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Benchmark
1

# Alaska Bar Examination



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### [Memorandum]

was there a partner Associate of Kingsley for purpose of Rule 2002 Kingsley temporanily hired Greene to assist with the Moreno case. Greene was hired on a temporary basis and she was not an Associate Nor a partner. The court held in <u>Chambers</u> that a Totatality of the circumstances Test is to be used to determine if the outside Attorney is a temporary hire or a partner/Associate. chambers stared "An Associate or partner works For and not with

the hiring Attorney. Under the totality of circumstances Analysis

the Following & factors must be

Addressed: Other Attorney's supervision,

Attorney
and the compensation of the temporary;

Ocrect and Indirect control of Representation

Oother Attorney's supervision & compensation:

If there is close supervision

and NO contingency compensation

then the Attorney works for the

other Attorney as an Associate or partner

where if there is loose supervision

and compensation is based on a

contingency then there is no relationship

ob an Associate | Pauther. In this case there was little and loose supervision and the compensation, while contingent, was paid in Advance. Therefore under this factor the court will probably find she was not a partner or Associate,

Direct and Indirect control of Representation

The court will consider who planned

the litigation strategy, if the temporary

Attorney worked under the oversight

of the other Attorney, whether the

Attorney controlled the work environment

and whether the Attorney dealt directly

with the client. In this case Kingsley planned the litigation strategy, controlled the work envisonment and & retained only herself as the sole Attorney For Moreno. Even though breene did, on occasion visit with Moreno not in the presence of kingsley, All these factors determine that breene worked with Kingley and Not For kingsley as an Associate or parther.

Therefore, if the court does find that breene was not an Associate

or partner and the fee split Agreement was valid (see part 2) Kingsley will owe the remaining \$270,000 to Creene. However if the court finds Greene was a earther or Associate and/or the fee split agreement was invalid or irrelevant, Kingley will not one treens the extura \$ 270,000

(Port 2)

requirements of Rule 200 For a fee-splitting Agreement between Kingtby, breene and Moreno been met ? Kingsley temporarily hived Greene to assist with the Moreno case. while breene was a temporary Atty and not an Associate or partner they did agree to divide Moreno's Fee for legal services. Rule 200 states a Fee splitting agreement with a temperary Atterney or an Attorney who is not an Associate or partner can become valid if

2 Requirements are met: 10 the dient must given written consent after Full disclosur has been given in writing detailing payment and 13 the total Fee changed is not increased because of the fee split amangement and is not unconscionable

O client written votice, consent and Full disclosure:

The Fee split agreement was detailed in this case for Moreno via the Fee Agreement and letter docted 10-23-02 she signed. All three

parties were aware of the Agreement, gave Full consent, and signed written disclosure. Therefore there is a signed written consent and Full disclosure.

2 total fee charge not increased: Both Before and Abter the Fel split agreement Moreno Knew her cost was 13 of the settlement. After the fee split Agreement the total that Moreno paid was the same with or without the Fee split agreement, Therefore there is no extra change

to the client Because of the fee Split Agreement. Finally, the court held in Margolin that the purpose of the Fee aplit Agreement is to protect the client to the Maximum extent possible. I In this case Moreno paid the same = irrespective of the fee split Agreement. Therefore the court will probably hold Greene was not an Associate or partner and there was a valid fee split agreement localing to the fact

- ID
that Krngsly will need to pay
 Creene the Remaining \$270,000
on the fee split agreement.

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# Alaska Bar Examination

FEB 2005

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Burke & Clements, L.L.P.

Attorneys at Law

4333 Skillman Avenue

Dixon, Franklin 33133

### MEMORANDUM

TO:

Thomas Burke

FROM:

**Applicant** 

RE:

In re Rose Kingsley

The purpose of this memorandum is to analysis the applicable legal authority and explain how the facts of law affect Rose Kingsley and her claim/inquiry of the legality of the request for fee from Karen Green in the amount of \$300,000.

(1) Is Karen Green a partner or associate of Kingsley for the purposes of Rule 200 of the Franklin Rules of Porfessional Conduct?

