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## Beagan v. Rhode Island Department of Labor and Training, 253 A.3d 858 (R.I. 2021)

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**Unemployment Benefits and Attorneys' Fees.** *Beagan v. Rhode Island Department of Labor and Training*, 253 A.3d 858 (R.I. 2021). The Rhode Island Supreme Court concluded that a party seeking attorneys' fees and costs for an unsuccessful District Court appeal for unemployment benefits may receive associated fees if they prevail at some point in the appeal process. The petition for counsel fees and costs may include the work completed for the appeal in unsuccessful lower court proceedings, in the District Court, where a claimant later prevailed at the Rhode Island Supreme Court. The party seeking attorneys' fees for multiple proceedings as part of an appeal must do so one time at the conclusion of litigation.

#### FACTS AND TRAVEL

In 2013, the petitioner, Michael Beagan posted on his Facebook account unfavorable comments about his employer shortly after receiving a written warning for poor behavior.<sup>1</sup> When his employer discovered the post, they determined Mr. Beagan created the post while on the job which violated company policy.<sup>2</sup> Consequently, Mr. Beagan's employer promptly removed him from his position.<sup>3</sup> Mr. Beagan then filed for unemployment benefits with the Rhode Island Department of Labor and Training (DLT) but the DLT rejected his claim.<sup>4</sup>

Following Mr. Beagan's unsuccessful appeals to the appeal tribunal at the DLT and the District Court, Mr. Beagan sought review in the Rhode Island Supreme Court, and the Court granted certiorari.<sup>5</sup> The Court reversed the District Court ruling concluding that Mr. Beagan's conduct was not linked to his employment and,

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1. *Beagan v. R.I. Dep't of Lab. and Training*, 253 A.3d 858, 860 (R.I. 2021) (citing *Beagan v. R.I. Dep't of Lab. and Training*, 162 A.3d 619, 622 (R.I. 2017)).

2. *Beagan*, 162 A.3d at 622–23.

3. *Id.* at 623.

4. *Beagan*, 253 A.3d at 860.

5. *Id.*

therefore, entitled Mr. Beagan to unemployment benefits.<sup>6</sup> On remand, the District Court filed an order in accordance with the Court's decision.<sup>7</sup> Mr. Beagan then filed a motion for attorneys' fees and costs in the RI Supreme Court, connected to the Court's review of the DLT rejection of unemployment benefits.<sup>8</sup> On September 25, 2017, the Court awarded \$25,000 in attorneys' fees plus costs.<sup>9</sup>

Subsequently, pursuant to G.L. 1956 § 28-44-57, Mr. Beagan filed a petition for attorneys' fees in the District Court for his counsel's labor in the appeal to the District Court from the DLT.<sup>10</sup> In the petition, Mr. Beagan contended that because his appeal of the District Court case resulted in a favorable ruling that his counsel should therefore be awarded reasonable attorneys' fees and costs for the appeal to the District Court.<sup>11</sup> Additionally, Mr. Beagan argued that the compensation rate for his attorney should be higher than the \$175-per-hour rate determined by the District Court for unemployment benefits appeals.<sup>12</sup> Essentially, Mr. Beagan argued that he did receive benefits in the District Court because of the judgment ultimately entered there after remand from the Supreme Court, and therefore, he is entitled attorneys' fees under § 28-44-57.<sup>13</sup>

The DLT asserted that, according to § 28-44-57(c)(2)(iii), Mr. Beagan's counsel should only receive fees and costs associated with litigating the case before the District Court if Mr. Beagan was allocated benefits by that court.<sup>14</sup> Further, the judgment entered in Mr. Beagan's favor by the District Court was,

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6. *Id.* (quoting Beagan, 162 A.3d at 627, 629) (The court looked to, "(1) whether there was an act of proven misconduct, and (2) whether the misconduct was connected to the employee's work," pursuant to R.I. GEN. LAWS § 28-44-18(a), to conclude whether Mr. Beagan should receive unemployment benefits).

7. *Id.*

8. *Id.*

9. *Id.*

10. *Id.*

11. *Id.*

12. *Id.* at 860–61.

13. *Id.* at 861.

14. *Id.* R.I. GEN. LAWS § 28-44-57(c)(2) states, in part, "The director shall pay those counsel fees, costs, and disbursements out of the employment security administrative funds in...any court appeal as a result of which the claimant is awarded benefits." R.I. GEN. LAWS § 28-44-57(c)(2).

