IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re: BOY SCOUTS OF AMERICA AND DELAWARE BSA, LLC,[1] Debtors.	Chapter 11 Case No. 20-10343 (LSS) (Jointly Administered)

MOTION FOR ORDER ALLOWING: (1) SUBSTITUTION OF ATTORNEYS; (2) TERMINATION OF EXISTING CONTINGENCY FEE LEGAL SERVICES AGREEMENTS WITH SLATER SLATER SCHULMAN AND (3) DENIAL OR REDUCTION OF ATTORNEY'S FEES TO BE PAID TO SLATER SLATER SCHULMAN

Claimants herein (collectively referred to as "**Claimants**") hereby move this Court for an Order (1) allowing for a substitution of attorneys, (2) terminating the Claimants' existing contingency fee legal services agreements with Slater Slater Schulman, and (3) denying or alternatively reducing to a quantum meruit amount any attorney's fees to be paid to Slater Slater Schulman under the legal services agreements. ("**Motion**")

I. INTRODUCTION

This Motion is the culmination of what happens when you let trial lawyers run amok in the bankruptcy system. After the Boy Scouts filed this bankruptcy case, the race was on amongst a group of technology firms and law firms to bundle or aggregate as many claims as humanly possible to be filed in the bankruptcy case to take the largest portion of available funds they could. In that singular goal they succeeded. The unfortunate result was that an estimated 2,000 claims quickly exploded to become 82,000 claims. Among the top leaders in this effort is the law firm of Slater Slater Schulman ("**SLATER**"). SLATER together with other claim aggregators including

[1] The Debtors in these chapter 11 cases, together with the last four digits of each Debtor's federal tax identification number, are as follows: Boy Scouts of America (6300) and Delaware BSA, LLC (4311). The Debtors' mailing address is 1325 West Walnut Hill Lane, Irving, Texas 75038.

the marketing "law firm" of Pintas & Mullins (https://www.pintas.com/) ("**Pintas**") acquired approximately 14,600 claims which were filed in this bankruptcy case.

The SLATER law firm has little if any quality controls in place to validate the information in the 14,600 claims other than validating that they were real people who had filed the claim. In fact, there is no financial incentive for SLATER to have quality controls because the firm gets paid based on total claims filed where validity of the claims does not matter to them. The claim aggregators working with SLATER as well as with other law firms such as Van Arsdale aka AVA Law Group (https://avalaw.com/) ("**Van Arsdale**") used every form of technology and media available to search out and target victims of sexual abuse. Then SLATER dangled the prospect of lottery sized payouts in front of the victims while at the same time failing to disclose mandatory information required by ethical and professional rules – think conflicts – as well as any practical information regarding expected recoveries.[2]

As this Motion discusses in detail, the SLATER firm was and is still so singularly focused on its own pecuniary interests – estimated to be between $50 million and $100 million – that the firm has completely lost sight of the ethical and professional obligations to all of its 14,600 clients. Amongst the most brazen and incriminating of these violations is the fact that SLATER hid from its clients that the claims it filed have been under investigation by the Trustee of the Settlement Trust for seventeen (17) months. SLATER never disclosed this fact to any of its clients. This blatant misinformation and deception from the SLATER firm continues even today.

The Claimants represented by the SLATER firm will attest that when they contacted the firm over the preceding seventeen (17) months, they were told by SLATER that their claims were

[2] All of the clients of the SLATER firm represented by the movants believed that they are going to collect 100% of their award letter. The reality is that it is unlikely any claimant will see a distribution that exceeds twenty (20%) percent of the award letter. The magnitude of this problem is crystalized when you factor in the fact that many of these claimants have fallen victim to loan companies which have advanced monies based on the award letters.

"in the queue" to be reviewed. This was blatantly false. When the Claimants informed the SLATER firm that they desired to terminate its legal services, the Claimants were told by SLATER that the contingency agreements are "iron clad" and that the Claimants will have to pay SLATER no matter what, and further that the Claimants will have to pay SLATER in addition to any fees charged by their new counsel. The firm went on to bully the Claimants by telling them that SLATER will file a lien against their award and so the firm is guaranteed to get its fees and "there is nothing the client can do about this". This of course is false and extremely heavy handed. It is this lien threat which necessitates the request that this court opine on the reasonableness of fees (if any) as it is integral to the termination and substitution of counsel.

For the reasons discussed in detail below, the Claimants request this court to allow their representation to be transferred to Friedman Partners and the Scheer Law Group, and further that this Court determine the amount of appropriate compensation – if any – to be awarded to the SLATER firm. Claimants also seek injunctive relief in an order directing Slater to cease its dissemination of misinformation and proactively notify all their clients as to their actual rights in this matter.

II. ARGUMENT

The bankruptcy scheme in which the SLATER firm and other similar law firms have engaged is simple. The SLATER firm solicited clients promising to represent them as lawyers when in fact it delivered nothing more than claim preparation services delivered through contractors and paralegals. As such, SLATER should be compensated the same as a petition preparer under 11 U.S.C. §110, as its services amounted to nothing more than proof of claim preparers.

Moreover, in the case of the SLATER firm, due to that continuing fraud, SLATER should be denied all of its fees for the numerous breaches of its ethical and professional duties to its clients.

As this Court is well aware, mass tort bankruptcy cases are an entirely different breed of animal. In the mass tort context, the problems started when individual cases were filed by attorneys who took the tangible risks typical of personal injury cases and performed all of the work necessary to bring those cases to fruition and obtain positive results. These attorneys prevailed in the individual cases and were awarded very significant monetary damages. After a growing number of these individual cases were tried and millions of dollars were lost, the defendants faced real lasting exposure and risk that the owners and company could be significantly and permanently damaged. The problems and pressure continued to mount and escalate.

Given the enormous financial pressure these mass tort claims impose, many corporate defendants often resort to bankruptcy as an alternative to resolve them. Once in bankruptcy, the company can use the bankruptcy code to flush out insurance proceeds and other sources of funds to then resolve the onslaught of claims. This is where the problems begin to develop.

Extremely sophisticated claim aggregating companies team up with law firms and endeavor to generate the greatest number of claims possible, literally hijacking the bankruptcy process with the singular objective of amassing enormous numbers of claims and generating an obscene amount of legal fees for themselves. The scheme is deceptively simple. Create a marketing media campaign with the alluring message that <u>anyone</u> with any casual contact with the defendants who suffered an injury afflicting millions might be entitled to millions of dollars. Marketers often point to verdicts in the original test cases to suggest that claimants could receive millions even though they know that the actual amount any individual victim will receive in this mass tort bankruptcy scenario is a small fraction of that amount. It is a baited hook intended to attract as many prey as possible.

The claimants are caught in the net of these sophisticated marketing scams and are shamelessly victimized yet again. Claimants are induced to execute nearly identical retainer agreements with the law firms which categorically provide for a 40% contingency fee on any recovery the victim receives with the implication that there is a lot of intense attorney work to be done to earn that fee. These simple but quite onerous contingency fee agreements ultimately entitle the attorneys and their sophisticated partners to reap the benefits of these massive payouts resulting not from legal skill but from amassing claims all for doing nothing more than assisting the claimants in completing a proof of claim form.

The numbers are staggering. For example, in this case, while the claimants' attorneys may share in a pool of $91,000,000 aggregate legal fees, the individual claimants who elect an express payment of $3,500.00 only net $2,100.00, after the attorneys take its $1,400.00 contingency fee!

