

NORTH CAROLINA

BAR ASSOCIATION
seeking liberty + justice

**Lawyer Referral Service: Program Policies
through June 30, 2018
(subject to changes/updates)**

- **Membership Fees:** The LRS member registration fee is \$150, which includes one Practice Panel. The fee per additional Practice Panel is \$50. There is no charge for subpanels and no limit on geographic enrollment (i.e., there is no per-county charge).
- **Percentage Fee Remittances:** LRS members will pay a 10% remittance (5% for SSI, SSDI and Workers' Compensation matters, which are subject to a statutory fee maximum) on total fees collected for each LRS-referred matter in which the LRS member attorney earns and collects \$500 or more in fees (exclusive of costs). The \$50 initial consultation fee, if charged, is not subject to any remittance. Fees are due for remittance at the closing of the case unless the fees are delayed or distributed over time, such as in Social Security or Workers' Compensation matters. In matters involving ongoing fee situations, LRS member attorneys will remit payment to the LRS annually.
- **Initial Consultations:** Potential clients referred by the LRS are entitled to an initial consultation of up to 30 minutes for a maximum fee of \$50. LRS member attorneys' regular rates apply thereafter and should be negotiated directly with the client. Telephone, computer, and web/video consultations are permitted in lieu of face-to-face meetings. Mutually agreeable meeting locations that ensure privacy, safety, and professionalism also are permitted (i.e., LRS member attorneys may use a virtual law office, as permitted by the NC Rules of Professional Conduct).
- **Online Management of Your Profile:** LRS member attorneys must update their LRS profiles with any changes to contact or other member profile information. LRS members may access and review their complete profiles, request changes to their areas of practice and counties, and schedule a hold or reactivation of referrals online through the LRS Member Portal, accessible here: <http://www.ncbar.org/members/lawyer-referral-service/>
- **Online Reporting, Submitting Payments:** LRS member attorneys are asked to report case status updates on a monthly basis via the LRS Member Portal. Attorneys must report on all new and open referrals, as well as on all attorneys' fees earned and collected during the previous month. The reporting software will automatically calculate the 10% remittance (5% in specific case types) for each matter and generate an invoice for the LRS member attorney to remit with payment.
- **Program Year:** The LRS operates under the NCBA/F bar year, which runs from July 1 through June 30. Although registrations are accepted at any time, fees are not prorated for late registrants.
- **Malpractice Insurance Coverage:** LRS member attorneys must carry and prove current malpractice insurance coverage. Fill out and return the Member Certification Form annually, or

whenever coverage updates are made. The Member Certification Form may be found at: <http://www.ncbar.org/members/lawyer-referral-service/>

- **Referral Process:** LRS will refer potential clients to LRS member attorneys based on legal need, geographic area, language spoken, and other requested services (credit cards accepted, evening appointments, etc.). Referrals are made in rotation to ensure an equitable distribution of referrals among similarly situated LRS member attorneys. Generally, potential clients receive one referral at a time and will not be provided more than three referrals within a 12-month period for the same legal issue. Under certain circumstances, LRS may provide more than three referrals and may also provide several referrals at the same time. Such circumstances may include, but are not limited to: emergency hearings, referral requests from those who live out of state, and lawyers interviewing LRS member attorneys to represent their clients in other matters.

LRS callers are informed that they are entitled to an initial consultation of up to 30 minutes for \$50 and that the LRS member attorney's regular hourly rate will apply after the first 30 minutes, which will be negotiated directly with the LRS member attorney. Callers are instructed to inform the LRS member attorney that the client has been referred by the LRS.

After LRS staff processes a referral, confirmation emails will be sent to both the caller/client and to the LRS member attorney. The LRS routinely monitors referrals and may conduct customer service surveys with LRS callers. Pertinent information gained from surveys will be forwarded to LRS member attorneys and to the LRS Committee, when appropriate.

- **Client Fees and Consultations:** LRS member attorneys agree to charge potential clients who are referred by the LRS no more than \$50 for an initial consultation, except that no consultation fee may be charged where such charge would conflict with a statute or rule regarding attorneys' fees in a particular type of case (e.g., workers' compensation cases), or where the LRS member attorney customarily offers or advertises a free consultation to the public for a particular type of case.

Potential clients are entitled to an initial consultation of up to 30 minutes for a maximum fee of \$50. If the potential client and LRS member attorney agree to continue consulting beyond the first 30 minutes, the LRS member attorney must make clear what additional fees will apply. Each LRS member attorney may decide whether to provide initial consultations in person, by telephone, by video conference, or by some other method of real-time communication. In-person consultations between potential clients and LRS member attorneys must take place in an office, conference room, courthouse, law library, or other mutually agreeable location that will ensure safety, privacy, and professionalism.

LRS member attorneys agree not to charge more fees and expenses to an LRS-referred client than they would to a client who is not referred by LRS.

