

**UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
Richmond Division**

In re: RECOVERY LAW GROUP, APC,
D/B/A WAJDA LAW GROUP, APC,
D/B/A WAJDA & ASSOCIATES, P.C.,

Case No. 24-301-KRH
Miscellaneous Proceeding

In re: TRISHA LYNN LINDERMAN,
Debtor,

Case No. 24-31714-KRH
Chapter 7

In re: JEANNETTE LEVETAS PAULEY,
Debtor,

Case No. 24-32478-KRH
Chapter 7

In re: JOANN ELIZABETH RUSSELL,
Debtor,

Case No. 24-32957-KLP
Chapter 7

In re: SHAWN CORIGAN LEE,
Debtor,

Case No. 24-32962-KRH
Chapter 7

In re: JENNIFER REBECCA POULSTON,
Debtor,

Case No. 24-33369-KRH
Chapter 7

MEMORANDUM OPINION

These matters come before the Court upon a myriad of pleadings filed by the Office of the United States Trustee (the “U.S. Trustee”) regarding the quality of the representation that was received by the five consumer debtors in the above-captioned bankruptcy cases (the “Five Consumer Bankruptcy Cases at Bar”). Each of the debtors was represented by Recovery Law Group, APC d/b/a Wajda Law Group, APC d/b/a Wajda & Associates, P.C. (“RLG”) and Thomas Watson, Esquire (“Watson”). In the Five Consumer Bankruptcy Cases at Bar, much like those that were before the court in the Western District of Virginia in *Robbins v. Barbour*, a “multi-jurisdictional practice” unleashed a gallimaufry of unethical issues upon hapless clients

utilizing “the ‘national law firm’ business model, where law firms in distant locations around the country advertise on the internet, and then seek to retain a local attorney to become a local ‘member’—albeit one with limited, if any, rights other than in the cases they actually take.” *Robbins v. Barbour (In re Futreal)*, Nos. 15-70886, 15-70885, 16-60736, 16-61448, 16-61249, 16-00701, 2016 Bankr. LEXIS 3974, at *40-42 (Bankr. W.D. Va. Nov. 15, 2016) (not reported on Westlaw).

RLG is such a multi-jurisdictional practice. In the Five Consumer Bankruptcy Cases at Bar, RLG actually “acknowledge[d] that its clients were not adequately represented.” Resp. to Recommendation of the U.S. Trustee as to Monetary Sanctions ¶ 1, *In re Recovery Law Grp.*, Misc. Pro. No. 24-301-KRH, ECF No. 41 at 2. RLG admitted that it did not “provide appropriate oversight of the performance of Watson in representing [RLG’s] clients.” *Id.* Nevertheless, RLG tried to absolve itself of blame by pointing its finger at Watson. He was the local attorney RLG engaged to represent the clients RLG had acquired on the internet. For the reasons set forth herein, RLG and Watson share joint responsibility for the transgressions that occurred in these cases. Both “demonstrated an utter disregard” for the consumer debtors they had the honor and the privilege to represent. *In re Banner*, No. 15-31761, 2016 WL 3251886, at *9, 2016 Bankr. LEXIS 2214, at *29 (Bankr. W.D.N.C. June 2, 2016).

Jurisdiction

This Court has jurisdiction over this matter pursuant to 11 U.S.C. § 105 and 28 U.S.C. §§ 151, 157(a), and 1334(a). Venue is proper pursuant to 28 U.S.C. § 1409. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). This Memorandum Opinion constitutes

the Court's findings of fact and conclusions of law in accordance with Rule 7052 of the Federal Rules of Bankruptcy Procedure.¹

Findings of Fact

1. The Parties

RLG is a multi-jurisdictional law firm. It operates in over thirty states and in approximately ninety jurisdictions. Watson is an attorney licensed to practice law in the Commonwealth of Virginia. He is admitted as a member of the bar of this Court. Watson was employed by RLG.² Together they appeared on behalf of and purported to provide legal representation for the five consumer debtors in the Five Consumer Bankruptcy Cases at Bar (collectively, the "Affected Debtors"). In December 2024, Michael Sandler, an attorney licensed to practice in Virginia and a member of this Court, intervened in the Five Consumer Bankruptcy Cases at Bar, filing a notice of appearance on behalf of the Affected Debtors.³ Watson has not requested or nor has he received

¹ Findings of fact shall be construed as conclusions of law and conclusions of law shall be construed as findings of fact when appropriate. *See* Fed. R. Bankr. P. 7052.

² The evidence concerning the existing relationship between RLG and Watson was somewhat muddled. On September 11, 2024, RLG, through its general counsel, Peter Mulcahy ("Mulcahy"), advised that Watson's *employment* with RLG had been terminated. Clearly, as the facts bear out, he was not terminated. Watson, on the other hand, testified that he had not been employed by RLG, but rather, that he was acting as a local contractor for RLG. *Lee Ex. 105 7:17-19.*

The distinction is important. If Watson was acting as an independent contractor, RLG and Watson would have been engaged in a fee-sharing arrangement. Any such an arrangement had to be disclosed on the Disclosure of Compensation form required by Rule 2016 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"). No such disclosure was ever made. Accordingly, the Court finds that Watson was an employee of RLG and that his employment was not terminated on September 11, 2024.

