

You ask whether an attorney may enter into an agreement with a professional corporation which would allow the value of the stock of a withdrawn member to be reduced if the attorney (a) withdrew in concert with other attorneys and/or (b) carried with him or her or them clients of the firm.

Your inquiry is governed by Canon 2 of the Code of Professional Responsibility. Specifically, DR:2-106(A) states that "a lawyer shall not be a party to a partnership or employment agreement that restricts the right of the lawyer to practice law after the termination of a relationship created by the agreement, except as a condition to payment of retirement benefits."

The Committee opines that only those agreements that restrict the right of a lawyer to practice law after the termination of the relationship are prohibited; there is no prohibition on agreements that affect the termination of the relationship itself.

Accordingly, it is not improper for a professional corporation to enter into an agreement with attorneys of the corporation which states that the value of withdrawing attorney's stock would be reduced if he or she (a) withdraws in concert with other attorneys and/or (b) carried with him, her or them clients of the firm.

Committee Opinion
November 16, 1987

Legal Ethics Committee Notes. – This LEO was overruled in L E Op. No. 1556.