

Professional Discipline and the Labor Market: Evidence from Lawyers

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September 1, 2023

I investigate the labor market outcomes of American lawyers after they are professionally disciplined. To do so, I match employment data for 672k lawyers in 2012 and 2020 to novel data on public disciplinary measures imposed by state licensing bodies since 1990. I use this data to study discipline and employment in three ways. First, I document the prevalence and distribution of discipline. I find that 4.4 percent of lawyers are professionally disciplined and that half of disciplined lawyers who are not disbarred go on to reoffend. I also find that disciplined lawyers are not representative of the legal profession in terms of the type of law firms they work for and their practice areas. Second, I document the labor market outcomes of disciplined lawyers after they are disciplined and compare them to the labor market outcomes of similar non-disciplined lawyers. I find that disciplined lawyers are more likely to subsequently end up in law firms with limited oversight and in practice areas with unsophisticated clients. Finally, I investigate causal channels that could explain the labor market outcomes of disciplined lawyers and find suggestive evidence that they likely operate through law firms' concerns over reputation and by serving as a signal of lawyer type.

JEL Codes: J44, K23, M51, L22, D18

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Introduction

Many professions have oversight bodies that aim to protect the public by disciplining workers who engage in misconduct. In the case of financial advisers and corporate managers, research suggests that this discipline can lead to severe labor market consequences for those disciplined (Karpoff et al., 2008; Egan et al., 2019). These consequences include increasing the likelihood that workers are pushed out of their current firms and decreasing the likelihood that workers are able to find subsequent employment opportunities at other firms. The severity of these consequences is partially attributable to the fact that financial advisers and corporate managers primarily work in firms led by other members of their professions, and the leaders of those firms are likely reluctant to employ someone who has been disciplined because doing so may harm the firm's business. Given the structure of the labor market for financial advisers and corporate managers, disciplining members of the profession for misconduct may thus have the intended effect of protecting the public.

However, the labor markets for many professions are not structured this way. Instead, solo practitioners are common in some of the largest professional labor markets in the United States, including accountants, dentists, physicians, and lawyers. Importantly, if some segments of the public are still likely to seek out the services of solo practitioners in these fields regardless of prior discipline, professionals who are pushed out of firms because of discipline may respond by starting their own practices that specifically target those potential clients. In labor markets with this structure, discipline may thus lead to less severe market-wide labor market consequences and skew the distribution of the risk posed by disciplined professionals toward those clients, which can frustrate the ability of discipline to protect the public. Moreover, these kinds of distributional effects would be particularly concerning if the segments of the public that seek out solo practitioners regardless of their risk are clients with fewer resources who may be more vulnerable to misconduct in the first place.

In this article, I explore this possibility by investigating the labor market outcomes of disciplined professionals in a field with a meaningful presence of solo practitioners: the legal profession. To do so, I built a novel dataset that contains employment information of lawyers in both 2012 and 2020 and that identifies any disciplinary measure publicly imposed on those lawyers by state disciplinary bodies between 1990 and 2020. The employment

information comes from Martindale Hubbell—the largest directory of American lawyers—and the information on disciplinary measures comes from a dataset that I built from state-level sources. These data cover 672k lawyers engaged in the practice of law and who are licensed in 36 states and the District of Columbia. The underlying conduct that led to discipline includes, among other things, representing a client despite having a conflict of interest (e.g., advising a client in a way that benefits the lawyer rather than the client) and participating in conduct that is prejudicial to the administration of justice (e.g., knowingly submitting false information to a court). The resulting sanctions of public discipline range from a public censure—essentially, a slap on the wrist—to disbarment—almost always a permanent loss of the ability to practice law.

I begin my analysis by documenting novel descriptive facts about lawyer discipline and employment. I find that 4.4 percent of lawyers are publicly disciplined during their career. Naturally, disbarment has the most severe labor market consequences because it excludes lawyers from practicing law. Of the 4.4 percent of lawyers who are disciplined during their career, I find that 41 percent are disbarred. I also find that the average disbarment cuts short lawyers' careers by roughly a third but that there is considerable variation in how much disbarment cuts short lawyers' careers.

Of the disciplined lawyers who are not disbarred, they tend to cluster in particular law firms that employ multiple lawyers with a disciplinary record, and only a small share of the largest law firms retain zero lawyers with a disciplinary record. I also find that disciplined lawyers are not representative of the legal profession. For example, past offenders are 20 times more likely to be disciplined than similarly situated non-disciplined lawyers. Moreover, disciplined lawyers are more likely to practice in areas of the law that predominately deal with unsophisticated clients, and they are more likely to work at small law firms or in solo practice. Some of these differences are quite large. For example, solo practitioners make up 30 percent of the legal profession but receive 56 percent of disciplinary measures, and lawyers at large law firms make up 10 percent of the profession but receive only 2 percent of disciplinary measures.

After documenting these descriptive facts about lawyer discipline and employment, I investigate the labor market outcomes of lawyers who are disciplined but not disbarred.

In general, there are several fundamental challenges in attributing changes in labor market outcomes of disciplined professionals after they are disciplined to the discipline itself. First, the labor market outcomes of disciplined professionals after they are disciplined could be driven not only by the discipline itself but also by firms discovering the underlying misconduct. For example, a professional could be fired for getting caught regardless of whether they receive public discipline from a disciplinary body. Second, disciplinary bodies could base their decisions to impose public discipline on the professional's employment situation. For example, a professional may not receive public discipline if they have already been fired from their job. Finally, professionals who are disciplined may be different than professionals who are not. For example, a professional may have been fired for being a bad worker and/or a bad person regardless of whether they receive public discipline from a disciplinary body.

Given these challenges, I follow recent literature and exploit the specific timing of discipline, focusing on 3.5k discipline events over a time period in which I also observe employment outcomes. My empirical approach is informed by [Egan et al. \(2019\)](#), who estimated the changes in labor market outcomes of professionally disciplined financial advisers by using non-disciplined advisers at a specific firm in the same year as a comparison group. However, my approach differs in two ways in order to account for the large presence of solo practitioners and the possibility that discipline affects them differently. First, I tailor my comparison group by using lawyers of similar experience who work at similarly sized firms in the same state. This is important in my setting because it does not exclude solo practitioners. Second, I allow the labor market outcomes of disciplined lawyers to differ for lawyers in different sized law firms. This is important in my setting because, among other reasons discussed below, the effects of discipline may be expected to differ for solo practitioners—who may be less likely to dissolve their firm if they are disciplined—than for lawyers at larger law firms—who may be pushed out of their firm.

The limitations of my approach are similar to those in studies of professional discipline in other contexts. For example, I am unable to disentangle firm responses to the professional discipline from firm responses to the underlying misconduct that led to discipline, so my estimates capture the combination of professional discipline and getting caught. Although comparing the labor market outcomes of disciplined and non-disciplined lawyers

cannot overcome all selection concerns in my setting, I present evidence that alleviates concerns that the labor market outcomes of disciplined lawyers are not simply attributable to the type of lawyer who is disciplined. For example, in one identification test, I investigate whether the relationship between discipline and changes in employment between 2012 and 2020 is confined to lawyers who are disciplined between 2012 and 2020. I find that the relationship does not extend to lawyers who are disciplined before 2012, suggesting that the discipline itself rather than the type of lawyers who are disciplined drives the relationship.

Using this approach, I first estimate whether disciplined lawyers are more likely to separate from their current law firm. For lawyers at small law firms, I find no evidence that disciplined lawyers separate from their firms at different rates than similar non-disciplined lawyers. In contrast, I find that disciplined lawyers at mid-sized and large firms are roughly a third more likely to separate from their firms. However, lawyers working at mid-sized and large firms are not all equally likely to separate from their firms after being disciplined. Instead, the disciplined lawyers who are more likely to separate from their firms are both at a stage in their career when other lawyers at their firm have more seniority than them and work at law firms that employ no other lawyers with a disciplinary record.

I next investigate whether disciplined lawyers who separate from their firm are less likely to later gain employment in another firm. I do so because a large part of the labor market response comes not just from the lawyer's current employer but also from employment opportunities in the broader labor market. In theory, discipline may be expected to remove some opportunities for lawyers to join other firms. Even with fewer opportunities, however, discipline may not necessarily be expected to decrease the likelihood that lawyers are reemployed. For example, if discipline and associated job loss creates financial hardship, then disciplined lawyers may be more likely to stay in the practice of law and expand the set of employers for whom they would be willing to work. I find that solo practitioners who dissolve their firms after being disciplined are 20 percent less likely to join another firm by 2020, suggesting that discipline meaningfully removes opportunities for solo practitioners to join other law firms. For lawyers at all other firms, however, I find some evidence that disciplined lawyers are more likely to be reemployed by 2020, in part because they are more likely to pursue new employment opportunities, including starting their own law firm and

moving to a different state. These results suggest that the broader labor market and the option to start a solo practice undo some of the immediate labor market response that disciplined lawyers faced when they were disciplined.

In a final set of analyses, I investigate the channels through which the changes in labor market outcomes of disciplined lawyers could operate. First, I investigate reputation channels. For example, I examine whether the labor market outcomes of disciplined lawyers are different in states where disciplinary measures are more visible to the public, as measured by whether the state publicly posts disciplinary measures online. Second, I investigate information channels. For example, I examine whether a single disciplinary action provides a signal of future bad behavior. Finally, I investigate output channels. For example, I examine the extent to which the labor market outcomes of disciplined lawyers are explained by suspensions—which are expected to influence work output—and censures—which are not. Through a series of mostly descriptive analyses, I find suggestive evidence that the labor market outcomes of disciplined lawyers are explained by a combination of reputation and information channels.

The findings are relevant for ongoing policy discussions about professional discipline. Professional discipline likely protects the public by incapacitating some high risk lawyers and by improving the future behavior of disciplined lawyers through specific deterrence. And because lawyers practice in the shadow of the disciplinary system, the threat of professional discipline also likely protects the public by improving the behavior of all lawyers through general deterrence. But my findings open up the possibility that there are also costs of professional discipline. These potential costs come in two forms. First, professional discipline could create costs by influencing the matching of lawyers to law firms. In particular, I find that many disciplined lawyers move out of law firms with other lawyers—where lawyers are subject to oversight from other lawyers—and into solo practice—where previously disciplined lawyers practice without any oversight. The magnitude of the labor market flows into solo practice is considerable. For example, I find that 14 percent of solo practitioners with a disciplinary record moved into solo practice only after being disciplined. To the extent that the discipline itself explains some of this shift, discipline would create costs in the form of exposing some members of the public to high risk lawyers who have no oversight from

other lawyers. Second, professional discipline could create costs by influencing the matching of clients to lawyers. In particular, I find that many disciplined lawyers move into practice areas that predominately deal with unsophisticated clients (including criminal law and family law) only after being disciplined. To the extent that the discipline itself explains some of this shift, discipline would create costs in the form of changing the distribution of the risk from lawyers in a way that disproportionately exposes vulnerable Americans. In designing a disciplinary system, these potential costs should be weighed against the benefits of professionally disciplining lawyers.

This article makes two primary contributions. First, it contributes to a growing body of empirical research studying the labor market outcomes of workers who receive professional discipline. So far, this research has focused on professions without a large presence of professionals working in solo practice: for example, financial advisers (Egan et al., 2019, 2022; Honigsberg et al., 2022), police officers (Grunwald and Rappaport, 2020; Rozema and Schanzenbach, 2022), and corporate managers and outside directors (e.g., Agrawal et al., 1999; Helland, 2006; Fich and Shivdasani, 2007; Karpoff et al., 2008). By studying a labor market where it is common for professionals to be engaged in solo practice, I contribute to this literature by studying a setting where employment outcomes are expected to diverge for different disciplined professionals. In doing so, my findings illustrate the potential importance of market structure for the labor market outcomes of disciplined professionals and the resulting ability of discipline to protect the public.

Second, this article contributes to empirical research studying discipline and employment in the legal profession. This includes research studying the effects of occupational licensing regimens on lawyer misconduct and discipline (e.g., Anderson and Muller, 2019; Sklar et al., 2019; Rozema, 2021). This also includes research studying the frictions and outcomes in the labor market for lawyers (e.g., Oyer and Schaefer, 2016, 2019). I contribute to this literature by building a novel dataset linking lawyer discipline to employment outcomes.

This article proceeds as follows. Part 1 describes the institutional setting. Part 2 introduces the original dataset. Part 3 documents the prevalence and distribution of discipline. Part 4 investigates the labor market outcomes of lawyers after they are disciplined. Part 5 investigates the channels that could drive the labor market outcomes of disciplined

lawyers. Part 6 concludes.

1 Background

Some professions are unregulated and have no oversight body. For example, computer programmers and economists are not required to obtain a professional license and work without oversight from a disciplinary body. But many professions, including the legal profession, are regulated by oversight bodies that aim to protect the public by disciplining workers who engage in misconduct. This section describes the typical disciplinary process for lawyers in the United States.

In every state, lawyers must hold a state license to practice law in that state. Once a lawyer is licensed in a state, they are subject to the state's rules of professional conduct. A state disciplinary body enforces the rules of conduct. Investigations of misconduct almost always start after a disciplinary body receives a complaint containing information from a client or a member of the public about lawyer conduct that might constitute a violation of the professional conduct rules. Although complaints are common, the large majority of them do not result in a disciplinary action. In 2017, for example, roughly 1 complaint was filed for every 10 lawyers, but only 6 percent of complaints led to a disciplinary action (ABA, 2017).

If the disciplinary process ends with public discipline, it involves multiple stages. Once a complaint is filed, the disciplinary body first determines if the alleged conduct would violate the ethical rules. If the alleged conduct would violate the ethical rules, the disciplinary body investigates the truthfulness of the complaint and makes a determination of whether there is enough evidence to file formal charges. If there appears to be a basis for formal charges, the disciplinary body gives notice to the accused lawyer and an opportunity to be heard. If the matter is to proceed to a formal hearing, the accused lawyer is informed of the formal charges in writing. At that point, the process becomes adversarial and the lawyer has the right to be represented by legal counsel. Cases often settle without formal hearings, and the settlement can result in no discipline, private discipline, or public discipline. If the case does not settle, hearings are held and a panel typically consisting of three members determines the outcome of the case on the merits. The entire disciplinary process usually takes considerable time to resolve. In 2017, for example, the average time between

a complaint being filed and public discipline was 10 months ([ABA, 2017](#)).

As to sanctions, the result of a disciplinary action ranges from (1) a censure (in some states, called a reprimand), which is essentially a slap on the wrist with no implications on the ability to practice law, to (2) probation, which does not prevent a lawyer from practicing law, to (3) a suspension, which prevents a lawyer from practicing law for some period of time and may require the disciplined lawyer to have another lawyer supervising them for a period of time once they return to legal practice, to (4) disbarment, which usually prevents a lawyer from practicing law for the rest of their career.¹ Because each state has a separate disciplinary body, states may differ in how to impose sanctions. However, the American Bar Association (“ABA”) first adopted a framework in 1989 informing and guiding states in imposing appropriate sanctions (ABA Enforcement Rules, Rule 10). This is relevant for studying the labor market consequences of discipline because, assuming each state either adopts ABA rules or otherwise acts in accordance with them, it is one reason why discipline should stem from similar conduct in different states. By 2009, the legal ethics rules in all states and in the District of Columbia were at least partly based on the ABA’s model rules ([ABA, 2009](#)). At the same time, the ABA’s framework builds in a lot of flexibility in imposing sanctions, recommending that sanctions should depend on the presence of aggravating or mitigating factors.

A disciplinary body may impose either private or public discipline. Private disciplinary actions do not lead to a public report and information about them is not a matter of public record. States following ABA Model Rules for Lawyer Disciplinary Enforcement Rule 10 make discipline public if it results in censure, probation, suspension, or disbarment. Sanctions for private discipline include, among other things, private admonishment, participation in a diversion program (e.g., taking a continuing legal education course or going to counseling), and an advisory letter specifying a minor ethical violation ([Levin, 2007](#)). Recently, public discipline has been imposed about as often as private discipline. In 2017, for example, 58 percent of disciplinary actions were public ([ABA, 2017](#)).

As for public discipline, disbarment is often thought of as a last resort – “the

¹In some states, disciplinary bodies have the authority to decide on the level of sanction. In other states, however, disciplinary bodies only give recommendations, which are usually adopted by the overseeing body (often the state Supreme Court).

equivalent of the death penalty in disciplinary proceedings” ([Attorney Grievances, 2022](#)). Therefore, the distinction between imposing a censure, probation, or a suspension may at times be small, but the distinction between disbarment and all other sanctions is likely larger. On the other hand, ABA rules suggest the maximum suspension that should ever be imposed is three years. This implies that the ABA’s rules recommend disbarment as the proper sanction where a three year suspension is inadequate.

2 Data

At a minimum, studying the labor market outcomes of disciplined lawyers requires data identifying lawyers’ employers in two different years over a span of years long enough to both observe a large number of disciplinary actions and allow for any short term labor market effects to set in. To that end, I built a dataset that tracks employment information of lawyers in 2012 and 2020 and any discipline of those lawyers between 1990 and 2020. The dataset comes from two sources. First, I use self-reported employment information from lawyers’ profiles on Martindale Hubbell (MH), the largest directory of American lawyers. MH profiles contain employment information including employer name, employer size (e.g., number of lawyers in a law firm), and employer type (e.g., law firm, government), and they contain a host of other information on lawyers, including the state and year that they obtained a law license, a list of their practice areas, the law school they attended, their zip code, and their gender. Although individual MH profiles are publicly available on the MH website, MH does not release the complete directory to the public. I was able to obtain MH profiles from 2012 and 2020. To match the two years of MH data, I use MH’s unique identifiers for each lawyer (the International Standard Lawyer Number or ISLN).

Second, I use a novel dataset on lawyer discipline. Lawyer disciplinary systems operate at the state level, and no single national entity collects information on discipline at the individual disciplinary action level. I therefore collected data separately by state. Some states post the history of disciplinary actions at the lawyer-level online on individual lawyer webpages. For these states, I scraped state websites. Many states do not post disciplinary actions online but rather require them—by way of state Supreme Court rules—to be published in periodical journals or magazines. For these states, I identified the relevant pub-

lication outlet for each state, and research assistants handcoded the dataset by downloading and reading journal issues. The underlying conduct of the disciplinary actions focuses on professional misconduct, excluding any discipline for administrative violations (e.g., suspension for failure to complete continuing legal education and failure to pay annual licensing fees). The discipline dataset includes information on the sanction ordered (e.g., censure, probation, suspension, disbarment), the year of discipline, the identity of the lawyer it was ordered against, and the year the disciplined lawyer obtained their law license in the state. I have this data on lawyers in 36 states and the District of Columbia.² In the other 14 states, I was unable to find a source to identify the year the disciplined lawyer obtained their law license.

I match the MH data to the discipline data by requiring a perfect match between (1) the year a lawyer obtained a license, (2) the state where the lawyer obtained a license, and (3) the lawyer's last name, and I then perform a fuzzy match on (4) the lawyer's first name, and (5) the lawyer's middle initial (if available). The advantage of this conservative matching approach is that it is likely uncommon for two people with very similar names to obtain a law license in the same state in the same year. The disadvantage of this approach is that it restricts the sample to states where it is possible to determine the year a lawyer obtained a license in the discipline data.

In the 2012 MH data, there are 747k lawyers with an employer. Of these lawyers, 90.2 percent work at a law firm, 6.2 percent work in private businesses other than law firms (e.g., corporations, banks), and 3.6 percent work in government. I focus on lawyers working in law firms in 2012 for three reasons. First, the threat posed to the public is often very different for lawyers working in government (e.g., prosecutors) than for lawyers working in law firms who represent clients, so the application of the standards for imposing discipline is different for these types of lawyers. Second, many lawyers working outside of law firms and government are not actively practicing law, so any discipline against them may have different

²Table A3 in the Appendix reports the first year in which I have disciplinary actions in each state. I do not have disciplinary actions going back to 1990 in 5 states (Georgia, Idaho, Kansas, North Dakota, and Tennessee), and I have disciplinary actions in most states before 1990. In my main analysis, I include all states and any disciplinary actions that I observe in those states, but the results are similar if I focus only on disciplinary actions since 1990 or if I exclude the 5 states where I do not observe disciplinary actions back to 1990.

labor market consequences because a law license is not a requirement for employment. Third, the law firm labor market is likely separate from other labor markets where lawyers work (e.g., public interest lawyers who work for non-profits). For these reasons, I focus on a single labor market where almost all lawyers are actively engaged in the practice of law and subject to similar disciplinary procedures and standards. Although this approach has the benefits of overcoming the above concerns, it is overly conservative in the sense that it excludes some lawyers who represent clients and face similar ethical issues as the practicing lawyers in my sample (e.g., public interest lawyers).

The final sample contains 672k lawyers working in law firms as of 2012. Figure 1 reports descriptive statistics of the sample. Panel A reveals that the five states with the most lawyers make up roughly one half of the sample and that half of the states with the most lawyers make up roughly three fourths of the sample. Panel B reveals that the sample is roughly balanced for lawyers obtaining a license between 1980 and 2008, with between 14k and 18k lawyers licensed in each year.

There are five primary data limitations that are worth noting. First, not all lawyers have a MH profile. To assess the coverage of practicing lawyers who have a MH profile, I use the official number of lawyers with active licenses in the states in my sample from the 2012 Survey on Lawyer Discipline Systems. I find that lawyers with a MH profile represent 61 percent of all active law licenses in the states in my sample. Figure A2 in the Appendix reports the percent of active licenses that are in the MH sample for each state. It reveals that the share of active lawyers with a MH profile in a state is greater than 50 percent for all but one state in my sample (Connecticut), greater than 60 percent for three fourths of the states in my sample, and greater than 70 percent for one fifth of the states in my sample.

Second, lawyers with a MH profile may be a selected set of lawyers. Nonetheless, lawyers with a MH profile represent an important set of lawyers. This is arguably the set most relevant to protecting the public from the risk of professional misconduct because lawyers in the practice of law who are actively seeking and serving clients are presumably more likely to have a MH profile.

Third, the employment information in MH profiles is self reported. This means that the profiles of lawyers who pass away, retire, or exit the profession may not be updated

immediately. This likely introduces measurement error, but it could also be systematically related to discipline if lawyers who are disciplined update their profiles less often than lawyers who are not disciplined. That said, if disciplined lawyers are less likely to update their profiles than non-disciplined lawyers, then the changes in labor market outcomes that I estimate are likely understated. Moreover, law firms likely police whether lawyers misrepresent working at their law firm, which partially alleviates concerns over self reporting.

Fourth, the employment data only identifies lawyers' employers at two dates (2012 and 2020), and I cannot directly observe whether the discipline happens while a lawyer is at one firm or another firm over this 8 year period. My analysis therefore assumes that any discipline that happens between 2012 and 2020 occurred before any separation from an employer.

