FILES
SUPPLIES CONT
CONTROL

OF SUPPLIES CONTROL

O

IN THE SUPREME COURT OF GUAM

IN RE:)	Supreme Court Case No.: ADC01-002
)	
HAIM HABIB,)	
)	DECISION AND ORDER
	Respondent.)	

Respondent-Attorney Haim Habib (hereinafter "Habib") appeals from a final decision by the Guam Bar Ethics Committee (hereinafter "Committee"). The Committee found that Habib violated the Guam Rules of Professional Conduct (hereinafter "GRPC") 1.16 and 1.1. In accordance with its findings, the Committee suspended Habib and ordered him to pay restitution and the attorney's fees and costs incurred by the Committee. After reviewing all the evidence, we hereby affirm the findings of the Committee and impose upon Habib discipline as contained herein.

I.

After eight years of representation and five days before trial, Habib suggested to his client, Zenaida Jacob (hereinafter "Jacob"), a potential substitution of legal representation. Habib advised Jacob that the judge hearing her case was hostile towards Habib and that this hostility would adversely affect Jacob's case. Habib contacted another attorney, Alexander Gorman (hereinafter "Gorman"), to possibly substitute as Jacob's counsel. Gorman agreed to review the case, and Habib sent Jacob's files to Gorman for his

ORIGINAL

review. Gorman arranged two meetings with Jacob, but Jacob failed to make either due to illness and an inability to raise the funds to pay Gorman's retainer fee.

Gorman appeared on the day of trial and informed the court that he was not taking Jacob's case, at which time he handed Jacob her case file. Habib failed to appear. The trial was continued until later that week. Jacob represented herself at trial and the court granted judgment for her opponents in the amount of \$76,570.00.

Jacob filed an ethics complaint against Habib. The Guam Bar Ethics Committee conducted a trial on the merits of this matter and subsequently issued its Findings of Facts and Conclusions of Law, and its Proposed Order for Discipline. The Committee determined the following: (1) Habib violated GRPC 1.16 by not withdrawing properly as attorney of record for Jacob; and (2) Habib violated GRPC 1.1 by not providing Jacob competent representation.

As a consequence of these violations, coupled with Habib's record of previous discipline, the Committee submitted the following Proposed Order for Discipline: (1) that Habib be suspended from the practice of law for one year, with all but sixty days suspended if he performs all of the terms and conditions of the order; (2) that Habib remit payment to Jacob in the amount of Four Thousand Dollars (\$4,000.00) as restitution for attorney's fees paid to him; (3) that Habib pay One Hundred and One Dollars and Seventy Cents (\$101.70) in costs and Three Thousand One Hundred Ninety Five Dollars (\$3,195.00) in attorney's fees incurred by the Committee in this matter; and (4) that Habib pay any further costs and attorney's fees incurred by the Committee in presenting this matter before the court.

In response to the Committee's filing of its Findings and Conclusions, Habib, through counsel, filed a Statement of Objections to the Committee's Proposed Order, triggering this review of the Committee's findings.

1

4

5 6

7

8 9

10

11

12 13

14 15

16 17

18

19

20 21

22 23

24

25 26

27

28

II.

The Supreme Court has jurisdiction over this matter pursuant to Title 7 GCA § 9101 (1998) and Rule 1 of the Guam Rules for the Discipline of Attorneys (hereinafter "GRDA").

"All factual and legal determinations made by the Committee, and the appropriateness of the discipline to be imposed," are reviewed de novo. GUAM RULES FOR THE DISCIPLINE OF ATTORNEYS R. 3(b) (1998). Violations of ethical rules must be established by clear and convincing evidence. Rules of the Guam Bar Ethics Committee Governing Discipline R. 28(d)(i).

III.

We review the Committee's findings of fact, conclusions, and recommendations to resolve three issues: (1) whether Habib violated GRPC 1.16; (2) whether Habib violated GRPC 1.1; and (3) whether the recommended discipline should be imposed against Habib. "The court will give close consideration to the findings, conclusions and recommendations of the Ethics Committee but will in each instance be free to substitute its own judgment for that of the Committee." GUAM RULES FOR THE DISCIPLINE OF ATTORNEYS R. 3(b) (1998). However, "[t]he burden of persuasion shall rest with [Habib] to establish that the findings, conclusions and discipline entered by the Ethics Committee should not be sustained." GUAM RULES FOR THE DISCIPLINE OF ATTORNEYS R. 3(e) (1998).

A. Habib's failure to take steps to adequately protect Jacob's interest during his withdrawal violated GRPC 1.16.

The Committee concluded in its findings that Habib violated GRPC 1.16 by improperly withdrawing as counsel for Jacob. Rule 1.16 of the GRPC provides in pertinent part:

Rule 1.16: Declining or Terminating Representation:

- (b) Except as stated in paragraph (c), a lawyer may withdraw from representing a client if withdrawal can be accomplished without material adverse affect on the interests of the client
- (d) Upon termination of representation, a lawyer shall takes steps to the extent reasonably practicable to protect a client's interest, such as giving reasonable notice to the client, allowing time for employment of other counsel, surrendering paper and property to which the client is entitled and refunding any advanced payment of fee that has not been earned

GUAM RULES OF PROF'L CONDUCT R. 1.16 (1998) (emphasis added). There are two issues this court must address. First, the court must consider whether Habib withdrew as counsel for Jacob. If the court finds that Habib did so withdraw, then it must determine whether the withdrawal was improper.

