IN THE UNITED STATES BANKRUPTCY COURT

FOR THE

SOUTHERN DISTRICT OF GEORGIA
Savannah Division

In the matter of: LOUIS E. DEUTSCH DONNA A. DEUTSCH (Chapter 7 Case 90-41292) Debtors	Adversary Proceeding Number 90-4154
S. ELANGOVAN (Chapter 7 Case 90-41337) Debtor	Adversary Proceeding Number 90-4158
ALAN D. AMIS (Chapter 7 Case 90-41472) Debtor	Adversary Proceeding Number 90-4161
ROBERT L. COLEY, UNITED STATES TRUSTEE, REGION 21 Plaintiff v. JAMES ANGEL and GLENN DEATON d/b/a Abercorn Legal Clinic Defendants	

MEMORANDUM AND ORDER

The above-captioned adversary complaint was filed on September 14, 1990, seeking an order of this Court to require the Defendants to return compensation received by them for the rendering of certain services in connection with cases filed by debtors acting in a pro se capacity without benefit of licensed counsel. The complaint sets forth as alternative grounds for recovering of the sums of money paid by said individual debtors: (A) That the

payments made by the debtors to the Defendants were not properly disclosed as required by the Bankruptcy Code and Rules. (B) That the Court has the authority to review and allow or disallow compensation to be paid by the individual debtors to the Defendants and disallow such portion of the payments made as the Court might determine to be excessive, under the theory that compensation paid to a non-lawyer is nevertheless within the purview and jurisdiction of this Court under 11 U.S.C. Section 329 and Bankruptcy Rule 2017. (C) That the payments may constitute voidable preferences under 11 U.S.C. Section 547.

The Plaintiff prayed for such "further relief as may seem just and proper." At trial the Plaintiff introduced evidence in support of its position that Defendants are engaged in the unauthorized practice of law in violation of O.C.G.A. Section 15-19-51 and sought, by way of further relief, injunctive relief to prevent such activity from being engaged in in the future. After consideration of the evidence, the applicable authorities and the arguments presented the Court enters the following Findings of Fact and Conclusions of Law.

FINDINGS OF FACT

Many of the facts established at trial are common to all three cases before me. Others vary from case to case and will be treated accordingly.

Findings of Fact Common To All Three Proceedings:

1) Abercorn Legal Clinic obtained a business license in the spring or early summer of 1990. The business license was obtained by Defendant Angel who represented on the application that Defendant Deaton was a co-owner of the business. However, the license was issued only in the name of Defendant Angel. Defendant Deaton had made a nominal investment of approximately $125.00 in the business which constituted his share of the fee for the business license. He subsequently learned that participation in this business would violate the administrative regulations applicable to his employment and informed Angel that he could not continue to participate in the business. Angel agreed to continue the business without the involvement of Deaton and offered to return the $125.00 to him. Deaton informed him that he could repay the money when it did not constitute a burden on him to do so. Deaton thereafter never participated in the business, met with customers of the firm, rendered any advice, or otherwise assisted clients of the business in preparing documents for filing in this Court. Deaton never received any income from the enterprise and retains no interest in the business.

After procuring the license, Angel advertised his business in a number of publications generally listing the availability of his services under the "Legal Services" classification (Exhibits P-2, P-3, P-4 and P-6). In addition to being listed under "Legal Services", the ads contained the name of the business "Abercorn Legal Clinic." Certain of the ads also contained language which indicated that the nature of the services rendered were of a legal nature as for example:

Under the heading "Legal Services":

ABERCORN
LEGAL CLINIC
Bankruptcy (7) $75. Divorce
$50. 1 hour service. 6203
Abercorn. 354-5500.