Overall, the claimants will never receive more than 20% - and likely much less - of their awarded claim value while the law firms collect 40% of the total pot. This is absurd. Some might say it has criminal implications.[3]

The colossal financial upside for the claimants' attorneys which have systematically accumulated literally thousands and thousands of claims is both breathtaking and mind boggling. It is impossible to understate the added harm, humiliation and injury that these attorneys have inflicted upon the 80,000+ claimants in this bankruptcy, all of whom have already suffered unimaginable and indescribable injuries and damages.

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[3] A person who, having devised … a scheme or artifice to defraud – **in this case the Settlement Trust and the claimants** - and for the purpose of executing … such a scheme or artifice or attempting to do so--
(2) files a document – **in this case the POC** - in a proceeding under title 11; or
(3) makes a false or fraudulent representation, claim, or promise concerning or in relation to a proceeding under title 11, at any time before or after the filing of the petition, …

shall be fined $5000.00 under this title, imprisoned not more than 5 years, or both. **18 U.S.C.§ 157**

In this Motion, the Claimants herein seek various relief:

- Substitute in new counsel of record Friedman Partners and the Scheer Law Group in place of SLATER to protect and preserve their rights and claims;
- Have their prior legal services agreements with SLATER terminated and voided;
- Have the Court deny SLATER's any fees under the 40% contingency fee agreement or reduce those fees to quantum meruit.

The Claimants herein represent only a miniscule sample of all of the claimants that SLATER represents in this case. Claimants are informed and believe that the allegations contained in this Motion apply to **all** other claimants represented by SLATER in this case.

As a result, Claimants seek additional prospective relief. Claimants request that the Court set an Order to Show Cause as follows:

(1) Directing SLATER to demonstrate that the other claimants it represents are not materially dissimilar to the Claimants herein;

(2) Allow these other claimants which SLATER currently represents to have the same relief and remedies sought by the Claimants in this Motion, and

(3) Enjoin SLATER from continuing to disseminate misinformation to all claimants concerning their rights to terminate SLATER's representation of them.

SLATER's business practices in this case, as well as those by other mass tort law firms that follow the same claims accumulation business model, should be closely examined and no longer tolerated by this Court or other bankruptcy courts administrating mass torts. If society is going to utilize the bankruptcy courts to solve societal issues then the bankruptcy courts need to recognize the actual work being done on behalf of claimants and set up protections and guardrails to ensure that claims are properly vetted and that insurance funds and other proceeds intended to compensate the claimants, are distributed directly to claimants and not to claim preparers seeking extraordinary payments akin to personal injury lawyers, for what is clearly ordinary paralegal level work.

This Motion is intended to be Ground Zero.

III. THE SLATER FIRM AND ITS AGGREGATORS ARE A SIGNIFICANT PROBLEM

On its splashy website, with eleven (11) offices around the country, SLATER represents that it is "a prominent full-service law firm with over 40 years of experience representing survivors of catastrophic and traumatic events." Specializing in mass tort cases, SLATER touts that its attorneys "take a **personal approach** to representation. **We fight for the results you truly desire, not just those that are easily achieved**. As dedicated advocates, we are **constantly available** to our clients to provide guidance and support. Knowing how overwhelming the litigation process can become, our team is here to address your concerns, so that you can focus on the most critical aspect of any accident: your recovery." (https://sssfirm.com/child-sexual-abuse-cases/boy-scouts-of-america-case-overview/)

In mass torts bankruptcy cases such as here, nothing could be further from the truth. Instead of championing the cause of the vulnerable victims, SLATER uses its clients as pawns to instead extract extraordinarily disproportionate and unreasonable fees from these cases.

While SLATER and similar firms will likely contend that the huge aggregation of thousands of claims allows it to be a powerful and heavy hitting presence in the bankruptcy litigation, in reality, that is simply not the case. It is a red herring and offers a feeble justification for the egregious and outrageous amount of fees it seeks in mass tort cases. SLATER's mammoth economic benefits in fees recovered far outweigh any benefit each individual claimant could possibly receive. In fact, this Court has found as much in its opinion denying the Coalitions request of payment of its fees.

Indeed, in the mass tort context of bankruptcy cases, the expertise of law firms like SLATER lies not in actually litigating the individual claimants' claims to maximize monetary damages for the injured and damaged victims, but rather in partnering with savvy and shrewd marketing, media and advertising firms such as Pintas with its well-honed proficiency in accumulating vast and astonishing numbers of claims to funnel to SLATER to capitalize upon. What SLATER has effectively created is simply a "Claims Machine" designed to spit out huge wads of cash for itself!

The entire bankruptcy system as currently constructed and applied rewards those law firms for their self-serving business model designed for its own personal gain and benefit, underscores and highlights the great and desperate need for reform to rebalance the system and protect the individual claimants who are the true victims, the injured, the aggrieved and the damaged. By permitting big firms like SLATER to continue to operate in the manner described here in mass tort cases, for their often obscene financial benefit, to the detriment of the individual victims who are the most vulnerable, simply empowers and entitles SLATER to "re-victimize" the victims over and over again.

These selfish tactics perpetrated by legal counsel, who are officers of the court, is unacceptable and abhorrent in our practice of law. It should no longer be tolerated in the bankruptcy system. The interests of the injured victims must be protected and safeguarded. The Debtor's bankruptcy case will never be able to make right the horrible wrongs that were done long ago in the claimants' lives, and no compensation can possibly heal the life-long damage which has been done to them. But this Court cannot allow firms such as SLATER to repeatedly take great financial advantage of the individual claimants under the guise of legal representation. Claimants request that this Court take action now.

IV. STATEMENT OF FACTS AND PROCEDURE

On February 18, 2020, Boy Scouts of America filed a voluntary Chapter 11 bankruptcy petition. This bankruptcy is jointly administrated with the bankruptcy filing of Delaware BSA, LLC. The joint case is being administered by the Honorable Judge Laurie Selber Silverstein.

The Chapter 11 Plan was confirmed by order of the Court on September 8, 2022.

The Settlement Trust is nearing completion of the first set of distributions and thus these matters are ripe for adjudication.

V. THE COURT SHOULD APPROVE THE SUBSTITUTION OF ATTORNEYS

Claimants seek to substitute Friedman Partners and the Scheer Law Group in place of the SLATER firm, for all purposes, in this bankruptcy action. Claimants request an Order approving this substation of counsel.

It is a long-standing and well-established general principle and that a client has the right to change his or her attorney at any stage of proceedings. Over 100 years ago, the Second Circuit held that a client may apply to the court for substitution of counsel without assigning a reason, and the court may grant such substitution while imposing terms to protect the displaced attorney's rights, such as ensuring payment of fees or preserving liens. *The Flush*, 277 F. 25 (2nd. Cir. 1921).

In this case, for the reasons set forth in great detail below, Claimants seek to substitute Friedman Partners and the Scheer Law Group in the place of SLATER for all purposes. Not only do the Claimants have the right to have counsel of their choosing at any time in this proceeding, but SLATER has completely failed to meet many of the most important professional and ethical obligations and responsibilities which are critical to an effective attorney-client relationship in its representation of the Claimants.

Proposed new counsel are experienced and seasoned bankruptcy attorneys and are committed to represent the Claimants in all regards to the best of their abilities. Claimants request that the substitution of counsel to Friedman Partners and the Scheer Law Group be approved.

