How To's from Hawai'i ODC

Checklist for Closing Your IOLTA Account

1. **Fully reconcile the IOLTA account.**
    - Any funds remaining in the account should correspond to: specific clients, the nominal funds used to open the account, or funds you are using to cover reasonably anticipated bank charges.
    - For reconciliation instructions and worksheets, visit "PRACTICE POINTERS" on the Disciplinary Counsel website: dbhawaii.org/practice-pointers/
2. **Prepare and send final client bills, if necessary.**
3. **Determine if there are any bank fees or pending interest withdrawals.**
    - Contact the bank to determine whether there will be any charges associated with closing the account, and if any IOLTA interest will be remitted from your account later this month. *See* RSCH Rule 11(c)(2)(A) (re: monthly remittance of interest from IOLTA accounts).
    - If so, be sure to add funds to cover the charges – do not allow client funds to be used for these charges!
    - Rule 1.15(b) of the Hawai'i Rules of Professional Conduct permits lawyers to deposit reasonable funds into the account to cover charges and avoid overages.
4. **Transfer or disburse funds.**
    - If you are transferring funds to a new IOLTA account, be sure to leave sufficient funds in your existing account to cover your outstanding checks **plus** interest that is still to be remitted.
    - Disburse funds belonging to clients. Send to clients with a copy of their final bill and/or cover letters transmitting your checks.
    - Disburse funds belonging to you (earned fees, reimbursement for costs advanced) and deposit into your business account.
5. **Identify unclaimed trust account funds, if any.**
    - For unclaimed funds, follow the Uniform Unclaimed Property Act, Hawai'i Revised Statutes, Chapter 523A. Note that HRS § 523A-3 requires most funds to be held for five years before they can be reported as abandoned.
6. **Do not close the account until all outstanding checks have cleared the account.**
7. **After the account is closed, shred unused checks and deposit slips.**
    - This will help protect you from mistakenly using those checks and to help prevent fraud.
8. **Keep required records for 6 years**
    - This includes the check register, client ledgers, bank statements, and other records listed in Rule 4(c) of the Hawai'i Rules Governing Trust Accounting.