



Civil Resolution Tribunal

Date Issued: August 12, 2024

File: SC-2023-007850

Type: Small Claims

Civil Resolution Tribunal

Indexed as: *Slater Law Corporation v. Singh*, 2024 BCCRT 772

B E T W E E N :

SLATER LAW CORPORATION

APPLICANT

A N D :

RAJESH SINGH and SUMINTRA SINGH

RESPONDENTS

REASONS FOR DECISION

Tribunal Member:

Christopher C. Rivers, Vice Chair

INTRODUCTION

1. This dispute is about unpaid taxes on legal fees.
2. The respondents, Rajesh Singh and Sumintra Singh, each retained the applicant, Slater Law Corporation, to provide legal services for a January 25, 2019 motor vehicle

accident. The applicant took place in Washington State and Slater Law Corporation ultimately transferred the file to a United States-based attorney, DM. When the accident lawsuit settled, DM paid the applicant on the respondents' behalf.

3. The applicant says the respondents never paid GST or PST on its legal fees, or a wire transfer fee it says it incurred returning an overpayment to DM. The applicant says Rajesh Singh owes \$374.16 in taxes under their retainer agreement and Sumintra Singh owes \$589.44 in taxes and a \$50 wire transfer fee. In total, the applicant claims \$1,013.60.
4. The respondents each say DM paid the applicant in full and the applicant cannot now claim more money. They ask me to dismiss the applicant's claims.
5. The applicant is represented by William Slater, a lawyer, and the principal of Slater Law Corporation. Sumintra Singh represents both respondents.
6. For the reasons that follow, I allow the applicant's claim.

JURISDICTION AND PROCEDURE

7. These are the Civil Resolution Tribunal (CRT)'s formal written reasons. The CRT has jurisdiction over small claims brought under *Civil Resolution Tribunal Act* (CRTA) section 118. CRTA section 2 states that the CRT's mandate is to provide dispute resolution services accessibly, quickly, economically, informally, and flexibly. In resolving disputes, the CRT must apply principles of law and fairness.
8. CRTA section 39 says the CRT has discretion to decide the hearing's format, including by writing, telephone, videoconferencing, email, or a combination of these. Here, I find that I am properly able to assess and weigh the documentary evidence and submissions before me. There are no significant disagreements about the facts. Further, bearing in mind the CRT's mandate that includes proportionality and a speedy resolution of disputes, I find that an oral hearing is not necessary in the interests of justice.

9. CRTA section 42 says the CRT may accept as evidence information that it considers relevant, necessary, and appropriate, whether or not the information would be admissible in court.
10. Where permitted by CRTA section 118, in resolving this dispute the CRT may order a party to do or stop doing something, pay money or make an order that includes any terms or conditions the CRT considers appropriate.

ISSUES

11. The issues in this dispute are whether the respondents' lawyer settled their obligations under the parties' retainer agreement, and if not, whether they must pay the applicant taxes and disbursement for legal fees.

EVIDENCE AND ANALYSIS

12. In a civil proceeding like this one, the applicant must prove its claims on a balance of probabilities. I have read all the parties' submissions and evidence but refer only to the evidence and argument that I find relevant to provide context for my decision. The respondents share the same email address, and Sumintra Singh confirmed they were making the same submissions and depending upon the same evidence.
13. On January 25, 2019, the respondents were involved in an accident in Washington State. On January 29, 2019, they retained the applicant to provide legal services in respect of that accident.
14. Broadly, if the accident lawsuit settled, the retainer agreements required the respondents to pay the applicant a percentage of their settlement funds, as well as GST, PST, disbursements, and other charges such as administrative charges.
15. The applicant later transferred the file's conduct to DM, a lawyer based in the United States. While the lawyers' agreement is not before me, it is undisputed the applicant transferred the file to DM on an understanding the applicant would receive a share of any settlement fees or judgment each respondent received.

16. In a February 16, 2023 email, DM told the applicant they had settled the accident matters and agreed to make payments from the respondents' settlement funds under the parties' retainer agreements.
17. DM set out the amounts they would transfer for costs, disbursements, and legal fees. There is no dispute about those amounts. Of them, only the \$5,336 USD payment for legal fees is relevant.
18. In their email, DM did not mention paying for any other amounts owing under the parties' retainer agreements, such as GST, PST, or any additional fees they may incur or deduct.
19. In a reply email, sent one hour later, the applicant said it was "fine with [the] proposal as stated in your email." The applicant also did not mention GST or PST.
20. DM later sent the applicant two different transfers. The first transfer covered costs and disbursements and the second transfer covered legal fees.
21. On March 6, 2024, the applicant wrote to DM to confirm receipt of the amount for disbursement and costs into its trust account. However, the amount was more than the applicant expected, so it asked DM to provide a breakdown. DM acknowledged it had overpaid by \$1,853.87 US dollars and asked the applicant to return those funds.
22. The parties continued to exchange emails. The applicant asked for a breakdown of the legal fees it would be paid, including 12% taxes. DM responded to say they had reached an agreement with the applicant on the amount owing and would not pay any further taxes.
23. Evidence shows the applicant kept some or all of DM's overpayment at first in order to address the unpaid taxes, but ultimately returned the full amount. The applicant invoiced Rajesh Singh for \$374.16 in GST and PST, and invoiced Sumintra Singh \$639.44 in GST, PST, and a \$50 bank charge for a wire transfer.

