

Trust Accounting

A. Don't Fear Trust Accounting. Uncomplicate It.

1. We tend to avoid what we fear.
2. Doing so okay with skydiving, riding rollercoasters, etc.
3. Avoiding trust accounting = not ok!
4. Lessen fear by making trust accounting less complicated.
 - a. Keep track of how much money you have.
 - b. Keep track of who each penny belongs to.
 - c. Keep your own money out of trust.
 - d. Promptly pay clients & third persons, including yourself.

Material: ("xx minutes" denotes a video)

- [Don't Fear, Simplify](#). (25 minutes)
- [Don't Overcomplicate Trust Accounting](#)

B. Basic Requirements

1. Trust accounts must be maintained at institutions approved by the Professional Responsibility Board.
2. Inform the institution that interest on the account must be remitted to the Vermont Bar Foundation.
3. [V.R.Pr.C. 1.15A\(a\)](#) = minimum requirements of a bookkeeping system:
 - a. Records showing receipts & disbursement from the trust account;
 - b. Records showing receipts, disbursements, and a running balance for each client;
 - c. Records showing timely notice to clients of receipts and disbursements;
 - d. A single source that identifies all trust accounts; and,
 - e. Records documenting timely reconciliation.
 - Timely = "at least monthly."

Material

- [Rules 1.15, 1.15A, 1.15B](#)
- [Basic Requirements](#) (41 minutes)
- The list of approved institutions can be found at the "Attorney Trust Accounts" tab on [this page](#).

C. When can funds be disbursed?

1. Funds must be promptly delivered to clients and third persons who are entitled to those funds.
2. 3rd persons might assert interest in funds held for a client. A lawyer might be the "third person." Funds that are in dispute must remain in trust until the dispute is resolved.
3. A lawyer cannot disburse absent "collected funds," as defined in Rule 1.15(f).
4. Exceptions to #3 appear in Rule 1.15(g).

Material

- [Rules 1.15\(d\)-\(h\)](#)
- [Collecting & Disbursing Funds](#) (33 minutes)
- [Disbursing without collected funds](#)
- [Teddy KGB on prompt notification and delivery](#)
- [A lawyer's duties when a third-party asserts an interest in client funds](#)

D. Don't Commingle.

1. Own funds not allowed in trust.
2. Exception: Rule 1.15(b) and funds to pay reasonably anticipated bank fees & charges.
3. Pay yourself! Failure to do so is commingling.
4. Commingling can result from improper handling of fees labeled "earned upon receipt."

Material

- [Rule 1.15\(a\), Rules 1.5\(f\)-\(g\), Rules 1.15\(b\)-\(d\)](#)
- [Don't Commingle](#)
- [Vermont's rules on fees labeled "nonrefundable" or "earned upon receipt"](#)
- [Flat Fees, Misappropriation, and Scams](#) (35 minutes)

E. Learn to Identify Common Scams & Fraud.

- a. Falling for common scams/fraud can be failure to act competently to safeguard client funds.
- f. Client is owed debt – debtor magically pays as soon as you're involved.
- g. Changes to Wire Instructions.
- h. Oldest "scam" is the "trusted" employee who isn't supervised.
- i. Beware ACH transfers – check with bank.
- j. Reconcile, reconcile, reconcile.

Material

- [Rule 1.15A\(a\)\(4\)](#)
- [Law Offices Should Learn to Identify Common Trust Account Scams and Discuss Those Scams with Clients](#)
 - [Beware the Severance Payment Scam](#)
- [Beware of Last-Minute Changes to Wiring Instructions](#)
- [Flat Fees, Misappropriation, and Scams](#) (35 minutes)
- [With trust accounts, verify](#)
 - [Taylor Swift & Trust Accounting: Don't say I didn't warn ya](#)
- [Trust Accounts & ACH Transfers](#)
- [Timely Reconciliation Continues to Protect Vermont Law Firms Against Trust Account Fraud](#)

F. Tech Competence

1. Client wants to pay by Venmo/mobile app.
 - a. Client confidences?
2. Client wants to pay in bitcoin.

Material

- [Rule 1.5, Rule 1.6, Rule 1.15, Rule 1.15A](#)
- [Mobile Payments & Legal Fees](#)
- [Some basics on a lawyer's duties when handling cryptocurrency](#)

G. Not Covered in this Course

- Contingent fees, Referral Fees, & Fee Sharing

Material (if these topics were covered)

- [Rules 1.5\(c\) and \(e\)](#)
- [Contingent Fees, Referral Fees and Fee Sharing](#) (22 minutes)
- [Referral Fees: Think Thrice](#)