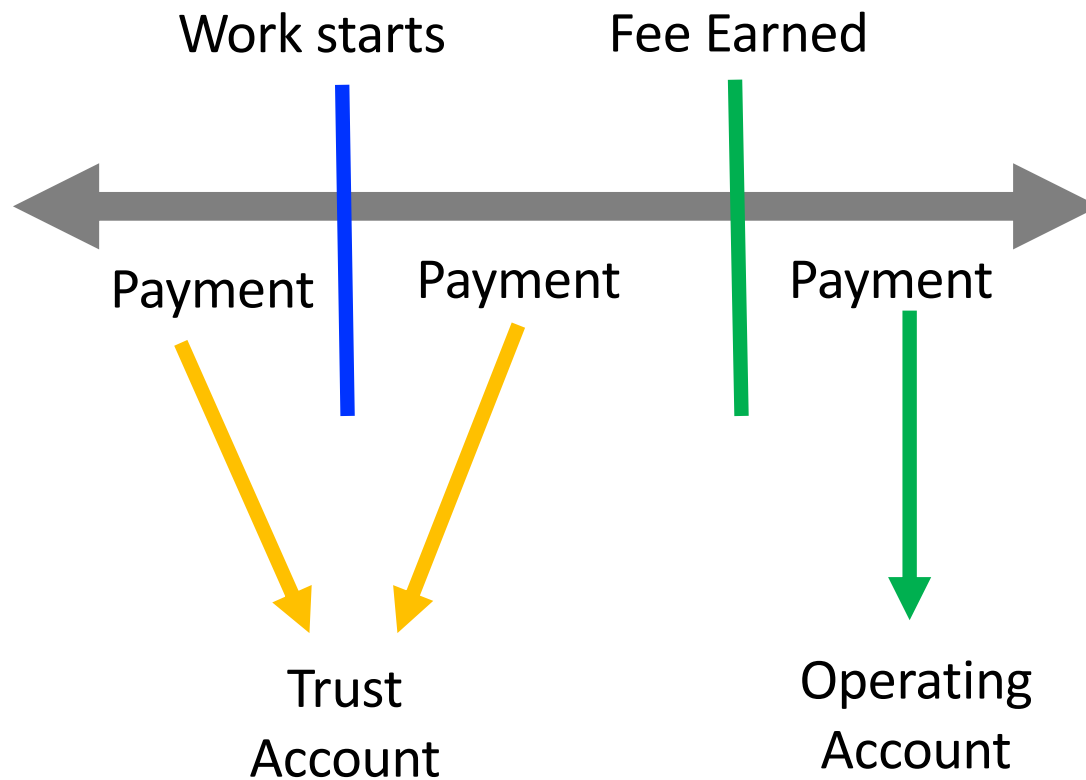
- Money in which **anyone other than the law firm/lawyers** have an interest
- Examples
 - Advances on (any) fees – not earned, so client still has an interest
 - Advances on expenses – not incurred, so client still has an interest
 - Settlements where client and others (lawyer and/or third parties) have an interest
 - Funds held pending completion of a transaction
- Mixed Funds (e.g., paid fees plus advance on fees) – go into the trust account

Earned Fees and Reimbursements for Paid Expenses

Do not go into the trust account. The money only belongs to the lawyer – so it goes in the operating account.

Mixed payments of earned fees or reimbursement for expenses PLUS other funds are treated based upon the other funds.

Basic Rule on Handling Funds Paid for Legal Services



Missouri Exception – Advanced Flat Fee Not Exceeding \$2,000

Rule 4-1.15(c):

A lawyer shall deposit into a client trust account legal fees and expenses that have been paid in advance, to be withdrawn by the lawyer only as fees are earned or expenses incurred, except that **an advanced flat fee which does not exceed \$2,000 is exempted from this requirement** and may be deposited into another account.

Requirements for Advance Flat Fee Exception to Apply

- Flat fee – not advance on hourly fee or the like
- Paid in advance
- Total flat fee does not exceed \$2,000

Then (and only then) – in either trust or operating account

Reconciliations Required – Rule 4-1.15(a)(7)

A reconciliation of the account shall be performed reasonably promptly each time an official statement from the financial institution is provided or available.

(Three-Way) Reconciliation

Reconcile

1. Bank statement (activity) with
 2. Account ledger with
 3. (All) client ledgers
- Monthly reconciliation required by rule upon receipt/availability of monthly statements
 - Must maintain records of reconciliations

Warning:

Don't assume your accountant understands trust accounting – most accountants DO NOT.

