

Tip of the Month

JANUARY 2017

Know the Rules for Required Trust Account Records

Many lawyers who maintain and use trust accounts for client and third party funds are not aware that many states require that lawyers keep a number of specific kinds of records for trust accounts. It is not enough to simply review the monthly statement sent by the bank or found on-line and reconcile the account each month. Some of the kinds of records that are required in many states include receipt journals and disbursement journals containing a record of deposits and withdrawals specifically identifying the date, source, and description of each item deposited, and the date, payee and purpose of each disbursement, contemporaneous ledger records for each separate trust client or beneficiary including the source of all funds deposited, the date of each deposit, the names of all persons for whom the funds are or were held, the amount of such funds, the dates, descriptions and amounts of charges or withdrawals, and the names of all persons to whom such funds were disbursed, copies of all accountings to clients or third persons showing the disbursement of funds to them or on their behalf, checkbook registers, check stubs, bank statements, records of deposit, checks or other records of debits, retainer and compensation agreements with clients and bills rendered to clients for legal fees and expenses. To avoid professional disciplinary issues, it is important to know what is required by the rules in your jurisdiction.

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