

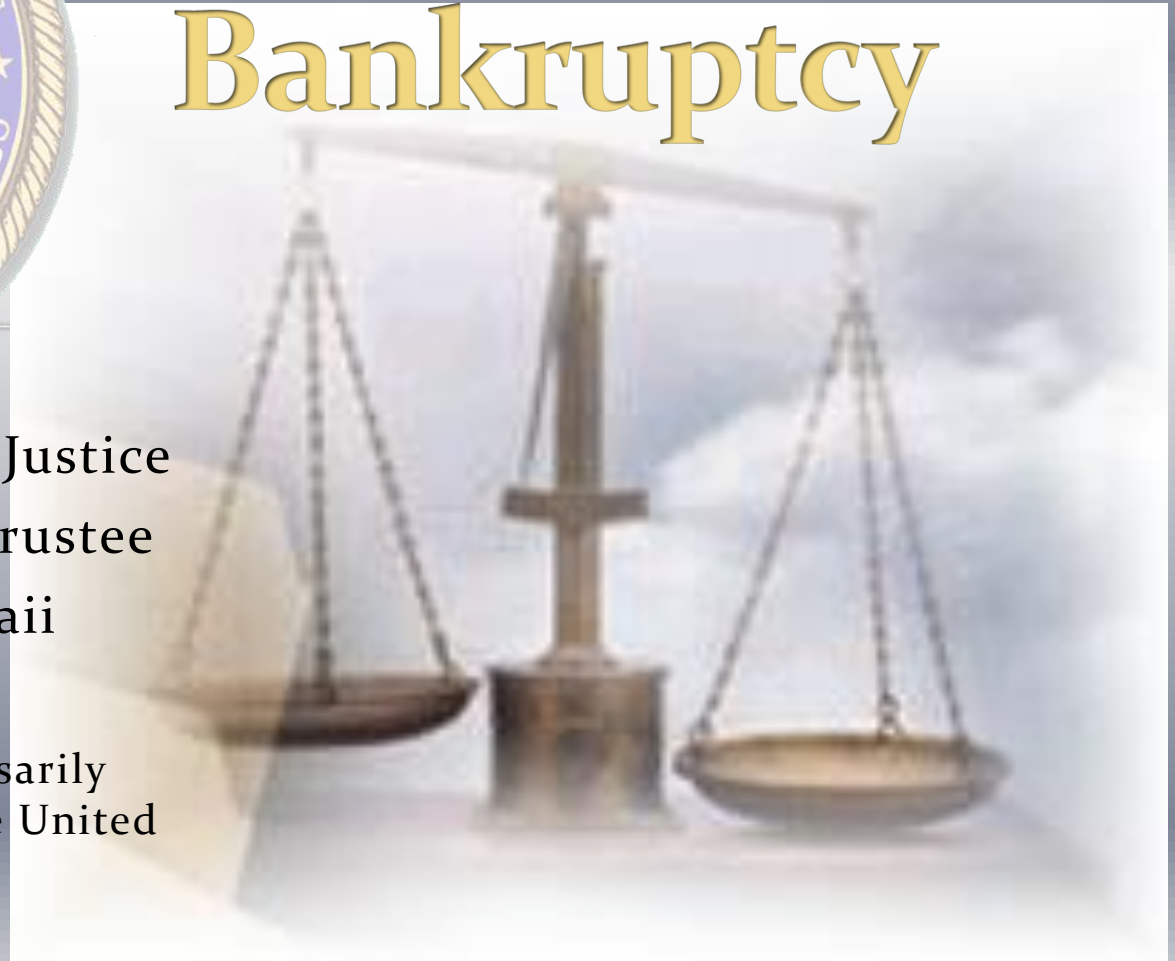
Some Ethical Issues in Bankruptcy



U.S. Department of Justice
Office of the U.S. Trustee
Honolulu, Hawaii

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These slides do not necessarily
reflect the position of the United
States Trustee Program.



Ethical Issues in Bankruptcy

- Unbundling of Services
- Zero-Down Bankruptcy Filings
- Improper Use of /s/
- Internet Law Firms

Unbundling of Legal Services

- Involves debtor's counsel itemizing (and limiting) its services to the client for a lower fee.

Unbundling of Legal Services

- Problems
 - Average consumer debtor does not understand to what he/she is agreeing.
 - Bankruptcy Code and case law prohibit certain practices, e.g., limitations on representation must have client's knowing consent.

Unbundling of Legal Services

- Guam bankruptcy local rule – 9011-1:
 - Notwithstanding any employment, retainer or attorney-client agreement, an attorney who files a petition in bankruptcy on behalf of a debtor ... will be counsel of record and shall provide representation in all matters arising during the administration of the case until the case is closed or dismissed, unless the court approves the attorney's withdrawal or substitution.

Unbundling of Legal Services

- In re Grimmer, 2017 WL 2437231
(Bankr. D. Id. June 5, 2017)

Electronic Filing of Bankruptcy Cases

- Credit Counseling Certificates
 - Imposters
 - Alteration of Certificates

Electronic Filing of Bankruptcy Cases

- Improper Use of “/s/”
 - Usually involves debtor’s signature.

Zero-Down Bankruptcy Cases

- No payment up front.
 - Automatic Stay issues
 - Discharge issues

Internet Law Firms

- How do you set up a law firm to practice in all states without researching those states' requirements for conducting business?

Thank you!!