Finally, the discipline data does not contain the underlying conduct that led to the disciplinary action. This is because most states do not report classifications of the underlying conduct. Table A2 in the Appendix reports the breakdown of the type of conduct for which a lawyer was publicly disciplined in one state that has the information reasonably accessible (the State of Washington). It reveals that communication with clients, diligence, and misrepresentation are the three most common types of conduct for which a lawyer is publicly disciplined. Although observing the underlying conduct in all states would enrich what we can learn about the labor market outcomes of disciplined lawyers, my data only allow me to document the effect of the average disciplinary action.

3 Prevalence, Distribution, and Timing of Lawyer Discipline

This section documents the prevalence, distribution, and timing of lawyer discipline. I begin by investigating the timing of discipline over lawyers' careers. Panel A of Figure 2 reports the results using all disciplinary actions from 1990 to 2020 and focusing on lawyers who obtained a law license prior to 1990. For the 4.4 percent of lawyers who are disciplined over their legal career, it reveals that discipline is relatively rare at the beginning of a lawyer's career but increases after the first five years and remains high for the next two decades.

Next, I investigate the extent that disciplined lawyers are a greater risk to the

public compared to similar lawyers. To do so, I estimate the excess discipline rate of lawyers in the years after a first disciplinary action by constructing comparison groups separately for each disciplined lawyer.³ Panel B of Figure 2 reveals that disciplined lawyers are 30 times more likely to be disciplined within 5 years and are 20 times more likely to be disciplined within 10 years. These results provide evidence that disciplined lawyers are high risk lawyers even in the short term after a disciplinary action. It is worth noting a few relevant factors for interpreting these results. First, the rate and timing of reoffending should be viewed in light of the fact that lawyers with a prior disciplinary record are more likely to receive public discipline than lawyers without a prior disciplinary record, both because clients may be more likely to report conduct from lawyers with a disciplinary record and because repeat offenses are one reason why disciplinary bodies may choose to impose public discipline. Second, the subsequent discipline could be from the same initial incident because lawyers can be disciplined again for violating the terms of a prior disciplinary action. This could explain a meaningful share of the subsequent discipline, especially in the years immediately after the first discipline. That said, subsequent discipline occurring more than, say, 3 to 5 years after an initial disciplinary action is less likely to arise from the same incident, and disciplined lawyers are still far more likely to be disciplined even after the 3 to 5 years after the initial discipline.

Next, I investigate the extent to which some firms refuse to employ any lawyer with a disciplinary record and the extent to which other firms are more tolerant to employing lawyers who have a disciplinary record. Using employment information from 2012, I run a series of simulations comparing the actual distribution of lawyers with a prior disciplinary record across law firms to a counterfactual distribution that would be observed if lawyers were randomly assigned to law firms.⁴ Table A4 in the Appendix reports the results. Panel

³In particular, for a given disciplined lawyer, I identify all other lawyers who are practicing in the same state and who have similar experience (licensed within +/- 3 years) but who have not yet been disciplined. I then estimate the discipline rate of the comparison group in same years after the discipline event. Defining event time as the years after a first disciplinary action, I then average across all events in each event time. I do this for all first time discipline events starting in 1990. To have a 10 year post-period for all discipline events, I focus on first time discipline events that occurred before 2011.

⁴For the actual distribution, I compute the number of firms in a particular size range with different numbers of lawyers with a prior disciplinary record. To estimate the counterfactual distribution, I use the micro data and randomly assign lawyers to different law firms in a particular size range and then record the number of firms with different numbers of lawyers with a prior disciplinary record. I do this 10,000 times,

A investigates whether some law firms are intolerant to a disciplinary record, as measured by the percent of firms that have zero lawyers with a disciplinary record. Other than a small share of some the largest law firms retaining no lawyers with a record,⁵ I find that the difference between the actual and counterfactual share of firms with no disciplined lawyers is quite small (between 0.2 and 0.7 percent). Panel B investigates whether some law firms are more tolerant to a disciplinary record, as measured by whether the law firm has at least some number of lawyers with a disciplinary record. For firms with less than 10 lawyers, I find that disciplined lawyers are much more likely to work in the same firm. I also find that firms with at least 10 lawyers appear to take a nuanced approach to employing lawyers with a disciplinary record: some firms seem to tolerate employing a small number of lawyers with a record (a greater than expected clustering of 2 to 3 disciplined lawyers), but they also seem to put a limit on the number of lawyers with a disciplinary record that they are willing to employ (a fewer than expected number of firms with 4 or more disciplined lawyers). Overall, these results suggest that disciplined lawyers gravitate toward a certain group of law firms that are relatively tolerant of discipline.

Next, I investigate discipline across lawyers' firm sizes and practice areas.⁶ Panel A of Figure 3 reports the distributions of lawyers and disciplinary actions across firm size using lawyers' employers in 2012 and any discipline between 2012 and 2020. The share of disciplined lawyers who are in solo practice is almost double their respective share of lawyers, making up 30 percent of lawyers but 56 percent of disciplined lawyers. At the other extreme, lawyers at large law firms with at least 200 lawyers make up 10 percent of lawyers but 2 percent of disciplined lawyers, and lawyers at mid-sized law firms make up 18 percent of lawyers but 5 percent of disciplined lawyers. Panel B reports the distributions of lawyers and disciplinary actions across lawyers' 2012 practice areas and any discipline between 2012 and 2020. It reveals that, compared to the share of lawyers practicing in an area of the law,

separately for firms of different size ranges.

⁵For law firms with at least 100 lawyers, I find that 75.8 percent have no disciplined lawyers, compared to an expected 72.7 percent of law firms if lawyers were randomly assigned to law firms.

⁶Figure A3 in the Appendix reports the distribution of law firm size by lawyers' practice areas. It reveals that practice areas that likely predominately deal with clients who are unsophisticated or who have had limited experience with the legal system are predominately served by lawyers in small law firms or in solo practice. It also reveals that practice areas that likely have the most sophisticated, corporate clients are more often served by lawyers in mid-sized and large law firms.

disciplined lawyers are much more likely to practice in areas that deal with unsophisticated clients (including bankruptcy law, criminal law, family law, and personal injury law) and are much less likely to practice in areas that deal with mostly sophisticated, corporate clients (including antitrust, commercial law, and intellectual property).

Finally, I investigate the sanctions imposed if a lawyer is publicly disciplined. Disbarment has the most dramatic labor market consequences of discipline because it usually prevents a lawyer from working in the legal profession for the rest of their career. Before continuing, it is worth noting that although disbarment is usually thought to be permanent, most states allow some disbarred lawyers to apply to be reinstated after waiting a number of years. To understand the extent that disbarment is permanent, I compiled information on the number of lawyers who are disbarred and the number of lawyers who are reinstated after being disbarred from the Survey on Lawyer Discipline Systems between 2010 and 2019. This evidence suggests that 94.9 percent of disbarred lawyers are never reinstated,⁷ implying that, in practice, disbarment is indeed usually permanent.

Figure 4 reports descriptive statistics of disbarment.⁸ Panel A reports descriptive statistics of the prevalence of disbarment compared to other types of sanctions.⁹ It reveals

⁷There is likely a lag between disbarment and reinstatement, so this analysis assumes that the number of disbarments over the 2010-2019 period is the relevant baseline for the reinstatements. The true baseline is unobservable because the Survey on Lawyer Discipline Systems only reports state-year aggregate disbarments and reinstatements, so there is no way to link specific reinstatements to specific disbarred lawyers. Table A1 in the Appendix reports the annual statistics.

⁸Disbarment can be involuntary or voluntary. Voluntary disbarment, which makes up roughly a third of disbarment, is a lawyer's resignation while a disciplinary proceeding is underway, and most states treat resignations in lieu of a formal sanction as a disbarment. Voluntary disbarment is also sometimes referred to as voluntary resignation. Voluntary disbarment is also sometimes loosely referred to as disbarment on consent. Voluntary disbarment and disbarment on consent both result in the loss of a law license. Voluntary disbarment occurs when there is no adjudication of the facts, and the result is the loss of a law license without the possibility for reinstatement. Disbarment on consent differs because there is an agreed upon set of facts and a possibility for reinstatement. This distinction between voluntary disbarment and disbarment on consent is immaterial to the results on labor market outcomes after a lawyer is disciplined because I exclude all disbarred lawyers from that analysis. The effect of voluntary disbarment is the same as with involuntary disbarment, so I include both voluntary disbarment and involuntary disbarment in my definition of disbarment. Figure A1 in the Appendix reports the distribution of the number of years between licensing and disbarment, separately by whether disbarment was voluntary. The figure reveals that the ratio of voluntary and involuntary disbarment varies over lawyers' careers, with voluntary disbarment the lowest at the beginning and end of lawyers' careers.

⁹This analysis focuses on lawyers with at least a 30 year career and uses disciplinary actions between 1990 and 2020. I do so for two reasons. First, I am interested in understanding the timing of disbarment over a lawyer's entire career. Second, the severity of the sanction that state disciplinary bodies impose could be endogenous to the age and experience of the lawyer (in part due to "substantial experience in the practice of law" as one of the ABA's aggravating factors in imposing public discipline), so including lawyers who are

that disbarment is the least common public sanction (26 percent of disciplinary actions), followed by public censure (31 percent of disciplinary actions) and suspension (43 percent of disciplinary actions). Although disbarment is the least common public sanction ordered, 41 percent of lawyers who are disciplined at least once will be disbarred at some point in their career. This is because roughly half of lawyers who are disciplined but not initially disbarred reoffend and are subsequently disbarred. It is worth noting that the rate of disbarment is 6 percent higher than the percent of lawyers who are disbarred (a rate of 1.9 disbarments per 100 lawyers compared to 1.8 percent of lawyers who are disbarred). This perhaps puzzling finding stems from the fact that roughly 1 in 1,000 lawyers are disbarred once, reinstated to practice, and then disbarred again for a second time.

The labor market impact of disbarment depends on how long a disbarred lawyer would have continued practicing law had they not been disbarred. As one measure of the labor market consequences of disbarment, I examine the number of years that disbarment cuts short a lawyer's career. Panel B of Figure 4 reports the distribution of the number of years between licensing and disbarment. The average disbarred lawyer loses their license 20.1 years after licensing. Understanding how much disbarment shortens a lawyer's career requires understanding the expected career length of the lawyers. Of course, lawyers who are disbarred could be different than lawyers who are not disbarred in any number of ways, including the length of their career had they not lost their license. I therefore assess bounds of how much disbarment cuts short lawyers' careers under rough approximations. If the career length of disbarred lawyers would have been between 30 and 40 years had they not been disbarred, then disbarment cuts short the career of the average disbarred lawyer by between a third and a half. However, Panel B reveals considerable variation in the number of years between licensing and disbarment: 12 percent within 10 years of licensing, 32 percent between 10 and 20 years, 31 percent between 20 and 30 years, and 26 percent after 30 years. Overall, these results suggest that the severity of labor market consequences of disbarment varies considerably between disbarred lawyers.

early in their career may produce an inaccurate snapshot of the true prevalence and timing of disbarment.

4 Labor Market Outcomes of Disciplined Lawyers

This section investigates the labor market outcomes of lawyers after they are disciplined and compares them to the labor market outcomes of similar non-disciplined lawyers. To do so, I exploit the specific timing of discipline, focusing on 3.5k discipline events over a time period in which I also observe employment outcomes (2012 and 2020).

Table 1 reports descriptive statistics by whether a lawyer was disciplined between 2012 and 2020. Between 2012 and 2020, 0.6 percent of lawyers were disciplined. Panel A reveals that disciplined lawyers are relatively more likely to be male, be later into their careers, have graduated from a lower ranked law school according to U.S. News and World Report in 2012, and work in practice areas that have slightly fewer lawyers working in the area. Panel B reveals that disciplined lawyers work in much smaller law firms and that this average difference is largely driven by a lack of disciplined lawyers working in mid-sized and large law firms (7 percent compared to 33 percent).

Panel C reports descriptive statistics on the two primary employment outcomes that I study: the percent of lawyers who separate from their law firm between 2012 and 2020; and, conditional on separating from their law firm, the percent of lawyers who are reemployed as of 2020. For solo practitioners, “separation” should be thought of as the lawyer dissolving the firm, whether by shutting down the firm or merging with another firm and renaming it. Panel C reveals that disciplined lawyers are 39 percent less likely to separate from their employer (26 percent compared to 19 percent). Moreover, it reveals that disciplined lawyers at solo and small firms separate from their firm at lower rates than non-disciplined lawyers, and it also reveals that disciplined lawyers at mid-sized and large law firms separate from their employer at higher rates than non-disciplined lawyers. For example, the separation rate for lawyers at large law firms is 34 percent higher for disciplined lawyers than for non-disciplined lawyers (39 percent compared to 29 percent). Finally, Panel C reveals that disciplined lawyers who separate from their 2012 law firm are 6 percent more likely to be reemployed as of 2020 (44 percent compared to 41 percent).

4.1 Research Design

Specification. Solo practitioners account for roughly a third of lawyers and are the target of the majority of disciplinary measures (Panel A of Figure 3). To estimate changes in the

labor market outcomes of lawyers who are publicly disciplined but not disbarred, I account for the presence of solo practitioners and the possibility that discipline affects them differently. To do so, I estimate Equation 1.

$$y_i = \alpha + \beta_1 \text{ Discipline}_i + \sum_F \beta_F (\text{Discipline}_i \times \mathbb{1}_i^F) \\ + \eta_1 T_i + \sum_F \eta_F (T_i \times \mathbb{1}_i^F) + \theta_{scf} + \sigma_p + \gamma X_i + \epsilon_i \quad (1)$$

for lawyer i . f denotes the 11 narrow firm size ranges of the lawyer's 2012 employer from Panel A of Figure 3 (1 lawyer, 2 lawyers, 3-4 lawyers, ..., 1,000+ lawyers). F denotes a broader grouping of firm sizes: either a solo practice firm (1 lawyer), a small firm (2-24 lawyers), a mid-sized firm (25-199 lawyers), or a large firm (200+ lawyers).¹⁰ $\mathbb{1}_i^F$ is an indicator variable for firm size range F , where solo practice is the excluded category. s denotes the state in which the lawyer is licensed. c denotes lawyer cohorts, defined as 5 year intervals of when the lawyer received a law license in any state starting in 1950.¹¹ p identifies a practice area in 2012. The outcome y_i is one of two employment outcomes: separation from their 2012 employer; and, conditional on separation, reemployment as of 2020. The variable of interest, Discipline_i , is an indicator for whether the lawyer was disciplined between 2012 and 2020. Control variables include an indicator for whether the lawyer was ever previously disciplined between 1990 and 2011 (T_i) and a set of controls for lawyer demographics (X_i), including gender and rank of law school.¹² Following Egan et al. (2019), I cluster standard errors by firm.

This specification has four primary features. First, by including state by cohort by firm size fixed effects (θ_{scf}), I compare lawyers who obtained law licenses in the same state around the same time and work in similarly sized law firms. Ideally, estimating changes in the labor market outcomes of disciplined professionals would compare the evolution of their employment outcomes to that of other professionals who are identical except they were

¹⁰This is one of the commonly used definitions for law firm size categories (e.g., Osakwe, 2021).

¹¹I find consistent results when defining cohort based on the year in which the lawyer received their law license in the state that they practiced in as of 2012.

¹²For law school rank, I control for indicator variables of 7 groups of law schools based on the 2012 U.S. News and World Report Ranking. These fixed effects control for differences in employment outcomes across types of law school graduates, which may proxy for some of the unobserved differences in the labor markets between graduates of different law schools.

not disciplined at the same time. For example, as a comparison group for financial advisers who are disciplined, Egan et al. (2019) use non-disciplined advisers at the same firm in the same year by including firm by year by county fixed effects. Egan et al. (2019) motivate this approach by describing how it accounts for differences in financial products or clients across firms and within firms over time. Although these rich comparisons appeal, in my setting the approach would drop the 30 percent of lawyers who are solo practitioners from the analysis. To avoid dropping solo practitioners, I compare lawyers of similar experience who work at similar firms through state by cohort by firm sized fixed effects. Although my approach achieves a similar comparison group to that in Egan et al. (2019), one limitation is that it fails to capture unobserved quality differences between firms.

Second, by including interaction terms between discipline and indicators for firm size ranges ($\sum_F \beta_F (\text{Discipline}_i \times 1_i^F)$), I am able to accommodate potentially divergent responses for lawyers working in firms of different sizes. One reason why this is important is that discipline may be expected to increase separation for lawyers working at law firms with other lawyers, but discipline may not be expected to effect immediate employment for lawyers working in solo practice (or even in small firms that the disciplined lawyer founded). This is because there are no lawyers with seniority over the disciplined lawyer to hold the disciplined lawyer accountable. In fact, discipline may actually be expected to *decrease* separation for these lawyers because it may remove opportunities for lawyers to join other firms or merge their practices with other lawyers. Another reason why it is important to accommodate potentially different labor market responses by firm size is that the severity of misconduct underlying the discipline could differ between firm sizes. For example, if larger law firms have more resources to fight claims of misconduct more vigorously than smaller firms, then the complaints made against lawyers at bigger law firms would be less likely to succeed (i.e., solo practitioners or lawyers at small law firms may be easy to discipline, and lawyers at big firms may be tough to discipline).¹³ As a result, the complaints made against lawyers at larger firms that do succeed may involve more serious conduct and could drive larger labor market responses.

¹³Another possibility is that clients at big law firms are less likely to report lawyers to the state disciplinary body and are more likely to attempt to resolve less severe misconduct with the law firm (e.g., a reduction in fees). If so, this would also result in discipline at larger firms representing more severe misconduct.

Third, by including fixed effects for lawyers' practice areas in 2012 (σ_p), I compare lawyers with similar types of clients. These fixed effects are a set of indicator variables for the 22 practice areas that have at least 10,000 lawyers working in the area. Most lawyers work in multiple practice areas, so the fixed effects control for each 2012 practice area of the lawyer. Although practice areas likely capture similar types of clients to some degree, they do not do so perfectly. For example, practice areas do not likely capture most of the differences in the resources available to different clients in the same area of law. As such, practice area fixed effects are an imperfect proxy for only some of the dimensions over which lawyers' clients can differ.

Finally, by including a control variable for whether the lawyer was previously disciplined between 1990 and 2011 and interactions of this variable with firm size ($T_i; \sum_F \eta_F (T_i \times \mathbb{1}_i^F)$), I account for differences in employment outcomes by a measure of lawyer type and allow those differences to vary by firm size. Without the inclusion of these controls, comparisons of disciplined and non-disciplined lawyers may fail to capture underlying differences between these lawyers. By controlling for whether a lawyer was previously disciplined, I am able to account for some of these underlying differences.

Identifying Assumption. Under this setup, the identifying assumption is that employment outcomes for lawyers who were disciplined between 2012 and 2020 would have evolved in a similar way to lawyers of similar experience at similarly sized law firms in the same state who were not disciplined. My approach and the required identifying assumption is similar to that in related work on professional discipline, including in [Helland \(2006\)](#), [Egan et al. \(2019\)](#), [Egan et al. \(2022\)](#), and [Honigsberg et al. \(2022\)](#).

A primary identification concern is that discipline is endogenous to lawyer type even after controlling for past discipline (that is, the type of lawyers who are disciplined will have different employment outcomes even in the absence of discipline). To assess this concern, I implement a common identification test known as testing for "leads and lags."¹⁴ The intuition is as follows. If the estimates are just picking up selection, then employment outcomes between 2012 and 2020 should be similar for (1) lawyers who are disciplined outside

¹⁴This type of test is common in situations where an intervention could be endogenous but where, if endogeneity is not driving the results, the effects of the intervention should be confined to the time periods when the intervention happens (e.g., [Bonica et al., 2019](#)).

of the 2012-2020 time period, and (2) lawyers who are disciplined between 2012 and 2020. If the estimates are instead picking up the consequence of discipline itself, then only the lawyers who are disciplined between 2012 and 2020 should witness worse employment outcomes. To test this, I regress changes in employment outcomes between 2012 and 2020 on discipline that occurs in different years. In particular, I estimate Equation 1 for a disciplinary action in a given year, separately for all years from 2000 to 2020.¹⁵

Figure A4 in the Appendix reports the results. It reveals that the only disciplined lawyers who have statistically worse employment outcomes between 2012 and 2020 are those who are disciplined between roughly 2012 and 2020. Because the relationship between discipline and changes in employment outcomes between 2012 and 2020 is confined to lawyers who are disciplined between 2012 and 2020, the figure provides evidence that the source of the observed changes in employment outcomes is not from the type of lawyers who are disciplined.

Another identification concern is that lawyers who are disciplined between 2012 and 2020 were on a different trajectory before 2012 than similar lawyers who were not disciplined. This is a concern because my setting is a version of a difference-in-differences research design where I observe an intervention at the lawyer level (the disciplinary action) and the outcome in two periods around the intervention (employment in 2012 and 2020). Unfortunately, data limitations, and in particular my lack of employment information in several years before 2012, prevent me from testing for parallel pretrends—here, assessing whether changes in employment outcomes in the lead up to 2012 are similar for lawyers who are and are not disciplined between 2012 and 2020.¹⁶ If it turns out that lawyers who will be disciplined in the future are on a different career trajectory than lawyers who will

¹⁵The number of disciplinary actions in a given year is relatively small, so I increase statistical power by including disciplinary actions in the 3 years around a given year. Moreover, I am interested in understanding whether selection is driving the results, so the lawyers who are disciplined before 2012 and who are disciplined again between 2012 and 2020 would pick up both selection and any direct consequence of the discipline. I therefore do not have the discipline indicator for any discipline before 2012 turned on for these lawyers.

¹⁶Administrative violations, the most common of which are suspension for failure to complete continuing legal education and failure to pay annual licensing fees, may be correlated with changes in employment. Figure A5 in the Appendix investigates administrative violations in the lead up to discipline in California and New York. It reveals that lawyers in solo practice and small firms have worsening administrative violations in the lead up to discipline but no evidence of worsening administrative violations for lawyers in mid-sized and large law firms.

not disciplined in the future, the resulting bias could lead me to overstate or understate the true changes in labor market outcomes of disciplined lawyers. On the one hand, if any differences in career paths of disciplined lawyers would have continued even in the absence of the discipline, then my estimates could overstate the true changes in labor market outcomes. On the other hand, if disciplined lawyers are on a different trajectory before the discipline, then they could have been pushed out of a firm before 2012 and have been rehired by another firm (by 2012) which is more tolerant to low performance and/or discipline (Table A4 in the Appendix is consistent with this possibility). In this case, these disciplined lawyers could be *less* likely to leave their 2012 law firms, and my estimates would understate the true changes in labor market outcomes.¹⁷ It is perhaps worth mentioning that this issue arises in related research but parallel pretrends are not always assessed even if the data is available to do so (e.g., [Egan et al., 2019](#)).

