

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF MISSOURI

TODD JANSON, GERALD T.)
ARDREY, CHAD M. FERRELL, and)
C & J REMODELING, LLC, on)
behalf of themselves and on)
behalf of all others)
similarly situated,)

) No.

Plaintiffs,) 2:10-cv-04018-NKL

)

vs.)

LEGALZOOM.COM, INC.,)

)

)

Defendant.)

VIDEOTAPED DEPOSITION OF CHAD FERRELL

Taken on behalf of Defendant

July 29, 2010

Jennifer L. Herbeck, RPR, CSR, CCR

Registered Professional Reporter

Illinois CSR License No. 084-004271

Missouri CCR License No. 733

Exhibit F

Examination by Mr. Wicks

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1 Q. And did he tell you he would provide legal
2 assistance?
3 A. Yes.
4 Q. In person, by phone?
5 A. In person.
6 Q. In person? Okay. Did you -- did you pay
7 this lawyer a retainer or --
8 A. No.
9 Q. It was a strict contingency?
10 A. Yes.
11 Q. Did -- in the event that you're suing
12 here, did you yourself use LegalZoom's website?
13 A. Michelle, Jerry's wife, did all the stuff.
14 I was sitting there and gave her my credit card.
15 Q. And Jerry is Mr. Ardrey?
16 A. Yes.
17 Q. So you made the actual payment?
18 A. Yes.
19 Q. But you didn't type into the website?
20 A. I was sitting with her, but I didn't type
21 anything.
22 Q. So did she do all the -- she used the
23 website?
24 A. Yes.
25 Q. You didn't and Mr. Ardrey didn't?

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1 A. Yes, we were sitting there, but --
2 Q. Did you -- did any of the three of you
3 communicate with an attorney at LegalZoom?
4 A. No.
5 Q. Did you speak to anyone at LegalZoom?
6 A. No.
7 Q. Did you have e-mail contact with a person
8 at LegalZoom?
9 A. No.
10 Q. Did you tell anyone at LegalZoom that you
11 were seeking legal advice?
12 A. No.
13 Q. Did you tell anyone at LegalZoom that you
14 were seeking legal assistance?
15 A. No.
16 Q. Had you -- had you ever used LegalZoom
17 before prior to this LLC?
18 A. No.
19 Q. Had you -- had you heard of them?
20 A. No, not -- Michelle told me about it. She
21 had heard of them.
22 Q. Tell me why did you use LegalZoom?
23 A. Because it was going to be cheaper to set
24 up the company.
25 Q. Do you -- did you happen to know what your

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1 family lawyer, your parents' lawyer, what he charged
2 them to set up an LLC?
3 A. No.
4 Q. On what basis did you understand that it
5 would be less expensive to use LegalZoom?
6 A. Because I talked to my parents, and they
7 said if you could get it done for that, that's a lot
8 cheaper. Because a lawyer's 250 an hour, and it's
9 going to take a lot more than an hour.
10 Q. How long would you estimate you were on
11 the LegalZoom website?
12 A. Probably a few hours.
13 Q. Can you be any more specific?
14 A. Two.
15 Q. Two hours maybe? Do you -- you said you
16 were looking over Michelle's shoulder as she was
17 doing this?
18 A. Yes.
19 Q. So you watched what she was entering?
20 A. Yes.
21 Q. And did she -- she would ask you if there
22 was a question on the screen?
23 A. Yes.
24 Q. It was fill in the blank basically?
25 A. Yes.

