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2 the American Bar Association and, accordingly, should not be construed as representing the policy of the  
3 American Bar Association.

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5 **American Bar Association**  
6 **Commission on Ethics 20/20**  
7 **Resolution**  
8

9 **RESOLVED:** That the American Bar Association amends Rule 1.5 of the *ABA Model*  
10 *Rules of Professional Conduct* as follows (insertions underlined, deletions ~~struck through~~):  
11

12 **Rule 1.5 Fees**

13 (a) A lawyer shall not make an agreement for, charge, or collect an unreasonable fee or an  
14 unreasonable amount for expenses. The factors to be considered in determining the  
15 reasonableness of a fee include the following:

16 (1) the time and labor required, the novelty and difficulty of the questions involved, and  
17 the skill requisite to perform the legal service properly;

18 (2) the likelihood, if apparent to the client, that the acceptance of the particular  
19 employment will preclude other employment by the lawyer;

20 (3) the fee customarily charged in the locality for similar legal services;

21 (4) the amount involved and the results obtained;

22 (5) the time limitations imposed by the client or by the circumstances;

23 (6) the nature and length of the professional relationship with the client;

24 (7) the experience, reputation, and ability of the lawyer or lawyers performing the  
25 services; and

26 (8) whether the fee is fixed or contingent.

27 (b) The scope of the representation and the basis or rate of the fee and expenses for which the  
28 client will be responsible shall be communicated to the client, preferably in writing, before or  
29 within a reasonable time after commencing the representation, except when the lawyer will  
30 charge a regularly represented client on the same basis or rate. Any changes in the basis or rate  
31 of the fee or expenses shall also be communicated to the client.

32 (c) A fee may be contingent on the outcome of the matter for which the service is rendered,  
33 except in a matter in which a contingent fee is prohibited by paragraph (d) or other law. A  
34 contingent fee agreement shall be in a writing signed by the client and shall state the method by  
35 which the fee is to be determined, including the percentage or percentages that shall accrue to the

36 lawyer in the event of settlement, trial or appeal; litigation and other expenses to be deducted  
37 from the recovery; and whether such expenses are to be deducted before or after the contingent  
38 fee is calculated. The agreement must clearly notify the client of any expenses for which the  
39 client will be liable whether or not the client is the prevailing party. Upon conclusion of a  
40 contingent fee matter, the lawyer shall provide the client with a written statement stating the  
41 outcome of the matter and, if there is a recovery, showing the remittance to the client and the  
42 method of its determination.

43 (d) A lawyer shall not enter into an arrangement for, charge, or collect:

44 (1) any fee in a domestic relations matter, the payment or amount of which is contingent  
45 upon the securing of a divorce or upon the amount of alimony or support, or property  
46 settlement in lieu thereof; or

47 (2) a contingent fee for representing a defendant in a criminal case.

48 (e) A division of a fee between lawyers who are not in the same firm may be made only if:

49 (1) the division is in proportion to the services performed by each lawyer or each lawyer  
50 assumes joint responsibility for the representation;

51 (2) the client agrees to the arrangement, including the share each lawyer will receive, and  
52 the agreement is confirmed in writing; and

53 (3) the total fee is reasonable.

## 54 **COMMENT**

55

### 56 **Reasonableness of Fee and Expenses**

57 [1] Paragraph (a) requires that lawyers charge fees that are reasonable under the  
58 circumstances. The factors specified in (1) through (8) are not exclusive. Nor will each factor be  
59 relevant in each instance. Paragraph (a) also requires that expenses for which the client will be  
60 charged must be reasonable. A lawyer may seek reimbursement for the cost of services  
61 performed in-house, such as copying, or for other expenses incurred in-house, such as telephone  
62 charges, either by charging a reasonable amount to which the client has agreed in advance or by  
63 charging an amount that reasonably reflects the cost incurred by the lawyer.

64

### 65 **Basis or Rate of Fee**

66 [2] When the lawyer has regularly represented a client, they ordinarily will have evolved  
67 an understanding concerning the basis or rate of the fee and the expenses for which the client  
68 will be responsible. In a new client-lawyer relationship, however, an understanding as to fees and  
69 expenses must be promptly established. Generally, it is desirable to furnish the client with at  
70 least a simple memorandum or copy of the lawyer's customary fee arrangements that states the  
71 general nature of the legal services to be provided, the basis, rate or total amount of the fee and  
72 whether and to what extent the client will be responsible for any costs, expenses or  
73 disbursements in the course of the representation. A written statement concerning the terms of  
74 the engagement reduces the possibility of misunderstanding.

