

MORE QUESTIONS?

If you have more questions please call the LPRB office and ask to speak with the professional firms staff at **651-296-3952**

Your professional firm questions

BY SUSAN M. HUMISTON ✉ susan.humiston@courts.state.mn.us



SUSAN HUMISTON is the director of the Office of Lawyers Professional Responsibility and Client Security Board. Prior to her appointment, Susan worked in-house at a publicly traded company, and in private practice as a litigation attorney.

It is professional firm reporting season! If you practice law through a corporate legal entity in Minnesota, you should be familiar with the requirements of the Minnesota Professional Firms Act (Minn. Stat. §319B.11), including its annual reporting requirement. In November 2017, we published a primer on the Act, and that is a good place to start if you are unfamiliar with the law's requirements.* For this column, I'm going to look at questions we frequently receive this time of year as law firms submit their required annual report. Annual reports covering the previous year are due January 1, but we continue to receive reports throughout the month of January.

FREQUENTLY ASKED QUESTIONS

I'M A LAWYER LICENSED IN MINNESOTA. DO I HAVE TO PRACTICE LAW AS A FIRM?

No. If you have a valid law license, you can practice as a sole proprietor, which is not a corporate entity. But if you provide legal services through a corporate entity such as a corporation, limited liability company, or limited liability partnership, that entity must be a professional firm that complies with the Minnesota Professional Firms Act. (Interestingly, professional firms can't use the suffix "Inc." The law specifies which suffixes are permitted.)

CAN I RESCIND MY ELECTION TO HAVE MY LAW FIRM NOT BE A PROFESSIONAL FIRM AND STILL HAVE THE FIRM PRACTICE LAW IN MINNESOTA? "ELECTION" MAKES IT SOUND LIKE IT'S VOLUNTARY, AFTER ALL.

No. If you have a firm, and the firm provides legal services, the firm must elect to practice under the Professional Firms Act. Don't let the word "election" create confusion—it's mandatory, not voluntary.

WE'RE A LAW FIRM ORGANIZED AS A NONPROFIT. DOES THE PROFESSIONAL FIRMS ACT APPLY TO US?

Yes. If a nonprofit firm provides legal services in Minnesota, it must operate under the Professional Firms Act. Although the unauthorized-practice-of-law statute refers to "pecuniary profit," the Professional Firms Act applies to all professional firms no matter their tax status.

OUR FIRM IS BASED IN CALIFORNIA, BUT WE NOW WANT TO PROVIDE SOME LEGAL SERVICES IN MINNESOTA. DO WE HAVE TO HAVE A MINNESOTA-LICENSED LAWYER WHO HAS GOVERNING AUTHORITY? DOES THAT LAWYER NEED TO LIVE IN MINNESOTA?

All the owners and persons with governing authority need to be lawyers licensed in some jurisdiction—not necessarily Minnesota. But all lawyers providing legal services in Minnesota must be Minnesota-licensed (or providing legal services in Minnesota pursuant to an authorized exception under Rule 5.5(c), MRPC).

WHEN DOES MY FIRM HAVE TO FILE A REPORT?

At conception and every year thereafter, if the firm is active with the Minnesota Secretary of State. Remember, the firm's annual renewal with the Secretary of State is not the same thing as an annual report under the Minnesota Professional Firms Act. They are two separate reports.

I JUST LEARNED THAT OUR FIRM HASN'T FILED AN ANNUAL REPORT IN FIVE YEARS. CAN WE FILE THE REPORTS RETROACTIVELY?

No. The Director's Office interprets the statute to require an annual report to be made each year for the year that is ending. Each December, as a courtesy, the Office sends a letter and a report form to each firm in our database to make it easier for the firm to return the report to our office. The report form covers the preceding year. But the obligation to report exists regardless of whether the firm gets a mailing from the Director's Office. Even if you have been delinquent, you should act promptly to bring your firm into current compliance.

MY FIRM HAS CLOSED. DO I STILL HAVE TO FILE AN ANNUAL REPORT?

It depends on whether the "closed" firm is active with the Minnesota Secretary of State. If so, then an annual report is required.