VI. THIS COURT SHOULD TERMINATE SLATER'S LEGAL SERVICES AGREEMENT

Each and every attorney practicing in the law in the State of Delaware is subject to the Delaware Lawyer's Rules of Professional Conduct ("**LRPC**"), which governs all aspects of that attorney's practice in the State.

A review of the various Rules clearly and unambiguously demonstrates SLATER's repeated and flagrant violations of the LRPC.

A. RULES GOVERNING LEGAL REPRESENTATION OF CLIENTS

Like many states, Delaware adopted the ABA Model Rules in large part in enacting the LRPC. Several of those Rules are of particular importance in this case as they relate to SLATER's professional activities and conduct in the representation of the Claimants. ***For ease of reference, Claimants provide the text of the sections cited in the attached appendix with emphasis added.***

B. IN ITS REPRESENTATION OF THE CLAIMANTS HEREIN AND THE OTHER CLIENT CLAIMANTS, SLATER VIOLATED MANY OF THE LRPC PROFESSIONAL RULES

As discussed above, SLATER's business model is incredibly simple and effective. SLATER partners with mass marketers and paid claims aggregators to accumulate as many claims as possible under a standard but onerous 40% contingency fee agreement. The immense accumulation of a massive number of claims is done with the false promise of huge monetary awards. With each new claimant added by SLATER, the mutual interests of the Claimants and SLATER actually diverge until SLATER becomes essentially an "adversary" to their claimant clients.

The most critical point is that whether SLATER represents one claimant or 14,600 claimants its duties, responsibilities and obligations as the attorney of record is exactly the same to each client claimant at all times. An attorney representing thousands of claimants in a mass torts case must still comply with all applicable rules of professional conduct as set forth in the LRPC. Neither the size nor complexity of the representation exempts an attorney from their ethical and professional obligations to each and every client. No matter how they attempt to justify it, neither SLATER nor any other mass tort law firm representing huge groups of claimants can escape this requirement.

Under the LRPC Rule 1.1, attorneys are required to provide competent and diligent representation to their clients, and comply with all professional rules, regardless of the number of claimants they represent. Attorneys must possess the knowledge, skill, thoroughness, and preparation necessary for the representation, which includes understanding the relevant issues of fact and law. They must also act with reasonable diligence and promptness in representing claimants, such as responding promptly to requests for information.

This duty applies universally, including in mass torts cases, where the scale of representation does not diminish the attorney's obligation to meet these standards. The LRPC do not provide any exceptions to the duty of competence and diligence based on the number of claimants or clients a lawyer represents. Instead, the rules impose uniform obligations on attorneys to ensure that all clients receive adequate representation. For example, Rule 8.4(a) prohibits lawyers from violating or attempting to violate the rules of professional conduct, regardless of the circumstances. This principle was reinforced in *Matter of Abbott*, 308 A.3d 1139 (2023), where the court clarified that the rule applies broadly and is not limited to specific contexts.

Notably, while SLATER views its 14,600 claimant clients as a source of power and prestige, it is this massive number of clients that causes escalating ethical concerns due to all the conflicts of interest. In *In re Katz*, 981 A.2nd 1133, 1147, the Court noted: "A leading treatise on lawyer ethics by Professors Hazard and Hodes begins its overview on the subject of "conflicts of interest in the practice of law" by noting that "[l]oyalty to clients is one of the core values of the legal profession, perhaps equal in importance with maintaining confidentiality and diligently or zealously working to advance a client's interests." The 1908 Canons of Professional Ethics provided, in part, that "[i]t is unprofessional to represent conflicting interests, except by express consent of *all* concerned given after a full disclosure of the facts." Accordingly, the Hazard and Hodes treatise concludes "already present in this [1908] formulation are the modern themes that client consent can 'cure' many conflicts of interest but only if it is *informal* [sic] consent." Concerns such as these resulted in Rule 1.7(b)(4) which requires the informed consent of *each* affected client to be confirmed in writing. SLATER completely glosses over these conflicts of interest not only as between its client claimants but also as between its <u>own</u> financial interests in the case and those claimant clients.

While attorneys may limit the scope of their representation through their agreements with clients, such limitations do not exempt them from their duty to provide competent representation. The duty of competence is "circumscribed by the scope of representation agreed to," but attorneys cannot limit their responsibilities to the extent that they fail to provide meaningful legal advice or act negligently. *In re Seare*, 493 B.R. 158 (D. Nev. 2013). This principle ensures that attorneys remain accountable for the quality of their representation, even when handling numerous claimants.

Failure to comply with professional conduct rules can result in disciplinary actions, including disqualification, suspension, or other sanctions. For instance, a law firm was found to have violated its ethical and legal duties, leading to forfeiture of its fees. See *In re Mercury*, 280 B.R. 35 (Bkrtcy. S.D. NY 2002). Similarly, an attorney's repeated failure to meet deadlines and conduct discovery can result in disciplinary sanctions. *In re Poliquin*, 49 A.3d 1115 (SCt. DE 2012). These cases highlight the serious consequences of failing to adhere to ethical standards, regardless of the scale of representation.

As a result, it is inescapable and undeniable that even attorneys representing thousands of claimants in mass torts cases such as SLATER are unequivocally required to comply with all applicable rules of professional conduct. The complexity or size of the case does not diminish or excuse the attorneys' ethical and professional obligations, including providing competent and diligent representation, avoiding unethical conduct, communicating and obtaining consent to settle, and adhering to all jurisdictional rules of professional conduct.

SLATER is in clear violation of many of its ethical and professional obligations. A summary of the firm's LRPC violations are as follows:

(1) <u>Total Failure of Communication</u>

Communication between an attorney and client is literally the cornerstone and foundation of the attorney-client relationship. Not only is it prominently mentioned in the Preamble to the LRPC but it is encompassed in Rule 1.4 and Comment thereto.

SLATER's lack of any meaningful much less personal communication with the Claimants is indefensible.

(a) <u>No Communication</u>. There has been little or no communication whatsoever, and the Claimants are often unable to speak to a SLATER attorney. Communication with SLATER staff is not a substitute for communication with an attorney, where the legal issues and advice are concerned.[4] To the extent that legal issues and advice are communicated by SLATER staff, there is concern that there has been unauthorized practice of law. LRPC requires that SLATER attorneys are required to communicate with their client.

(b) Payment Options. SLATER attorneys completely failed with honesty and candor to discuss and advise the Claimants an analysis of the settlement options available to Claimants.

(c) Settlement. The LRPC requires that SLATER discuss settlement options with the Claimant and that a settlement cannot be accepted (or rejected) without the express consent of the Claimants. The Claimants never provided SLATER with any express or implied authority to make decisions on settlement offers without communicating with the Claimants or obtaining their express consent.[5] This is a complete failure and the fact that SLATER represents 14,600 claimants is no excuse for its noncompliance.

(d) Failure to Advise on Conflicts of Interest or Dilution.

Representing 14,600 claimants cause unique issues for SLATER in the representation of the entire group of claimant clients, which it was clear that either SLATER failed to appreciate, or most likely chose to not fully disclose to the claimant clients.

