

EXAMINERS' ANALYSIS OF QUESTION NO. 5

MRPC 1.15(b) (1) requires that Larry promptly notify Carrie and Ellen of the receipt of the settlement funds. MRPC 1.15(d) requires that Larry hold funds of clients or third persons in connection with a representation separate from his or her own. Accordingly, Larry has a duty to withdraw his earned fees from the trust account promptly in order to avoid commingling his funds with those of his client. Michigan Ethics Opinion R-21 (June 8, 2012); Comment, MRPC 1.15 (lawyer shall distribute undisputed fees promptly). Larry must then distribute the funds Carrie and Ellen are entitled to receive. MRPC 1.15(b) (3).

If there is a dispute between Larry and Carrie, or between Carrie and Ellen, regarding the amount of funds each is entitled to receive, then Larry must distribute the amounts not in dispute and hold the disputed sums separate until the dispute is resolved. MRPC 1.15(c). In such situations, "the lawyer should suggest means for prompt resolution of the dispute, such as arbitration." Comment, MRPC 1.15.

Therefore, after receiving the funds, notifying Carrie and Ellen, and ascertaining that there are disputes, Larry must promptly distribute: (1) \$7,000 to the firm; (2) \$3,000 to Ellen; (3) and \$37,000 to the client. The balance, \$3,000, must be held in trust until the respective disputes are resolved.