Under the Franklin Rules of Professional Conduct — Rule 200 — Financial Arrangments Among Lawyers. A lawyer shall not divide a fee of legal services with a lawyer who is temporatily engaged and who is not a partner or associate of the lawyer unless: (1) the climent has consented in writing threto after a full disclosure has been made in writing that a division of fees will be made and the terms of the division; and (2) the total fee charges by all lawyers is not increased solely by reason of the provisions for division of fees and is not unconscionable.

NOTE: Rule 200 does not require that the division of fees be in proportion to services by each lawyer or on the basis that each lawyer assumes joint responsibility.

The purpose is to protect the client.

A. Is Karen Green a partner or associate under the definition of Rule 200?

Karen Green is not a partner or associate of our client Rose Kingsley as described in the statements from Ms. Kingsley. Ms. Green was starting her practice at the time of the agreement. The agreement was for Ms. Green to perform the preliminary investigation and to conduct respond to any discovery related to the case. Ms. Green accepted this assignement. At no time was Ms. Green's name added as the attorney on record. Ms. Kingsley took additional steps to make sure that there was no face-to-face conduct with Ms. Moreno (client).

During this arragnment she was provided with office space and worked on a part-time basis on the case. The agreement was that she would be paid\$50.00 an hour and that she would be paid 30% of the fee obtained at the settlement of the case. The amount she was paid prior to settlement would be deducted from the settlement amount.

Under the facts presented Ms. Green is not an associate or partner of Ms Kingsley.

\*\*The Under this facts she cannot collect under Rule 200 — it does not apply.

B. Is the notification to Ms. Moreno sufficient to give notice of fee sharing?

Ms. Moreno was sent a letter dated October 23, 2002 explaining that Ms. Greene

would be working on the case, however, the letter fails to indicate a % or dollar

amount in writing of the fee split between the two attorneys. \*\*Settion/(1)\*

On any pulsuled information relating to the apart if the automap is referred.

When related to the case.

Rule 200 specifically states that 'the client has consented in writing thereof after a full disclosure has been made in writing that a division of fees will be made and the terms of the division and the total fee charges by all lawyers is not increased soley by reason of the provisions for division of fees and is not unconscionable.

The letter of October 23, 2002 — does not give disclusure of the division of fees.

The letter refrences the work that Ms. Greene will be doing for Ms. Kingsley.

The wording is 'I have engaged Karen Green, a lawyer licensed to practive in Franklin, to assist me in representing you with respect to you claim against Graham-Hadley, Inc., specifically to perform a preliminary investigation, conduct and respond to discovery in any ensuing action, and do any and all other takes and projects agreed upon!

It further states that the agreement will not change any payment agreement that already existed between the two. (Moveno and Kingsley)

The letter fails in the total disclure of the fee spliting arrangement in that it does not lay out any dollar amount that is to be paid. Or leastly represent the argument can be made that by Ms. Green that on here telephone conversation on October 30, 2002 (Note: the Memoerandum sent to Ms. Kingsley detailing the conversation In this letter Ms. Greene states that she explained the purpose of the letter and that Ms. Moreno did sign and return the original letter.

The argument against this being sufficient is that the letter still does not have in writing that fee agreement and that MS. Green is not an associate or partner of Ms. Kingsely and that she did not have the authority to respond to her quetions in this matter, as it was outside of the agreed upon assignments or work between Ms. Greene and Ms. Kingsley.

Rule 200 is a bright-line rule and its purpose is to protect the client. The purpose of the rule is satisfied only with complete compliance with the rule. The disclosure to the client must be in writing, and must be complete, the client is not expected to remember the agreements made by attorneys working on her case. This written disclosure also prevents attorneys from charing the meaning of the agreement during the proceedings.

An important issue that has to be noted in this case is the fact that Ms. Greene walked away from this case when she determined that it was taking too much of her time. At the time of her leaving the discovery required was done and her assistance, as it appeared at that time was no longer needed. The case was carried to completion without the assistance of Ms. Greene. When she left the case there was no further communication between the two attorneys. she had been paid \$30,000 for the work she had done.

