STATE OF MICHIGAN
IN THE CIRCUIT COURT FOR THE COUNTY OF GRAND TRAVERSE

The Old Firm

PC,

Plaintiff,

v

GAL's Law Firm

, a Michigan Professional Service Limited Liability Company, and

GAL

Defendants.

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counsel for plaintiff

Dansville, MI 48819

Counsel for Plaintiff

Traverse City, MI 49685-0700

counsel for defendant

Traverse City, MI 49686

GAL

AFFIDAVIT OF

GAL

My name is and I am a Defendant in the above-captioned matter and the owner of GAL's Law Firm In addition to those matters included in the Verified Answer to the Verified Complaint, I have personal knowledge of the following facts as set forth herein.

1. In early January 2005, I informed my partners at that I would be resigning my partnership position to start my own firm. was put in charge of transition issues.

2. and I began going through cases in an attempt to identify antum meruit claims. had no interest in handling a number of clients which had retained the firm. There were also a number of clients which everyone expected would want to continue the representation as a result of close client relationships between myself and the client.

3. prepared an agreement between and myself, which was offered to me through A draft of that agreement is attached as **Exhibit A**. I noted to hat. Contrary to the language of the proposed Agreement and the approach suggested by firms could not unilaterally "divide up clients," as it was the clients' choice as to who they would select for counsel. It was clear in this conversation that was aware of the ethics mandate which allows clients to select their counsel. The handwritten notes on the initial draft agreement (which are my notes), indicating the clients would retain choice of counsel and that the Michigan Rules of Ethics would control the agreement in all regards, are included on the attachment.

4. I was the primary attorney at handling the case of nd her mo

5. The initial draft of the proposed Agreement (Exhibit B) sought to preclude me from representing the regardless of their wishes. I noted again that did not own these clients and that it would be unethical to enter into a contract which sought to deny clients their choice of counsel. As importantly, the proposal (which ater told me he drafted) precluding my continued representation unless "asked by to do so" and was clearly contrary to the expected wishes of the clients. No other attorney at had any relationship with

6. indicated that this proposal was requested by who wanted to retain the file. pecifically asked whether I had told was leaving the firm. also clearly stated his belief that it would be unethical for me to have any contact with these clients prior to sending out a joint notice letter advising the clients of my departure and allowing them to select counsel. I informed I had not contacted any client concerning my departure in anticipation of a joint letter being sent out.

7. The handwritten notes crossing out the paragraph which would preclude from representing except at the request of are mine.

8. In the third week of January or so, drafted letters to clients who both and were willing to continue to represent. The notice letter advised of my departure from the firm and asked each client to select which firm should continue representation. The purpose of the letter was to allow the clients to select counsel without undue influence. In the last week of January or so, I signed a stack of client notice letters, including a letter to and a separate letter to for mailing.

9. The next I heard anything about the matter was approximately February 13, 2006. called me to inform me that was quitting the case. informed me that was upset and that they both were surprised I had not notified them of my departure from the firm. I asked whether they had received the notice letters. stated she had never received such a letter and did not believe had received one either. I advised that it was her and absolute right to select their counsel in the case.

10. I eventually was able to contact by phone and advised him of what had transpired. confirmed that had not sent the letters I had signed to and I advised the clients were upset and, at that point, had no intention of moving forward with their case.

11 and eventually received a letter from indicating my departure, the right to select counsel, and the other matters which were included in whole or in part in the initial letter. Someone wrote my name on the signature line, but it was not my signature. and inquired as to what they should do with those letters. I advised them to send them to me, and I would handle them. Shortly thereafter, I sent the retainer agreements between and and and the letters terminating representation by to

12. continued to work with local counsel, over the next year, litigating the matter and bringing the leverage necessary to fulfill the clients' settlement goals.

13. kept track of the time it spent in the matter, which is attached under seal as **Exhibit B**. Overall,

submitted a cost and attorney fee lien of $47,713.75. had time of $67,150.00.

14. time is skewed for a variety of reasons including:

(1) In includes a tremendous amount of time logged on first-party rights, for which no recovery was ever made;

(2) It fails to account for a reduction and possible elimination of time spent by who was a partner in the firm, under a sharing formula which only paid partner compensation upon receipt of funds. Thus, it includes time spent by me in 2002, 2003, 2004 while at , which (a) has never been compensated by and (b) significantly reduced my distributions under the partnership formula in 2003, 2004 and 2005.

14. ,asserted an equitable lien of $47,713.75, which included attorney fees and costs. The entirety of the costs have been paid to out of settlement proceeds. So there is no mistake nas and continues to pay quantum meruit fees tc . where there are no ethical issues involved. Thus far. has paid in excess of $120,000.00 in fees and costs tc on six separate cases. This is the only case in which '. I has taken issue with a claimed fee of

15. It is my belief that conduct in the natter affected the ability of and me to prosecute the matter, including the settlement number reached in this matter.

16. In other cases in which I have dealt with on quantum meruit splits, , has refused to sign settlement checks for clients who desperately needed money, in order to obtain leverage in negotiating quantum meruit splits with

17. and epresented these clients to the utmost of our ability. should not be allowed to leverage the hard work and efforts of other people in order to obtain an advantage over a limited sum of money to which it may or may not be entitled.

18. The entire claimed lien by pursuant to February 9, 2006 letter, $45,173.75, is in client trust

account awaiting a Court order or jury verdict resolving the issue of ' claimed rights in the money. Through counsel, has offered to to place that money in an interest-bearing escrow account pending resolution of this matter. As of the time of this affidavit, no response has been received by ' to this proposal.

Further affiant sayeth not.

STATE OF MICHIGAN
COUNTY OF GRAND TRAVERSE

Acknowledged before me on June 30, 2006 by Enrico Schaefer.

Grand Traverse County, Michigan
My Commission Expires: June 9, 2007
Acting in Grand Traverse County, Michigan