

SUPREME COURT OF NEW JERSEY
DOCKET NO. 079852

IN THE MATTER OF THE ADVISORY
COMMITTEE ON PROFESSIONAL ETHICS
JOINT OPINION 732, THE COMMITTEE
ON ATTORNEY ADVERTISING JOINT
OPINION 44, AND THE COMMITTEE ON
THE UNAUTHORIZED PRACTICE OF
LAW JOINT OPINION 54.

BRIEF AND APPENDIX IN OPPOSITION
TO PETITION FOR REVIEW

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PRELIMINARY STATEMENT

The Rules of Professional Conduct (RPC) forbid lawyers from splitting legal fees with or paying referral fees to non-lawyers, regardless of whether the payment would compromise the independent judgment of the lawyer. At their core, those rules advance the Supreme Court's fundamental interest in promoting public confidence in New Jersey's judiciary and legal system.

Three Supreme Court Committees - the Advisory Committee on Professional Ethics (ACPE), the Committee on Attorney Advertising (CAA) and the Committee on the Unauthorized Practice of Law (CUPL) - issued a Joint Opinion (collectively, "JO 732"). After reviewing the "Avvo Advisor Plan" (AAP) and the "Avvo Legal Service Plan" (ALSP) marketed on Avvo's website, the Committees jointly concluded that lawyers participating in either plan were splitting professional fees with Avvo (a non-attorney) or making payments to Avvo for the referral of legal business, in violation of RPC 5.4(a), 7.2(c), and 7.3(d).

Petitioner Consumers for a Responsive Legal System (CRLS) claims that enforcement of JO 732 will leave New Jersey residents in need of legal services fewer ways to obtain legal help. CRLS argues that JO 732 is "anticompetitive" and contrary to federal antitrust laws. CRLS also argues that ethics rules should not be interpreted to prohibit lawyers for paying "advertising fees" that are calculated solely upon the actual

dollar amounts of new business generated by an advertisement. All of these arguments lack merit.

First, CLRS's dire predictions regarding JO 732's impact on New Jersey's marketplace for legal services are speculative and overstated. JO 732 is narrowly drawn and does not ban all so-called "lawyer-matching services." Moreover, JO 732 provides "countervailing benefits" for consumers of legal services. Prohibitions against fee splitting and referral fees advance the judiciary's bedrock interest in promoting public confidence, which substantially benefits consumers.

Second, actions of the Supreme Court and its Committees are immune from federal antitrust laws under the doctrine of "state action" immunity. Thus, even assuming *arguendo* that prohibiting Avvo from operating in New Jersey might have some "anticompetitive" effects, federal antitrust laws do not apply.

Third, and most fundamentally, CLRS's claim that the "marketing" fees Avvo collects from participating attorneys are merely reasonable "advertising" expenditures ignores the essence of Avvo's relationship with participating attorneys. JO 732 properly looks past the labels Avvo places on electronic banking transactions, and correctly concludes that Avvo retains a percentage - approximately 15 to 35% - of every legal fee a participating lawyer is paid. Avvo steers consumers to lawyers participating in Avvo's plans due to Avvo's direct financial

interest in maximizing the aggregate amounts of fees collected. Avvo's financial interest exists even if a referral is not in the consumer's best interest. Avvo does precisely what the RPC prohibit - partner with participating attorneys to share legal fees or receive referral fees for all business generated. Thus, the Committees correctly concluded in JO 732 that lawyers participating in Avvo's plans are in violation of the RPC.

STATEMENT OF THE CASE¹

a. Inquiry from New Jersey State Bar Association - On September 3, 2016, the New Jersey State Bar Association (NJSBA) requested the ACPE publish a formal advisory opinion addressing whether it was "ethical for lawyers to participate in certain online, non-lawyer, corporately owned services that offer legal services to the public." (Ral-7). The request identified Avvo, LegalZoom, and Rocket Lawyer, and posited four questions:

1. Does a lawyer's participation in these services constitute impermissible fee sharing with nonlawyers in violation of RPC 5.4(a)?
2. Does participation in these services interfere with a lawyer's independent professional judgment in violation of RPC 5.4(c)?
3. Are Avvo, Legal Zoom and Rocket Lawyer impermissible attorney referral services in violation of RPC 7.2?
4. Do the services violate Rule 1:28A-2, which requires lawyers to establish an IOLTA account in which to hold client funds until they are earned, by having a nonlawyer company hold such funds instead

¹The procedural and factual histories are combined to avoid duplication and for the Court's convenience.

and/or by allowing a nonlawyer company to have direct access to a lawyer's trust or bank accounts?

[(Ra2).]

NJSBA described the three entities' operations and offered its analysis of the four questions (consistent with R. 1:19-3). NJSBA later provided screen shots from Avvo.com, Legalzoom.com, and Rocketlawyer.com, with additional detail regarding the services marketed by the companies. (Ra38-67). CPE requested and received submissions from Avvo, Rocket Lawyer, and LegalZoom responding to NJSBA's questions.² (Ra8-13; Ra14-40).

b. Avvo's Business Model - Avvo offers two plans for consumers seeking legal representation. The AAP allows a consumer to purchase a fixed-fee, fifteen or thirty-minute phone consultation with an attorney. (Ra52-53; Ra59-60). Consumers select a "legal topic" from a dropdown menu. (Ra52). Avvo contacts participating lawyers, and the first to respond gets the job. (Ra17). Consumers also may select a specific lawyer from a list of participating attorneys, in which case that attorney contacts the consumer.

²JO 732 distinguishes Rocket Lawyer and LegalZoom as "legal services plans" that allow a consumer to prepay for access to legal services that may be required later. The Committee found these plans are permissible, but must be registered with the Court. As for Avvo, JO 732 focuses only on Avvo's AAP and ALPS. Thus, the facts and argument herein focus solely on those plans.

Through the ALSP, Avvo offers fixed-fee legal services. Consumers can purchase specific services in nine practice areas, such as representation in uncontested divorces or preparation of green card applications. (Ra54-55).³ Participating lawyers provide the services. (Ra58). As described by Avvo's web site:

Avvo Legal Services is a range of fixed-fee, limited-scope legal services determined by Avvo and fulfilled by local attorneys. Avvo defines the services and prices. Attorneys choose which services they would like to offer in their geographical area. Local clients purchase legal services, choose the attorney they want to work with, and pay the full price of the service up front. The chosen attorney then completes the service for the client and is paid the full legal fee. As a separate transaction, the chosen attorney pays a per-service marketing fee for the completed, paid services. Attorney participation is governed by the Avvo Legal Services Terms.

[(Ra58).]

Upon completion of a service, Avvo electronically deposits by ACH transfer the full fee it collects from the consumer into a participating attorney's trust or operating account (payments are made at the beginning of a month for services completed the prior month). (Ra18). Then, in a second transaction, Avvo withdraws by ACH transfer a "marketing fee" from the attorney's operating account. Ibid. Avvo's "Legal Services Terms" concede that a participating lawyer nets less than the entire legal fee collected: "a service might have a standard consumer price of

³See also <https://www.avvo.com/legal-services?avvo-campaign-legal?services&avvo-medium=gignav-subnav&avvo-source=avvo> (last accessed 1/9/18).

\$200 with a marketing fee of \$50, which means you'll net \$150 each time you fulfill one of these services." (Ra23).

Avvo unilaterally sets the fees for all services offered through its website; participating attorneys must provide services for those fees. (Ra23; Ra69). Fees range from \$39 to \$2995, depending on the service. (Ra67). For the AAP, Avvo charges consumers \$39 for a fifteen-minute "advice session" or \$69 for a thirty-minute "advice session." (Ra60). After depositing those sums electronically in a lawyer's account, Avvo withdraws \$10 and \$25, respectively, as its "per-service marketing fee." (Ra60). Thus, for a fifteen-minute consultation, a participating lawyer nets \$29 and Avvo nets \$10 - a 74.4%/25.6% split; for a thirty minute consultation, the lawyer nets \$44 and Avvo nets \$25 - a 63.8%/36.2% fee split.

Services provided through the ALSP are more expensive. For example, consumers purchasing "document review services" are charged fees ranging from \$149 to \$595. (Ra60). Lawyers providing those services are in turn assessed "per service marketing fees" ranging from \$40 to \$150.⁴ Ibid. Consumers may also purchase what Avvo describes as "start to finish" services. Ibid. Again, depending on the service, consumers are charged

⁴If the lowest "marketing" fee (\$40) applies to the lowest legal fee (\$149), the lawyer would net \$109 and Avvo would retain \$40 - a 73.2%/26.8% split. If the \$150 "marketing" fee applies to the \$595 service, the percentage split is 74.8%/25.2%.

amounts ranging from \$295 to \$2995, with "marketing fees" ranging from \$40 to \$400.⁵ (Ra61). The "marketing fees" are the only fees participating attorneys pay Avvo. (Ra64).

Avvo concedes its marketing fee is "strongly correlated to the value of the underlying service." (Ra22). Avvo's FAQs include a quotation from "ethics expert" Josh King stating that "fee splits are not inherently unethical," and that "service fees, if deducted like credit card fees, would involve the sort of technical fee split that would not create a potential for compromise." (Ra68). Despite that admission, Avvo claimed in its submission to the Committees that "Avvo Legal Services does not involve the splitting of legal fees: the entire fee for legal services is passed through to the attorney, and the attorney pays a marketing fee to Avvo separately. Mechanically, that's no different than how attorneys pay for advertising today." (Ra20).

c. JO 732 - Because the questions in the NJSBA's inquiry fell within the jurisdictional domains of all three Committees, they jointly considered the issue. JO 732 is not a referendum on all lawyer matching services; nor does it cut off access to all such services. JO 732 applies only to Avvo's business model.

The Committees found that New Jersey lawyers could not participate in Avvo's AAP and the ALSP because the programs

⁵A \$400 fee for a \$2995 service results in an 86.7%/15.3% split.

require the lawyer to share a legal fee with a non-lawyer in violation of RPC 5.4(a) or pay a referral fee in violation of RPC 7.2(c) and 7.3(d).⁶ The Committees rejected Avvo's claim that attorneys' payments to Avvo are permissible advertising fees under RPC 7.2(c) and 7.3(d). The Committees also rejected Avvo's assertion that the RPC's prohibitions should only apply if fee-splitting would compromise the lawyer's independent judgment because the prohibitions against fee-splitting and referral fees are absolute. Thereafter, CRLS petitioned for review of JO 732.

LEGAL ARGUMENT

POINT ONE

LAWYERS PARTICIPATING IN AVVO'S ALSP OR AAP PLANS SPLIT LEGAL FEES WITH OR PAY REFERRAL FEES TO AVVO.

CRLS does not challenge the Committees' determination that the sums Avvo deducts from a participating lawyer's account are fees for "recommending the lawyer's services" and/or for

⁶RPC 5.4(a) states that "a lawyer or law firm shall not share legal fees with a nonlawyer" RPC 7.2(c) states that "a lawyer shall not give anything of value to a person for recommending the lawyer's services, except that: (1) a lawyer may pay the reasonable cost of advertising or written communications permitted by this Rule;" RPC 7.3(d) states that "a lawyer shall not compensate or give anything of value to a person or organization to recommend or secure lawyer's employment by a client; or as a reward for having made a recommendation resulting in the lawyer's employment by a client except that the lawyer may pay for public communications permitted by RPC 7.1 and the usual and reasonable fees or dues charged by a lawyer referral service operated, sponsored, or approved by a bar association."

"recommend[ing] or secur[ing] the lawyer's employment by a client" under the RPC. Instead, CLRS contends the fee Avvo debits from a participating attorney's bank account - after the entire legal fee collected by Avvo is first electronically deposited into that same attorney's account - is a permissible "advertising" fee subject to the exemption for the "reasonable cost of advertising" in RPC 7.2(c). The characterization of the attorneys' payments to AVVO as "reasonable advertising" fees is spurious. The fees bear no relationship to "reasonable" advertising costs, but instead are tied to, and calculated upon, the aggregate legal fees generated.

New Jersey courts reject labels self-interested attorneys place on payments to non-lawyers, and instead focus on the underlying reason for the payments. For example, in In re Weinroth, 100 N.J. 343 (1985), this Court concluded that an attorney violated disciplinary rules prohibiting payment of referral fees and fee splitting by providing a client a \$5,000 "credit" towards future legal fees with the knowledge that the client would use the "credit" to pay a referral fee to a State Senator that had recommended the attorney to the client. Id. at 350. The Court reached its conclusion even though the attorney did not pay the \$5000 referral fee directly to the Senator and cloaked the payment as a "credit" for future legal services. Id. at 348. See also In re Maran, 80 N.J. 160 (1979) (rejecting

attorney's claim that the payments to a doctor who referred patients to the attorney's law firm were not referral fees but "advance payments for prospective medical reports").

The Committees scrutinized Avvo's business model, and properly focused on the substance of the underlying transactions between participating attorneys and Avvo. The equitable maxim "substance controls over form" applies to Avvo's business model. See Conley v. Guerrero, 443 N.J. Super. 62, 67 (App. Div. 2015). Avvo structures transactions with participating attorneys in two parts. This structure shrouds the true nature of the transaction between Avvo and a participating attorney.

Avvo's "marketing fees" are nothing other than payments for the referral of business, or payments splitting legal fees. The "marketing" fees bear none of the hallmarks of advertising fees: 1) the fees are assessed only after an attorney-client relationship is established; 2) the fees are not tied to traditional pricing criteria for advertisements, such as the projected or actual audience of an advertisement, and an "advertising" attorney assumes no economic risk; and 3) the fees for an advertisement are not tied to Avvo's costs to market the "advertised" service, but to the cost of the legal service. None of Avvo's machinations alter the essence of the transaction: Avvo receives payments from participating attorneys as a fee for recommending the attorney to the client.

Five sister states - Pennsylvania, Ohio, South Carolina, New York, and Virginia - have also concluded that attorneys participating in the AAP and the ALPS (or seemingly indential "hypothetical" business models) violate those states' prohibitions against fee splitting and/or payment or referral fees.⁷ Neither CRLS in its Petition nor Avvo in its submission to the Committee identified any contrary opinion.

A. The RPC Prohibit Lawyers from Paying Advertising Fees Based on the Establishment of an Attorney-client Relationship.

Lawyers may pay for internet advertisements, but the charges cannot be correlated to the formation of a lawyer-client relationship. See CAA Opinion 43 (July 4, 2011) (opining that attorneys could pay "per click" or "per lead" advertising fees, because "the [payments are] based only on the contact, not on the retention of the attorney by the client or the establishment of an attorney-client relationship"). The rationale for prohibiting referral fees, but allowing advertising fees, is grounded in the distinction between paying someone for a referral resulting in an attorney-client relationship, and

⁷Pennsylvania's, Ohio's, and South Carolina's opinions were discussed at length in JO 732. Subsequent to JO 732, the New York State Bar Association and the Virginia State Bar concluded that participation with Avvo violate those states' respective ethical rules. See New York State Bar Association Committee on Professional Ethics Opinion 1132 (August 8, 2017); Proposed VA Legal Eth. Op 1885 (Virginia Legal Ethics Opinions), on petition for review and approval by Virginia Supreme Court, available at http://www.vbs.org/docs/LEO1885_SCV_petition111717.pdf).

paying for an advertisement where the expense must be incurred regardless of whether or not an attorney-client relationship is ever established. Referral fees are prohibited:

Because of the moral hazard that a recommendation will be based only upon the financial benefit to the recommender, rather than on the attorney's suitability for the legal problem, and the concern that the referral agents will distort a consumer's legal needs to match the practices of the lawyers who will pay for a referral. Advertising, in contrast, does not present any such moral hazard, because the money paid by the lawyer to the advertiser is not based upon whether the lawyer contracts with the client or ever receives a fee from the client. The payment is based on the advertising service itself. There is no danger of corrupt influence when the payment for advertising and the consummation of an attorney-client relationship are not coupled. Advertisers are not being compensated for endorsing a particular attorney over others; they are compensated for providing advertising services.

[Smolla, Law of Lawyer Advertising, § 7:24.50 (September 2017 Update).]

Avvo's "marketing fees" are not fixed unless and until an attorney-client relationship is established. Avvo thus has a direct financial interest in referring consumers to participating attorneys; Avvo's revenue is tied to the volume of legal business performed by participating attorneys. That direct interest is what the RPC seek to guard against. See Annotated Model Rules of Professional Conduct, Center for Professional Responsibility, American Bar Association, Eighth Edition (2015), comments to Model Rule 7.2(b), p. 604-05 (collecting cases). Thus, the Committees properly recognized that Avvo's business

model crosses the absolute bright-line distinction between permissible advertising fees and impermissible referral fees.

B. Avvo's Marketing Fees Are Not Permissible Advertising Costs.

Advertising costs are typically dependent on factors relating to the size of the expected audience that an advertisement will reach. See, e.g., Harvard Business Review, March 2013, "Advertising Analytics 2.0." Regardless of the medium, an advertisement's cost is typically based on metrics unrelated to the dollar volume of new business that the advertisement actually generates, but instead correlated to the number of times an advertisement is likely to be or actually is viewed. An advertisement placed in the New York Times will cost an advertiser more than if placed in a local newspaper because the New York Times' circulation is far greater.