In two cases held in the Franklin Court of Appeals:

Chnbers v. Kay — The attorney was relived from the case due to a dispute between two attorneys in the handling of the case. Compensation was offered in the amount reflective of the work that Chambers had done. In this case a letter was never sent to the client informing her of the split-fee agreement. Due to the lack of notife in writing the split was denied.

In this case the situation is the same — in that there is no complete discleure of the agreement. The client's complete consent was never sought in writing.

Margolin v. Shemaria -- This case also lacked full compliance of the rule.

Rule 200 is not met in the case of our client Rose Kingsley. Ms. Greene was not nor was ever a partner or associate of Ms. Kingsley. Second Ms. Moreno was not provided with a letter in writing of complete disclosure of the fee split agreement. Even though Ms. Greene's memo of November 1,2004 indicated that the conversation was held explaining the split — the letter of record with the clients signature does not reflect this understanding. The held of the held

Under the strict requirements of total compliance of Rule 200 our client Rose Kingsley is not obligated to pay Karen Greene beyond the amount that she has already been paid.

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# Alaska Bar Examination

FEB 2005

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### **MEMORANDUM**

TO:

Thomas Burke

FROM:

**Applicant** 

RE:

In re Rose Kingsley

### Statement of Facts

Rose Kingsley is a local attorney who agreed to represent Janice Moreno in a personal injury claim against Graham-Hadley, Inc. Ms. Kingsley entered into a retainer agreement with Ms. Moreno providing that she would advance all of the costs and would, in return, receive her customary contingency fee, 33% of any recovery that she might obtain on Ms. Moreno's behalf. Ms. Kingsley soon came to the realization that she required technical assistance with the Moreno case. She contacted another attorney, Karen Greene, who had previously worked as a mechanical engineer and had the technical experience necessary to perform a preliminary investigation and assist with discovery. Ms. Kingsley and Ms. Greene entered into a fee agreement on October 17, 2002. The Fee Agreement provided that Kingsley was to pay Greene 30% of whatever fee Kingsley would receive. The Fee Agreement further provided that Ms. Greene would be paid at the rate of \$50 per hour for work and all sums paid for hours would be deemed an advance on the 30% fee that Greene would receive under the Fee Agreement. The fee agreement was never provided in writing to the client, Janice Moreno. However, Kingsley did send a letter to Ms. Moreno, dated October 23, 2002, indicating that she

had "engaged Karen Green" to assist her in representing Ms. Moreno. The October 23 letter to Ms. Moreno did not specify the terms of the Fee Arrangement between Kingsley and Greene. The letter further indicated that the arrangement between Green and Kingsley would not affect the amount that Ms. Moreno would have to pay. In a subsequent memorandum dated November 1, 2002, Greene indicated that Ms. Moreno called to express confusion over the October 23 letter. Ms. Greene explained the Fee Agreement orally to Ms. Moreno. Insofar as the relationship between Kingsley is concerned, Kingsley stated in her interview that she did not supervise Ms. Greene very much. However, she was the attorney of record, and she insisted that Ms. Greene have no face-to-face contact with the client. While working on the Moreno Case, Ms. Greene made temporary use of a portion of Ms. Kingsley's office. Ms. Greene used Ms. Kingsley's staff and facilities as needed on the Moreno Case.

### <u>Analysis</u>

Greene is Not an Associate for Purposes of Rule 200 Because She Was Not Highly
 Supervised and Because She Was Compensated Primarily Based Upon a Contingent Basis

Chambers v. Kay is the primary case addressing the method for determining whether a temporarily engaged lawyer is an associate for purposes of Rule 200 of the Franklin Rules of Professional Conduct. In determining whether a temporarily engaged lawyer works for another lawyer and is therefore an associate for purposes of Rule 200, works with the lawyer and is therefore not an associate, the court will consider the totality of the circumstances. The two primary considerations, however, are "the other lawyer's supervision, and, in particular, the compensation of the temporarily engaged lawyer.

