

Committee Opinion
April 3, 1986
Committee Op Note Update
November 18, 2021

LEGAL ETHICS OPINION 773

ATTORNEY'S FEES – COLLECTION
CASES.

It is not improper for an attorney to submit to his client all amounts collected pursuant to the terms of a conditional sales contract including costs, principal and interest and for the attorney to be compensated only to the extent that attorney's fees are collected. This assumes as a predicate that the costs collected by the attorney and forwarded to the client are only those costs which were actually advanced by the client.

It is not improper for an attorney who receives attorney's fees from a judgment debtor to reimburse his client (the judgment creditor) the hourly fees paid the attorney to obtain judgment and collection.

Providing that the client reimburses the attorney for any costs and expenses expended in collection, it is not improper for an attorney to be paid a per case appearance fee plus any attorney's fees recovered on the underlying obligation.

Providing the attorney holds the attorney's fees and renders the account to the client, it is not improper for an attorney to be paid a monthly retainer by client and for attorney to pay client all sums recovered in collection matters if, over time, funds received by client exceed retainer payments to the attorney. Conversely, should the recovered funds be less than the retainer paid, attorney would forfeit the difference. [DR:5-103(B); LE Op. 541 and LE Op. 586]

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Legal Ethics Committee Note: Rule 1.8(e) allows repayment of advanced costs and expenses to be contingent on the outcome of the matter.

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