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## Jacoby Bankruptcy Troubles Similarly Named Firms

Christine Simmons, New York Law Journal

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Jacoby & Meyers is the name of multiple separate law firms in the U.S. Andrew Finkelstein, managing partner in the personal injury firm Jacoby & Meyers LLP in New York, a separate entity from the bankruptcy firm, said the general public may not understand the distinction.

Creditors' attempts to force Jacoby & Meyers Bankruptcy LLP into bankruptcy are worrying similarly named firms that people will confuse them with the financially troubled entity.

The creditors of the bankruptcy firm, which represents individuals in Chapter 7 and 13 petitions across the country, filed papers in Southern District Bankruptcy Court earlier this month. Petitioners include online document service LegalZoom, which has a judgment against the firm of more than \$1 million; three solo practitioners in the New York metropolitan area who claim the firm hasn't paid them for their appearance work; and two Missouri attorneys who took over client cases.

The suit has troubled Andrew Finkelstein, managing partner in the personal injury firm Jacoby & Meyers LLP in New York, which has nothing to do with the bankruptcy firm.

"People in the general public won't understand the distinction between the two, and it's not a positive thing," said Finkelstein. "That's why I regret this happened, but I have no control over it."

Jacoby & Meyers is the name of multiple separate law firms in the U.S., including the original firm, founded in California in 1972; an LLC business in Alabama; and Finkelstein's firm, which is an LLP in New York, Connecticut and New Jersey, Finkelstein said.

Macey Bankruptcy Law, based in Chicago, and Jacoby & Meyers LLC in Alabama, announced a merger in July 2012 that created Jacoby & Meyers Bankruptcy LLP. The firms heralded it as the "largest consolidation of consumer law firms in U.S. history."

According to court papers, the Alabama-based Jacoby & Meyers owns about half of J&M Bankruptcy and an entity affiliated with Macey owns the other half.

Finkelstein said his New York firm has "completely" separate ownership and management from the other Jacoby & Meyers firms and J&M Bankruptcy. The only thing it shares with the Alabama firm is the same co-

Jeffrey Maguire, a former managing attorney for the New York branch of Jacoby & Meyers Bankruptcy, also said the bankruptcy entity was completely separate from the personal injury firm in New York.

According to the creditors' bankruptcy papers, the bankruptcy law firm ceased operations last December and made trust agreements and assignments for the benefit of creditors purportedly to transfer all their assets to a trust. The firm appointed Robert Handler as an assignee and trustee of the trust.

The firm's assets include contingency fees, furniture and equipment, according to court papers.

The firm's web site says: "If you are an active client of Jacoby Meyers Bankruptcy, your client file has been transferred" to an attorney listed on the website. It also says clients should have received notice of the change and all fees already paid by clients will be honored.

But creditors claim that in a number of cases, the client files were not transferred and some new attorneys "have had significant difficulty" obtaining client information.

"Many clients may be totally ignorant of what has happened, and quite possibly have no understanding of their rights and remedies with regards to fees that they have paid but were not earned" by the bankruptcy firm, the creditors said, adding they have "significant concerns regarding the protection of the clients, all of whom are believed to be consumers and lay people in financial distress."

Creditors say the computer server that contains clients' confidential information has not been safeguarded by Handler and they charge that Handler doesn't appear to have an interest in investigating the firm's financial affairs or its management.

"It is clear" that the firm's liquidation should be done by an independent trustee under the supervision of the bankruptcy court, creditors said.

Handler, affiliated with Commercial Recovery Associates, declined to comment, as did his attorney, Paula Jacobi, a partner at Barnes & Thornburg in Chicago.

In a statement to the Law Journal, Fred Stevens, a Klestadt & Winters partner who represents the creditors, said: "We're deeply concerned about how they've handled their consumer clients, and that the clients' confidential information is going to be protected."

## **Client Confusion**

Meanwhile, Finkelstein, of the New York firm, said he stays in touch with the other Jacoby & Meyers firms because "the actions of one affect the other."

