

EXHIBIT I

GAL's Law Firm

May 24, 2006

Traverse City, MI 49685-1

Re:

Dear,

This letter will inform you that we have resolved the matter. You have asserted a lien on the matter, including costs and attorney's fees. I am enclosing reimbursement of the [redacted] in this matter. You will note that there are two checks, as the initial calculation was based on information that existed as of the date of my departure from [redacted]. Apparently, some additional costs must have come in, as noted in your most recent correspondence.

As you know, there is an issue as to whether or not [redacted] is entitled to any quantum meruit attorney's fees in this matter. Since [redacted] only know a portion of what happened here, I wanted to give you an opportunity to respond. Here is my understanding of events.

Apparently, the client was never sent the letter that you and I had drafted and agreed upon, which was to be sent to [redacted] advising her of her choice of counsel. [redacted] apparently decided not to send the letter and, instead, contacted the client directly. In contacting the client [redacted] indicated that the contract was with [redacted] and failed to advise the client that choice of counsel was hers and hers alone.

Some time thereafter and several weeks after I left [redacted] contacted me with a courtesy call, indicating that Amber had quit the case and was not moving forward with it. The explanation I received was that [redacted] had indicated to [redacted] that she would be transferred to another attorney within the firm and explicitly or implicitly indicated that her contractual obligations with [redacted] through the retainer agreement precluded her from selecting me as her attorney. Unfortunately, this caused the client tremendous stress and days of crying. The client was also, no doubt, upset with me since she could not understand why I had not told her that I had left the firm or contacted her in any way. Of course, I did not realize that [redacted] had deep-sixed the notice letter which had been drafted and signed by me several weeks earlier. It was sometime later that the client calmed down and expressed any interest in continuing the case. It was clear in my conversations with [redacted] that she

May 24, 2006

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had no idea that she had the ability to select me as her counsel after I left the firm. Regardless, by that point, the damage was done.

As you know, there is no quantum meruit claim by any lawyer or law firm if they are terminated from a case with good reason, such as a breach of any of their ethical obligations to the client. I have never spoken directly with _____ regarding this matter, but it certainly seems to me that Michigan law might not support any quantum claim by _____ in this matter under the circumstances.

The Old Firm

The Old Firm

GAL's Law Firm

You will find attached a breakdown of the pro rata split between _____ and _____ assuming _____ has a quantum meruit claim. I have held the _____ portion in our client trust account pending resolution of this issue. It seems to me that some third party is going to have to decide the ethical issue in order to understand whether a quantum meruit claim exists under Michigan law.

As always, your thoughts on this issue are appreciated.

I have several trials between now and the end of June. Please let me know by letter or email what your initial thoughts are concerning this issue so that we can work our way towards resolution.

Very truly yours,

GAL's Law Firm
GAL

Fee Disbursement Calculations

Fees Based on Hours Logged:

<u>The Old Firm</u>	\$ 45,173.75
<u>GAI's Law Firm</u>	\$ 67,150.00
Total	\$112,323.75

\$ 45,173.75 divided by \$112,323.75 = .4021745 or 40%

\$ 67,150.00 divided by \$112,323.75 = .5978254 or 60%

Attorney fees received: \$ 108,333.33

x 40% = \$ 43,333.33

x 60% = \$ 65,000.00

STATE OF MICHIGAN

IN THE CIRCUIT COURT FOR THE COUNTY OF GRAND TRAVERSE

The Ad Firm
a Michigan professional corporation, 06-~~2~~ *ce*
Plaintiff,

v
GAL's Law Firm

GAL
Defendants.

Dansville, MI 48819

Counsel for Plaintiff

Traverse City, MI 49685

Counsel for Plaintiff

COURT CLERK

GRAND TRAVERSE CO.
CIRCUIT COURT RECORDS
2006 JUN 22 PM 4:00

ORDER TO SHOW CAUSE

At a session of said Court held in the Courthouse in the
City of Traverse City, County of Grand Traverse and
State of Michigan, on June __, 2006.

