

## ETHICS OPINION

RO-97-01

### Participation in National Attorney Network

#### QUESTION:

“This letter will serve as my request for a formal opinion from the Disciplinary Commission concerning the question regarding our firm’s licensing of software to participate in an electronic collection network. Specifically, this relates to the National Attorney Network Inc. located in Atlanta, Georgia. NAN licenses computer software that electronically connects creditors and law firms for the efficient collection of the creditors’ accounts receivable. The attorney fee is negotiated and agreed upon directly between the attorney and the credit grantor/client. NAN receives a fee of three percent of the net proceeds recovered for software licensing and electronic data transfer.

The present practice is for us to remit directly to the client the net proceeds of accounts collected on a monthly basis. We would withhold the agreed upon attorney’s fees due our law firm. We would also withhold the three percent NAN Network Licensing fee and remit that to NAN. The creditor/client is fully informed of the amount of the NAN licensing fee and the practice of the law firm withholding and remitting it. In fact they prefer not to have the accounting responsibility for the NAN fee. Some credit grantors may even erroneously misstate the terms of our engagement by referring to our authorization to retain ‘an attorney’s fee of 28%’. Their intent, however, is for us to retain an attorney fee of 25% and also cover the cost of the 3% NAN license fee as well. Their engagement letter would require our firm to pay all charges (the three percent due the National Attorney Network) for the collection of accounts using that system. Our firm also would negotiate its contingency fee with a credit grantor with full knowledge that payment of the NAN licensing fee would be part of our expense or overhead.

A copy of the National Attorney Network Agreement is enclosed for your review. The pertinent parts have been highlighted in yellow.

Also enclosed for your review is a copy of the letter from the general counsel for the National Attorney Network. This letter contains their opinion regarding the ethical compliance. Please advise if we can continue participating in the National Attorney Network.

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We have also retained in our possession certain monies representing the three percent fee while this ethical question can be considered. Your direct instructions regarding permission to remit those funds being held to the National Attorney Network is necessary as well.”

ANSWER:

Our review of the agreement you have with National Attorney Network, Inc., leads us to conclude that there is nothing ethically impermissible about it. You are not splitting legal fees with a non-lawyer entity, nor are you participating in a prohibited for-profit referral service by paying for referrals in any way.

In light of this, you may continue to participate in the network and you may ethically remit to National Attorney Network, Inc., monies owed for software licensing fees to date.

MLM/vf

1/3/97