Lawyer Referral Service Program Policies

Preamble: The North Carolina Referral Service is a Lawyer Referral Service operated under North Carolina R.P.C. 7.2(d). LRS is a non-profit service. LRS members/LRS member attorneys share in the administrative and advertising costs of the LRS program through an annual membership fee and remittance of a percentage of revenues derived from LRS-referred cases. LRS employees do not initiate contact with prospective clients and do not engage in live telephone or in-person solicitation of clients. LRS does not collect any fees from clients or potential clients for use of the service.

- I. **Mission:** The mission of the Lawyer Referral Service (LRS) is to serve the public and lawyers by referring people who seek and can afford to pay for legal assistance (potential clients) to lawyers who are willing to accept such referrals, and to provide information and other resources as appropriate. All lawyers participating in the LRS (LRS member attorneys) agree to abide by these Lawyer Referral Service Policies (Policies).

- II. **Eligibility:** An LRS member attorney must:
 1. Be in private practice;
 2. Be an active member of the North Carolina State Bar in good standing;
 3. Be a member of the North Carolina Bar Association in good standing;
 4. Maintain current malpractice insurance coverage; and
 5. Have no record of suspension or disbarment in any state.

- III. **Complaints about LRS member attorneys:**
 - A. **Ethics Complaints:** Complaints received by the LRS program regarding possible ethical violations by LRS member attorneys will be referred to the North Carolina State Bar.
 - B. **Fee Complaints:** Complaints received by the LRS program regarding LRS member attorneys' fees will be referred to the North Carolina State Bar.
 - C. **Customer Service Complaints:** Complaints received by the LRS program from clients regarding customer service by member attorneys will be logged. The character, number, and/or frequency of such complaints may result in removal from the LRS, using the procedures set forth in section IV "Removal" (below).

- IV. **Removal:** LRS member attorneys may be removed from the LRS or any LRS panel if they no longer meet the eligibility requirements or if they violate any of the LRS Policies. LRS member attorneys who violate any of the LRS Policies, no longer meet the eligibility requirements, or are otherwise at risk for removal from the LRS will be notified that they are in violation of the eligibility requirements or the program Policies and will be given 15 days' notice to reply to the notice or correct the violation(s). If no reply is received and the violation(s) is not corrected, referrals will be suspended on the 16th day following notification of violation. LRS member attorneys against whom disciplinary proceedings have been filed with the NC State Bar will be removed from the LRS until those matters have been resolved. A matter will not be deemed resolved until all proceedings, including appeals, have been concluded and the matter is no longer pending in any form.

- V. **Fees and Refunds:**
 - A. **Fees:** All LRS member attorneys must pay the annual LRS membership fee and percentage remittances set by the Board of Governors (BOG) and described below.
 1. **Registration Fee:** All LRS member attorneys must pay an annual membership fee. Except as described under the section on "Refunds" (below), registration fees are nonrefundable and will not be prorated. The membership fee is \$150 and includes one practice area panel. Additional practice area panels may be selected for \$50 each.
 2. **Remittances:** LRS members must submit a remittance to the LRS when the member has earned and collected attorney fees on an LRS-referred matter and the amount earned and collected meets or exceeds the threshold set by the NCBA Board of

Governors (which for 2016 – 2017 is \$500). The remittance owed is 10% of the attorney fees earned and collected by the member on the LRS-referred matter (5% in SSI, SSDI and Workers Compensation matters). The obligation to remit a fee continues for the duration of representation in the originally-referred matter.

3. **Barter:** If an LRS member attorney and client referred by LRS enter into a barter agreement in lieu of a traditional monetary-exchange fee agreement, the LRS member attorney must prove the value of the goods or services received in such exchange. The remittance described in the section on “Remittances” (above) will be owed to the LRS based on the fair market value of the bartered goods. Fair market value must be proven by the LRS member for all barter agreements and approved by the LRS Committee.
4. **Communications Regarding Remittances:** Upon settlement of a matter, the LRS member attorney must include the LRS with those who have a right to know about the terms of a settlement to the extent necessary to allow the LRS to determine the portion of the fees to which it is entitled.

B. Refunds:

1. Upon written request, an LRS member attorney who has been removed from the LRS is entitled to a prorated refund of registration fees provided that the LRS member attorney has no unpaid balances for LRS membership fees or remittances. The amount of the refund will be based on the number of full months remaining in the calendar year for which the fees were paid, as measured from the date the written request is received. A removed LRS member attorney who again meets all of the eligibility requirements prior to the expiration of the calendar year during which the removal occurred may reapply and be reactivated for the remainder of that calendar year upon written request and payment of any amount refunded.
2. Upon written request, an LRS member attorney who is required to refund to a client a portion of a flat fee that was earned upon receipt will be refunded the percentage paid to LRS of the portion refunded to the client.

VI. Operations:

A. **Program Year:** The LRS operates on a July 1 – June 30 program year. Although the LRS will accept applications at any time, registration fees are not prorated for late registrants. Payment of the registration fee entitles the LRS member attorney to participate only for the remainder of the applicable program year.

