



ISBA Professional Conduct Advisory Opinion

Opinion No. 16-01
June 2016

Subject: Law Firms; Law Firm Name and Letterhead; Multijurisdictional Practice

Digest: A law firm organized as a professional corporation in a state other than Illinois, and registered as a law firm in its state of incorporation, is required to register as a law firm with the Illinois Supreme Court if one of its shareholders, admitted to the Illinois bar, practices law in Illinois in the name of the professional corporation.

References: Illinois Supreme Court Rules 721 and 722

Ford Motor Credit Co. v. Sperry, 214 Ill.2d 371, 827 N.E.2d 422, 292 Ill.Dec. 893 (2005)

Joseph P. Storto, P.C. v. Becker, 341 Ill.App.3d 337, 792 N.E.2d 384, 275 Ill.Dec. 153 (2003)

FACTS

A State X professional corporation, registered to practice law in State X, has two shareholders, both admitted to the bar in the state of incorporation and one also admitted in Illinois. The professional corporation is not registered to practice in Illinois under Rule 721 of the Rules on Admission and Discipline of Attorneys, but the Illinois-admitted attorney practices law in Illinois. The Illinois-admitted lawyer corresponds with clients on letterhead that identifies the law firm as a professional corporation. Also, the Illinois-admitted lawyer corresponds with clients by email with an email signature block that identifies the law firm as a professional corporation.

QUESTION

Is the professional corporation engaged in the practice of law in Illinois as the practice of law is contemplated in Rule 721(a) of the Rules on Admission and Discipline of Attorneys, so that

the professional corporation must apply to the Illinois Supreme Court for a certificate of registration?

ANALYSIS

Illinois Supreme Court Rule 721(c) reads as follows:

No corporation, association, limited liability company, or registered limited liability partnership shall engage in the practice of law in Illinois, or open or maintain an establishment for that purpose in Illinois, without a certificate of registration issued by this court.

As long as at least one shareholder of an out-of-state professional corporation is admitted to practice law in Illinois, such a firm may obtain a certificate of registration in Illinois. Rule 721(a). Only if a firm is registered under Rule 721 may its shareholders benefit from the limited liability for errors and omissions afforded by Rule 722, provided, of course, that the firm maintains minimum insurance or proof of financial responsibility in accordance with Rule 722(b). That is so because a firm must be “engaged in the practice of law in Illinois pursuant to Rule 721” in order to be considered a “limited liability entity” as defined in Rule 722(a)(1).

“Rule 721 is designed to permit duly licensed lawyers the business option of organizing in professional service corporations as a means of providing them with limited liability protection.” *Ford Motor Credit Co. v. Sperry*, 214 Ill.2d 371, 384, 827 N.E.2d 422, 430, 292 Ill. Dec. 893, 901 (2005) (holding that an award of attorney fees to a client that was represented by an unregistered law firm should not have been vacated by the trial court, as such representation did not constitute the unauthorized practice of law). *See also, Joseph P. Storto, P.C. v. Becker*, 341 Ill.App.3d 337, 792 N.E.2d 384, 275 Ill. Dec. 153 (2003) (holding that a firm’s failure to register did not render void a client’s agreement to pay the legal fees she owed the firm, absent any harm to the client resulting from the failure to register). Because the Illinois-admitted shareholder practices law in Illinois and represents the practice as that of a professional corporation, it is the Committee’s opinion that the firm’s registration under Rule 721 is required.

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