An undetermined number of debtors, upon seeing the ads and believing that they were in need of relief under the bankruptcy laws of the United States, contacted the offices of the Abercorn Legal Clinic by telephone or in person, paid fees which apparently ranged from $99.00 to $150.00, and were provided with documents to be filed in this Court. The debtors would appear at the offices of the Defendant and be interviewed by Defendant Angel or a secretary working in his employ and at his direction. Angel or his employee, using a computer software program, would obtain information from the debtor concerning the debtor's assets and liabilities. By asking a number of questions using a form book of some sort, Defendant generated, with the computer, a voluntary Chapter 7 petition, Statement of Financial Affairs for Debtor Not Engaged in Business, Schedules of Assets and Liabilities, Summary of Debts and Property, and Schedule of Current Income and Current Expenditures. All these documents were delivered to the debtors who signed them under penalty of perjury and thereafter physically delivered them to the Office of the Clerk of this Court for filing.

Angel informed the debtors that he was not an attorney but told them that they did not need an attorney in order to file bankruptcy. He had each of the debtors sign a disclaimer agreeing that Defendant was not rendering legal services.[1]

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[1] The Text of the disclaimer reads:
Abercorn Legal Clinic, 6203 Abercorn Street,

Suite 103-D, Savannah, Georgia, (912) 354-5500

Thank you for allowing our service to assist you with our legal needs.

Abercorn Legal Clinic is a Non-Lawyer Legal Secretarial Service designed to assist individuals who cannot financially afford an attorney.

The Clinic's function is the preparation of documents along with providing restrictive administrative information which will help you the client to self representation in routine civil matters. YOU ARE NOT BEING REPRESENTED BY AN ATTORNEY!

As a Non-Lawyer Service, Abercorn Legal Clinic cannot give you legal advice as to what would be best for you in your specific situation, interpretation of the law, strategy, or the filing of legal actions and more. Help us keep this service available, please do not ask for legal advice.

Your documents will be prepared with the information you submit, for your benefit please be accurate and truthful.

Once your papers have been prepared they must be signed, verified and filed at the Courthouse which holds jurisdiction for that specific action. Abercorn Legal Clinic will further inform you of this information.

Most routine civil matters are simple and the Georgia Constitution clearly states Article 1, Section 1, Paragraph 12, 'No person shall be deprived of the right to prosecute or defend either in person or by attorney, that person's own cause in any Court of this State.'

Anyone attempting to deny you access to the Court is in violation of Federal and State Law. You must be treated with dignity and respect by all Court personnel and Judges, State and Federal. <u>IF YOU FEEL YOUR RIGHTS ARE BEING VIOLATED YOU MAY CONTACT THE GEORGIA BAR AT (404) 527-8700 AND FILE A COMPLAINT</u>!

I have read and understand the provisions contained herein and hereby agree with the same and further, request ABERCORN LEGAL CLINIC to assist me with the preparation of legal documents so that I may represent myself pursuant to Article 1, Section 1, Paragraph 12 of the Georgia Constitution and that ABERCORN LEGAL CLINIC, its' representatives are not attorneys and I have not been given legal advice in any manner and do not desire legal counsel thereto appertaining. That ABERCORN LEGAL CLINIC its representatives shall incur no legal responsibility for

Debtors also acknowledged that if there were any errors or omissions on the documents prepared for them by the Defendant that the debtors were solely responsible for those in representing themselves in all proceedings. Each set of documents contained a "Disclosure of Compensation Under 11 U.S.C. Section 329 and Bankruptcy Rule 2016(b)" which stated

> I certify that I am the attorney for the above-named debtor and that the compensation paid or agreed to be paid to me for services rendered . . . on behalf of the debtor . . . is as follows: $ 0

That disclosure was in each case signed by the debtors individually rather than anyone signing as attorney for the debtor. Each voluntary petition represented in paragraph three "petitioners are qualified to file this petition and are entitled to benefits of Title 11, United States Code, as voluntary debtors" and in paragraph four "petitioners are aware that they may proceed under Chapter 7, 11, 12 or 13, of Title 11, United States Code, understand the relief available under each such chapter and choose to proceed under Chapter 7 of such title." Attached to each petition was an Exhibit "B" reading, in relevant part:

> I, (PETITIONER), the attorney for the petitioners named in the foregoing petition, declare that I have informed the petitioners that they may proceed under chapter 7 or 13 of title 11, United States

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omission or error or incomplete or inaccurate information contained therein any documents prepared. That my fee is for secretarial duties at which there are no refunds for paperwork already prepared.

