

## IOLTA Withdrawal

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Question for all but especially for those in Texas. I hope this isnt totally stupid but here goes: Can I make one withdrawal each month for all client fees that are earned? Meaning can I write myself one check for fees earned after I have reconciled, invoiced and waited 14 days for dispute as listed on the invoice? Or do I have to write one check or do one transaction for each client? How do you handle this? Thanks for your help, as usual.

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Though it may be cumbersome and entail more work, writing a separate check for each client out of your escrow account makes for better accountability in the event you are questioned. That is the way I have always practiced. Yes, it does require more work. But it is much easier to substantiate what you have done if a client asks the bar to look at how you handled your escrow account. If you combine escrow payments into a single check, that will require additional record keeping. You also don't want to be accused of commingling client funds.

Frederick G. Irtz, II, Kentucky

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I find one per client easier for bookkeeping purposes but I did not write checks I did on line transfers and with Wells Fargo I had the ability to make a note as to the transaction

Thank you

Maurleen Cobb, Texas

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I use BOA. They divide each iota into sub accounts and Whenever I transfer funds out, I simply tell them how much out of each account. They keep all records. Makes it very easy.

Hilary, Texas

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Keep it separate. It is easier to resolve a dispute down the road, especially if you make an accounting error you would not be able to ascertain which of your clients is associated with that error. You also would not be able to audit your own firm. Nothing good can come out of this...

Rod Alcidonis, Pennsylvania

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I do a single check. The accounting and check writing go through QuickBooks, where everything is designated to the correct client sub-account in the trust. When I had a random bar audit some years ago, this was fine.

Rebecca K. Wiess, Washington

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This might help.

<http://www.texasbar.com/Content/NavigationMenu/ForLawyers/ResourceGuides/TrustAccounts/TrustAccountBooklet.pdf>

Note that I read this quickly, but did not see any mandate for single check writing.

I think sometimes there is too much emphasis on the HOW of IOLTA accounting that follows a line of thinking that says "If I use the right METHOD of writing checks then I can't make a mistake." This is somewhat flawed. If you don't understand the nature of the transaction and what you are doing, then no amount of method will help you. You could write an unlimited number of checks to withdraw the \$, and you would STILL have to be able to show the accounting and flow of the funds with a sub-ledger for each client.

If you can accurately show that, then the actual mechanism that you use to move the \$\$ is IMHO irrelevant, one check, several checks, electronic transfer, whatever. Money moved, here's who it belonged to, here's how much they have left.

If at any given time you can show that you have \$X in the bank, and of that \$X, here are all the client's that it belongs to and how the balance got to what it is, then you are ok on the method.

Sooooo many folks cannot do that. It's really kinda scary.

Nancy Duhon, Georgia

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Separate checks for each client.

I am concerned anyone would do otherwise.

James Moriarty, Iowa

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