75 [3] Contingent fees, like any other fees, are subject to the reasonableness standard of  
76 paragraph (a) of this Rule. In determining whether a particular contingent fee is reasonable, or  
77 whether it is reasonable to charge any form of contingent fee, a lawyer must consider the factors  
78 that are relevant under the circumstances. Applicable law may impose limitations on contingent  
79 fees, such as a ceiling on the percentage allowable, or may require a lawyer to offer clients an  
80 alternative basis for the fee. Applicable law also may apply to situations other than a contingent  
81 fee, for example, government regulations regarding fees in certain tax matters.

### 82 83 **Terms of Payment**

84 [4] A lawyer may require advance payment of a fee, but is obliged to return any unearned  
85 portion. See Rule 1.16(d). A lawyer may accept property in payment for services, such as an  
86 ownership interest in an enterprise, providing this does not involve acquisition of a proprietary  
87 interest in the cause of action or subject matter of the litigation contrary to Rule 1.8(i). However,  
88 a fee paid in property instead of money may be subject to the requirements of Rule 1.8(a)  
89 because such fees often have the essential qualities of a business transaction with the client.

90 [5] An agreement may not be made whose terms might induce the lawyer improperly to  
91 curtail services for the client or perform them in a way contrary to the client's interest. For  
92 example, a lawyer should not enter into an agreement whereby services are to be provided only  
93 up to a stated amount when it is foreseeable that more extensive services probably will be  
94 required, unless the situation is adequately explained to the client. Otherwise, the client might  
95 have to bargain for further assistance in the midst of a proceeding or transaction. However, it is  
96 proper to define the extent of services in light of the client's ability to pay. A lawyer should not  
97 exploit a fee arrangement based primarily on hourly charges by using wasteful procedures.

### 98 99 **Prohibited Contingent Fees**

100 [6] Paragraph (d) prohibits a lawyer from charging a contingent fee in a domestic  
101 relations matter when payment is contingent upon the securing of a divorce or upon the amount  
102 of alimony or support or property settlement to be obtained. This provision does not preclude a  
103 contract for a contingent fee for legal representation in connection with the recovery of post-  
104 judgment balances due under support, alimony or other financial orders because such contracts  
105 do not implicate the same policy concerns.

### 106 107 **Division of Fee**

108 [7] A division of fee is a single billing to a client covering the fee of two or more lawyers  
109 who are not in the same firm. A division of fee facilitates association of more than one lawyer in  
110 a matter in which neither alone could serve the client as well, and most often is used when the  
111 fee is contingent and the division is between a referring lawyer and a trial specialist. Paragraph  
112 (e) permits the lawyers to divide a fee either on the basis of the proportion of services they render  
113 or if each lawyer assumes responsibility for the representation as a whole. In addition, the client  
114 must agree to the arrangement, including the share that each lawyer is to receive, and the  
115 agreement must be confirmed in writing. Contingent fee agreements must be in a writing signed  
116 by the client and must otherwise comply with paragraph (c) of this Rule. Joint responsibility for  
117 the representation entails financial and ethical responsibility for the representation as if the  
118 lawyers were associated in a partnership. A lawyer should only refer a matter to a lawyer whom  
119 the referring lawyer reasonably believes is competent to handle the matter. See Rule 1.1.

121 [8] Paragraph (e) does not prohibit or regulate division of fees to be received in the  
122 future for work done when lawyers were previously associated in a law firm.

123  
124 [9] A lawyer who is governed by the Rules of Professional Conduct in this jurisdiction is  
125 prohibited from allowing a nonlawyer to direct or regulate the lawyer's independent professional  
126 judgment. See Rule 5.4 (Professional Independence of a Lawyer). Subject to this prohibition, a  
127 lawyer in this jurisdiction may divide a fee with a lawyer from another firm in a jurisdiction that  
128 permits that firm to share legal fees with nonlawyers or to have nonlawyer owners, unless the  
129 lawyer who is governed by the Rules of Professional Conduct in this jurisdiction knows that the  
130 other firm's relationship with nonlawyers violates the rules of the jurisdiction that apply to that  
131 relationship. See Rule 8.4(a) (prohibiting a lawyer from "knowingly assist[ing]" another to  
132 violate the Rules of Professional Conduct); Rule 8.5(b) (Choice of Law).