Interpretation. There are two features of the institutional setting that are important for interpreting the estimates. First, there is a concern that changes in employment occurring at a disciplined lawyer's current firm are driven by the law firm discovering the underlying misconduct rather than from the discipline itself. Similar to other studies on professional discipline in other contexts (e.g., [Egan et al., 2019](#)), I am unable to disentangle law firm responses to the professional discipline from law firm responses to the underlying misconduct that lead to discipline, so my estimates capture the combination of them.

Second, there is a concern that disciplinary bodies already base their decisions to impose public discipline on the lawyer's employment situation. For example, disciplinary bodies may account for the type and size of firm the lawyer works for and the lawyer's clients in imposing public discipline, and disciplinary bodies may be less likely to impose public discipline if doing so will cause the lawyer to be fired or if the misconduct already caused the accused lawyer to be fired.¹⁸ Moreover, if solo practitioners will not face any

¹⁷Panels A and B reveal that the separation rate between 2012 and 2020 for lawyers disciplined before 2012 is actually lower than the separation rate for lawyers overall and for lawyers disciplined between 2012 and 2020. These findings are consistent with the possibility that potential differences in the career path of disciplined lawyers could lead me to underestimate the true labor market consequences of discipline.

¹⁸These could happen either because the true punishment from the combined discipline and loss of employment goes beyond what the disciplinary body thinks is warranted or because the disciplinary body thinks the punishment from the loss of employment was sufficient to deter future bad behavior.

short term labor market consequences from the discovery of the misconduct alone, then a disciplinary body may be more likely to impose discipline because it may be the only short term consequence of the misconduct. Similar to other studies on professional discipline in other contexts (e.g., [Egan et al., 2019](#)), my approach assumes that public discipline is not set endogenously to lawyers' job market situations or to the existing or expected labor market consequences of either the law firm's discovery of the misconduct or the discipline. Because I am unaware of any rule, literature, or case that supports this possibility, this assumption is reasonable in my setting.

4.2 Results

Separation from Employer. I first investigate separation from a lawyer's current law firm by estimating Equation 1. The outcome is an indicator variable for whether a lawyer left their 2012 firm. For lawyers working outside of solo practice, this outcome is 1 for lawyers who move to another firm between 2012 and 2020, lawyers who are unemployed as of 2020, and lawyers who retire as of 2020. For lawyers working in solo practice, this outcome is 1 if the lawyer dissolves the firm by shutting it down or by merging with another firm and renaming the firm.

I begin by estimating Equation 1 separately for different firm sizes. Figure 5 reports the results and reveals initial evidence that only disciplined lawyers at mid-sized and large law firms separate from their firm at higher rates than similar non-disciplined lawyers.¹⁹ Next, Table 2 reports the results of estimating Equation 1 directly. Consistent with Figure 5, it reveals no evidence that disciplined lawyers in small law firms separate at different rates than similar non-disciplined lawyers, but it reveals that disciplined lawyers at mid-sized and large law firms separate at much higher rates than similar non-disciplined lawyers. In Column 4, disciplined lawyers at mid-sized firms are 37 percent more likely to separate (the estimated coefficient is 13.5 percentage points relative to a mean of 36.1 percent for non-disciplined lawyers), and disciplined lawyers at large firms are 31 percent more likely to separate (the estimated coefficient is 9.1 percentage points relative to a mean

¹⁹To investigate whether my grouping of firms into solo practice firms, small firms, mid-sized firms, and large firms changes the interpretation of these patterns, Table A5 in the Appendix estimates Equation 1 separately for lawyers working in solo practice, in small firms, in mid-sized firms, and in large firms and reveals consistent results.

of 29.0 percent for non-disciplined lawyers). As discussed above, this heterogeneity in the relationship between discipline and separation by firm size could be driven by true underlying differences in the propensity of firms to push out lawyers who have been disciplined, but it also could be driven by differences in the severity of behavior that led to the discipline. For example, if mid-sized and large law firms fight claims of misconduct more vigorously than smaller firms, the average disciplinary action at mid-sized and large firms could capture more significant conduct than at smaller firms. My estimates do not distinguish between these explanations but instead capture the joint effect of these and other potential channels.

Drivers of Separation: Seniority. Table 2 assumed that the changes in labor market outcomes of disciplined lawyers are the same regardless of when in a lawyer's career they are disciplined. Yet, the status of a lawyer in a law firm differs over their career, with young lawyers starting as associates and then potentially rising to the level of partner. If an associate in a law firm is disciplined, they likely could be held accountable by more senior lawyers at the firm, as they are usually employees of the firm who can be fired at will. But a law firm may be less able or willing to push out more experienced lawyers if they are disciplined. One reason is that more experienced lawyers, and especially law firm partners, may bring in a significant source of revenue, so law firms may be reluctant to push them out if doing so meaningfully decreases profits. Law firms may be less able to push out law firm partners in particular because partners can only be pushed out pursuant to the terms of the partnership agreement.

To investigate the extent to which the labor market outcomes of disciplined lawyers differ by the time in a lawyer's career when they are disciplined, I estimate Equation 1 separately by firm size and by the number of years between licensing and discipline. In particular, I separately investigate lawyers disciplined early in their career (defined as having 0-10 years experience), mid in their career (defined as having 11-20 years experience), and late in their career (defined as having 21+ years experience). Figure 6 plots the baseline separation rate of non-disciplined lawyers along with the estimated coefficients which are added to the baseline separation rate. In Panel A, lawyers who are disciplined early in their careers separate at higher rates than similar non-disciplined lawyers, but these differences are not statistically significant at conventional levels, likely due to the fact that discipline is

relatively rare in the first decade of lawyers' careers (Figure 3, Panel A). Panel B reveals that lawyers in mid-sized and large law firms who are disciplined mid-career separate from their employer at much higher rates than similar non-disciplined lawyers: a 81 percent higher rate at mid-sized firms (64 percent compared to a baseline of 35 percent) and a 76 percent higher rate at large firms (47 percent compared to a baseline of 27 percent). Panel C reveals that lawyers who are disciplined late in their careers separate at similar rates to non-disciplined lawyers. Overall, these results are consistent with the idea that disciplined lawyers only separate from their firm if the firm has more senior lawyers who are present to hold them accountable.

Drivers of Separation: Law Firm Tolerance for Discipline. Table 2 also assumed that the changes in labor market outcomes of disciplined lawyers are constant within a given firm size range. Yet, Table A4 revealed that at least some firms refuse to employ any lawyer with a disciplinary record and that other firms are more tolerant to employing lawyers who have a disciplinary record. The fact that few intolerant firms exist suggests that the average labor market response is unlikely driven by a small fraction of the market that retains zero lawyers with a disciplinary record. However, the fact that disciplined lawyers gravitate toward a certain group of law firms that are relatively tolerant of discipline could have weakened the overall higher separation rates for disciplined lawyers. This is because lawyers who are disciplined while at those tolerant firms may not separate from the firms at higher rates than similar non-disciplined lawyers.

To investigate this possibility, I allow the change in labor market outcomes of disciplined lawyers to differ for lawyers at firms that already employ lawyers with a disciplinary record. In particular, I estimate Equation 1 with the inclusion of an indicator for firms with lawyers who had a disciplinary record as of 2012 and associated interaction terms with discipline and firm size. Table 3 reports the results and provides some evidence that the average labor market response is primarily explained by lawyers at firms with no other disciplined lawyers. Indeed, the estimates for lawyers at law firms with other disciplined lawyers, which adds the coefficients from the main effects and the interactions terms, provide no evidence that disciplined lawyers in these firms separate at higher rates than similar non-disciplined lawyers. This analysis can be thought of as the extensive margin because it identifies whether

law firms employ *any* lawyers with a disciplinary record. Table A6 in the Appendix examines the intensive margin by adding an indicator for whether *multiple* lawyers at the firm have a disciplinary record and associated interaction terms with discipline and firm size. The results provide some evidence that most of the extensive margin response is driven by law firms that have multiple disciplined lawyers, suggesting that the seemingly tolerant firms documented in Table A4 are driving the results in Table 3. Overall, these results provide evidence that the overall labor market response is weakened by some firms that are tolerant to employing lawyers with a disciplinary record.

Evidence on Selection. The analyses described so far were not motivated as attempts to indirectly tease out whether my findings are explained by the type of lawyers who are disciplined. However, some of the evidence is nonetheless inconsistent with a simple selection story. For example, if the findings are driven by disciplined lawyers having worse employment outcomes more broadly, then discipline should be associated with worse employment outcomes across all types of disciplined lawyers and not isolated to some types of disciplined lawyers. The fact that the response is concentrated among young and mid-career lawyers and lawyers in mid-sized and large law firms provides at least some suggestive evidence that it is not simply explained by the type of lawyers who are disciplined. Moreover, the fact that disciplined lawyers are much more likely to separate from firms which do not have any lawyers with a disciplinary record provides additional suggestive evidence that the response is not simply explained by the type of lawyers who are disciplined. Although this evidence does not preclude the possibility that the results are driven by disciplined lawyers being on a different career path, the patterns are not consistent with the results being driven by selection more generally.

Reemployment in Other Firms. Although the labor market response from a lawyer's current firm is severe for lawyers in mid-sized and large law firms, the analyses above ignored whether disciplined lawyers who separated from their employer later gain employment. However, a large part of the labor market response comes not just from the response of a lawyer's current firm but also from the broader labor market. The fact that roughly half of disciplined lawyers who are not disbarred are repeat offenders suggests that disciplined

lawyers are continuing to practice law after discipline. This high reoffending rate serves as a lower bound estimate of the percent of lawyers who continue to practice law after a first disciplinary action. I next investigate the market-wide labor market outcomes of disciplined lawyers.

I begin by studying the long run sorting of lawyers to firms of different sizes. I first estimate the gap between (1) the percent of lawyers at different sized firms who are disciplined while at those firms in the 9 year period between 2012 and 2020, and (2) the percent of lawyers disciplined in the 9 year period between 2000 and 2008 who are working at different sized firms in 2012.²⁰ Because lawyers may move across firm sizes even in the absence of discipline, the sorting of interest is the net flows of disciplined lawyers relative to the baseline flows of similar non-disciplined lawyers. To construct a baseline, I account for the timing of when lawyers are disciplined because the flows of lawyers into and out of different firm sizes varies over lawyers careers (see Panel A of Figure A6 in the Appendix).²¹ Finally, I estimate the net flows by subtracting the baseline flows of non-disciplined lawyers from the flows of disciplined lawyers. Under the assumption that the distribution of discipline and the associated labor market response have been constant since 2000, this net gap estimates the equilibrium entrance or exit rate of disciplined lawyers into or out of different sized law firms. Although these estimates are purely descriptive, they provide an intuitive benchmark to examine the equilibrium sorting of disciplined lawyers to different sized law firms.

Figure 7 reports the results.²² The figure reveals that, after netting out the baseline, 12 percent of lawyers with a disciplinary record working in solo practice moved from non-solo practice into solo practice after being disciplined. The figure also reveals that all law firms other than solo practices are net exporters of disciplined lawyers, suggesting that

²⁰I end the period in 2008 to allow for the effects to set in for at least 3 years. As an example of the gap, consider solo practitioners. In 2012, 66 percent of lawyers with a prior disciplinary record between 2000 and 2008 work in solo practice, and 59 percent of disciplinary actions between 2012 and 2020 are against lawyers in solo practice. These estimates suggest that $((0.66 - 0.59)/0.59) = 15$ percent of lawyers with a disciplinary record working in solo practice moved from non-solo practice into solo practice after being disciplined.

²¹In particular, I compute the percent of lawyers working for each firm size range and 10-year experience bins as of 2012, and I compute the change in these percentages within an experience bin from one experience cohort to another. As the baseline for each firm size range, I then compute the average change using the percent of disciplined lawyers in different cohorts as weights.

²²Figure A6 in the Appendix reports the aggregate shares of disciplined lawyers (Panel B) and the baseline (Panel C) that are used to estimate the equilibrium entrance rate in Figure 7.

disciplined lawyers are less likely than similar non-disciplined lawyers to remain in similar sized law firms. The magnitude of these flows is large. For example, the figure reveals that over a fifth of disciplined lawyers at small firms and over a third of disciplined lawyers at mid-sized and large firms leave firms of similar sizes in excess of similar movements from non-disciplined lawyers.

Next, I restrict the sample to lawyers who left their 2012 firm and estimate Equation 1 using the outcome “Reemployment”—an indicator variable for whether a lawyer joined another firm or started their own legal practice as of 2020. Table 4 reports the results. Similar to the results on employer separation from Table 2, Table 4 reveals important heterogeneity by firm size. In Column 4, conditional on dissolving their firm, disciplined lawyers working in solo practice are 19 percent less likely to be reemployed in 2020 (8.7 percentage points relative to a baseline of 46.4 percent for lawyers in solo practice). This provides evidence that disciplined solo practitioners have fewer outside employment options than similar non-disciplined solo practitioners. The estimates on the interaction terms indicate that disciplined lawyers who separate from their non-solo firm are *more* likely to be employed in 2020.²³

Note that these results focus on employment *outcomes* and not employment *opportunities*. Although discipline may be expected to remove some opportunities for lawyers to join other firms, fewer opportunities do not necessarily translate to less employment because disciplined lawyers may be more likely to stay in the practice of law and expand the set of employers for whom they would be willing to work. These results thus suggest that, even with fewer opportunities, discipline does not decrease the likelihood that lawyers are reemployed.

The results on the reemployment of lawyers in non-solo firms could be driven by any number of income and substitution effects. For example, they could be driven by an income effect whereby lawyers who are disciplined are less likely to have the financial resources to exit the practice of law by either retiring or entering lower paying jobs in government or non-profit organizations.²⁴ Moreover, if some law firms prioritize productivity

²³Note that the overall difference of lawyers in non-solo practice firms adds the main effect and the interaction term. When estimating Equation 1 separately for lawyers working in solo practice, small firms, mid-sized firms, and large firms, the positive effect is only statistically significant for lawyers in small law firms (Table A7 in the Appendix).

²⁴Exiting the practice of law for other work would be captured in MH profiles if lawyers use MH primarily

over a disciplinary record in the hiring process, the results may be partly driven by the possibility that the average lawyer who separates from a firm for non-production reasons—discipline—is more productive than the average lawyer who separates for production reasons.

Disciplined lawyers who leave non-solo practice firms could be reemployed at higher rates because, among other reasons, they have a greater willingness to start their own solo practice, stay in legal practice longer, or expand their job search to different geographic locations. Next, I investigate the extent to which these three behaviors drive the market-wide results on reemployment.

Drivers of Reemployment: Search, Solo Practice, and Career Length. First, I investigate whether disciplined lawyers in non-solo practice firms are more likely to start their own solo practice. The idea here is that if disciplined lawyers are less likely to exit legal practice but simultaneously have fewer options to work in other law firms, then they may be more likely to start a solo practice. Panel A of Table 5 restricts the sample to lawyers who left a non-solo practice firm and estimates Equation 1 using an alternative outcome: “Solo Practice”—an indicator variable for whether a lawyer who left their 2012 firm moved into solo practice. The results provide some evidence that disciplined lawyers who leave a law firm are more likely to start a solo practice. Consistent with Table 4, Columns 2 and 4 reveal that these results are largely driven by small law firms. However, the estimates suggest that disciplined lawyers are only 3 percentage points more likely to start a solo practice, which explains no more than a third of the difference in reemployment rates.

Second, I investigate whether disciplined lawyers are less likely to exit legal practice late in their career. To do so, I reestimate Equation 1 for reemployment but include triple interaction terms between discipline, firm size, and an indicator for a lawyer that may be considering retirement, defined as having a license for at least 30 years. If the reemployment results are driven by retirement, then the estimates on the interactions between discipline and firm size should go to zero. Panel B of Table 5 reports the results and provides no evidence that the reemployment results are driven exclusively by older disciplined lawyers practicing law for longer.

Finally, I investigate whether disciplined lawyers are more likely to expand their

as a way to recruit clients and thus decide not to report an employer on their MH profile.

job search. To do so, I restrict the sample to lawyers who separate from their 2012 employer and who are reemployed as of 2020, and I estimate Equation 1 using an alternative outcome indicating that the lawyer moved to a different state. Table 6 reports the results and provides some evidence that disciplined lawyers who were at law firms in 2012 but separated from those law firms are more likely to be practicing law in a different state.²⁵ These results are perhaps surprising because, for many lawyers who are only licensed in a single state, there is a high cost of obtaining a license in another state. These costs are driven in part because a disciplinary record in one state makes it more difficult to obtain a license in another state. On the other hand, the estimates capture the moving rate for disciplined lawyers compared to similar non-disciplined lawyers, and the relative cost of moving out-of-state could be lower for disciplined lawyers. For example, for lawyers with a successful legal practice and who are not disciplined, one of the primary costs of interstate mobility may be the high cost of leaving an area where the lawyer has social connections and a client base. As a result, the relative cost of moving states may be lower for disciplined lawyers.

These three analyses shed some initial light on why disciplined lawyers who separate from their non-solo law firm are more likely to be later reemployed. Unfortunately, data limitations prevent a satisfying exploration of the mechanisms. For example, data on lawyer's employers over a longer period could be used to study whether disciplined lawyers have longer careers, and richer data on all lawyers' employers—and not just those that are self reported—could be used to study whether disciplined lawyers move from legal practice to other types of employment at different rates. Given the data limitations, a full explanation for why disciplined lawyers who separate from a law firm are more likely to be later reemployed remains an open question.

5 Channels

The changes in labor market outcomes of disciplined lawyers could operate through several channels. First, they could operate through reputation channels. For example, some law firms may be able to attract and retain clients only if they employ lawyers who have a clean disciplinary record, and employers may push out lawyers with a disciplinary record

²⁵Table A8 in the Appendix examines moves to different cities. The noisy estimates do not rule out either large positive or negative effects.

to avoid reputational harm. Second, they could operate through information channels. For example, lawyer quality is not perfectly observable to employers, and public discipline may be one signal of low quality that drives law firms' employment decisions. Finally, they could operate through output channels. For example, a lawyer who is suspended for a year cannot practice law during that time period, and employers could push out disciplined lawyers because of actual or expected lower output. To shed light on the extent that these channels drive the main results, this section investigates various aspects of them. It is worth noting that, although I organize the subsections by these channels, some of the specific analyses may involve more than one channel and thus do not fit neatly into one subsection.

5.1 Reputation

Visibility of Disciplinary Actions. If the labor market response is driven by law firm concerns over reputation, then the magnitude of the response should be increasing in the visibility of discipline. Importantly, not all disciplinary actions are equally visible to the public. For example, some states post disciplinary actions online and can be found by searching for a lawyer's name on a state-run website, whereas other states only have disciplinary actions printed in a legal journal and otherwise can be accessed only by contacting the state licensing body. Similar to posting the names of individuals who have a tax delinquency online (e.g., Perez-Truglia and Troiano, 2018), posting disciplinary actions online may be considered a form of public online shaming by state disciplinary bodies.

To investigate the reputation channel, I collected information on the year that each state first publicly posted their disciplinary actions online. Table A9 in the Appendix reports these dates. Of the 37 jurisdictions in the sample, 24 posted disciplinary actions online before 2012, 9 started doing so between 2012 and 2020, and 4 did not post them online as of 2020. Using this data, I estimate Equation 1 with the inclusion of an indicator for whether a disciplinary action was not immediately posted online and associated interaction terms with discipline and firm size.²⁶ To exploit within-state variation in the immediate online posting of discipline, I include state by discipline fixed effects. This means that I identify off the 9 states that began posting disciplinary actions online between 2012 and 2020. These states

²⁶For lawyers who were disciplined more than once between 2012 and 2020, this variable is 1 if both of the disciplinary actions were not immediately posted online.

include both large states with the presence of large law firms (Massachusetts and New York) and small states with likely different labor markets (Alabama, Alaska, Idaho, Louisiana, Maine, Nebraska, and Rhode Island) (see Table A9 in the Appendix). Of all disciplinary actions in my sample between 2012 and 2020, 12 percent were not immediately posted online.

Table 7 reports the results. Note that the main effect on discipline is absorbed by the state by discipline fixed effects, so there is no coefficient on the main effect on discipline. The coefficients on the triple interaction terms reveal no consistent patterns and have large standard errors. However, the estimates on the interactions between discipline and mid-sized and large firms are similar in magnitude to those without the additional interaction terms (Table 2), providing at least some suggestive evidence that the labor market response is driven by lawyers who have discipline immediately posted online.²⁷

Client Sophistication. Employing a disciplined lawyer can harm business through harming a law firm's reputation if (1) clients have knowledge of the disciplinary action, (2) such knowledge changes the client's beliefs about the law firm, and (3) clients act on the updated beliefs. Some unsophisticated clients may not know that a discipline system exists or how to inquire about a lawyer's disciplinary record, but some sophisticated clients may know exactly how to obtain records in any state and do so as a matter of due diligence in hiring a lawyer or law firm. The sophistication of clients may also drive them to act differently with knowledge of discipline. For example, someone seeking a divorce may not care whether a

²⁷One limitation of this analysis in particular is that I only observe employment information as of 2020. Because a handful of states began posting disciplinary actions online between 2012 and 2020, this means that some of the disciplinary actions that are not immediately posted online are actually retroactively posted at some point before 2020. For example, New York began posting disciplinary actions online in 2015, so lawyers who are disciplined between 2012 and 2014 (which were not immediately posted online) had their disciplinary actions posted online in 2015. If the online posting of prior but recent disciplinary actions leads to the same labor market response as immediately posting disciplinary actions, then one would not expect to detect any differences in the labor market outcomes of disciplined lawyers by whether disciplinary actions were immediately posted online.

One possible solution would be to code whether the disciplinary action was posted online at any point by 2020. One concern with this approach, however, is that it does not exploit within-state variation in whether disciplinary actions are immediately posted online. Because identifying off between-state variation could simply reflect differences in the labor markets between states, this analysis would rely on the strong assumption that states which never posted disciplinary actions online are representative of other states. Unfortunately, only four states in the sample did not post disciplinary actions online as of 2020 (Mississippi, North Dakota, Ohio, and South Dakota), and these states are not representative of other states—with few large firms and likely unique labor markets—and represent only 1.2 percent of disciplinary actions. Without employment information in other years, I therefore do not have adequate policy variation or statistical power for such an analysis.

lawyer was disciplined, but corporate clients may refuse to hire lawyers with a disciplinary record for public relations reasons. As these examples illustrate, the extent that the labor market response is driven by concerns over a law firm's reputation likely depend on their clients.