Internet pricing is also related to the number of times that an advertisement is viewed. See Smolla, Law of Lawyer Advertising, § 7:24:50 (September 2017 Update). The CAA has concluded that attorneys may pay advertising costs based on calculations of how often an advertisement is viewed, such as "pay-per-click" and "pay-per-lead," but distinguished prohibited payments that are based on the actual establishment of business. CAA Opinion 43 (July 4, 2011). See also Smolla, Law of Lawyer Advertising, § 7:24:50 (September 2017 Update) (pay-per-click

advertising fees should be permissible "as long as those fee charges are not based on whether an attorney-client relationship is ever formed or legal fees are ever generated"); Hazard, Hodes and Jarvis, The Law of Lawyering, 4th Edition, §60.05 (pay-per-click payments should be permissible "if not linked to the actual establishment of client-lawyer relationships" and that "an agreement to pay a percentage of the fees earned by the advertising or listing lawyer would surely be impermissible fee sharing with a non-lawyer under Rule 5.4(a)").

JO 732 properly distinguishes Avvo's "marketing" fees from advertising costs because the fees Avvo charges a participating lawyer are not based on how often Avvo's web pages are viewed by consumers. The fee is based solely on the amount of fee revenue the attorney derives from performing legal services for clients steered to him by Avvo. The attorney pays Avvo nothing for the "advertisement" itself, but pays only for the referral of actual legal business. If the attorney is willing to perform legal services consistent with Avvo's fee schedule, that attorney need not consider what the expected "return on investment" will be for "advertising" with Avvo. The attorney will pay nothing to Avvo unless business is generated and fees collected.

Nor is there any relationship between the amount of Avvo's "marketing fees" and Avvo's true advertising costs. Avvo's "marketing fees" instead increase in lockstep with the cost of

"advertised" services. As the Pennsylvania Bar Association Legal Ethics and Professional Responsibility Committee stated when analyzing Avvo's business model,

The cost of advertising does not vary depending upon whether the advertising succeeded in bringing in business, or on the amount of revenue generated by a matter. One FFLS program charges participating lawyer's 'marketing fees' ranging from \$10 for a \$39 'Advice Session' to \$400 for a 'Green Card Application,' which generates \$2,995 in legal fees. Clearly, there cannot be a 4000% variance in the operator's advertising and administrative costs for these two services, particularly since the operator does not, and cannot, have any role in the actual delivery of legal services. The variation in the amount of the marketing fees based upon the amount of the fees earned by the lawyer establishes that the non-lawyer business is participating directly in, and sharing in, the fee income derived by the lawyer. This is impermissible fee sharing under RPC 5.4(a).

[Formal Opinion 2016-200, "Ethical Considerations Relating to Participation in Fixed Fee Limited Scope Legal Services Referral Programs," (September 2016).]

Finally, Avvo's "marketing fees" are not comparable to fees charged by credit card processing companies as CRLS claims. Credit card processing companies have no involvement in "matching" the consumer with the business that accepts the credit card. Further, nothing in the record suggests that the economic risks Avvo assumes when it accepts payments for higher-priced legal transactions are on par with economic risks that a credit card processing company assumes when it processes larger dollar value transactions. Therefore, CRLS's claim that Avvo's fees are akin to advertising costs is meritless.

POINT TWO

THE ACTIONS OF THE ACPE, CAA AND CUPL ARE IMMUNE FROM ANTI-TRUST LAWS.

The Committees' actions are not subject to federal antitrust laws under the doctrine of "state-action" antitrust immunity established in Parker v. Brown, 317 U.S. 341 (1943). See FTC v. Ticor Title Ins. Co., 504 U.S. 621 (1992); Hoover v. Ronwin, 466 U.S. 558, 568 (1984); Lafayette v. Louisiana Power & Light Co., 435 U.S. 389, 394-400 (1978). State action immunity recognizes that states' actions in pursuing public objectives, such as promoting confidence in the judicial system, can have anticompetitive consequences: "If every duly enacted state law or policy were required to conform to the mandates of the Sherman Act, thus promoting competition at the expense of other values a State may deem fundamental, federal antitrust law would impose an impermissible burden on the States' powers to regulate." North Carolina State Bd. of Dental Examiners v. FTC, 135 S. Ct. 1101, 1109 (2015).

The New Jersey Constitution vests this Court with the power to regulate the practice of law in New Jersey. N.J. Const. art. VI, §2, ¶3. See also In re S. Ct. Adv. Comm. On Prof. Ethics Opin. No. 697, 188 N.J. 549, 554 (2006); In re: Opinion 33, 160 N.J. 63 (1999); In re Opinion 26, 139 N.J. 323, 326 (1993). This Court also has exclusive authority to regulate the procedure and

administration of the courts. Knight v. Margate, 86 N.J. 374, 387 (1981); Winberry v. Salisbury, 5 N.J. 240, 255 (1950), cert. denied, 340 U.S. 877 (1950). The adoption and enforcement of ethics codes by this Court are the actions of a sovereign entity entitled to state action immunity: "State legislation and 'decisions of a state supreme court, acting legislatively rather than judicially,' will satisfy this standard, and 'ipso facto are exempt from the operation of the antitrust laws' because they are an undoubted exercise of state sovereign immunity. North Carolina Dental, supra, 135 S. Ct. at 1110.

The Committees were all established by this Court. See R. 1:19 (ACPE); R. 1:19A (CAA); R. 1:22 (CUPL). In issuing JO 732, the Committees acted within the scope of the authority granted by this Court. Because the Committees' opinions are subject to direct review through the filing of a petition for review, the Committees' actions are equated to actions of the Court and are exempt from the antitrust laws. See Hoover, supra, 466 U.S. at 572-73 (dismissing Sherman Act claims against Arizona State bar admissions committee members based on Parker immunity); Bates v. State Bar of Arizona, 433 U.S. 350 (1977) (holding that restraint on attorney advertising imposed by Arizona Supreme Court was not subject to the Sherman Act under Parker immunity).

POINT THREE

PETITIONER'S CLAIMS THAT JO 732 WILL "MAKE ACCESS TO JUSTICE MORE DIFFICULT FOR CONSUMERS" IS WHOLLY SPECULATIVE

Even if the Committees' actions were not immune from federal antitrust laws, CRLS's arguments regarding the claimed impact of JO 732 on access to legal services still fail. The goal CRLS seeks to promote - "to make the civil legal system more affordable, accessible, and accountable to its consumers" - is laudable. But its claim that JO 732 will "chill" the development of "lawyer-client matching services" and "leav[e] millions of New Jersey residents with fewer ways to find legal help" is speculative and unsupported.

Nothing in the record suggests that attorneys participating in Avvo's programs would not be available to perform the same legal services as they provide through Avvo, perhaps at a lesser cost to the consumer than charged by Avvo due to Avvo's cut of the legal fee. Nor is there anything in the record suggesting that JO 732, or the absence of Avvo's service, will have any meaningful impact on the availability of legal services, let alone the dramatic effect predicted by CRLS.

JO 732 does not prohibit active price competition or truthful advertising by attorneys. Nor does it prohibit "lawyer-client matching services." Indeed, the Committees' conclusion that Rocket Lawyer and LegalZoom can offer their legal service

plans shows the narrow scope of JO 732 and that "matching services" can structure their business models to comply with the RPC. JO 732 only holds that Avvo's current model requires New Jersey lawyers to engage in conduct proscribed by the RPC.

POINT FOUR

THE ESTABLISHMENT, INTERPRETATION, AND ENFORCEMENT OF ETHICAL RULES PROMOTES PUBLIC CONFIDENCE IN NEW JERSEY'S LEGAL SYSTEM.

Contrary to CRLS's claim, the question for review is not whether the harms of Avvo's plans outweigh the benefits. There is no need to balance risks and benefits to determine whether Avvo's plans violate the RPC. In enacting the RPC with bright-line prohibitions on fee splitting and referral fees, this Court already balanced the interests. The enforcement of the RPCs promote fundamental state interests that outweigh any limited harm that might result from enforcement of JO 732.

The focus of the disciplinary system is on protecting the public and "promoting public confidence in our legal system, rather than punishing the attorney." In re Cammarano, 219 N.J. 415, 421 (2014). See also Robertelli v. New Jersey Office of Atty. Ethics, 224 N.J. 470, 477 (2016); In re Pajerowski, 156 N.J. 509, 522 (1998). Enforcement of the RPC protects that significant state interest. Any suspension of such enforcement, even if it might have an anticompetitive effect, would erode the public's confidence in the legal system.

This petition is not the appropriate vehicle to debate whether state interests in promoting public confidence in the judicial system reflected in the RPC should give way to CRLS's interests in providing "accessibility" to legal services. When issuing JO 732, the Committees performed their delegated functions to apply the RPC. The Committees did not engage in - nor should they have - policy debates. As the New York State Bar Association Committee on Professional Ethics stated, "it is not this Committee's job to decide policy issues regarding access to justice, affordability of legal fees, or lawyer quality. Our job is to interpret the New York Rules of Professional Conduct." See New York State Bar Association Committee on Professional Ethics, Opinion 1132 (August 8, 2017). Unless the RPC are amended, the Committees interpret and apply them as written, which is exactly what they did in issuing JO 732.

CONCLUSION

For the foregoing reasons, this Court should affirm JO 732 in its entirety.

Respectfully submitted,

GURBIR S. GREWAL
ATTORNEY GENERAL OF NEW JERSEY

BY: Steven N. Flanzman
Steven N. Flanzman
Senior Deputy Attorney General

Dated: February 6, 2018



CAA 53-2016
ACPE 21-2016
UPL-17-2016
NEW JERSEY STATE BAR ASSOCIATION

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tprol@lcrlaw.com

September 30, 2016

Carol Johnston, Esq.
Advisory Committee on Professional Ethics
Administrative Office of the Courts
PO Box 037
Trenton, NJ 08625

RECEIVED

OCT 03 2016

ACPE

Re: Request for Advisory Opinion

Dear Ms. Johnston:

The New Jersey State Bar Association (NJSBA) hereby requests from the Advisory Committee on Professional Ethics (ACPE) a formal advisory opinion on a matter of significant importance to the public, as consumers of legal services, and New Jersey lawyers. Specifically, we question whether it is ethical for lawyers to participate in certain online, non-lawyer, corporately owned services that offer legal services to the public.

While there are currently several existing online services that offer some variation of the same service, three companies in particular will be used as examples in this inquiry, as follows:

- Avvo, Inc.: Avvo allows consumers to engage lawyers for (i) a brief consultation for a flat fee or (ii) a spectrum of legal services for flat fees from document review to the handling of complex matters such as uncontested divorces and green card applications.
- LegalZoom, Inc. and Rocket Lawyer, Inc.: These non-lawyer websites allow consumers to purchase either business-related or family-focused legal "plans" that include direct access to lawyers.

The NJSBA respectfully requests that this request be expedited by the Committee, if possible, as the various services are currently aggressively soliciting attorneys to participate in their plans. Guidance is sorely needed to prevent New Jersey lawyers from potentially participating unwittingly in unethical conduct to the detriment of the public.

Issues for Consideration

There are four specific questions that the NJSBA believes merit consideration by the ACPE (and perhaps by the Committee on Attorney Advertising as well), so that New Jersey

lawyers will be aware of whether participation in these non-lawyer legal service providers violates the rules of professional conduct, including:

1. Does a lawyer's participation in these services constitute impermissible fee sharing with non-lawyers in violation of RPC 5.4?
2. Does participation in these services interfere with an attorney's independent professional judgment in violation of RPC 5.4?
3. Are Avvo, LegalZoom and Rocket Lawyer (and similar entities) impermissible referral services in violation of RPC 7.2?
4. Do the services violate R.1:28A-2, which requires attorneys to establish an IOLTA account in which to hold client funds until they are earned, by having a non-lawyer company hold such funds instead and/or by allowing a non-lawyer company to have direct access to a lawyer's trust or bank accounts?

Background

More detailed information on the three companies used as examples in this inquiry is included below to provide the Committee with a more complete understanding of how the services are provided to the public under the business models of each company, and what the role of a participating attorney is under each model. Please note that the factual statements included here are made based on review of public information, particularly the websites of the companies noted, and any opinions are made upon information and belief.

AVVO

Avvo offers two consumer legal services products directly to the public: Avvo Advisor and Avvo Legal Services. See avvo.com.

Avvo Advisor allows consumers to purchase, directly from Avvo, 15-minute attorney telephone conversations for a \$39 flat fee. Once the consumers/clients pay, Avvo contacts participating lawyers and the first lawyer who responds is awarded the client. After the attorney consultation is completed, Avvo deposits the \$39 prepaid legal fee into the lawyer's bank account, and then, subsequently, withdraws a \$10 "marketing fee" from the lawyer's same bank account.¹

Avvo Legal Services is described on the website as a "fixed fee, limited scope" program that offers services from simple document review (beginning at \$149) to more complex matters (e.g. an uncontested divorce for \$995, up to a green card application for \$2,995). The "marketing fees" charged lawyers vary depending on the legal fee charged. For example, upon completion of

¹ A consumer can also select a particular lawyer from the Avvo profiles of participating lawyers for the 15-minute consultation. The same payment and fee withdrawal process then applies.

the document needed for an uncontested divorce, Avvo deposits the fixed fee of \$995 into the attorney's bank account, and subsequently withdraws a marketing fee of \$200. Similarly, completion of a green card application results in a deposit by Avvo to the attorney's bank account of the \$2,995 fee, and a subsequent withdrawal by Avvo of a \$400 marketing fee.

There is no notice or disclaimer for consumers that the content of the AVVO website is "advertising." Rather, the website states that it permits consumers to find the "right" lawyer, and that "satisfaction [is] 100% guaranteed."

LEGALZOOM

LegalZoom (legalzoom.com) offers two legal plans to the public, both of which are offered based upon monthly flat fee subscription models. The Business Advantage Pro subscription provides legal advice primarily related to business matters. In New Jersey, it is available for purchase for an annual price of \$31.25/month or a six-month price of \$36/month. The Legal Advantage Plus subscription provides legal advice on personal matters, which include, *inter alia*, estate planning, family law, and tax matters. It is available for purchase for an annual price of \$9.99/month or a six-month month price of \$11.969 a /month.

Under both LegalZoom legal plans, clients receive "unlimited" 30-minute consultations with attorneys on new legal matters. The LegalZoom website allows customers to make appointments with participating lawyers, or receive call backs from the "first available" lawyers. If a customer needs legal services beyond the prepaid subscription services, participating lawyers agree with LegalZoom to work at a 25 percent discount from their normal hourly rates. The website (see "Join Our Attorney Network") states that participating lawyers do not pay anything to participate in the LegalZoom Local Attorney Directory. LegalZoom retains 100 percent of the consumers' monthly payments under the legal plans, regardless of whether the clients consult with the participating lawyers.

LegalZoom prominently claims that the participating attorneys are "vetted by us" and that Legal Zoom "carefully select[s] attorneys from all over the country." The website maintains the attorneys are "knowledgeable, great to work with" and encourages the public to "start building relationships with attorneys you can trust." Nevertheless, LegalZoom provides a small disclaimer that "this portion" of its website is an "attorney advertisement" and that LegalZoom "does not endorse or recommend any lawyer or law firm who advertises on our site." It also states that LegalZoom does not "make any representation and have not made any judgment as to the qualifications, expertise or credentials of any participating lawyer," which appears to directly contradict the prominent claims to the contrary.

ROCKET LAWYER

Rocket Lawyer operates in a manner similar to LegalZoom. It has monthly plans beginning at \$39.95 a month that allow customers to create legal documents, get advice from lawyers, and obtain a lawyer to help enforce a document (described on the website as "document defense"). Like Legal Zoom, Rocket Lawyer does not charge lawyers to participate in its

network, and it advises customers that if legal services are needed beyond those covered by the monthly subscription, that participating lawyers will work at a discount rate “already negotiated between the lawyer and Rocket Lawyer.” Customers can get 30 minutes of free consultation from one of Rocket Lawyer’s panel of lawyers, using the website’s “ask a lawyer” feature. If further legal services are required the discounted rate may be as much as 40 percent from the usual hourly rate, or 10 percent off on a flat fee rate. Like LegalZoom, though, Rocket Lawyer retains 100 percent of the consumers’ monthly payments, regardless of whether the clients consult or further retain the participating lawyers.

A customer may also access the panel of lawyers to find one in a specific geographic area. The Rocket Lawyer website has an inconspicuous disclaimer stating that it is not a referral service, nor a law firm. The website states that “our members trust us to connect them with the best lawyers in the field.” Rocket Lawyer also promises, “quick answers from qualified attorneys in your area,” “deep discounts on representation fees,” and “100% satisfaction guaranteed.” Like LegalZoom, though, Rocket Lawyer’s terms and conditions state that it “does not endorse or recommend any attorney nor does it make any warranty as to the qualifications or competency of any attorney,” which appears to directly contradict the 100 percent satisfaction guarantee. Moreover, despite the disclaimer, the language on the site suggests to unwary consumers that the site undertakes a review and analysis comparing the quality of the services offered by participating lawyers with the services offered by other lawyers, in potential violation of RPC 7.1.

