

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

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

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

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

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

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

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

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

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

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

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

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

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

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45 Comment

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

53 [2] The rule also expresses traditional limitations on permitting a third party
54 to direct or regulate the licensed paralegal practitioner's professional judgment
55 in rendering legal services to another. See also Rule 1.8(f) (licensed paralegal
56 practitioner may accept compensation from a third party as long as there is no
57 interference with the licensed paralegal practitioner's independent professional
58 judgment and the client gives informed consent).

59 [2a] Reserved.

Effective May 1, 2019