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Accepting Credit Cards

Would accepting credit cards be a good way to get paid upfront?

In Michigan, you cannot accept credit card payments for retainers because the money goes into the general account first, and then has to be transferred to the IOLTA account. However, credit cards can be used for work already performed because that money can go directly into the general firm account. You might call your State Bar and see if they have any tips about credit card payments. I don't know if the answer would be different if you were charging a flat fee up front. You might still be required to perform the service first.

Liisa R. Speaker. Lansing, Michigan

I keep seeing on the listserv the situation of the use of credit cards and the retainer fee going to the general business account first and then into the IOLTA account. In my jurisdiction (Washington State), that is an obvious no-no.

But my questions are this: can one not set up a credit card account to automatically deposit the money into the IOLTA? Should not that be just as easy as setting up a credit card account to be deposited into the general business account?

Edward P. Sager

I have PayPal, and I have it set up to "sweep" into my IOTA trust account. PayPal treats it just like any other bank account.

David A. Silverstone, Hollywood, Florida

In California, the retainer belongs to the attorney upon receipt and should NOT go into the IOLTA account. So, you need to know exactly what kind of fee you are dealing with. A full payment of a flat fee for a service to be performed for example-- is that attorney or client money? My interpretation is that it is attorney money already-- earned upon receipt... for services to be performed--much like a retainer, which is nothing more than money earned to be available to the client.

Gabriel J., California



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That ain't how it works in Texas - we have to put it into the trust account until it's fully earned.

Richard Solomon, Texas

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