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A SUGGESTED APPROACH TO HANDLING ESCROW ACCOUNTS FOR LAWYERS

by

Winston Spencer Waters and Frederick D. Heiman*

This article reviews the controlling law as it pertains to the new rules for establishing and maintaining escrow accounts in New York State. This article illustrates the accounting system which should be employed by presenting a suggested approach for the practicing attorney in any judicial department. For purposes of discussion, emphasis is placed on the rules of the Appellate Division, Second Judicial Department because it has the most stringent requisites in the State. Consequently, the rules of the Appellate Division, Second Judicial Department are explored in greater depth, particularly with respect to the illustration outlined herein. These requirements are summarized herein, followed by a hypothetical set of facts used to illustrate the methodology suggested by the authors. The suggested record keeping should satisfy any disciplinary committee conducting an investigation into an attorney's financial records relating to his practice.

In November, 1988, the Appellate Division of the Supreme Court, Second Judicial Department, enacted the new rules governing the Conduct of Attorneys with respect to financial recording.¹ These rules were originally published in the *New York Law Journal*.²

Throughout New York State, all judicial departments require that attorneys maintain in a bank or trust company in New York State a special account separate and apart from any business or personal accounts.³ The formal name for such accounts in New York State is "IOLA" (Interest on Lawyer Account).⁴ The IOLA is an outgrowth of the State Agency which uses accrued interest on lawyers escrow accounts to fund non-profit agencies which provide civil legal services for the poor and programs that serve to enhance the judicial system.⁵ This account is required in every judicial department.⁶ This account is used primarily for short-term money being held in escrow.⁷ If the lawyer is a fiduciary in another capacity, e.g., conservator, receiver, etc., the funds should be invested in an interest bearing account as opposed to IOLA.⁸

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The escrow account is required to be opened in the attorney or firm name.⁹ The rule requires that such escrow account be separate from any account which such attorney or firm maintains in a fiduciary capacity such as an executor, guardian, trustee or receiver, or in any other such fiduciary capacity.¹⁰ The rule further requires that the deposit slips be maintained for each in a separate and distinguishable manner.¹¹

All records of deposits and withdrawals must be maintained for seven years.¹² Records must include the date, source and description of each item deposited as well as the date, payee and purpose of each withdrawal or disbursement.¹³

The manager of such records should keep a record of all funds deposited, the names of all persons for whom the funds were held, the amount of such funds, the description and amounts, and the names of all persons to whom such funds were disbursed in a separate ledger.¹⁴

Sanctions will be imposed for the failure to maintain escrow account records.¹⁵ Failure to maintain a ledger book or similar records for an escrow account are grounds for discipline.¹⁶ Failure to preserve books and records evidencing the identity of funds of clients previously held in escrow are grounds for discipline.¹⁷ Moreover, failure to account for funds would likewise be grounds for discipline.¹⁸

In the Second Judicial Department, if an attorney places money to be held in escrow in a personal or business account with the intent to leave money designated and approved by the client for disbursements; withdrawing the amount claimed attributable to the client and placing it in another personal account; then finally placing it in an escrow account is grounds for discipline.¹⁹ In *Matter of Rolnick*, on October 23, 1985, the attorney received \$15,000 which was to be used for reimbursement of legal fees paid by his clients, members of a tenant association. The attorney claimed that \$5,000 was owed to him to cover his disbursements. On November 2, 1985, the attorney deposited \$10,000 of the \$15,000 in a savings account at Crossland Savings Bank, and \$5,000 of the \$15,000 in a separate savings account at the same bank. Both accounts were entitled "Sy L. Rolnick." Thereafter, the attorney withdrew the \$10,000 plus interest and deposited that sum into a certificate of deposit at the American Savings Bank. He later closed out the certificate of deposit and placed the

\$10,000 plus interest in an escrow account at Manufacturers Hanover Trust Company on December 12, 1986. As of January 2, 1987, he was obligated as escrow agent to be holding that \$10,000 in escrow. However, on that day the funds on deposit totaled only \$5,945.52.