Dated this _____day of____, 1990.

> Code, and have explained the relief available under each such chapter.

That certification was in all cases signed by the individual debtors and not by any attorney on their behalf. The word petitioner inserted in parenthesis is an alteration to Official Form 1. In addition, question 15 to the debtor's Statement of Financial Affairs "Payments or Transfers to Attorneys" does not conform to Official Form 7.

Questions 15(b) and 15(c) of Official Bankruptcy Form 7 read as follows:

> b. Have you during the year immediately preceding or since the filing of the original petition herein paid any money or transferred any property to the attorney, to any other person on the attorney's behalf, <u>or to any other person rendering services</u> to you in connection with this case? (If so give particulars, including amount paid or value of property transferred and date of payment or transfer.)
>
> c. Have you, either during the year immediately preceding or since the filing of the original petition herein, agreed to pay any money or transfer any property to an attorney at law, to any other person on the attorney's behalf, <u>or to any other person rendering services</u> to you in connection with this case? (If so, give particulars, including amount and terms of obligation.) (emphasis added)

The form prepared by the Defendant and submitted to this Court contains an altered version of questions 15(b) and 15(c):

> b. Have you during the year immediately preceding or since the filing of the original petition herein paid any money or transferred any property to the attorney or to any other person on his behalf? (If so, give particulars including amount paid or

> value of property transferred and date of transfer.)
>
> c. Have you, either during the year immediately preceding or since the filing of the original petition herein, agreed to pay any money or transfer any property to an attorney at law, or to any other person on his/her behalf? (If so, give particulars, including amount and terms of obligation.)

The Defendant deleted the language which would have revealed payments "to other persons" and debtors therefore answered "no" to the question whether they had paid any money or transferred any property "to the attorney or to any other person on his behalf." Because of the alteration of Official Form 7, the payment to the Defendant was not revealed.

LOUIS E. AND DONNA A. DEUTSCH

Mr. and Mrs. Deutsch executed their joint voluntary petition on July 11, 1990, and it was filed in this Court on July 12, 1990, with payment of only a portion of the filing fee in the amount of $20.00. Schedule B-1 to their petition sets forth a valuation of real property owned of $798.00. However, neither Mr. nor Mrs. Deutsch owned any interest in real estate. Schedule B-2(f) reveals that the Debtors have an interest in a 1988 Dodge Shadow and a 1976 Toyota automobile which they value at $200.00. Mrs. Deutsch, who was the only one of the two Debtors to visit the offices of the Defendants, testified (and her testimony was both uncontradicted and credible) that she informed Defendant Angel that the valuation she placed on the automobile was $5,000.00 and that his insertion of a $200.00 valuation on both vehicles was not directed or suggested by her to him. She paid $150.00 in cash to Mr. Angel notwithstanding

the fact that she was unable to pay her filing fee in full at the time the case was filed. Question 15 to the Statement of Affairs, as previously indicated, reveals no payment made to the Defendant or to anyone "rendering services to the debtors in connection with this case" as required by Official Form 7. Debtors' Schedule B-4, Property Claimed as Exempt, states "Debtor selects the property as exempt pursuant to the indicated subsection of the Florida statutes and/or Florida constitution." In fact, the schedule refers to the Official Code of Georgia and reveals that Debtors claimed an exemption totalling $329.00 as to husband and $129.00 as to the wife in cash, household goods and the two automobiles. Debtor's testimony was uncontradicted that the exemptions were reviewed with her briefly by Mr. Angel, that she discussed with him in general what property she owned but never instructed him as to what property she wished to claim as exempt. The entire decision as to what property to claim as exempt was made by Mr. Angel.