“merely...ministerial...for which no fee should be allowed[.]”<sup>15</sup> Alternatively, the DLT contended that the \$175-per-hour rate previously set by the District Court is appropriate if the magistrate judge chose to award attorneys’ fees.<sup>16</sup>

The chief judge of the District Court rejected Mr. Beagan’s motion to surpass the hourly rate determined by the District Court and left the other issue for the magistrate judge to decide.<sup>17</sup> Consequently, the magistrate judge relied on the plain meaning of § 28-44-57(c)(2)(iii) and found that Mr. Beagan was ineligible for attorneys’ fees for the work performed by his counsel in the District Court.<sup>18</sup> The chief judge adopted the magistrate judge’s opinion and denied Mr. Beagan’s petition for counsel fees.<sup>19</sup> On September 6, 2019, the Rhode Island Supreme Court granted Mr. Beagan’s writ of certiorari.<sup>20</sup>

#### ANALYSIS AND HOLDING

The Court was presented with the issue of whether an attorney for an unemployment benefits claim who unsuccessfully appeals to the District Court, but later successfully appeals to the Rhode Island Supreme Court, can recover counsel fees and costs for the prior proceeding according to § 28-44-57(c)(2)(iii).<sup>21</sup> The Court concluded that an attorney may recover attorneys’ fees for unsuccessful lower court proceedings as long as the party prevails in their appeal.<sup>22</sup> Because this was a question of statutory interpretation, the Court reviewed the issue *de novo*.<sup>23</sup> In making their determination, the Court must analyze the statute in its totality and not in discrete sections, and “must interpret the statute literally and must give the words of the statute their plain and ordinary meanings” in deciphering legislative intent.<sup>24</sup>

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15. Beagan, 253 A.3d at 861.

16. *Id.*

17. *Id.*

18. *Id.* (citing R.I. GEN. LAWS § 28-44-57(c)(2)(iii)).

19. *Id.*

20. *Id.*

21. *Id.* (citing R.I. GEN. LAWS § 28-44-57(c)(2)(iii)).

22. *Id.* at 864.

23. *Id.* at 861 (quoting *Park v. Ford Motor Co.*, 844 A.2d 687, 692 (R.I. 2004)).

24. *Id.* at 861–62 (quoting *Powers v. Warwick Pub. Sch.*, 204 A.3d 1078, 1085-86 (R.I. 2019)).

The DLT argued that the language of § 28-44-57(c)(2)(iii) clearly states that Mr. Beagan can only collect fees and costs for the proceeding where he was awarded unemployment benefits.<sup>25</sup> Additionally, the DLT asserted that the legislatures intent for the statute was to award attorneys' fees per case.<sup>26</sup> If the Rhode Island legislature intended to authorize the award of attorneys' fees and costs for each failed appeal proceeding, § 28-44-57(c)(2)(iii) would resemble other fee shifting statutes enacted by the legislature.<sup>27</sup> Furthermore, the DLT argued, if the Court took Mr. Beagan's reading of the statute it could improperly motivate attorneys to file writs of certiorari with the reassurance that they would receive all accompanying fees for their efforts which would create a disproportionate financial burden on the state's unemployment system.<sup>28</sup> The Court indicated that Mr. Beagan provided no argument in connection with § 28-44-57(c)(2)(iii) and admitted that attorneys' fees could only be awarded under said statute.<sup>29</sup>

The Court interpreted § 28-44-57(c)(2)(iii) as a matter of first impression concluding that an appeal, as defined within the statute, applies to proceedings beyond the specific proceeding where the claimant receives benefits.<sup>30</sup> To reach this determination, the Court read the statute as a whole incorporating sections (c)(1) and (c)(2).<sup>31</sup> Rhode Island General Law § 28-44-57(c)(1) enables an award of attorneys' fees and costs upon conclusion of the case.<sup>32</sup> The statute states the award may be "on an appeal to the courts" which indicates that the case may go through multiple courts during appellate review.<sup>33</sup> Subsection (c)(2) lays out the specific circumstances where the DLT is required to pay attorneys' fees: a claimant must receive attorneys' fees to protect formerly awarded

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25. *Id.* at 862 (citing R.I. GEN. LAWS § 28-44-57(c)(2)(iii)).