Issues for Consideration

1. Does a lawyer’s participation in these services constitute impermissible fee sharing with non-lawyers in violation of RPC 5.4?

RPC 5.4 prohibits a lawyer from sharing fees with a non-lawyer except in very limited circumstances, none of which apply here. The New Jersey Supreme Court (*In re Weinroth*, 100 N.J. 343 (1985), and the ACPE and Committee on Attorney Advertising (CAA) Joint Opinion 716/ 45) have warned lawyers about dangers of fee splitting with non-lawyers.

The marketing fees Avvo charges vary widely and are directly tied to the amount of the legal fee charged. This makes it especially difficult to avoid a conclusion that the fees charged are for more than marketing purposes. Rather, although in a two-step process, the “marketing fee” appears to represent a fee sharing arrangement between the participating attorneys and Avvo.

The attorney consultations consumers purchase from LegalZoom and Rocket Lawyer also appear to be fee sharing in violation of RPC 5.4. Under both services, clients/consumers pay the non-lawyer corporations for the attorneys’ time and legal counsel rather than the attorneys. In return for the fee paid to LegalZoom and Rocket Lawyer and not the lawyers themselves, participating attorneys provide 15 to 30 minutes of consultation.

The NJSBA calls to the ACPE's attention Opinion 2016-3 of the Ohio Board of Professional Conduct that found that a hypothetical, Avvo-like company presented many ethical dangers for Ohio lawyers, including unethical fee sharing with non-lawyers. The NJSBA also refers the ACPE to the recent South Carolina Ethics Advisory Opinion 16-06, which similarly concluded that the AVVO two-step payment structure constituted unethical fee sharing. Both opinions are attached for reference.

2. Does participation in these services interfere with an attorney's independent professional judgment in violation of RPC 5.4?

RPC 5.4 prohibits a lawyer from allowing a person who pays or recommends the lawyer to perform legal services to direct or regulate the lawyer's actions in a manner that may infringe on professional judgment. As noted above, Avvo controls all advertising on its website, defines the scope of the legal services offered, receives payment from clients, sets the fee and pays lawyers only when legal tasks are completed. It also requires lawyer-client telephone communication to be done on phone lines that permit Avvo to determine when client contact is made by a lawyer. LegalZoom similarly controls much of the attorney client interaction as does Rocket Lawyer. Most importantly, it requires the participating attorneys to provide up to 30-minute consultations at no additional cost to the client.

The NJSBA is concerned that these business models tread too heavily on the lawyer-client relationship, to the point where professional judgment may be impacted. For instance, a lawyer may unwittingly take direction about the scope of representation from the non-lawyer providers rather than from the client. Those participating in AVVO may be tempted to unwittingly sacrifice quality representation for "quick" representation that ignores client needs because of the fee structure. Conversely, those participating in LegalZoom and Rocket Lawyer may be tempted to extend their representation beyond the initial thirty 30-minute consultation because the lawyer does not receive any compensation unless the representation is extended.

The NJSBA notes again the recent Opinion 2016-3 of the Ohio Board of Professional Conduct which found an Avvo-like business relationship to be "antithetical to the core components of the lawyer-client relationship."

3. Are the services offered by companies like Avvo, LegalZoom and Rocket Lawyer impermissible referral services in violation of RPC 7.2?

Rule of Professional Conduct 7.2(c) provides in relevant part that "[a] lawyer shall not give anything of value to a person for recommending the lawyer's services, except that: (1) a lawyer may pay the reasonable cost of advertising or written communication permitted by this Rule; . . . and (3) a lawyer may pay the usual charges of a not-for-profit lawyer referral service or other legal service organization."

The ACPE and the CAA have issued numerous opinions construing whether particular marketing schemes for lawyers are impermissible referral services pursuant to RPC 7.2 or ethical advertising. CAA Opinions 13 and 36 examine factors to be used in deciding whether a

marketing vehicle is advertising, or a referral service. These factors include consumer access to information about participating lawyers; whether consumers are guided or directed to particular lawyers; and whether a public purpose is served by the marketing venture.

CAA Opinion 43 concerns internet-based marketing and delineates the information that must be provided to consumers to avoid being considered a referral service. Among these are the selection process for participating lawyers, including: whether any fee is paid; accessibility to a full list of lawyers; whether or not any "evaluation" of legal needs was undertaken; whether there is any claim of finding the "right" lawyer for a consumer; and whether a consumer has the ability to select a lawyer. The opinion notes that even if some of the indicia of advertising are evident, other factors may be present that raise ethical concerns, including a website that vouches for a lawyer's qualifications, or promises to find the "right" lawyer.

The three entities in question appear, in varying fashions, to run afoul of RPC 7.2(c), and the factors previously identified by the CAA. Avvo pledges to help find the "right" lawyer and touts its rating system as a means of finding one (e.g. "talk to a highly reviewed lawyer"). LegalZoom claims its participating attorneys are "vetted by us" and that it "carefully select[s] its attorneys" who are "knowledgeable, [and] great to work with." Rocket Lawyer promises to connect customers with "the best lawyer" in their field, and that satisfaction is 100 percent guaranteed.

Avvo's lawyer "consultation" process appears to operate as a referral process that directs consumers to randomly chosen lawyers within the consumer's geographic area. Further, although Avvo's website claims that it is not a referral service, nowhere does it indicate that it is "advertising," as required by the CAA's supplement to Opinion 13. Like Avvo, LegalZoom and Rocket Lawyer appear to operate as referral services, particularly when customers are referred for consultation to lawyers selected randomly, who are in the customer's home state, through Rocket Lawyer's "on call" process.

Finally, there is nothing to support that participating attorneys are paying only the "reasonable cost of advertising," which is all a lawyer is permitted to give "of value to a person for recommending the lawyer's services." Avvo's "marketing fee" varies directly with the legal fee as opposed to the extent of marketing Avvo performs for the attorneys.² LegalZoom and Rocket Lawyer participating attorneys both give their time to the companies. There is nothing to suggest that the hourly rates foregone by the participating attorneys bear any resemblance to the reasonable cost of advertising. Moreover, given the great variety in hourly rates, certain attorneys are not paying the same rate for this purported "advertising" and the value to LegalZoom and Rocket Lawyer varies widely for the same service and marketing.

4. Do the services violate R.1:28A-2, which requires attorneys to establish an IOLTA account in which to hold client funds until they are earned, by having a non-lawyer

² We respectfully note that AVVO operates a lawyer rating system and publicly disseminates its rating of 0-10 while simultaneously marketing its legal services products. It is unclear if there is a connection between AVVO's "best" superlative and the marketing fees derived by AVVO from attorneys participating in their services.

company hold such funds instead and/or by allowing a non-lawyer company to have direct access to a lawyer's trust or bank accounts?

The New Jersey Supreme Court requires lawyers to maintain IOLTA accounts for funds that are nominal in amount or held for short periods of time (R. 1:28A-2). The cumulative interest gained on those accounts inures to the benefit of IOLTA, which funds are used to secure "free legal services to low-income people with civil legal problems" and for "the improvement in the administration of justice and education about the law."

Avvo's payment process, in which it holds the client's payment during the pendency of the legal services (rather than the attorneys), raises significant questions about the circumvention of IOLTA requirements by participating lawyers. Further, the NJSBA questions whether it is permissible for non-attorneys to have direct access to, and be able to withdraw fees from, a lawyer trust account.

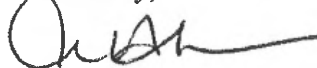
Conclusion

Lawyers have a duty to ensure that their conduct is consistent with obligations imposed by the Rules of Professional Conduct, ethics opinions, and court rules. The emergence of well-funded and sophisticated online legal services providers has made this a more difficult task for lawyers.

The NJSBA believes now is the perfect time for the ACPE (perhaps in concert with the CAA) to examine the practices and procedures of various online services being offered, especially the three online services noted above, and address the issues raised herein. Undoubtedly, there are other similar companies not particularly noted herein, and still more that are on the horizon. New Jersey lawyers are today participating in these services, and others are no doubt about to join them. Guidance is needed so that lawyers can avoid ethical pitfalls and determine which new online services may be properly used to advance and improve their practices, while ensuring the preservation of the obligations and duties owed to clients.

I look forward to hearing from the committee, and please let me know if additional information or assistance is needed.

Sincerely,



Thomas H. Prol
President

C: Angela C. Scheck, NJSBA Executive Director

ADVISORY COMMITTEE ON PROFESSIONAL ETHICS
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CAROL JOHNSTON, ESQ.
SECRETARY

(609) 292-0694
Fax (609) 292-6848

Richard J. Hughes
Justice Complex
P.O. Box 037
Trenton, NJ 08625-0037

February 27, 2017

Charley Moore, CEO
Rocket Lawyer Inc.
101 Second Street, 4th floor
San Francisco, CA 94105
Attn: General Counsel

Re: ACPE Docket No. 21-2016
UPL Docket No. 17-2016
CAA Docket No. 53-2016

Dear Mr. Moore:

The New Jersey Supreme Court Advisory Committee on Professional Ethics, Committee on the Unauthorized Practice of Law, and Committee on Attorney Advertising are considering whether New Jersey lawyers may, consistent with the rules governing attorney ethics and advertising, participate in certain services offered by your company.

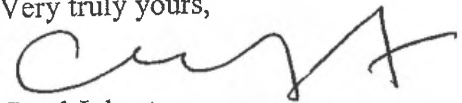
Specifically, New Jersey does not permit a lawyer to give a referral fee or "anything of value" to a person or company to recommend or secure the lawyer's employment by a client or as a reward for having made the recommendation. *RPC 7.3(d)*; *RPC 7.2(c)*. Accordingly, New Jersey lawyers may not pay monies to a for-profit company that channels legal work to the lawyer or recommends the lawyer's services. Further, New Jersey lawyers may not share legal fees with a nonlawyer. *RPC 5.4(a)*. See, generally, Committee on Attorney Advertising Opinion 43 (June 2011) and Joint Advisory Committee on Professional Ethics Opinion 716 / Committee on the

Unauthorized Practice of Law Opinion 45 (June 2009). The opinions can be found at:
http://njlaw.rutgers.edu/collections/ethics/caa/caa43_1.html and
http://njlaw.rutgers.edu/collections/ethics/acpe/acp716_1.html.

The Committees request that your company provide information about the services you provide on your website, including detailed information about the payment structure for participating New Jersey lawyers who offer to provide legal services to users of your website. Please also provide copies of contracts or engagement agreements for participating lawyers. You may also present your position with regard to the attorney ethics and advertising issues raised above.

All three Committees will be considering this matter at their June 2017 meetings, so it would be helpful if your response is received by May 15, 2017. Thank you for your anticipated cooperation.

Very truly yours,



Carol Johnston
Committee Secretary

c: Ronald K. Chen, ACPE Chair (via email)
Adrienne C. Rogove, UPL Chair (via email)
Jonathan M. Korn, CAA Chair (via email)

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Trenton, NJ 08625-0037

February 27, 2017

Chas Rampenthal, Esq.
General Counsel, LegalZoom LLC
101 N. Brand Blvd., 11th floor
Glendale, CA 91203

Re: ACPE Docket No. 21-2016
UPL Docket No. 17-2016
CAA Docket No. 53-2016

Dear Mr. Rampenthal:

The New Jersey Supreme Court Advisory Committee on Professional Ethics, Committee on the Unauthorized Practice of Law, and Committee on Attorney Advertising are considering whether New Jersey lawyers may, consistent with the rules governing attorney ethics and advertising, participate in certain services offered by your company.

Specifically, New Jersey does not permit a lawyer to give a referral fee or "anything of value" to a person or company to recommend or secure the lawyer's employment by a client or as a reward for having made the recommendation. *RPC* 7.3(d); *RPC* 7.2(c). Accordingly, New Jersey lawyers may not pay monies to a for-profit company that channels legal work to the lawyer or recommends the lawyer's services. Further, New Jersey lawyers may not share legal fees with a nonlawyer. *RPC* 5.4(a). See, generally, Committee on Attorney Advertising Opinion 43 (June 2011) and Joint Advisory Committee on Professional Ethics Opinion 716 / Committee on the

Unauthorized Practice of Law Opinion 45 (June 2009). The opinions can be found at:
http://njlaw.rutgers.edu/collections/ethics/caa/caa43_1.html and
http://njlaw.rutgers.edu/collections/ethics/acpe/acp716_1.html.

It appears that the business model used by LegalZoom has changed since it responded to the Committee on Unauthorized Practice of Law in April 2008. A copy of that correspondence is attached. The Committees request that your company provide information about the services you provide on your website, including detailed information about the payment structure for participating New Jersey lawyers who offer to provide legal services to users of your website. Please also provide copies of contracts or engagement agreements for participating lawyers. You may also present your position with regard to the attorney ethics and advertising issues raised above.

All three Committees will be considering this matter at their June 2017 meetings, so it would be helpful if your response is received by May 15, 2017. Thank you for your anticipated cooperation.

Very truly yours,



Carol Johnston
Committee Secretary

c: Ronald K. Chen, ACPE Chair (via email)
Adrienne C. Rogove, UPL Chair (via email)
Jonathan M. Korn, CAA Chair (via email)

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Richard J. Hughes
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Trenton, NJ 08625-0037

March 22, 2017

Josh King, Esq.
Vice President, Business Development and General Counsel
Avvo Inc.
720 Olive Way, Suite 1400
Seattle, WA 98101-1833

Re: ACPE Docket No. 21-2016
UPL Docket No. 17-2016
CAA Docket No. 53-2016

Dear Mr. King:

The New Jersey Supreme Court Advisory Committee on Professional Ethics, Committee on the Unauthorized Practice of Law, and Committee on Attorney Advertising are considering whether New Jersey lawyers may, consistent with the rules governing attorney ethics and advertising, participate in certain services offered by your company.

Specifically, New Jersey does not permit a lawyer to give a referral fee or "anything of value" to a person or company to recommend or secure the lawyer's employment by a client or as a reward for having made the recommendation. *RPC* 7.3(d); *RPC* 7.2(c). Accordingly, New Jersey lawyers may not pay monies to a for-profit company that channels legal work to the lawyer or recommends the lawyer's services. Further, New Jersey lawyers may not share legal fees with a nonlawyer. *RPC* 5.4(a). See, generally, Committee on Attorney Advertising Opinion 43 (June 2011) and Joint Advisory Committee on Professional Ethics Opinion 716 / Committee on the

March 22, 2017

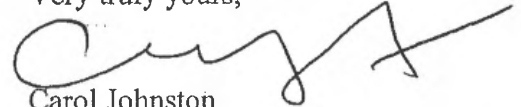
Page 2

Unauthorized Practice of Law Opinion 45 (June 2009). The opinions can be found at:
http://njlaw.rutgers.edu/collections/ethics/caa/caa43_1.html and
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All three Committees will be considering this matter at their June 2017 meetings, so it would be helpful if your response is received by May 15, 2017. Thank you for your anticipated cooperation.

Very truly yours,



Carol Johnston
Committee Secretary

c: Ronald K. Chen, ACPE Chair (via email)
Adrienne C. Rogove, UPL Chair (via email)
Jonathan M. Korn, CAA Chair (via email)

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MAY 12 2017

ACPE

Avvo

AVVO, INC.
720 Olive Way
Suite 1400
Seattle, WA 98101

May 12, 2017

Supreme Court of New Jersey
Advisory Committee on Professional Ethics
Richard J. Hughes Justice Complex
P.O. Box 037
Trenton, NJ 08625
Attn: Carol Johnston

Re: Avvo Comments in Response to Inquiry re ACPE Docket No. 21-2016,
UPL Docket No. 17-2016, & CAA Docket No. 53-2016

Dear Ms. Johnston:

Thank you for your letter regarding the above-referenced Committee inquiries. What follows is information about how Avvo Legal Services works, as well as our perspective on the attorney ethics and advertising questions raised.