Angel discussed the differences between Chapter 7 and Chapter 13 with Mrs. Deutsch and informed her of the consequences of proceeding under the two chapters. Because of errors which she has now come to realize exist in her petition and schedules, Mrs. Deutsch believes that it will be necessary for her to obtain the services of a lawyer either to file amendments to her pleadings in this Court or to dismiss her case and begin with a new proceeding. Angel interviewed her concerning her family's income and expenses and assisted her in the preparation of the family's current income and expenditures. Mrs. Deutsch used Abercorn Legal Clinic because the fee quoted to her by phone was cheaper than that quoted by licensed attorneys. She was aware that the personnel at the

Abercorn Legal Clinic were not licensed to practice law in the State of Georgia.

Angel further induced the Debtor to pay $150.00 in cash notwithstanding the fact that she was unable to pay her filing fees in full at the time the case was filed. This is a clear violation of Bankruptcy Rule 1006(b)(3) which provides:

> (3) Postponement of Attorney's Fees. The filing fee must be paid in full before the debtor or chapter 13 trustee may pay an attorney or any other person who renders services to the debtor in connection with the case.

S. ELANGOVAN

Mr. Elangovan filed his individual voluntary petition on July 20, 1990, and signed the same under penalty of perjury on June 29, 1990. Mr. Elangovan paid $99.00 in cash to Defendant Angel after responding to an ad in the Pennysaver magazine for the Abercorn Legal Clinic. In his Schedule B-2, a 1985 Toyota Corolla is listed with a value of $100.00 notwithstanding the fact that Mr. Elangovan had informed Mr. Angel that the value of the same vehicle was $2,000.00. Mr. Angel was also told that the Debtor owed approximately $3,000.00 on the vehicle and took it upon himself to report a value on the vehicle of only $100.00 apparently due to a misunderstanding on his part that the valuation set forth on Schedule B-2 is to be made "without deduction for secured claims." With respect to the Schedule B-4, Mr. Elangovan was advised by Mr. Angel what he could exempt. Debtor made no selection of what property to claim as exempt himself. The introductory paragraph to his Schedule B-4 claims his exemption pursuant to Florida statutes

and the Florida constitution but, in fact, refers to 522(d)(4), an apparent reference to 11 U.S.C. Section 522 rather than any state statute. He claimed a total of $320.00 as exempt, consisting of cash, personal clothing, and the 1985 Toyota Corolla.

Mr. Elangovan did not select any of the language employed in his individual voluntary petition. Specifically, he did not direct the Defendant to include the language in paragraph three regarding eligibility and has no idea whether he is eligible for relief under the Bankruptcy Code. Mr. Angel explained the difference between Chapter 7 and Chapter 13 to him, although the Debtor was aware of the existence of different chapters available to debtors under the bankruptcy laws. Mr. Elangovan knew that Mr. Angel was not an attorney and went to him because an attorney had quoted a higher price for his services. He understood that the Defendant was operating a "paralegal service."

Question 15 to the Debtor's Statement of Affairs does not reveal the payment made to the Defendant in exchange for the services rendered. Debtor was not using an attorney and acknowledged that he signed a statement that he was responsible for any errors. He believed that proper forms would be used by the Defendant, that using their service would guarantee that he would "not get into any trouble", and believed that he was paying for more than mere typing because he was receiving advice as to what to do.

ALAN D. AMIS

Mr. Amis signed his individual voluntary petition on August 9, 1990, and filed it in this Court on the same date. At the time of filing he paid none of the filing fee and was by Order dated

August 9, 1990, ordered to pay $60.00 within thirty (30) days of the filing of the petition and $60.00 sixty (60) days from the filing of the original petition. Debtor has not complied with that Order. No filing fee has been received in the Clerk's Office. In Mr. Amis' case he never spoke with Mr. Angel, but dealt strictly with a Ms. Edenfield who is an employee of and secretary to Mr. Angel. He paid a $99.00 cash fee for the services received from Abercorn Legal Clinic. Mr. Amis was shown a form explaining the differences between Chapter 7 and Chapter 13 by Ms. Edenfield and proceeded with his Chapter 7 case.