The disciplinary committee charged the attorney with not only failing to maintain the \$10,000 balance in the escrow account but charged him with breaching his fiduciary duty in failing to deposit his client's funds in a special account separate from his personal account.²⁰ The sanction was disbarment.²¹

Likewise, the First Department has held that failure to properly maintain trust accounts coupled with conversion of client funds warrants disbarment.²² The First Department held that in the absence of extremely unusual mitigating circumstances, failure to maintain escrow records, i.e., depositing escrow funds into a separate account and the intentional conversion of funds belonging to a client or a third party is so egregious in nature as to warrant disbarment.²³ Lack of income due to surgery in a solo practice is not a sufficient mitigating circumstance.²⁴ The unrealized expectation of receipt of funds to cover a defalcation coupled with a failure to preserve the identity of funds will not excuse such a serious breach of trust.²⁵ Interestingly, the First Department has held that failure to adequately supervise an associate with respect to deposit and handling of funds received on behalf of an estate coupled with failing to preserve the identity of an estate's funds, and failing to have an estate's funds deposited into an escrow account or estate account only warrants censure.²⁶ Moreover, this department has been so inconsistent that censure has been held to be sufficient where the attorney commits escrow account violations, coupled with misleading clients as to the status of their cases, as well as other professional misconduct.²⁷

Interestingly, not all departments are in agreement that disbarment should result from either the failure to (1) maintain an escrow account; (2) maintain accurate records, or (3) maintain an accurate escrow account balance. In *Matter of Purser*, the Third Department merely suspended an attorney for failure to maintain records of deposits and withdrawals from his escrow account as well as his failure to maintain a balance of \$44,000 in his escrow account.²⁸ This was not an isolated incident, the same department again merely suspended an attorney from the practice of law even though he was suppose to be holding \$50,000 on deposit and at

one time had a negative balance.²⁹ Additionally, there were other occasions where the Third Department displayed leniency when an attorney failed to maintain an escrow account and ledger books with supporting records.³⁰ Yet, in other instances, the Third Department has held that conversion of client funds, commingling, failure to maintain adequate records, deceiving other attorneys, failing to cooperate with and misleading the disciplinary committee would warrant disbarment.³¹

The Fourth Department has held that failing to maintain true and correct records of a client's fiduciary account coupled with the balance of an escrow account falling below the amount belonging to his client and on at least two occasions, the account having been overdrawn warrants suspension.³² This same department held that an attorney withdrawing \$50,000 for a client's trust account and depositing it into the firm's general operating account would support a finding of impermissible commingling, but not conversion, for purposes of disciplinary proceeding, although the amount due the firm for its fee had already been withdrawn from its trust account, only warrants censure.³³ There are many other instances of lenient treatment of trust account violations in this department.³⁴

Finally, maintaining escrow funds in a safety deposit box is insufficient to avoid discipline.³⁵ Failure to maintain an escrow account may result in disbarment.³⁶ Failure to deposit assets which should be placed into an escrow account is grounds for disbarment coupled with other violations of the Code of Professional Responsibility.³⁷ In other factual situations failure to deposit escrow funds only warrants suspension.³⁸

In cases where an attorney maintains two offices for the practice of law in two different states, there is a duty to deposit escrow funds in an account in the State of representation.³⁹ Mismanagement of an escrow account will not preclude the sanction of disbarment.⁴⁰

Lastly, a lawyer cannot retain interest on an escrow account. It is further required by the rules that an attorney maintain a separate business account for office and miscellaneous expenses. In

maintaining records in the law office, an attorney should have the journals noted herein available and in use on a daily basis in the law office.

II. Illustration

The following is a hypothetical set of facts used to illustrate the methodology suggested by the authors which is applicable based on the rules of the Second Judicial Department and should satisfy the rules for attorneys in the other three departments.