### 133 134 **Disputes over Fees**

135 [910] If a procedure has been established for resolution of fee disputes, such as an  
136 arbitration or mediation procedure established by the bar, the lawyer must comply with the  
137 procedure when it is mandatory, and, even when it is voluntary, the lawyer should  
138 conscientiously consider submitting to it. Law may prescribe a procedure for determining a  
139 lawyer's fee, for example, in representation of an executor or administrator, a class or a person  
140 entitled to a reasonable fee as part of the measure of damages. The lawyer entitled to such a fee  
141 and a lawyer representing another party concerned with the fee should comply with the  
142 prescribed procedure.

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## REPORT

### Introduction

The Resolution accompanying this Report addresses a discrete and limited choice of law issue arising from the division of fees between lawyers in separate firms located in different jurisdictions. The issue is whether a lawyer in a jurisdiction that prohibits nonlawyer ownership of law firms and the sharing of legal fees with nonlawyers may divide a fee with a lawyer in a different firm in which such ownership or fee sharing occurs and is permitted by the Rules applicable to that firm. The Resolution does not propose any change to the existing prohibition in Model Rule 5.4 against nonlawyer ownership of law firms or the sharing of fees with nonlawyers. The Resolution addresses only fee divisions between lawyers in separate firms under Model Rule 1.5 when one of the lawyers is in a firm that has nonlawyer owners or shares fees with nonlawyers, as permitted by the rules of the jurisdiction that govern that lawyer's firm.

### Background

The ABA Commission on Ethics 20/20 has studied various issues relating to nonlawyer ownership and fee sharing and has sought feedback on a Preliminary Issues Outline,<sup>1</sup> a detailed Issues Paper,<sup>2</sup> and a December 2011 Discussion Draft describing a form of nonlawyer ownership of law firms similar to, but more limited than, what is currently permissible in the District of Columbia.<sup>3</sup> The Commission conducted in-depth research into this issue and carefully considered this evidence as well as the thoughtful comments and suggestions it received.

The Commission also has studied various choice of law issues arising from inconsistencies among jurisdictions with regard to the permissibility of nonlawyer ownership and fee sharing. The Commission's Uniformity, Choice of Law, and Conflicts of Interest Working Group reviewed the growing number of applicable ethics opinions, released an early draft of possible proposals,<sup>4</sup> received written comments in response to that draft,<sup>5</sup> and heard testimony

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<sup>1</sup> ABA Commission on Ethics 20/20, Preliminary Issues Outline (Nov. 19, 2009), [http://www.americanbar.org/content/dam/aba/migrated/2011\\_build/ethics\\_2020/preliminary\\_issues\\_outline.authcheckdam.pdf](http://www.americanbar.org/content/dam/aba/migrated/2011_build/ethics_2020/preliminary_issues_outline.authcheckdam.pdf).

<sup>2</sup> ABA Commission on Ethics 20/20, Issues Paper Concerning Alternative Business Structures (Apr. 5, 2011), [http://www.americanbar.org/content/dam/aba/administrative/ethics\\_2020/abs\\_issues\\_paper.authcheckdam.pdf](http://www.americanbar.org/content/dam/aba/administrative/ethics_2020/abs_issues_paper.authcheckdam.pdf).

<sup>3</sup> ABA Commission on Ethics 20/20, Discussion Paper on Alternative Law Practice Structures (Dec. 2, 2011), [http://www.americanbar.org/content/dam/aba/administrative/ethics\\_2020/20111202-ethics2020-discussion\\_draft-alps.authcheckdam.pdf](http://www.americanbar.org/content/dam/aba/administrative/ethics_2020/20111202-ethics2020-discussion_draft-alps.authcheckdam.pdf).

<sup>4</sup> ABA Commission on Ethics 20/20, Initial Draft Proposal Choice of Law & Alternative Law Practice Structures (Dec. 2, 2011),

from lawyers in various practicing settings and organizations regarding the issues involved. The Working Group included participants from the Standing Committee on Ethics and Professional Responsibility, the Standing Committee on Client Protection, the Standing Committee on Professional Discipline, and the National Organization of Bar Counsel. They made important contributions to the Working Group's understanding of the issues involved and the development of the Resolution accompanying this Report.