With respect to Mr. Amis' Schedule B-4 Claim of Exemption, he lists only cash, clothing, and personal effects in the amount of $110.00 as exempt. His exemption was asserted under the Florida constitution and statutes but cited Georgia statutory provisions. He did not make the decision what or how much to claim as exempt, but that decision was made for him by the Defendant. He did answer a number of questions propounded to him by Ms. Edenfield who used a form book or referred to a computer screen that she was operating. Question 15 to his Statement of Affairs does not reveal the $99.00 payment to Abercorn Legal Clinic. Mr. Amis suggested none of the language found on his individual voluntary petition and specifically made no decision whether the language of paragraphs three and four should be included. Mr. Amis stated that the total elapsed time in the offices of the Defendant was approximately an hour and a half, but that due to a computer malfunction there was a delay in printing the documents. During this delay he had left the offices and returned. Accordingly, his testimony as to the amount of time necessary to prepare these documents is consistent with that of Mrs. Deutsch and Mr. Elangovan in suggesting that the total time

for the preparation and printing of the forms is between one-half hour and one hour.

Essentially the three primary issues presented to the Court in these proceedings are as follows:

a) Whether the Defendants are required to reveal the amount paid by debtors coming to their place of business for services rendered in connection with their bankruptcy cases.

b) If the fees charged for services rendered are properly revealed, whether the fees charged are reasonable or excessive and in what amount, and if excessive what the appropriate remedy is.

c) Whether Defendants are engaged in the unauthorized practice of law and if so, what the appropriate remedy is.

These questions will be dealt with separately hereinafter.

CONCLUSIONS OF LAW

Inasmuch as I have determined that Defendant Deaton has not been involved with the activities cited herein, I will grant his Motion to Dismiss and make the following Conclusions of Law and Order with regard to Defendant Angel and others employed by him.

I. Defendants are Required to Reveal the Amount Paid by Debtors Coming to Their Place of Business for Services Rendered in Connection with Bankruptcy Cases.

11 U.S.C. Section 329 of the Bankruptcy Code requires a debtor's attorney to file with the Court a statement of compensation

which has been paid to him or agreed to be paid for his services. Section 329 permits the Bankruptcy Court to determine the reasonableness of his compensation. Section 329 reads as follows:

> (a) Any attorney representing a debtor in a case under this title, or in connection with such a case, whether or not such attorney applies for compensation under this title, shall file with the court a statement of the compensation paid or agreed to be paid, if such payment or agreement was made after one year before the date of the filing of the petition, for services rendered or to be rendered in contemplation of or in connection with the case by such attorney, and the source of such compensation.
>
> (b) If such compensation exceeds the reasonable value of any such services, the court may cancel any such agreement, or order the return of any such payment, to the extent excessive, to--
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> (1) the estate if the property transferred-
>
> (A) would have been property of the estate; or
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> (B) was to be paid by or on behalf of the debtor under a plan under chapter 11, 12, or 13 of this title; or
>
> (2) the entity that made such payment.

The fact that Angel is not a licensed attorney at law does not excuse him from compliance with Section 329. In re Webster, 120 B.R. 111, 114 (Bankr. E.D.Wis. 1990) [(citing In re Telford, 36 B.R. 92 (9th Cir. BAP 1984); In re Glad, 98 B.R. 976 (9th Cir. BAP 1989); In re Grimes, 115 B.R. 639, 649 (Bankr. D.S.D. 1990)]. As noted in Telford:

> The term 'attorney' is used in various sections of the Bankruptcy Code . . . . Ordinarily, the term contemplates someone