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1 Q. Have you ever used legal forms before?
2 Have you rented property, for example?
3 A. Yes.
4 Q. Have you seen form leases?
5 A. Yes.
6 Q. Have you -- do you own real estate?
7 A. No.
8 Q. So have you used a lease as a landlord?
9 A. No.
10 Q. But have you signed a form lease as a
11 tenant?
12 A. Yes.
13 Q. Your -- in your job now, are you a -- are
14 you under an employment contract, or is it --
15 A. No.
16 Q. At will, by mouth?
17 A. Yes.
18 Q. Have you -- apart from a lease, can you
19 think of any other legal forms you've ever used?
20 A. No.
21 Q. You haven't started an LLC before this?
22 A. No.
23 Q. Have you -- are you married now?
24 A. Yes.
25 Q. And are you married to the same --

Examination by Mr. Wicks

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1 A. It's all --
2 Q. It's a little hard to see.
3 A. You will operate --
4 Q. Does it say you will have an opportunity
5 to review your information before your purchase?
6 A. Yes.
7 Q. By clicking the proceed to check-out
8 button, you agree to our terms of service?
9 A. Yes.
10 Q. You -- Michelle did click the proceed to
11 check-out button?
12 A. Yes.
13 Q. You did purchase. Do you recall if while
14 you were using the LegalZoom website you or Michelle
15 or Mr. Ardrey together reviewed the terms of
16 service?
17 A. Yes.
18 Q. You think you did?
19 A. Yes.
20 Q. You remember it?
21 A. Yes.
22 Q. I'm sorry. I'm just going to hand you
23 what was marked this morning as Exhibit 5.
24 MR. SIMERI: Do you want 4 back?
25 MR. WICKS: Sure.

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1 Q. (By Mr. Wicks) Does that look familiar?
2 A. I don't recall.
3 Q. Well, if you said a minute ago you
4 remember looking at the terms of service --
5 A. Well --
6 Q. -- but you don't remember this? Could you
7 read the first paragraph there for me at the top,
8 the paragraph numbered one? Could you read it out
9 loud?
10 A. I understand and agree that LegalZoom is
11 not a law firm or an attorney and may not perform
12 services performed by any attorney whether I am
13 respected myself in this legal matter, no
14 attorney/client relationship or privilege is created
15 within LegalZoom.
16 Q. Does that second sentence there say rather
17 I am representing myself in this legal matter?
18 A. Yes.
19 Q. The -- does the prior -- I'm sorry. Does
20 the second paragraph say if prior to my purchase I
21 believe that LegalZoom gave me any legal advice,
22 opinion, or recommendation about my legal rights,
23 remedies, defenses, options, selection of forms, or
24 strategies I will not proceed with this purchase,
25 and any purchase that I do make will be null and

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1 void? Did I read that right?
2 A. Yes.
3 Q. When you used the LegalZoom website, did
4 LegalZoom give you legal advice?
5 A. No.
6 Q. Did LegalZoom give you an opinion?
7 A. No.
8 Q. Did LegalZoom give you a recommendation
9 about your legal rights?
10 A. No.
11 Q. Did LegalZoom give you a recommendation
12 about remedies?
13 A. No.
14 Q. Did LegalZoom give you a recommendation
15 about defenses?
16 A. No.
17 Q. Did LegalZoom give you a recommendation
18 about options?
19 A. Maybe. I don't know. I don't remember.
20 Q. Did LegalZoom give you a recommendation
21 about strategies?
22 A. I don't remember.
23 Q. You see Paragraph 4 there. I understand
24 that LegalZoom's review of my answers is limited to
25 completeness, spelling, and grammar and for internal

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1 consistency of names, addresses, and the like. Did
2 I read that correctly?
3 A. Uh-huh, yes.
4 Q. What does that mean to you?
5 A. That you have to put everything in
6 correctly.
7 Q. And does it mean to you that LegalZoom is
8 only reviewing what you put into the form for
9 completeness, spelling, and internal consistency of
10 names, etc.?
11 A. Yes.
12 Q. Do you see Paragraph 5 there? It says I
13 have read and understand the following.
14 A. Yes.
15 Q. A couple lines down, four or five lines
16 down, do you see where it says over on the right
17 LegalZoom is not permitted to engage in the practice
18 of law including providing any kind of advice,
19 explanation, opinion, or recommendation to a
20 consumer about possible legal rights, remedies,
21 defenses, options, selection of forms, or
22 strategies? Did I read that right?
23 A. Yes.
24 Q. When you used the LegalZoom website, did
25 LegalZoom -- strike that. Can you flip to the