To investigate whether the changes in labor market outcomes of disciplined lawyers are driven by concerns over reputation, I use lawyers' practice areas as a proxy for client sophistication. Practice area proxies for sophistication because some practice areas are primarily concerned with corporate matters and other practice areas are primarily concerned with non-corporate matters. One limitation of this approach is that the types of clients in some practice areas are very different for plaintiff's lawyers and defendant's lawyers, meaning that practice area is not a good average measure of client sophistication for these areas. For example, in a medical malpractice lawsuit (falling under the practice area of personal injury), the plaintiff is often a medical patient who has had little experience with the legal system, and the defendant is usually an insurer of a physician whose entire business practice is medical malpractice litigation. My focus is therefore on practice areas that primarily have or do not have corporate clients, but I report the results for all practice areas for completeness.

If sophisticated clients refuse to hire disciplined lawyers, a primary way to observe such behavior is through lawyers switching practice areas after being disciplined. But switching practice areas may be expected to be a gradual process occurring over many years, so I investigate the long term equilibrium labor market flows of disciplined lawyers into and out of different practice areas. In particular, Figure 8 reports the analog of Figure 7 but for practice areas.²⁸ The figure reveals that practice areas that likely have corporate clients (including trade, intellectual property, and antitrust) are also the ones with the largest outflows of disciplined lawyers, suggesting that disciplined lawyers are more likely to move out of areas with the most sophisticated clients. And because these areas are also much more often served by lawyers in mid-sized and large law firms (Figure 3), these descriptive results are consistent with the idea that reputation is one of the channels driving the labor market response in mid-sized and large law firms.

²⁸Figure A7 in the Appendix reports the inputs to estimating Figure 8.

Small Legal Communities. If the labor market response is partly driven by concerns over reputation, then it may depend on the size of the legal market. For example, in small legal communities, one may expect clients to hear about discipline by word of mouth more often than in larger communities. To investigate whether the changes in labor market outcomes of disciplined lawyers are different in smaller communities, I estimate Equation 1 with the inclusion of an indicator for small legal community and associated interaction terms with discipline and firm size, where small community is defined as the bottom fifth of lawyers in the 3-digit zip codes with the fewest lawyers in the MH data.

Table 8 reports the results. For lawyers in non-solo practice law firms, the results provide no evidence of differential labor market outcomes in small legal communities (the interactions between discipline and firm size are similar to that in Table 2, and the triple interactions are small and never statistically significant). However, the results also suggest that disciplined solo practitioners in small legal communities are less likely to dissolve their firm, which is consistent with the idea that these lawyers have fewer outside options from the greater spread of information (and thus greater harm to reputation) in smaller legal communities. Of course, smaller legal communities may also have different labor markets and serve different types of clients, so these results may simply reflect underlying differences in the labor markets in small legal communities. These results are therefore only descriptive in nature.

5.2 Information

Discipline for Administrative Violations. Some states report discipline for administrative violations, the most common of which are suspension for failure to complete continuing legal education and failure to pay annual licensing fees. If labor market outcomes change around the time a lawyer receives an administrative violation, it would likely operate through information and reputation channels rather than primarily through an output channel. This is because, although violations usually lead to a suspension, lawyers can be quickly reinstated after filing the proper paperwork. Table A10 in the Appendix investigates changes in labor market outcomes after an administrative violation in California and New York. It reveals that only lawyers at large firms who receive administrative violations separate at higher rates than similar non-disciplined lawyers. It also reveals that lawyers at mid-sized

and large firms who receive administrative violations are reemployed at lower rates than similar non-disciplined lawyers.²⁹

If law firms respond to administrative violations through an information channel, then administrative violations would need to be a signal of bad type. Table A11 in the Appendix provides strong evidence that administrative violations predict even the most severe future discipline for professional misconduct,³⁰ suggesting that administrative violations are a signal of bad type. Overall, these analyses provide evidence that information plays a role in the changes in labor market outcomes from at least some types of professional discipline.

Strength of the Negative Signal. If disciplined lawyers reoffend at high rates in the short term after discipline, then it suggests that, on average, a single disciplinary action is a strong signal of bad type. Whether disciplined lawyers are more likely to be disciplined again and is therefore related to the information contained in a disciplinary action. Figure 9 investigates reoffending for lawyers who have been disciplined but not disbarred. It reveals that, of the 79 percent of lawyers who are not disbarred after a first disciplinary action, 48 percent reoffend and 24 percent are eventually disbarred. The reoffending rate after a lawyer has received two or more disciplinary actions is similar to that after a single disciplinary actions. However, reoffending may be delayed for years or even decades, in which case one disciplinary action may not provide a strong signal of bad type in the short term. But I also find that a large share of disciplined lawyers who reoffend do so within a short time span after a first disciplinary action (for example, 49 percent of lawyers who reoffend do so within 5 years, and another 12 percent do so between 5 and 10 years, Panel B of Figure 2). Combined, this evidence suggests discipline is, on average, a strong signal of lawyer type. That said, these results should be viewed in light of the fact that repeat offenses are one reason to impose public discipline.

²⁹One concern is that deceased or retired lawyers (who therefore no longer pay their dues) are driving the results. If that were the case, however, one would expect the patterns to be present for lawyers in firms of all sizes and not just large firms. Moreover, I find consistent results when I restrict the sample to lawyers who were licensed after 1990.

³⁰This finding is consistent with [Rozema and Schanzenbach \(2019\)](#), who find that complaints for administrative violations of police officers predict future actual police misconduct of those officers.

5.3 Output

To investigate the output channel, I distinguish between discipline that prevents lawyers from practicing law in the short term (suspension) and discipline that does not change the ability of lawyers to practice law in the short term (censure or probation).³¹ Of course, the severity of sanction is endogenous to the severity of underlying misconduct, so a finding that disciplined lawyers who are suspended have worse labor market outcomes than disciplined lawyers who receive a censure or probation would reflect more than just the output channel. However, if disciplined lawyers who are suspended have similar labor market outcomes to disciplined lawyers who are not suspended, then it would provide at least some suggestive evidence that output is not a primary channel driving the response.

For this exercise, I estimate Equation 1 but add an indicator for suspension and associated interaction terms with firm size. I also include a control for prior suspension between 1990 and 2011 and associated interaction terms with firm size. I focus on the outcome of employer separation because many lawyers' suspensions have lapsed by 2020, meaning that output would not be a driver of reemployment as of 2020. Table 9 reports the results. In Columns 1 and 3, disciplined lawyers who are suspended are 29 percent more likely to separate from their firm than disciplined lawyers who are not suspended (7.4 percentage points relative to 25.6 percent). Columns 2 and 4 suggest that this difference is driven by solo practitioners. Importantly, the coefficients on the interaction terms between any discipline and mid-sized and large law firms in Columns 2 and 4 remain positive, providing some suggestive evidence that the changes in labor market outcomes of disciplined lawyers are not entirely explained by its impact on output.

6 Conclusion

Using data on 672k American lawyers who practice law in 36 states and the District of Columbia, this article investigates the labor market outcomes of lawyers after they are professionally disciplined. I find that disciplined lawyers are more likely to subsequently end up in law firms with limited oversight. For example, roughly a fifth of lawyers who are

³¹Any effect of discipline on output could occur not only during the time period when the lawyer is suspended but also in the periods after the suspension due to hysteresis (e.g., a suspension decreases the development of lawyers' skills, and the effect of lower skills persists past the suspension).

disciplined at mid-sized firms and roughly a third of lawyers who are disciplined at large firms leave firms of similar sizes. I also find that disciplined lawyers are more likely to subsequently end up practicing in areas of the law with unsophisticated clients. For example, roughly a fifth of lawyers with a disciplinary record who practice in criminal law and family law only began practicing in these areas after being disciplined.

Discussions of lawyer disciplinary systems usually take place in the context of an existing system. However, an initial question is why the disciplinary system is needed to achieve these goals. This question is relevant because, in a world where the practice of law is entirely unregulated, actors in the market for legal services would likely provide some form of public protection by punishing lawyers who engage in misconduct. For example, law firms may fire lawyers who engage in misconduct and refuse to hire lawyers who have been previously fired for misconduct, and clients may refuse to pay their bill, post negative reviews online, or file malpractice lawsuits if their lawyers engage in misconduct. As these examples illustrate, misconduct could generate market forces that would help protect the public even without a disciplinary system. The existence of a disciplinary system is therefore premised on the assumption that, in the absence of a disciplinary system, the market response to lawyer misconduct does not appropriately incapacitate high risk lawyers or provide adequate deterrence.

Once a disciplinary system is in place, these same market forces are still at work. However, because the true punishment of professional discipline includes not only the sanction imposed but also the resulting labor market consequences, new market forces specifically generated from discipline are also at work to help protect the public. As such, understanding the ways that the disciplinary system protects the public requires understanding both the prevalence of discipline and its resulting labor market consequences.

In designing disciplinary systems, states should consider how high risk lawyers who are publicly disciplined but not disbarred often end up in law firms with limited oversight and in practice areas with unsophisticated clients. This is especially true in designing frameworks for determining the level of sanctions to impose. One possible solution may be for state disciplinary bodies to impose harsher punishments. For example, more liberal disbarment would prevent disciplined lawyers from moving to practice structures with less oversight and

to practice areas with unsophisticated clients, and this would be true regardless of whether the discipline itself caused disciplined lawyers to move into these practice structures and areas. Alternatively, additional oversight of disciplined lawyers would also help alleviate these concerns regardless of the cause of the movement.

That said, it is possible that the mere presence of a disciplinary measure on a lawyer's record could cause an unjustified amount of job loss, lost opportunities, and financial duress, which in turn causes some disciplined lawyers to reoffend. If the high rate that disciplined lawyers reoffend is caused by these labor market outcomes rather than by disciplined lawyers' heightened underlying risk, then another possible solution may be for state Supreme Courts (which supervise the profession) to attempt to help correct for this labor market overreaction by requiring a heightened standard for the imposition of public—rather than private—discipline. This scenario would be consistent with [Prescott and Rockoff \(2011\)](#), who find that public registries of criminal records increase recidivism in some settings.

This article builds on empirical evidence documenting the labor market outcomes of workers who are professionally disciplined (e.g., [Agrawal et al., 1999](#); [Helland, 2006](#); [Egan et al., 2019](#); [Grunwald and Rappaport, 2020](#)). By focusing on a profession where many members work in solo practice, this article illustrates the potential importance of market structure on the labor market response. Of course, the legal profession is only one profession where solo practitioners are common, and the results may not be generalizable to other professions. Future research should explore the extent to which the labor market outcomes of disciplined lawyers after the discipline are explained by the market structure rather than something else that is unique about the labor market for lawyers, such as by studying the labor market of physicians.

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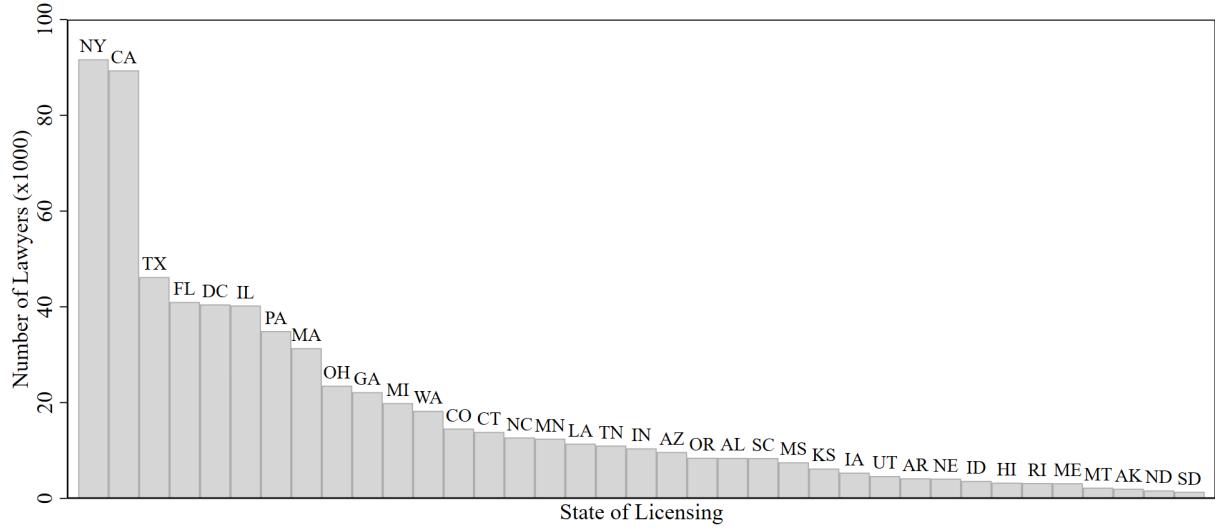
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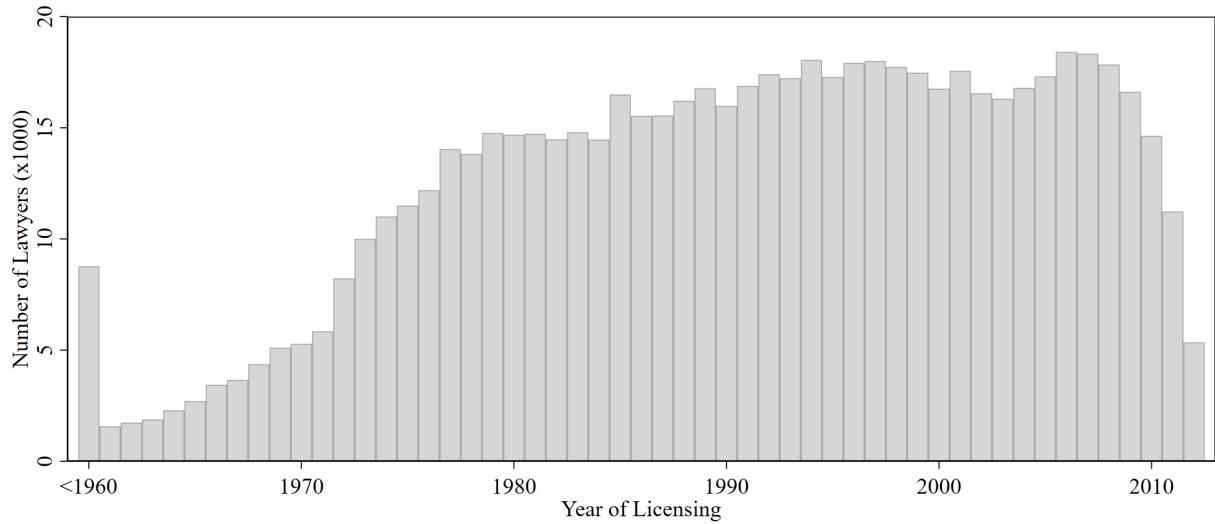
Tables and Figures

Figure 1: State and Year of Licensure of Lawyers in the Sample

A. States where Lawyers Hold a Law License



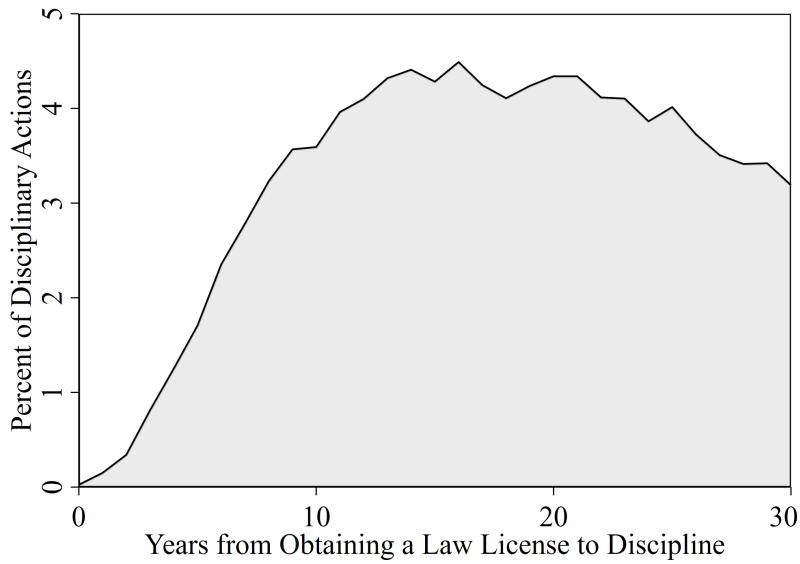
B. Year Lawyer Obtained a Law License



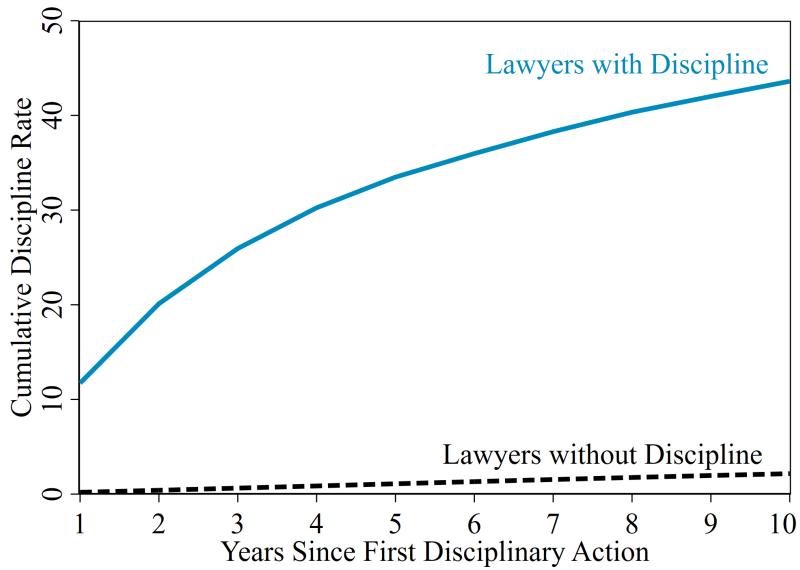
Notes: The figure reports descriptive statistics of the sample. Panel A reports the distribution of states where lawyers are licensed. Panel B reports the distribution of the year that lawyers obtained their law licenses.

Figure 2: Descriptive Statistics of Discipline and Reoffending

A. Discipline Over Lawyers' Careers



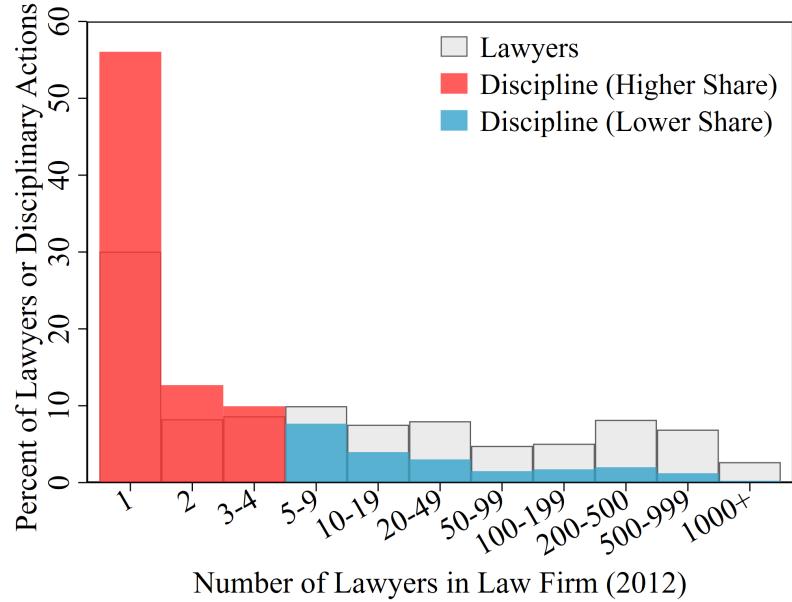
B. Reoffending



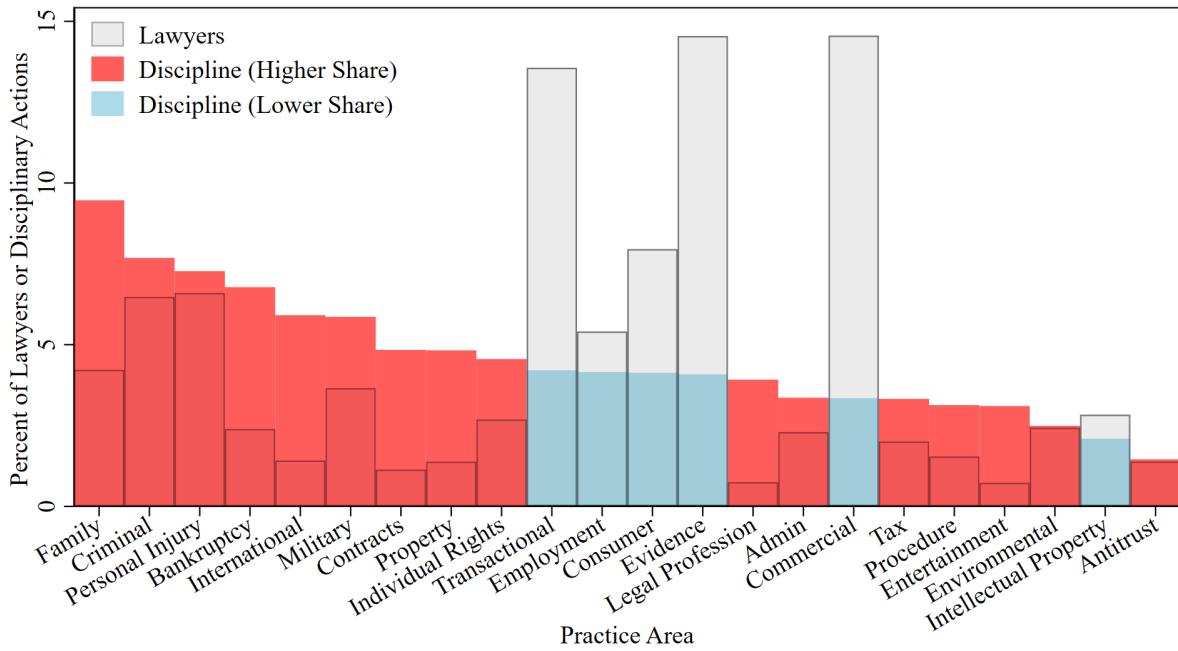
Notes: The figure reports descriptive statistics of discipline. Panel A reports the distribution of the time between licensing and discipline for lawyers who were licensed before 1990. Panel B restricts to lawyers receiving at least one disciplinary action where the first disciplinary action was not disbarment. The x-axis is years since a first disciplinary action. The y-axis is the cumulative discipline rate. The solid blue line is the cumulative discipline rate of lawyers who were disciplined. The dashed black line is the cumulative discipline rate of similar non-disciplined lawyers, where this comparison group is constructed separately for each disciplined lawyer using all other lawyers who are practicing in the same state and who have similar experience (licensed within +/- 3 years).