Fred Nash has a neighborhood law office in Nassau County, New York. Fred is engaged in the private practice of law as a sole practitioner. He handles criminal and civil matters. His civil matters include personal injury cases, contract cases and litigation. He serves as an attorney for a receiver. He also represents clients of several real estate brokers in the area. The following is a diary of money received and disbursed by him during the period: July, 1991 through January, 1992.

- July 16, 1991 He received a retainer in the amount of \$2,000.00 from W. Wainwright in defense of of breach of contract action.
- July 17, 1991: He draws a draft from his escrow account in the amount of \$900 for services rendered in Coe v. Wainwright.
- August 1, 1992: He draws a draft from his escrow account in the amount of \$300.00 for services rendered in the matter of Coe v. Wainwright.
- August 15, 1992: He draws a draft from his escrow account in the amount of \$300.00 for services rendered in Coe v. Wainwright.
- September 7, 1991: He settled a civil fraud case in the amount of \$12,000.00 in the matter of Bent v. Witter. His fee is one third less expenses in the amount of \$1,000.00. He draws a draft for the balance payable to Ms. Bent.
- October 5, 1991: He settled a civil personal injury case in the amount of \$17,500.00. His fee is one third less expenses in the amount of \$1,168.00. He draws a draft for the

balance payable to Mr. Moyer.

- October 16, 1991: He settled a civil personal injury case in the amount of \$8,500.00. His fee is one third less expense in the amount of \$450.00. He draws a draft for the balance payable to Mrs. Deleaver.
- December 21, 1991: He received \$10,000.00 as a fee from a receivership on invoices dated, November 2, 1991 and November 27, 1991.
- December 27, 1991: He settles a breach of contract case for ABC Co. in the amount of \$5,000.00. His fee is one third less expenses in the amount of \$500.00.
- January 15, 1992: He draws a draft from his escrow account in the amount of \$300.00 for services rendered in the matter of Coe v. Wainwright.
- January 28, 1992: He settled a personal injury case in the matter of Bullock v. Carrao in the amount of \$10,000.00. His fee is one third less expenses in the amount of \$350.00.
- On the same day, he settled a personal injury action in the matter of Bullock v. Winston in the amount of \$5,000.00. His fee is one third.

The minimum records needed by Fred Nash are:

- A. Fred Nash Escrow Bank Account (EBA) and Fred Nash General Bank Account (GBA)
- B. An Escrow Account:
 - Checkbook (ECB) out of which all checks drawn on the escrow bank account will be written.
 - Cash receipts journal (ERJ).
 - Cash payments journal (EPJ).
 - Client Ledger Card (CLC) for each client for whom escrow money is received.

C. A General Account:

- checkbook (GCB) out of which all checks drawn on the General bank account will be written.
- cash receipts journal (GRJ) and cash payments journal (GPJ).
- general ledger.

The following is a suggested approach to comply with the Appellate Division Rules for handling escrow accounts and general accounts relative to the November, 1991 through January, 1992 transactions. In the interest of brevity, these abbreviations will be used:

EBA - Escrow Bank Account	GBA - General Bank Account
ECB - Escrow Checkbook	GCB - General; Checkbook
ERJ - Escrow Cash Receipts Journal	GRJ - General; Cash Receipts Journal
EPJ - Escrow Cash Payments Journal	GPJ - General Cash Payments Journal
CLC - Client's Ledger Card	"-" Name of Column in Journal

<u>Date</u>	<u>Escrow Account Records</u>	<u>General Account Records</u>
1991		
7/16	\$2,000 deposited in EBA \$2,000 add in ECB \$2,000 enter in ERJ \$2,000 credit on Wainwright CLC	
7/17	\$900 check to GBA \$900 deduct in ECB \$900 record in EPJ \$900 debit on Wainwright CLC	deposit in GBA add in GCB enter in GRJ "cash" and "fees earned"
8/1	\$300 check to GBA \$300 deduct in ECB \$300 record in EPJ \$300 debit on Wainwright CLC	deposit in GBA add in GCB enter in GRJ "cash" and "fees earned"
8/15	\$300 Check to GBA \$300 deduct in ECB \$300 recorded in EPJ \$300 debit on Wainwright CLC	deposit in GBA add in GCB enter in GRJ "cash" "fees earned"

