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ADMINISTRATIVE OFFICE of PENNSYLVANIA COURTS

## **News for Immediate Release**

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### **Supreme Court enhances protection of client funds invested by attorneys**

**HARRISBURG** — Attorneys investing funds for clients will be subject to stricter standards of accountability under new rules adopted today by the Supreme Court of Pennsylvania.

The changes, which enhance accountability when attorneys invest client funds, take effect in 60 days.

“The integrity of our legal system depends a great deal on the professionalism and accountability of attorneys,” said Chief Justice of Pennsylvania Ronald D. Castille. “These new rules serve as a reminder that attorneys are obligated to live up to the trust people put in them by working diligently and honestly or face serious consequences.”

Among the important rule changes is the addition of a new Rule of Professional Conduct that prohibits a lawyer from brokering, selling or offering to place an investment for a client unless the attorney is licensed to do so, and as long as he or she does not have disqualifying financial interests in the transaction. Other key provisions require that financial records be more accessible to the attorney disciplinary bodies examining alleged misappropriation of trust accounts, and streamline the investigative procedures.

The rule amendments also promote the prompt and complete disengagement from the practice of law by a suspended or disbarred attorney found to have stolen or mishandled client funds.

A working group of representatives of the Disciplinary Board of the Supreme Court helped shape and recommend the changes with public input. The work followed a number of high-profile incidents, including cases in which millions of dollars in losses were incurred by attorney’s investing client funds.

Although existing rules already provide for the suspension or disbarment of an attorney for misappropriating client funds, many clients are not fully compensated for their losses. Amendments to the Pennsylvania Rules of Professional Conduct and the Rules of Disciplinary Enforcement made today aim to curb such losses.

Victims may file claims with the Pennsylvania Lawyers Fund for Client Security for reimbursable losses from a dishonest attorney. However, some claimants are not fully compensated because the maximum payout is capped at \$100,000.

Pennsylvania has more than 65,000 attorneys engaged in the active practice of law. Less than one percent of those attorneys are involved in misconduct investment claims.

[Order](#)  
[New Rules](#)

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