

SUPREME COURT OF ALASKA

Bennett v. Artus

20 P.3d 560 (Alaska 2001) · No. Nos. S-9186, S-9225 · Decided March 30, 2001

SUMMARY

The Alaska Supreme Court affirmed a superior court judgment awarding Connie Bennett approximately \$66,000 after offsetting claims arising from her romantic, professional, and business relationship with attorney William Artus. The court upheld a quantum meruit or unjust-enrichment credit for Artus's condominium remodeling contributions, rejected Bennett's claims for repayment and disgorgement of legal fees, and affirmed denial of Artus's claim for additional fees for litigation services.

CASE DETAILS

COURT	Supreme Court of Alaska
WRITING FOR THE COURT	Eastaugh, Justice; Matthews, Chief Justice; Fabe, Justice; Bryner, Justice; Carpeneti, Justice
JURISDICTION	Alaska
DECIDED	March 30, 2001
DOCKET	Nos. S-9186, S-9225
DISPOSITION	affirmed
PROCEDURAL POSTURE	After a bench trial on unresolved claims arising from the parties' business dealings and attorney-client relationship, the superior court entered judgment for Bennett in the net amount of \$66,119.04 after offsetting Artus's proven claims. Both parties appealed.
STANDARD OF REVIEW	Factual findings are reviewed for clear error; questions of law are reviewed independently.
PRECEDENTIAL VALUE	Published Alaska Supreme Court opinion; precedential
PARTIES	Connie S. Bennett v. William D. Artus

TOPICS

- quantum meruit
- unjust enrichment
- contracts
- real estate
- appellate procedure

PRACTICE AREAS

QUESTIONS PRESENTED

1. Whether the superior court properly awarded Artus a quantum meruit or unjust-enrichment credit for his condominium remodeling expenditures despite the absence of written agreements and findings that his conduct was unfair or inequitable.
2. Whether Artus was entitled to a credit for legal services he provided to the condominium contractor in satisfaction of a disputed remodeling bill.
3. Whether the superior court clearly erred in measuring the benefit Bennett received from the remodeling expenditures at \$39,544.64.
4. Whether the superior court clearly erred in finding that Bennett's December 1990 and May 1991 payments to Artus were compensation for legal services rather than loans.
5. Whether Bennett was entitled to disgorgement of legal fees paid to Artus because the parties' oral contingent-fee agreement was unenforceable or because Artus allegedly performed the services as an employee.
6. Whether the superior court clearly erred in denying Artus's quantum meruit claim for legal services in forcible entry and detainer proceedings and another lawsuit.

HOLDINGS

1. Artus was not barred from seeking a quantum meruit or unjust-enrichment credit merely because the transactions were undocumented and the superior court characterized aspects of his conduct as unfair or inequitable. The superior court could conclude that it would be more inequitable for Bennett to retain the benefit of Artus's uncompensated expenditures.
2. The superior court did not err in including \$13,034.75 in legal-service trade-outs in Artus's remodeling credit. Bennett failed to establish that Artus breached an ethical duty or was otherwise disqualified from seeking credit for a benefit he conferred by discharging an obligation he owed to the contractor.
3. A quantum meruit credit is measured by the value of the benefit conferred, which does not necessarily equal the claimant's expenditures. On this record, however, the superior court permissibly found that the benefit to Bennett was worth at least the \$39,544.64 Artus contributed.
4. The superior court did not clearly err in finding that the \$5,000 and \$20,000 payments were compensation for legal services rather than loans.
5. The unenforceability of the parties' oral contingent-fee agreement did not prevent Artus from retaining reasonable compensation for valuable legal services performed for Bennett. Bennett was not entitled to disgorgement under the circumstances.
6. The superior court properly denied Artus's claim for compensation for the litigation services because he failed to establish the nature, scope, duration, reasonableness, and value of the services, and the evidence supported a finding that he performed them gratuitously without an expectation of payment.

KEY QUOTATIONS

“Under our law of unjust enrichment, Artus, as the party seeking the credit, had the burden of showing that (1) he conferred a benefit upon Bennett; (2) Bennett appreciated the benefit; and (3) Bennett accepted and retained the benefit under circumstances making it inequitable for her to retain the benefit without paying Artus the value thereof.” (563)

“Artus was entitled to a credit measured by the value of the benefit he conferred on Bennett.” (564)

“It was therefore not error to deny this claim.” (567)

FACTUAL BACKGROUND

Bennett, a client of attorney William Artus, had a romantic relationship and several business dealings with him. Bennett purchased an Anchorage condominium on Artus's behalf, and Artus contributed approximately \$39,544.64 toward remodeling it, including legal services exchanged with the contractor. Bennett also paid Artus \$5,000 and \$20,000, which she later characterized as loans, while the superior court found they were compensation for legal services. Artus sought additional compensation for legal services in connection with a Fairbanks office building and eviction litigation, but the superior court denied the litigation-services claim.

PROCEDURAL HISTORY

Bennett filed a multi-count complaint in 1992 and an amended complaint in 1993 alleging, among other things, that Artus had defaulted on loans and owed reimbursement for items purchased on his behalf. Artus counterclaimed for compensation related to a condominium remodel, legal services concerning a Fairbanks office building, and litigation services. After other claims were dismissed or settled, the superior court conducted a bench trial, made extensive findings, and entered judgment for Bennett in May 1998. The Alaska Supreme Court affirmed the judgment in all respects.

DISPOSITION

affirmed

CASES CITED

- City of Hydaburg v. Hydaburg Co-op. Ass'n, 858 P.2d 1131, 1135 (Alaska 1993)
- Langdon v. Champion, 752 P.2d 999, 1001 (Alaska 1988)
- Alaska Sales & Serv., Inc. v. Millet, 735 P.2d 743, 746 n.6 (Alaska 1987)
- Brady v. State, 965 P.2d 1, 13 n.38, 14 (Alaska 1998)
- Fairbanks N. Star Borough v. Tundra Tours, Inc., 719 P.2d 1020, 1029 & n.15 (Alaska 1986)
- Beluga Mining Co. v. State, Dep't of Natural Resources, 973 P.2d 570, 579 (Alaska 1999)
- Nordin Constr. Co. v. City of Nome, 489 P.2d 455, 465-66 (Alaska 1971)
- George v. Custer, 862 P.2d 176, 180-81 (Alaska 1993)
- Zerbetz v. Municipality of Anchorage, 856 P.2d 777, 783 (Alaska 1993)
- State v. 45,621 Sq. Ft. of Land, 475 P.2d 553, 557 (Alaska 1970)
- Alaska Sales & Serv., Inc. v. Millet, 735 P.2d 743, 747 (Alaska 1987)

- Estate of Katchatag, 907 P.2d 458, 464 (Alaska 1995)
- K.E. v. J.W., 899 P.2d 133, 135 n.2 (Alaska 1995)
- Hitt v. J.B. Coghill, Inc., 641 P.2d 211, 213 n.4 (Alaska 1982)
- Sparks v. Gustafson, 750 P.2d 338, 342-43 (Alaska 1988)
- Murdock-Bryant Constr. v. Pearson, 146 Ariz. 48, 703 P.2d 1197, 1203 (Ariz. 1985)