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NEWS

RULINGS

Dreier Firm Swindled Fees, Lawyers Claim

Attorneys: Fees Funded 'Criminal Enterprise'

By Ciaran McEvoy

LOS ANGELES - High-profile Los Angeles lawyers Mark J. Geragos and Brian S. Kabateck are fighting an arbitration panel's nonbinding decision ordering them to pay \$55,000 in legal bills to a defunct law firm affiliated with ex-lawyer and convicted swindler Marc S. Dreier. They claim their money was used to fund Dreier's illegal activities without their knowledge and that they therefore shouldn't have to pay the remainder of an outstanding bill for legal services.

Dreier is serving a 20-year prison sentence for his role in a hedge fund fraud worth an estimated \$400 million.

"[Dreier's] law firm was part of this criminal enterprise," Kabateck said in an interview.

Attorneys with Dreier Stein Kahan Browne Woods George LLP were not aware of or involved in his criminal activities, the lawsuit states, but were "merely unsuspecting employees of the Dreier firm."

The case already has been litigated once: A three-person arbitration panel with the Los Angeles County Bar Association last October ruled against Geragos and Kabateck, ordering them to pay their bill. In response, they filed suit in Los Angeles County Superior Court, seeking to have the award thrown out and also claiming they were ripped off.

"We paid over \$100,000 in fees for stuff that was probably worth about \$20,000," Geragos said.

In addition to their legal practices, Geragos, of Geragos & Geragos PC, and Kabateck, of Kabateck Brown Kellner LLP, together own commercial property in downtown Los Angeles. In May 2008, they purchased the Fine Arts building for a reported \$23.5 million. They already own the Engine Co. No. 28 building, where they maintain their offices and for which they reportedly paid \$10 million.

In 2008, the Dreier Stein firm billed the two men more than \$158,000 for transactional work related to a restaurant purchase, a dispute with a tenant and an unnamed commercial lease transaction, court papers state.

Several months later, Marc Dreier, the sole equity partner at the firm, was arrested. In May 2009, he pleaded guilty to eight criminal charges, including securities fraud and wire fraud and was disbarred five months later. Lawyers at Dreier Stein broke off to form Brown Woods George LLP or merged with other law firms.

Defense attorneys said Geragos and Kabateck are using the Dreier scandal as an excuse to get out of paying a legitimate legal bill.

"They should just pay their bill," said Jesse A. Kaplan of Freedman & Taitelman LLP, who represents the defunct law firm in bankruptcy court.

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Corporate

Deloitte Facing Avalanche
An avalanche of litigation is hitting Deloitte Consulting LLP, which is being sued for bribing a Marin County official to get shoddy work there and so back software system, it nearly wiped out Levi Strauss & Co.

Bar Associations

Bar May Post Alerts on A
The State Bar may soon post alerts on its website warning the public of attorneys charged with stealing large amounts of money from clients.

Law Practice

Dreier Firm Swindled Fees
Lawyers Mark J. Geragos and Brian S. Kabateck are refusing to pay more than \$55,000 in fees to a law firm once associated with swindler and ex-lawyer Marc S. Dreier.

International

The Egyptian iRevolution
The technology-fueled revolution in Egypt herald a wave of democratization across the East. By James Cooper of the Western School of Law.

Law Practice

Howrey Partners Dwindle
The number of Howrey partners in California has dwindled to six as attorneys go elsewhere and around possible offers from the firm on the verge of a dissolution vote.

MoFo Snags Robert B. Heller

Barely two years after he closed Heller Ehrman LLP and took over Dunn & Crutcher LLP's securities practice, Robert B. Hubbell, former managing partner, is on the move.

Immigration

Deportees Must Be Grant Hearings

Immigrants under deportation orders seeking to reopen their cases must appear at a bond hearing after 180 days of detention. Circuit held for the first time.



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Kaplan, who was appointed to represent Dreier Stein in Marc Dreier's involuntary Chapter 7 proceeding pending in Manhattan bankruptcy court, said the unpaid fees would go to Dreier's creditors - not to the attorneys who worked for Geragos and Kabateck.

"[The fees] were just, reasonable, fair and that's what the arbitrators determined," Kaplan said.

Kabateck said the panel didn't consider their money-laundering arguments in making its decision. The October arbitration also proceeded despite the absence of Geragos, who was in trial at the time.

Geragos and Kabateck are seeking a jury trial, judicial review of the arbitration award and declaratory relief and are suing under a breach-of-contract claim. Hagop Kuyumjian of the Geragos firm, is representing them.

In addition to Dreier himself, the lawsuit names Dreier Stein Kahan Browne Woods George LLP and Dreier LLP as defendants. *Geragos v. Dreier*, BC451084 (L.A. Super. Ct., filed Dec. 10, 2010)

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Who Runs the Judicial Branch?
Participation in committees and judges an important say in judgment. By Richard D. Huffman of the Court of Appeal, Division One

Battaglia Confirmed to Federal Court
The Senate minted the California judge Monday when it confirmed Judge Anthony J. Battaglia to the court in San Diego.

Constitutional Law
The Admissibility of Dying Declarations And the Constitution - The Supreme Court Defines an "Ongoing Emergency"
A recent ruling by the U.S. Supreme Court makes it easier for prosecutors to submit dying declarations as evidence at trial. By Patrick of the San Diego district office.

Government
High Court Narrows Freedom of Information Act
Federal agencies can't hide secrets about internal procedures by claiming exemption to the Freedom of Information Act. Supreme Court ruled Monday.

Criminal
High Court Rules on DNA Testing
A person seeking the testing of a DNA sample can pursue that claim through a civil rights lawsuit, the U.S. Supreme Court ruled Monday.

Constitutional Law
High Court Rules on Habeas Corpus
An inmate's motion to reduce sentence qualifies as a "collateral attack" that stops the clock on the deadline to file a federal habeas petition, the Supreme Court ruled unanimously Monday.

Law Practice
Doubling Down for Growth
Firms face a raft of financial challenges as partners depart. By Edwin B.

Intellectual Property
Court Considers Copyright Infringement
The U.S. Supreme Court agreed to take up a decade-long challenge to the Copyright Act of 1976, which allows authors to sue for books, movies and other media that infringe their domain and restored their copyright.

Entertainment & Sports
Film Profits the Target of Copyright Infringement
"Smokey and the Bandit" and other box-office hits that still generate profits are being targeted by copyright infringement suits.