Record Preservation

- Records must be kept a minimum of six years (no client-negotiated exceptions)
- Records may be kept in paper or electronic form

Required Trust Account Documentation (Missouri)

- (1) Receipt and disbursement journals
- (2) Client-specific ledgers
- (3) Fee agreements and similar documents
- (4) Accounting statements showing disbursements made
- (5) Bills and expenses sent to clients
- (6) Disbursement records
- (7) Check-book registers and bank statements or the equivalents
- (8) Electronic transfer records
- (9) Account reconciliations
- (10) Credit-card transaction information

Trust Accounting Violations

- **Misappropriation** – funds “taken” for something other than proper purposes
- **Commingling** – funds of lawyer and third parties allowed to “commingle” in account
- **Record-keeping** – failure to maintain proper records

Receipt of Funds

Receive “Other People’s Money”

- Any funds in which anyone else has an interest
- Deposit funds into trust account with reasonable promptness
- Hold funds reasonable period (10 days?) until any disbursements

What Goes Into Trust Accounts

- Money in which **anyone other than the law firm/lawyers** have an interest
- Examples
 - Advances on (any) fees – not earned, so client still has an interest
 - Advances on expenses – not incurred, so client still has an interest
 - Settlements where client and others (lawyer and/or third parties) have an interest
 - Funds held pending completion of a transaction
- Mixed Funds (e.g., paid fees plus advance on fees) – go into the trust account

Funds must be “GOOD” Before Disbursed

- Actually received by the bank holding the trust account
- You must wait a “reasonable time” – generally 10 days
- Rule 4-1.15 cmt: “It is not sufficient to wait *only until the deposit is “cleared” or “available”* according to financial institution records. In either of those situations, the transaction may be reversed by the financial institution if a problem arises.”

Are the Funds Good? Rule 4-1.15(a)(6)

No disbursement shall be made based upon a deposit:

- (A) if the lawyer has reasonable cause to believe the **funds have not actually been collected** by the financial institution in which the trust account is held; **and**
- (B) until a reasonable period of time has passed for the funds to be **actually collected** by the financial institution in which the trust account is held.

Nature of Funds Received May Impact “Good”

- Cash – “good” immediately; make sure client receives receipt
- Check – “good” only when writer of check’s bank transfers funds to bank holding IOLTA account (make sure you wait)
- Credit card – actually “good” after a few days, but beware fees and “chargebacks” (canceled payments) that can pull money out of the account where deposited
- Electronic transfer – “good” (almost) immediately

WARNING – Rule 4-1.15 does not account for funds becoming good earlier than 10 days (e.g., a cash or wire transfer deposit)

Suggestion:

Use a credit card processing system (e.g., LawPay or Clio Pay, etc.) that will take charges and chargebacks for trust account deposits from another (the operating) account.

Avoid credit card systems (like Square) that do not provide a clear statement of who paid you and how much was paid.

Disbursements Generally

Methods of Disbursement

- Check with named payee
- Electronic transfer to named payee
- **Not permitted**
 - Cash
 - Counter checks (a/k/a “cashier’s check”)
 - Cash-back transactions from deposits
 - ATM card withdrawals
 - Debit card transactions

Proper Disbursements

- “Sweep” out any attorney fees (leaving nothing to commingle)
- Pay funds due to clients
- Pay funds due to third parties on behalf of clients

Disputed funds should be held pending resolution of dispute

WARNING: Do not pay personal expenses from trust account

When Disbursing

- Make sure funds are good
- Notify client about disbursement of funds (or get permission)
- Disburse within 30 days of earning/making payment qualifying for reimbursement

Recording Transactions

- All transactions must be recorded on the **ACCOUNT** level
- All transactions must also be recorded on the **CLIENT** level

Account Ledger

- Records all receipts and disbursements (for all clients) in and out of the account

Number or Code	Date	Transaction Description	Payment, Fee, Withdrawal	Deposit, Credit	Balance
	1/1/23	Client A settlement payment		\$60,000.00	\$60,000.00
	1/10/23	Client B - advance of fees and expenses		\$5,000.00	\$65,000.00
101	1/11/23	Client A - attorney fees	(\$20,000.00)		\$45,000.00
102	1/11/23	Client A - initial client payment	(\$28,000.00)		\$17,000.00
103	1/21/23	Client B - filing fee	(\$200.00)		\$16,800.00
	1/25/23	Client C - Advance of flat fee		\$2,500.00	\$19,300.00