The bankruptcy case is "a challenge. It's disappointing," he said about the risk to his firm's reputation. "We've worked very hard in our practice to handle our clients with importance and dignity. When something like this happens, it has a negative carry over effect."

He said the bankruptcy firm's closing and the court proceedings could raise questions about his firm, but "they're easily answered" since they are separate businesses.

"My practice is as healthy as it has ever been and it has zero impact on my clients," Finkelstein said.

In addition to Jacoby & Meyers in New York, Finkelstein also leads Finkelstein & Partners and Fine, Olin &

Andrew Findley, a spokesman for the Jacoby & Meyers in Alabama that helped create the bankruptcy firm, said Jacoby & Meyers Bankruptcy is a separate entity. It's "business as usual," at the Alabama-based Jacoby & Meyers, Findley said, adding he can't comment on J&M Bankruptcy LLP.

Handler told the Law Journal that Macey declined to comment on the involuntary bankruptcy petition.

Despite creditors' claims, Maguire, the former managing attorney for the New York office of Jacoby & Meyers Bankruptcy, said New York case files were handled responsibly and the company was "diligent" in seeing New York cases to their end.

He said the firm stopped accepting new client cases in September 2012, only months after the merger was announced, and employed him for more than a year afterward to wind down existing client cases.

By the time the New York office closed in December 2013, Maguire said, all cases in that office were concluded. He said New York bankruptcy files were sent to a storage facility.

"I don't know what happened in any of the other states and to be honest in my experience, I think the partners I dealt with and the other managing attorneys, they were good attorneys," he said.

Maguire said he believed the LegalZoom lawsuit was a factor in the firm's closing. But in New York, he said, the "business just wasn't doing well" and he confirmed that some appearance attorneys were not paid in the final two months of 2013.

Maguire, now a solo practitioner, said the bankruptcy firm had offices in Manhattan, Brooklyn and the Bronx and employed up to five attorneys in the area when he was hired in 2011.

## **Post-Merger Woes**

According to the July 2012 merger announcement, Macey Bankruptcy Law had been representing consumer debtors since 1994 and served up to 40,000 clients per year.

Lawyers from Macey Bankruptcy, Thomas Macey and Jeff Aleman, would become senior partners of Jacoby & Meyers Bankruptcy, according to archived records of its website.

Meanwhile, Macey and Aleman's affiliate law firm, Legal Helpers Debt Resolution, faced legal action from several state attorneys general. For example, within weeks of the merger announcement, Illinois attorney general Lisa Madigan announced a \$2.1 million settlement with Legal Helpers Debt Resolution. Madigan claimed the firm's purpose "was to squeeze thousands of dollars in illegal upfront fees from struggling families for supposed debt relief that never materialized."

In July 2013 in a scathing 92-page decision, Texas bankruptcy Judge Jeff Bohm, citing five cases of sanctions against Macey Bankruptcy since 2009, sanctioned Macey, Aleman, Macey Bankruptcy and two firm employees, finding that "under the supervision of both Macey and Aleman" employees committed 14 violations of the Bankruptcy Code and other rules.

Bohm also criticizes the firm's practice of sending appearance attorneys not affiliated with the firm into hearings to represent debtors who are often unaware that an appearance attorney will be representing them.

"Lawyers who send appearance attorneys to meetings of creditors or hearings in their place leave a bad and lasting impression on their clients. This practice reflects poorly on the debtor's attorney, other attorneys, the

In November 2013, LegalZoom sued Macey Bankruptcy Law and Jacoby & Meyers Bankruptcy for breach of contract in California federal court, claiming they refused to pay nearly \$1 million under an agreement in which LegalZoom would provide leads to the firm. This month, U.S. District Judge Otis Wright granted a default judgment to LegalZoom.

@Christine Simmons can be contacted at [csimmons@alm.com](mailto:csimmons@alm.com) and on Twitter [@chlsimmons](https://twitter.com/chlsimmons).

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