Examination by Mr. Wicks

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1 second page there?
2 Do you see the very last Paragraph 13? If
3 I do not agree to all of these terms, I will
4 immediately cease my use of this site?
5 A. Yes.
6 Q. Did I read that correctly?
7 A. Yes.
8 Q. And you did complete your purchase with
9 the LLC form on LegalZoom. Correct?
10 A. Yes.
11 Q. Actually, do you still have this in front
12 of you? Could you look at Paragraph 6 there. I
13 understand the site's general terms of use also
14 apply to these terms of service.
15 I acknowledge that I have read and agreed
16 to those terms of use which are incorporated herein
17 by reference. Did I read that correctly?
18 A. Yes.
19 Q. More or less. Do you recall reading the
20 terms of use when you were on the website, the
21 LegalZoom website?
22 A. I don't recall.
23 Q. But you might have?
24 A. Yes.
25 Q. Actually, while I have you, I'll ask you

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1 about this. I suspect your lawyers know the answer
2 to this, but Mr. Janson didn't this morning. Could
3 I have Janson 7, please. It was marked this
4 morning.
5 This was marked this morning as Janson
6 Exhibit 7. Have you ever seen that before?
7 A. No.
8 Q. Do you know what it is? Did it come from
9 you? Was it provided -- did you provide it to your
10 lawyers?
11 A. I might have. I had a whole document with
12 all my paperwork, but I don't know what it was.
13 Q. But you might have provided it to your
14 lawyers?
15 A. I might have.
16 Q. Okay.
17 MR. SIMERI: Jim, are you done with that?
18 MR. WICKS: Yeah.
19 MR. SIMERI: Can we take five?
20 MR. WICKS: Yeah, why don't we do that
21 now?
22 VIDEOGRAPHER: Going off the record at
23 4:15 p.m.
24 (A break was taken.)
25 VIDEOGRAPHER: Going back on the record at

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1 4:22 p.m.
2 Q. (By Mr. Wicks) Okay. Mr. Ferrell, you
3 said Mr. Ardrey told you about this lawsuit. What
4 did he say?
5 A. He said that -- told me there was a class
6 action lawsuit about -- against LegalZoom. They
7 were practicing law in the state of Missouri, and
8 they're not lawyers from the state of Missouri.
9 Q. Did he -- do you know was he a plaintiff
10 at the time?
11 A. I don't know.
12 Q. And you think this conversation occurred
13 in February or March of this year?
14 A. I talked to him before that, but I
15 haven't -- I couldn't even tell you what month it
16 was.
17 Q. Okay. Did he tell you anything else? Was
18 this a long conversation?
19 A. No, not really.
20 Q. And did he tell you anything else?
21 A. No.
22 (Whereupon, the court reporter marked
23 Ferrell Exhibit No. 1, Operating Agreement, for
24 identification.)
25 Q. Let's mark Ferrell 1. Have you seen that

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1 before, Ferrell 1?
2 A. Yes.
3 Q. Could you tell me what it is?
4 A. That's the -- that's our operating
5 agreement for the company.
6 Q. Could you flip to Page 8? It's your
7 signature page. Is that right?
8 A. Yes.
9 Q. And you have not signed this, have you?
10 A. I don't -- I don't know. I don't recall.
11 Q. Is C&J Remodeling an operating company
12 now? Do you have a business?
13 A. It's open, but we're not doing no
14 business.
15 Q. Have you ever done business with it?
16 A. No.
17 Q. Has it had customers?
18 A. No.
19 Q. Any income at all?
20 A. No.
21 Q. Do you -- have you advertised?
22 A. Yes.
23 Q. How?
24 A. Phone book.
25 Q. Yellow Pages?

