
6/73 Use of credit cards to finance fees

The committee has had several recent inquires regarding the ethical propriety of the use of credit card plans for the financing of legal services of clients, including one which had a detailed study of the problems involved by a local bar association.

After considering the recent American Bar Association ethics opinions on the financing of legal fees, Formal 320 and Informal Opinions 1120 and 1176, as well as the matter of whether the plans should be sponsored and maintained through a local bar or state bar association, and whether accounts should be transferred with or without recourse, and whether lawyers should be permitted to display a placard announcing their participation in credit card plans, the committee concluded that the matter of financing fees through a credit card or other similar plan was a mixed issue of ethics and governing board policy, and that it would be impossible to recommend or endorse a specific type of plan without having the opportunity to examine the specific details of such proposal. Presumably, under the above-cited ABA opinions a specific plan can be formulated which will avert the problems set forth therein. The concept of credit card plans does not appear to contravene any specific canon or disciplinary rule.

However, because the committee recognizes that the operation and use of such plans by attorneys raises potentially serious ethics problems, and because there is no specific plan before the committee, and further with the need for a broad base of participation, there should be a policy endorsement from the county or state bar association sponsoring such a plan, the committee presently declines to make a final determination on the inquires at this time.