As a result of this work over the last three years, the Commission made three decisions regarding nonlawyer ownership and fee sharing issues. First, as it announced in April 2012, it will not propose any change to ABA policy prohibiting nonlawyer ownership of law firms. Second, it decided not to propose any Rule changes to address whether lawyers should be permitted to share fees with nonlawyers within their own firms when those nonlawyers are located in a jurisdiction where such fee sharing is permissible. Third, it decided to propose the modest changes in the accompanying Resolution to clarify that lawyers in jurisdictions that prohibit nonlawyer ownership of law firms and the sharing of legal fees with nonlawyers may divide a fee with lawyers in different firms in which such ownership or fee sharing occurs and is permitted by the Rules applicable to those firms.

### **Proposal Regarding Inter-Firm Fee Division**

Rule 1.5(e) provides that, under certain circumstances, lawyers from two or more law firms may divide a legal fee that is generated from a particular legal matter. Comment [7] to Model Rule 1.5 explains that a “division of fee is a single billing to a client covering the fee of two or more lawyers who are not in the same firm. A division of fee facilitates association of more than one lawyer in a matter in which neither alone could serve the client as well . . . .”

A choice of law problem arises if the fee-dividing lawyers are governed by different professional conduct rules regarding nonlawyer ownership or fee sharing. In particular, one lawyer might be governed by a version of Model Rule 5.4 (Professional Independence of a Lawyer) that does not permit nonlawyer partners or owners, and the other lawyer might be permitted to have nonlawyer partners or owners under the Rules of Professional Conduct governing that lawyer. This is a practical problem that is arising with greater frequency as lawyers from firms in jurisdictions prohibiting nonlawyer ownership and fee sharing work on client matters with lawyers in firms in other jurisdictions – e.g., the District of Columbia, England, Australia and Canada – that permit various nonlawyer ownership options.<sup>6</sup>

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[http://www.americanbar.org/content/dam/aba/administrative/ethics\\_2020/20111202-alps\\_choice\\_of\\_law\\_r\\_and\\_r\\_final.authcheckdam.pdf](http://www.americanbar.org/content/dam/aba/administrative/ethics_2020/20111202-alps_choice_of_law_r_and_r_final.authcheckdam.pdf).

<sup>5</sup> COMMENTS ON INITIAL DRAFT PROPOSAL ON CHOICE OF LAW AND ALPS, [http://www.americanbar.org/content/dam/aba/administrative/ethics\\_2020/annual\\_meeting\\_2012/initial\\_draft\\_proposal\\_choice\\_of\\_law\\_and\\_alps\\_comments.authcheckdam.pdf](http://www.americanbar.org/content/dam/aba/administrative/ethics_2020/annual_meeting_2012/initial_draft_proposal_choice_of_law_and_alps_comments.authcheckdam.pdf) (last visited September 17, 2012).

<sup>6</sup> See, e.g., Phila. Bar Ass'n Prof'l Guidance Comm., Advisory Op., 2010-7 (2010) (examining this issue); N.Y. State Bar Ass'n Report of the Task Force on Nonlawyer Ownership, at 69 (September 10, 2012) (explaining that “New York lawyers face a multitude of choice of law and other ethical issues implicated by disparate jurisdictional rules on nonlawyer ownership”). The NYSBA Task Force Report represents the views of the Task Force and not

The problem can be understood through the following example. A law firm located in the District of Columbia has nonlawyer owners, as is permitted under Rule 5.4 of the District of Columbia Rules of Professional Conduct. The lawyer representing the client in that firm may decide that, in order to serve the client's best interests or to ensure that the client receives competent representation, the assistance of a lawyer in a second law firm located in a jurisdiction (e.g., Pennsylvania) that does not permit nonlawyer ownership and fee sharing is needed. Or conversely, a Pennsylvania lawyer may conclude that the client requires the assistance of a lawyer in the D.C. firm on a matter, because that D.C. lawyer is best positioned to help the client. Either way, with informed client consent, the two lawyers from these firms may work together on the matter.<sup>7</sup> The lawyers working on the client's matter may then ask the client to agree to their division of any subsequently generated fee (e.g., a contingency fee). The question is whether, by so agreeing, the lawyer in the Pennsylvania firm violates Pennsylvania's version of Rule 5.4, which prohibits fee sharing with nonlawyers, if the Pennsylvania lawyer divides the fee with the lawyer in the District of Columbia firm, knowing that the lawyers in the District of Columbia firm will, as they can, share their portion of the fees with their nonlawyer owners or partners.