Examination by Mr. Wicks

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1 A. Yes.
2 Q. And was that -- was that ad purchased by
3 the company?
4 A. It was purchased -- I paid for it by
5 myself.
6 Q. Does C&J Remodeling have a bank account?
7 A. No.
8 Q. Can you flip to Page 9? This recites the
9 capital contribution. You and Mr. Ardrey are each
10 50 percent contributors. Is that correct?
11 A. Yes.
12 Q. Where is that \$1,000 of capital held?
13 A. Never -- never got put in.
14 Q. If you -- someone responded to your ad in
15 the phone book, could you -- does C&J have
16 employees?
17 A. No. Myself and Jerry.
18 Q. And would you perform the work?
19 A. Yes, if somebody called.
20 Q. If somebody called. What -- do you recall
21 what your ad said, your ad in the phone book?
22 A. C&J Remodeling and the phone number.
23 Q. Did it say what you do?
24 A. No.
25 Q. No description?

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1 A. No.
2 Q. That was it, C&J Remodeling?
3 A. Yes.
4 (Whereupon, the court reporter marked
5 Ferrell Exhibit No. 2, Articles of Organization, for
6 identification.)
7 Q. All right. I'll mark Ferrell 2. Does
8 that look familiar, Ferrell 2?
9 A. I don't recall.
10 Q. You don't recall seeing it before?
11 A. Yes, yes.
12 Q. What is it?
13 A. Articles of organization.
14 Q. And when did you see it, do you know?
15 A. When I got all my paperwork from
16 LegalZoom.
17 Q. So this is the -- this is the articles of
18 organization for C&J Remodeling?
19 A. Yes.
20 Q. The same C&J Remodeling that you placed an
21 ad for in the phone book. Right?
22 A. Yes, yeah.
23 (Whereupon, the court reporter marked
24 Ferrell Exhibit No. 3, Articles of Incorporation,
25 for identification.)

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1 Q. Okay. I'll mark Ferrell 3. Could you
2 flip to the third page? What is this document that
3 I've just shown you?
4 A. Articles of incorporation.
5 Q. And you may want to see -- does that look
6 similar to that?
7 A. Yeah.
8 Q. And I'm asking you if Ferrell 3 looks
9 similar to Ferrell 2, and your answer was that they
10 do. What -- what's the third page of Ferrell 3?
11 What does it say at the top?
12 A. Article 5.
13 Q. No, I'm sorry. The third page.
14 A. Oh, the number --
15 Q. Back one.
16 A. Oh, I'm sorry.
17 Q. That's okay. Have you seen a document
18 like this before?
19 A. I'm not sure.
20 Q. Do you know what -- what Ferrell 3 is?
21 A. No.
22 Q. Is it -- is it a form articles of
23 incorporation with blank spaces in it?
24 MR. SIMERI: Objection. Asked and
25 answered.

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1 A. Yes.
2 Q. (By Mr. Wicks) I'm sorry. What was your
3 answer, Mr. Ferrell?
4 MR. SIMERI: You can answer it. He's
5 asked the same question twice, though.
6 A. Yes.
7 (Whereupon, the court reporter marked
8 Ferrell Exhibit No. 4, LegalZoom Home Page, for
9 identification.)
10 Q. (By Mr. Wicks) I'm going to mark
11 Ferrell 4. Does that look familiar?
12 A. No.
13 Q. Do you -- were you present the entire time
14 when Michelle was entering your information in the
15 blanks on the LegalZoom website?
16 A. Yes.
17 Q. Is it possible that you weren't there when
18 she opened the website?
19 A. No.
20 Q. And you don't recognize this as the front
21 page of the LegalZoom website?
22 A. I don't recall.
23 (Whereupon, the court reporter marked
24 Ferrell Exhibit No. 6, Information for LegalZoom LLC
25 Form, for identification.)