(e) Failure to Act in Claimants' Best Interests. As legal counsel to the Claimants, SLATER was bound to act in their best interests. The overwhelming issue that SLATER acted in its best interests alone. The Claimants became simple a "number" as opposed

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[4] This is particularly true considering that the document explaining the claimants' options runs some thirty plus pages.

[5] This is never more blatant than in failing to communicate with regard to the concerns of the Settlement Trust or the agreed solution for reviewing the SLATER claims which were never discussed with ANY claimant represented by SLATER.

to a valued client, and that number was $1,400. Every Claimant represented a minimum fee of $1,400 to SLATER, and to SLATER it all adds up to a minimum payday of $20,000,000.00. To get there, SLATER violated numerous Rules of the LRPC and broke the trust and confidence that should be at the core of every professional attorney-client relationship. SLATER acted for itself, not its client claimants.

C. THE LIMITATIONS ON SLATER'S REPRESENTATION AND ITS BUSINESS PRACTICES OUTWEIGHS ANY BENEFIT FROM BEING IN A LARGE GROUP

SLATER will likely contend that the accumulation of large numbers of claimant clients provides the firm a decided advantage and weight at the negotiations table with the Debtor, and that this advantage outweighs the disadvantages of that huge group representation. In this case, that is false and simply a disingenuous attempt to justify their massive attorney's fees.

The "heavy lifting" at the settlement negotiation table was done by the Official Tort Claimants Committee. SLATER did not litigate any issue and did not perform any significant or meaningful legal work. SLATER did not do any work beyond that of a paralegal at best. SLATER's presence added little if anything to the survivors' settlement, which clearly has resulted in relatively nominal awards as compared to the magnitude of SLATER's fee award. At the end of the day, the survivor claimants could have opted into the same settlement had they been in pro se without SLATER's representation.

SLATER cannot use the fact that the firm represents 14,600 claimants as any justified excuse for its blatant disregard for and clear violation of its professional and ethical duties and obligations under the LRPC, which were enacted specifically to protect the clients from their attorneys.

For all practical purposes, it is literally impossible for SLATER to represent 14,600 individual claimant clients and fully discharge all its ethical and professional duties and responsibilities set forth in the LRPC. SLATER owes each and every client the same professional and ethical duties, no matter how many clients the firm represents.

D. LACK OF COMMUNICATION AND CONSENT TO SETTLE IS PARTICULARLY OFFENSIVE

LRPC Rule 1.4 requires attorneys to have a high level of communication with clients on a variety of topics. The Commentary to LRPC Rule 1.4 requires that attorneys obtain the express consent or authorization of a client to settle a case or a claim unless the client made its intentions known in advance. The LRPC rules are both clear and unambiguous as well as basic and fundamental to the attorney-client relationship. It is undisputed that SLATER has violated these Rules by its business practices and business model.

The intent of the client to authorize a settlement must be expressed and manifested to others. Unexpressed intent or authorization that is not communicated cannot prevail in determining whether the attorney was authorized to settle the case. See *Shields v. Keystone Cogeneration Systems, Inc.*, 620 A.2d 1331 (1992).

An attorney in Delaware who settles a claim without communication, explanation, or consent from the client violates the LRPC. LRPC Rule 1.8(g) explicitly prohibits a lawyer from participating in an aggregate settlement of claims without obtaining informed consent from each client. The rule requires that the lawyer disclose the existence and nature of all claims involved and the participation of each person in the settlement, and that the client's consent be documented in writing. Settling a claim without the client's consent or explanation violates this rule, as it deprives the client of the opportunity to make an informed decision regarding their legal matter. Additionally, Rule 1.4 mandates that lawyers keep clients reasonably informed about the status of their matters and explain matters to the extent reasonably necessary to permit the client to make informed decisions regarding the representation. Failure to communicate with the client about the settlement terms or obtain their consent contravenes this fundamental duty of communication and transparency. Because of the importance of client consent and transparency, such attorney conduct breaches the ethical obligations of honesty, trustworthiness, and client communication, as outlined in the LRPC. Failure to adhere to the principles of the LRPC constitutes professional misconduct.

LRPC Rule 8.4 explicitly states that it is professional misconduct for a lawyer to engage in conduct involving dishonesty, fraud, deceit, or misrepresentation, or to violate or attempt to violate the Rules of Professional Conduct knowingly. Settling a claim without the client's consent or explanation inherently involves deceit and misrepresentation, as it deprives the client of their right to make informed decisions regarding their legal matters, and is considered a violation of professional conduct. See *Matter of Abbott*, 308 A.3d 1139 (2023).

Delaware case law underscores the necessity of client consent and communication in legal representation. For example, in *Matter of Lankenau*, the court found that an attorney's failure to disclose relevant information during disciplinary proceedings violated rules prohibiting dishonesty and conduct prejudicial to the administration of justice. *Matter of Lankenau*, 158 A.3d 451 (2017). Similarly, Rule 4.1(a) and (b) emphasize that lawyers must avoid making false statements or failing to disclose material facts when necessary to prevent fraudulent acts by clients. *In re Sanclemente*, 86 A.3d 1119 (2014). These principles apply broadly to situations where attorneys act without adequately informing or obtaining consent from their clients.

The Delaware Supreme Court also has consistently enforced ethical rules to ensure attorneys uphold their professional responsibilities to all of their clients. In *In re Kingsley*, 950 A.2d 659 (2008), the court addressed violations of professional conduct rules, emphasizing the importance of compliance with ethical standards and client-focused practices. Additionally, in *In re Sanclemente*, 86 A.3d 1119 (2014), the court highlighted the attorney's duty to follow established procedures and avoid actions that could harm clients or the administration of justice.

Claimants can find no reported cases which diminish or limit an attorney's duties and responsibilities or commitment to maintaining high ethical standards in the legal profession under the LRPC, where multiple clients are represented in a case. In fact, the attorney owes the exact same duties and obligations to each and every client at all times.

As a result, it is clear that attorneys who violate professional conduct rules by settling claims without client consent may face disciplinary actions, including suspension or disbarment. For instance, in *Matter of Abbott*, an attorney's actions that violated consent orders and professional conduct rules led to significant sanctions. *Matter of Abbott*, 308 A.3d 1139 (2023). Similarly, in *In re Davis*, the court imposed disciplinary measures for unauthorized practice and violations of ethical obligations. In re Davis, 43 A.3d 856 (2012).

In summary, settling a claim without communication, explanation, or consent from the client constitutes a violation of the LRPC. This includes disclosure of SLATER's pecuniary interests in the settlement and its strong preference for how the case is settled. Such actions breach ethical obligations of honesty, transparency, and client communication, as established by LRPC Rule 8.4 and supported by Delaware case law. Attorneys engaging in this conduct risk disciplinary sanctions, including suspension or disbarment, underscoring the importance of maintaining ethical standards in legal practice.

VII. THIS COURT SHOULD DENY ALL FEES TO PRIOR COUNSEL, OR IN THE ALTERNATIVE, REDUCE THOSE FEES TO A QUANTUM MERUIT AMOUNT

Because of the great risk of damage and abuse to clients, LRPC Rule 1.5 is very specific in its treatment of contingency fee arrangements between an attorney and his or her client.

> [5] **An agreement may not be made whose terms might induce the lawyer improperly to curtail services for the client or perform them in a way contrary to the client's interest.** . . .