PRESENT: HONORABLE _____, Circuit Judge

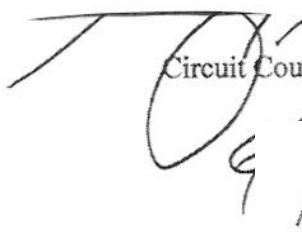
The Court has considered Plaintiff's Verified Complaint, Exhibits, Motion for

Preliminary Injunction, supporting Affidavit and Brief;

IT IS ORDERED:

1. Defendants shall show cause before this Court on _____, _____, 2006, at 4:30 ~~a.m.~~ p.m. why a Preliminary Injunction should not be ordered to remain in effect during the pendency of this action in accordance with the terms and conditions requested by Plaintiff.

2. Plaintiff must serve a copy of the pleadings in this case and this Order by _____, 2006.


Circuit Court Judge

Prepared by:

Dansville, MI 48819

Counsel for Plaintiff

****ORAL ARGUMENT ONLY. ALL TESTIMONY TO BE SUBMITTED BY AFFIDAVITS/BRIEFS/DOCUMENTS****

STATE OF MICHIGAN

IN THE CIRCUIT COURT FOR THE COUNTY OF GRAND TRAVERSE

The Old Firm
a Michigan professional corporation,

06-

Plaintiff,

v

GAL's Law Firm

individually,

GAL
Defendants.

Dansville, MI 48819

Counsel for Plaintiff

Traverse City, MI 49685-0705

Counsel for Plaintiff

COURT CLERK

GRAND TRAVERSE CO.
CIRCUIT COURT RECORDS
2006 JUN 22 PM 4: 07

**MOTION FOR TEMPORARY RESTRAINING ORDER,
SHOW CAUSE ORDER AND PRELIMINARY INJUNCTION**

The Old Firm
Plaintiff, _____ through its counsel,

requests this court to issue a Temporary Restraining Order and an Order to Show Cause why a Preliminary Injunction should not be issued pursuant to MCR 3.310 for the following reasons

and those outlined in the attached Brief in Support:

1. Contemporaneous with the filing of this Motion, Plaintiff has filed a Verified Complaint with the Court.

2. As stated in the Verified Complaint, Defendants have received attorney fee proceeds from the settlement of a personal injury case for which Plaintiff has a charging lien and is entitled to a quantum meruit share.

3. Defendants violated their fiduciary duties to Plaintiff to account for the financial settlement of the _____ matter and the legal fees awarded, and to hold the legal fees in a segregated trust account until resolution of the fee claims.

4. Defendants failed to comply with Michigan Rules of Professional Conduct that require notification to Plaintiff of Defendants' receipt of moneys, accounting of moneys received, and segregation of fees in an interest-bearing trust account pending resolution of fee disputes.

5. Defendants have failed to honor Plaintiff's charging lien for fees earned in the _____ matter.

6. Unless Defendants are ordered to place the entire attorney fee award in the _____ matter, disclosed to be \$108,333.33, into a segregated trust account pending resolution of this dispute, Plaintiff will be irreparably harmed.

8. Delay in the issuance of a Temporary Restraining Order until a hearing on Show Cause may result in immediate and irreparable harm, since Defendants can continue to dissipate legal fees which properly belong to Plaintiff.

WHEREFORE, Plaintiff requests this Court order the following:

A. That Defendants *GAL's Law Firm* and *GAL* be

immediately enjoined and restrained, directly and indirectly, from disbursing any monies received as legal fees from the award obtained for Plaintiffs in the case of

Common Pleas Court of Montgomery County, Ohio;

B. That Defendants GAL's Law Firm and GAL be ordered to deposit the sum of \$108,333.33 into an escrow account to be maintained by the Court;

C. That Plaintiff be permitted to commence discovery immediately;

D. That this Court's Order remain in full force and effect until this Court specifically orders otherwise; and

E. That Defendants be ordered to show cause before this Court on _____, 2006 at _____ a.m./ p.m., or as soon thereafter as counsel may be heard why a Preliminary Injunction should not issued according to these terms and conditions.

Dated: June 19, 2006

By: _____

Dansville, MI 48819

Counsel for Plaintiff

Traverse City, MI 49685-

Counsel for Plaintiff

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

The Old Firm
a Michigan professional corporation,
Plaintiff,

06 -

v

GAL's Law Firm

GAL
Defendants.

