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## Lawsuit alleges Chadbourne overcharged for computerized legal research

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May 07, 2009

A California plaintiffs' attorney has filed a lawsuit against a New York-based law firm on a behalf of a former client of the firm for what she claims is a hidden but widespread practice within the legal profession: law firms secretly profiting off legal research fees by overcharging clients.

Consumer protection attorney Patricia Meyer filed a suit against New York's Chadbourne & Parke on March 2 for allegedly overcharging J. Virgil Waggoner, a Texas businessman, by several thousands of dollars for computerized legal research. His bill was roughly \$20,000 for the research, she said, but it should have been closer to \$5,000. *Waggoner v. Chadbourne & Parke*, No. BC408693 (Los Angeles Co., Calif., Super. Ct.).

She did not serve the firm until May 1 because, she said, she did not want to compromise other investigations alleging similar claims.

Meyer of San Diego's Patricia Meyer & Associates said that many similar lawsuits are in the pipeline, noting that she has amassed evidence that shows at least a dozen other law firms are overcharging clients for legal research, but not telling them.

"I know I'm not the most popular person in town right now, but that's okay. This is something that needs to be corrected," said Meyer, who believes she is shedding light on "an unfair business practice" within the legal profession.

"This appears to be more widespread than you would think," Meyer said. "Basically what we're finding is that certain law firms are using Westlaw and Lexis as profit centers, as compared to simply passing along their actual costs to their client....Quite candidly, what we're finding is the clients really have no idea that this is going on."

The firm has not yet filed a response to the complaint, which alleges unfair business practices, unjust enrichment, fraud and deceit. But partner Thomas Hall issued a statement on the matter: "We adamantly deny this claim of Mr. Waggoner, with whom we ended our relationship over four years ago. It is telling that Mr. Waggoner — a Texan who had retained our New York, not California, office — filed suit in California only after his New York malpractice lawsuit against Chadbourne was dismissed and only after we sued him in New York for unpaid fees."

According to Meyer, profiting off fees, such as computerized legal research fees, without the clients' knowledge violates rules of professional conduct set forth by both the California and American bar associations, which limit the recovery of legal fees. She said that law firms can charge clients more for services than what they actually cost — they just have to let the client know upfront.

"If you wanted to enter into a retainer agreement, where you told your client that they would be paying the hourly rate [for legal research] even though the law firm was not, that's legal, as long as there's full disclosure," Meyer said.

But that didn't happen in Waggoner's case, Meyer alleged.

Waggoner hired Chadbourne & Parke in 2002 to represent him in a case in which he was trying to recover collateral and assets from a credit facility.

According to court records, Waggoner was billed \$108,000 for the law firm's services, of which roughly \$20,000 was

for legal research fees.

Meyer claims that Chadbourne & Parke did what several law firms are doing — billing clients for hourly rates that are charged by companies, such as Westlaw and LexisNexis, when they are actually paying flat, package rates for those services.

Officials at Thomson Reuters, which owns Westlaw, said that law firm subscriptions vary, depending on the nature of their practice and research needs. They said firms commonly will pay a set rate for access to specific Westlaw databases that are core to their practice and pay hourly charges for accessing databases outside their plan.

Meyer alleges that her client was billed for the hourly rate, when the law firm paid a flat fee.

"It's disgorgement of profits," Meyer said. "That's our allegation."