**Lessons Learned from the Linebarger Settlement**

On Friday, January 8, 2016, a $4.3 million settlement was approved in U.S. District Court for the Northern District of California in San Francisco in *4EC Holdings v. Linebarger Goggan Blair & Sampson, LLP.*

Central to the details of this case, and a warning to all NARCA members, is the allegation that Linebarger, based in Austin, Texas, violated the California Unfair Competition Law by illegally engaging in the practice of law in California by sending government debt collection demand letters to California residents, despite the fact that the firm employed no attorneys in California as required by California law. The allegations were denied by Linebarger.

NARCA members should be aware that they too may be at risk to the extent that this case did not allege violations of the Federal Debt Collection Practices Act or California’s Rosenthal Fair Debt Collection Practices Act, but rather state consumer protection statutes regarding the unauthorized practice of law.

It should be noted that Linebarger Goggan Blair & Sampson, LLP is not a member of NARCA. NARCA has been at the forefront of insuring that its members abide by a Code of Ethics and Professional Conduct that is separate and in addition to the rules in their respective states which govern their law licenses.

The NARCA Code of Professional Conduct and Ethics can be found in its entirety here (add hyperlink to: <http://c.ymcdn.com/sites/www.narca.org/resource/resmgr/home/codeprofessionalconductethic.pdf> ) or by visiting [www.narca.org](http://www.narca.org).

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NARCA – The National Creditors Bar Association is a nationwide professional trade association of 600 creditors rights law firms and in‐house counsel of creditors. NARCA members are committed to being professional, responsible and ethical in their practice of creditors rights law.