A. SLATER SHOULD BE DENIED ALL FEES

To be clear, violations of the LRPC, including lack of communication, unauthorized settlements, and conflicts of interest, are grounds for disciplinary action. Attorneys acting pro se or representing themselves remain subject to the LRPC, as highlighted in *Matter of Abbott*, where the court affirmed that violations of the LRPC can lead to disciplinary measures regardless of the context. *Matter of Abbott*, 308 A.3d 1139 (2023). These violations may also impact the enforceability of fee agreements and the attorney's ability to collect fees.

Due to fraud in the inducement of the contingency fee agreements, the ongoing fraud during the 17 months when the claims were under investigation, and the firm's continuing lies to Claimants regarding their fees being guaranteed and that Claimants will have to pay twice, leads to the inescapable conclusion that the SLATER firm should be denied their fees altogether.

In June 2024, the Trustee for the Settlement Trust advised SLATER that they were going to cease processing any of the claims filed by SLATER due to a large number of irregularities within those claims. For the next seventeen (17) months, the SLATER firm literally and unashamedly lied to each and every client by representing to them that their claims were being processed when, in reality, SLATER knew that the Settlement Trust had ceased processing the SLATER claims and that those claims were under investigation by the Trust.

In September 2025, SLATER negotiated a settlement with the Settlement Trust Trustee whereby all of the SLATER claims would be set aside and reviewed by a third-party neutral reviewer. On or about September 9, 2025, SLATER sent a Notice informing the claimant clients that the Settlement Trust had ceased processing claims and regarding the negotiated resolution. A true and correct copy of a sample Notice is attached hereto as Exhibit "A". The Notice stated that SLATER firm took full responsibility for these issues and explained that SLATER would be cutting their contingency fees by 10% of the actual dollar value SLATER would have received.

In reality however, it was not a 10% reduction of SLATER's contingency fees, but rather was only a cut of 4%, which was very ambiguous in the Notice provided by the firm. The final sentence of the Notice makes vague reference to clients terminating the SLATER firm providing if the client decides to terminate their relationship with the firm, the claim will still need to be subjected to the additional review and prior to being reconsidered by the Settlement Trust.

As noted herein, SLATER's misrepresentations to its client claimants continued as those clients began to contact the firm and notify the firm that they did not wish to continue with SLATER's legal representation. In each case, the client was informed by SLATER that the firm's contingency fee agreement was "iron clad" and that no matter what SLATER did, the clients would still need to pay the 40% fee to SLATER in addition to any other fee charged by a new substituted counsel.

In fact, Delaware law is quite clear. In a contingency agreement, when a firm is discharged prior to the end of the case, the discharged firm is ONLY entitled to quantum meruit or the reasonable value of its services. Furthermore, in the case of malfeasance – such as exists here-- where SLATER lied from the very beginning of the legal engagement through today – fees may be denied it their entirety.

SLATER partnered with other firms including Pintas which claims to be one of the largest "Partnering Law Firms" in the United States. The Pintas firm claims to represent 30,000 clients in all fifty (50) states, yet only list two (2) attorneys on its website. Pintas leverages technology and media to target potential clients through advertising, social media and other sophisticated technology in order to obtain tremendous quantities of clients in major mass tort cases. Pintas then refers (i.e., sells) these clients (i.e., leads) to law firms such as SLATER in return for a 60/40 split of the fees collected by SLATER. It is a massive fee share operation. Using Pintas and other claim aggregators to obtain clients, SLATER was able to aggregate nearly 15,000 claims in the Boy Scouts case. Hence, due to its 40% contingency fee agreement as applied to all 14,600 claims, SLATER as a law firm became one of the largest beneficiaries of the Settlement Trust and recipient of trust funds. Said another way, SLATER seeks to recover 40% of the distributions from the trust while their clients only receive a maximum of 15% of their claim value.

Due to all the intentional and serious violations of the LRPC as set forth in detail herein, there is good cause to terminate the Claimants' agreement with SLATER, and as a result, deny all of SLATER's fees. This result would clearly send a message to SLATER and other law firms that employ the same business model taking advantage of claimants in mass tort bankruptcy cases for their own financial gain.

B. IN THE ALTERNATIVE, SLATER SHOULD ONLY RECEIVE QUANTUM MERUIT FEES

In the alternative, SLATER's fees should be reviewed and reduced applying the factors set forth in Rule 1.5(a). (See Appendix)

Analyzing the Rule 1.5(a) factors to the SLATER firm's work in this case brings one to the clear conclusion that a reasonable fee for the work done by SLATER would be equivalent to what a bankruptcy petition preparer would receive in this district. 11 U.S.C. §110(a) defines a "bankruptcy petition preparer" generally as a person, other than an attorney for the debtor or an employee of such attorney under the direct supervision of such attorney, who prepares for compensation a document for filing. The **only** difference here is that SLATER was assisting claimants in the filing of a proof of claim rather than in preparing a bankruptcy petition. Even if the SLATER firm were entitled to a contingency fee, once terminated their fee is limited to quantum meruit.

In *Webb v. Harleysville Ins. Co*., 1995 WL 716757 (Del. Super. Oct. 23, 1995), the Court addressed the legal issues surrounding attorney compensation under a contingency fee agreement when the attorney is discharged without cause. The Court held that attorneys discharged without cause are entitled to recover fees on a quantum meruit basis, rather than the full contingency fee, and outlined the factors for determining reasonable attorney fees. Additionally, the court invalidated the "irrevocable" provision of the contingency fee agreement as contrary to public policy.

The *Webb* Court emphasized that clients have an absolute right to terminate their attorney's services at any time and for any reason due to the personal and confidential nature of the attorney-client relationship. This right is implied in every attorney-client contract, and its exercise does not constitute a breach of contract. Consequently, when an attorney is discharged without cause, their recovery is limited to quantum meruit—the reasonable value of the services rendered—up to the amount of the contingency fee. The court cited precedent supporting this principle, including *Ambrose v. Detroit Edison Co.*, 237 N.W.2d 520 (Mich. Ct. App. 1976), and *Fracasse v. Brent*, 494 P.2d 9 (Cal. 1972).

The court's decision aligns with Delaware's public policy favoring fair compensation for attorneys while ensuring clients retain the freedom to choose their legal representation. By limiting recovery to quantum meruit, the court balanced the interests of the discharged attorney and the client, ensuring the attorney is compensated for their work without penalizing the client for exercising their right to terminate the relationship. *Webb v. Harleysville Ins. Co*., 1995 WL 716757

(Del. Super. Oct. 23, 1995).

In *Ramunno & Ramunno, P.A. v. Gary S. Nitsche, P.A.*, 2009 WL 395224 (Del. Super. February 2, 2009), the Court ruled that "Assuming arguendo that the clients did not have just cause to fire Ramunno, the Court will follow *Webb* and the appropriate measure of compensation will be quantum meruit. Ramunno will not be entitled to a fee based on quantum meruit if there was no recovery. If it is determined by the trier of fact that Ramunno was discharged for cause, Ramunno will not be entitled to any fee."

In another case, a discharged attorney was entitled to quantum meruit fees on a contingency fee from former clients where: (1) the attorney was not fired for cause; (2) the issues were not complex; (3) the clients pressed the attorney to settle quickly; (4) nothing showed the attorney was precluded from other employment; (5) the fee was contingent and based on 1/3 of the recovery; and (6) the clients' subsequent attorney could pay the fee based on a charging lien on recovered fees. *Murrey v. Shank*, 2011 Del. Super. LEXIS 431 (Del. Super. Ct. Aug. 30, 2011), aff'd, 41 A.3d 430 (Del. 2012).