Settlement Agreement

24. From their submissions, I find the respondents argue that DM's February 16 email constituted a full and complete settlement of their obligations under the parties' retainer agreements.
25. Neither party raised any issue respecting agency. The law of agency applies when principals, in this case the respondents, gives authority to an agent, in this case DM, to enter into contract with a third party, such as the applicant, on the principal's behalf.
26. The respondents argue that DM reached an agreement with the applicant. There is no question DM and the applicant exchanged emails about payments under the retainers and I find the respondents understood DM was acting as their agent in doing so. I am satisfied DM acted as the respondents' agent.
27. However, for there to be a binding settlement agreement, the parties must have had a "meeting of the minds" on terms of settlement as could be determined by an objective, reasonable bystander.¹ I find there was no such meeting of the minds here.
28. I find the emails between DM and the applicant calculated the applicant's entitlement to costs, disbursements, and legal fees but were completely silent on the issue of taxes. There was no discussion about the applicant waiving its entitlement to payments for GST or PST. While there are no errors in the payments DM calculated and provided, I find it is an incomplete accounting of the applicant's entitlement under the retainer agreements.
29. Further, none of the emails contained any language suggesting DM's payments were a full and final settlement of all matters. There was no back-and-forth negotiation between DM and the applicant prior to the February 16 email such that it would be apparent from context that DM's email served as an "offer" for settlement between the parties. While the applicant did reply to DM saying it accepted DM's "proposal," I find this is not enough to establish it was accepting a negotiated, final offer. Instead,

¹ See: *Salminen v. Garvie*, 2011 BCSC 339, at paragraphs 24 to 27.

I find the applicant was only agreeing to the amounts contained in the email, and how DM would pay those amounts.

30. In short, I find an objective bystander, reading the correspondence between the parties, would not agree that the parties had a meeting of the minds to resolve a dispute. As such, I find the respondents are each bound by their respective retainer agreements.

Payments under the retainer agreements

31. Neither respondent disputes the amounts the applicant calculated for GST or PST, and I find they are, on their face, accurate.
32. The applicant explained it incurred the \$50 wire transfer fee to return an overpayment to DM and then invoiced this amount to Sumintra Singh. However, I find this is a matter between the applicant and DM. It is not Sumintra Singh's responsibility. I find it is not a disbursement or an administrative fee connected with the applicant's representation of the respondent. Instead, I find it is related to the fee sharing arrangement the applicant worked out with DM. So, I dismiss the applicant's claim for reimbursement of the \$50 wire transfer fee.
33. Since the respondents each had their own retainer agreements, I find they are separately liable for their own obligations. Rajesh Singh must pay the applicant \$374.16 in taxes and Sumintra Singh must pay the applicant \$589.44 in taxes.

Contractual Interest

34. The applicant claims contractual interest as set out in the respondents' retainer agreements. The retainer provides interest at 26.28% per year for disbursements. Since the applicant was required to remit GST and PST, I find the taxes are disbursements. Accordingly, I find the applicant is entitled to contractual interest.
35. The applicant's invoices for taxes are dated July 14, 2023. So, I find Rajesh Singh must pay the applicant contractual interest on \$374.16 from July 14, 2023 to the date

of this decision. This equals \$106.68. Sumintra Singh must pay the applicant contractual interest on \$589.44 for the same period. This equals \$168.06.

36. Under CRTA section 49 and the CRT rules, the CRT will generally order an unsuccessful party to reimburse a successful party for CRT fees and reasonable dispute-related expenses. I see no reason in this case not to follow that general rule. I find the applicant is entitled to reimbursement of \$125 in CRT fees.

37. The applicant also claimed dispute-related expenses of \$11.36 and \$23.20 for registered mail to the respondent. It provided receipts showing those amounts, and I find they were reasonably incurred. So, I find the applicant is entitled to reimbursement of \$34.56 for dispute-related expenses.

ORDERS

38. Within 21 days of the date of this order, I order the respondent, Rajesh Singh, to pay the applicant a total of \$480.84 in debt and contractual interest.

39. Within 21 days of the date of this order, I order the respondent, Sumintra Singh, to pay the applicant a total of \$757.50 in debt and contractual interest.

40. Within 21 days of the date of this order, I order the respondents, jointly and severally, to pay the applicant a total of \$159.56 in CRT fees and dispute-related expenses.

41. The applicant is entitled to post-judgment interest, as applicable.

42. This is a validated decision and order. Under CRTA section 58.1, a validated copy of the CRT's order can be enforced through the Provincial Court of British Columbia. Once filed, a CRT order has the same force and effect as an order of the Provincial Court of British Columbia.

Christopher C. Rivers, Vice Chair