### Greene Was Not Highly Supervised

According to <u>Chambers</u>, there are four factors in particular that bear on the evaluation of how closely a temporarily engaged lawyer is supervised. These factors are: (1) direct and indirect control of the representation, including litigation strategy; (2) oversight of the temporarily engaged lawyer in legal and factual aspects of a case; (3) control over the working environment; and (4) the relationship with the client.

Here, an objective analysis indicates that a court will conclude that Greene was not highly supervised. First, Kingsley stated in her interview that she did not supervise Green very much. Second, Greene had a considerable amount of control and discretion over the case through the investigation and discovery process. The case did not go to litigation. Third, although Kingsley curbed face-to-face contact between the Greene and the client, it is apparent that this did not substantially affect Greene's relationship with the client. Greene's memo indicates that she spoke with the client over the telephone and even went so far as to explain the nature of her relationship with Kingsley regarding the case. Greene did used Kingsley's office and staff in working on the case; however, it boils down the fact that Kingsley stated that she had to give Greene a "relatively free hand" because she was an engineering expert. Kingsley's position that she did not really supervise Greene much is critical and would likely lead a court to conclude that Greene was not highly supervised.

Green Was Compensated Primarily Based Upon a Contingent Fee Basis

The court in Chambers indicated that "the more indicative evidence of the parties'

relationship is the compensation agreement between the lawyers."

The Fee Arrangement stated that Greene would be paid \$50 per hour, attributable toward a total contingent fee of 30% of Kingsley's award. The case preparation was substantially finished by the time that Greene stopped work. This indicates that, if the fee arrangement is valid, Greene has completed the agreed upon work and should receive her 30% contingency. It is true that Greene has received \$30,000.00 as a result of her \$50 per hour work for Kingsley. However, that amount appears rather small in light of the amount that Greene would be awarded if the Fee Arrangement is effective, \$300,000.00. The court will likely find that the primary motivation for Greene's work was not the \$50 per hour wage, but the contingency fee.

Because Greene was not highly supervised and because she was to be compensated primarily based upon a contingent basis, a court is likely to conclude that she was not an "associate" for the purposes of Rule 200.

II. The Fee Agreement Does Not Satisfy the Requirements of Rule 200 Because the Terms of the Fee Agreement Were Not Explained to Ms. Moreno in Writing

Rule 200 provides that a temporarily engaged lawyer who is not a partner or associate cannot share a fee unless: (1) the client has consented in writing after a full disclosure in writing that a division of fees will be made and explaining the terms of the division, and (2) the total fee is not increased solely because of the division of fees and is not unconscionable.

Here, subsection (1) is not satisfied. Although the client did consent to a disclosure in

writing, the disclosure did not satisfy the requirements of Rule 200. The rule states that the written disclosure by the attorney must be in writing and must include the terms of the agreement. Ms. Kingsley's October 23 letter to Ms. Moreno would constitute a satisfactory written disclosure IF it had explained the terms of the division. As the Margolin case clearly indicates, an oral disclosure of the terms of a fee sharing arrangement is not appropriate. Therefore, it is irrelevant that subsection (2) is met because the total fee charged did not increase and the agreement was not unconscionable.

### III. Conclusion

A court is likely to determine that Kingsley is not obligated to pay Greene 30% of her recovery. Greene is not an associate for purposes of rule 200 because she was not highly supervised and because she was compensated primarily based upon a contingent basis. In addition, the Fee Agreement and communications with Ms. Moreno do not satisfy the requirements of Rule 200 because the terms of the Fee Agreement were not explained to Ms. Moreno in writing.