<u>Date</u>	<u>Escrow Account Records</u>	<u>General Account Records</u>
9/7	\$12,000 deposit in EBA \$12,000 add in ECB \$12,000 enter in ERJ \$12,000 credit on Bent CLC \$7,333.33 check to Bent \$4,666.67 check to GBA record both checks in EPJ debit each amount in Bent CLC	deposit in GBA add in GCB enter \$4,666.67 in GRJ "cash" & "fees earned"
10/5	\$17,500 deposit in EBA \$17,500 add in ECB \$17,500 enter in ERJ \$17,500 credit on Moyer CLC \$10,888 check to Moyer \$ 6,612 check to GBA record both checks in EPJ debit both amounts on Moyer CLC	deposit in GBA add in GCB enter \$6,612 in GRJ "cash" and "fees earned"
10/16	\$8,500 deposit in EBA \$8,500 add in ECB \$8,500 record in ERJ \$8,500 credit on Deleaver CLC \$5,366.67 check to Deleaver \$3,133.33 check to GBA record both checks in EPJ debit each amount on Deleaver CLC	deposit in GBA add in GCB enter \$3,133.33 in GRJ "cash" & "fees earned"
12/21		\$10,000 deposit in GBA \$10,000 add in GCB \$10,000 enter in GRJ "cash" & "fees earned"
12/27	\$5,000 deposit in EBA \$5,000 add in ECB \$5,000 record in ERJ \$5,000 credit ABC Co. CLC \$3,000 check to ABC. Co \$2,000 check to GBA record both checks in EPJ debit each amount on ABC Co. CLC	deposit in GBA add in GCB enter \$2,000 in GRJ "cash" & "fees earned"

<u>Date</u>	<u>Escrow Account Records</u>	<u>General Account Records</u>
1/15	\$300 check to GBA \$300 deduct in ECB \$300 record in EPJ \$300 debit on Wainwright CLC	deposit in GBA add in GCB enter in GRJ "cash" & "fees earned"
1/28	\$10,000 deposit in EBA \$10,000 add in ECB \$10,000 record in ERJ \$10,000 credit Bullock CLC \$ 6,433.33 check to Bullock \$ 3,566.67 check to GBA record both checks in EPJ debit each amount on Bullock CLC	deposit in GBA add in GCB enter \$3,566.67 in GRJ "cash" and "fees earned"
1/28	\$5,000 deposit in EBA \$5,000 add in ECB \$5,000 record in ERJ \$5,000 credit Bullock CLC \$3,333.33 check to Bullock \$1,666.67 check to GBA record both checks in EPJ debit each amount on Bullock CLC	deposit in GBA add in GCB enter \$1,666.67 in GRJ "cash" & "fees earned"

After the transactions are recorded, Fred Nash's Journals and client ledger cards would look as follows:

Escrow Cash Receipts Journal

<u>Date</u>	<u>Client</u>	<u>Posted Credit to Client Ledger Card</u>	<u>Cash Received</u>
1991			
7/16	Wainwright	X	2000.00
9/7	Bent	X	12000.00
10/5	Moyer	X	17500.00
10/16	Deleaver	X	8500.00
12/27	ABC, Co.	X	5000.00

Escrow Cash Receipts Journal

<u>Date</u>	<u>Client</u>	<u>Posted Credit to Client Ledger Card</u>	<u>Cash Received</u>
1992			
1/28	Bullock	X	10000.00
1/28	Bullock	X	5000.00

