

Rule 5.4. Professional Independence of a Licensed Paralegal Practitioner.

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

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

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

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

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

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

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

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

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

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

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

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

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39 Comment

40 [1] The provisions of this Rule express traditional limitations on sharing fees. These
41 limitations are to protect the licensed paralegal practitioner's professional independence of
42 judgment. Where someone other than the client pays the licensed paralegal practitioner's fee or
43 salary, or recommends employment of the licensed paralegal practitioner, that arrangement does
44 not modify the licensed paralegal practitioner's obligation to the client. As stated in paragraph
45 (c), such arrangements should not interfere with the licensed paralegal practitioner's professional
46 judgment.

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

52 [2a] Reserved.

Effective November 1, 2018