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Memorandum

To! Thomas Bunke From: Applicant RE! IN Re Rose Kingsley

Issue

John Rose Kingsley obligated to pay Karen Greene agreed upon 30% of her settlement fee for her client Ms. Moreno based on Franklin Court of Appeal interpretation of the Rule 200 (Financial Annangement Among lawyers)

Applicable Rule of Franklin
Rules of Professional Conduct (Ruli 200)
provides that: a lawyer shall
Not divide office a fee feen legal
Sevices with a lawyer who is
temporanty engaged & who is
not a partner on associate of
the lawyer unless: (i) the Client has
consented in writing thereto after
full disclosure has been made
in writing there of after

Feb 2005-Q10 MPT1-Benchmark 4 fees will be made a the ferms of such division, and (2) the total fee charged by all lawyers is not increased solely by reason of the provision for division of fees 2 is not unconscionable. I the Official comment to this Rule explicitely explaines
that the purpose of the
Rule is to protect the client
to the maximum extent possible the Based on the facts of the case that need to be discussed in light of the Recent opinions on Buch matters issued by Franklin court of Appeal. I Was Greene a pantner or an associate of Kinggley for purposes of Rule 200 of the Franklin Rules of Professiona Conduct ? In Chambers V. Kay, Franklin Court of Appeal held Heat determination of whether tem-

Feb 2005-Q10 MPT1-Benchmark 4 case, where the lound found, that the temperarily engaged lawyer was werking with and the lawyer. On the other hand, In Chambers the temps lawyer was had affected. Utigation & was listed on carl pleadings, which is Not the facts of our case. 2) Oversight of the temporarity engaged lawyer The facts in our case show that there was little oversight since Greene was dealing with highly technical discovery 3 Control of the won king The fact Show that kingsley wasle a steel temporary for being show the her office Green was allowed to use Kingsley's staff & facilities color for a facilities Solely for Manero cast.

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A Relationship with the client

Again, in own case Ringsley insisted on Greene not to have face—
to face contact with the client, which is indicative of Greene working for not with Kingsley.

From ther, the court in chambers held that the most indicative evidence of parties relationships i's the compensation agreement. In Champers the lead lawyer had an agreement with temporary atty to be compensated solely on contingent basis. The Court found that contingent fee basis combined with supervision meant that the temp lawyer was not an associate for the purposes of Kule, 200. The facts of our case are very similar to Chambers and it is likely that the Court would find

Feb 2005-Q10 MPT1-Benchmark 4 that Greene was not an arreiate of Lingsley for the purposes of lake 200. Kingsley & Greene were not partners since they had no share profits & losses in the burness. Count moud find mat likely that the count moder was not a partner on associate for the pur poses of Rule 200, 11 were the Requirements Jee splitting agreement between Kingsley of Greene & the Communication with Monero. The Court of Appeal in Maregolin r. Shemaria held that the purpose of the Pyle 1's photection of chert to the maximum extent possible. The facts in Mangolin are gianilas to sur case with one distinction, which

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# Alaska Bar Examination

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Memorandum To: Thomas Burke Re: In Re Rose Kingsley

# I. Partners and Associates under Rule 200 of Franklin Rules of Professional Conduct

Undre Rule 200 of Franklin Rules of Professional Conduct, fee splitting can be appropriate, absent proper consent from the client, if the relationship between the lawyers is that of partners, or that of a partner and associate.

### #A. Facts Regarding Partnership Relationship

Ms. Kingsley, our client, is a solo practioner.

Correspondence from here office includes the

heading The Law Office of Rose Kingsley."

She occopies a single office with one secretary

and one legal assistant. After taking an

the Moveno case, she hired Greene on

a temporary basis, primarily due to her techical

After

expertise in the field of engineering. Two years

of temporary and part time work, Greene left

B. Application

Nothing about the relationship between Kingsley and Greene indicates a partnership relationship As indicated in Chambers v. Kay (2002) in a footnote, a partnership generally requires an agreement of sharing profits and losses, acting as co-owners of a firm or office, or a contemplation of sharing profits and

## losses of a continuing business.

Here, kingsley retained the client and nived Greene for a specific purpose. Kingsky advanced all costs. Greene was trying to build her own practice and was working on this case on a temporary basis.

There is no indication that their relationship was of partners.

Partner-II. Facts Regarding Associate Relationship

Greene could assert that she was working as Kingsley's associate, in that she was "working fore" here, to qualify for fee splitting under Rule 200.