³ The findings of fact and conclusions of law relate solely to RLG and Watson, as more fully detailed herein, and do not relate to Mr. Sandler's conduct. The Court welcomed Mr. Sandler's appearance in these cases and has been pleased with Mr. Sandler's representation of the Affected Debtors. Mr. Sandler has provided every document requested by the U.S. Trustee, has spoken with each Affected Debtor about the status of their respective cases, has filed all the necessary amendments to the deficient Court filings, and has successfully shepherded the Affected Debtors through to conclude their cases. *See Hr'g Tr. 3:8-4:5, ECF No. 55.*

leave to withdraw as counsel of record for the Affected Debtors, although he no longer appears to represent them.

2. RLG's Business Model

RLG acquires its clients on the internet. The banner displayed across its professionally designed website advertises “immediate access to legal advice to eliminate your debt.” Recovery Law Group, <http://www.recoverylawgroup.com/> (last visited Apr. 4, 2025), *archived at* <https://perma.cc/C4RX-BX7W>.⁴ A prospective client contacting RLG initially communicates with a bankruptcy attorney who answers general bankruptcy questions. That RLG attorney is not necessarily based in the jurisdiction where the prospective client is located.⁵ After a client agrees to the engagement, RLG prepares a draft bankruptcy petition that it transmits by email to the new client. *See* Lee Ex. 113; Poulston Ex. 117; Russell Ex. 120; Linderman Ex. 136. RLG instructs the new client to “[p]rint the signature pages attached to this email. Hand-sign all of the pages in th[e] document but DO NOT DATE them.” Lee Ex. 113; Poulston Ex. 117; Russell Ex. 120; Linderman Ex. 136. RLG then instructs the new client to mail the executed signature pages back to RLG through the United States Postal Service. Global Ex. J.

Having procured the client’s signature on the signature pages in this manner, the client is then instructed to review the draft bankruptcy petition and accompanying schedules and statement of financial affairs and “indicate changes that need to be made.” Lee Ex. 113; Poulston Ex. 117; Russell Ex. 120; Linderman Ex. 136. The cover email includes links to several videos “to walk

⁴ The website touts the firm’s “convenience, simplicity, and affordability,” claiming “[w]e are always on your side and ready to provide the legal support you need.” *See* Recovery Law Group, <http://www.recoverylawgroup.com/> (last visited Apr. 4, 2025), *archived at* <https://perma.cc/C4RX-BX7W>. That was far from the experience afforded the Affected Debtors.

⁵ RLG claims that it has or is now implementing a different process in Maryland, South Carolina, Central District of Illinois, and Michigan.

you through a Bankruptcy Petition.” Lee Ex. 113; Poulston Ex. 117; Russell Ex. 120; Linderman Ex. 136. No lawyer meets with the new clients to review the draft bankruptcy documents with them. This process for reviewing the bankruptcy petition, the schedules, and the statements was utilized in all Five of the Consumer Bankruptcy Cases at Bar.

“Courts have criticized similar business models for ‘foster[ing] an environment of confusion, incompetence, and apathy.’” *Townson v. Sheppard (In re Gibson)*, 658 B.R. 706, 730 (Bankr. S.D. Ga. 2024) (quoting *In re Deighan Law LLC*, 637 B.R. 888, 921 (Bankr. M.D. Ala. 2022), *amended*, MC 19-301-CLH, 2023 WL 8924747, 2023 Bankr. LEXIS 3049 (Bankr. M.D. Ala. Dec. 8, 2023)). RLG has been sanctioned by numerous courts around the country for employing this business model. *E.g.*, *In re White*, 659 B.R. 68, 71 (Bankr. D.S.C. 2024) (imposing civil penalty of \$10,000 where debtor had engaged RLG to save home and case was not filed until after foreclosure); *In re Gibson*, 658 B.R. 706 (sanctioning RLG and contract attorney for, among other things, unauthorized practice of law, failure to disclose in accordance with section 329(a) and Bankruptcy Rule 2016, and making false statements in violation of section 707(b)(4)(C) and Bankruptcy Rule 9011); *In re Thomas*, 657 B.R. 613, 631 (Bankr. C.D. Ill. 2024) (denying application for compensation in full where documents contained obvious errors and inconsistencies, which “could easily have been promptly cured if not avoided altogether had [the RLG attorney] simply taken the time to give the case the necessary attention.”); *In re Burnett*, No. 21-02018-dd, 2022 WL 802586, 2022 Bankr. LEXIS 684 (Bankr. D.S.C. Mar. 16, 2022) (imposing a civil penalty of \$25,000 and enjoining RLG from filing future cases in the District of South Carolina); *In re Green*, Case No. 20-03190-HB, 2021 WL 5177427, 2021 Bankr. LEXIS 3059 (Bankr. D.S.C. Nov. 3, 2021) (imposing sanctions for violating section 526(a)(1), (2), and (3)(A), failing to satisfy its obligations under section 528, failing to disclose in accordance with section

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