Dansville, MI 48819

*Counsel for
Plaintiff*

Traverse City, MI 49685-0705

*Counsel for
Plaintiff*

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2006 JUN 22 PM 4: 07

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CIRCUIT COURT RECORDS

**AFFIDAVIT IN SUPPORT
OF MOTION FOR TEMPORARY RESTRAINING ORDER
AND/OR PRELIMINARY INJUNCTION**

STATE OF MICHIGAN)
)ss.
County of Grand Traverse)

_____, having been duly sworn, says:

1. Affiant is a member of Plaintiff in the above action and makes this

Affidavit based upon personal knowledge.

2. The above action seeks an accounting, quantum meruit legal fees, and resolution of a fee dispute relating to _____ Common Pleas Court of Montgomery County, Ohio, involving legal fees reported by Defendants to be \$108,333.33.

3. Affiant received a letter from Defendants dated May 24, 2006 stating that a fee dispute existed.

4. Defendant ^{GAL} _____ stated in the May 24, 2006 letter he had unilaterally calculated Plaintiff's portion of the _____ attorney fees on a "pro rata" basis at 40%, and that only that portion of the total fees would be held in his "client trust account pending resolution of this issue."

6. Defendant failed to provide any accounting regarding Defendants' claimed fees, or the fees of Ohio counsel in the _____ matter, despite the fact that Defendants provided full accounting for every other case involving attorney fees of Plaintiff and Defendants.

7. If sworn as a witness, Affiant can testify competently to the facts stated in _____ this Affidavit.

Subscribed and sworn to before me this 20th day of June 2006, by _____

Notary Public, _____
My commission expires: 8/26/06
Acting in Grand Traverse County, Michigan

Preliminary Injunction, supporting Affidavit and Brief;

IT IS ORDERED:

1. Defendants shall show cause before this Court on _____, 2006, at _____ a.m./ p.m. why a Preliminary Injunction should not be ordered to remain in effect during the pendency of this action in accordance with the terms and conditions requested by Plaintiff.

2. Plaintiff must serve a copy of the pleadings in this case and this Order by _____, 2006.

Circuit Court Judge

Prepared by:

Dansville, MI 48819

Counsel for plaintiff

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

The Old Firm
a Michigan professional corporation, 06-
Plaintiff,

v
GAL's Law Firm
a Michigan professional
service limited liability company, and
individually,
GAL
Defendants.

Dansville, MI 48819 *counsel for plaintiff*

Traverse City, MI 49685-0705 *counsel for plaintiff*

**BRIEF IN SUPPORT OF PLAINTIFF'S MOTION FOR TEMPORARY
RESTRAINING ORDER, SHOW CAUSE
ORDER AND PRELIMINARY INJUNCTION**

The Old Firm
Plaintiff, ., through its counsel, states
for its Brief in Support of Plaintiff's Motion for Temporary Restraining Order, Show Cause
Order and Preliminary Injunction:

COURT CLERK

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CIRCUIT COURT RECORDS
2016 JUN 22 PM 4:07

FACTS

On August 19, 2002, Plaintiff was retained for a personal injury action on behalf of [redacted] and her daughter [redacted]. Responsibility for handling the matter was assigned to [redacted] GAL, an associate employee of Plaintiff. A Complaint was filed in Montgomery Ohio on behalf of the clients on July 15, 2004, by Ohio counsel [redacted] with Mr.

[redacted] GAL stated as "of counsel." Mr. [redacted] GAL left Plaintiff's employment on February 3, 2005. For certain cases in which Mr. [redacted] GAL had had responsibility while with Plaintiff, Plaintiff sent a letter to the clients notifying the clients of Mr. [redacted] GAL departure and seeking the clients' direction regarding future representation. On March 17, 2005, Mr. [redacted] GAL faxed to Plaintiff signed authorizations from [redacted] and [redacted] to transfer their files to Mr. [redacted] GAL new firm, [redacted] GAL's Law Firm. Plaintiff transferred the file to Defendants.

By letter dated February 9, 2006, Plaintiff wrote to Mr. [redacted] GAL reminding him of Plaintiff's charging lien on the matter. By letter dated February 22, 2006, Mr. [redacted] GAL acknowledged Plaintiff's quantum meruit fee claim.