Figure 3: Descriptive Statistics of Discipline by Firm Size and Practice Area

A. Lawyers and Discipline By Firm Size



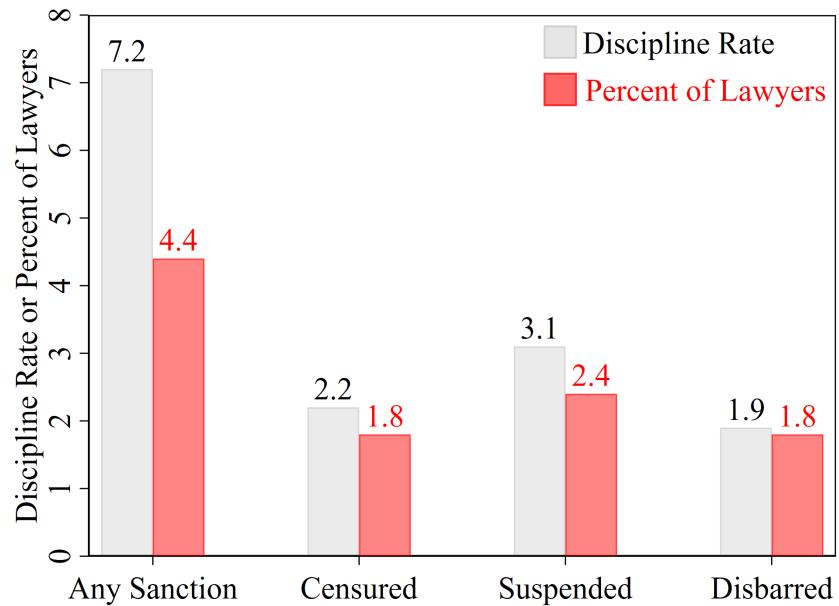
B. Lawyers and Discipline by Practice Area



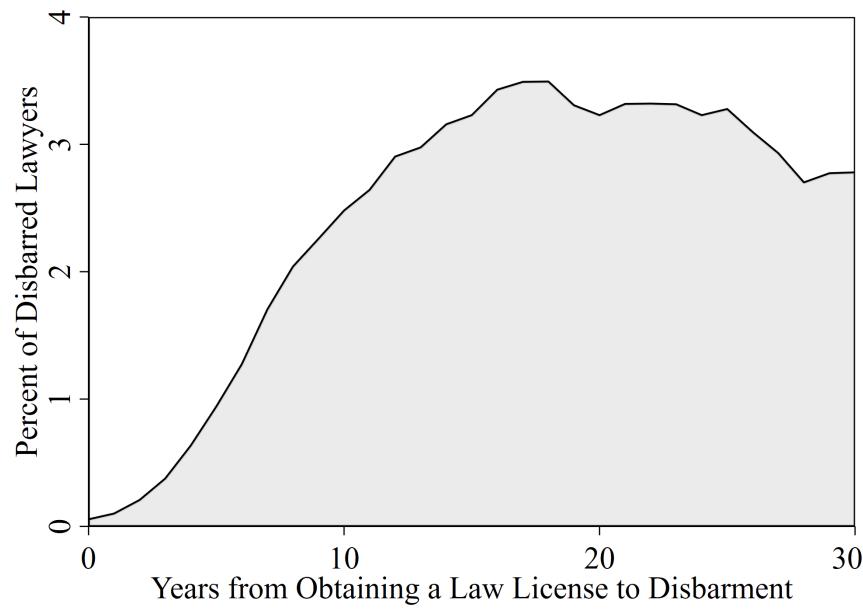
Notes: Panel A reports the distribution of lawyers working in different firm sizes as of 2012 (gray bars) and the distribution of disciplinary actions ordered against lawyers in those same firm sizes (the bars are colored differently depending on whether the firm size range has a greater share of disciplinary actions than it does its respective share of lawyers—red for a larger share and blue for a smaller share). Panel B reports the distribution of lawyers working in different practice areas as of 2012 (gray bars) and the distribution of disciplinary actions ordered against lawyers in those practice areas (the bars are colored differently depending on whether the practice area has a greater share of lawyers with disciplinary actions than it does its respective share of lawyers—red for a larger share and blue for a smaller share). The order of the practice areas is sorted by the percent of disciplinary actions.

Figure 4: Prevalence and Timing of Disbarment

A. Professional Sanctions Ordered by State Disciplinary Bodies



B. Timing of Disbarment Over Lawyers' Careers



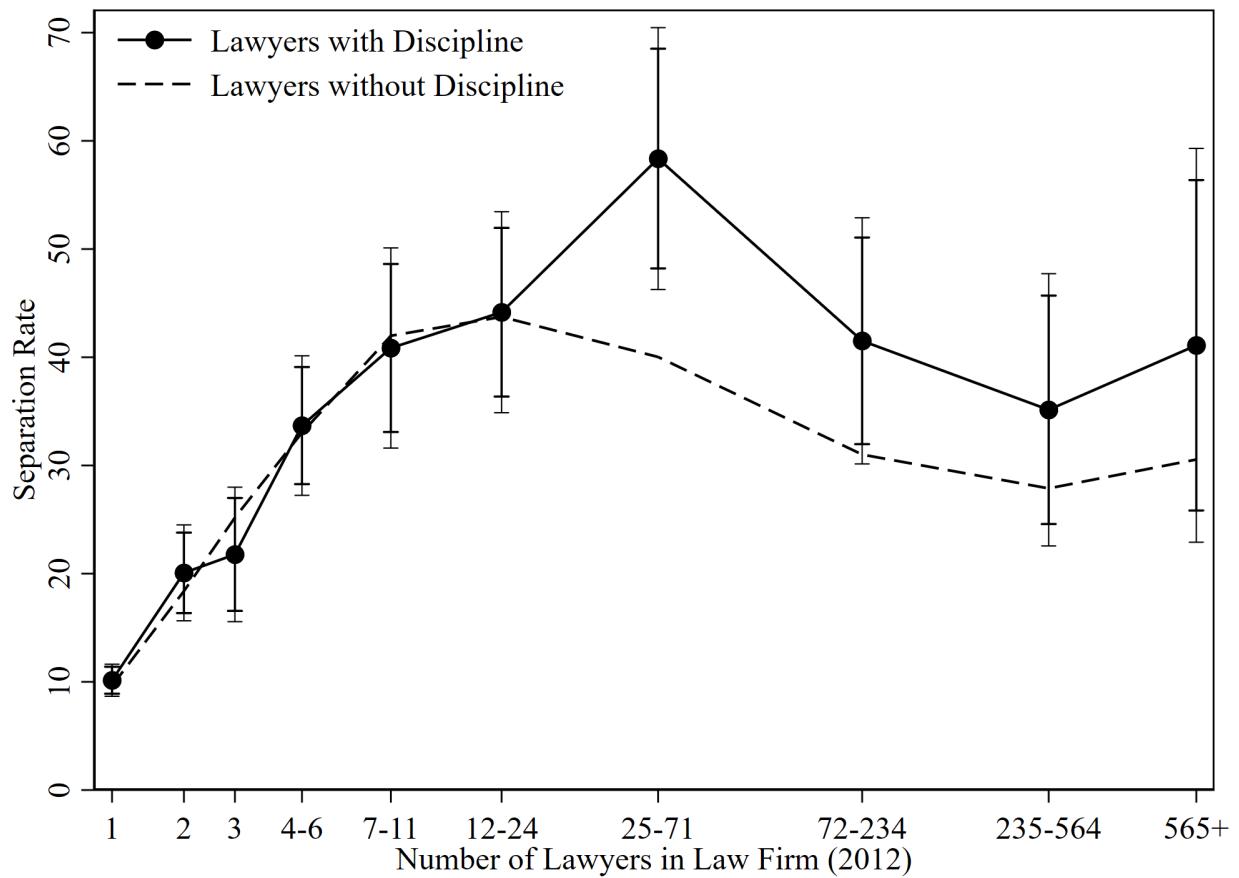
Notes: The figure reports descriptive statistics on lifetime discipline from 1990 to 2020. The sample is limited to lawyers who obtained a law license before 1990. Panel A reports the rate of lifetime disciplinary actions per 100 lawyers (gray bars) and the percent of lawyers with a lifetime disciplinary record (red bars) by the type of sanction. Panel B reports the distribution of the number of years between licensing and disbarment.

Table 1: Descriptive Statistics by Discipline Status

	Disciplined Between 2012 and 2020	
	No (1)	Yes (2)
Number of Lawyers	670219	3503
A. Demographics, 2012		
Female (%)	28.3	17.0
Years Since Obtaining Law License	21.1	22.2
Less than 10 Years Experience (%)	20.3	11.6
Greater than 30 Years Experience (%)	25.5	24.9
Top 14 Law School (%)	15.0	4.9
Low Tier Law School (%)	35.0	46.9
Size of Average Practice Area (x1000 Lawyers)	124.8	115.5
B. Employment, 2012		
Number of Lawyers in Firm	126.4	22.8
Solo Practice Law Firm (%)	29.9	59.0
Small Law Firm (2-24 Lawyers) (%)	36.9	33.4
Mid-Sized Law Firm (25-199 Lawyers) (%)	15.1	4.4
Large Law Firm (200+ Lawyers) (%)	17.8	3.0
C. Employment Outcomes, 2012-2020		
Separation Rate (%)	25.7	18.5
Solo Practice Law Firm	9.6	9.3
Small Law Firm	32.6	28.5
Mid-Sized Law Firm	36.1	49.0
Large Law Firm	29.0	39.0
Reemployment (Conditional on Separation) (%)	41.1	43.6
Solo Practice Law Firm	46.4	36.3
Small Law Firm	38.1	47.9
Mid-Sized Law Firm	40.3	43.4
Large Law Firm	45.9	41.5

Notes: The table reports descriptive statistics by whether a lawyer was disciplined between 2012 and 2020. Column 1 reports descriptive statistics for lawyers who were not disciplined and Column 2 reports descriptive statistics for lawyers who were disciplined. Panel A reports lawyer demographics as of 2012. Law school ranking is based on the 2012 U.S. News and World Report Ranking, where “Low Tier Law School” indicates law schools not ranked in the top 100. To estimate the “Size of Average Practice Area (x1000 Lawyers),” I first estimate the number of lawyers working in each practice area and then estimate the average size of all of a given lawyer’s practice areas. Panel B reports 2012 employment information. Panel C reports employment outcomes between 2012 and 2020. “Employer Separation” is the percent of lawyers who separated from their 2012 law firm as of 2020. “Reemployment” is the percent of lawyers who separated from their 2012 employer and who are reemployed in another law firm or started their own legal practice as of 2020.

Figure 5: Discipline and Separation from an Employer, Estimated Separately by Firm Size



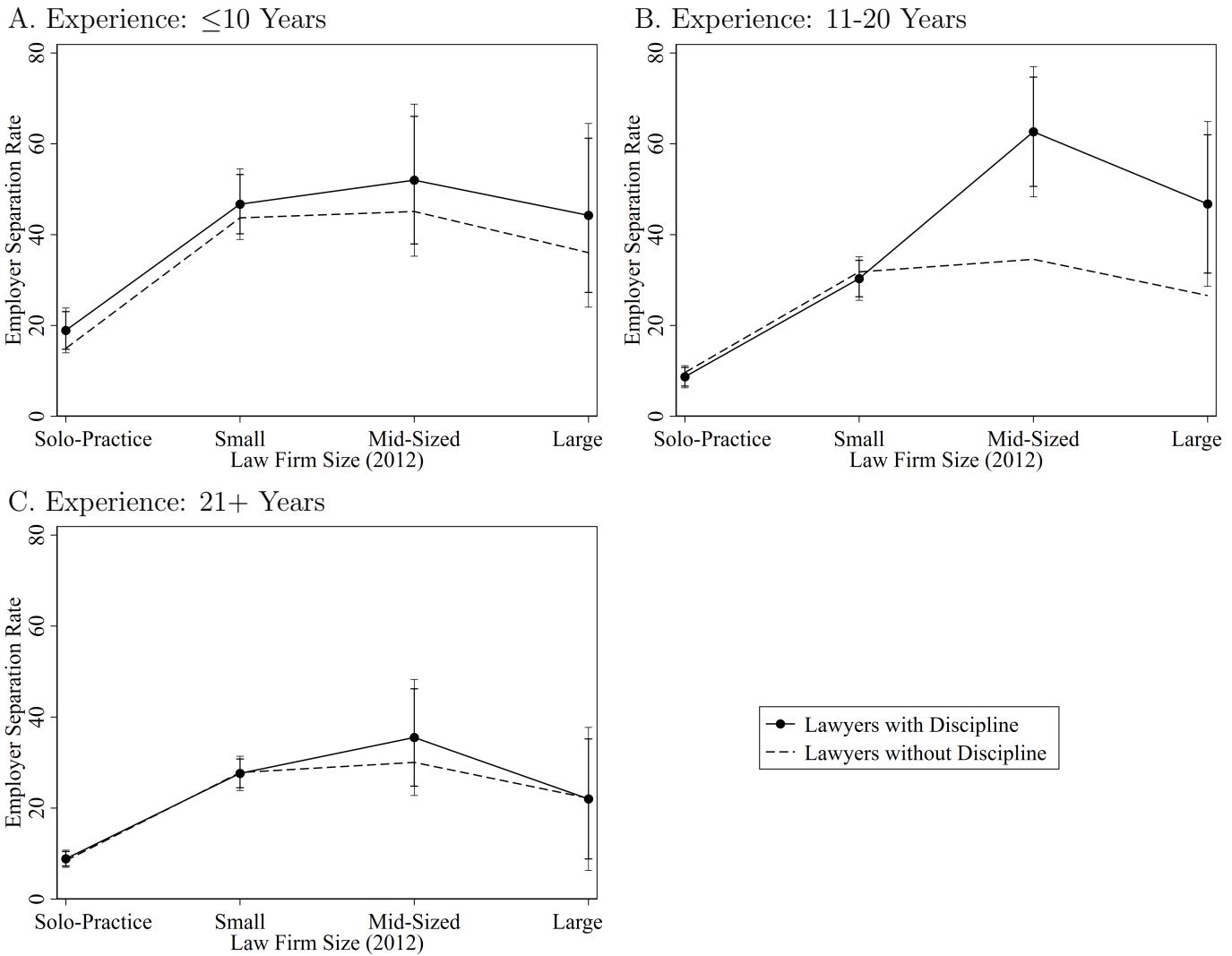
Notes: The figure reports results from estimating Equation 1 separately for lawyers in different firm sizes as indicated on the x-axis. In particular, I separate lawyers into 10 groups based on the size of the law firm. The outcome is “Employer Separation”—an indicator variable for whether a lawyer left their 2012 firm. The dashed line is the mean separation rate for lawyers in the firm size who were not disciplined. The solid line with circle markers is the estimated coefficients that are added to the baseline rate. The vertical lines are 90 and 95 percent confidence intervals of the estimates. Standard errors are clustered by firm.

Table 2: Discipline and Separation from an Employer

	Employer Separation, 2012-2020			
	(1)	(2)	(3)	(4)
Discipline (2012-2020)	0.007 (0.007)	-0.002 (0.008)	0.011 (0.007)	0.002 (0.008)
× Small Law Firm		0.000 (0.017)		0.002 (0.017)
× Mid-Sized Law Firm		0.140** (0.043)		0.135** (0.043)
× Large Law Firm		0.097 ⁺ (0.054)		0.091 ⁺ (0.054)
Observations	672,335	672,335	672,335	672,335
Separation Rate	0.256	0.256	0.256	0.256
Covariates				
Demographics	✓	✓	✓	✓
State-Cohort-Employer Size FE	✓	✓	✓	✓
Prior Discipline (1990-2011)			✓	✓
Prior Discipline Interactions				✓

Notes: The table reports results from estimating Equation 1. The outcome is “Employer Separation”—an indicator variable for whether a lawyer left their 2012 firm by 2020. Columns 1 and 3 report the average effect of discipline without allowing the effect to differ by firm size. Columns 2 and 4 include interaction terms between discipline and firm size. Column 4 also includes interaction terms between prior discipline and firm size, labeled “Prior Discipline Interactions.” Coefficients are in units of percentage points. The unit of observation is at the lawyer level. Standard errors are in parentheses and are clustered by firm. ⁺ p<0.1, * p<0.05, ** p<0.01, *** p<0.001.

Figure 6: Discipline and Separation from an Employer Over Lawyers' Careers



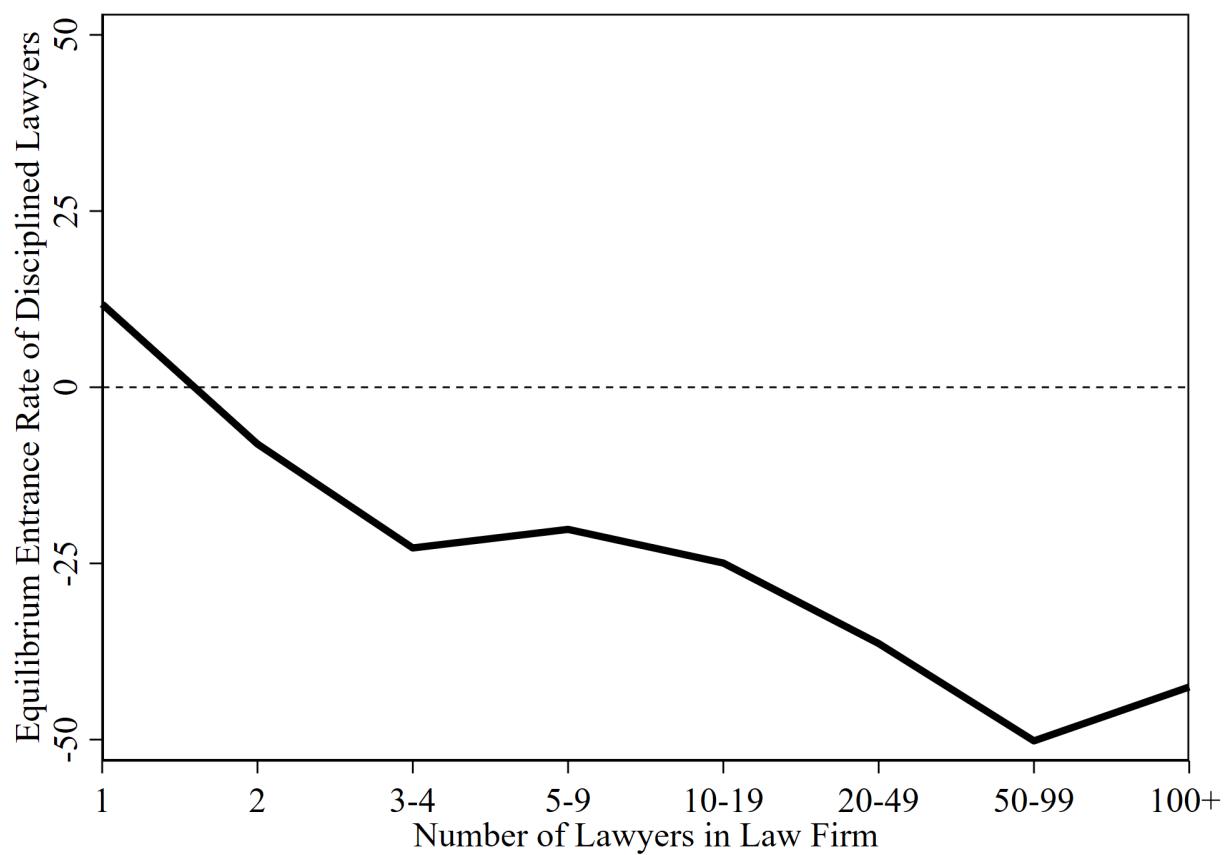
Notes: The figure reports regression results estimating Equation 1 separately by firm size (solo practice, small firms, mid-sized firms, and large firms) and by the number of years after licensing that the lawyer was disciplined (0-10 years in Panel A, 11-20 years in Panel B, and 21+ years in Panel C). The outcome is “Employer Separation”—an indicator variable for whether a lawyer left their 2012 firm. The dashed line is the mean separation rate for lawyers in the firm size and experience group who were not disciplined. The solid line with circle markers is the estimated coefficients that are added to the baseline rate. The vertical lines are 90 and 95 percent confidence intervals of the estimates. Standard errors are clustered by firm.

Table 3: Discipline and Separation from an Employer by Whether a Law Firm has Other Lawyers with a Prior Disciplinary Record

	Employer Separation			
	(1)	(2)	(3)	(4)
Discipline (2012-2020)	0.009 (0.008)	-0.008 (0.008)	0.008 (0.008)	-0.009 (0.008)
Discipline × Other Disciplined Lawyers	-0.026 (0.022)	0.012 (0.024)	0.011 (0.019)	0.053** (0.020)
Discipline × Small Law Firm		0.016 (0.018)		0.016 (0.018)
Discipline × Mid-Sized Law Firm		0.179*** (0.046)		0.181*** (0.046)
Discipline × Large Law Firm		0.121+ (0.063)		0.123+ (0.063)
Discipline × Other Disciplined Lawyers × Small Law Firm		-0.084+ (0.044)		-0.079+ (0.045)
Discipline × Other Disciplined Lawyers × Mid-Sized Law Firm		-0.257* (0.114)		-0.312** (0.112)
Discipline × Other Disciplined Lawyers × Large Law Firm		-0.092 (0.118)		-0.149 (0.119)
Observations	672,335	672,335	672,335	672,335
Separation Rate	0.256	0.256	0.256	0.256
Covariates				
Demographics	✓	✓	✓	✓
State-Cohort-Employer Size FE	✓	✓	✓	✓
Prior Discipline (1990-2011)			✓	✓
Prior Discipline Interactions				✓

Notes: The table reports results from estimating Equation 1 but adding an indicator variable for firms with lawyers who have a disciplinary record and interaction terms with firm size. The outcome is “Employer Separation”—an indicator variable for whether a lawyer left their 2012 firm by 2020. Columns 1 and 3 report the average effect of discipline without allowing the effect to differ by firm size. Columns 2 and 4 include interaction terms between discipline, firm size, and an indicator for the presence of other disciplined lawyers. Column 4 also includes interaction terms between prior discipline and firm size, labeled “Prior Discipline Interactions.” Coefficients are in units of percentage points. The unit of observation is at the lawyer level. Standard errors are in parentheses and are clustered by firm. + p<0.1, * p<0.05, ** p<0.01, *** p<0.001.