The Problem Avvo Legal Services is Trying to Address

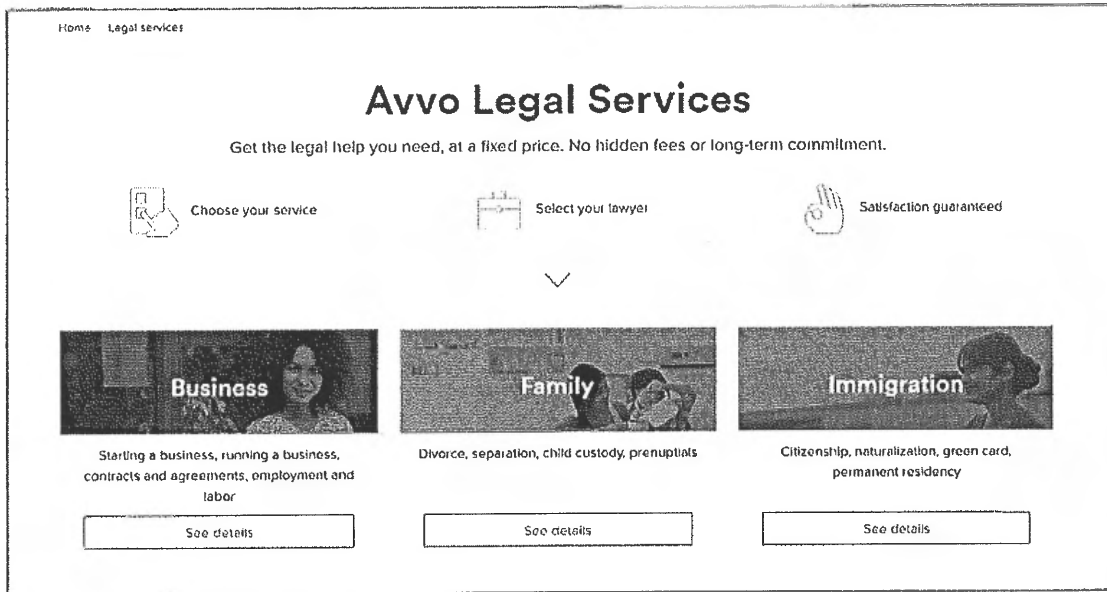
"Access to justice" is a widely acknowledged issue. With only 12% of small businesses hiring lawyers to address legal problems, and nearly 70% of civil defendants choosing to represent themselves pro se, there's little question that the legal profession has a great deal of work to do in order to rise to the challenge of making access to legal services easy and predictable. Avvo Legal Services is a program designed to solve this problem. Avvo's belief is that by offering a marketplace of easy-to-understand, fixed-price legal services – all fulfilled by local attorneys – the consumers and small businesses in this latent market can start getting the legal help they need. And that's a good thing for consumers and lawyers alike.

Ra14

How the Avvo Legal Services Marketplace Works

Choosing Services

Avvo makes available a variety of fixed-price, unbundled legal services. Avvo is not the provider of these services, but rather the facilitator of a marketplace through which local attorneys can serve more clients.



Any attorneys who meet Avvo's criteria¹ may participate in offering these services. Attorneys can sign up to provide any services (on a service-by-service basis) offered within their licensed state and any practice area included in their Avvo profile. Thus, for example, an attorney whose profile indicates they practice 50% Family law and 50% estate planning could offer Avvo Legal Services in those practice areas, but not in business or criminal law. Attorneys can toggle their service offerings "on" or "off" at any time through their Avvo dashboard (see the image that follows for an example). This makes it easy for participating attorneys to ensure they are only offering services they are competent to perform, and are not selling at a volume beyond what they can handle.

¹ At present these criteria include a minimum Avvo Rating, minimum client review score, and a licensing record clean of public disciplinary sanctions. The Legal Services Terms for participating attorneys are attached here as Exhibit A.

Avvo

Dashboard
Services
Statements
Edit my information
Guides
Avvo profile

Your availability is set to ON
Turn your availability OFF to stop receiving texts about available sessions. This will also remove the services you offer from your Avvo profile.

Turn On

Activate the Avvo Legal Services you'd like to offer

You are eligible to offer the services below based on the practice areas you list on your Avvo profile (10% or more) and states where you are actively licensed to practice law.

Your practice areas | [Edit my practice areas](#)

75% Bankruptcy & Debt
California

75% Bankruptcy & Debt
California

75% Business
California

75% Family & Estates
California

75% Real Estate
California

Avvo advice sessions

When a client buys an advice session with the next available lawyer in your state and practice area, and you successfully claim the session, you have 15 minutes to call the client. When a client buys an advice session with you, specifically, you have 1 business day to call the client. [Read the Advisor guide](#)

Select to activate

✓ California — 15-minute Bankruptcy & Debt advice session Client payment \$39 Marketing fee \$10	Details
✓ California — 15-minute Business advice session Client payment \$39 Marketing fee \$10	Details
✓ California — 15-minute Real Estate advice session Client payment \$39 Marketing fee \$10	Details

Document review services

When a client buys your service, you have 1 business day to call them for their 30 minute phone call. You must review their document before the call.

Select to activate

✓ California — Document review: Consulting agreement Client payment \$149 Marketing fee \$40	Details
✓ California — Document review: Contractor agreement Client payment \$149 Marketing fee \$40	Details
✓ California — Document review: Vendor agreement Client payment \$199 Marketing fee \$50	Details

Additional legal services

When a client buys your service, you have 1 business day to call your new client for an introductory phone call. Use the call to confirm the client is a good fit for the service and your practice. If so, proceed working with the client to complete the service. If not, decline by text message, or by emailing services@avvo.com with the service name and client name.

Select to activate

✓ California — Start a single-member LLC Client payment \$595 Marketing fee \$125	Details
✓ California — Form an S Corp or C Corp Client payment \$895 Marketing fee \$200	Details
✓ California — Create a business contract Client payment \$399 Marketing fee \$80	Details

Potential clients can access the available services in a variety of ways. The primary method is through Avvo's marketplace pages (found at <https://www.avvo.com/legal-services>), but services can also be

accessed directly from the profile pages of participating lawyers, or – for Avvo’s 15-minute paid consultation product – by having Avvo connect the buyer with the first available attorney in their practice area.²

Importantly, at no point in this process is Avvo recommending or referring a lawyer to a potential client. We are simply facilitating a marketplace where consumers can choose amongst all of the participating providers. Or consumers can simply toggle over to our directory – which features virtually every licensed attorney in the U.S. – and reach out to discuss full-scope representation with any attorney they choose.

Buying Services

To purchase the chosen service, the potential client enters some basic details of their legal issue, their phone number and credit card information. The form that potential clients complete on Avvo indicates the fact that the legal services provided are limited in scope, and specifies what is included in a package, and what is not. We also encourage attorneys to clearly explain the parameters of the services being provided, and to provide any additional information that may help clarify the scope of the attorney-client relationship. This is the statement users see prior to completing the Avvo Legal Services sign-up form:

Important Information

- **Terms of use**—By clicking the "Agree and pay" button, you verify you have read and agree to Avvo's terms of use.
- **Satisfaction guarantee**—If you don't get the help you need, just contact us at services@avvo.com within 2 days of your service.
- **Additional legal services**—If you want additional legal services beyond the purchased service, you can make arrangements directly with the attorney.
- **Attorney-client relationship**—Once your phone call begins, everything you discuss is protected by attorney-client privilege, meaning what you share is confidential; this relationship does not exist until your call takes place.
- **Representation**—The attorney-client relationship may not be formed if the attorney is unable to help you. This can happen if the lawyer feels they are not qualified to answer your questions or if there's a conflict of interest.
- **Representation agreement**—For some legal services, the attorney could require that you sign a representation agreement before proceeding with the service.
- **Attorney advertising**—Attorneys participating in Avvo Legal Services pay Avvo a marketing fee for each legal service provided.

² In this case, Avvo sends a notification to all participating attorneys who are licensed in the user's state and have indicated they provide the Avvo Legal Service chosen by the potential client. The potential client is connected to the first attorney to respond.

Providing Services

Avvo provides the lawyer with the potential client's name and the information entered about the matter, as well as a tracking phone number that rings through to the phone number entered by the potential client. The lawyer then connects with the potential client via the tracking phone number (Avvo asks that participating attorneys do so within one business day of receiving the inquiry); Avvo can track whether the call is completed, and the duration of the call. Avvo cannot listen in on the content of these calls.

Most current Avvo legal services are designed to be handled in a single phone call. We encourage attorneys to do a number of things when engaging with the client on this phone call:

- check for conflicts in the same manner they would any potential client who contacted them in the ordinary course.
- Let the client know if the attorney has a fee agreement, and email that to the client (we encourage attorneys to create Avvo Legal Services-specific fee agreements).
- Ensure that the Avvo Legal Service purchased is appropriate for the client's needs, and if it is not to either refer them back to Avvo or up-sell the client to more advanced services or full-scope representation, provided directly by the attorney.

How the Payments Flow

Once a call of at least 8 minutes has been completed, Avvo charges the user's credit card for the full amount of the Avvo Legal Service package purchased. Avvo will refund the fee paid by a consumer if the services paid for are not delivered, or if the consumer is not satisfied. In the latter case, Avvo will make such a refund proactively, without waiting to collect the fee back from the attorney.³

At the beginning of each month, Avvo pays each participating attorney all of the legal fees generated from Avvo Legal Services in the previous month. This payment is made by ACH transfer directly into the account designated by the attorney; this can be either the attorney's trust or operating account.⁴

Once a month, Avvo charges attorneys a separate marketing fee for each service completed in the prior month. This marketing fee varies depending on the service purchased; no fee is charged for legal services calls resulting in refunds. This fee is taken by ACH transfer from the attorney's operating account.

³ Under Avvo's satisfaction guarantee, Avvo will work with the client to replace the lawyer or refund their money. While Avvo may look to the attorney to refund fees to Avvo (in cases where the attorney is at fault), Avvo takes on the cost of first refunding the client's money.

⁴ We offer this optionality because the vast majority of Avvo Legal Services involve fees that are fully earned before the client's credit card is even charged. Attorneys exclusively offering such services can more cleanly and easily abide by comingling restrictions by not having such earned funds flow through their trust accounts at all.

Ethics Questions

Before getting into the specific issues raised by the inquiry of the Advisory Committees, it's important to reiterate the framework within which the Rules of Professional Conduct must be interpreted. As in every state, the New Jersey Rules of Professional Conduct with respect to attorney advertising are fundamentally rules of consumer and client protection. They are intended to lead to outcomes where consumers are not deceived and clients are not harmed. This purpose is both intuitive and required by law. Starting in 1977 and continuing through a string of subsequent decisions, the United States Supreme Court has found that the First Amendment protects the right of attorneys to inform the public about legal service offerings.⁵ For state regulation of advertising to survive constitutional review, such regulation must meet – at a minimum – the *Central Hudson* “intermediate scrutiny” standard.⁶

For New Jersey's attorney advertising rules, the important governmental interest is the protection of the public from false and deceptive practices in the selling of legal services. In order to meet the “intermediate scrutiny” requirements, such regulation must be interpreted with this purpose in mind, must be supported by evidence that the harm is real and the application of the rule actually works, and must not be more extensive than necessary to achieve the goal.

Any state-sanctioned opinions must take these factors into account. This is not only because so doing is necessary to comply with the law, but also because expansive, cautionary ethics opinions on matters relating to speech have a chilling effect on the availability to the public of legal information and access to legal services. A major way that consumers find information about legal services is via communications from lawyers. If conscientious lawyers – the kind who ask for, read, and pay attention to ethics opinions – pull back because a Bar ethics opinion took an overly-conservative interpretation of the rules, then consumers have access to less information and fewer innovative service offerings. That's a bad thing for consumers and lawyers alike.⁷

With respect to the specific issues raised in your inquiry:

Fee-Splitting

In building Avvo Legal Services, we took to heart the position adopted by New York Bar Association Ethics Opinion 897, ABA Formal Opinion 465, and others (in looking at “deal of the day” offers) that

⁵ See, e.g., Bates v. State Bar of Arizona, 433 U.S. 350 (1977); Shaperò v. Kentucky Bar Association, 486 U.S. 466 (1988); Florida Bar v. Went For It, Inc., 515 U.S. 618 (1995).

⁶ Central Hudson Gas & Electric Corp. v. Public Service Comm. of New York, 447 U.S. 557 (1980). There may also be an even more demanding standard for regulation of non-misleading advertising, a test described as occupying a middle ground between “intermediate” and “strict” scrutiny. See Sorrell v. IMS Health, 564 U.S. 552 (2011); Retail Digital Network v. Appelsmith, 810 F.3d 638 (9th Cir., 2016).

⁷ The Committees should also consider the extent to which overly-restrictive ethics opinions can be anticompetitive, exposing the Bar and members of the Committees to antitrust liability. See North Carolina Board of Dental Examiners v. FTC, 574 U.S. ____ (2015) and Goldfarb v. Virginia State Bar, 421 U.S. 773 (1975).

long-standing prohibitions on fee-splitting with non-lawyers are not to be applied rigidly and mechanically, but rather in a way that looks to the underlying consumer and client protection rationale of these rules.

Under New Jersey RPC 5.4(a), attorneys may not, under most circumstances, split legal fees with non-lawyers. There are two things to keep in mind here: First, even if Rule 5.4(a) is applied mechanically, Avvo Legal Services does not involve the splitting of legal fees: the entire fee for legal services is passed through to the attorney, and the attorney pays a marketing fee to Avvo separately. Mechanically, that's no different than how attorneys pay for advertising today.

Secondly, and more important, is the purpose of the prohibition against fee splitting: the protection of clients by ensuring that a lawyer's independent judgment is not compromised. As ABA Opinion 465 noted, in finding that deal-of-the-day websites don't violate Rule 5.4, despite the presence of what is quite clearly a fee-split:

The fact that the marketing organizations deduct payment upfront rather than bill the lawyer at a later time for providing the advertising services does not convert the nature of the relationship between the lawyer and the marketing organization from an advertising arrangement into a fee sharing arrangement that violates the Model Rules.

Opinion 465 stands for the unsurprising conclusion that fee splits are not *inherently* unethical. They only become a problem if the fee is split with a party that may pressure the attorney's decision-making in a given case. Like the deal-of-the-day websites (or credit card processors, which also technically split fees with their attorney customers⁸), Avvo Legal Services has no control, interference, or interest in how the lawyer exercises independent professional judgment in service of the client. Thus, even if Avvo Legal Services DID split the fee received between legal and marketing fees (which it does not), that action would involve only the sort of "technical" fee split that poses no risk to an attorney's independence. Nonetheless, we have taken a "belt-and-suspenders" approach by ensuring that the payment for Avvo Legal Services marketing complies with both the letter and the spirit of Rule 5.4.

Lawyer Referral Services

While the New Jersey RPCs contain limitations on the conditions under which lawyers can participate in lawyer referral services, Avvo Legal Services does not fall under this provision. As New Jersey Committee on Attorney Advertising Opinion 43 (2011) notes, a "lawyer referral service" is marked by lack of access to information about participating attorneys and steering consumers to a specific attorney. Thus, "lawyer referral services" might be described as marketing programs that purport to match potential clients with the right lawyer for their specific legal problems, while in actuality referring them to whichever lawyer has bought the right to that "lead" (often through geographic exclusivity).

⁸ See, e.g., Arizona Ethics Opinion 89-10 (1989); Colorado Formal Opinion 99 - Use of Credit Cards to Pay for Legal Services (1997).

Avvo Legal Services does not involve such a referral. Consumers are free to choose from any participating lawyer - or to go to Avvo's directory (which features nearly every lawyer in the country) and contact an attorney to purchase legal services directly. And even for those consumers who choose speed and have Avvo connect them with a lawyer, that connection is made to the first available lawyer in the client's practice area - not using Avvo's discretion, and not to a lawyer who has bought marketing exclusivity of some sort.

Advertising Fees Tethered to Receipt of Legal Fees

While Avvo does not recommend attorneys or otherwise operate as a lawyer referral service, there may be concern that payment for the marketing visibility provided by Avvo Legal Services is tied to the actual acquisition of business, rather than to the more traditional measure of "impressions" (or even newer measures such as "pay-per-click" or "pay-per-lead"). While Avvo's model - an even newer form of efficient advertising known as "pay-per-action" - does literally involve "paying for business," this is also one of these situations - like fee-splitting - where we must look past a mechanical application of the rules to the underlying purpose.⁹

The public protection concerns that provide the substance to restrictions on paying directly for business originate in the use of "cappers" - individuals who would hang around hospitals or courthouses and get paid for every client they could hustle back to a lawyer. But the problem with "cappers" wasn't the mechanics of payment, but the consumer deception that went along with the "capper" methodology. That's not remotely what Avvo Legal Services is about. Avvo is not soliciting clients or trying to convince people with legal issues that a particular attorney is the right one for their needs. Avvo is simply creating the marketplace, and consumers are free to choose from any attorney participating in that marketplace.

The Relative Size of Avvo's Marketing Fees

The marketing fee charged by Avvo will differ depending on a variety of factors, including the type of service purchased, the overall cost of the service, promotional considerations, competition, market testing, and a variety of other factors. While it is not a set percentage applied to all Legal Services, the size of the marketing fee does roughly scale upward with the price of a Service.

It is certainly true that for most legacy forms of advertising - like the Yellow Pages, TV, or radio - the cost of a given marketing "impression" is often the same, regardless of the underlying value of the good or service. However, this is not the case online, where so much more data is available, and where

⁹ Note that many ethics opinions addressing "deal of the day" websites have found that the pay-per-action nature of these services is non-problematic. See, e.g., ABA Formal Opinion 465 - Lawyers' Use of Deal-of-the-Day Marketing Programs (2013); Nebraska Ethics Advisory Opinion for Lawyers No. 12-03 (2012); North Carolina Formal Ethics Opinion 10: Lawyer Advertising on Deal of the Day or Group Coupon Website (2011); South Carolina Ethics Opinion 11-05 (2011).

targeted advertising allows advertisers to pay only for interested, or even committed, customers. What's more, different markets have different competitive dynamics. Some legal practice areas and types of legal services are more lucrative to lawyers than others. Costs of acquisition, retention, and servicing can vary widely. But none of this is remotely controversial or problematic in any way to clients, and the variability and targeting involved allows advertisers to spend their ad dollars more efficiently.