Escrow Cash Payments Journal

<u>Date</u>	<u>Payee</u>	<u>Cash Paid</u>	<u>Client</u>	<u>Posted Debit Client Ledger Card</u>
1991				
7/17	Fred Nash	900.00	Wainwright	X
8/1	Fred Nash	300.00	Wainwright	X
8/15	Fred Nash	300.00	Wainwright	X
9/7	Bent	7333.33	Bent	X
9/7	Fred Nash General A/C	4666.67	Bent	X
10/5	Moyer	10888.00	Moyer	X
10/5	Fred Nash General A/C	6612.00	Moyer	X
10.16	Deleaver	5366.67	Deleaver	X
10/16	Fred Nash General A/C	3133.33	Deleaver	X
12/17	ABC Co.	3000.00	ABC Co.	X
12/17	Fred Nash General A/C	2000.00	ABC Co.	X

Escrow Cash Payments Journal

<u>Date</u>	<u>Payee</u>	<u>Cash Paid</u>	<u>Client</u>	<u>Card (cont)</u>
1992				
1/15	Fred Nash General A/C	300.00	Wainwright	X
1/28	Bullock	6433.33	Bullock	X
1/28	Fred Nash General A/C	3566.67	Bullock	X
1/28	Fred Nash General A/C	3333.33	Bullock	X
1/28	Fred Nash General A/C	1666.67	Bullock	X

Wainwright Ledger Card

Date	Comments	Ref.	Debit	Credit	Balance
				2,000.00	2,000.00
7/16/91					1,000.00
7/17/91			900.00		800.00
8/1/91			300.00		500.00
8/15/91			300.00		200.00
1/15/92			300.00		

Bent Ledger Card

Date	Comments	Ref.	Debit	Credit	Balance
				12000.00	12000.00
9/7/91					4666.67
9/7/91			7333.33		-0-
9/7/91			4666.67		

Moyer Ledger Card

Date	Comments	Ref.	Debit	Credit	Balance
				17500.00	17500.00
10/5/91					6612.00
10/5/91			10888.00		-0-
10/5/91			6612.00		

Deleaver Ledger Card

Date	Comments	Ref.	Debit	Credit	Balance
				8500.00	8500.00
10/16/91					3133.33
10/16/91			5366.67		-0-
10/16/91			3133.33		

ABC CO. Ledger Card

Date	Comments	Ref.	Debit	Credit	Balance
				5000.00	5000.00
12/27/91					2000.00
12/27/91			3000.00		-0-
12/27/91			2000.00		

Bullock Ledger Card

Date	Comments	Ref.	Debit	Credit	Balance
				1000.00	1000.00
1/28/91				5000.00	15000.00
1/28/91			6433.33		8566.00
1/28/91			3566.67		5000.00
1/28/91			3333.33		1666.67
1/28/91			1666.67		-0-

General Cash Receipts Journal

Date	Account	Cash	Other	Folio	Fees Earned	Other	Folio
7/17/91		900.00			900.00		
8/1/91		300.00			300.00		
8/15/91		300.00			300.00		
9/7/91		4666.67			4666.67		
10/5/91		6612.00			6612.67		
10/16/91		3133.33			3133.33		
12/21/91		10000.00			10000.00		
12/27/91		2000.00			2000.00		
1991 Totals		27912.00*			27912.00		

1/15/92		300.00			300.00		
1/28/92		3566.67			3566.67		
1/28/92		1666.67			1666.67		
January, 1992 Total		5533.34*			5533.34*		

*Totals posted to the general ledger.

General Cash Payments Journal

Date	Account	Debits	Folio	Cash	Other	Folio
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None of the illustrative transactions involve general a/c payments.

In conclusion, the attorney practicing in any Judicial Department in the State of New York must become proficient with basic accounting principles. Such fundamental accounting principles will enable the practitioner to maintain trust records in accordance with Court rules and will enable the attorney to simplify and sustain an audit by any Appellate Division.

Footnotes

- ¹ See generally, 22 N.Y.C.R.R. 600 et seq.
² See, New York Law Journal, December 15, 1988.

