

**HOW TO RAISE
AND NUTURE A
HEALTHY TRUST
ACCOUNT**

Presented by:

**Edward F. Kautzer
Ruvelson & Kautzer, Chartered
Suite 313, Spruce Tree Centre
1600 University Avenue West
St. Paul, Minnesota 55104
Telephone: (651) 645-9359**

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**WHAT IS A
POOLED TRUST
ACCOUNT?**



**WHAT ARE TRUST
ACCOUNT BOOKS
AND RECORDS?**

1. Identification of all trust accounts maintained
2. A check register for each trust account
3. Deposit entry or book
4. Check entry
5. Subsidiary ledgers
 - a. Client
 - b. Nominal funds
6. Monthly trial balance of subsidiary ledgers
7. Monthly reconciliation of checkbook balance, subsidiary ledger trial balance and adjusted bank statement balance
8. Bank statements, cancelled checks, deposit slips, receipts for cash payments
9. Electronic records retention
10. Checkbook register
 - trial balance subsidiary ledgers
 - reconciliation reports

WHAT HAPPENS WHEN THERE IS AN OVERDRAFT

Sample Letter

Trust Account Investigation
Our Case No. XXXX

Enclosed is a copy of another overdraft notice issued on the XYZ (“XYZ Firm”) trust account.

Within two weeks, please produce the following documents and information regarding this overdraft:

- (1) A copy of the trust account check causing the overdraft and the name of the attorney who is responsible for issuance of said check;
- (2) The identity of the client on whose behalf the check was issued and a copy of that client’s subsidiary ledger for June, July and August 2008;
- (3) A complete description of the reason(s) that the balance in the trust account at the time the check was presented was insufficient to cover that check;
- (4) Copies of the XYZ Firm’s June, July and August 2008 trust account bank statements, including cancelled checks and duplicate deposit slips;
- (5) If funds have been deposited to cover the overdraft and any resultant bank charges, copies of the relevant deposit slip or credit memo, the bank statement reflecting the deposit, and a full description of the funds comprising the deposit;
- (6) If funds have not been deposited to cover the overdraft and bank charges, an explanation as to why no such deposit has been made;
- (7) Copies of the XYZ Firm’s June, July and August 2008 deposit summaries and client subsidiary ledgers; and
- (8) Copies of the XYZ Firm’s June, July and August 2008 trust account checkbook register, trial balances and reconciliations.

If any of the requested documents, e.g., those requested in paragraphs (1) or (4) above, will not be available within the two-week period for response, please so state in your response and state when you expect to provide the missing documents. Thank you.

Very truly yours,

Office of Lawyers Professional Responsibility

♪♪ Dum de dum dum . . . DUM ♪♪

TRICKY SUBJECTS

1. Audits
2. Deceased or missing client
3. Internet fraud schemes
4. Using trust account as a personal account
5. Credit card payments
6. Non-refundable retainers, engagement fees, and “availability or non-refundable retainers”
7. How often do you need to do reconciliations?