> licensed to practice law. Particularly, in §542(c) [requiring turnover of the debtor's records] and §502(b)(5) [providing for allowance of claims in a reasonable amount to an attorney or insider] it would be an anomaly if those sections did not reach unlicensed individuals who are performing legal services.
>
> In Jones v. American Bankruptcy Council, 1 B.C.D. 870 (D.C.Ca. Zirpoli, D.J., 1974) a lay person who sold 'The Layman's Guide to Bankruptcy' asserted that the court was without jurisdiction over a lay person and that only goods, not services, were sold. Section 60(d) of the Bankruptcy Act empowered the bankruptcy court to examine any agreement between the debtor and an attorney at law for services rendered in connection with the petition and permitted cancellation of any excess obligation. The court pointed out from the legislative history of the 1963 amendment to §60(d) that it is not so much who renders the services but what sort of services are rendered that is the subject of inquiry. It is the legal service rendered or to be rendered in contemplation of bankruptcy that the court may examine on its own motion. The court affirmed the approach of the bankruptcy judge as consonant with the purpose of §60(d), saying that the stimulus that would cause people to seek the services of a lay person is the same fear that caused Congress to amend §60(d), namely, the fear of high attorney's fees. ' . . . [I]t would be odd that section 60(d) should permit no review of fees charged by people like appellant if, in fact, he is providing legal services.' . . . . The trial court should determine if Goudie was practicing law. If so, he is subject to §329 even though he is unlicensed. The general principles for allowing fees should apply.
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> 36 B.R. at 94 (emphasis provided).

Because, as will be further clarified in this Opinion, I find that the Defendant Angel was engaged in the practice of law, he was required to reveal the amount paid by debtors or agreed to be paid by debtors for his services in connection with their bankruptcy cases but failed to do so. 11 U.S.C. §329.

II. Defendants are Engaged in the Unauthorized Practice of Law.

In determining what constitutes the unauthorized practice of law before United States Bankruptcy Courts, the courts look to state law for guidance. In re Bachman, 113 B.R. 769, 772 (Bankr. S.D. Fla., 1990). Persons not licensed as attorneys at law are prohibited from practicing law within the State of Georgia. Georgia law, O.C.G.A. Section 15-19-51 prohibits and defines the unauthorized practice of law and reads in relevant part:

> (a) It shall be unlawful for any person other than a duly licensed attorney at law:
>
> (4) To render or furnish legal services or advice;
>
> (6) To render legal services of any kind in actions or proceedings of any nature;
>
> (7) To assume or use or advertise the title of 'lawyer', 'attorney', 'attorney at law', or equivalent terms in any language in such manner as to convey the impression that he is entitled to practice law or is entitled to furnish legal advice, services, or counsel; or
>
> (8) To advertise that either alone or together with, by, or through any person, whether a duly and regularly admitted attorney at law or not, he has, owns, conducts, or maintains an office for the practice of law or for furnishing legal advice, services, or counsel.
>
> (b) Unless otherwise provided by law or by rules promulgated by the Supreme Court, it shall be unlawful for any corporation, voluntary association, or company to do or perform any of the acts recited in subsection (a) of this Code section.

O.C.G.A. Section 15-19-56 provides the penalty for prohibited conduct:

> (a) Any person, corporation or voluntary association violating Code Section 15-19-51 . . . shall be guilty of a misdemeanor.
>
> (b) Every officer, trustee, director, agent, or employee of a corporation or voluntary association who directly or indirectly engages in any of the acts prohibited in Code Section 15-19-51 . . . or assists a corporation or voluntary association in performing the prohibited acts shall be guilty of a misdemeanor . . . Nothing in this subsection shall prevent any court having jurisdiction from punishing the corporation or its officers for contempt.

As early as 1931, the Supreme Court of Georgia defined the practice of law in this state as including the preparation of legal instruments:

> [We] are of the opinion that the practice of law . . . [is] not confined to practice in the courts of this state, but [is] of larger scope, including the preparation of pleadings and other papers incident to any action or special proceedings in any court or other judicial body, conveyancing, the preparation of all legal instruments of all kinds whereby a legal right is secured, the rendering of opinions as to the validity or invalidity of the title to real or personal property, the giving of any legal advice, and any action taken for others in any matter connected with the law. Boykin v. Hopkins, 174 Ga. 511, 519, 162 S.E. 796 (1931).