Figure 7: Long Term Market-Wide Employment Outcomes of Disciplined Lawyers by Firm Size



Notes: The figure assesses the sorting of lawyers with a disciplinary record across law firms of different sizes. The x-axis is the number of lawyers in the law firm. The y-axis is the long term entrance rate of disciplined lawyers into firms of different sizes. See text for details.

Table 4: Discipline and Reemployment for Lawyers who Separated from their Employer

	Reemployment			
	(1)	(2)	(3)	(4)
Discipline (2012-2020)	0.028 (0.023)	-0.109** (0.039)	0.029 (0.023)	-0.087* (0.039)
× Small Law Firm		0.212*** (0.050)		0.187*** (0.050)
× Mid-Sized Law Firm		0.167* (0.079)		0.143+ (0.079)
× Large Law Firm		0.166 (0.103)		0.139 (0.104)
Observations	171,553	171,553	171,553	171,553
Reemployment Rate	0.411	0.411	0.411	0.411
Covariates				
Demographics	✓	✓	✓	✓
State-Cohort-Employer Size FE	✓	✓	✓	✓
Prior Discipline (1990-2011)			✓	✓
Prior Discipline Interactions				✓

Notes: The table reports results from estimating Equation 1. The outcome is “Reemployment”—an indicator variable for whether a lawyer who left their 2012 firm joined another firm or started their own legal practice as of 2020. The sample is restricted to lawyers who left their 2012 firm. Columns 1 and 3 report the average effect of discipline without allowing the effect to differ by firm size. Columns 2 and 4 include interaction terms between discipline and firm size. Column 4 also includes interaction terms between prior discipline and firm size, labeled “Prior Discipline Interactions.” Coefficients are in units of percentage points. The unit of observation is at the lawyer level. Standard errors are in parentheses and are clustered by firm.
⁺ p<0.1, * p<0.05, ** p<0.01, *** p<0.001.

Table 5: Behavioral Responses of Separated Lawyers who are Later Reemployed: Starting Law Firms and Staying in Legal Practice

	(1)	(2)	(3)	(4)
A. Started Solo Practice				
Discipline (2012-2020)	0.029 ⁺ (0.015)	0.032 ⁺ (0.019)	0.026 ⁺ (0.016)	0.029 (0.019)
× Mid-Sized Law Firm		-0.018 (0.036)		-0.016 (0.036)
× Large Law Firm		-0.005 (0.053)		-0.003 (0.053)
Observations	152,121	152,121	152,121	152,121
Mean Started Solo Practice	0.054	0.054	0.054	0.054
B. Stayed in Legal Practice Longer				
Discipline (2012-2020)	0.021 (0.029)	-0.102 ⁺ (0.052)	0.021 (0.029)	-0.088 ⁺ (0.052)
Discipline × Licensed 30+ Years	0.021 (0.046)	-0.017 (0.077)	0.022 (0.046)	0.003 (0.076)
Discipline		0.182** (0.065)		0.166* (0.065)
× Small Law Firm				
Discipline		0.127 (0.096)		0.112 (0.096)
× Mid-Sized Law Firm				
Discipline		0.187 (0.119)		0.167 (0.121)
× Large Law Firm				
Discipline × Licensed 30+ Years		0.075 (0.099)		0.054 (0.098)
× Small Law Firm				
Discipline × Licensed 30+ Years		0.142 (0.170)		0.124 (0.170)
× Mid-Sized Law Firm				
Discipline × Licensed 30+ Years		-0.143 (0.233)		-0.156 (0.233)
× Large Law Firm				
Observations	171,553	171,553	171,553	171,553
Reemployment Rate	0.411	0.411	0.411	0.411
Covariates				
Demographics	✓	✓	✓	✓
State-Cohort-Employer Size FE	✓	✓	✓	✓
Prior Discipline (1990-2011)			✓	✓
Prior Discipline Interactions				✓
<i>Notes:</i> The table investigates underlying explanations for the results on reemployment. Panel A restricts to lawyers who were working in a non-solo practice firm in 2012 and who left that firm as of 2020 and estimates Equation 1 for the outcome of starting a solo practice. Panel B restricts to lawyers who separated from their 2012 law firm and estimates Equation 1 for the outcome reemployment with triple interactions between discipline, firm size, and an indicator for lawyers who obtained a license before 1990. Coefficients are in units of percentage points. The unit of observation is at the lawyer level. Standard errors are in parentheses and are clustered by firm. + p<0.1, * p<0.05, ** p<0.01, *** p<0.001.				

Table 6: Behavioral Responses of Separated Lawyers who are Later Reemployed: Moving States for a New Job

	(1)	(2)	(3)	(4)
Discipline (2012-2020)	0.030 (0.025)	-0.061+ (0.032)	0.031 (0.025)	-0.052 (0.032)
× Small Law Firm		0.110* (0.045)		0.102* (0.046)
× Mid-Sized Law Firm		0.231+ (0.121)		0.222+ (0.121)
× Large Law Firm		0.081 (0.097)		0.072 (0.097)
Mean Moved States	0.130	0.130	0.130	0.130
Observations	69,796	69,796	69,796	69,796
Covariates				
Demographics	✓	✓	✓	✓
State-Cohort-Employer Size FE	✓	✓	✓	✓
Prior Discipline (1990-2011)			✓	✓
Prior Discipline Interactions				✓

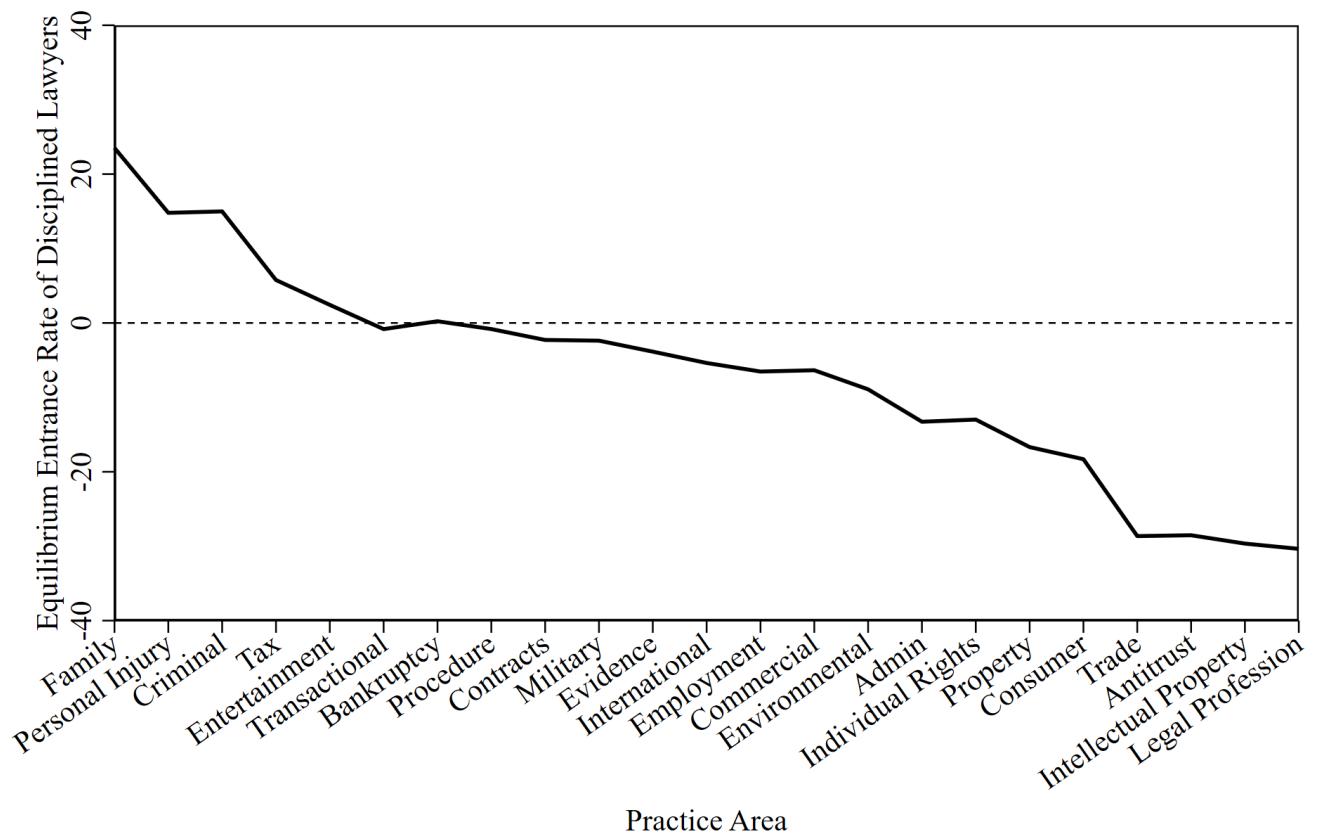
Notes: The table reports results from estimating Equation 1 for lawyers who separate from their 2012 employer and are reemployed by 2020. The outcome is an indicator variable for whether a lawyer moved to another state. Coefficients are in units of percentage points. The unit of observation is at the lawyer level. Standard errors are in parentheses and are clustered by firm. + p<0.1, * p<0.05, ** p<0.01, *** p<0.001.

Table 7: Reputation Channel: Differences in Labor Market Outcomes By Whether the State Posts Disciplinary Actions Online

	Employer Separation			
	(1)	(2)	(3)	(4)
Discipline		0.001		0.003
× Small Law Firm		(0.018)		(0.018)
Discipline		0.125**		0.120**
× Mid-Sized Law Firm		(0.045)		(0.045)
Discipline		0.099+		0.091
× Large Law Firm		(0.058)		(0.058)
Discipline × Not Posted Online	0.059	0.062	0.061	0.065
	(0.070)	(0.070)	(0.070)	(0.070)
Discipline × Not Posted Online		-0.014		-0.015
× Small Law Firm		(0.042)		(0.042)
Discipline × Not Posted Online		0.099		0.102
× Mid-Sized Law Firm		(0.122)		(0.122)
Discipline × Not Posted Online		-0.130		-0.125
× Large Law Firm		(0.137)		(0.137)
Observations	672,335	672,335	672,335	672,335
Separation Rate	0.256	0.256	0.256	0.256
Covariates				
Demographics	✓	✓	✓	✓
State-Cohort-Employer Size FE	✓	✓	✓	✓
State-Discipline FE	✓	✓	✓	✓
Prior Discipline (1990-2011)			✓	✓
Prior Discipline Interactions				✓

Notes: The table reports results from estimating Equation 1 but adding an indicator variable for whether the state publicly posted the discipline online when the lawyer was disciplined, interaction terms between this indicator and firm size, and state by discipline fixed effects. The outcome is “Employer Separation”—an indicator variable for whether a lawyer left their 2012 firm by 2020. Coefficients are in units of percentage points. The unit of observation is at the lawyer level. Standard errors are in parentheses and are clustered by firm. + p<0.1, * p<0.05, ** p<0.01, *** p<0.001.

Figure 8: Reputation Channel: Long Term Market-Wide Employment Outcomes of Disciplined Lawyers By Practice Area

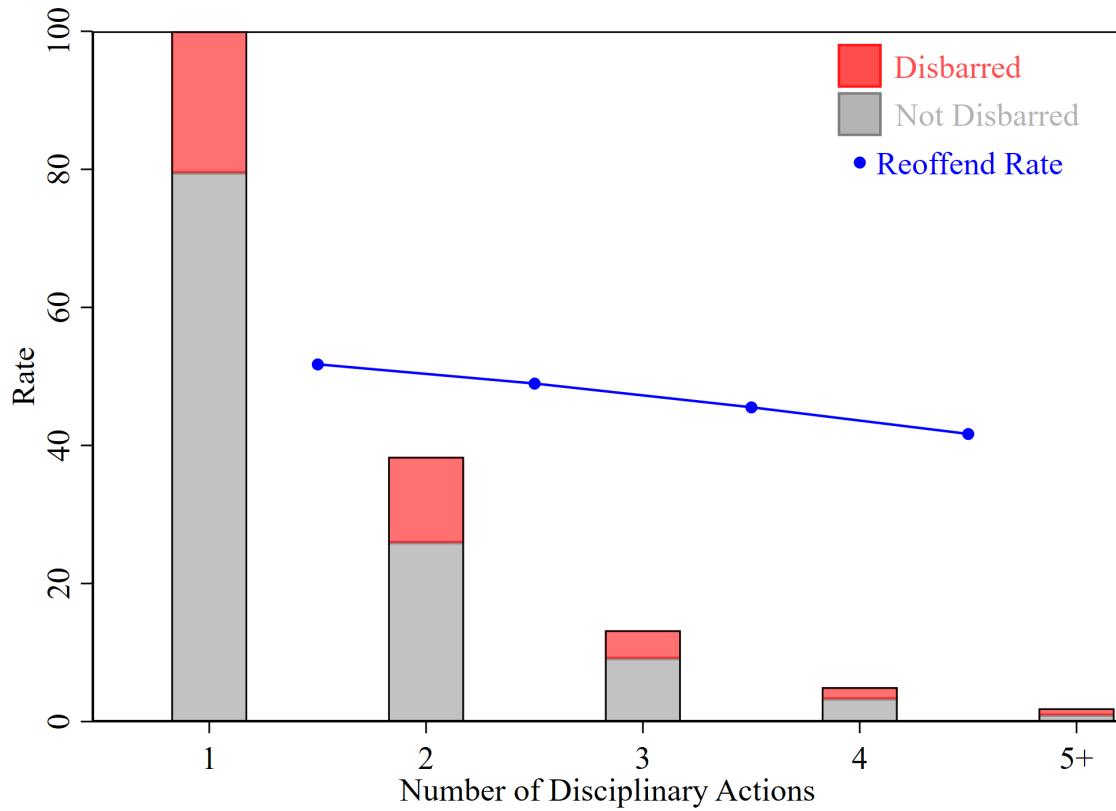


Notes: The figure replicates Figure 7 but by practice area instead of by firm size. It assesses the sorting of lawyers with a disciplinary record across practice areas. The x-axis is the practice area. The y-axis is the long term entrance rate of disciplined lawyers into practice areas. See text for details.

Table 8: Reputation Channel: Labor Market Outcomes of Disciplined Lawyers by Size of Legal Community

	Employer Separation, 2012-2020			
	(1)	(2)	(3)	(4)
Discipline (2012-2020)	0.020*	0.011	0.024**	0.015
	(0.009)	(0.010)	(0.009)	(0.010)
× Small Law Firm	-0.005		-0.002	
	(0.021)		(0.021)	
× Mid-Sized Law Firm	0.125**		0.119*	
	(0.048)		(0.048)	
× Large Law Firm	0.104 ⁺		0.095	
	(0.062)		(0.062)	
Discipline × Small Legal Community	-0.043**	-0.035*	-0.043**	-0.035*
	(0.015)	(0.016)	(0.015)	(0.016)
Discipline × Small Legal Community × Small Law Firm	-0.002		-0.003	
	(0.035)		(0.035)	
Discipline × Small Legal Community × Mid-Sized Law Firm	0.044		0.045	
	(0.155)		(0.155)	
Discipline × Small Legal Community × Large Law Firm	0.009		0.014	
	(0.196)		(0.196)	
Observations	627,601	627,601	627,601	627,601
Separation Rate	0.269	0.269	0.269	0.269
Covariates				
Demographics	✓	✓	✓	✓
State-Cohort-Employer Size FE	✓	✓	✓	✓
Prior Discipline (1990-2011)			✓	✓
Prior Discipline Interactions				✓
<i>Notes:</i> The table reports results from estimating Equation 1 but adding an indicator variable for whether the lawyer practices in a small legal community, where small community is defined as the bottom fifth of lawyers in the 3-digit zip codes with the fewest lawyers in the MH data, and interaction terms with firm size. The outcome is “Employer Separation”—an indicator variable for whether a lawyer left their 2012 firm. Coefficients are in units of percentage points. The unit of observation is at the lawyer level. Standard errors are in parentheses and are clustered by firm. ⁺ p<0.1, * p<0.05, ** p<0.01, *** p<0.001.				

Figure 9: Information Channel: Strength of Discipline as a Negative Signal



Notes: The figure reports the rate of reoffending and disbarment for lawyers who obtain some number of disciplinary actions as reported on the x-axis. The panel restricts to lawyers who received a law license prior to 1990 and who received at least one disciplinary action. The red bars indicate the share of lawyers disbarred after receiving a disciplinary action. The gray bars indicate the share of disciplined lawyers who are not disbarred. The height of both bars indicates the share of these lawyers who receive discipline. The solid blue line with circle markers indicates the rate that lawyers who are not disbarred reoffend, as measured by the relative change in the height of the gray bar from one disciplinary action to the height of both bars in the next disciplinary action.

Table 9: Output Channel: Ability to Practice Law and Employer Separation

	Employer Separation			
	(1)	(2)	(3)	(4)
Discipline (2012-2020)	-0.026** (0.009)	-0.034*** (0.009)	-0.023** (0.009)	-0.031*** (0.009)
× Small Law Firm		-0.012 (0.020)		-0.010 (0.020)
× Mid-Sized Law Firm			0.209*** (0.056)	0.206*** (0.056)
× Large Law Firm			0.072 (0.065)	0.069 (0.065)
Suspension (2012-2020)	0.073*** (0.014)	0.068*** (0.015)	0.074*** (0.014)	0.070*** (0.015)
× Small Law Firm		0.032 (0.033)		0.032 (0.033)
× Mid-Sized Law Firm			-0.158+ (0.089)	-0.161+ (0.089)
× Large Law Firm			0.055 (0.106)	0.050 (0.106)
Observations	672,335	672,335	672,335	672,335
Separation Rate	0.256	0.256	0.256	0.256
Covariates				
Demographics	✓	✓	✓	✓
State-Cohort-Employer Size FE	✓	✓	✓	✓
Prior Discipline (1990-2011)			✓	✓
Prior Suspension (1990-2011)			✓	✓
Prior Discipline Interactions				✓
Prior Suspension Interactions				✓

Notes: The table reports results from estimating Equation 1 but with the inclusion of an indicator for whether the discipline resulted in a suspension, interactions of the suspension indicator with firm size indicators, a control for prior suspension between 1990 and 2011, and interactions of the prior suspension indicator with firm size indicators. The outcome is “Employer Separation”—an indicator variable for whether a lawyer left their 2012 firm by 2020. Columns 1 and 3 report the average effect of discipline and suspension without allowing the effect to differ by firm size. Columns 2 and 4 include interaction terms between discipline and firm size and between suspension and firm size. Column 4 also includes interaction terms between prior discipline and firm size, labeled “Prior Discipline Interactions,” and between prior suspension and firm size, labeled “Prior Suspension Interactions.” Coefficients are in units of percentage points. The unit of observation is at the lawyer level. Standard errors are in parentheses and are clustered by firm. + p<0.1, * p<0.05, ** p<0.01, *** p<0.001.

Appendix

Table A1: Reinstatement After Disbarment, 2010-2019

Year	Disbarred (1)	Reinstated (2)
2010	793	28
2011	1046	67
2012	743	27
2013	681	33
2014	733	24
2015	703	35
2016	652	33
2017	684	31
2018	631	33
2019	565	40
Total	7231	351

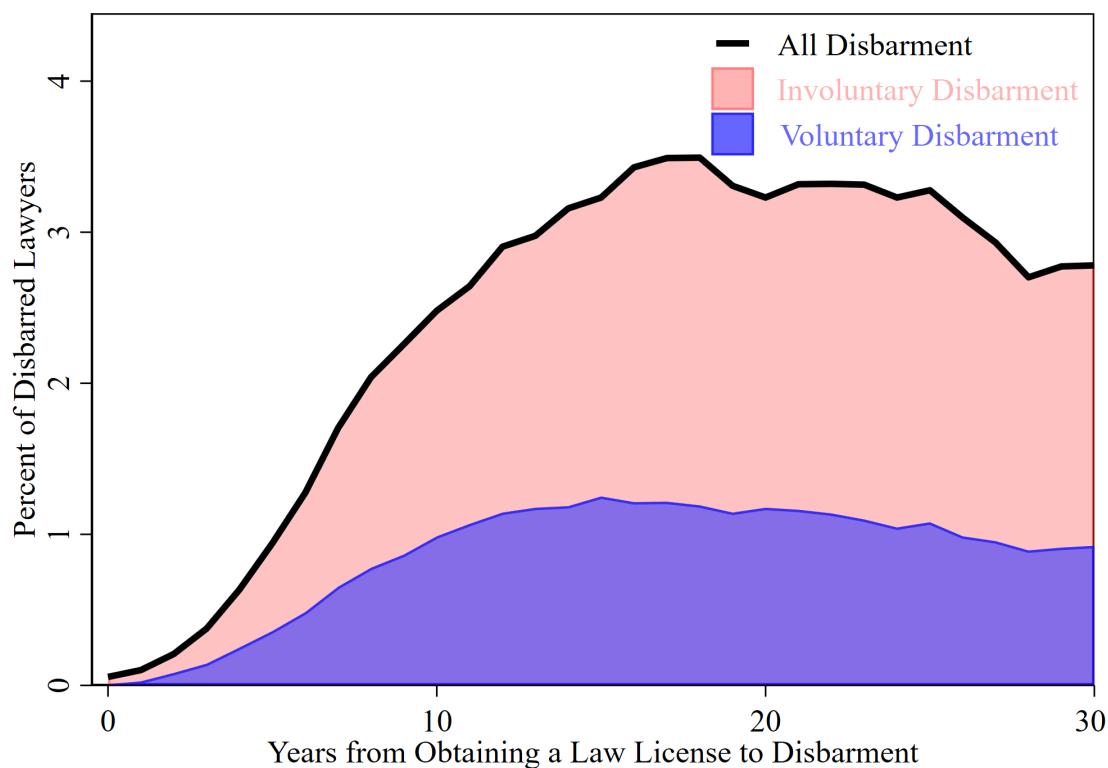
Notes: The table reports statistics for the entire United States from the annual editions of the Survey on Lawyer Discipline Systems from the American Bar Association. Column 1 reports the total number of disbarments. Column 2 reports the number of lawyers who are reinstated after being disbarred.