In sum, under a quantum meruit approach to fees, for the 1- 2 hours of paralegal time needed to prepare and file the claims, which are presently under review for irregularities, SLATER should receive no more than $250 per case. All other fees under the contingency fee agreement should be denied.

VIII. CLAIMANTS ALSO REQUEST THAT THIS COURT FASHION A PROSPECTIVE REMEDY

The issues presented by this Motion go far beyond simply the Claimants herein. These Claimants are only the tip of the iceberg for the remainder of the 14,000 clients which SLATER represents, all or nearly all of whom are in the exact same position as the Claimants.

Consequently, Claimants request that this Court order prospective relief as follows:

- SLATER shall provide written notice to all of its client claimants and inform them of the Court's decision in this case. SLATER shall provide proof that the sufficient written notice has been provided;
- The Court or alternatively Claimants' attorneys of record shall pre-approve the form and content of the written notice before sending;
- All other claimant clients shall be given the option to terminate their contingency fee agreement with SLATER and elect the representation of Claimants' counsel of record, proceed pro se or with the counsel of their choice.

IX. CONCLUSION

As stated at the outset, this Motion is intended to be Ground Zero. The issues presented are serious and implicate numerous professional and ethical violations of the LRPC. The business practices of SLATER and firms like it which consume and overwhelm mass tort cases have prevailed for far too long. Claimants respectfully request that this Court put an end to the way SLATER operates, which clearly is in its own best financial interests.

By this Motion, Claimants respectfully request the following relief:

- Order the substitution of Friedman Partners and the Scheer Law Group in place of SLATER for the Claimants;
- Order that SLATER's 40% contingency fee agreement be terminated and voided;
- Order that SLATER be denied any fees whatsoever under the 40% contingency fee agreement or alternatively reduce those fees to quantum meruit in the amount of $250 per Claimant.

Further, as additional prospective relief, Claimants request that the Court set an Order to

Show Cause as follows:

* Directing SLATER to demonstrate that the other claimants it represents are not materially dissimilar to the Claimants herein;

* Allowing these other claimants which SLATER currently represents to have the same relief and remedies sought by the Claimants in this Motion, and

* Enjoining SLATER from continuing to disseminate misinformation to all claimants concerning their rights to terminate SLATER's representation of them.

Dated: October 14, 2025

/s/ Timothy J. Silverman
TIMOTHY J. SILVERMAN (CA SBN #145264)
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Dated: October 14, 2025

/s/ Lawrence A. Friedman
LAWRENCE A. FRIEDMAN (MI SBN # P36935)
FRIEDMAN PARTNERS LLC
PO Box 609
Grayling, Michigan 49738
Telephone: (317) 501-4671
lfriedman@friedmanpartners.net

Dated: October 14, 2025

THE ROSNER LAW GROUP LLC
/s/ Frederick B. Rosner
Frederick B. Rosner (DE 3995)
824 N. Market Street, Suite 810
Wilmington, DE 19801
(302) 777-1111
rosner@teamrosner.com

Counsel for Claimants

EXHIBIT "A"

IMPORTANT MESSAGE FROM SLATER SLATER SCHULMAN LLP

1 message

Slater Slater Schulman LLP <bsafaq@sssfirm.com> Tue, Sep 9, 2025 at 6:13 PM
Reply-to: Slater Slater Schulman LLP <bsafaq@sssfirm.com>
To: [redacted]

SLATER SLATER SCHULMAN LLP
ATTORNEYS AT LAW

Dear [redacted]

We are writing to share important information about the status of Boy Scout claims handled by our firm.

The Scouting Settlement Trust ("the Trust") advised in June 2024 that it believed there were irregularities in some of our firm's claim submissions to the Trust. The Trust paused the processing of all claims submitted by our law firm while an investigation of the irregularities was conducted.

What this means for you (unless you were an exigent health claimant) is that your claim has not been reviewed by the Trust – and it may still take additional time before it is. This is neither your fault nor the Trust's; and we take full responsibility. As a result, we have agreed to reduce our legal fee by 10% of the actual dollar amount we would have received under your original retainer agreement. For example, if you recover $100,000, you would have received $60,000 under your original retainer. However, now you would receive $64,000, an increase of $4,000. Therefore, you will receive more from any recovery than you would have received under your original retainer.

Our firm has cooperated fully in the Trust's investigation. We now agree that there are procedural and factual problems in some of our claim submissions to the Trust. We have been and will continue to work diligently to address these concerns; and we will be contacting certain clients to confirm information about their claims.

Because of the problematic claims, we have agreed that *all* of our claim submissions to the Trust be vetted by an independent third party before they are reviewed by the Trust's claims determination team. Some claim submissions may pass through the third party's review and proceed on to the Trust for its regular claims determination process. Other claim submissions may be flagged for irregularities that require us to contact our clients to investigate our clients' claims more thoroughly, obtain additional information, and/or provide new or more complete claim forms to the Trust. For clients we contact, we are asking for their speedy cooperation. The faster we obtain this additional information, the faster the Trust's claims review process can resume.

We apologize for the delay caused to date and further apologize that the remaining review process will result in additional delays in the determination of submitted claims. We are doing everything possible to quickly resolve all outstanding issues.

Finally, we have been informed by the Trust that because of the firm's role in the submission of your claim to the Trust, your claim will still have to proceed through the independent third-party review process before it can proceed to the Trust for its claims determination process (assuming no irregularities are identified in the independent review process), whether or not you choose to terminate your attorney-client relationship with the firm.

Should you have any questions, please call Slater Slater Schulman at (631) 815-5580

Sincerely,

Joseph M. Slater
Adam P. Slater
Jonathan E. Schulman

SLATER SLATER SCHULMAN LLP
ATTORNEYS AT LAW

Our mailing address is:
Slater Slater Schulman LLP
445 Broadhollow Rd Ste 419
Melville, NY 11747-3601

APPENDIX

Excerpts from Delaware Lawyer's Rules of Professional Conduct ("**LRPC**")

1. Preamble to LRPC

"[2] As a representative of clients, a lawyer performs various functions. As advisor, **a lawyer provides a client with an informed understanding of the client's legal rights and obligations and explains their practical implications**. As advocate, a lawyer zealously asserts the client's position under the rules of the adversary system. As negotiator, **a lawyer seeks a result advantageous to the client but consistent with requirements of honest dealings with others**. As an evaluator, a lawyer acts by examining legal affairs and reporting about them to the client or to others.

. . . .

[4] In all professional functions a lawyer should be competent, prompt and diligent. **A lawyer should maintain communication with a client concerning the representation**. A lawyer should keep in confidence information relating to representation of a client except so far as disclosure is required or permitted by the Rules of Professional Conduct or other laws.

. . . .

[7] Many of a lawyer's professional responsibilities are prescribed in the Rules of Professional Conduct, as well as substantive and procedural law. However, a lawyer is also guided by personal conscience and the approbation of professional peers. **A lawyer should strive to attain the highest level of skill, to improve the law and the legal profession and to exemplify the legal profession's ideals of public service.**

. . . .