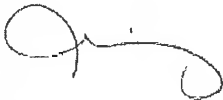
Avvo Legal Services involves numerous factors that tie our costs to the value of the services being offered. Avvo buys ads promoting Avvo Legal Services elsewhere online, and the cost of those ads – as any attorney buying online advertising knows – varies widely depending on the value of the underlying service. Avvo pays the credit card processing fees for Services purchases, and those fees are a direct percentage of the legal fee spent by the client. Avvo takes the payment processing risk, which also scales directly with the cost of the service purchased. And Avvo provides U.S.-based, end-to-end customer service, via telephone, chat, and email, to all purchasers of Avvo Legal Services; purchasers of more expensive services typically require a more extensive amount of support.

For these reasons, it should come as little surprise that the size of the marketing fee is strongly correlated to the value of the underlying service. But this correlation has absolutely no impact on consumers. As the First Amendment demands that there must be real potential for consumer deception before an advertising method can be prohibited by law, there's no basis to find Avvo Legal Services in violation of the RPCs simply because of the payment mechanism it employs.

Conclusion

We hope this overview has clarified the mechanics of Avvo Legal Services, and how the program has been designed to meet the needs of consumers of legal services and the consumer-protective goals of the Rules of Professional Conduct. If you or any Committee members have questions, please don't hesitate to contact me at josh@avvo.com or (206) 734-4113.

Sincerely,



Josh King
Chief Legal Officer
Avvo, Inc.

Avvo Legal Services Terms

- These terms incorporate Avvo's Terms of Use. To the extent there is a conflict between these terms and the Avvo Terms of Use, these terms will control.
- Participation in the Avvo Legal Services program is at Avvo's discretion, and subject to Avvo's participation guidelines. Avvo may change these guidelines at any time, and Avvo is the sole arbiter of the application of its guidelines.
- In addition to the program guidelines, there may be additional terms applicable to categories of service or a specific service. We will let you know what those terms are when you sign up to offer a particular service, and you must agree to those terms before you can participate in such offers.
- **VERY IMPORTANT:** In most cases, buyers will be choosing YOU. Because of this, YOU (not a receptionist, secretary, paralegal or another lawyer in your office) must be the one who calls the buyer back. Buyers of services are real paying customers. These are anything but routine intake/screening calls - and YOU must be the one who calls back.
- Avvo sets the pricing for legal services, and the prices consumers pay are subject to change. We will let you know before we change prices in a way that impacts the economics of a service offered to you (see "Price testing" below for an explanation of how we might change prices that buyers pay without changing your economics). Continuing to offer a service after being notified of a price change will indicate your agreement to the price change.
- Text messages: You agree to receive service-related text messages to the mobile phone number you provide during the enrollment process (or any number you provide in an update to your online account settings).
- Payment is monthly: By the 15th of each month, you'll get paid the entire amount buyers paid for your services fulfilled in the prior month, net of refunds.
 - You will ONLY get paid if the call goes through our system. Buyers are only charged, and you only paid, if you call the phone number provided by Avvo. If the buyer calls you directly after purchasing a legal service, you need to tell them you'll call them right back and call them on the phone number that we give you to reach them. If you don't do this, you won't get paid, and you risk removal from the program.
- Avvo's marketing fee: By the 15th of each month, we will bill you the per-service marketing fees associated with the services that you fulfilled in the prior month. Marketing fees vary by service, and will be indicated when you choose which services to offer.
- Price testing: Avvo will occasionally do price testing of existing services, and we won't usually be able to let you know when we're doing that. However, you don't need to worry about anything other than continuing to provide great service. When we do such testing, we will take any discounted amount out of the marketing fee we charge you. Thus, any discount to a service will be offset by a corresponding discount in the marketing fee associated with that service.
 - Example: a service might have a standard consumer price of \$200 with a marketing fee of \$50, which means you'll net \$150 each time you fulfill one of these services. We might decide to test how much demand changes when we lower the price to \$175. When you fulfill a service at this price point, the legal fee you collect will go down (from \$200 to \$175), but the marketing fee will be reduced accordingly (from \$50 to \$25), resulting in the same \$150 net of marketing expense.
- Turnaround and response times: These are specific to the service categories, and you'll see them when you sign up for specific services. It is critical to continued participation in this program that you meet or exceed all turnaround and response time expectations.
- Turning buyers away: There are certainly valid reasons why you might choose to not fulfill a service for a buyer: a conflict of interest, lack of experience in a particular legal issue, too busy, etc. So, even after a consumer has chosen you and paid for a service, you can choose to turn it down and NOT fulfill the service. The buyer will be refunded or connected to another attorney of their choice. To turn down a service, email services@avvo.com with the customer name, service name, and your request to decline the service.
 - But, this should be used sparingly. You shouldn't be offering services you don't feel you can competently fulfill, and if you are swamped with work, you should put your services on "pause" by turning your availability off. We want to delight buyers with the experience of buying legal services through Avvo, and a huge part of that is them feeling comfortable that the attorney they chose will be the one who actually provides the service. Therefore, you shouldn't turn down services too often, and if you do, we may remove you from the program.
- Program removal and suspension: We can remove or suspend you from the program at any time at our discretion. Here's a list of reasons why we might remove or suspend you, but it is by no means an exclusive list:
 - Fraud
 - Turning down too many legal service buyers
 - Low review scores
 - Lengthy responses times (taking too long to call consumers back)
 - Not calling consumers back at all (i.e. not getting paid because a phone call didn't go through our system)
- Avvo uses Plaid Technologies, Inc. ("Plaid") to gather your account data from your financial institution. By using our service, you grant Avvo and Plaid the right, power, and authority to act on your behalf to access and transmit your personal and financial information from the relevant financial institution. You agree to your personal and financial information being transferred, stored, and processed by Plaid in accordance with the Plaid Privacy Policy.

Questions? Please contact services@avvo.com.



Tuesday, May 9, 2017

Carol Johnston, Esq.
Committee Secretary
Richard J. Hughes Justice Complex
P.O. Box 037
Trenton, NJ 08625-0037

RECEIVED
MAY 12 2017
ACPE

RE: ACPE Docket No. 21-2016

Dear Ms. Johnston:

This letter is a voluntary response to your letter dated February 27, 2017 concerning LegalZoom's prepaid legal services plans ("legal plans") in New Jersey. You asked for more information about the legal plans as well as the payment structure for participating New Jersey attorneys.

As you are aware, LegalZoom expressly prohibits its employees from giving customers legal advice or individualized assistance in creating legal documents and carefully trains them not to do so. If a customer desires legal advice, LegalZoom offers its legal plans. A legal plan is any type of arrangement in which a customer prepays for access to legal services that he may require in the future. These plans provide easy access to lawyers for those who otherwise may not be able to afford it. The American Bar Association ("ABA") believes that consumer access to legal plans is so important that it necessitated formation of the ABA Standing Committee on Group and Prepaid Legal Services. This Committee's sole purpose is to remove legal barriers to the growth of the legal plan industry and encourage state and local bar associations to foster lawyer participation in legal plans.¹ Likewise, the National Association of Attorneys General adopted a resolution to join the ABA in supporting the concept of prepaid legal service plans because they: "1. Are important to maintaining the confidence in our justice system and the rule of law. 2. Efficiently and inexpensively provide preventative legal services to low and middle income Americans. 3. Ease the burden on overtaxed government programs. [and] 4. Enhance productivity by allowing employees to focus on their jobs, not their legal troubles."²

LegalZoom offers several subscription legal plans in New Jersey, providing consumers with affordable access to an attorney when our self-help legal products do not meet their needs. The legal plans offer plan members a variety of products and services for a monthly fee including, but not limited to, telephone consultations with an attorney licensed in his state, during normal business hours, of up to one-half hour for each new legal matter with certain exclusions, and the review by that attorney of legal documents. If a customer's legal issue cannot be addressed in a half-hour consultation, the customer can engage the attorney at a 25% discounted rate. A plan member pays annual, semi-annual, or monthly fees to LegalZoom for the legal plans. It is important to note that LegalZoom does not provide any legal services or advice, and that the attorney-client relationship is limited to that of the legal plan member and the legal plan attorney. If a legal plan member engages the attorney for further work, LegalZoom is not a

¹ See http://www.americanbar.org/groups/group_prepaid_legal_services/policy.html

² <http://www.naag.org/assets/files/pdf/Resolution.PrepaidLegalServicesPlans.Adopted.pdf>

party to their retainer agreement. The licensed attorneys from participating firms are not employees of LegalZoom.

LegalZoom contracts with Vyzas & Associates, PC in Kearny, New Jersey for consultations with licensed New Jersey attorneys. Customers can read the biographies of Mr. Vyzas and his associates on LegalZoom's website before subscribing to the legal plan or before scheduling a consultation. LegalZoom pays Mr. Vyzas a monthly "capitated" administrative fee per personal and business legal plan member in New Jersey, regardless of whether the member schedules consultations or uses the legal plan. The fee is designed to cover administrative costs such as conflicts checks, opening files, and training staff to use LegalZoom's scheduling software. The monthly administrative fee is \$3 per personal legal plan member and \$2.65 per business legal plan member. The legal plan attorneys do not pay LegalZoom to participate in the plan, nor does LegalZoom share fees with the legal plan attorneys. If a customer engages the attorney for additional work outside of the plan membership, the member pays a discounted rate, but LegalZoom does not pay the attorney additional fees, nor does the attorney pay fees to or split fees with LegalZoom.

We hope that a greater understanding of LegalZoom's legal plans will allay the concerns that prompted your letter.

Sincerely,

A handwritten signature in cursive script, reading "Elizabeth Bosshard-Blackey".

Elizabeth Bosshard-Blackey
Sr. Corporate Counsel

May 15, 2017

VIA EMAIL

Ms. Carol Johnston
Committee Secretary
Advisory Committee on Professional Ethics
Richard J. Hughes Justice Complex
P.O. Box 037
Trenton, NJ 08625-0037

RECEIVED
MAY 15 2017
ACPE

**RE: ACPE Docket No. 21-2016
UPL Docket No. 17-2016
CAA Docket No. 53-2016**

Dear Ms. Johnston:

Thank you for your letter of February 27, 2017, and the opportunity to address the important topics raised therein with the New Jersey Supreme Court Advisory Committee on Professional Ethics, Committee on the Unauthorized Practice of Law, and Committee on Attorney Advertising. We welcome the opportunity to share our thoughts on a subject that we think is an important one.

Rocket Lawyer's Business Model

Rocket Lawyer's mission is to make access to legal services more affordable and available to everyone. We pursue this mission by providing our customers with access to a wide range of legal documents and a network of high-quality licensed attorneys (the "Rocket Lawyer On Call Network").

As noted in the footer of every Rocket Lawyer web page, and in our terms of service, Rocket Lawyer is not a law firm and does not provide legal advice. Our fees come from our customers who pay for documents individually and/or subscriptions to our services. Subscribers to our services can obtain unlimited access to our library of legal documents, discounted rates from attorneys in the Rocket Lawyer On Call Network, and other benefits.

Rocket Lawyer's commitment to affordable and accessible legal services is at the heart of everything we do. Rocket Lawyer believes in making the laws that were created to protect and empower individuals, families and small business owners more accessible and understandable by making less expensive legal services available to those very people. The complexity and cost of

finding and retaining a lawyer are at the heart of why many under-served people do not get the legal help they need.

Rocket Lawyer's Relationship with NJ Attorneys

Participating attorneys (including those in New Jersey) in the Rocket Lawyer On Call Network are not employees of Rocket Lawyer, but are independent attorneys with their own law practices. Participating attorneys do not pay anything to Rocket Lawyer to be included in the Rocket Lawyer On Call Network.

Included with this letter is a sample agreement that Rocket Lawyer uses with attorneys who participate in the Rocket Lawyer On Call Network. As you will note, under these contracts, Rocket Lawyer does not receive payments from, or split fees with, participating attorneys.

Accordingly, we believe that Rocket Lawyer's business model is fully compliant and consistent with RPC Sections 7.3(c) and (d) (prohibiting a N.J. lawyer from paying a referral fee or "anything of value" to a person or company to recommend or secure the lawyer's employment by a client or as a reward for having made the recommendation) and Section 5.4(a) (prohibiting a lawyer from sharing legal fees with a non-lawyer except under certain circumstances).

Also, Rocket Lawyer's business is fully aligned with the New Jersey State Bar Foundation's mission statement to "*foster an increased awareness, appreciation and knowledge of law and the legal system amount New Jersey residents.*" We advance this goal by helping New Jersey customers gain access to a broad range of lower-cost legal services, in a manner that is fully consistent with the New Jersey professional ethics rules and regulations.

We believe the Rocket Lawyer On Call Network of attorneys is a critical part of our business because it enables everyday people to easily find and hire an attorney when one is needed. If a customer ultimately hires an attorney from the Rocket Lawyer On Call Network, the attorney-client relationship is formed outside of Rocket Lawyer and is solely between the attorney and client. We are not privy to the advice given by attorneys to clients, nor do we in any way influence the advice that attorneys give their clients.

Future Rule Changes

We strongly believe that new, more modern rules should be considered by the New Jersey Supreme Court Advisory Committee on Professional Ethics, Committee on the Unauthorized Practice of Law, and Committee on Attorney Advertising. Specifically, we urge you to consider rule changes that allow New Jersey attorneys to enter into arrangements with technology companies to enable them to help parts of the population that are under-served get access to justice and understand the laws better. We believe it would be possible and desirable for the population of New Jersey (and all other states) for technology companies to be paid a fee to facilitate this connection. Charging a reasonable fee for such services would not affect the quality of the services or cause an ethical dilemma which would render the attorney incapable of exercising judgement in the representation.

ROCKETLAWYER

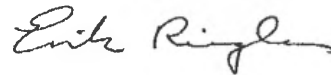
Rocket Lawyer Inc.
182 Howard Street #830
San Francisco, CA, 94105

The simplicity and clarity that Rocket Lawyer offers to its users is far less frightening to the average person than an attorney consultation or walking into a law firm. Further, the scale of Rocket Lawyer's services enables the cost of legal access to be driven downwards, with 100% of the savings being passed along to the consumer. These facets of Rocket Lawyer's business encourage the interaction much more than the traditional path of finding an attorney. Because of the scale that technology companies are able to bring, and the network effects, these business models are very different from a typical historical "one-to-one" referral fee arrangement. Such fees would be minimal and enable technology companies to continue to grow and expand their reach, serve more of the community, and preserve the integrity of attorney professionalism and independence. We encourage New Jersey to lead the way in modernizing its ethics rules to enable new business models that help both attorneys and consumers work together more efficiently.

Further Information

Thank you once again for the opportunity to present our views on this important topic in advance of the June 2017 meeting of the Committees. Please do not hesitate to contact me if we can be of further assistance.

Sincerely,
ROCKET LAWYER INCORPORATED



Erik Riegler
General Counsel

Encl.

Service Provider Agreement

This Service Provider Agreement (this "Agreement"), dated as of the date set forth on the signature page hereto (the "Effective Date"), is between Rocket Lawyer Incorporated ("Rocket Lawyer") and the undersigned attorney ("Service Provider"). Rocket Lawyer and Service Provider are sometimes individually referred to as "Party" and collectively referred to as the "Parties."

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the undersigned, intending to be legally bound, agrees as follows:

1. **Services.** Service Provider agrees to perform the services set forth in Appendix A (the "Services") for the benefit of certain customers of Rocket Lawyer ("Eligible Members").
2. **Term and Termination.** The term of this Agreement shall be one (1) calendar year from the Effective Date (the "Term") unless terminated earlier pursuant to the provisions of this Agreement. Thereafter, the Term will automatically renew for successive one (1) year periods without notice.
 - a. **Termination for Cause.** Service Provider shall be terminated from the Program automatically (1) upon suspension from a state bar, or attorney licensing or regulatory authority necessary for the lawful delivery of any legal services, for any reason; (2) upon termination of a license to practice law in the state in which Service Provider is offering his or her legal services, or (3) if such Service Provider is no longer regularly engaging in the practice of law.
 - b. **Termination for Convenience.** Rocket Lawyer may terminate this Agreement for convenience at any time upon written notice. Service Provider may terminate this Agreement for convenience with thirty (30) calendar day's prior written notice.
 - c. **Effect of Termination.** Termination shall not relieve Service Provider of any obligations incurred prior to the termination.
3. **Required Actions.** Service Provider hereby agrees to undertake the following actions in good faith:
 - a. Complete a lawyer profile on the Rocket Lawyer website. Service Provider shall provide the following information in the Attorney Profile: (i) first and last name, office address, telephone number, email address and law firm website (if applicable); (ii) state bar number(s), areas of practice, professional summary, education, regular fee schedule and methods of payment; (iii) headshot photograph or firm logo for use in accordance with Section 5 hereof.
 - b. Service Provider shall provide promptly Rocket Lawyer with a standard fee schedule ("Fee Schedule"), which shall include a description of services and fees, including flat fees, for each service. The Fee Schedule will comply with Appendix A, attached hereto. Service Provider shall provide Rocket Lawyer with any updates to the Fee Schedule within five (5) business days of making such updated services available to Eligible Members.
 - c. Service Provider shall not propose or enter into any agreement or understanding with any Eligible Member that conflicts with this Agreement. Service Provider acknowledges and

agrees that certain legal services may require performance at no cost to Eligible Members. Subject to regulations of the applicable attorney licensing or regulatory authority necessary for the lawful delivery of any legal services, Service Provider shall notify Rocket Lawyer of any questions regarding the interpretation of any provision of the policies and fee structure.