The Appellate Division of the Supreme Court, Second Judicial Department, pursuant to the authority vested in it DOES HEREBY, effective Nov. 30, 1988, with respect to its Rules governing the Conduct of Attorneys amend section 691.12 of Part 691 of Title 22 of the Official Compilation of Codes, Rules and Regulations of the State of New York by rescinding section 691.12 and by substituting therefor the following section 691.12.

Sec. 691.12 Fiduciary Responsibility; Maintenance of Bank Accounts; Record Keeping; Examination of Records.

(a) Prohibition Against Commingling

An attorney in possession of any funds or other property belonging to another person, where such possession is incident to his or her practice of law, is a fiduciary, and must not commingle such property with his or her own.

(d) Authorized Signatories

All special account withdrawals shall be made only by authorized intrastate or interstate bank transfer or by check payable to a named payee and not to cash. Only an attorney admitted to practice law in New York State shall be an authorized signatory of a special account.

(e) Availability of Bookkeeping Records; Random Review and Audit.

The financial records required by this section shall be located at the principal New York State office of the attorneys subject hereto. Such records shall be available, at that location, for inspection, copying and determination of compliance with this section, to a duly authorized representative of the court pursuant to the issuance, on a randomly selected basis, of a notice or subpoena by this Court or a Grievance Committee for the Second Judicial Department.

(f) Confidentiality

All matters, records and proceedings relating to compliance with this section, including the selection of an attorney for review hereunder, shall be kept confidential in accordance with applicable law, as and to the extent required of matters relating to professional discipline.

(g) Regulations and Procedures for Random Review and Audit

Prior to the issuance of any notice or subpoena in connection with the random review and audit program established by this section, the Grievance Committee shall propose regulations and procedures for the proper administration of the program. The Court shall approve such of the regulations and procedures of the Department Disciplinary Committee as it may deem appropriate, and only such regulations and procedures as have been approved by the Court shall become effective.

(h) Missing Clients

Whenever any sum of money is payable to a client and the attorney is unable to locate the client, the attorney shall apply to the Court in which the action was brought, or, if no action was commenced, to the Supreme Court in the county in which the attorney has his or her fee and disbursements and to the clerk of the court of balance due to the client.

(i) Dissolution of a Firm

Upon the dissolution of any firm of attorneys, the former partners or members shall make appropriate arrangements for the maintenance by one of them or by a successor firm of the records specified in subdivision (c) of this section.

(j) Records Subject to Production in Disciplinary Investigations and Proceedings

Notwithstanding any other provisions of this section, records required to be kept by this section shall be produced in response to a notice or subpoena duces tecum issued in connection with a complaint before or any investigation by a Grievance Committee, or shall be produced at the direction of this Court before any person designated by it for review or audit in connection with any plan of review or audit other than that provided by subdivision (e). All books and records produced pursuant to this subdivision shall be kept confidential, except for the purpose of the particular proceeding and their contents shall not be disclosed by anyone in violation of the attorney-client privilege.

(k) Disciplinary Action

Any attorney who does not maintain and keep the accounts and records as specified and required by this section, or who does not produce any such records pursuant to this Part, shall be deemed in violation of these rules and shall be subject to disciplinary proceedings.

(l) Annual Certification of Compliance

During the month of January but not later than Jan. 31 of each year, any attorney subject to this Court's jurisdiction shall file an affidavit with the Clerk of the Court certifying for the prior year, that the attorney is in compliance with this section.

The certification shall be in the following form and shall be available at all times to the Grievance Committee:

County of

State of New York

(type name) being duly sworn, deposes and says:

I am familiar with DR 9-102 of the Lawyer's Code of Professional Responsibility, as adopted by the New York State Bar Association, effective Jan 1, 1970 as amended, and with section 691.12 of the Court's Rules Governing the Conduct of Attorneys, which requires an attorney to preserve the identity of funds and property entrusted to him or her and to maintain certain records relating thereto.

I certify to this court that I am in compliance with the above provisions of the Lawyer's Code of Professional Responsibility and this Court's rules.