Client Ledger

- Records receipts and disbursements for a single client

Number or Code	Date	Transaction Description	Payment, Fee, Withdrawal	Deposit, Credit	Balance
	1/1/23	Client A settlement payment		\$60,000.00	\$60,000.00
101	1/11/23	Client A - attorney fees	(\$20,000.00)		\$40,000.00
102	1/11/23	Client A - initial client payment	(\$28,000.00)		\$12,000.00

Account Ledger

Number or Code	Date	Transaction Description	Payment, Fee, Withdrawal	Deposit, Credit	Balance
	1/1/23	Client A settlement payment		\$60,000.00	\$60,000.00
	1/10/23	Client B - advance of fees and expenses		\$5,000.00	\$65,000.00
101	1/11/23	Client A - attorney fees	(\$20,000.00)		\$45,000.00
102	1/11/23	Client A - initial client payment	(\$28,000.00)		\$17,000.00
103	1/21/23	Client B - filing fee	(\$200.00)		\$16,800.00
	1/25/23	Client C - Advance of flat fee		\$2,500.00	\$19,300.00

Reason for Client Ledgers

Funds in Trust

Client A's
Funds

Only Client A's
funds can be
used for Client A

Suggestion:

Use law practice management software – it makes recording and reconciling much easier.

Disbursement Scenario #1
Personal Injury (Contingency)
Settlement

Handling PI Settlement Funds

- Provide prompt *notice* when settlement funds are received
- *Deposit funds* in trust account (if multiple people have interest in funds)
- *Record deposit* on (a) *client ledger* and (b) *account ledger*
- Hold funds until *GOOD* (10+ days)
- *Disburse* *GOOD undisputed* funds
- *Record disbursements* on (a) *client ledger* and (b) *account ledger*
- *Hold disputed funds* until dispute is resolved, and then (if *GOOD*) promptly disburse
- *Record disbursements* on (a) *client ledger* and (b) *account ledger*

Personal Injury Scenario

- Lawyer settles Client A's personal injury case for \$60,000
- Lawyer has a 1/3 contingent interest on gross settlement
- There are three liens on the settlement for \$2,000 to X, \$4,000 to Y, and \$6,000 to Z ***which have not been negotiated yet***

Stage #1

- Receive, give notice, and hold settlement funds until GOOD (10 days)
- Provide client with settlement statement listing gross settlement, attorney fees, and other possible distributions

<i>Description</i>	<i>Amount</i>
Gross settlement	\$60,000
Attorney fees (1/3)	\$20,000
Lienholder X	Up to \$2,000
Lienholder Y	Up to \$4,000
Lienholder Z	Up to \$6,000
Net amount/ (Initial) payment to client	\$28,000

- Have client approve settlement statement
- Disburse GOOD undisputed funds to Lawyer and Client – \$20,000 to lawyer and \$28,000 to client

Client Ledger

Number or Code	Date	Transaction Description	Payment, Fee, Withdrawal	Deposit, Credit	Balance
	1/1/23	Client A settlement payment		\$60,000.00	\$60,000.00
101	1/11/23	Client A - attorney fees	(\$20,000.00)		\$40,000.00
102	1/11/23	Client A - initial client payment	(\$28,000.00)		\$12,000.00

Stage #2

- Negotiate and resolve liens . . . suppose . . .
 - Lien X (\$2,000) negotiated to \$800
 - Lien Y (\$4,000) negotiated to \$3,000
 - Lien Z (\$6,000) negotiated to \$4,500
- Disburse now undisputed GOOD funds to lienholders and client
 - Lienholder X (\$2,000-**\$1,200**) = \$800
 - Lienholder Y (\$4,000-**\$1,000**) = \$3,000
 - Lienholder Z (\$6,000-**\$1,500**) = \$4,500
 - Client (**\$1,200 + \$1,000 + \$1,500**) = \$3,700

Updated Client Ledger

Number or Code	Date	Transaction Description	Payment, Fee, Withdrawal	Deposit, Credit	Balance
	1/1/23	Client A settlement payment		\$60,000.00	\$60,000.00
101	1/11/23	Client A - attorney fees	(\$20,000.00)		\$40,000.00
102	1/11/23	Client A - initial client payment	(\$28,000.00)		\$12,000.00
104	2/1/23	Client A - Lienholder X	(\$800.00)		\$11,200.00
105	2/4/23	Client A - Lienholder Y	(\$3,000.00)		\$8,200.00
106	2/5/23	Client A - Lienholder Z	(\$4,500.00)		\$3,700.00
107	2/5/23	Client A - second payment	(\$3,700.00)		\$0.00

