

Popular Threads on Solosez

Law Firm Charged Fees that Seem to be Administrative

Hello Colleagues. What I'm seeking here is a reality check.

I recently hired local counsel to assist my client with a legal matter. Local counsel sent my client a statement that included attorney fees (1-1/2 hours) to prepare the engagement letter and do a conflict check. It seems to me these tasks are administrative and should not be charged to the client. Am I nuts?

TIA.

Wow. First off, even if the work wasn't administrative, the time (and presumably the fee) is excessive. 1.5 hours for a conflict check and engagement letter? Did counsel personally have to search through his old file folders by hand?

Second, I agree, this should not be billable time. I've worked for three different law firms, and none of them over charged for a conflict check or engagement letter. Unless there's something really unusual about the representation (or perhaps when the attorney has spent time, at the potential client's request, getting a waiver of a conflict from an existing client), that's part of the price of getting business in the door.

Kevin W. Grierson, Virginia

You are not nuts, local counsel is nuts.

Ellen Buckley

It depends entirely on the client, the project, and the local counsel.

It is not uncommon for a conflicts check to get pretty expensive especially with local counsel in certain localities. De and DC being the most likely to have local counsel that need to conduct extensive conflicts checks. I worked on matters at big law where conflicts bill alone ran to six figures (massive mergers).

If it's a corporate client then not only does the client need to be checked but also all executives and often even departed executives as well as some senior managers.

1.5 hours is nothing to sneeze at, but depending on the matter it may be a bargain. Many firms employ an associate or clerk solely to conduct conflicts checks.

As to it being administrative time, that is also billable. Many folks write it off as goodwill, but likely this local counsel has no need to generate goodwill with the client.

Depending on the matter maybe it would have been better to have the local counsel engaged through your office. And then billed that way also. As a rule, an engagement entered that way should be billed at a preferential rate and then marked up as appropriate by the billing attorney.

Roger Traversa, Pennsylvania

I agree with Roger. it all depends on the matter, the size of the firm, etc. insofar as conflicts checks go.

However, I don't see preparation of an engagement letter being something that's billable, because it is not really pertaining to substantive work for the client, rather for the purpose of laying out the protocol for the attorney-client relationship, and making sure the client knows the attorneys rights in the even client doesn't pay, etc. thus more for the benefit of the attorney than the client that's paying her... not billable IMHO.

Hannah C. Pelham, Georgia

I'm with Hannah on this one--writing an engagement letter is something I'd have a very hard time charging my clients for under any circumstances.

And as for the conflict check--I can certainly see circumstances in which an extensive one might be required, and for which the client might agree to pay, but under no circumstances should the bill itself be the first mention of a charge for such a conflict search.

Kevin W. Grierson

Would we pay a dentist for sterilizing his instruments?

Very truly yours,

Rich Kuslan, Connecticut

When you write the engagement letter, unless it's a new matter for an existing client, they aren't a client yet. How do you justify billing a prospect for the privilege of becoming a client?

(And if they're an existing client, a conflict check should go more quickly.)

Just my tuppence,

Richard J. Rutledge, Jr., North Carolina