[19] **Failure to comply with an obligation or prohibition imposed by a Rule is a basis for invoking the disciplinary process**. The Rules presuppose that disciplinary assessment of a lawyer's conduct will be made on the basis of the facts and circumstances as they existed at the time of the conduct in question and in recognition of the fact that a lawyer often has to act upon uncertain or incomplete evidence of the situation. Moreover, the Rules presuppose that whether or not discipline should be imposed for a violation, and the severity of a sanction, depend on all the circumstances, such as the willfulness and seriousness of the violation, extenuating factors and whether there have been previous violations.

2. <u>Rule 1.2 Scope of Representation</u>

(a) Subject to paragraphs (c) and (d), **a lawyer shall abide by a client's decisions concerning the objectives of representation** and as required by Rule 1.4, shall consult with the client as to the means by which they are to be pursued. A lawyer may take such action on behalf of the client as is impliedly authorized to carry out the representation. **A lawyer shall abide by a client's decision whether to settle a matter**. …

Comment to Rule 1.2:

Allocation of authority between client and lawyer. — [1] Paragraph (a) confers upon the client the ultimate authority to determine the purposes to be served by legal representation, within the limits imposed by law and the lawyer's professional obligations. **The decisions specified in paragraph (a), such as whether to settle a civil matter, must also be made by the client**. See Rule 1.4(a)(1) for the lawyer's duty to communicate with the client about such decisions. With respect to the means by which the client's objectives are to be pursued, the lawyer shall consult with the client as required by Rule 1.4(a)(2) and may take such action as is impliedly authorized to carry out the representation.

3. <u>Rule 1.4 Communication</u>

(a) A lawyer **<u>shall</u>**:

(1) **promptly inform the client of any decision or circumstance with respect to which the client's informed consent,** as defined in Rule 1.0(e), is required by these Rules;

(2) **reasonably consult with the client about the means by which the client's objectives are to be accomplished**;

(3) **keep the client reasonably informed about the status of the matter;**

(4) **promptly comply with reasonable requests for information**; and

. . . .

(b) **A lawyer shall explain a matter to the extent reasonably necessary to permit the client to make informed decisions regarding the representation**.

<u>Comments to Rule 1.4</u>:

[1] **Reasonable communication between the lawyer and the client is necessary for the client effectively to participate in the representation**.

[2] Communicating with client. — **<u>If these Rules require that a particular decision about the representation be made by the client, paragraph (a)(1) requires that the lawyer promptly consult with and secure the client's consent prior to taking action unless prior discussions with the client have resolved what action the client wants the lawyer to take</u>**. For example, **<u>a lawyer who receives from opposing counsel an offer of settlement in a civil controversy or a proffered plea bargain in a criminal case must promptly inform the client of its substance unless the client has previously indicated that the proposal will be acceptable or unacceptable or has authorized the lawyer to accept or to reject the offer</u>**. See Rule 1.2(a).

[3] Paragraph (a)(2) **requires the lawyer to reasonably consult with the client about the means to be used to accomplish the client's objectives**. In some situations, depending on both the importance of the action under consideration and the feasibility of consulting with the client, **this duty will require consultation prior to taking action. In other circumstances, such as during a trial when an immediate decision must be made**, the exigency of the situation may require the lawyer to act without prior consultation. In such cases the lawyer must nonetheless act reasonably to inform the client of actions the lawyer has taken on the client's behalf. Additionally, paragraph (a)(3) requires that the lawyer keep the client reasonably informed about the status of the matter, such as significant developments affecting the timing or the substance of the representation.

Notably, the Comments to Rule 1.4 provide that an attorney's failure to keep a client informed about the status of her case and to explain certain matters violated this rule. *In re Sullivan*, 727 A.2d 832 (Del. 1999). Moreover, an attorney violated Rule 1.4(a)(3) and (4) by failing to provide information, including negotiations status and a client's file, despite client's multiple requests. *In re Wilks*, 99 A.3d 228 (Del. 2014).

4. <u>Rule 1.5. Fees</u>:

(a) A lawyer shall not make an agreement for, charge, or collect an unreasonable fee or an unreasonable amount for expenses. **The factors to be considered in determining the reasonableness of a fee include the following**:

(1) **the time and labor required, the novelty and difficulty of the questions involved, and the skill requisite to perform the legal service properly**;

(2) the likelihood, if apparent to the client, that the acceptance of the particular employment will preclude other employment by the lawyer;

(3) **the fee customarily charged in the locality for similar legal services**;

(4) the amount involved and the results obtained;

(5) the time limitations imposed by the client or by the circumstances;

(6) the nature and length of the professional relationship with the client;

(7) the experience, reputation, and ability of the lawyer or lawyers performing the services; and

(8) whether the fee is fixed or contingent.

Comment to Rule 1.5

[1] **Reasonableness of fee and expenses**. — Paragraph (a) r**equires that lawyers charge fees that are reasonable under the circumstances**. The factors specified in (1) through (8) are not exclusive. Nor will each factor be relevant in each instance. Paragraph (a) also requires that expenses for which the client will be charged must be reasonable. A lawyer may seek reimbursement for the cost of services performed in-house, such as copying, or for other expenses incurred in-house, such as telephone charges, either by charging a reasonable amount to which the client has agreed in advance or by charging an amount that reasonably reflects the cost incurred by the lawyer.

. . . .

[3] Contingent fees, like any other fees, are **subject to the reasonableness standard** of paragraph (a) of this Rule. In determining whether a particular contingent fee is reasonable, or whether it is reasonable to charge any form of contingent fee, **a lawyer must consider the factors that are relevant under the circumstances**. Applicable law may impose limitations on contingent fees, such as a ceiling on the percentage allowable, or may require a lawyer to offer clients an alternative basis for the fee. Applicable law also may apply to situations other than a contingent fee, for example, government regulations regarding fees in certain tax matters.

[5] **An agreement may not be made whose terms might induce the lawyer improperly to curtail services for the client or perform them in a way contrary to the client's interest.** . . .

5. Rule 1.7. Conflict of interest: Current clients.

(a) Except as provided in paragraph (b), a lawyer shall not represent a client if the representation involves a concurrent conflict of interest. A concurrent conflict of interest exists if:

(1) the representation of one client will be directly adverse to another client; or

(2) **there is a significant risk that the representation of one or more clients will be materially limited by the lawyer's responsibilities to another client**, a former client or a third person or by a personal interest of the lawyer.

(b) Notwithstanding the existence of a concurrent conflict of interest under paragraph (a), a lawyer may represent a client if:

. . . .

(4) **each affected client gives informed consent, confirmed in writing.**

Comment to Rule 1.7:

[23] Conflicts in Litigation. — Paragraph (b)(3) prohibits representation of opposing parties in the same litigation, regardless of the clients' consent. On the other hand, simultaneous representation of parties whose interests in litigation may conflict, such as co-plaintiffs or co-defendants, is governed by paragraph (a)(2). **A conflict may exist by reason of** substantial discrepancy in the parties' testimony, incompatibility in positions in relation to an opposing party **or the fact that there are substantially different possibilities of settlement of the claims or liabilities in question**. Such conflicts can arise in criminal cases as well as civil.