The Commission concluded that the lawyer in the Pennsylvania firm should be permitted to divide fees with the lawyer in the District of Columbia firm under these circumstances because the concerns underlying the prohibition in Rule 5.4 are not implicated. In particular, Model Rule 5.4 is designed to insulate lawyers from the influence of nonlawyers,<sup>8</sup> but there is no reason to believe that the nonlawyers in the District of Columbia firm are in a position to influence the Pennsylvania lawyer, who practices in a different jurisdiction and in an entirely different firm. For this reason, the Commission proposes to add a new Comment to Rule 1.5 to say that, subject to certain limitations, a lawyer may divide a fee with a lawyer in a different law firm, even if that other firm is permitted by law or rule to have nonlawyer partners or owners. This conclusion is in accord with the only bar association opinion that has addressed the question.<sup>9</sup> Moreover, because each lawyer would have to abide by its own jurisdiction's Rules of Professional Conduct, the proposal would not directly or indirectly undermine or override existing prohibitions against nonlawyer ownership or fee-sharing in jurisdictions that have such prohibitions.

A contrary conclusion is unnecessary to protect against nonlawyer influence and is inconsistent with well-established choice of law principles. Existing authorities make clear that a jurisdiction (Jurisdiction A) should not use its own law to assess conduct that occurs

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the New York State Bar Association; it is to be reviewed by the NYSBA's Executive Committee and House of Delegates.

<sup>7</sup> ABA MODEL RULES OF PROF'L CONDUCT R. 1.1, cmt. 6 (2012).

<sup>8</sup> See ABA MODEL RULES PROF'L CONDUCT ANN. 456 (2011).

<sup>9</sup> Phila. Bar Ass'n Prof'l Guidance Comm., Advisory Op., 2010-7 (2010). *But see* the discussion in N.Y. State Bar Ass'n Report of the Task Force on Nonlawyer Ownership, at 70 (2012). (The report represents the views of the Task Force and not the New York State Bar Association; it is to be reviewed by the NYSBA's Executive Committee and House of Delegates.)

exclusively in another jurisdiction when that conduct creates no risk of interfering with Jurisdiction A's policies.<sup>10</sup> Here, for example, Pennsylvania has no interest in applying the Pennsylvania Rules to a D.C. law firm's relationship with its nonlawyers, given that those nonlawyers do not work in the same firm as the Pennsylvania lawyers and thus pose no threat to the independence of any Pennsylvania lawyers.

Finally, and no less importantly, a contrary conclusion would unreasonably impair the ability of lawyers to work alongside lawyers in firms that may be best positioned to help a particular client. If a lawyer cannot work with lawyers from firms in D.C. or other countries whose law firms are permitted to have (and decide to have) nonlawyer partners or owners, clients would be unnecessarily and perhaps detrimentally deprived of the expertise that lawyers in those firms offer. For example, an Ohio law firm might conclude that a lawyer in a particular London-based firm is in the best position to assist a client with a matter pending there. There is no reason to preclude the lawyers in the Ohio law firm from working with that lawyer in the London-based firm and dividing the subsequently earned fee with that London lawyer simply because that firm has a relationship with a nonlawyer that is permissible under English law, but not under Ohio law. Similarly, if the London-based lawyer needs to retain the Ohio lawyer, the Ohio lawyer should be permitted to accept the relationship and a fee division arrangement with the London-based lawyer, even if the London firm has nonlawyer partners. A contrary conclusion would adversely affect clients without affording clients or lawyers any additional protections against inappropriate nonlawyer influence.

The proposed new Comment language contains two important limitations. First, a lawyer cannot engage in a fee division with another lawyer from a firm in a jurisdiction that permits nonlawyer ownership or fee sharing, when that lawyer knows that the other lawyer's firm's relationship with those nonlawyers violates the Rules of Professional Conduct in the jurisdiction whose rules apply to that relationship. For example, if the lawyer in the Pennsylvania law firm knows that the D.C. law firm is engaging in a form of nonlawyer ownership that is impermissible under the Rules in D.C., the lawyer in the Pennsylvania law firm cannot divide a fee with the lawyer from that D.C. law firm. This restriction is simply an application of the more general prohibition contained in Rule 8.4(a), which prohibits lawyers from "knowingly assist[ing]" another lawyer or firm in violating the Rules of Professional Conduct.