- d. Service Provider shall provide itemized billing statements to Eligible Members if requested.
- e. Within thirty (30) calendar days of executing this agreement, Service Provider will complete at least one document interview on www.rocketlawyer.com for a document in his or her primary legal practice area (a "Relevant Document") and review the Relevant Document for legal sufficiency in state(s) where Service Provider is admitted to practice and provide any suggested revisions and/or comments to Rocket Lawyer on a timely basis (such process shall be referred to herein as a "Legal Document Review"). After such Legal Document Review, Rocket Lawyer shall publish Service Provider's profile on the legal document's landing page with Service Provider's approval.
- f. Perform an additional Legal Document Review at least once per quarter upon reasonable request of Rocket Lawyer.
- g. Maintain the accuracy of information in Service Provider's Attorney Profile at all times and regularly, but not less than annually, review and update same. Service Provider will also promptly notify Rocket Lawyer of any material changes affecting the accuracy of Service Provider's Attorney Profile or of any material or adverse changes to Service Provider's state bar membership status.
- h. Service Provider will provide Rocket Lawyer with a copy of its valid professional liability insurance via email at attorneyservices@rocketlawyer.com, on an annual basis.
- i. Maintain (1) an active license to practice law in every applicable jurisdiction, with no complaints or disciplinary actions during the term of this Agreement; and (2) a law office, virtual or actual, and is regularly engaged in the practice of law.
- j. If Service Provider rejects an Eligible Member for any reason, Service Provider shall immediately (i) direct the Eligible Member to contact the Rocket Lawyer Customer Service Center to seek an alternate Service Provider and (ii) notify Rocket Lawyer of the reason for rejection if and to the extent permitted by any rules of professional conduct applicable to Service Provider.
- k. Comply with all applicable laws and state bar rules.

4. Prohibited Actions.

- a. Service Provider hereby agrees not undertake the following actions: (i) solicit or encourage Eligible Members to cancel a Rocket Lawyer membership; (ii) accept representation of an Eligible Member regarding any action, proceeding, dispute or any matter against Rocket Lawyer; or (iii) solicit or contact Rocket Lawyer members for any purpose outside the scope of legal representation without the member's consent, which should only be requested in a manner that is compliant with the relevant rules of professional conduct in Service Provider's jurisdiction or relevant jurisdictions.

- b. Service Provider will not form an attorney-client relationship with a Rocket Lawyer member on www.rocketlawyer.com. Any attorney-client relationship may only be formed under a separate written engagement agreement with the Rocket Lawyer member that conspicuously outlines the scope of services and the related fees and costs.
 - c. Service Provider is aware and hereby acknowledges the importance of the goodwill and good reputation of Rocket Lawyer. Service Provider shall not undertake any action that could disparage, reflect badly upon or otherwise damage the reputation of Rocket Lawyer, nor cause such result through inaction.
5. **Release for Use of Likeness.** Service Provider grants Rocket Lawyer a worldwide, sublicensable, non-exclusive, transferable license to reproduce, publish and display Service Provider's Attorney Profile and other content and information contained therein on www.rocketlawyer.com and any related or successor webpages and marketing materials. Service Provider hereby gives Rocket Lawyer the right to use and disseminate his or her name, picture, portrait, photograph, likeness ("Likeness") in all forms and in all media and in all manners in connection with Service Provider's Attorney Profile and the promotion of Rocket Lawyer's business, products, and/or services.
6. **Warranties; Disclaimer.**
- a. **Warranties.** Service Provider represents and warrants to Rocket Lawyer as follows:
 - i. Service Provider has the full right and authority to enter into this Agreement and to perform the acts required of it hereunder.
 - ii. the execution of this Agreement and the performance of its obligations and duties hereunder do not and shall not violate any other Agreement to which Service Provider is a party or by which it is otherwise bound.
 - iii. when executed and delivered, this Agreement shall constitute the legal, valid and binding obligation, enforceable against Service Provider according to its terms.
 - iv. Service Provider does not have a negative discipline history with his or her applicable state bar.
 - v. Service Provider acknowledges that Rocket Lawyer makes no representations, warranties or agreements related to the subject matter hereof that are not expressly specified in this Agreement.
 - vi. With respect to any legal services performed in connection with this Agreement, Service Provider will (1) perform the Services in a professional and workmanlike manner; (2) comply with applicable state bar rules; (3) use the legal knowledge, skill, thoroughness and preparation reasonably necessary for the competent provision of legal services and (4) refrain from practicing law outside the jurisdictions where he or she is licensed to practice law.
 - vii. In the event of any breach of any of the foregoing warranties, in addition to any other remedies available at law or in equity, Rocket Lawyer will have the right, in its sole absolute discretion, to suspend immediately Service Provider's ability to provide any of the Services to prevent harm to Rocket Lawyer or its business.

If practicable, Rocket Lawyer will provide notice and opportunity to cure. Once cured, Rocket Lawyer will promptly restore the Service Providers' ability to provide the Services.

- b. **Disclaimer.** ROCKET LAWYER DOES NOT MAKE AND HEREBY DISCLAIMS ANY AND ALL OTHER EXPRESS AND IMPLIED WARRANTIES, (INCLUDING WARRANTIES OF MERCHANTABILITY, QUALITY, PERFORMANCE, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, TITLE, OR ARISING FROM COURSE OF DEALING, USAGE, OR TRADE PRACTICE) ARISING IN FROM COURSE OF DEALING OR COURSE OF PERFORMANCE. ROCKETLAWYER DOES NOT WARRANT THAT ITS TECHNOLOGY WILL BE UNINTERRUPTED, ERROR-FREE, OR COMPLETELY SECURE.
7. **Indemnification.** Service Provider agrees to defend, indemnify and hold Rocket Lawyer harmless with respect to any and all losses, damages or expenses (including reasonable attorney's fees) of any kind whatsoever and for any reason whatsoever arising out of Service Provider's relationship with an Eligible Member and all claims related to any representation, including but not limited to malpractice claims and unauthorized practice of law claims. Service Provider shall not agree to settle any such claim that does not include a complete release of Rocket Lawyer from all liability with respect thereto or that imposes any liability, obligation or restriction on Rocket Lawyer without the prior written consent of Rocket Lawyer. Service Provider acknowledges that Rocket Lawyer may participate in the defense of any claim through its own counsel, and at its own expense.
8. **Confidentiality.** Pursuant to this Agreement or otherwise, Rocket Lawyer may disclose to Service Provider certain information which Rocket Lawyer deems confidential and proprietary ("Confidential Information"). Confidential Information includes, but is not limited to, all marketing information, program documents, Rocket Lawyer fee schedules, claims forms, attorney lists, client lists, and operating procedures provided by Rocket Lawyer to Service Provider. Confidential Information shall not include information generally available to the public through no fault of Service Provider, or information which has become part of the public domain through no fault Service Provider. Service Provider shall use the Confidential Information only for the purposes and objectives stated within this Agreement and for no other purposes or objectives whatsoever without the written consent of Rocket Lawyer. Upon termination of this Agreement, Service Provider shall discontinue use of all Confidential Information, whether in written form, reducible to written form or in other forms that refer to, reflect, or contain any of Rocket Lawyer's Confidential Information. In addition, upon termination of this Agreement, Service Provider shall, at Rocket Lawyer's request promptly, return to Rocket Lawyer, or certify the destruction of, all Confidential Information.
9. **Default.** The occurrence of any of the following shall constitute a material default under this Agreement: (a) a breach of any material provision of this Agreement, including without limitation, the repeated failure of Service Provider to make available or deliver the Services in the time and manner provided for in this Agreement; (b) the insolvency or bankruptcy of Service Provider ; or (c) the subjection of any of Service Provider's property to any levy, seizure, general assignment for the benefit of creditors, application or sale for or by any creditor or government agency.
10. **Limitation of Liability.**

- a. **Exclusive Waiver.** EXCEPT FOR BREACH OF SECTION 8 (CONFIDENTIALITY), IN NO EVENT WILL ROCKET LAWYER BE LIABLE TO THE OTHER FOR ANY SPECIAL, INCIDENTAL, PUNITIVE, INDIRECT, EXEMPLARY, OR CONSEQUENTIAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOST REVENUE, LOST PROFITS, REPLACEMENT GOODS, LOSS OF TECHNOLOGY, RIGHTS OR SERVICES, LOSS OF DATA, OR INTERRUPTION OR LOSS OF USE OF SERVICE OR EQUIPMENT, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER ARISING UNDER THEORY OF CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE.
- b. **Limitations.** NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, ROCKET LAWYER'S TOTAL LIABILITY TO SERVICE PROVIDER FOR ANY REASON (WHETHER BASED IN CONTRACT, TORT, INCLUDING NEGLIGENCE AND STRICT LIABILITY) IN CONNECTION WITH THE AGREEMENT OR THE SERVICES SHALL IN NO EVENT EXCEED THE AMOUNT PAID BY ROCKET LAWYER TO SERVICE PROVIDER PRIOR TO THE EVENT GIVING RISE TO LIABILITY. SERVICE PROVIDER ACKNOWLEDGES THAT THIS PROVISION REFLECTS THE AGREED UPON ALLOCATION OF RISK FOR THIS AGREEMENT AND THAT ROCKET LAWYER WOULD NOT ENTER INTO THIS AGREEMENT WITHOUT THESE LIMITATIONS ON ITS LIABILITY.

11. General

- a. **Amendments.** Service Provider acknowledges and agrees that Rocket Lawyer reserves the right, at its sole discretion, to change or modify portions of this Agreement at any time. Rocket Lawyer will also notify Service Provider of such changes or modifications, via email notification or through other reasonable means. Any such changes will become effective no earlier than ten (10) business days after Service Provider's receipt of such notice, except that changes addressing new functions of Rocket Lawyer's technology or changes made for legal reasons will be effective immediately. Service Provider's continued participation hereunder after the date any such changes become effective constitutes Service Provider's acceptance of the new Agreement.
- b. **Notices.** All notices that either Party is required or may desire to serve upon the other Party shall be in writing and addressed to the Party to be served at the respective addresses set forth herein and shall be sent via U.S. Express Mail, private express courier service, or by email or facsimile (in either case with proof of transmission), with confirmed receipt and will be effective upon receipt at the addresses listed herein (unless the Parties are notified in writing of a change in address, in which case notice will be sent to the new address). All notices to Rocket Lawyer shall be sent to the attention of the General Counsel.
- c. **Entire Agreement.** This Agreement, including any applicable Appendices and Exhibits, constitutes the entire understanding and agreement between the Parties with respect to the transactions contemplated hereby, and supersedes any and all prior or contemporaneous oral or written representation, understanding, agreement or communication between the Parties concerning the subject matter hereof. Neither Party is relying upon any warranties, representations, assurances, or inducements not expressly set forth herein.

- d. **Waiver.** No waiver of any provision of this Agreement or any rights or obligations of either Party hereunder shall be effective, except pursuant to a written instrument signed by the Party waiving compliance, and any such waiver shall be effective only in the specific instance and for the specific purpose stated in such writing.
- e. **Force Majeure.** Neither Party shall be deemed in default hereunder, nor shall it hold the other Party responsible for, any cessation, interruption or delay in the performance of its obligations hereunder due to earthquake, flood, fire, storm, natural disaster, act of God, war, armed conflict, labor strike, lockout, or boycott, provided that the Party relying upon this section (i) shall have given the other Party prompt written notice thereof and, in any event, within five (5) calendar days of discovery thereof and (ii) shall take all steps reasonably necessary under the circumstances to mitigate the effects of the force majeure event upon which such notice is based; provided further, that in the event a force majeure event described in this section extends for a period in excess of thirty (30) calendar days in the aggregate, either Party may immediately terminate this Agreement.
- f. **Headings.** The section and paragraph headings appearing in this Agreement are inserted only as a matter of convenience and in no way define, govern, limit, modify or construe the scope or extent of the provisions of this Agreement to which they may relate. Such headings are not part of this Agreement and shall not be given any legal effect.
- g. **Severability.** In the event that any provision of this Agreement should be found by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained shall not, in any way, be affected or impaired thereby.
- h. **Assignment.** This Agreement shall be binding upon and inure to the benefit of each Party's successors and assigns. Neither Party may assign this Agreement, in whole or in part, without the other Party's prior written consent; provided, however, that either party may assign this Agreement to an acquirer or a successor to all or substantially all of its assets. Any attempt to assign this Agreement other than in accordance with this provision shall be null and void.
- i. **Independent Contractors.** The Parties to this Agreement are independent contractors. Neither Party is an agent, representative, or partner of the other Party. Each Party is solely responsible for the time, manner and place of performance of its duties under this Agreement. Neither Party shall have any right, power or authority to enter into any agreement for or on behalf of, or incur any obligation or liability of, or to otherwise bind, the other Party. This Agreement shall not be interpreted or construed to create an association, joint venture, partnership, franchise, sales, representative or employment relationship between the Parties or to impose any partnership obligation or liability upon either Party. Each Party shall bear its own costs and expenses in performing this Agreement.
- j. **Arbitration.** In the event the Parties are not able to resolve any dispute between them arising out of or concerning this Agreement, or any provisions hereof, whether in contract, tort or otherwise at law or in equity for damages or any other relief, then such dispute shall be resolved only by final and binding arbitration pursuant to the Federal Arbitration Act and in accordance with the American Arbitration Association rules then in effect, conducted by a single neutral arbitrator and administered by the American Arbitration Association in the location nearest to San Francisco, California, provided

however, that each party will have a right to seek injunctive or other equitable relief in a court of law. The arbitrator's award shall be final, and judgment may be entered upon it in any court having jurisdiction. In the event that any legal or equitable action, proceeding or arbitration arises out of or concerns this Agreement, the prevailing party shall be entitled to recover its costs and reasonable attorney's fees. The Parties agree to arbitrate all disputes and claims between the parties. The Parties also agree that the Federal Arbitration Act governs the interpretation and enforcement of this provision. The entire dispute, including the scope and enforceability of this arbitration provision shall be determined by the arbitrator. This arbitration provision shall survive the termination of this Agreement.

- k. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California, without reference to conflicts of laws or choice of laws rules. All legal actions relating to this Agreement shall be brought in the state or federal courts located in the State of California.
- l. **Further Assurances.** Each of the Parties hereto agrees to execute any and all further instruments and documents and to take all further actions as the other Party may hereafter reasonably require in order to effect the terms and purposes of this Agreement.
- m. **Non-Exclusive Arrangement.** The Parties understand that this Agreement is not an exclusive arrangement between the Parties. The Parties agree that they are free to enter into similar transactions as set forth in this Agreement with other entities and that the Parties may directly or indirectly solicit customer referrals via other channels under terms that may differ from the terms and conditions set forth herein.
- n. **Construction.** In the event that any provision of this Agreement conflicts with the law under which this Agreement is to be construed, or if any provision is held invalid by a court of competent jurisdiction, such provision shall be deemed to be restated to reflect as nearly as possible the original intentions of the Parties, and the remainder of this Agreement shall remain in full force and effect. There shall be no presumption for or against either Party as a result of such Party being the principal drafter of this Agreement.
- o. **Records.** During the Term and for a period of two (2) calendar years thereafter, the Parties will maintain books and records related to the customer transactions contemplated under this Agreement. Upon reasonable notice, the requested Party will provide such books and records to the requesting Party for review to ensure the requested Party's compliance with the terms of this Agreement, provided a Party may not exercise such audit rights more than twice during any twelve-month period unless such Party has *bona fide* reason to suspect any discrepancy.
- p. **Survival.** Sections 2, 6, 7, 8, 10 and 11 shall survive the expiration or termination of this Agreement.

IN WITNESS WHEREOF, the undersigned Service Provider has caused this Agreement to be signed and delivered as of the date first written above.

(Signed)

Name: _____

(Print)

Address: _____

Date _____

Appendix A

Service Provider Services

The following Services are to be provided at no cost to Eligible Members within Service Provider's practice area(s). This Agreement and all Services are subject to the Terms and Conditions, Rocket Lawyer On Call® Terms of Service and Privacy Policy posted at www.rocketlawyer.com, as each may be amended from time to time. Please visit www.rocketlawyer.com for the most current versions of these policies.