Updated Account Ledger

Number or Code	Date	Transaction Description	Payment, Fee, Withdrawal	Deposit, Credit	Balance
	1/1/23	Client A settlement payment		\$60,000.00	\$60,000.00
	1/10/23	Client B - advance of fees and expenses		\$5,000.00	\$65,000.00
101	1/11/23	Client A - attorney fees	(\$20,000.00)		\$45,000.00
102	1/11/23	Client A - initial client payment	(\$28,000.00)		\$17,000.00
103	1/21/23	Client B - filing fee	(\$200.00)		\$16,800.00
	1/25/23	Client C - Advance of flat fee		\$2,500.00	\$19,300.00
104	2/1/23	Client A - Lienholder X	(\$800.00)		\$18,500.00
105	2/4/23	Client A - Lienholder Y	(\$3,000.00)		\$15,500.00
106	2/5/23	Client A - Lienholder Z	(\$4,500.00)		\$11,000.00
107	2/5/23	Client A - second payment	(\$3,700.00)		\$7,300.00

Alternative

- Negotiate all liens in advance of receiving any funds
- Ask the defendant/insurer to cut separate checks for each payee
- These checks should be delivered to each payee – do not put them in your trust account
 - Client funds to client
 - Attorney fees to lawyer (for operating account)
 - Lienholder funds to lienholders

Disbursement Scenario #2 Funds Advanced for Hourly Fees

(a/k/a “Retainer”)

Handling Funds Advanced for Hourly Fees

- **Inform client** in advance how advanced funds will be handled (used to pay invoices when due or held until the end)
- **Deposit** advanced (unearned) funds into trust account
- **Record deposit** on (a) **client ledger** and (b) **account ledger**
- Work on matter and **earn fees**
- Notify client about fees that have been earned
- Hold funds at until **GOOD** (10+ days)
- **Disburse** GOOD **undisputed** earned fees
- **Record disbursements** on (a) **client ledger** and (b) **account ledger**
- **Hold disputed funds** until dispute is resolved, and then (if GOOD) promptly disburse
- **Record disbursements** on (a) **client ledger** and (b) **account ledger**

“Retainer” is Ambiguous

- “Classic” retainer – paid to lawyer to ensure availability.
- “Security” retainer – advanced to lawyer to ensure payment of future fees
 - “Evergreen retainer” – used to pay fees as work is done/invoices sent. Lawyer then asks Client to advances more funds when advanced funds are drawn down
 - “Security Deposit” retainer – held until end of matter to ensure payment of all fees, then returned

Advanced Hourly Fees Scenario

- Lawyer requests that Client B pay funds in advance to secure payment for future hourly fees and expenses.
- Lawyer will
 - Deduct funds to pay expenses and
 - Deduct legal fees after invoicing Client B for work performed on a monthly basis (thus, an “evergreen” retainer)
- Client B advances \$5,000 for future legal services and expenses

Stage #1

- Deposit \$5,000 advanced funds into trust account
- Record deposit of funds in Client Ledger and Account Ledger
- Hold advanced funds in Trust until GOOD (10 days)

Number or Code	Date	Transaction Description	Payment, Fee, Withdrawal	Deposit, Credit	Balance
	1/10/23	Client B - advance of fees and expenses		\$5,000.00	\$5,000.00

Stage #2

- Perform legal services
- If funds are GOOD, deduct expenses payments when expenses are paid
- Notify (bill) client of services and fees earned (supposed \$3,000)
- If funds are GOOD, disburse undisputed, earned funds to Lawyer
- Record disbursement on Client Ledger and Account Ledger

Number or Code	Date	Transaction Description	Payment, Fee, Withdrawal	Deposit, Credit	Balance
	1/10/23	Client B - advance of fees and expenses		\$5,000.00	\$5,000.00
103	1/21/23	Client B - filing fee	(\$200.00)		\$4,800.00
108	2/8/23	Client B - process server	(\$150.00)		\$4,650.00
109	2/10/23	Client B - pay invoice #222	(\$3,000.00)		\$1,650.00