This restriction does not mean that the Pennsylvania lawyer must independently confirm that the D.C. law firm's relationship with its nonlawyers complies with the D.C. Rules of Professional Conduct. Rather, the restriction is merely intended to prevent the lawyer in the Pennsylvania law firm from dividing a fee with the lawyer in the D.C. firm if the Pennsylvania lawyer knows that the D.C. firm is engaged in a form of nonlawyer ownership or fee sharing that is impermissible under the D.C. Rules of Professional Conduct. "Knows" is defined in Rule 1.0 (Terminology) of the Model Rules to mean "...actual knowledge of the fact in question."<sup>11</sup>

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<sup>10</sup> See, e.g., *F. Hoffmann-La Roche Ltd. v. Empagran S.A.*, 542 U.S. 155, 164-65 (2006).

<sup>11</sup> ABA MODEL RULES OF PROF'L CONDUCT R. 1.0(f).

Second, the proposed new Comment language reminds lawyers that they must at all times comply with Model Rule 5.4, which requires a lawyer's professional independence. This reminder ensures that, even if the other law firm is governed by a different set of rules regarding relationships with nonlawyers, a lawyer must not permit a nonlawyer in the other firm to control the lawyer's own professional independence. Because any such nonlawyers are, by definition, in a different firm and located in a different jurisdiction, the Commission believes that the risk of such influence is essentially nonexistent. But for the sake of clarity and emphasis, the Comment language states that the existing prohibition against nonlawyer influence continues to remain in effect for the lawyer, even if the other law firm is not governed by the same set of restrictions.

### **Choice of Law Issues Associated with Intra-Firm Fee Sharing**

In contrast, the Commission considered and rejected a proposal to permit fee-sharing among lawyers in a single firm where the rules applicable to one of the firm's offices permit nonlawyer partners and the rules applicable to another of the firm's offices do not, because that would leave open the possibility that a nonlawyer in the first jurisdiction could influence lawyers' decisions in the second jurisdiction. The Commission concluded that these issues should be referred to the Standing Committee on Ethics and Professional Responsibility, which first addressed this issue twenty years ago in ABA Formal Opinion 91-360.<sup>12</sup>

The Commission considered the possibility of proposing an amendment to Rule 5.4 that would have tried to address these issues but concluded that the issues involved are too fact-specific to be addressed in the text of the Model Rules.<sup>13</sup>

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<sup>12</sup> Formal Opinion 91-360 provides a mechanism for walling off nonlawyers from managerial or other control over lawyers while still allowing nonlawyer partners to be compensated based in part on the fees received by the firm. As was recently noted by the Wisconsin Supreme Court, the distinction between profit sharing (allowed) and fee sharing (not allowed) is not always clear. The Court concluded that a law firm did not violate the Wisconsin Rules of Professional Conduct, even though the firm compensated its paralegals, in part, according to fees generated in specific matters on which those paralegals had worked. The Court noted that the line between profit sharing and fee sharing is "not clearly demarcated" and that there is not "a material ethical distinction between profit-sharing and revenue-sharing for purposes of this bonus calculation." Rather than trying to distinguish profit sharing and fee sharing, the Court said that the ultimate question is whether the lawyer's professional independence is threatened as a result of the law firm's relationship with nonlawyers. In that case, the Court concluded there was no such threat and found that the bonus structure was ethical. *In re Weigel*, 817 N.W. 2d 835 (Wis. 2012). The Commission believes that a new Formal Opinion from the Standing Committee on Ethics and Professional Responsibility could address this issue and offer more clarity in this area.

<sup>13</sup> For example, some jurisdictions abroad permit far more expansive involvement by nonlawyers than is permitted in the District of Columbia. It is possible that, in those foreign jurisdictions, nonlawyer participation presents problems that do not arise in jurisdictions that have rules that limit nonlawyer involvement in the firm. The Commission concluded that an ethics opinion by the Standing Committee on Ethics and Professional Responsibility can address these and other variables more effectively than a one-size-fits-all approach in the Model Rules.

## **Conclusion**

The Commission's recommendation is intended to help lawyers and law firms resolve discrete choice of law problems relating to the division of fees between lawyers in separate firms that have arisen due to inconsistencies among jurisdictions with regard to the permissibility of nonlawyer ownership and fee sharing with nonlawyers. The Commission believes that its proposal protects a lawyer's professional independence while recognizing that some jurisdictions have decided to permit some form of nonlawyer partnership or ownership in law firms. Accordingly, the Commission respectfully requests that the House of Delegates adopt the proposed amendments to the Comments to Model Rule 1.5 as set forth in the accompanying Resolution.