Mr. William P. Smith, General Counsel for the State Bar of Georgia, appeared as an expert witness on behalf of the United States Trustee and was qualified to testify as to the scope of the practice of law in the State of Georgia. Mr. Smith testified that

the practice of law in this state is defined as the giving of any legal advice and any action taken for others in any manner in connection with the law. See Dixon v. Reliable Loans, Inc., 112 Ga. App. 618, 145 S.E.2d 771 (Ga. App. 1965). Mr. Smith further testified that, in his expert opinion, a person wishing to prepare legal petitions for another, without practicing law in this state, is limited to simply giving the document to the person, having that person fill it out, and retyping the precise information in the same configuration as given by the customer. If the individual performs any additional function such as correcting the form, seeking additional information, rearranging the information which has been submitted or placed on the form, or advising the person how to fill out the form, such acts go beyond the mere furnishing of "typing services" and constitutes the giving of legal advice and the unauthorized practice of law. I find Mr. Smith's testimony to be persuasive and adopt the parameters testified to by him as the appropriate scope of the practice of law in this state.

It is clear based upon the testimony of Mrs. Deutsch that Defendant Angel went well beyond the permitted scope of a legal "typing service" and was engaged in the unauthorized practice of law. The uncontradicted testimony of Mrs. Deutsch reveals that Mr. Angel not only rendered legal advice in discussing the relative merits of a Chapter 7 versus Chapter 13 filing and in assisting Mrs. Deutsch in the preparation of the family's report of current income and expenditures, but he took it upon himself to review possible exemptions with Mrs. Deutsch and independently determine what property, in his lay opinion, she was entitled to exempt. This is clearly the unauthorized practice of law proscribed by Georgia Law.

It is also clear that Defendant Angel engaged in the unauthorized practice of law in his valuation of Mr. Elangovan's automobile, his advising Mr. Elangovan as to what property he considered was proper to exempt, and his advising Mr. Elangovan as to his understanding of the differences between Chapter 7 and Chapter 13 of the Bankruptcy Code.

As to the Amis case, it is clear that Ms. Edenfield, secretary and employee of Defendant Angel, engaged in the unauthorized practice of law in showing Mr. Amis a form explaining the Abercorn Legal Clinic's determination of the differences between Chapter 7 and Chapter 13 of the Bankruptcy Code, in making the decision as to what claim of exemptions to make and how to claim the exemptions, and in making the determination as to the Debtor's qualification for seeking relief under the bankruptcy laws.

Finally, the Defendants' use of the word "legal" in both the business name and in numerous advertisements clearly shows that the Defendant purported to offer legal services, for instance:

> Under the heading "Legal Services" in the Savannah Pennysaver, Wednesday, September 26, 1990 at page A18 and in substantially similar if not identical form in the Savannah Pennysaver on August 15, 1990 (p. A16), August 22, 1990 (p. A18), September 5, 1990 (p. A16), and September 19, 1990 (p. A15):
>
> ABERCORN LEGAL CLINIC
> Bankruptcy (7) $75. Divorce $50. 1 hour service. 6203 Abercorn. 354-5500.

Having determined that the Defendant and persons in his employ have engaged in the unauthorized practice of law in violation

of O.C.G.A. Sections 15-19-51 and 56, the violation of 11 U.S.C. Section 329, and the violation of Bankruptcy Rule 1006(b)(3), I now consider an appropriate remedy. In considering the appropriate remedy to regulate the unauthorized practice of law, courts shall consider the policy of protecting the public's interest in effective legal representation and also shall recognize the lack of a civil malpractice remedy for persons damaged by a non-lawyer practitioner. Matter of Arthur, 15 B.R. 541 (Bankr. E.D.Pa. 1981). In In re Chas. A. Stevens & Co., 108 B.R. 191, 194 (Bankr. N.D.Ill. 1989), the Court declared:

> In extreme cases, the unauthorized practice of law may be enjoined where it appears that an injunction is the only remedy to stop such a practice.