1. **Question & Answer Service.** Rocket Lawyer's proprietary technology includes an online question and answer legal service (the "Q&A Service"). Service Provider shall answer a legal question from an Eligible Member promptly in a professional workmanlike manner to such Eligible Member. Service Provider shall respond to all new questions within one (1) business day of an Eligible Member's request. Rocket Lawyer will pay _____ for each substantive and responsive answer delivered by Service Provider pursuant to the Q&A Service. The determination of whether an answer is sufficiently substantive and responsive to merit the foregoing payment shall be made by Rocket Lawyer in its sole but reasonable discretion.
2. **Consultations.** A "Consultation" shall mean the provision of legal services within the Service Provider's level of practice and experience in relation to the Eligible Member's inquiry. The consultation is expected to last up to 30 minutes and may be aggregated if Service Provider needs to conduct additional research to provide basic feedback. The Service Provider's goal for a Consultation is to provide a member with enough information and/or advice to (i) make a reasonable determination that they are proceeding with a legal approach correctly on their own, (ii) gain a meaningful understanding of what their legal needs are for any potential next steps in their legal matter, and/or (iii) if the Service Provider and the Eligible Member conclude that the matter is likely to warrant a formal engagement of counsel, gain a meaningful understanding of the scope of the costs associated with such representation. Service Provider will provide free thirty (30) minute Consultations for each new legal matter in person or by phone or by video conference. Service Provider shall promptly report each new Consultation to Rocket Lawyer for approval to deliver the Services.
3. **Document Reviews.**
 - a. **General.** Service Provider will review certain legal documents for Eligible Members. Each such document is not expected to exceed 10 pages in length and shall conform to the basic font size and format type of a typical document found on Rocketlawyer.com (each, an "Eligible Document").
 - b. **Procedure.** Service Provider will: (i) review the document to be able to provide substantive guidance regarding the document's overall legality and/or enforceability, the appropriateness for the specific Member's situation, and what, if any suggested changes should be made; (ii) use best efforts to set up an appointment within five (5) business days from receipt of the document to provide the Eligible Member feedback on the document; and (iii) provide a thirty (30) minute post-review consultation to discuss the Service Provider's review of the legal document (taken together, a "Document Review").

- c. **Additional Work.** To the extent there is additional work to be completed in review of the Eligible Document, the Service Provider shall apply the Discounted Hourly Rate (defined below) for such additional work and shall obtain informed consent from the Eligible Member for any such arrangement.

4. Google Helpouts

- a. **General.** Rocket Lawyer and Google Inc. ("Google") may allow an eligible Service Provider offer a legal consultation with an Eligible Member through Google's live video technology ("Google Helpouts"). Service Provider shall provide a Google Helpouts consultation to an Eligible Member in a professional workmanlike manner within his or her area of practice and experience, in compliance with applicable rules of professional responsibility and in accordance with Google Helpouts' terms and conditions (<https://helpouts.google.com/static/us/en/tos/provider.html>), which are incorporated herein by reference. For clarity, Google Helpouts may be scheduled in advance or offered on demand if Service Provider is available to provide instantaneous consultations.
- b. **Background Checks.** Service Provider agrees to permit Rocket Lawyer to perform one or more personal background checks, including, but not limited to, criminal records, sex offender registries, and terrorist watchlists.
- c. **Google Account and Availability.** In order to participate in Google Helpouts, Service Provider must set up a Google+ account at <http://plus.google.com>. Service Provider agrees to be available to provide Google Helpouts for at least one (1) hour per business day or at least five (5) hours per week, during normal business hours unless Service Provider first notifies Rocket Lawyer in writing of the Service Provider's unavailability and when Service Provider is able to resume providing availability.
- d. **Payment Terms.** Rocket Lawyer will pay Service Provider _____ for each successful completion of a Google Helpout consultation.
- e. **Legal Services Agreements.** Service Provider understands that an Eligible Member will agree to enter into a Legal Services Agreement [add link or provide by attachment] prior to participating in a Google Helpouts consultation, which among other things, discloses any financial relationship between Rocket Lawyer and Service Provider. By participating in a Google Helpouts consultation with an Eligible Member, Service Provider also agrees to enter into the Legal Services Agreement.

5. Additional Benefits Provided to Eligible Members Outside the Scope of Services.

- a. **Discounted Hourly Rate.** Service Providers shall provide Eligible Members a 40% discount off their usual and customary hourly rate, or charge \$125.00 per hour (whichever is greater) (the "Discounted Hourly Rate") for legal services beyond the Services. Service Providers agree they may only charge an Eligible Member once they have entered into a separate written engagement agreement with the Eligible Member that conspicuously outlines the scope of their services and the related fees and costs.
- b. **Flat Fee Discounts.** For certain legal matters, in lieu of the Discounted Hourly Rate, the Service Provider may provide services at a Flat Rate (each a "Flat Rate Service"). Service

Provider agrees to provide Rocket Lawyer with a schedule of its Flat Rate Services and to provide Rocket Lawyer with a minimum 10% discounted rate for any Flat Rate Service.

- c. **Retainers.** If Eligible Member seeks legal representation beyond the Services, a Service Provider may ask the Eligible Member for a retainer. Any retainer sought will be computed by multiplying the number of billable hours a Service Provider reasonably believes a case will require, by the applicable Discounted Hourly Rate. Any unused portion of the retainer must be returned to the Eligible Member. In many states, Service Providers may be required to obtain a retainer from the Eligible Member prior to providing some of the free member benefits. Service Provider is responsible for knowledge of its local state bar rules.
- d. **Contingency Fee Discounts.** Subject to applicable state bar rules, the Service Provider make accept representation on a contingency fee basis, provided that the related contingency fee will be discounted by at least 10% from the state maximum rate or the Service Provider's standard rate, whichever rate is lower. As with all legal services, the contingency fee discounts are only available in states and for such practice areas in which a fee discount is permitted by law. To the extent there is a state minimum, no fee discount will be available below the mandated state minimum.

6. Legal Profession.

- a. **Professional, Independent Attorney Judgment; Competence.** Service Provider is solely responsible for making independent professional judgments regarding its provision of Services. Rocket Lawyer will in no way influence or attempt to affect the rendering of the Services. Service Provider shall provide the legal knowledge, skill, thoroughness and preparation reasonably necessary for the competent provision of Services.
- b. **Compliance with Laws; Disclaimers.** Service Provider shall acknowledges and agrees that it will comply with all applicable laws and state bar rules regarding participation in online legal services and advertisements. Service Provider agrees that Service Provider shall be responsible for all conflicts checks. If prohibited by law or applicable state bar rules, Service Provider shall not provide legal advice, including, but not limited to, providing recommendations on course of action and applying law to the specific facts of an Eligible Member. Service Provider shall agree to use any appropriate disclaimers in the manner provided by Rocket Lawyer from time to time.
- c. **No Attorney-Client Relationship on Rocketlawyer.com.** Service Provider shall not form an attorney-client relationship through the provision of Services on RocketLawyer.com with any Eligible Member. Subject to any restrictions set forth herein, any attorney-client relationship shall be formed through a separate written arrangement between the Eligible Member and the Service Provider and shall be considered outside the context of the provision of Services on RocketLawyer.com.
- d. **Suspension of Participation.** If Service Provider must suspend participation for a period of time, Service Provider shall notify Rocket Lawyer within three (3) business days and inform Rocket Lawyer of Service Provider's anticipated return date.

7. **Exclusions.** The following matters are excluded under this Agreement:

- a. Legal matters (i) outside the Service Provider's area(s) of legal practice; (ii) involving the laws of jurisdictions outside the United States or its subdivisions; (iii) where the Eligible Member has already retained Service Provider at Service Provider's usual rates; (iii) involving the practice of law in states where the Service Provider is not licensed to practice law.
- b. Frivolous legal matters as determined by the Service Provider in Service Provider's sole discretion.
- c. Any action involving Rocket Lawyer, Service Providers, or Rocket Lawyer's affiliates directors, officers, employees or agents in any matter in which they have interests actually or potentially adverse to the Eligible Member's interests.
- d. Matters directly or indirectly involving an Eligible User and their Program Sponsor. "Program Sponsor" means any company, organization, or affiliation that purchases on behalf of its members a Rocket Lawyer legal plan through wholesale channels, retail channels, or otherwise.

8. **Miscellaneous.**

- a. **Rocket Lawyer Documents.** Service Provider acknowledges that has had an opportunity to review all applicable Rocket Lawyer form documents available on www.rocketlawyer.com for legal sufficiency in state(s) where Service Provider is admitted to practice and shall provide suggested revisions and/or comments to Rocket Lawyer within a reasonable period of time, or as mutually agreed by the Parties.
- b. **Quality Score.** Upon request by Rocket Lawyer, Service Provider shall maintain a minimum consumer satisfaction score and net promoter score, as mutually agreed upon by the Parties.
- c. **Records; Reporting.** Service Provider shall maintain a record of completed Consultations and Document Reviews and provide Rocket Lawyer notice within a reasonable period of time upon the completion of each Consultation and Document Review. Upon the reasonable request of Rocket Lawyer, Service Provider shall provide Rocket Lawyer with a report of Eligible Members who have converted to actual clients.
- d. **Audit.** From time to time, upon reasonable notice and during business hours, Rocket Lawyer shall have the right to inspect the relevant portion of the Service Provider's books and records for the sole purpose of auditing the Service Provider's record of Consultations and Document Reviews and legal fees generated from Eligible Members.
- e. **Amendment.** This Appendix A may be amended from time to time in accordance with Section 11(a) of the Agreement.

Rocket Lawyer

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Member since October 2013

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Ask a lawyer
50,000+ Legal questions answered

Incorporate and more
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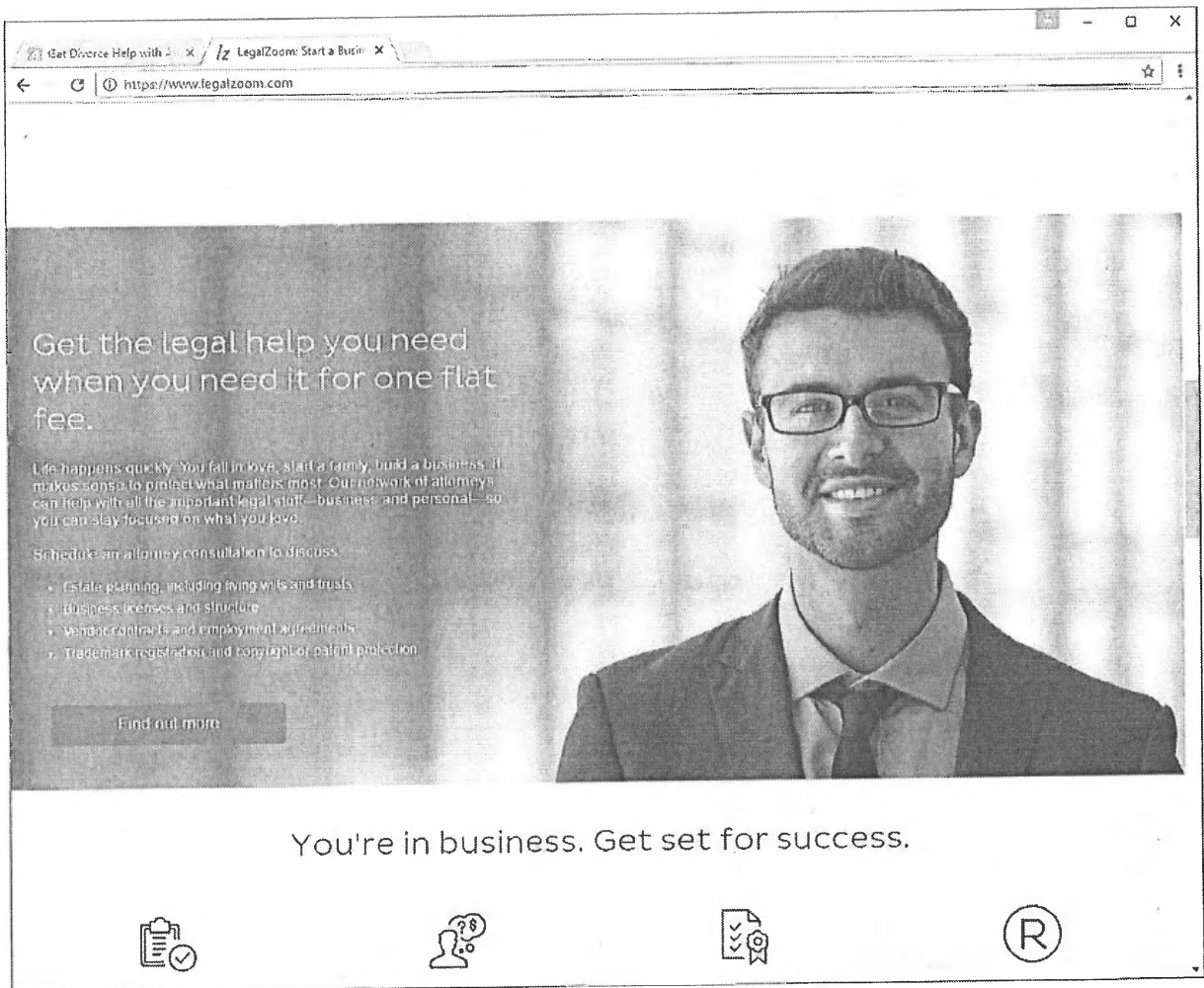


Resolution

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Questions? Call us at (888) 627-1193

LegalZoom



The screenshot shows the LegalZoom website in a web browser. The browser's address bar displays "https://www.legalzoom.com". The main content area features a large image of a smiling man with glasses and a beard, wearing a suit and tie. To the left of the image, the text reads: "Get the legal help you need when you need it for one flat fee." Below this, a paragraph states: "Life happens quickly. You fall in love, start a family, build a business. It makes sense to protect what matters most. Our network of attorneys can help with all the important legal stuff—business and personal—so you can stay focused on what you love." A button labeled "Find out more" is positioned below the text. To the right of the button, a list of services is provided: "Schedule an attorney consultation to discuss:", "• Estate planning, including living wills and trusts", "• Business licenses and structure", "• Vendor contracts and employment agreements", and "• Trademark registration and copyright or patent protection". At the bottom of the page, the text "You're in business. Get set for success." is displayed. Below this text are four icons: a clipboard with a checkmark, a person with a question mark, a document with a checkmark, and a registered trademark symbol (®).

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- Estate planning, including living wills and trusts
- Business licenses and structure
- Vendor contracts and employment agreements
- Trademark registration and copyright or patent protection

Find out more

You're in business. Get set for success.

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- Contracts and business agreements
- Copyrights, trademarks, and other intellectual property protections
- Personal legal matters, including property, family law, and estate planning
- Tax advice from our business partners at 1-800Accountant to offer you a better understanding of your filing options

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Personal lawyers aren't just for emergencies. Good advice helps you make informed decisions about a variety of personal legal matters, including:


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- Family matters, such as marriage, divorce, and child support
- Finance, including bankruptcy, contracts, legal agreements, and lawsuits
- Employment issues, for example, termination, compensation disputes, and employment agreements
- Tax advice from our business partners at 1-800Accountant to offer you a better understanding of your filing options

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Life changes and so does the law. Our trusted network of attorneys will be able to advise you on whatever personal legal matters might arise:

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- **Family matters**, such as marriage, divorce, and child support
- **Finance**, including bankruptcy, contracts, legal agreements, and lawsuits
- **Employment issues**, for example, termination, compensation disputes, and employment agreements
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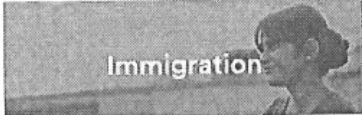
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"My experience was fantastic, I received my call within minutes of submitting my request and got the clarification and guidance I needed on how to proceed regarding my situation. The attorney I consulted

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Prenuptial agreement

Family advice session, review of prenuptial agreement

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Postnuptial agreement

Family advice session, review of postnuptial agreement

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CUSTOMER TESTIMONIAL

"James definitely has an impressive legal acumen and he shared some great insights on how I should proceed in my case. He also seemed to genuinely care about the stress I was experiencing with my difficult case, and his advice was reassuring and comforting"

Family client, March 2016



James Vercollone
Family attorney

Divorce help

Avo Legal Services provides divorce help at a fixed price. We can also help with other family issues, including reviewing a prenuptial agreement, creating a parenting plan, and more.

If you and your partner no longer want to be married and need divorce help, a lawyer can help you with an online divorce and file on your behalf. Most divorces are uncontested, and this route often saves time and money for both parties.

If you and your partner are legally separating but not divorcing, you'll need a separation agreement. It outlines the division of assets, child custody and support, and alimony similar to a divorce—except you're still legally married, just no longer together. This step might eventually lead to divorce but is more flexible. The benefit of creating a separation agreement is that, moving forward, there is a clear understanding between both parties about who is responsible for what. However, not every state recognizes a separation agreement as a legally binding document.

If you have children with your partner and are separating or divorcing, outline child custody and support with a parenting plan. A parenting plan includes a schedule for who the child or children will be with and at what times. It also outlines who pays child support and which parent is responsible for making major decisions, like medical and educational choices.


If you're planning on getting married and wondering how to get a prenup, consult a lawyer to help you protect your property and assets in the event of a divorce, separation, or death.

A prenuptial agreement preemptively makes decisions about your assets before you get married. Without it, you could lose any valuable property or assets you owned before your marriage.

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What is Avvo Legal Services?

Avvo Legal Services connects consumers that have a current legal need with attorneys ready to meet that need for a fixed fee.

[Click here to view a current list of services.](#)

How it works

- 1 Clients choose your service and pay through our website.
- 2 You have 1 business day to call your new client.
- 3 After you complete the service, we pay you the full amount.

