

MINUTES

COMMITTEE: Ethics Committee

DATE: February 2, 2006

5. CHAPTER 9: GROSSING UP RESEARCH CHARGES

The lawyer principal of a firm providing legal research (“the contract lawyer”) asked for the Committee’s opinion on the propriety of lawyers who are her clients grossing up her charges in their own bills to clients where they have reviewed her work or provided some kind of enhanced value for the work.

In the Committee’s opinion when costs associated with legal services of a contract lawyer are billed to the client as fees for legal services, the amount that may be charged for such services is governed by the requirement of Chapter 9, Rule 1 that a lawyer’s fee shall not be excessive. It was the Committee’s view that where the lawyer who is the recipient of the service (“the recipient lawyer”) incurred expenses in contracting for the work of the contract lawyer, reviewed the contract lawyer’s work or otherwise added some value to the work of the contract lawyer it is proper for the recipient lawyer to bill the client for those expenses or that work, provided the charges are reasonable. However, any such charges must be clearly disclosed to the client and where the charge is for value added to the work of the contract lawyer by the recipient lawyer, the recipient lawyer’s work should properly be billed to the client as a fee, not a disbursement.

JO/
February 2, 2006.