This is an extreme case which warrants the issuance of a permanent injunction. Defendant Angel, doing business as Abercorn Legal Clinic, and those in his employ have preyed upon unfortunate debtors at a time when they are most vulnerable. As a non-attorney he is not subject to, nor are his "clients" entitled to the protection of the Standards of Conduct set forth in the Rules and Regulations for the Organization and Government of the State Bar of Georgia, a self-regulating body of professionals with very high ethical standards with which each and every member of the State Bar of Georgia is required to comply or face harsh discipline. Rather than the full disclosure of all relevant facts and complete candor expected of an attorney before this tribunal, Defendant Angel and others in his employ have taken steps to conceal the fact that compensation was paid over to them for bankruptcy related services. Accordingly, the remedy of a permanent injunction is appropriate.

O R D E R

Inasmuch as I find that Defendant James Angel, and Abercorn Legal Clinic, and Ms. Edenfield, as secretary and employee of Defendant James Angel, doing business as Abercorn Legal Clinic, were engaged in the unauthorized practice of law in this state in violation of O.C.G.A. Sections 15-19-51 and 15-19-56, and 11 U.S.C. Section 329 and Bankruptcy Rule 1006(b)(3), IT IS THE ORDER OF THIS COURT that:

1) Defendant James Angel, Abercorn Legal Clinic, and all persons in its employ in any capacity and doing business under any name be and hereby are permanently enjoined from engaging in the unauthorized practice of law, which unauthorized actions include: providing counselling, advice, and recommendations with respect to any of the provisions of the Bankruptcy Code and Rules; preparing, either directly or indirectly, the bankruptcy petition, statement of affairs and schedules; and preparing any motions or applications of any kind pertaining to bankruptcy. However, Defendants will be permitted to perform a bona fide typing service provided the typing service performed is strictly limited to typing verbatim of pleadings or forms prepared by individual debtors, exactly as submitted by the debtors to the Defendants. For any and all such typing services rendered, Defendants shall be required to maintain records on file including the original copy submitted by the debtor for typing, in the debtor's handwriting, to evidence strict compliance with this Order.

2) That Defendants shall, within ten (10) days from the date of this Order, remit to Debtors, Louis E. and Donna A. Deutsch, S. Elangovan and Alan D. Amis, any and all fees collected for services rendered in connection with their respective bankruptcy filings. That is, $150.00 to Louis E. and Donna A. Deutsch, $99.00 to S. Elangovan, and $99.00 to Alan D. Amis, or such other amount as Defendants received from the respective parties. In view of the fact that said "services" were unlawful and efforts were made to conceal said payments from this Court, Defendant shall not retain any funds collected from these Debtors. Let judgment against Defendant for said amounts be entered.

3) Defendant shall, within ten (10) days after the date of this Order, turn over to the United States Trustee, the following: The names and addresses of all parties (including persons, corporations, partnerships and other entities) with whom he has or intends to provide any services relating to bankruptcy matters in this District. The United States Trustee is authorized to take whatever steps he deems appropriate to inform those parties of their rights with regard to the rulings herein.

4) For any bona fide typing services rendered in compliance with Paragraph "1" of this Order, Defendant's maximum compensation is limited to the amount of $25.00, unless a showing is made to this Court, in compliance with Bankruptcy Rule 2016, that a higher amount is justified under the circumstances for each and every case in which a higher amount is sought.

5) With regard to advertising, Defendant and any successor entity is enjoined from advertising in any misleading fashion which leads a reasonable person to believe that it offers the public legal services, legal advice, or legal assistance regarding bankruptcy. Defendant is therefore limited to advertising his business activities of providing secretarial, notary, and/or typing services. Defendant may also advertise that he sells bankruptcy forms and general printed information with regard to those forms so long as such information does not constitute legal advice as defined in this Order.

6) Nothing in this Order shall be construed as limiting the United States Trustee's authority to request further sanctions in the event of any violation by Defendant James Angel, Abercorn Legal Clinic, or others in his employ mentioned in this Order doing business under any name within this District.

_____
Lamar W. Davis, Jr.
United States Bankruptcy Judge

Dated at Savannah, Georgia

This _____ day of March, 1991.