Keddies hi for overcharging

Samantha Bowers

Troubled law firm Keddies has been ordered to pay more than $46,000 in damages for overcharging a former client – a move opposing lawyers say has big implications for dozens of similar claims against the firm.

NSW District Court judge James Curtis awarded Eileen Liu $27,793 plus interest this week – the full amount advanced to Keddies, which had overcharged her to run a car accident compensation claim in 2005.

Keddies, which was bought by listed firm Slater & Gordon in January, had charged Ms Liu for work it had not done and in some cases charged work done by a secretary in higher partner rates in breach of costs agreements, the judge found.

Examples of overcharging included a three-line letter Judge Curtis held could be read in a “maximum glance”, which cost $35,874 for 12 minutes’ work by a senior lawyer. She also paid $418 for a senior lawyer to draft a pro forma costs agreement the judge found should have cost $15 because it only required her name to be typed.

The “most blatant” example of overcharging was a $19,190 for reading an abbreviation of the word “received” in reply to an email. Keddies had already charged for the work. The examples in the judgment were “not exhaustive”, and many of the entries in Keddies’ fee ledger were accused “disjunct”, he said.

Ms Liu, lawyer, Firths principal Stephen Firth, said he was pleased with the result for his client, but ‘it’s a very dark day when practitioners are found to have engaged in that sort of conduct.’

The case highlighted that the hours charged are billed as the most common form of billing in law firms, with the “rate of the whack” he said.

Firths is running in excess of over $100 for the claim of overcharging claims against Keddies, which specialises in compensation and says on its website it is “particularly sensitive to the needs of clients.”

Slater & Gordon managing director Andrew Grech said last year the firm had done “extensive due diligence” on Keddies before buying it, and had contractually “guaranteed” itself from claims made against Keddies.

Slater paid $30 million for Keddies in January, and Keddies partners Russell Keddies, Scott Rollinson and Tony Barakat are now employed by Slater.

In June, the court held Keddies had overcharged a former client, the late Stave Bazzard, by $164,000. Keddies is appealing.

Ms Liu said this week she was happy with the outcome in her case and to “fully fight” the matter. Her original accident occurred in 2001.

“Keddies charged two people for work this week through their lawyers who were disapponted with the judges findngs, particularly as they believed they had reached a settlement with Ms Liu.”

The firm were considering the judgment and “what further action they might take”, the lawyer said.

Judge Curtis found Ms Liu had executed a deed in 2007, expressed to be a release between Keddies and Ms Liu over a dispute, but there was no evidence of the circumstances in which it was executed and “no evidence of any accord with the party” she was not parties to it.

Mr Firth said the decision was significant because “the overwhelming majority of the cases I have against Keddies fall into the same general facts as this.”

The case is the latest in a ongoing battle between the firms. Keddies was using Firths to prevent it informing information it says is confidential to the other firms.

In September, Firths asked the Court of Appeal to refer Keddies to legal regulators for allegedly breachng ethical duties. Firths claimed Keddies’ partner Tony Barakat had approached its client, Leila Chafeh, directly and negotiated a settlement, instead of going through Firths.

Judge Linda Ashford found “ethical standards appear to have been breached” but rejected the application for Firths was not a valid party to the case and there had not been a full hearing.

Mr Firth said he was “very surprised the court didn’t do more to preserve its own integrity, but I can only place matters before the court”. He would lodge his own complaint with the NSW Legal Services Commission, he said.

Mr Barakat denied the claims of unethical conduct and noted his record was unblemished.

NSW legal commissioner Steven Mark said current laws made it very difficult to discipline lawyers for overcharging, but he expected this would change when national legal professional reforms took effect.

“I basically do not have any jurisdiction in gross overcharging... It frustrates the hell out of me,” he said.

Legal Affairs

Emissions up as flights take off

Alex Bossell

A rise in business air travel is being reported as profits soar for a group of law firms that publicly report environmental impact of their businesses.

The Australian Legal Sector Alliance (AusLAs) released its second annual report yesterday, used bigger benchmark for emissions produced by firms each year. It came in the same week a carbon tax was finally pushed through.

Emissions of carbon dioxide, calculated via 9.3 per cent by 25.633t in 2009 to 26.281t over 2010-11 across eight firms that voluntarily reported their data to AusLAs in both years it has operated. Those firms – Clayton Utz, DLA Phillips Fox, Henry Davis York (HDY), Jackson Middlemen, McCullough Robertson, Norton Rose and Swaab Attorneys – took steps to reduce their environmental impact over the period by cutting electricity and paper use, and workplace waste.

But total emissions rose despite their efforts, due to a spike in air travel in 2010-11. Staff numbers also increased across the firms, from a total of 541 to 557.

AusLA general manager Emily Findon said for the rise in emissions came as “business travel was returning to pre-C15 levels”. Of the eight firms, only McCullough Robertson cut the share of emissions caused by flights over the period.

Global firms experienced the biggest rise. DLA Piper had 1557 flights in 2009-1, 835 to 1325 in 2010-11, when flights made up 43 per cent of total emissions. The number of flights at Norton Rose was also up, from 7307 to 10,307, or 46 per cent of the total.

H期限, which opened its first Brisbane office in the year, experienced a rise in the number of flights from 751 to 923 in 2010-11, when flights made up 47 per cent of total emissions. The number of flights at Clayton Utz, Swaab, McDermott and Jackson Middlemen also only had a minor increase in flights.

While some firms had invested in video-conferencing systems, it was unlikely they would replace air travel. Ms Wilson said, as lawyers and clients still viewed face-to-face meetings as important.

AusLA co-chairman Kelvin O’Connor and David Rennick said travel was the greatest challenge “but closer analysis reveals an overall reduction in electricity consumption and significant reductions in paper consumption”. AusLA has been building a database, which is now 28 in 2011. The report shows, 15 firms reported the data.

Electricity use made up two-thirds of all emissions for the group of 15.