



## TAON QUICK REFERENCE GUIDE

### TEN FAST FACTS

**Fact 1:** MRPC 1.15A ([Michigan Rule of Professional Conduct 1.15A](#)), also known as the Trust Account Overdraft Notification (TAON) took effect on September 15, 2010. The TAON rule requires lawyers to keep their client and third person trust accounts in financial institutions approved by the State Bar of Michigan (SBM) to serve as a depository for lawyer trust accounts.

**Fact 2:** Financial institutions must submit a completed [Trust Account Overdraft Notification Agreement](#) (TAON Agreement) to the SBM, agreeing to provide overdraft reports to the account holder and the Grievance Administrator (GA). If approved, the financial institution will receive SBM approved status and be placed on the [Approved Financial Institution List](#) (Approved List). The TAON agreement that financial institutions must complete to obtain approved status is available at.

**Fact 3:** Approved financial institutions may include a bank, credit union, or savings and loan association authorized by federal or state law to do business in Michigan.

**Fact 4:** The [Approved Financial Institution List](#) is posted on the SBM's website. The SBM regularly updates the Approved List as necessary to communicate any changes to its members.

**Fact 5:** The TAON rule *does not* apply to a lawyer's general business or personal accounts, nor does it apply to brokerage accounts, certificates of deposit, or any other investment accounts where funds may not be withdrawn upon demand.

**Fact 6:** The account name of lawyers' non-IOLTA accounts must include the term "trust" or "escrow."

**Fact 7:** "Non-IOLTA account" is a term defined by MRPC 1.15(a)(4). The difference between a lawyer non-IOLTA account and IOLTA account is as follows: the net interest or dividend on non-IOLTA accounts is paid to the client; whereas, the interest and dividend on an IOLTA account is remitted to the Michigan State Bar Foundation. See MRPC 1.15(a)(4) and [IOLTA Attorney Guidelines](#) for information about when to use non-IOLTA accounts.

**Fact 8:** Lawyers must provide written notice to their approved financial institutions of their non-IOLTA accounts to permit those financial institutions to identify these accounts as lawyer trust accounts as subject to the TAON rule using this form: [Non-IOLTA Lawyer Trust Account Notice to Financial Institution](#). Lawyers must submit to the financial institution and the SBM.

**Fact 9:** Approved financial institutions must submit overdraft reports identifying the (i) financial institution; (ii) account holder; (iii) account number; (iv) transaction item; and (v) amount of overdraft and date created and either the amount of the returned instrument or other dishonored debit and the date returned or dishonored, or the date of presentation for payment and the date paid. The overdraft reports are submitted to the Grievance Administrator at: ATTN: TAON, PNC Center, 755 W. Big Beaver Rd., Suite 2100, Troy, Michigan. 48084 or [TAON@agcmi.com](mailto:TAON@agcmi.com), and to the account holder, within five banking days. Failure to submit overdraft reports may result in termination of approved status, if the SBM, in its sole discretion, determines that noncompliance is deemed unacceptable and corrective measures insufficient.

**Fact 10:** Lawyers must safeguard client and third-party funds held in trust to avoid all overdrafts to their IOLTA and non-IOLTA accounts.

Forms and additional information are available on the State Bar's website at <http://www.michbar.org/opinions/TAON>. Questions may be directed to [taon@michbar.org](mailto:taon@michbar.org).