6. Rule 1.8. Conflict of interest: Current clients: Specific rules.

(a) A lawyer shall not enter into a business transaction with a client or knowingly acquire an ownership, possessory, security or **other pecuniary interest adverse to a client** unless:

(1) the transaction and terms on which the lawyer acquires the interest are fair and reasonable to the client and are **fully disclosed and transmitted in writing to the client** in a manner that can be reasonably understood by the client;

(2) **the client is advised in writing of the desirability of seeking and is given a reasonable opportunity to seek the advice of independent legal counsel on the transaction**; and

(3) the client gives **informed consent, in a writing signed by the client**, to the essential terms of the transaction and the lawyer's role in the transaction, including whether the lawyer is representing the client in the transaction.

. . . .

(g) **A lawyer who represents two or more clients shall not participate in making an aggregate settlement of the claims of or against the clients,** or in a criminal case an aggregated agreement as to guilty or nolo contendere pleas, **unless each client gives informed consent, in a writing signed by the client.** The lawyer's disclosure shall include the existence and nature of all the claims or pleas involved and of the participation of each person in the settlement.

Comment to Rule 1.8:

[16] Aggregate Settlements. — **Differences in willingness to make or accept an offer of settlement are among the risks of common representation of multiple clients by a single lawyer**. Under Rule 1.7, this is **one of the risks that should be discussed before undertaking there presentation, as part of the process of obtaining the clients' informed consent**. In addition, **Rule 1.2(a) protects each client's right to have the final say in deciding whether to accept or reject an offer of settlement** and in deciding whether to enter a guilty or nolo contendere plea in a criminal case. The rule stated in this paragraph is a corollary of both these Rules and provides that, **before any settlement offer** or plea bargain is made or accepted on behalf of multiple clients, **the lawyer must inform each of them about all the material terms of the settlement, including what the other clients will receive or pay if the settlement or plea offer is accepted**. See also Rule 1.0(e) (definition of informed consent). Lawyers representing a class of plaintiffs or defendants, or those proceeding derivatively, may not have a full client-lawyer relationship with each member of the class; nevertheless, such lawyers must comply with applicable rules regulating notification of class members and other procedural requirements designed to ensure adequate protection of the entire class.

7. <u>Rule 2.1. Advisor.</u>

In representing a client, a lawyer shall exercise independent professional judgment and **render candid advice**. In rendering advice, a lawyer may refer not only to law but to other considerations, such as **moral, economic, social and political factors, that may be relevant to the client's situation.**

<u>Comments to Rule 2.1</u>

[1] Scope of Advice. — **A client is entitled to straightforward advice expressing the lawyer's honest assessment**. Legal advice often involves unpleasant facts and alternatives that a client may be disinclined to confront. In presenting advice, a lawyer endeavors to sustain the client's morale and may put advice in as acceptable a form as honesty permits. However, **a lawyer should not be deterred from giving candid advice by the prospect that the advice will be unpalatable to the client**.

In discussing the Comments to Rule 2.1, the LRPC notes that an attorney's acceptance of a retainer of $250 from a client through a prepaid legal plan, while never contacting the client and refusing to refund the retainer until after the first disciplinary hearing, was held to have violated Rule 1.3, with regard to acting with reasonable diligence and promptness, Rue 1.4 (a) and (b), with regard to failing to keep the client reasonably informed to the extent reasonably necessary to permit the client to make informed decisions, and Rule 1.15(b) and (d), with regard to failing to safeguard the client's funds and deliver them upon request; the prepaid legal firm had refused to refund the retainer and, in fact, showed no record of the amount, which had been paid directly to the attorney. *In re Chasanov*, 869 A.2d 327 (Del. 2005).

8. Rule 7.1. Communications concerning a lawyer's services.

A lawyer shall not make a false or misleading communication about the lawyer or the lawyer's services. A communication is false or misleading if it contains a material misrepresentation of fact or law or omits a fact necessary to make the statement considered as a whole not materially misleading.

9. Rule 7.3. Solicitation of clients.

(a) A lawyer shall not by in-person, live telephone or real-time electronic contact solicit professional employment **when a significant motive for the lawyer's doing so is the lawyer's pecuniary gain,** unless the person contacted: (1) is a lawyer; or (2) has a family, close personal, or prior professional relationship with the lawyer.

10. Rule 8.4. Misconduct.

It is professional misconduct for a lawyer to:

(a) **violate or attempt to violate the Rules of Professional Conduct**, knowingly assist or induce another to do so or do so through the acts of another;

. . .

(c) **engage in conduct involving dishonesty, fraud, deceit or misrepresentation**;

(d) **engage in conduct that is prejudicial to the administration of justice**;

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re: BOY SCOUTS OF AMERICA AND DELAWARE BSA, LLC,[1] Debtors.	Chapter 11 Case No. 20-10343 (LSS) (Jointly Administered)

ORDER ON CLAIMANTS' MOTION FOR ORDER ALLOWING: (1) SUBSTITUTION OF ATTORNEYS; (2) TERMINATION OF EXISTING CONTINGENCY FEE LEGAL SERVICES AGREEMENTS WITH SLATER SLATER SCHULMAN AND (3) DENIAL OR REDUCTION OF ATTORNEY'S FEES TO BE PAID TO SLATER SLATER SCHULMAN

Upon consideration of the Motion of Claimants herein (collectively referred to as "**Claimants**") for an Order (1) allowing for a substitution of attorneys, (2) terminating the Claimants' existing contingency fee legal services agreements with Slater Slater Schulman, and (3) denying or alternatively reducing to a quantum meruit amount any attorney's fees to be paid to Slater Slater Schulman under the legal services agreements ("**Motion**"), and with GOOD CAUSE appearing therefor,

IT IS HEREBY ORDER ADJUDICATED AND DECREED that:

1. Claimants' Motion is hereby **GRANTED**.

2. Friedman Partners, Scheer Law Group and Rosner Law shall be substituted in place of SLATER as counsel of record for the Claimants;

3. SLATER's 40% contingency fee agreement as to Claimants shall be terminated and

[1] The Debtors in these chapter 11 cases, together with the last four digits of each Debtor's federal tax identification number, are as follows: Boy Scouts of America (6300) and Delaware BSA, LLC (4311). The Debtors' mailing address is 1325 West Walnut Hill Lane, Irving, Texas 75038.

voided;

4. As to Claimants, SLATER fees under the 40% contingency fee agreements shall be denied in their entirety;

5. Alternatively, SLATER's fees under the 40% contingency fee agreements shall be reduced to the quantum meruit amount of $250 per Claimant.

6. In addition to the foregoing, and as prospective relief, the Court sets an Order to Show Cause as follows:

A. SLATER is directed to demonstrate that the other client claimants it represents are not materially dissimilar to the Claimants herein;

B. All other client claimants which SLATER currently represents shall be entitled to have the same relief and remedies granted to the Claimants in this Motion;

C. SLATER is enjoined from continuing to disseminate misinformation to all of its client claimants concerning their rights to terminate SLATER's representation of them or fees to which SLATER will be entitled.

D. SLATER shall provide written notice to all of its client claimants no later than ________________, 2025, in a format approved by the Court and/or Claimants' counsel, to inform them of the Court's Order in this Motion, and provide proof that the sufficient written notice has been provided;

E. SLATER's claimant clients shall be given the option to terminate their 40% contingency fee agreements with SLATER and elect the representation of Claimants' counsel of record, proceed pro se or with the counsel of their choice.

F. A hearing on the Order to Show Cause shall be set as follows:

____.

SLATER shall file a comprehensive written response in compliance with this Order, and serve Claimants' counsel not later than _______________________, 2025.

7. This Court shall retain exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.