

**QUESTION 8 THE ANSWER TO THIS QUESTION SHOULD GO IN BLUEBOOK III
OR IN SOFTEST ANSWER SCREEN 8**

Lon Lawyer represents **Client A** who recently obtained a money judgment. Lawyer is interested in purchasing a classic automobile and asks Client A for a \$30,000 loan to make the purchase. Lawyer informs Client A that he wishes to move quickly on the purchase so he doesn't lose the car to another buyer, so Client A quickly agrees to make the loan. Lawyer arranges to meet Client A at Client A's office the next morning to pick up the check.

As planned, Lawyer arrives the next morning, receives a check for \$30,000 and gives Client A a promissory note signed by Lawyer providing full repayment of the money in two years at 1.9% interest. No monthly payments are provided for in the note. No other papers or loan documents are executed, and the loan is unsecured (i.e., Client A receives no security interest in the car or any other property). The interest rate is 3% lower than a car loan from a lender such as a bank, and 12% below the rate for an unsecured loan, assuming one would be made to the borrower.

Lawyer also represents **Client B**, Hardware Barn, a big box hardware store. One weekend, he went to the local Hardware Barn and purchased a grill, three screwdrivers, paper towel and cleaning supplies for his law office, and a garden hose.

Finally, Lawyer is exploring whether to contract with a local advertising/marketing firm which mails flyers and coupons. The marketing firm offers the following options: (1) pay for a coupon or flyer to be placed in the next envelope full of coupons and flyers from various businesses, which may include advertisements from other attorneys; or (2) pay a higher price for the "exclusive package," i.e., he would be the only attorney to have a coupon or flyer in the envelope. The cost for option (1) is simply the reasonable cost of the advertisement (i.e., the cost of printing, raw materials, staff time, plus a reasonable profit for the advertising agency). Option (2) costs three times as much, as a base rate, plus 3% of any fees generated on the matter in which the coupon was used (or flyer was mentioned).

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The coupon simply says:

Lon Lawyer
Divorce Criminal Law
Personal Injury Wills & Probate Free
Initial Consultation with Coupon

There is nothing false, fraudulent, misleading or deceptive about the coupon. Lawyer will be meticulous about asking new clients how they heard about him and remitting the 3% of fees to the marketing firm.

(1) Does the business transaction between Lon Lawyer and Client A violate the Michigan Rules of Professional Conduct? Why or why not?

(2) With respect to Client B, did Lon Lawyer's purchases at Hardware Barn violate any Michigan Rules of Professional Conduct? Why or why not?

(3) Should Lon Lawyer proceed with either of the coupon options? Discuss why or why not under the Michigan Rules of Professional Conduct.

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