

1 AN ACT concerning civil law.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Attorney Act is amended by adding Section
5 13 as follows:

6 (705 ILCS 205/13 new)

7 Sec. 13. Protection of clients.

8 (a) As used in this Section:

9 "Alternative business structure" means any entity that
10 provides legal services while allowing non-attorney ownership
11 or decision-making authority of the entity.

12 "Alternative business structure" does not include
13 nonprofit organizations.

14 "Management services organization" means an entity that
15 provides management and administrative support services in
16 exchange for ownership of a law firm's assets or payments.

17 (b) An entity owned, operated, or controlled in whole or
18 in part by persons not licensed as attorneys, including
19 management services organizations, that is involved with a law
20 firm or lawyer's practice may not do any of the following:

21 (1) Interfere with the professional judgment of
22 attorneys in representing clients.

23 (2) Exercise control over or be delegated the power to

1 do any of the following:

2 (A) accessing, owning, or determining the content
3 of client records, or accessing any attorney-client
4 communications;

5 (B) selecting, hiring, or terminating attorneys or
6 allied legal staff; or

7 (C) setting competency, productivity, or
8 proficiency parameters for attorneys or allied legal
9 staff.

10 (3) Charge any fee to the attorney or law firm that is
11 directly or indirectly based on the fees, revenues, or
12 profits of the attorney or law firm.

13 (c) Any contract involving management of a law firm or
14 attorney's practice with any entity owned, operated, or
15 controlled by persons not licensed as attorneys, including
16 management services organizations, may not limit an attorney
17 or allied legal staff member from:

18 (1) competing with that law firm or practice in the
19 event of termination or resignation; or

20 (2) disparaging or commenting on that law firm or
21 practice as to any issues involving quality of services,
22 ethical or professional challenges in the practice of law,
23 or revenue-increasing strategies employed by an entity
24 owned, operated, or controlled in whole or in part by
25 persons not licensed as attorneys.

26 (d) An attorney licensed or otherwise authorized to

1 practice in this State may not share legal fees directly or
2 indirectly with an out-of-state alternative business structure
3 unless all the following apply:

4 (1) The attorney is also licensed in the state in
5 which the alternative business structure is approved.

6 (2) The fees are compensation for providing legal
7 services in that state.

8 (3) The law of that state is controlling under Rule
9 8.5 of the Illinois Rules of Professional Conduct or any
10 successor rule.

11 (e) A violation of this Section may constitute cause for
12 the imposition of discipline by the Attorney Registration and
13 Disciplinary Commission and subject the attorney to the
14 following penalties:

15 (1) statutory damages of \$10,000 per violation or 3
16 times the actual damages incurred by the client, whichever
17 is greater;

18 (2) attorney's fees and costs; and

19 (3) injunctive or declaratory relief.

20 (f) This Section does not apply to any arrangement for the
21 sharing of legal fees if both of the following conditions are
22 satisfied:

23 (1) The arrangement for the sharing of legal fees was
24 ordered or approved by a court or tribunal of competent
25 jurisdiction, including, but not limited to, the
26 establishment or distribution of a common benefit fund in

1 coordinated, consolidated, or multidistrict litigation.

2 (2) The manner by which legal fees are to be allocated
3 is subject to judicial or tribunal oversight and
4 determined by the court to be fair, reasonable, and
5 necessary for the administration of justice.

6 (g) This Section applies only to contracts entered into on
7 or after the effective date of this amendatory Act of the 104th
8 General Assembly.

9 Section 99. Effective date. This Act takes effect upon
10 becoming law.