On May 9, 2006, the [redacted] GAL litigation was voluntarily dismissed with prejudice. By letter dated May 24, 2006, Mr. [redacted] GAL wrote to Plaintiff advising that the [redacted] matter had been resolved, enclosing checks for Plaintiff's claimed costs on the file, and proposing a pro rata calculation of the firm's quantum meruit claim. Since that time Mr. [redacted] GAL has declined to provide any accounting or further information to determine the validity of his calculation, has failed to disburse any funds for Plaintiff's fees, and has failed to take steps to resolve the dispute.

ARGUMENT

The purpose of a preliminary injunction is to preserve the status quo while merits of the matter are decided in order to prevent irreparable harm but not to award all relief to which a Plaintiff would ultimately be entitled. *_____ v. _____*, 331 Mich. 296 (1951). In issuing a preliminary injunction, the Courts would consider four factors of special importance: (1) the Plaintiff's likelihood of success in the merits; (2) whether an injunction would prevent irreparable injury to Plaintiff; (3) whether the injury would harm others; and (4) whether the public interest would be served by issuing an injunction.

_____, 851 F. Supp. 839 (ED Mich,1994).

As to the first factor, Plaintiff is likely to succeed on the merits of its claim for an accounting and fees. The exhibits attached to the pleadings demonstrate a dispute between parties regarding the division of legal fees. Charging liens arise automatically under common law. *_____*, 116 Mich. App. 640 (1982). Defendants had actual notice of Plaintiff's charging lien, because they knew Plaintiff was predecessor counsel and had not been paid. Under *_____*, 139 Mich. App. 565 (1984), a charging lien is enforceable against a third party with actual knowledge of the lien or knowledge of circumstances supporting the lien. Here, that knowledge was reinforced by further notice to the Defendants through Plaintiff's February 9, 2006 letter sent to Defendants as a reminder (Exhibit G to the Verified Complaint). Once notified of a valid lien, the Defendants have a legal duty to honor it, and may not disburse proceeds in contravention of the lien. *_____* (id.). Furthermore, under the Michigan Rules of Professional Conduct, Defendants have ethical duties to Plaintiff. Plaintiff is entitled to a full accounting regarding such property and to have the funds held separate from Defendants' own property until the dispute is resolved. MRPC

1.15(b)(3) and (c).

Plaintiff is entitled to a quantum meruit fee for work done, based on its charging lien. *See* 65 Mich. App. 484 (1975); *see also* 189 Mich. App. 271, 278 (1991). The Defendants failed to provide Plaintiff an accounting of the settlement in the underlying case, so Plaintiff cannot yet present to the Court a proposed quantum meruit division. There is no precise formula for computing a quantum meruit fee. However, the Court should take into consideration the nature of services rendered by Plaintiff before its discharge. Furthermore, quantum meruit may be calculated as a percentage of the work completed. *See* (id.).

With regard to the second factor, an injunction is the only way to prevent further irreparable injury to the Plaintiff. Defendants have failed to provide Plaintiff with an accounting of the entire settlement, and have failed to take steps to resolve the fee dispute as required by MRPC 1.15(c). Unless this Court grants a temporary injunction, Defendants may distribute funds to Ohio co-counsel and to themselves, in contravention to Plaintiff's lien, and may have already done so. Defendants' letter of May 24, 2006, is further evidence of their intention to ignore their fiduciary duties and the Michigan Rules of Professional Conduct.

Under the third factor, in determining whether an injunction would harm others is generally an elevation of the balance of hardship between the parties. Here, Plaintiff could lose the opportunity to collect legal fees to which it is entitled. The Defendants would lose nothing by the granting of the injunction.

On the fourth point, public interest will be served by granting the injunction. Lawyers, in particular, must deal honestly with others and demonstrate respect for the legal system and for those who serve it, including other lawyers. Rules of professional conduct provide a framework

for the ethical practice of law expected in our judicial system.

In the present case, the application of these factors all favor the issuance of preliminary injunction. For these reasons, a preliminary injunction should issue. Further, a temporary restraining order to preserve the status quo in the interim should also issue. Plaintiff respectfully requests the issuance of a temporary restraining order and the issuance of an order to show cause why preliminary injunction should not issue.