How will Avvo Legal Services help me grow my practice?

- 1 Receive paying clients instead of leads.

Attorney FAQ for Avvo Legal Services

Last updated 11 days ago

Included

- How it works
- Registration and your account
- Setting your availability
- Ethics
- Getting paid

How it works

What is Avvo Legal Services?

Avvo Legal Services is a range of fixed-fee, limited-scope legal services determined by Avvo and fulfilled by local attorneys. Avvo defines the services and prices. Attorneys choose which services they would like to offer in their geographical area. Local clients purchase legal services, choose the attorney they want to work with, and pay the full price of the service up front. The chosen attorney then completes the service for the client and is paid the full legal fee. As a separate transaction, the chosen attorney pays a per-service marketing fee for the completed, paid service. Attorney participation is governed by the Avvo Legal Services Terms.

What types of services can I offer?

You can choose to offer services like a 15- or 30-minute advice session, legal document review, or immigration application review. There are also start-to-finish services such as: start a single-member LLC, apply for US citizenship, create a residential lease, create a living trust (individual), and file for uncontested divorce. As part of the signup process, you choose which services you want to offer from the full menu of available services.

Do I have to offer all of the services in my practice area?

No. You may choose to offer all, a few, or just 1 of the services—it's completely up to you. You can change your selections at any time if a service isn't benefiting your practice.

Will clients be local to my area?

Yes. Avvo Legal Services is only marketed to potential clients who are looking for legal help in your geographical area.

How do advice sessions work?

You can offer 15-minute advice sessions, 30-minute advice sessions, or both.

1. **Choose your services.** Once you sign up, choose which advice sessions you want to offer. 15-minute and 30-minute advice sessions are currently available in practice areas such as business, family, immigration, estate planning, and real estate.
2. **A client buys a service.** The client selects the advice session that fits their needs and pays the full price up front. Potential clients can either choose a specific attorney they want to talk to within 1 business day, or choose to speak to the next available attorney within 15 minutes. If the client chooses to speak to the next available attorney, we send a text message to the available attorneys in that client's geographic area and practice area. The first attorney to respond to the text message receives the client's contact information.
3. **Call your new client.** If the client has chosen you, specifically, you will receive their contact information and you have 1 business day to call your new client. If the client chooses to speak to the next available attorney and you successfully respond first, you have 15-minutes to call your new client. In both situations, call your client within the required time frame to answer their questions and give them legal advice for their situation.

4. **You get paid.** You're paid the full legal fee into your deposits account. The payment is \$39 for a 15-minute advice session or \$69 for a 30-minute advice session.
5. **You pay a marketing fee.** As a separate transaction, we withdraw the per-service marketing fee from your withdrawals account. The fee is \$10 for a 15-minute advice session or \$25 for a 30-minute advice session.

How do document review services work?

1. **Choose your services.** Once you sign up, choose which document review services you want to offer. Examples include non-disclosure agreement, US citizenship application, parenting plan, eviction notice, and power of attorney (individual).
2. **A client buys a service.** The client selects the service that fits their needs, pays the full price up front, and chooses you as the attorney they want to work with.
3. **Review the document.** We send you the client's information and their legal document. Review their document and note any errors, changes they should make, follow up questions you have for the client, or concerns they should think about. You do not edit the document.
4. **Call your new client within 1 business day.** You have 1 business day to call your new client for a 30-minute discussion of their document. Answer their questions, suggest changes or things they should consider, and give them legal advice for their situation. If the client is not the right fit, you can decline the service by text message or by emailing services@avvo.com. We will take care of the client and you are free from obligation.
5. **You get paid.** You're paid the full legal fee into your deposits account. The payment is \$149 - \$595, depending on the service.
6. **You pay a marketing fee.** As a separate transaction, we withdraw a per-service marketing fee from your withdrawals account. Fees are \$40 - \$150, depending on the service.

How do start-to-finish services work?

Services that require longer engagements with clients work like this:

1. **Choose your services.** Once you sign up, choose which services you want to offer. Examples include: start an LLC, apply for US citizenship, file for uncontested divorce, create a commercial lease agreement, and create a living trust (couple).
2. **A client buys a service.** The client selects the service that fits their needs, pays the full price up front, and chooses you as the attorney they want to work with.
3. **Make your introductory call within 1 business day.** You have 1 business day to call your new client for a 30-minute introductory call. Use the call to confirm the client is the right fit for the service and for your practice. If so, continue working with your new client as you would any other paying client. If the client is not the right fit, you can decline the service by text message or by emailing services@avvo.com. We will take care of the client and you are free from obligation.
4. **You get paid.** If you and the client decide to continue working together after the introductory call, you'll be paid the full legal fee for the service into your deposits account. Prices for these services vary from \$295 for services like creating a last will and testament (individual), up to \$2995 for preparing and filing a family green card application. Any applicable filing fees are not included in the price of the service; clients should pay those separately.
5. **You pay a marketing fee.** As a separate transaction, we withdraw a per-service marketing fee from your withdrawals account. Fees are \$40 - \$400, depending on the service.

How do attorneys display in the Avvo Legal Services store?

After choosing the service they need, potential clients enter their location and then see a list of attorneys in their area. Attorneys are displayed randomly in the store and the list is reshuffled at least once every hour.

How do I check for conflict of interest?

When a client buys a service, you will receive their full name along with their contact information. You should also begin any call with a new client with the standard questions you normally use to check for conflict of interest.

Can I ask clients to sign my representation agreement?

Yes, and we encourage it. Most attorneys use their existing representation agreement template, updated to reflect what's included and excluded in each Avvo service. Make sure your agreement aligns with the Avvo Legal Services Terms.

What if the client needs more help, beyond the scope of the service?

Scope is obviously very important for these services, which is why we suggest you have clients sign your representation before moving forward with any start-to-finish services. Your agreement hopefully states what will happen in the event the work goes out of scope—we leave the details up to each attorney; just make sure your arrangement doesn't violate the Avvo Legal Services Terms.

No matter how you handle additional fees—hourly rates or an additional fixed fee—you can tell the client that the work they need is beyond the purchased service. This should also be clear from the list of what's included and excluded on the Avvo service's details page.

If they want to hire you for the extra work, you can arrange payment directly with them. If the purchased service isn't right for them—for example, they buy an uncontested divorce but it turns out it is contested—you or the client can decline the service and we will refund the client's money.

Can I refer clients to my private practice for further work?

We encourage you to continue professional contact with clients if they require additional work beyond their purchased service and want to keep working with you. However, do not use the purchased service as

a sales pitch. The client has already paid for your time and a specific legal service.

Where will client reviews display?

Verified client reviews will appear in the Avvo Legal Services store and on your Avvo profile.

Registration and your account

Am I eligible to sign up?

Avvo Legal Services is currently available in these US states: Arizona, California, Colorado, Florida, Georgia, Illinois, Massachusetts, Maryland, Michigan, Minnesota, Missouri, Nevada, New Hampshire, North Carolina, New Jersey, New York, Ohio, Oregon, Pennsylvania, South Carolina, Texas, Utah, Virginia, Washington, and Wisconsin.

To participate, you also need to list 1 or more of the following practice areas on your Avvo profile, at 10% or more of your practice area total.

- Bankruptcy and debt
- Business
- Criminal defense
- Divorce and separation
- Family
- Estate planning
- Immigration
- Landlord or tenant
- Real estate

If you need to update your practice area percentages, simply edit your Avvo profile.

We're expanding to new areas quickly. Email us at services@avvo.com if you're interested in participating but have not yet received an invitation.



How do I sign up?

1. Click "join today" on the attorney enrollment page.
2. Provide your mobile number. We send you a text message when a new client is awaiting your call.
3. Link a bank account for deposits—this is probably your client trust or IOLTA account. Once a month, we'll deposit your client payments for all completed services into this account.
4. Link a bank account for withdrawals—this should be your operating account. Once a month, we'll withdraw the per-service marketing fees for your paid, completed services from this account.
5. Provide your tax information. Once a year, we'll send you a 1099.
6. Confirm your mobile number and, if necessary, verify your bank account.
7. Choose which services you want to offer on Avvo.

Is there a cost to join or monthly fee to participate?

No. There is no cost to join and no monthly subscription. You only pay a marketing fee for each completed service. If you don't complete any services, you don't pay anything.

Do I have to commit to a certain length of time?

No. You can opt out of services at any time if they're not benefiting your practice. Simply update your services on your Avvo Legal Services dashboard.

Can I cancel my account if I decide this isn't for me?

Yes. You can opt out of all services at any time through your Avvo Legal Services dashboard. We can also delete your account for you—just send us an email at services@avvo.com.

Setting your availability

What if I go on vacation—can I pause my services?

Yes. In addition to choosing which services you want to offer, you can also control your availability. For example, you may want to offer document review services in general, but not this week because you're out of town or your practice is too busy. To solve this, you can turn your availability off by texting STOP to the Avvo phone number or using the on / off button on your Avvo Legal Services dashboard.

Turning your availability off does 2 things:

1. It removes you from the list of attorneys offering each service within the Avvo Legal Services store.
2. It removes your fixed-fee services from your Avvo profile.

When you turn your availability back on, you will reappear in the store and services will reappear on your profile within 1 hour.

How do I control my availability?

When you sign up, you get a text from Avvo to confirm your mobile number. You can control your availability by sending a text message to that same Avvo phone number. Text STOP when you're unavailable and do not wish to take new clients. Text START when you want to resume taking new clients. You may also set your availability on your Avvo Legal Services dashboard by using the on / off button.

What if a client buys a service with me but I'm not available?

If you are unexpectedly busy and won't be able to call your client within the required 1 business day, you can decline the service by text message or by emailing services@avvo.com. You may also want to turn your availability off by texting STOP to the Avvo number or selecting off in your Avvo Legal Services dashboard.

Ethics

Is this a lawyer referral service?

No. Avvo is not referring people to a particular lawyer. Potential clients choose which attorney they would like to work with from all available, participating attorneys.

Should I be concerned about fee-splitting?

No. Avvo always sends you 100% of the client's payment to the account you've chosen for deposits—probably your client trust account. As a separate transaction, you will pay a per-service marketing fee from your operating account. As a completely separate transaction, you will pay a per-service marketing fee.

We know this issue is extremely important to participating attorneys. Here's what ethics expert and Avvo's Chief Legal Officer Josh King says *hmm.* on the matter:

"Fee splits are not inherently unethical. They only become a problem if the split creates a situation that may compromise a lawyer's professional independence of judgment. We believe that Avvo Legal Services fees, if deducted like credit card fees, would involve the sort of technical fee split that would not create such a potential for compromise. Nonetheless, we have tried to keep things simple and clear by making the per-service marketing fee a separate charge from your operating account."

Getting paid

Is there a monthly fee to participate?

No. You only pay a marketing fee for each completed service. If you don't complete any services, you don't pay anything.

Does Avvo charge a marketing fee?

Yes. Because Avvo is creating the marketplace and advertising on your behalf, we charge a per-service marketing fee for each completed

service. This fee is withdrawn from the bank account you choose for withdrawals—this should be your operating account.

The amount depends on the service, and ranges from a \$10 marketing fee for a \$39 service, to \$40 marketing fee for a \$149 service, up to a \$400 marketing fee for a \$2995 service.

For example, if a client purchases a \$149 document review service with you, you will be paid the full \$149 client payment into your deposits account. As a separate transaction, you will be charged a \$40 marketing fee from your withdrawals account.

How does Avvo know that the call is complete and I should get paid?

When a client buys your service, we'll send you their name and a phone number to call. That phone number is a tracked number that redirects to the client's real phone number. Our system will only send you payment if the tracked number is called. So if a client calls you directly after they buy your service, you must tell them you'll call them back, then call them using the provided number. If you don't call the number we give you, you will not be paid for the service.

How do I get paid?

On the 7th of each month, we will transfer all client payments from your previous month's services into the account you've chosen for deposits—probably your client trust or IOLTA account. You are paid 100% of the client payments. As a separate transaction, we will withdraw the per-service marketing fees from the account you've chosen for withdrawals—this should be your operating account.

For example, a lawyer who successfully completes 3 \$149 document review services in the month of February will see 2 separate transactions on their bank statement in March: a deposit of \$447 (\$149/service x 3 services) into their deposits account, and a withdrawal of \$120 (\$40 marketing fee/service x 3 services) from their withdrawals account.

What form of payment does Avvo use?

When you sign up, you will be asked to connect 2 bank accounts. We need 1 account for depositing client payments—this is probably your client trust or IOLTA account. We also need 1 account from which to withdraw per-service marketing fees—this should be your operating account.

Once a month, we'll deposit 100% of your client payments earned in the previous month into your deposits account. From your withdrawals account, we'll withdraw all of the per-service marketing fees for each completed, paid service.

Does this count as fee-splitting?

No. As mentioned in the ethics section of this FAQ, we always send the entire legal fee paid by the client to the account you've chosen for deposits—likely your client trust or IOLTA account. The per-service marketing fee is a completely separate transaction, from a separate bank account you've chosen for withdrawals—most likely your operating account.

We know this is extremely important to participating attorneys. Here's what ethics expert and Avvo's Chief Legal Officer Josh King says on the matter:

"Fee splits are not inherently unethical. They only become a problem if the split creates a situation that may compromise a lawyer's professional independence of judgment. We believe that Avvo Legal Services fees, if deducted like credit card fees, would involve the sort of technical fee split that would not create such a potential for compromise. Nonetheless, we have tried to keep things simple and clear by making the per-service marketing fee a separate charge from your operating account."

Will Avvo send me a 1099 form?

Yes. When you sign up, you provide your tax information in a substitute W-9 form. Once a year, we'll send you a 1099.

Who sets the price of each service?

Avvo sets the price of each service.

Are filing fees included in the price?

No, filing fees are not included. The Avvo Legal Services store clearly states that filing fees are not included in the price of the service, but you can also reiterate this to your client during your introductory phone call.

Who sets the marketing fee?

Avvo sets the marketing fee for each service.

Will I still get paid if a client requests a refund?

If you do not deliver the agreed upon service, you will not be paid for the service. You will not be charged a marketing fee for the incomplete service. There may be some instances in which we refund an unhappy client but you are still paid for completed work, up to the standard outlined in the Avvo Legal Services Terms.

If you have a question about a refunded service, contact us at services@avvo.com.

What is Stripe?

Stripe is the secure payment system that we use to pay you money. Stripe also powers the checkout process for clients. Similar payment providers include PayPal and Square.

Sign up for Avvo Legal Services

More questions?

- Sign up for an Avvo Legal Services webinar to hear from our team, including Chief Legal Officer Josh King, and ask your questions during a live Q&A. You can also watch a webinar replay.
- Email us at services@avvo.com or call us at (425) 305-4774.

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SUPREME COURT OF NEW JERSEY
SEPTEMBER TERM 2017
DOCKET NO.: 0079852

IN THE MATTER OF THE ADVISORY :
COMMITTEE ON PROFESSIONAL ETHICS:
JOINT OPINION 732, THE COMMITTEE:
ON ATTORNEY ADVERTISING JOINT : CERTIFICATION OF SERVICE
OPINION 44, AND THE COMMITTEE ON:
THE UNAUTHORIZED PRACTICE OF LAW:
JOINT OPINION 54. :

I, Nancy Ann Zecca, being of full age, certify and say:

1. I am a Legal Secretary in the Department of Law and Public Safety, Division of Law. In that capacity, I am assigned to work with Senior Deputy Attorney General Steven N. Flanzman.

2. On February 6, 2018 at the direction of DAG Flanzman, I caused to be served, by hand delivery, original and eight (8) copies of the Brief and Appendix in Opposition to Petition for Review in the above matter, to the following:

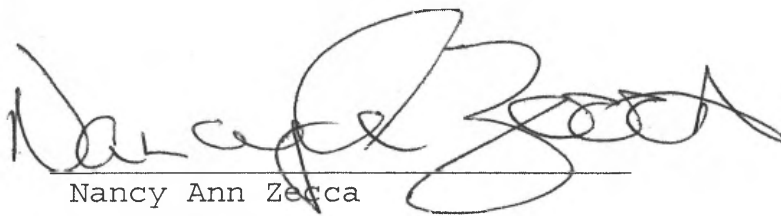
Supreme Court of New Jersey
25 Market Street
8th Floor - North Wing
P.O. Box 970
Trenton, New Jersey 08625
Attn: Mark Neary, Court Clerk

3. I caused to be served, by UPS Overnight Mail a cover letter and two (2) copies of the Brief and Appendix in Opposition to Petition for Review in the above matter, to the following:

Jeremy E. Meyer, Esq.
Cleary, Josem & Trigiani, LLP
Constitution Place
325 Chestnut Street - Suite 200
Philadelphia, PA 19106

Thomas Gordon, Esq.
Executive Director
Responsive Law
1380 Monroe Street NW #210
Washington, DC 20010

I certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.

A handwritten signature in dark ink, appearing to read "Nancy Ann Zecca", is written over a horizontal line. The signature is stylized with large, flowing loops.

Nancy Ann Zecca
Legal Secretary

Dated: February 6, 2018