

TIMELINE FOR CLOSING YOUR LAW PRACTICE

There are two sides to winding down a law practice. The first is the ethics side and your lawyerly responsibilities to your clients. The second is the business side and your responsibilities as the owner of a professional services firm.

The following two-part checklist should be helpful in building a useful timeline for closing your practice and tracking the tasks to be completed in this complex process.

Checklist for the Ethics Side of the Practice

Date to Be Completed	Person Responsible	Date Completed	Description of Action to Be Completed
			Continue obligation to ensure clients' interests and confidences are protected. Fulfill attorney's fiduciary obligations regarding safekeeping client property.
			Review and satisfy attorney's recordkeeping obligations.
			Create an organizational system to keep track of all client notification letters and responses.
			Implement file retention policy.
			Assist clients in obtaining new legal representation. Offer the names of three competent attorneys, as well as the name of bar association's lawyer referral service.
			Make reasonable efforts to have up-to-date contact information for all current and former clients.
			<p>Notify current clients that the practice will be closing. Send via certified mail (return-receipt requested) to last known address. Send out:</p> <p>(1) Letter of instruction, to be completed and signed by client and returned to attorney, that explains how client wants to dispose of files.</p> <p>(2) Receipt of file(s) to be signed by client.</p> <p>(3) Letter of referral to three attorneys and the local bar association's lawyer referral service.</p>

			Keep records of what was sent to whom.
			Send notice letter to clients who have not yet contacted your office. Letter informs them that you have a file representing work done for them in the past. Request that they pick up the file within 30 days or they can expect the file to be destroyed in accordance with the rules and regulations of your jurisdiction.
			Return all client property or obtain successor escrow holder.
			Complete all your billings, making sure you are current, and determine how to handle unearned fees that remain.
			Close out client trust accounts.
			Review and prioritize all open files with emphasis on time-sensitive issues such as statutes of limitations, trial dates, filing deadlines, etc. Also confirm that open client files can withstand the scrutiny of public or outside review.
			Review closed files and seek to have clients retrieve them.
			File appropriate pleadings, including substitution of attorneys, motion to withdraw, motion for continuance and the like, as may be appropriate for all litigated matters.
			For all files not retrieved by clients or their representatives, retain the files for at least two years—or longer if required by your jurisdiction—and then dispose of them in accordance with your file retention plan. If your engagement letter does not have a provision about file retention, and if your office otherwise lacks such a policy, create the needed policy immediately.
			Talk to insurance carrier about an E&O "tail" policy or discuss continued coverage on an annual basis.
			When leaving law practice entirely, consider filing for "inactive" status with state bar association.

Checklist for the Business Side of the Practice

Date to Be Completed	Person Responsible	Date Completed	Description of Action to Be Completed
			Develop action plan and timetable for how to manage the practice's closing.
			Inventory all assets and liabilities, including work-in-progress and possible contingent liabilities.
			Focus special attention on collecting accounts receivable (A/R) and preparing and sending bills for all work performed to date.
			For outstanding accounts receivable from solvent clients, consider engaging a collection agency and filing a collection lawsuit.
			Take control of all operating and client trust accounts, business assets, equipment, client directories, and premises used in the practice.
			Determine any bank obligations and deal with them by either honoring them or obtaining extensions until a plan for winding down your practice is fully developed.
			Pay or negotiate reduction of outstanding debt with all creditors. Terminate, arrange for reduced payment, or arrange for ongoing payment with creditors as may be appropriate.
			Discuss the expiration of office lease with the landlord. Arrange to have office space and storage space leases terminated on the necessary date.
			Review all insurance policies, including malpractice, general liability, disability, and life policies. Contact the insurance broker if a claim is to be made.
			Determine appropriateness of maintaining business entity for liability or tax filing purposes.
			Determine tax filing requirements for both federal and state tax returns.

			If the practice is a corporation, and if dissolution is selected, complete all state and tax (federal and state) filing requirements.
			Determine where state statutes require public notice of intent to wind down business. Determine state statutory requirements for dissolution of entity, such as specific filings with the secretary of state's office.
			Notify utilities, phone companies, and Internet service providers of the practice's closing, and specify dates services should be disconnected (or transferred).
			Notify vendors and suppliers, such as West, LexisNexis, and others, of intent to terminate ongoing relationship.
			File mail-forwarding instructions with the post office.
			Sell, donate, or plan to move personal property such as furniture, library materials, etc.
			For all property to be moved, solicit bids and negotiate pricing and specifics with moving company.
			Complete move out from the office and clean up the space.
			Inspect old space with the landlord, and obtain formal, written release from the space.

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