B. Customer Service Expectations of LRS Member Attorneys:

1. LRS member attorneys will participate only on those panels and subpanels within the LRS member attorney’s competence.
2. LRS member attorneys will not charge or bill for any fee beyond the initial consultation fee unless and until the LRS member attorney and potential client have agreed to the attorney’s fees and costs for additional time or services beyond the initial 30-minute consultation.
3. LRS member attorneys will use a written fee agreement for any services provided beyond the initial consultation.
4. LRS member attorneys will communicate regularly with LRS staff, including updating online profiles and providing notice if an LRS member attorney is unable to accept referrals for a period of time due to vacation, leave of absence, heavy caseload, or any other reason.
5. LRS member attorneys will keep clients reasonably informed about the status of their matters and respond promptly to reasonable requests for information. LRS member

attorneys will return calls and emails promptly and will provide clients with copies of important papers and letters.

6. LRS member attorneys will refer back to LRS any potential client with whom the LRS member attorney is unable to conduct an initial consultation for any reason, except that an LRS member attorney may offer the potential client a referral to a substitute lawyer provided: (1) The substitute lawyer is an LRS member attorney; (2) The potential client is informed of the option to call the LRS back for another referral rather than accepting the offered substitution; (3) The potential client agrees to the substitution; and (4) Both LRS member attorneys notify LRS of the substitution. An LRS member attorney may request LRS to waive this requirement when adherence to this requirement is contrary to the LRS member attorney's independent professional judgment.
7. LRS member attorneys will use the North Carolina State Bar's Grievance Committee for any fee disputes with LRS-referred clients.
8. LRS member attorneys must have access to a computer with one of the following Internet browsers installed and running the most recent version: Internet Explorer, Chrome, Firefox, or Safari.

C. Reporting and Remittance Requirements:

1. **Case Reports:** LRS member attorneys must regularly report on all LRS-referred matters. LRS member attorneys who have not reported on any given LRS-referred matter for more than 60 days are considered past due in their reporting requirements. LRS member attorneys whose reporting is past due may be removed from LRS with 15 days' notice until all reporting is brought up to date.
2. **Payment Reports:** LRS member attorneys must report payments received on LRS-referred matters within 30 days of receipt. LRS member attorneys who receive incremental payments may report on all payments received on a quarterly basis.
3. **Remittance Payments:** LRS member attorneys must pay remittances when due. Remittances are calculated in accordance with these policies. The remittance is a percentage of the LRS member attorney's attorney fees only and does not apply to any costs advanced and recovered, or to the \$50 initial consultation fee.
 - i. Remittances are due to LRS within 30 days of reporting payments received or within 60 days of receiving payment, whichever is sooner.
 - ii. AN LRS member attorney who fails to pay remittances when due may be removed from LRS until all remittances are paid in full.
 - iii. If an LRS member attorney fails to pay remittances within 90 days of when they are due, the NCBA Foundation may take any reasonable and financially prudent methods to collect amounts owed to LRS.
 - iv. An LRS member attorney who has been more than 30 days past due in payment of remittances on multiple occasions is subject to permanent removal from the LRS. The initial decision will be made by the LRS Committee, and the removed LRS member attorney may appeal in writing to the BOG within 30 days' notice of the decision. BOG decisions regarding removal are final.
 - v. An LRS member attorney's obligation to pay remittances owed to the LRS continues regardless of whether the LRS member attorney is in breach of this agreement, fails to comply with these Policies, is removed from the LRS, is no longer eligible to participate in the LRS, or leaves the LRS.
4. **Special Circumstances:**
 - i. If an LRS-referred client puts one or more other potential clients in touch with the LRS member attorney for the same matter (e.g. a multiple-victim auto accident or multiple wage claims against the same employer), no additional

remittance will be due to the LRS beyond the remittance from the LRS-referred client's matter.

- ii. If an LRS-referred matter closes and the client later contacts the LRS member attorney on another matter, no further remittance will be due to the LRS.
 - iii. If an LRS member attorney elects to share or co-counsel an LRS-referred matter with another lawyer for any reason, the LRS member attorney is solely responsible to the LRS for remittances on all fees earned and collected during the course of representation of the client in that matter (including any fees paid to the other lawyer brought in on the matter).
5. Remittance disputes: LRS may request LRS member attorneys to verify that correct remittances have been paid. Upon request, LRS member attorneys must provide verification to LRS to the extent reasonably necessary to resolve the remittance dispute and to the extent allowed under the rules of professional conduct.

VII. Review and Governance:

- A. **Lawyer Referral Service Committee** (LRS Committee): The LRS Committee advises the NCBA Board of Governors on the operation of the LRS. The LRS Committee works with LRS staff in the development and revision of these Policies. Amendments to these Policies must be approved by the BOG. Amendments to the Policies may be approved by the LRS Committee. The BOG may amend the Policies at any time. The LRS Director has discretion to waive and suspend Policies for good cause in the administration of the LRS program.