Table A2: Breakdown of Types of Publicly Disciplined Conduct in the State of Washington

Conduct	Share of Disciplinary Actions Relative to Most Common Conduct
Communication	100
Diligence	82
Dishonesty, Fraud, Deceit or Misrepresentation	69
Declining or Terminating Representation	48
Fees	48
Conflict of Interest	46
Criminal Act	43
Safeguarding Property	42
Preserving Identity of Funds and Property of a Client	39
Conduct Prejudicial to the Administration of Justice	38
Misconduct	33
Violate ELCs	33
Expediting Litigation	22
Moral Turpitude	22
Competence	19
Scope of Representation	18
Candor Toward the Tribunal	18
Fairness to Opposing Party and Counsel	18
Required Trust Account Records	17
Responsibilities Regarding Non-lawyer Assistants	15
Unauthorized Practice of Law	13
Bar Admission Matters	8
Truthfulness in Statements to Others	8
Conduct Demonstrating Unfitness to Practice Law	7
Meritorious Claims and Contentions	7
Disobey Court Order	7
Violate the RPCs	7
Misconduct Involving Disbarred, Suspended, Resigned, or Inactive Lawyers	4
Violate Oath of Attorney	4
Respect for Rights of Third Person	4
Confidentiality	3
Professional Independence of a Lawyer	2
Responsibilities of a Partner or Supervisory Lawyer	2
Duties to Former Clients	1
Impartiality and Decorum of the Tribunal	1
Advisor	1
Prejudice or Bias	1
Advertising	1
Imputed Disqualification; General Rule	1
Client with Disability/Diminished Capacity	1
Direct Contact with Prospective Clients	1
Special Responsibilities of a Prosecutor	<1
Violate CJC	<1
Trial Publicity. Guidelines For Applying RPC 3.6	<1
Firm Names and Designations	<1
Judicial and Legal Officials	<1
Improperly Influence a Governmental Official	<1

Notes: The table reports the breakdown of conduct of public disciplinary actions in the State of Washington from 1996 to 2019. Disciplinary actions can include multiple citations of conduct, and these statistics treat each citation of conduct as an individual violation. The outcome is the share of conduct cited in disciplinary actions compared to the most common conduct (communication).

Figure A1: The Timing of Disbarment in Lawyers' Careers by Whether the Disbarment was Voluntary or Involuntary



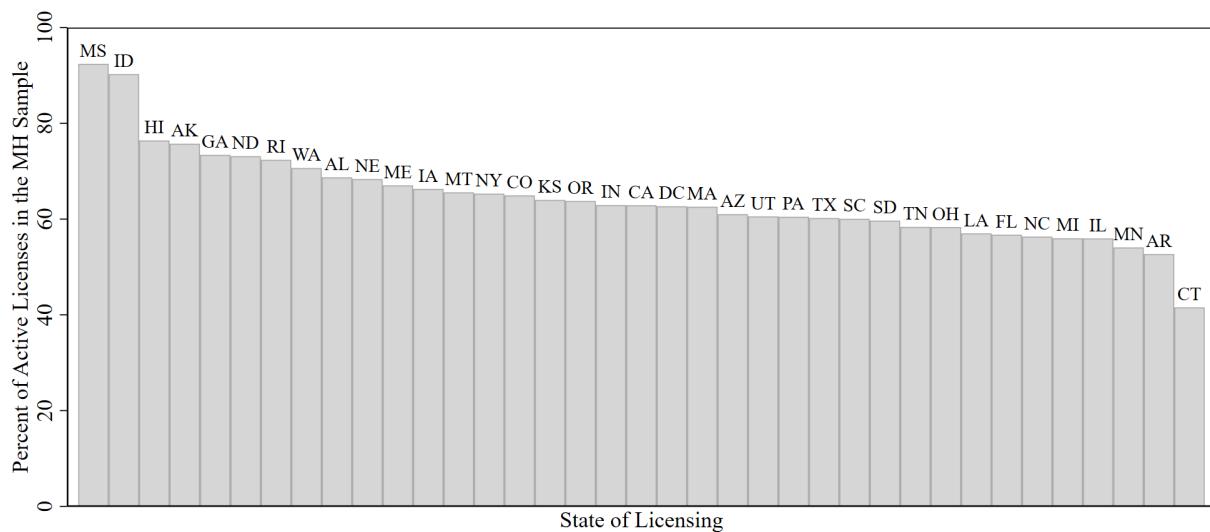
Notes: The figure reports the distribution of the number of years between licensing and disbarment, separately by whether the disbarment was voluntary or involuntary. The figure uses all discipline from 1990 to 2020, and the sample is limited to lawyers who obtained a law license before 1990.

Table A3: Year Range for Disciplinary Actions by State

State	Year
AK	1983
AL	1980
AR	1981
AZ	1974
CA	1970
CO	1975
CT	1984
DC	1979
FL	1980
GA	1991
HI	1986
IA	1974
ID	2001
IL	1976
IN	1983
KS	1998
LA	1972
MA	1975
ME	1980
MI	1979
MN	1971
MS	1983
MT	1979
NC	1987
ND	1995
NE	1987
NY	1973
OH	1977
OR	1976
PA	1981
RI	1982
SC	1976
SD	1978
TN	2001
TX	1974
UT	1988
WA	1984

Notes: The table reports the first year in which the sample contains disciplinary actions by state.

Figure A2: Share of Lawyers with Martindale Hubbell Profiles in 2012 Compared to Active Licenses in the State in 2012



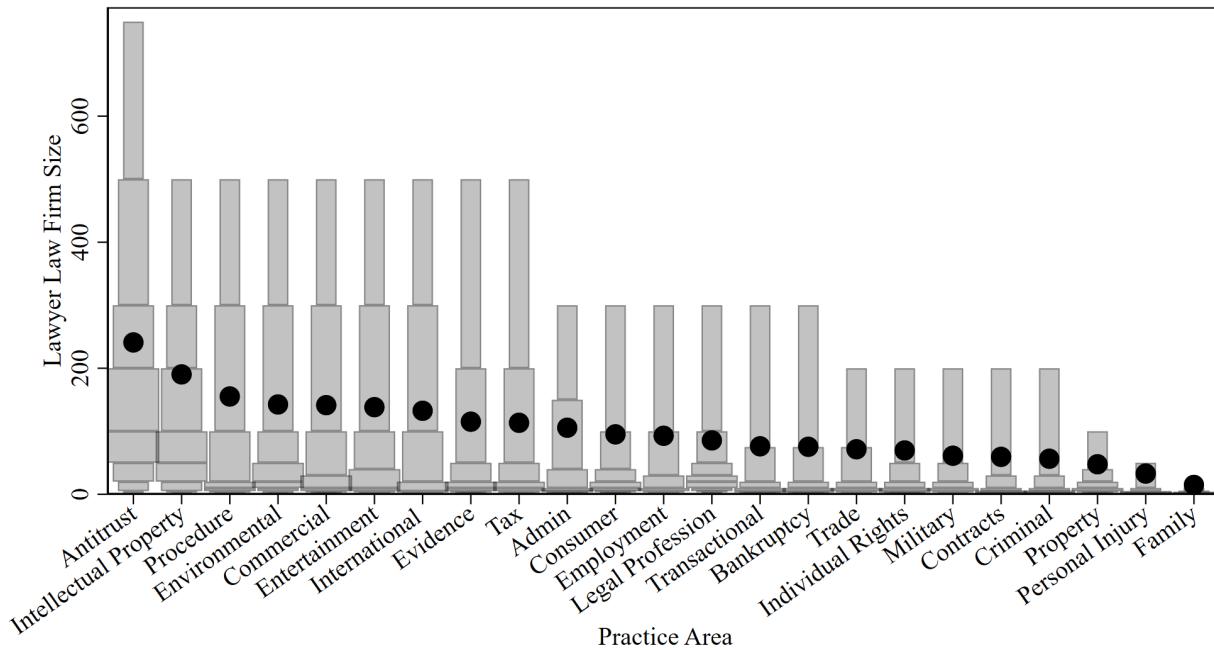
Notes: The figure reports the number of lawyers in the 2012 Martindale Hubbell directory divided by the number of lawyers with active licenses in 2012 from the 2012 Survey on Lawyer Discipline Systems. Three states in my sample did not report the number of active licenses in the 2012 survey, so for these states I used the first available information from prior surveys—Connecticut (2010), Michigan (2011), and South Carolina (2011).

Table A4: Firms that are Intolerant and Tolerant of Employing Disciplined Lawyers

Size of Firm	X	% of Firms with X+ Lawyers with a Record			P-Value (5)
		Actual (1)	Sim. (3)	% Diff. (4)	
A. Intolerant Firms					
2 Lawyers	0	98.0	97.8	0.2	0.001
3-4 Lawyers	0	97.5	97.2	0.3	0.001
5-9 Lawyers	0	96.5	96.0	0.5	0.001
10-19 Lawyers	0	95.3	94.9	0.4	0.001
20-49 Lawyers	0	93.1	92.5	0.6	0.001
50-99 Lawyers	0	90.1	89.4	0.7	0.060
100+ Lawyers	0	75.8	72.7	4.2	0.001
B. Tolerant Firms					
2 Lawyers	2	0.198	0.012	1497	0.001
3-4 Lawyers	2	0.284	0.029	897	0.001
3-4 Lawyers	3	0.045	0.000	38362	0.001
5-9 Lawyers	2	0.426	0.071	502	0.001
5-9 Lawyers	3	0.078	0.001	9900	0.001
5-9 Lawyers	4	0.026	0.000	299900	0.001
10-19 Lawyers	2	0.452	0.129	250	0.001
10-19 Lawyers	3	0.048	0.002	2005	0.003
10-19 Lawyers	4	0.000	0.000	-100	0.001
20-49 Lawyers	2	0.782	0.294	166	0.002
20-49 Lawyers	3	0.052	0.008	537	0.148
20-49 Lawyers	4	0.000	0.000	-100	0.003
50-99 Lawyers	2	1.242	0.566	119	0.046
50-99 Lawyers	3	0.000	0.016	-100	0.072
50-99 Lawyers	4	0.000	0.000	-100	0.001
100+ Lawyers	2	7.803	6.582	19	0.059
100+ Lawyers	3	2.875	1.659	73	0.004
100+ Lawyers	4	0.821	0.439	87	0.052
100+ Lawyers	5	0.411	0.109	276	0.012
100+ Lawyers	6	0.000	0.027	-100	0.123

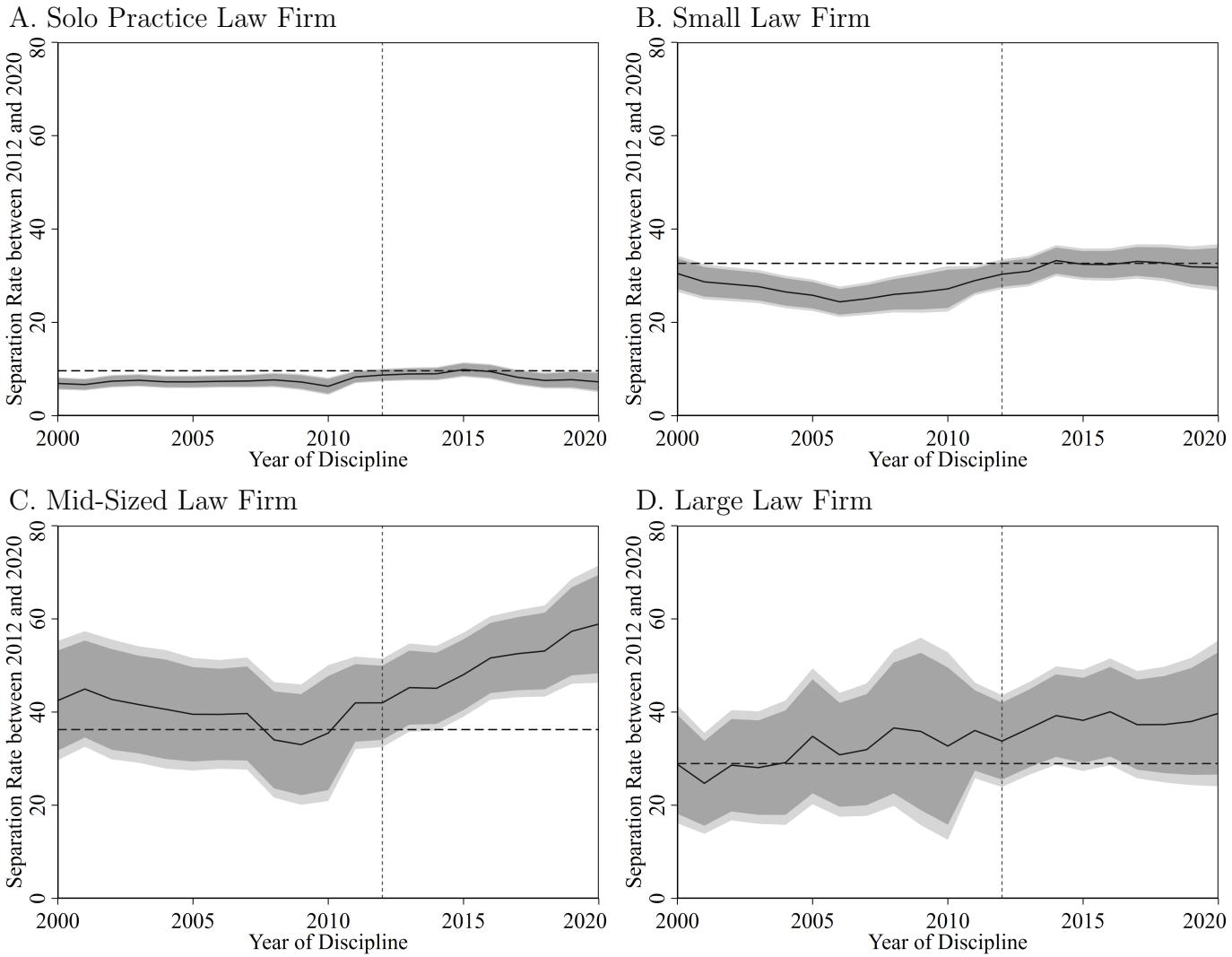
Notes: The table reports results of simulations comparing the actual sorting of lawyers with a disciplinary record across law firms to a baseline estimate of the sorting of lawyers if lawyers were randomly assigned to law firms of similar sizes. The simulations are conducted separately by the following ranges of firm sizes: 2 lawyers (42454 firms, 84908 lawyers), 3-4 lawyers (22145 firms, 73710 lawyers), 5-9 lawyers (11508 firms, 73315 lawyers), 10-19 lawyers (4208 firms, 55755 lawyers), 20-49 lawyers (1918 firms, 56755 lawyers), 50-99 lawyers (483 firms, 33021 lawyers), and 100+ lawyers (487 firms, 159031 lawyers). The outcome is whether the law firm has at least some number of lawyers who were disciplined before 2012. Panel A investigates whether some law firms specialize in intolerance, as measured by the percent of firms that have zero lawyers with a disciplinary record. Panel B investigates whether some law firms specialize in tolerance, as measured by whether the law firm has at least some number of lawyers with a disciplinary record as indicated in Column 1. Column 2 indicates the actual percent of law firms that have at least as many lawyers with a disciplinary record as indicated in Column 1 (for Panel A, firms with no disciplined lawyers). Column 3 indicates the simulated percent of law firms that have at least as many lawyers as indicated in Column 1 with a disciplinary record if lawyers were randomly assigned to law firms (for Panel A, firms with no disciplined lawyers). Column 4 reports the percent difference ((actual - simulated)/simulated). Column 5 reports the percent of simulations where the actual rate in Column 2 is larger than the simulated rate.

Figure A3: Distribution of Law Firm Size by Practice Area



Notes: The figure reports a letter value plot of lawyers' firm size by their practice areas. For a given practice area, the top and bottom of the range indicates the 10th and 90th percentiles, the widest part with a horizontal line indicates where the median firm size lies, the black dot indicates the value at the mean firm size, and the boxes of varying widths indicate the deciles of the distribution. The order of the practice areas is sorted by the mean law firm size and is thus different from the order of practice areas in Panel B.

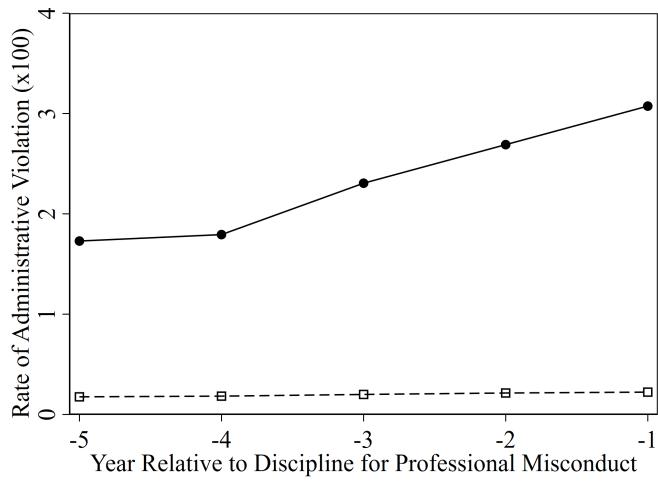
Figure A4: Identification Test: Discipline Over Time and Separation from an Employer Between 2012 and 2020



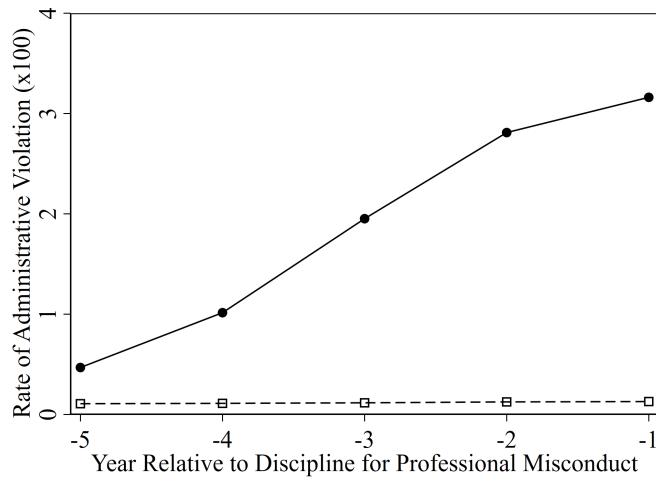
Notes: The figure reports regression results estimating Equation 1 separately for discipline occurring in different 3 year periods around when a lawyer was disciplined. The x-axis is the year of discipline that is being estimated. The y-axis is the estimated separation rate between 2012 and 2020. The panels differ by the firm size range of the lawyer's 2012 employer. In each panel, the dashed horizontal line is the mean separation rate for lawyers in the given firm size range who were not disciplined, the solid line is the estimated coefficients that are added to the baseline rate, and the gray shaded regions are the 90 and 95 percent confidence intervals of the estimates. Standard errors are clustered by firm.

Figure A5: Identification Test: Worsening Administrative Violations in the Lead-Up to Discipline for Professional Misconduct

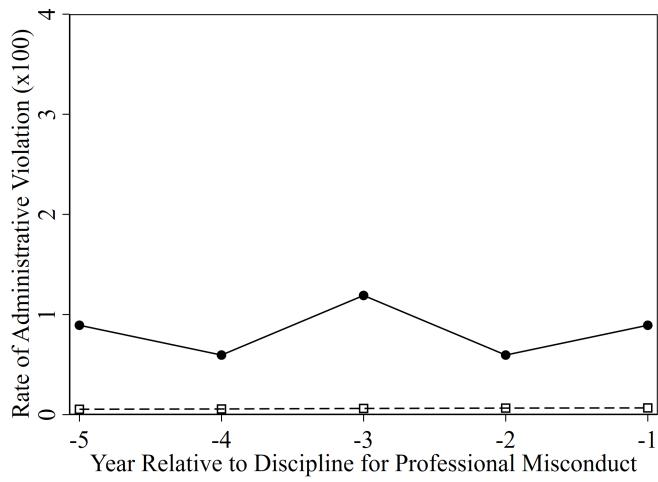
A. Solo Practice Law Firm



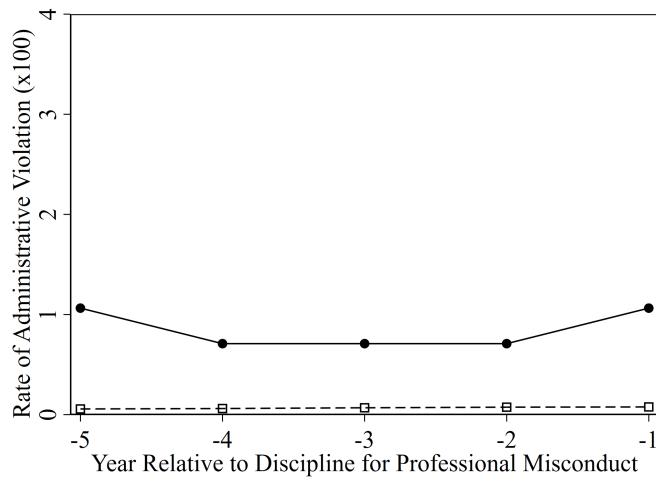
B. Small Law Firm



C. Mid-Sized Law Firm



D. Large Law Firm



Notes: The figure investigates the rate of administrative violations in the lead up to discipline for lawyers in California and New York, separately by firm size. The results are from a stacked event study design with a 5 year pre-period event window. A disciplinary action defines each event. Event time for a given disciplinary event is the year relative to the discipline. For each discipline event, I construct a comparison group consisting of other lawyers in the same cohort and the same 2012 law firm size as the lawyer defining the event (cohort is defined according to 5 year bins). The comparison group is tracked over the same years as the lawyer defining the discipline event. The figure reports the moving average rate of administrative violations (+/- 1 year) in the 5 years leading up to a disciplinary action, separately by firm size.

Table A5: Discipline and Separation from an Employer, Estimated Separately by Firm Size

	Outcome: Employer Separation			
	Firm Size			
	Solo (1)	Small (2)	Mid-Sized (3)	Large (4)
A. No Control for Prior Discipline				
Discipline (2012-2020)	0.002 (0.008)	-0.006 (0.015)	0.144*** (0.043)	0.099 ⁺ (0.053)
B. Control for Prior Discipline				
Discipline (2012-2020)	0.005 (0.008)	0.000 (0.015)	0.143*** (0.043)	0.096 ⁺ (0.053)
Observations	202,100	246,250	104,995	118,874
Separation Rate	0.096	0.326	0.363	0.290
Covariates				
Demographics	✓	✓	✓	✓
State-Cohort FE	✓	✓	✓	✓

Notes: The table reports results from estimating Equation 1 separately for lawyers working in solo practice (Column 1), in small firms (Column 2), in mid-sized firms (Column 3), and in large firms (Column 4). The outcome is “Employer Separation”—an indicator variable for whether a lawyer left their 2012 firm by 2020. Panel A does not include a control for prior discipline between 1990 and 2011. Panel B includes a control for prior discipline between 1990 and 2011. Standard errors are in parentheses and are clustered by firm. ⁺ p<0.1, * p<0.05, ** p<0.01, *** p<0.001.