26. *Id.* (citing R.I. GEN. LAWS § 28-44-57(c)(2)(iii)).

27. *Id.*

28. *Id.* at 862–63.

29. *Id.* at 861 n.2.

30. *Id.* at 863 (citing R.I. GEN. LAWS § 28-44-57(c)(2)(iii)).

31. *Id.* (citing R.I. GEN. LAWS § 28-44-57(c)(1)(2)).

32. *Id.* (citing R.I. GEN. LAWS § 28-44-57(c)(1)).

33. *Id.* (citing R.I. GEN. LAWS § 28-44-57(c)(1)).

benefits<sup>34</sup> and a claimant must collect attorneys' fees when the claimant receives benefits.<sup>35</sup>

The Court went on to conclude that the term appeal, as used in § 28-44-57(c)(2)(iii), includes lower court rulings before a claimant was awarded benefits.<sup>36</sup> The Court did not and could not consider the DLT's policy argument about creating a financial burden on Rhode Island's unemployment system.<sup>37</sup> Finally, the Court closed by holding that when an attorney petitions for counsel fees, it should only be at one time "upon final disposition" for a fact finder to determine the petitions' prudence.<sup>38</sup> However, the Court made an exception for the petitioner and allowed his application for fees in the District Court because it was an undetermined procedural point of law in the state.<sup>39</sup>

#### COMMENTARY

The three sections of § 28-44-57(c)(2) require that the claimant prevail at some point in the litigation to be awarded attorneys' fees.<sup>40</sup> This prerequisite balances the interests of helping the unemployed and shielding security administrative funds by preventing attorneys' fees from being awarded for unsuccessful appeals.<sup>41</sup> The Court's decision, based on their statutory interpretation, protects the interests of unemployment applicants without encouraging a barrage of doomed unemployment claim appeals.<sup>42</sup>

Furthermore, multiple provisions of the Rhode Island General Laws create additional protections for unemployed people.<sup>43</sup> For example, the DLT cannot charge any fees to people claiming

34. *Id.* (citing R.I. GEN. LAWS § 28-44-57(c)(2)(i)(ii)).

35. *Id.* (citing R.I. GEN. LAWS § 28-44-57(c)(2)).

36. *Id.* (citing R.I. GEN. LAWS § 28-44-57(c)(2)(iii)).

37. The judicial branch may not create policy, the judicial branch must simply conclude legislative intent based on existing statutes. *Id.* at 863-64 (quoting *Chambers v. Ormiston*, 935 A.2d 956, 965 (R.I. 2007)).

38. Based on the language contained in R.I. GEN. LAWS § 28-44-57(c)(1). *Id.* at 864.

39. *Id.*

40. *Id.* (citing to relevant section R.I. GEN. LAWS § 28-44-57(c)(2)).

41. *Id.* at 863.

42. *See id.*

43. *Id.* (citing *Arnold v. R.I. Dep't of Lab. and Training Bd. of Rev.*, 822 A.2d 164, 168 (R.I. 2003)).

unemployment benefits.<sup>44</sup> Section § 28-44-57(b) requires the DLT to provide limited attorneys' fees for specific appeals to an appeals body other than a court of law.<sup>45</sup> If the Court opted to curb access to attorneys' fees, relying on DLT's reading of the statute, it would constrain an unemployed individual's access to an attorney which directly counteracts the legislature's intent.<sup>46</sup> Thus, the Court liberally construed the statute to protect people claiming unemployment benefits reflecting the legislature's intent.<sup>47</sup>

#### CONCLUSION

The Court concluded that a petition for counsel fees and costs for an appeal of a denial of unemployment benefits may include labor for an unsuccessful appeal in the District Court where the claimant later prevailed in the Rhode Island Supreme Court. Therefore, the Court will award attorneys' fees for the lower court proceeding as it was part of the appeal, as long as the claimant entered the petition once "upon final disposition of the case."<sup>48</sup>

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44. *Id.* (citing R.I. GEN. LAWS § 28-44-57(a)).

45. *Id.* (citing R.I. GEN. LAWS § 28-44-57(b)).

46. *Id.*

47. *Id.* (citing *In re Tavares*, 885 A.2d 139, 146 (R.I. 2005)).

48. *Id.* at 864.