Updated Account Ledger

Number or Code	Date	Transaction Description	Payment, Fee, Withdrawal	Deposit, Credit	Balance
	1/1/23	Client A settlement payment		\$60,000.00	\$60,000.00
	1/10/23	Client B - advance of fees and expenses		\$5,000.00	\$65,000.00
101	1/11/23	Client A - attorney fees	(\$20,000.00)		\$45,000.00
102	1/11/23	Client A - initial client payment	(\$28,000.00)		\$17,000.00
103	1/21/23	Client B - filing fee	(\$200.00)		\$16,800.00
	1/25/23	Client C - Advance of flat fee		\$2,500.00	\$19,300.00
104	2/1/23	Client A - Lienholder X	(\$800.00)		\$18,500.00
105	2/4/23	Client A - Lienholder Y	(\$3,000.00)		\$15,500.00
106	2/5/23	Client A - Lienholder Z	(\$4,500.00)		\$11,000.00
107	2/5/23	Client A - second payment	(\$3,700.00)		\$7,300.00
108	2/8/23	Client B - process server	(\$150.00)		\$7,150.00
109	2/10/23	Client B - pay invoice #222	(\$3,000.00)		\$4,150.00

Disbursement Scenario #3

Advanced Fixed (Flat) Fees

Handling Advanced Fixed/Flat Fees

- **Inform client** in advance how fixed fee will be earned
- **Deposit** advanced (unearned) fixed fee into trust account
- **Record deposit** on (a) **client ledger** and (b) **account ledger**
- Work on matter and **earn fixed fee** (or portion thereof)
- Hold funds at until **GOOD** (10+ days)
- Notify client about fees that have been earned
- **Disburse** GOOD **undisputed** earned fixed fee portion
- **Record disbursements** on (a) **client ledger** and (b) **account ledger**
- **Hold disputed funds** until dispute is resolved, and then (if GOOD) promptly disburse
- **Record disbursements** on (a) **client ledger** and (b) **account ledger**

Advanced Fixed/Flat Fee Scenario

- Lawyer requests that Client C pay a fixed (flat) fee of \$2,500 for legal services
- Client advances \$2,500 to pay that fixed fee

Stage #1

- Deposit \$2,500 advanced fixed fee into trust account
- Records deposit of funds in Client Ledger and Account Ledger
- Hold advanced funds in Trust until GOOD (10 days)

Number or Code	Date	Transaction Description	Payment, Fee, Withdrawal	Deposit, Credit	Balance
	1/25/23	Client C - Advance of flat fee		\$2,500.00	\$2,500.00

Stage #2

- Perform legal services
- Notify (bill) client of services and (portion of) fixed fee earned
- If funds are GOOD, disburse undisputed, earned funds to Lawyer
- Record disbursement on Client Ledger and Account Ledger

Number or Code	Date	Transaction Description	Payment, Fee, Withdrawal	Deposit, Credit	Balance
	1/25/23	Client C - Advance of flat fee		\$2,500.00	\$2,500.00
110	2/22/23	Client C - pay invoice #223 for fixed fee	(\$2,500.00)		\$0.00

Account Ledger (Completed)

Number or Code	Date	Transaction Description	Payment, Fee, Withdrawal	Deposit, Credit	Balance
	1/1/23	Client A settlement payment		\$60,000.00	\$60,000.00
	1/10/23	Client B - advance of fees and expenses		\$5,000.00	\$65,000.00
101	1/11/23	Client A - attorney fees	(\$20,000.00)		\$45,000.00
102	1/11/23	Client A - initial client payment	(\$28,000.00)		\$17,000.00
103	1/21/23	Client B - filing fee	(\$200.00)		\$16,800.00
	1/25/23	Client C - Advance of flat fee		\$2,500.00	\$19,300.00
104	2/1/23	Client A - Lienholder X	(\$800.00)		\$18,500.00
105	2/4/23	Client A - Lienholder Y	(\$3,000.00)		\$15,500.00
106	2/5/23	Client A - Lienholder Z	(\$4,500.00)		\$11,000.00
107	2/5/23	Client A - second payment	(\$3,700.00)		\$7,300.00
108	2/8/23	Client B - process server	(\$150.00)		\$7,150.00
109	2/10/23	Client B - pay invoice #222	(\$3,000.00)		\$4,150.00
110	2/22/23	Client C - pay invoice #223 for fixed fee	(\$2,500.00)		\$1,650.00