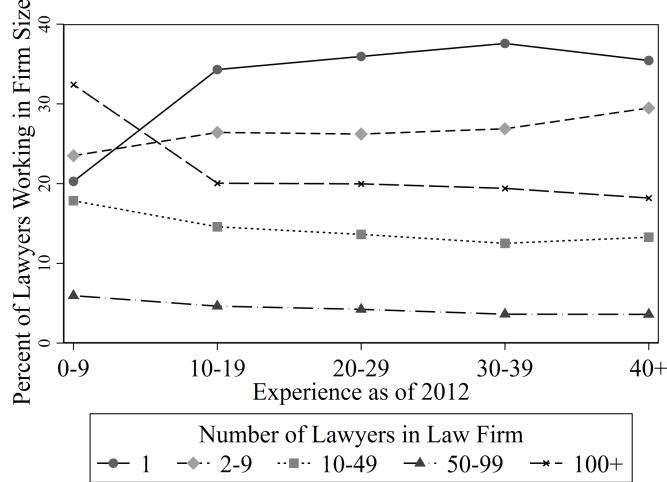
Table A6: Differences in Labor Market Outcomes Between Firms with Multiple Other Lawyers with a Prior Disciplinary Record

	Employer Separation			
	(1)	(2)	(3)	(4)
Discipline (2012-2020)	0.009 (0.008)	-0.008 (0.008)	0.008 (0.008)	-0.009 (0.008)
Discipline × Other Disciplined Lawyers	-0.030 (0.023)	-0.004 (0.024)	0.008 (0.019)	0.039* (0.019)
Discipline × Small Law Firm		0.016 (0.018)		0.016 (0.018)
Discipline × Mid-Sized Law Firm		0.179*** (0.046)		0.181*** (0.046)
Discipline × Large Law Firm		0.120+ (0.063)		0.123+ (0.063)
Discipline × Other Disciplined Lawyers × Small Law Firm		-0.063 (0.046)		-0.065 (0.047)
Discipline × Other Disciplined Lawyers × Mid-Sized Law Firm		-0.135 (0.150)		-0.194 (0.148)
Discipline × Other Disciplined Lawyers × Large Law Firm		-0.017 (0.139)		-0.077 (0.140)
Discipline × Multiple Disciplined Lawyers	0.040 (0.076)	0.201 (0.126)	0.038 (0.077)	0.202 (0.126)
Discipline × Multiple Disciplined Lawyers × Small Law Firm		-0.233 (0.146)		-0.218 (0.147)
Discipline × Multiple Disciplined Lawyers × Mid-Sized Law Firm		-0.430* (0.201)		-0.429* (0.200)
Discipline × Multiple Disciplined Lawyers × Large Law Firm		-0.442* (0.187)		-0.442* (0.188)
Observations	672,335	672,335	672,335	672,335
Separation Rate	0.256	0.256	0.256	0.256
Covariates				
Demographics	✓	✓	✓	✓
State-Cohort-Employer Size FE	✓	✓	✓	✓
Prior Discipline (1990-2011)			✓	✓
Prior Discipline Interactions				✓

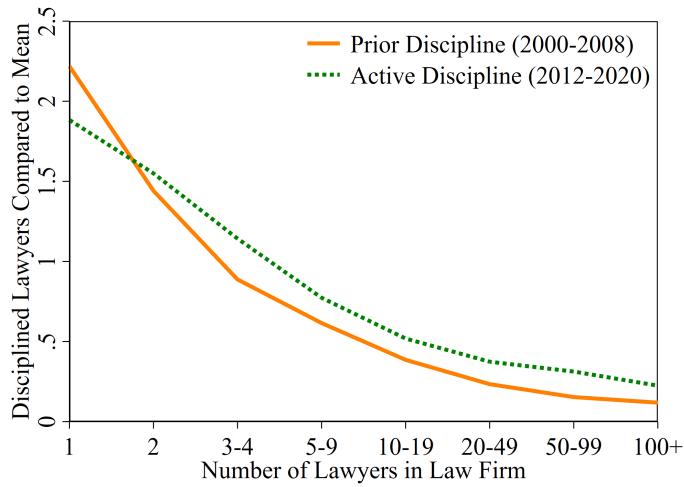
Notes: The table reports results from estimating Equation 1 but adds an indicator variable for firms with lawyers who have a disciplinary record, an indicator variable for firms with multiple lawyers who have a disciplinary record, and interaction terms between both indicators and firm size. The outcome is “Employer Separation”—an indicator variable for whether a lawyer left their 2012 firm by 2020. Coefficients are in units of percentage points. The unit of observation is at the lawyer level. Standard errors are in parentheses and are clustered by firm. + p<0.1, * p<0.05, ** p<0.01, *** p<0.001.

Figure A6: Inputs to Determining Long Term Market-Wide Employment Outcomes of Disciplined Lawyers by Firm Size

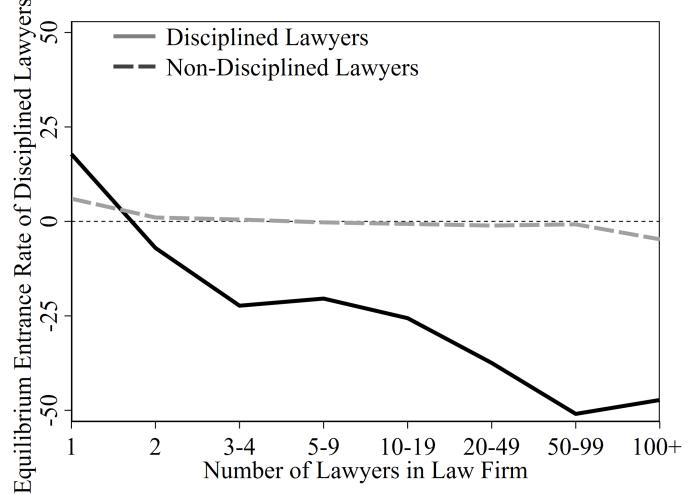
A. Flows of Non-Disciplined Lawyers Over Career



B. Rate of Discipline and Prior Discipline



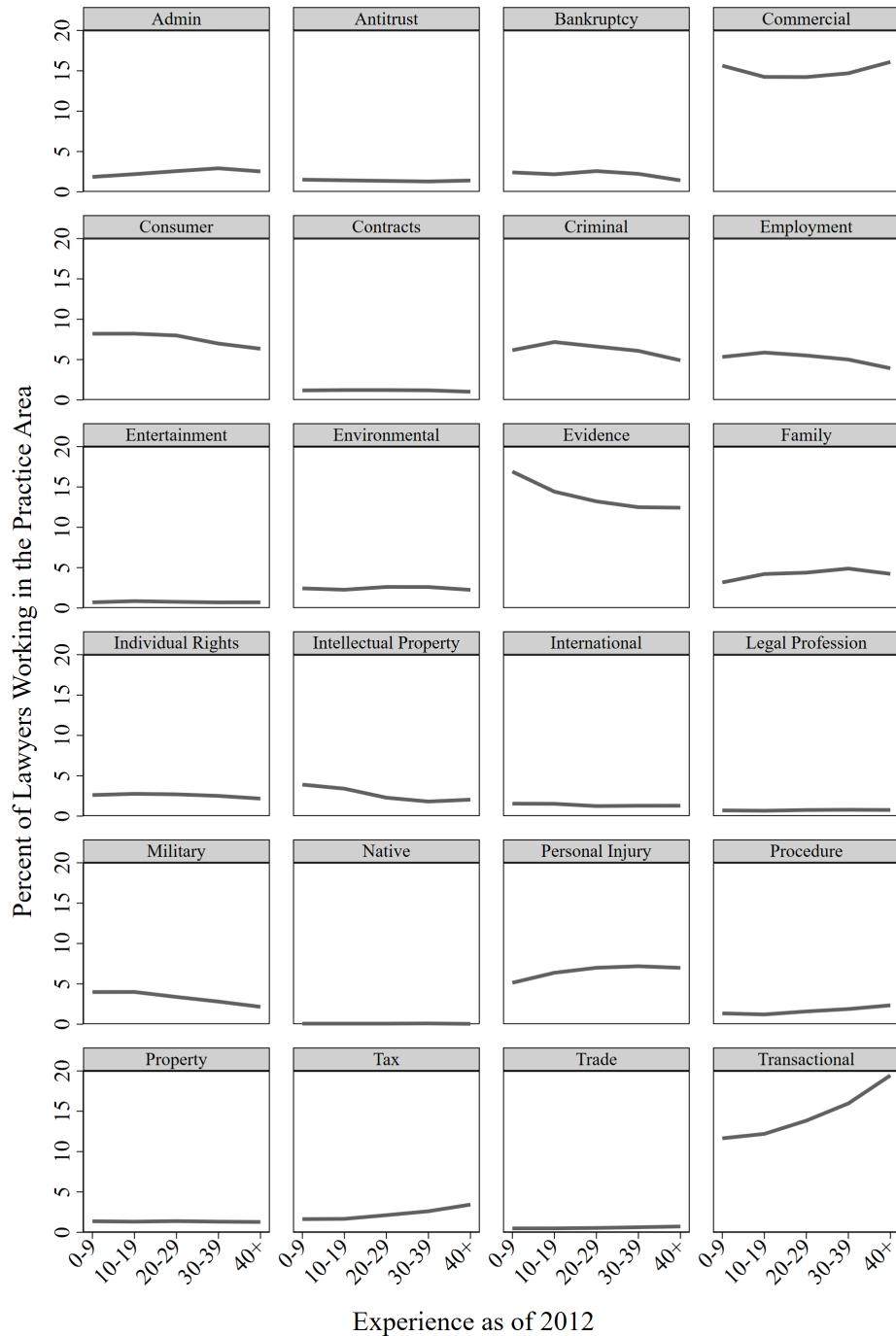
B. Entrance Rate into Firm Sizes by Discipline



Notes: The figure reports the inputs to estimating the sorting of lawyers with a disciplinary record across law firms of different sizes in Figure 7. Panel A reports the percent of non-disciplined lawyers working for each firm size range and 10-year experience bins as of 2012. Panel B reports the percent of lawyers at different sized firms who are disciplined while at those firms between 2012 and 2020 (dashed green line) and the percent of lawyers disciplined between 2000 and 2008 who are working at different sized firms as of 2012 (solid orange line). Panel C reports the long term entrance rate of lawyers into firms of different sizes by whether the lawyer was disciplined. See text for a description.

Figure A7: Reputation Channel: Inputs to Determining Long Term Market-Wide Employment Outcomes of Disciplined Lawyers By Practice Area

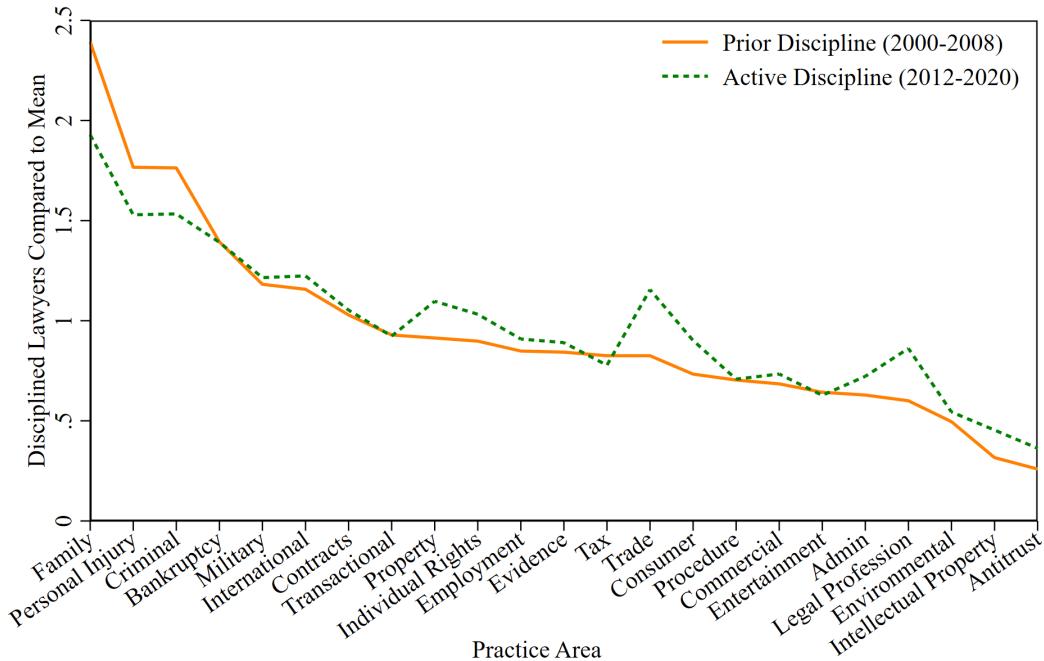
A. Flows of Non-Disciplined Lawyers Over Career



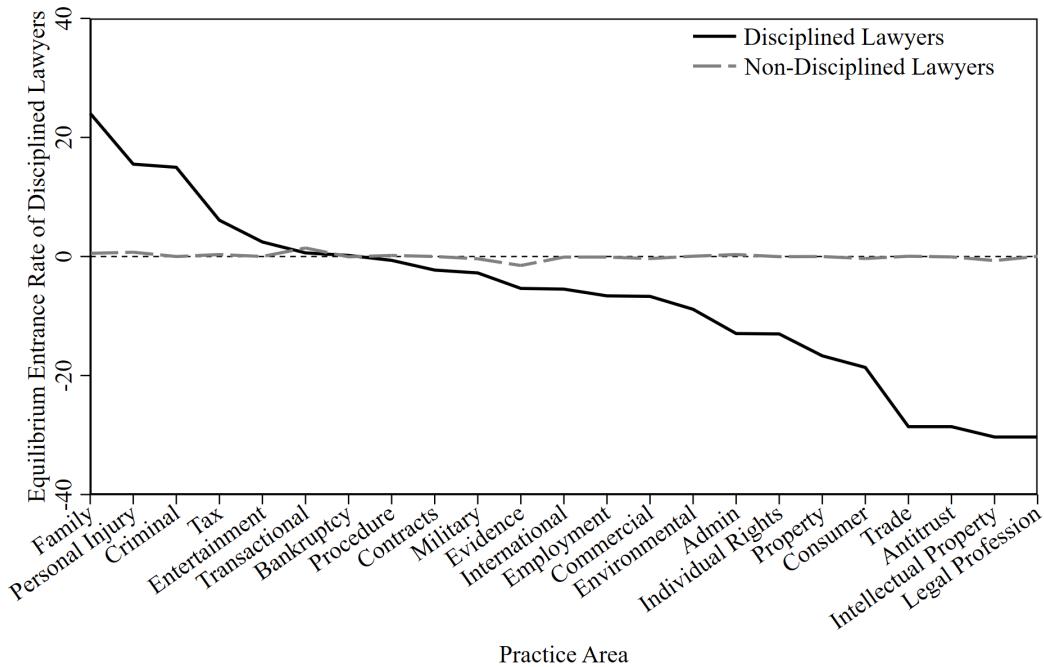
Notes: The figure replicates Figure A6 but by practice area instead of by firm size. Panel A reports the percent of non-disciplined lawyers working in each practice area and 10-year experience bins as of 2012. The figure is continued on the next page.

Figure A5: Reputation Channel: Inputs to Determining Long Term Market-Wide Employment Outcomes of Disciplined Lawyers By Practice Area (continued)

B. Rate of Discipline and Prior Discipline



C. Entrance Rate into Practice Areas by Discipline



Notes: This figure is continued from the previous page. Panel B reports the percent of lawyers in different practice areas who are disciplined while in those practice areas between 2012 and 2020 (dashed green line) and the percent of lawyers disciplined between 2000 and 2008 who are working in different practice areas as of 2012 (solid orange line). Panel C reports the long term entrance rate of lawyers into practice areas by whether the lawyer was disciplined. See text for a description.

Table A7: Discipline and Reemployment for Lawyers who Separate from their Employer, Estimated Separately by Firm Size

	Reemployment			
	Firm Size			
	Solo (1)	Small (2)	Mid-Sized (3)	Large (4)
A. No Control for Prior Discipline				
Discipline (2012-2020)	-0.097* (0.039)	0.102** (0.031)	0.044 (0.069)	0.048 (0.094)
B. Control for Prior Discipline				
Discipline (2012-2020)	-0.078* (0.039)	0.099** (0.031)	0.043 (0.069)	0.042 (0.095)
Observations	19,432	80,122	37,735	34,171
Reemployment Rate	0.463	0.382	0.403	0.459
Covariates				
Demographics	✓	✓	✓	✓
State-Cohort FE	✓	✓	✓	✓

Notes: The table reports results from estimating Equation 1 separately for lawyers working in solo practice (Column 1), in small firms (Column 2), in mid-sized firms (Column 3), and in large firms (Column 4). The outcome is “Reemployment”—an indicator variable for whether a lawyer who left their 2012 firm joined another firm or started their own legal practice as of 2020. The sample restricts to lawyers who left their 2012 firm. Panel A does not include a control for prior discipline between 1990 and 2011. Panel B includes a control for prior discipline between 1990 and 2011. Standard errors are in parentheses and are clustered by firm. + p<0.1, * p<0.05, ** p<0.01, *** p<0.001.

Table A8: Behavioral Responses of Separated Lawyers who are Later Reemployed: Moving Cities for a New Job

	Moved Cities			
	(1)	(2)	(3)	(4)
Discipline (2012-2020)	0.033 (0.029)	0.009 (0.055)	0.031 (0.029)	0.018 (0.055)
× Small Law Firm		0.027 (0.066)		0.013 (0.066)
× Mid-Sized Law Firm		0.054 (0.132)		0.045 (0.132)
× Large Law Firm		0.039 (0.125)		0.031 (0.125)
Mean Moved Cities	0.162	0.162	0.162	0.162
Observations	69,796	69,796	69,796	69,796
Covariates				
Demographics	✓	✓	✓	✓
State-Cohort-Employer Size FE	✓	✓	✓	✓
Prior Discipline (1990-2011)			✓	✓
Prior Discipline Interactions				✓

Notes: The table reports results from estimating Equation 1 for lawyers who separate from their 2012 employer and are reemployed by 2020. The outcome is an indicator variable for whether a lawyer moved to another city, defined as changes in the Combined Statistical Area for lawyers living in metro areas and changes in 3-digit zip codes for lawyers living outside metro areas. Coefficients are in units of percentage points. The unit of observation is at the lawyer level. Standard errors are in parentheses and are clustered by firm. + p<0.1, * p<0.05, ** p<0.01, *** p<0.001.

Table A9: Year that States Began Posting Disciplinary Actions Online

State	Year
AK	2020
AL	2018
AR	2001
AZ	2004
CA	1999
CO	2002
CT	2005
DC	1999
FL	1998
GA	1997
HI	2010
IA	2006
ID	2017
IL	2002
IN	2003
KS	1999
LA	2015
MA	2015
ME	2014
MI	2000
MN	2006
MS	Never
MT	2003
NC	2000
ND	Never
NE	2015
NY	2015
OH	2021
OR	2003
PA	2003
RI	2012
SC	2007
SD	Never
TN	2010*
TX	2002
UT	2009*
WA	1998

Notes: The table reports the year that each state first publicly posted their disciplinary actions online. * indicates that disciplinary actions are posted as of the listed year but could have been posted before. This information was collected by using way back machine, state bar magazine articles discussing the websites, case law discussing the websites, and journal articles. Some of the years listed here are my best guess given the information that I have been able to find. If readers have information that the years are incorrect, please contact me.

Table A10: Information Channel: Labor Market Outcomes of Lawyers with Administrative Violations

	(1)	(2)	(3)	(4)
A. Employer Separation				
Administrative Violation (2012-2020)	0.018 ⁺ (0.010)	0.009 (0.012)	0.017 ⁺ (0.011)	0.010 (0.012)
× Small Law Firm		-0.023 (0.024)		-0.025 (0.024)
× Mid-Sized Law Firm		-0.019 (0.037)		-0.020 (0.037)
× Large Law Firm		0.089** (0.031)		0.087** (0.031)
Observations	103,066	103,066	103,066	103,066
Separation Rate	0.285	0.285	0.285	0.285
B. Reemployment				
Administrative Violation (2012-2020)	-0.065* (0.026)	0.064 (0.070)	-0.064* (0.026)	0.069 (0.071)
× Small Law Firm		-0.046 (0.083)		-0.049 (0.084)
× Mid-Sized Law Firm		-0.178 ⁺ (0.092)		-0.187* (0.093)
× Large Law Firm		-0.244** (0.081)		-0.247** (0.082)
Observations	29,344	29,344	29,344	29,344
Separation or Reemployment Rate	0.423	0.423	0.423	0.423
Covariates				
Demographics	✓	✓	✓	✓
State-Cohort-Employer Size FE	✓	✓	✓	✓
Prior Administrative Violation (1990-2011)			✓	✓
Prior Administrative Violation Interactions				✓
<i>Notes:</i> The table reports results from estimating Equation 1 but replacing the indicator for discipline for professional misconduct with an indicator for administrative violations. The sample is limited to lawyers in California and New York. In order to assess administrative violations independently of discipline for professional misconduct, I exclude lawyers who are disciplined for professional misconduct between 2012 and 2020. In Panel A, the outcome is “Employer Separation”—an indicator variable for whether a lawyer left their 2012 firm by 2020. In Panel B, the outcome is “Reemployment”—an indicator variable for whether a lawyer who left their 2012 firm joined another firm or started their own legal practice as of 2020. Panel B restricts to lawyers who left their 2012 firm. Coefficients are in units of percentage points. The unit of observation is at the lawyer level. Standard errors are in parentheses and are clustered by firm. ⁺ p<0.1, * p<0.05, ** p<0.01, *** p<0.001.				

Table A11: Information Channel: Administrative Violations and Future Discipline for Professional Misconduct

	Sanction from Discipline		
	Any (1)	Suspension+ (2)	Disbarred (3)
Past Administrative Violation (1990-2011)	0.0134*** (0.0025)	0.0106*** (0.0018)	0.0054** (0.0014)
Observations	179,583	179,583	179,583
Percent of Lawyers Disciplined	0.0029	0.0018	0.0006
Covariates			
State-Cohort FE	✓	✓	✓

Notes: The table reports results from regressing indicators for different measures of discipline for professional misconduct between 2012 and 2020 on an indicator for an administrative violation between 1990 and 2011. The outcomes include discipline resulting in any public sanction (Column 1), discipline resulting in suspension or disbarment (Column 2), and discipline resulting in disbarment (Column 3). The sample contains lawyers in California and New York. I restrict the sample to lawyers who have a clean disciplinary record for professional misconduct as of 2012 to estimate whether administrative violations are predictive independent of other signals that are observable to law firms. I also account for the fact that lawyers who have been practicing longer are at higher risk of having an administrative violation before 2012 by including state-cohort fixed effects. Standard errors are in parentheses and are clustered by cohort. + p<0.1, * p<0.05, ** p<0.01, *** p<0.001.