

Supreme Court expands e-banking in lawyer trust accounts

In recognition of the shift from check-driven banking to electronic banking, the Wisconsin Supreme Court has authorized lawyers to utilize electronic banking to conduct trust account transactions. As of **July 1, 2016**, lawyers can establish a new type of IOLTA account, called an “E-Banking Trust Account” or convert an existing Credit Card Trust Account to an E-Banking Trust Account.

Lawyers will also have the option of conducting electronic transactions in an IOLTA account that is not an E-Banking IOLTA, provided that certain safeguards are in place. The required safeguards include: 1) commercially reasonable account security for electronic transactions; 2) a bond or crime insurance policy sufficient to cover the account’s maximum daily balance for the prior year; and 3) all chargebacks, ACH reversals, monthly account fees and fees deducted from deposits are deducted from the lawyer’s business account or any and all funds withdrawn by the financial institution or card issuer are replaced within three business days after receiving notice of a chargeback, surcharge, etc.

While lawyers have been able to accept legal fees and costs via credit card, debit card and other electronic transactions since 2007, they have been prohibited from initiating electronic transactions from a trust account and from conducting electronic transactions for purposes other than accepting legal fees and performing collection work. Under the new trust account rule, electronic payments can be sent or received for virtually any purpose, subject to the requirements of [SCR 20:1.15\(f\)\(1\) and \(3\)](#). The new rule also permits remote deposits to an IOLTA account, regardless of whether it is an E-Banking IOLTA.

In order to conduct an electronic transfer from a trust account, a lawyer will need to record certain information in the financial institution’s electronic payment system. The required information includes: the date, amount, payee, client matter and reason for the disbursement.

Finally, not all electronic transactions are permitted. The new rule prohibits lawyers from making disbursements from a trust account by credit card, debit card, prepaid or other types of payment cards or by any type of electronic payment system that does not generate a record of the date, amount, payee, client matter and reason for the disbursement in the financial institution’s electronic payment system.