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**MEMBER**

## **Online Legal Documents Company Sued Over Flawed Estate Plan**

LegalZoom, one of the most prominent sellers of do-it-yourself wills and other estate planning documents, is the target of a class action lawsuit in California charging that the company engages in deceptive business practices and is practicing law without a license.

The lawsuit was filed in Los Angeles Superior Court on May 27, 2010, by Katherine Webster, who is the niece of the late Anthony J. Ferrantino and the executor of Mr. Ferrantino's estate.

Knowing that he had only a few months to live, Mr. Ferrantino asked Ms. Webster in July 2007 to help him use LegalZoom to execute a will and living trust. Based on LegalZoom's advertising, Ms. Webster says she believed that the documents they created would be legally binding and that if they encountered any problems, the company's customer service department would resolve them.

But after the living trust documents were created and signed, Ms. Webster could not transfer any of her uncle's assets into the trust because the financial institutions that held his money refused to accept the LegalZoom documents as valid. Ms. Webster tried to get help from LegalZoom, with no success. The trust was still not funded when Mr. Ferrantino died in November 2007.

Ms. Webster was forced to hire an estate planning attorney, who petitioned the court to allow the post-death funding of the trust. The attorney then had to convince the banks to transfer the funds -- a more difficult task following Mr. Ferrantino's death. The attorney also discovered that the will LegalZoom created for Mr. Ferrantino had not been properly witnessed. All this cost Mr. Ferrantino's estate thousands of dollars.

The lawsuit claims that Ms. Webster and others like her relied on misleading statements by LegalZoom, including that LegalZoom carefully reviews customer documents, that it guarantees its customers 100 percent satisfaction with its services, that its documents are the same quality as those prepared by an attorney, and that the documents are effective and dependable.

"Nowhere in the [company's] manual do defendants explain that using LegalZoom is not the same as using an attorney and that its documents are only 'customized' to the extent that the LegalZoom computer program inputs your name and identifying information, but not tailored to your specific circumstances," the lawsuit states, adding that "the customer service representatives are not lawyers and cannot by law provide legal advice."

Ms. Webster is suing not only on her behalf but on behalf of anyone in California who paid LegalZoom for a living trust, will, living will, advance health care directive or power of attorney. The lawsuit estimates this class embraces more than 3,000 individuals.

"LegalZoom's business is based on nurturing the false sense of security that people do not need to hire a traditional attorney," says San Francisco attorney Robert Arns, one of the attorneys who filed the lawsuit. "The complaint points out that LegalZoom advertises that you don't need a real attorney because its work is legally binding and reliable. That's misleading. Improperly prepared estate planning documents are a ticking time bomb that can result in improper tax consequences and other items that could cost the estate and heirs huge sums."

"LegalZoom preys on people when they're at their most vulnerable, when they are of advanced age or poor health and need a will or a living trust," adds San Francisco elder abuse attorney Kathryn Stebner, Ms. Webster's lead counsel.

One of the defendants named in the suit is LegalZoom co-founder Robert Shapiro, who appears on the LegalZoom Web page and TV ads and who is best-known for being one of O.J. Simpsons attorneys.

This is not the first suit against LegalZoom. In December 2009, a Missouri man who paid LegalZoom to prepare his will sued the company for engaging in the unauthorized practice of law (Jansen v. LegalZoom). The lawsuit is also seeking class action status. LegalZoom is trying to have the case removed from Missouri state court to the United States District Court for the Western District of Missouri.

**For estate planning advice and documents that are tailored to your particular circumstances and goals, contact me today at 601-987-3000 or 866-ELDERLAW (353-3752).**