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Under Chambers v. Kay, an appropriate

analysis of facts should incorporate the

"totality of circomstances," with particular

focus on issues of: supervision and compensation.

A. Supervisian

Kingsley hired Greene to do preliminary investigation, and to Conduct and respond to discovery. She indicates that her supervision over Greene varied, based on legal work and technical work, but we rall she did not supervise coreene much. She gave her a "relatively free hand," due to Greene's expertise in engineering.

Comme So pasts

### B. Compensation

The agreement with Greene indicated on hourly wage of \$50 / hour, up until the point when Greene quit, as well as the contingent compensation of 30% of Kings fee based on her recovery.

Analysis of Story Supervision / Compensation

Under the totality of circomstances

Considerations in Chambers V. Kay it is likely

that the court would not find that Greene

was achy as Kingsley's associate, however,

it will be a close call. As indicated there,

most cases fall in the middle of the

spectrum of associate or non-associate.

Facts supporting associate (working for someone) relationship

focus on how closely the supervision is.

Under Chambers, relevant factors, in determining supervision include oversight of the temporary lawyer in legal and factoral aspects of a case, relationship with client,

and control over the connect litigation.

While Kingsley only supervised loosely over Greene in technical areas, she admits closer supervision over legal matters. However, any an argument can be made that this supervision was limited to the type aggriced of double-checking of a new lawyer one was working with, rather than Kingsley asserby total control over that field. As m Chambers, the contributions of the lawyers vary with each lawyer's strengths and areas of expertise. Linguley can argue

that she was more of a legal expert, and Cereene a technical expert, and that they worked were nevertuless working alongside.

The fact that Knysley Lid not permit contact w/Greene and the client, now did so la name appear on pleadings, goes in support of an associate relationship under Chambe However, an argument can be made that Engsley and Greene each contributed their Strengths to the case, and that Kingsley's Strength was with the client and in court, and she would not be able to perform the case without the equally suportant expertise of Cerevis discovery work. They Should be considered non-associate-partner relationship.

# Compensation Agreement

Under Chambers, compensation is the more indicative evidence of parties' relationship There, it was solely contingent, which Strongly supports a non-associate relationship Here, there is a combination of houry wage and contrigent fee. Lingsley was paying Cereene \$50/hr as an hourly uage (or \$ salary). If this is Considered a low However, this was agreed to by Greene and Kingsley as "In advance on the 30%." She would receive from any judgment. This is more in line witha contingency fee than straight Salary. Additionally,

an argument can be made that

\$50/ hour was a very low rate, in contemplation of the contingency fee. Compare hourly rate in Chambers of \$200/ hours.

Conclusion

Kingsley's argument will the on whether the court finds they were working as associates. A stronger argument will exist for compliance with Pule 200, following.

# II. Requirements of Rule 200

Rule 200 plainly states that, absent a partner associate relationship, the client must consent in writing, and the lawyer must give full disclosure in writing. Case law supports kingsley's position that their agreement failed to comply with Rule 200 and is therefore menforceable.

### A Facts

Kingsley was retained to represent Moneno on April 5, 2002. Their fee agreement was a "standard" 38% continguay fee for any recovery.

The next letter sent to Moveno

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was Oct. 23, 2002, indicating that another lawyer would be assisting (Greene), and that it would have & no effect on the fee agreement. The final contact is a Call, to Greene, where Moreno demonstrate confusion, then consents to agreement (Oct. 30).

These contacts fail to estal comply cufficiently with Rule 200.

Relevant case law (Margolin v. Shemania (2000) makes it clear that it is the client's Choice whether to accept fee arrangements. From the letter sent to moreno, it is inclear when the arrangement was made with Greene, and therefore it could

12/12

have possibly preceded the Moreno- tings bey arrangement. Full disclosure was not met. Firther, Margolin emphasizes that disclose AND consent must be in writing. Here, gayucionselut the disclosure was four from complet, and the consent was crally and after consusion. As Margolin States, it is a bright (me "rule, with chent's best interest in mind and therefore must be held menforceable for failure to Comply with Rule 200.