



**COLORADO SUPREME COURT
Office of Attorney Regulation Counsel**

Trust Account Manual

Depositing and Withdrawing Funds from Trust Accounts

Lawyers Must Deposit Funds Intact into Trust Accounts

Lawyers often receive funds from third parties in which the lawyer has an interest. The most common example of this occurs when a plaintiff's lawyer in a personal injury case receives a settlement check from an insurance company. The lawyer commonly has a contingent fee agreement with the client giving the lawyer a percentage of the settlement proceeds. Before the funds are disbursed, Colo. RPC 1.15C(a) requires that all trust account monies intended for deposit shall be deposited intact, meaning that the entire sum of the check is deposited in the trust account. Depositing the entire sum intact, even though the attorney is owed a portion of the funds, does not constitute commingling according to rule 1.15C(a).

Disbursement of Funds

As soon as the check from the third party, e.g., an insurance company, has cleared his or her bank, then the lawyer should disburse the funds to the client, to those persons who are owed money, such as any experts or court reporters in that case, and to him/herself for legal fees. The lawyer makes this disbursement by making checks to the client and to himself payable to the lawyer's office or professional account for the earned fees.

Note: a lawyer must understand the terminology used by his or her bank. Banks will allow funds to be withdrawn from an account by check, whether it is a trust account or a regular account, even if the bank can still reverse the transaction for a missing endorsement or some other problem. A lawyer should not disburse funds from his or her trust account until such reversal is not possible. Banks use different terms for this event such as "the funds are available," or "the transaction is complete". Check with your particular bank.