

## So FAR AWAY

**XYZ LAW FIRM IS A PARTNERSHIP BASED IN MINNESOTA** that represents mostly Minnesota clients. It has one large corporate client in Texas, ABC Corporation. ABC has been very pleased with XYZ's work and particularly appreciates its relationship with Sean, the partner who oversees ABC's work. ABC would like for XYZ to open an office near ABC's corporate headquarters in Texas so XYZ can handle some of ABC's legal work in Texas.

ABC asks Sean to move to Texas and become licensed there, but Sean is not interested in relocating. However, Sean has a friend from law school, Riley, who is licensed in Texas and would be a good candidate to open a Texas office for XYZ. After clearing it with ABC, Sean approaches Riley about opening the Texas office.

Riley, a solo practitioner in Texas, responds by inquiring about joining XYZ as a partner. Sean explains that XYZ policy dictates that Riley would have to start as an associate with the possibility of being considered for partnership after several years. Riley then inquires about joining XYZ as of counsel in order to continue to collect profits from the solo practice. Alternatively, Riley proposes joining XYZ as a full-time associate, provided the compensation package is sufficient to offset any losses from closing the solo practice.

As XYZ considers its options, Sean wonders about the ethical restrictions on out-of-state firms opening satellite offices in Texas. Which of the following is most accurate?

- A. XYZ cannot open a satellite office in Texas with just one attorney unless that attorney is a partner of XYZ who is licensed to practice law in Texas.
- B. XYZ can open a Texas office with an associate, provided the associate is an XYZ lawyer licensed in Texas and is given full authority to make decisions concerning the firm's Texas practice.
- C. XYZ can open a Texas office with one associate, provided that an out-of-state firm partner is designated to make decisions concerning the firm's Texas practice and XYZ makes clear that the partner is not licensed in Texas.
- D. XYZ can open a Texas office with any Texas-licensed attorney, provided that the attorney works exclusively for the firm and is not of counsel.
- E. XYZ can open a Texas office with a licensed Texas attorney who is a part-time of counsel to the firm, provided that the lawyer's of counsel status is clearly identified and that the attorney will staff the firm during posted office hours at least three days a week.



### ABOUT THE CENTER

The Texas Center for Legal Ethics was created by three former chief justices of the Supreme Court of Texas to educate lawyers about ethics and professionalism. Lawyers can access the Texas Disciplinary Rules of Professional Conduct, the Texas Lawyer's Creed, and a variety of other online ethics resources by computer or smart device at [legalethictexas.com](http://legalethictexas.com).

### DISCLAIMER

The information contained in Ethics Question of the Month is intended to illustrate an ethics issue of general interest in the Texas legal community; it is not intended to provide ethics advice that applies regardless of particular facts. For specific legal ethics advice, readers are urged to consult the Texas Disciplinary Rules of Professional Conduct (including the official comments) and other authorities and/or a qualified legal ethics adviser.

**ANSWER:** The Professional Ethics Committee for the State Bar of Texas considered this question in Ethics Opinion 686 (2020). The question presented was whether an out-of-state law firm can open a satellite office in Texas staffed only by an associate attorney who is not a partner or shareholder. The opinion borrowed heavily from the analysis in Ethics Opinion 577 (2007) (discussed at length in the October 2021 "Ethics Question of the Month") regarding the distinction between a "firm lawyer" and a "non-firm lawyer." The opinion found that there is no requirement that a satellite office for an out-of-state firm must be opened by a partner licensed in Texas. Instead, the attorney can be an associate, provided that the associate qualifies as a "firm lawyer" under Opinion 577 and is given "the responsibility and authority to make decisions about the firm's practice of law in Texas." The best answer is B. For further analysis, go to [legalethictexas.com/ethics-question-of-the-month](http://legalethictexas.com/ethics-question-of-the-month).