

CRAIN'S CHICAGO BUSINESS

As KPMG dips its toe in the legal industry, will others follow suit?

By Mark Weinraub



Credit: CoStar Group

KPMG's Chicago offices are located at the Aon Center.

March 25, 2025 05:51 AM

KPMG's decision to enter the practice of law, five years after an Arizona Supreme Court ruling paved the way, threatens to upend the traditional U.S. legal market as the accounting and consulting firm seeks an edge against its rivals.

“Now that we have this new law practice as part of the member firm network, we can again offer our clients that more comprehensive solution set to their business problems,” Tom Greenaway, designated principal of KPMG Law US, told Crain's in an interview. “It distinguishes us against all of our competitors now because we can offer a more comprehensive set of personal services here in the U.S.”

KPMG, which has nearly 3,000 employees and more than 1,000 clients in the Chicago area, has been offering legal services outside of the United States since 2014 and already employs more than 3,600 lawyers worldwide.

But its U.S. legal practice is just getting off the ground after KPMG's application was recently approved by the Arizona Supreme Court, five years after the state passed a law allowing non-lawyers to own law firms. KPMG already has 100 clients in Arizona, and the firm said it will begin offering legal services to them.

"It is just the newest in a network of more than 80 firms around the world," Greenaway says. "We benefit from all the experience and expertise we have across our global network. But probably just as important, if not more important, we benefit from all of the knowledge and investments that KPMG has made for decades now across its consulting practices as well."

Illinois and other states don't allow firms that aren't owned by lawyers to practice law. To extend its legal practice beyond Arizona, the accounting firm plans to partner with traditional law firms in other states, likening the practice to co-counsel arrangements in litigation.

KPMG said it plans to focus its legal offerings on helping companies manage contracts, such as administering non-disclosure agreements and other form-driven contracts, updating agreements to adhere to changes in the law, and reviewing contracts as part of mergers and acquisitions. In all areas, it will utilize technology it developed to scale the legal services.

The move will force other accounting firms to follow suit, said Allan Koltin, CEO of Chicago-based Koltin Consulting Group, which advises accounting and financial firms.

"Game on — accounting and law is finally at least formally coming together," Koltin says. "I can see the trickle-down effect of top 30 accounting firms getting into the space as well."

Aprio, an Atlanta-based business advisory and accounting firm with a Chicago office, already announced a partnership with Radix Law, an Arizona business law firm, to form Aprio Legal.

So far, KPMG's biggest rivals have proven more reluctant.

"While we currently have no plans to seek an alternative business structure in the US, we remain confident in our ability today to deliver unparalleled service through our existing model," Jane Allen, a principal at PwC and leader of the firm's U.S. legal business services practice, said in a statement. "Our integrated approach and member firm collaboration already enables us to serve our clients with the same efficiency and strategic insight that others are aspiring to achieve in this space."

Deloitte and EY did not respond to requests for comment on their plans for legal offerings. But it is only a matter of time before they will jump into the market, said Gil Mermelstein, president of Chicago consulting firm West Monroe.

"I think they will feel compelled to move pretty quickly, because KPMG will definitely tout this capability in trying to sell services," he says. "I do think others will follow."

The promise of further diversifying their revenue sources, particularly in an area where they already have proven their expertise overseas, will prove too tempting for accounting and consulting firms that are facing the prospect of losing some of their business to artificial intelligence, Mermelstein added.

How much business law firms stand to lose remains to be seen. KPMG offered no details on its plans to partner with firms in Illinois, and the specifics of the Arizona ruling may be a sticking point for traditional firms, said John Thies, a partner at Webber & Thies in Champaign and past president of the Illinois State Bar Association.

“The rules of ethics are designed to protect the clients. And where you have non-lawyers who are involved in the process of delivering legal services, non-lawyers that are not encumbered by ethics rules, you have a serious conflict with the interest of the clients,” Thies says. “They have regulations as well, but it is not the way lawyers are regulated.”

Because of that, KPMG will have a hard time finding lawyers outside of Arizona to work with, he added.

“The lawyers that they are wanting to partner with would be committing an ethical violation because they would be aiding in the unauthorized practice of law,” Thies says.

KPMG's Greenaway said a co-counsel arrangement is a perfectly acceptable way to work across state lines, a concept which has been proven in other legal arenas.

"If we feel like we have the competence and the capability to deliver legal services around the country, we are going to do that," Greenaway says.

KPMG and its rivals already work as lawyers outside of the United States, and there is no reason the business model will not travel, said Bruce MacEwen, president of consultancy Adam Smith, Esq., who is also a lawyer and consultant to law firms on strategic and economic issues.

“I’m primarily surprised that this has not come sooner,” he says. “The market for law firms in the United States is a little north of \$300 billion. It is preposterous that it be reserved to lawyers and lawyers only.”

The increased competition could improve services for clients.

“I think this is the camel’s nose in the tent,” MacEwen says. “I hope this is the start of a trend. The more the merrier. Law firms are really going to have to up their game.”

By **Mark Weinraub**