MY FIRM ISN'T CLOSED BUT HASN'T PROVIDED LEGAL SERVICES FOR TWO YEARS. DO I STILL HAVE TO FILE AN ANNUAL REPORT?

Yes. If the firm is active with the Minnesota Secretary of State, it's required to report annually.

I THOUGHT MY FIRM WAS CLOSED BUT I SEE IT'S STILL ACTIVE WITH THE MINNESOTA SECRETARY OF STATE. HOW DO I GET MORE INFORMATION ON CLOSING MY FIRM?

The Secretary of State can provide more information on closing your firm; typically, a firm is required to file a notice of intent to dissolve, followed by a notice of termination. The firm will usually remain active with the Secretary of State until the notice of termination is filed. Alternatively, if the firm fails to file its annual renewal, it will be inactivated automatically.

WHERE CAN I GET THE MOST CURRENT REPORT FORMS?

The 2025 forms are available for download on the OLPR website (www.lprb.mncourts.gov).

CAN I COMPLETE THE ANNUAL REPORT BEFORE DECEMBER?

The annual report forms are typically uploaded in December, and the content of the form may change. If you are closing your firm mid-year and want to talk this through, please call.

CAN A NONLAWYER EMPLOYEE OF THE FIRM COMPLETE THE REPORT FORM?

Nonlawyer employees may assist in compiling the necessary information, but the form contains a declaration that must be completed by an owner or employee who is licensed to practice law.

I SEE THE FORM REQUIRES THE TITLES OR POSITIONS FOR THE LAWYERS WITH GOVERNANCE AUTHORITY. WHAT DOES THIS MEAN?

The "title or position" language comes from the statute. Within the firm, what is the lawyer's position? Answers, for example, might include owner, managing attorney, partner, shareholder, and so on.

ONE OF OUR OWNERS HAS JUST BEEN SUSPENDED FROM PRACTICING LAW. IS THERE ANYTHING WE NEED TO DO TO BE SURE OUR FIRM IS IN COMPLIANCE?

If the suspension is for more than 90 days, then the owner may need to relinquish their ownership interest in the firm. A nonlawyer (which includes a lawyer without a valid, active license) cannot own or hold a position of governance authority in a professional firm.

IF I'M OUT OF COMPLIANCE WITH THE PROFESSIONAL FIRMS ACT, WILL THAT BECOME THE SUBJECT OF A DISCIPLINARY INVESTIGATION?

No. While lawyers are expected to comply with all laws relating to their practice, the Office does not generally investigate compliance with the Professional Firms Act. Statements made to the Office on the annual report form are made under oath, so care should be taken to provide accurate information, and knowingly false statements might raise an ethics issue.

IS THERE A WAY TO SUBMIT MY REPORT AND PAY MY FEE ONLINE?

Not yet but we are exploring that option in 2026. Thanks for your patience!

CONCLUSION

Only duly organized corporate entities compliant with the Professional Firms Act may provide legal services in Minnesota, except for sole proprietorships or partnerships. Ownership of professional firms is limited to lawyers, as is governance authority. If you have not completed your annual report, or if this is the first you are learning of this requirement, visit the Professional Firms section of our website at www.lprb.mncourts.gov for additional information, and, of course, review the statute. If you still have questions after reviewing this information, please call our Office and ask to speak with a member of the professional firms staff at 651-296-3952. ▲

CORRECTION: My November article on conflicts mistakenly noted in reference to a hypothetical that Rule 1.7(b)(3), MRPC, is not applicable if law firm clients were adverse in unrelated matters (lease dispute and products liability matter). Rule 1.7(b)(3), MRPC, applies to situations where clients are adverse in the same litigation before a tribunal (not consentable) but does not prevent lawyers from seeking consent to representation where firm clients have adverse matters in general. All parts of Rule 1.7(b), MRPC, must be satisfied for a lawyer to obtain consent to a direct-adversity or significant-risk conflict.

* Susan M. Humiston, "Is your firm complying with the Minnesota Professional Firms Act?", Bench & Bar of Minnesota (Nov. 2017), located at www.lprb.mncourts.gov, under the Articles tab.