Signature of Attorney
Firm Name
Office & P.O. Address
Office telephone number
Home address
Home telephone number

Attorney

³ N.Y.C.R.R. §691.12(b)

Separate Accounts.

Every attorney subject to this Court's rules, who is in possession of funds belonging to another person incident to the attorney's practice of law, shall maintain in a bank or trust company within the State of New York in the attorney's own name, or in the name of a firm of attorneys of which he or she is a member, or in the name of attorney or firm of attorneys by whom he or she is employed, a special account or accounts, separate from any business or personal accounts of the attorney or attorneys firm, and separate from any accounts which the attorney may maintain as executor, guardian, trustee or receiver, or in any such fiduciary capacity, in which a special account or accounts all funds held in escrow or otherwise entrusted to the attorney or firm shall be deposited.

Other than accounts maintained by an attorney as executor, guardian, trustee or receiver, or in any other such fiduciary capacity all special accounts as well as all deposit slips relating to and checks drawn upon such special accounts, shall be designated in a manner sufficient to distinguish them from all other bank accounts maintained by the attorney or attorneys firm.

- 4 State Finance Law §97-v, N.Y. Jud. Law §497 (McKinney 1992).
5 See N.Y.S.B.A. Comm. on Prof. Ethics, Ops. 554 (1983), 575 (1986).
6 Id.
7 Id.
8 Id.
9 See note 3, supra.
10 Id.
11 Id.
12 N.Y.C.R.R. §691.12(c) Required Bookkeeping Records

All attorneys subject to this section shall maintain for seven years after the events which they record:

- (1) the records of all deposits in and withdrawals from the accounts specified in subdivision (b) of this section and of any other bank account which concerns or affects their practice of law. These records shall specifically identify the date, source and description of each item deposited, as well as the date, payee and purpose of each withdrawal or disbursement;
- (2) a record for special accounts, showing the source of all funds deposited in such accounts, the names of all persons for whom the funds are or were held, the amount of such funds, the description and amounts, and the names of all persons to whom such funds were disbursed;
- (3) copies of all retainer and compensation agreements with clients;
- (4) copies of all statements to clients or other persons showing the disbursement of funds, to them or on their behalf;
- (5) copies of all bills rendered to clients;
- (6) copies of all records showing payments to attorneys, investigators or other persons not in their regular employ, for services rendered or performed.
- (7) copies of all retainer and closing statements filed with the Office of Court Administration; and
- (8) all checkbooks and check stubs, bank statements, pre-numbered canceled checks and duplicate deposit slips.

All such attorneys shall make accurate entries of all financial transactions in their records of receipts and disbursements, in their special accounts, in their ledger books or similar records, and in any other books of account kept by them in the regular course of their practice, which entries shall be made at or near the time of the act, condition or event recorded.

¹³ Id.

- 14 Id.
 15 See DR 9-102(D).
 16 22 N.Y.C.R.R. §691.12.
 17 Matter of Taub, 171 A.D.2d 349, 576 N.Y.S.2d 523 (2d Dep't 1991).
 18 Id.
 19 Matter of Rolnick, 171 A.D.2d 29, 574 N.Y.S.2d 369 (2d Dep't 1991).
 20 Id.
 21 Id.
 22 Matter of Grubart, 164 A.D.2d 144, 561 N.Y.S.2d 169 (1st Dep't 1990).
 23 Matter of Baltimore, 132 A.D.2d 424 (1st Dep't 1990); Matter of Solomon, 12
 A.D.2d 36, 511 N.Y.S.2d 239 (1st Dep't 1987); Matter of Wright, 110 A.D.2d 274
 (1st Dep't 1985).
 24 Matter of Sylvan, 166 A.D.2d 20, 568 N.Y.S.2d 934 (1st Dep't 1991); Matter of
 McLaughlin, 158 A.D.2d 12, 556 N.Y.S.2d 609 (1st Dep't 1990); Matter of
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