MCR 3.310(B) governs the issuance of temporary restraining orders and authorizes the relief sought in Plaintiff's accompanying motion:

(B) Temporary Restraining Orders.

- (1) A temporary restraining order may be granted without written or oral notice to the adverse party's attorney only if:
 - (a) it clearly appears from specific facts shown by affidavit or by a verified complaint that immediate and irreparable injury, loss, or damage will result to the applicant from the delay required to effect notice or from the risk that notice will itself precipitate adverse action before an order can be issued;
 - (b) the applicant's attorney certifies to the court in writing the efforts, if any, that have been made to give the notice and the reasons supporting the claim that notice should not be required . . . ; and
 - (c) a permanent record or memorandum is made of any non-written evidence, argument, or other representation made in support of the application. MCR 3.310(B)(1)(a),(b) and (c).

In light of this rule, Plaintiff's Verified Complaint and exhibits, Motion and supporting Affidavit warrant entry of this Court's Temporary Restraining Order, preventing Defendants and their agents from distributing any monies received as legal fees from the award obtained for Plaintiffs in the case of _____, Common Pleas Court of Montgomery County, Ohio, and requiring Defendants to deposit the sum of \$108,333.33 into an escrow account to be maintained by the Court.

Dated: June 19, 2006

By _____

Dansville, MI 48819

*Counsel for
plaintiff*

*Counsel for
plaintiff*

STATE OF MICHIGAN

IN THE CIRCUIT COURT FOR THE COUNTY OF GRAND TRAVERSE

The Old Firm

a Michigan professional corporation,

06 -

Plaintiff,

v

GAL's Law Firm

individually,

GAL
Defendants.

Dansville, MI 48819

counsel for plaintiff

Traverse City, MI 49685-0705

counsel for plaintiff

TEMPORARY RESTRAINING ORDER

At a session of said Court held in the Courthouse in the
City of Traverse City, County of Grand Traverse and
State of Michigan, on _____, 2006.

PRESENT: HONORABLE

, Circuit Judge

The Court has considered Plaintiff's Verified Complaint and exhibits, Motion for
Temporary Restraining Order, Show Cause Order and Preliminary Injunction, with supporting

Affidavit and Brief, and has determined the following:

1. Plaintiff has a likelihood of success on the merits of its claims for an accounting and quantum meruit payment.

2. Michigan Rules of Professional Conduct and ethics opinions require that legal fees subject to a claim for a referral fee by another lawyer must be held in a segregated account pending resolution of any dispute over the fees.

3. Plaintiff will suffer irreparable loss and injury if Defendant is permitted to control or otherwise expend monies constituting legal fees earned in connection with the case of _____, Montgomery County, Ohio Common Pleas Court, in contravention of Michigan Rules of Professional Conduct and ethics opinions.

4. Plaintiff will suffer greater injury from the denial of temporary injunctive relief than Defendants will suffer from the granting of such relief.

5. The granting of this Temporary Restraining Order will further the public interest.

6. Notice to the Defendants was not required because such notice would precipitate further improper conversion of, or use by, Defendants of funds claimed by the Plaintiff.

NOW, THEREFORE, IT IS ORDERED:

A. Defendants GAL's Law Firm and GAL are enjoined and restrained, whether alone or in concert with others, including any officer, agent, representative and/or employee of Defendant, until a hearing for Preliminary Injunction or until further Order of this Court, from disbursing any monies received as legal fees from the award obtained for Plaintiffs in the case of _____ Common Pleas Court of

Montgomery County, Ohio.

B. Defendants *GAL's Law Firm* and *GAL* shall deposit the sum of \$108,333.33 into an escrow account to be maintained by the Court.

C. Plaintiff is granted leave to commence discovery immediately.

D. No security is required, since Plaintiff only seeks to maintain the status quo.

E. This Order shall remain in full force and effect until this Court specifically orders otherwise.

Issued this _____ day of June, 2006 at _____ a.m./p.m.

Circuit Court Judge

Prepared by:

*Counsel for
Plaintiff*

Dansville, MI 48819

Traverse City MI 49685-0705

*Counsel for
plaintiff*