

Is It Worth the Hassle to Accept Bitcoin for Legal Services? The Recorder, by Ian Anderson

On December 15, 2017, The Recorder published an article on bitcoin as payment for legal services written by Ian Anderson, attorney from the Kaufman Dolowich & Voluck San Francisco office.

The ethics of receiving payment in cryptocurrency is similar to the ethics of bartering for legal services.

In the past year the value of one bitcoin increased 2000 percent. Bitcoin once was considered the currency alternative used by the internet's seedy underbelly. Now, the financial press is buzzing about bitcoin and other cryptocurrencies such as ethereum and litecoin. Publicly traded funds backed by cryptocurrencies are being established. Some lenders will be accepting bitcoin as collateral. Skeptics are writing about a cryptocurrency bubble. Cryptocurrency is the cutting edge.

The legal profession has been known to have trouble with the cutting edges. But in a market where pressure is mounting for lawyers to attract clients through alternative fee arrangements, it should be no surprise that law firms large and small are beginning to offer their services for cryptocurrencies.

Before accepting cryptocurrency as payment, lawyers should consider the ethical issues presented. Receiving cryptocurrency from a client implicates a broad range of ethical obligations, from the duty to not charge an unconscionable fee to the duty of competence. The California Bar has not directly addressed the issue, so California attorneys must look to other jurisdictions and like situations to determine how best to proceed.

The ethics of receiving payment in cryptocurrency is similar to the ethics of bartering for legal services. Bitcoin was created as an alternative to government-backed currency, a product of Silicon Valley's utopian idealism. The IRS does not yet classify cryptocurrencies as legal tender. The IRS classifies cryptocurrency as property. Like the country lawyer accepting a bushel of apples for drafting a will, payment in Bitcoin is payment in property.