Examination by Mr. Wicks

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1 Q. Okay. There we go. It was at the bottom
2 of the pile. I'm handing you what I've marked as
3 Ferrell 6.
4 You won't recognize this, but I'll
5 represent to you that it is a document that
6 LegalZoom produced to your attorneys that contains
7 the information that was entered on the LegalZoom
8 website by -- as you say, by Michelle. Flip to the
9 second page there.
10 Do you have a specific recollection of --
11 of a question coming up about state of formation and
12 Michelle typing Missouri?
13 A. I don't recall.
14 Q. Do you recall picking the LLC name
15 C&J Remodeling, LLC?
16 A. Yes.
17 Q. Do you recall entering your name, Chad
18 Michael Ferrell, and your address 160 Old
19 Williamsburg Parkway?
20 A. Yes.
21 Q. Let's drop down to the middle of the page
22 there. It says LLC is managed by, and do you
23 remember Michelle entering by more than one manager?
24 A. I don't -- I don't recall.
25 Q. Do you -- do you think this was the

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1 information that was entered on the LegalZoom
2 website when you filled in the LLC form?
3 A. Yeah.
4 Q. Does it look familiar to you?
5 A. Yeah, my name and address, state.
6 Q. Now this is -- this is kind of a difficult
7 question, but I mean, do you -- have you looked
8 through this -- and you can take as much time as you
9 want.
10 But do you think this reflects everything
11 that you entered on the LegalZoom website? Do you
12 think you entered anything that isn't on here?
13 A. No.
14 Q. And this is -- this is the information
15 that was used to create the articles of organization
16 and articles of incorporation for your -- I'm sorry.
17 Strike that.
18 Is this the information, the information
19 on Ferrell 4, that was used to create the
20 C&J Remodeling operating agreement and articles of
21 organization?
22 A. Yes.
23 MR. WICKS: I may be close to done. Can
24 we take three or four minutes?
25 MR. SIMERI: Of course, yeah.

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1 MR. WICKS: And we'll come back.
2 VIDEOGRAPHER: We're going off the record
3 at 4:38 p.m.
4 (A break was taken.)
5 VIDEOGRAPHER: Going back on the record at
6 4:46 p.m.
7 Q. (By Mr. Wicks) Mr. Ferrell, you testified
8 a while ago that you believed that an LLC was not
9 legal if it was not created by a Missouri attorney.
10 Is that correct?
11 A. Yes.
12 Q. Who told you that?
13 MR. SIMERI: Objection. Assumes facts not
14 in evidence.
15 MR. WICKS: You can answer.
16 MR. SIMERI: You can answer the question
17 if you can. Ask him did someone tell him that, and
18 then he can tell you. I don't know if someone did
19 tell him that. That was the point of my objection.
20 Q. (By Mr. Wicks) Can you answer the
21 question?
22 A. No, I can't.
23 Q. Did someone tell you that an LLC is not
24 legal if the form is not created by a Missouri
25 attorney?

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1 A. Can you repeat the question? I'm sorry.
2 MR. WICKS: Could you read it back?
3 (The reporter read the last question.)
4 A. Yes, my lawyers.
5 MR. SIMERI: Well, I'm going to object to
6 the extent that that's a privileged communication,
7 although we didn't --
8 MR. WICKS: We're not going to --
9 MR. SIMERI: Of course, it wasn't really
10 necessarily what we said, but so be it. You're not
11 a lawyer. You don't have to know that. Let's move
12 on.
13 Q. (By Mr. Wicks) All right. Anyone else?
14 A. No.
15 Q. All right. Now I know, Mr. Ferrell, you
16 were working today and we scheduled the deposition
17 for 3. And nobody's irritated that you were a
18 little late, but you were half an hour late or so.
19 Right?
20 MR. SIMERI: We had a mix up. We had
21 thought that it was 3:30, and then we saw the depo
22 notice and it said 3, so charge it to us because I
23 told him 3:30.
24 Q. (By Mr. Wicks) Okay. Okay. Were you
25 working until 3 or so?