Number or Code	Date	Transaction Description	Payment, Fee, Withdrawal	Deposit, Credit	Balance
	1/1/23	Client A settlement payment		\$60,000.00	\$60,000.00
101	1/11/23	Client A - attorney fees	(\$20,000.00)		\$40,000.00
102	1/11/23	Client A - initial client payment	(\$28,000.00)		\$12,000.00
104	2/1/23	Client A - Lienholder X	(\$800.00)		\$11,200.00
105	2/4/23	Client A - Lienholder Y	(\$3,000.00)		\$8,200.00
106	2/5/23	Client A - Lienholder Z	(\$4,500.00)		\$3,700.00
107	2/5/23	Client A - second payment	(\$3,700.00)		\$0.00

Number or Code	Date	Transaction Description	Payment, Fee, Withdrawal	Deposit, Credit	Balance
	1/10/23	Client B - advance of fees and expenses		\$5,000.00	\$5,000.00
103	1/21/23	Client B - filing fee	(\$200.00)		\$4,800.00
108	2/8/23	Client B - process server	(\$150.00)		\$4,650.00
109	2/10/23	Client B - pay invoice #222	(\$3,000.00)		\$1,650.00

Number or Code	Date	Transaction Description	Payment, Fee, Withdrawal	Deposit, Credit	Balance
	1/25/23	Client C - Advance of flat fee		\$2,500.00	\$2,500.00
110	2/22/23	Client C - pay invoice #223 for fixed fee	(\$2,500.00)		\$0.00

RECONCILIATION

Bank Statement

Posted Date	Description	Transaction Number	Amount	Balance
Beginning Balance				\$19,300.00
2/6/23	Check 105	11224466	(\$3,000.00)	\$16,300.00
2/7/23	Check 107	11224478	(\$3,700.00)	\$12,600.00
2/8/23	Check 104	11224455	(\$800.00)	\$11,800.00
2/11/23	Check 108	11225566	(\$150.00)	\$11,650.00
2/14/23	Check 109	11226677	(\$3,000.00)	\$8,650.00
2/25/23	Check 110	11228899	(\$2,500.00)	\$6,150.00

Posted Date	Description	Transaction Number	Amount
None			

Posted Date	Check #	Ref #	Amount
2/7/23	107	11224478	\$3,700.00
2/8/23	104*	11224455	\$800.00
2/11/23	108*	11225566	\$150.00
2/14/23	109	11226677	\$3,000.00
2/25/23	110	11228899	\$2,500.00

Advanced Fixed Fee Scenario – Variation A

- Lawyer requests that Client D pay a \$1,800 fixed (flat) fee (in Missouri)
- Client D advances \$1,800 to pay that fixed fee

Analysis

- Are the funds an advance to pay a fixed fee? YES
- Is the entire fixed fee less than \$2,000? YES
- Under Rule 4-1.15(c), the fund may be deposited into either the operating or trust account
- If the funds are deposited into the trust account, complete Stages #1 and #2 as described *supra*
- If the funds are deposited into the operating account, then Stages #1 and #2 do not apply because trust account is not used

Conclusory Matters

Questions – If you have questions after the program, please email them to Paige Tungate at ptungate@DowneyLawGroup.com

Post-Program Survey – A survey will be emailed to you about 30 minutes after this program. Also, here is the survey link:

<https://www.surveymonkey.com/r/trust0426>

Certificate of Completion – Available through the Post-Program Survey

Kansas Credit – If you are seeking Kansas credit, you need to enter the **two Attendance Verification Words** and your Kansas information into the Post-Program Survey. *Please complete this information in the survey **this week**, so we can ensure you receive proper credit*



<https://www.surveymonkey.com/r/trust0426>

Timed Agenda

12:00-5 Introduction and Administrative matters

12:05-55 Discuss proper trust account operations and record keeping

Future Programs

May 12 – Tuesday at 3:00 PM CT – **Legal Ethics and Multijurisdictional Practice**

May 27 – Wednesday at 12:00 Noon CT – **Legal Ethics, Client Intake, and Engagement Agreements**

June 9 – Tuesday at 3:00 PM CT – **Neurodiversity in the Legal Profession**

June 17 – Wednesday at 12:00 Noon CT – **Legal Ethics Update 2026 – Part II**

June 25 – Thursday at 12:00 Noon CT – **Legal Ethics and Technology 2026**

June 30 – Tuesday at 12:00 Noon CT – **Neurodiversity in the Legal Profession**

June 30 – Tuesday at 3:00 PM CT – **Legal Ethics Update 2026 – Part II**

www.DowneyEthicsCLE.com

Thank you



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