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HUDSON & HUDSON PRIVATE INVESTMENT BANKERS

JOHN LEE HUDSON
SENIOR PARTNER

Are You Cash-Poor But Problem-Rich? Call on John Hudson

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He Offers Lawyers on Credit;
If That's Not the Answer,
Maybe Finance a Face Lift

By DON CLARK

Staff Reporter of THE WALL STREET JOURNAL
SAN FRANCISCO—Just what the world doesn't seem to need: a way to help more people hire more lawyers.

But an entrepreneur in this city, arguing that many poor and middle-class people can't afford to hire private attorneys, has developed a financing scheme to let clients pay on the installment plan.

The service is the brainchild of John Lee Hudson, who gained local notoriety for helping patients finance plastic surgery and funerals. Before that, Mr. Hudson made and sold dolls of Oliver North and Mikhail Gorbachev.

Lately, however, the founder of Hudson & Hudson — which offers the various financing services — has been hawking his new plan in letters to California lawyers.

In works like this: Law firms pay a one-time fee of \$500 (\$375 in a limited offer) to register an attorney in the system, plus 5% of the value of each amount financed by a client. Mr. Hudson's firm pays lawyers upfront for their services on a case.

Clients seeking lawyers must first pass an evaluation for creditworthiness by Mr. Hudson's firm. If they pass, they will pay interest ranging from 18% to 22% for an unsecured loan, or a rate as low as 8.9% for a loan with acceptable collateral.

A client may take up to five years to pay off a bill, with minimum monthly payments of 2.5% of the outstanding balance. For example, for a legal bill of \$5,000, Mr. Hudson estimates that payments would be around \$125 a month.

Of course, potential plaintiffs also have the option of seeking a lawyer who will work on a contingency basis, for a percentage of potential damages won. Some litigants also use credit cards. But rules on credit cards generally don't allow payments until services are rendered, Mr. Hudson says, and some clients have been known to repudiate lawyer bills after the fact.

Mr. Hudson disputes the idea that his service will inspire an increase in litigation or entice people to spend more money than they should on lawyers. Rather, he predicts it will save taxpayers money by cutting down on use of public defenders.

That has been the experience of one early participant, Los Angeles criminal attorney Carlo Spiga. He says that some potential clients didn't qualify for the service, but others were able to avoid using public defenders because of it.

And Robert Gnaizda, a senior partner at Public Advocates Inc., a San Francisco contingency-fee firm, argues that the service is timely because of a likely explosion of criminal trials. Defendants in California are likely to take more cases to court, he said, rather than accept plea bargains because of the potential for future life sentences under the state's new "three strikes you're out" legislation.

"I think it's a very very good idea whose time has come," adds Michael Stephanian, another San Francisco criminal attorney who has been talking with Mr. Hudson. "I'm going to give them a try."



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