It is undisputed that Habib never moved to withdraw as counsel of record for Jacob, and that no substitution was ever signed and approved by the trial court. Habib argues that without an attempted withdrawal, there can be no violation of GRPC 1.16. The Committee does not dispute that Habib did not withdraw as counsel in accordance with proper procedure. Instead, the Committee, in its Findings of Fact and Conclusions, argues that Habib effected a *de facto* withdrawal failing to appear at trial.

Defacto is defined as "actual; existing in fact; having effect even though not formally or legally recognized." BLACK'S LAW DICTIONARY 427 (7th ed. 1999). Several cases have applied this term to attorney withdrawal, finding that conduct by an attorney which in effect denies a client legal representation can act as a *de facto* withdrawal. See, e.g., In re Dahlz, 00 Cal. Daily Op. Serv. 5915, 2001 Daily Journal D.A.R. 7331 (2001); Matter of Miller, 1 Cal. State Bar. Ct. Rptr 131, 135 (1990). In short, the abandoning of a client by his/her attorney constitutes a de facto withdrawal.

Habib offers no support to rebut the Committee's finding that he withdrew on a *de facto* basis nor does he establish how the Committee could not meet the clear and convincing standard to reach the finding it did. Moreover, the circumstances here support the Committee's conclusion that Habib's intent was in fact to effectuate his withdrawal from representation.

Habib provided the following testimony: "I didn't withdraw because I didn't intend to withdraw. I intended to provide her backup, provide her support system." Transcript, v. –, p.67 (Hearing before the Guam Bar Ethics Committee, Aug. 25, 2000). However, Habib's actions clearly contradict his testimony. Habib claims that he never sought to withdraw as Jacob's attorney of record, yet he testified that "he felt she would be better off with *new* counsel" and then proceeded to achieve such an outcome by contacting Gorman. Respondent's Brief, p.6 (emphasis added). In addition, after Habib contacted Gorman, he forwarded Jacob's file to the new attorney in its entirety, divesting himself of any means to prepare for trial. Furthermore, Habib did not appear at trial nor did he attempt to follow up on the status of the court proceedings. Given all of the above facts, it is apparent that the Committee's conclusion is supported by clear and convincing evidence. Therefore, we adopt and confirm the Committee's determination that Habib withdrew on a *de facto* basis.

The next issue before the court is whether Habib's withdrawal was improper and thus in violation of GRPC 1.16. It is clearly the intent of the legislature that an attorney have an obligation to protect his client's interest even upon the event of the attorney's withdrawal or termination of representation. GUAM RULES OF PROF'L CONDUCT R. 1.16(d) (1998). The Committee found Habib's withdrawal was improper because he gave untimely notice of withdrawal to his client, did not allow time for the hiring of new counsel, and did not "take steps . . . to protect [her] interest." Petitioner's Brief, p. 13.

Jacob ultimately appeared in court without the benefit of the legal assistance and expertise of her attorney of record. This unfortunate situation was the result of circumstances created solely by Habib. It was Habib who advised Jacob, practically on the eve of trial, that substitute representation should be retained. It was also Habib who failed to ensure that substitute counsel had indeed been secured for his client. Finally and perhaps most importantly, it was Habib who failed to appear at trial and perform the legal services for which he was retained.

Habib attempts to minimize responsibility for his deficient performance by contending that, although he should have been present at the trial, Gorman or Jacob should have informed him that Gorman opted not to represent Jacob as her attorney and that the court granted a continuance. However, this attempt does not bode well for Habib. A basic tenet of the attorney-client relationship is the fiduciary duty an attorney has to his client.

The attorney-client relationship is a fiduciary relation of the very highest character imposing on the attorney a duty to communicate to the client whatever information the attorney has or may acquire in relation to the subject matter of the transaction. "The essence of a fiduciary or confidential relationship is that the parties do not deal on equal terms, because the person in whom trust and confidence is reposed and who accepts the trust and confidence is in a superior position to exert unique influence over the dependent party."

Beery v. State Bar, 739 P.2d 1289, 1294, 43 Cal. 3d 802, 813 (1987) (internal citations omitted); see also Estate of Benavente v. Maquera, 2000 Guam 9, ¶ 15. Therefore, the affirmative duties to communicate and to ensure that a client is protected lie with the attorney that is engaged to perform legal services.

It may very well be true that if Gorman or Jacob had better communicated with Habib, he would have been present at trial. However, Habib provides no support for his implication that Gorman or Jacob had a duty to inform him of what transpired at the initial trial date. In fact, Habib admits that as attorney of

record, he remained responsible for the case until he either substituted out or was granted permission to withdraw by the court. Thus, all affirmative obligations lay with Habib. Because Habib suggested new counsel should replace him only two working days before trial, it was his duty to ensure that his client did in fact have substitute representation. We find that Habib's failure to show up for trial without even attempting to contact Gorman or Jacob to confirm his client was represented clearly violated GRPC 1.16(d). Habib failed to allow his client time to employ other counsel and to take reasonable steps to protect her interests.

B. Habib violated Guam Rule of Professional Conduct 1.1 by not providing competent representation to his client.

The Committee concluded after its review of the evidence that Habib did not provide Jacob competent representation in violation of GRPC 1.1. This rule provides that "[a] lawyer shall provide competent representation to a client. Competent representation requires the legal knowledge, skill, thoroughness, and preparation reasonably necessary for the representation." GUAMRULES OF PROF'L CONDUCT R. 1.1 (1998).

The Committee avers to several circumstances in support of its conclusion. First, the Committee points to Habib's untimely attempt to substitute counsel. Second, the Committee argues that Habib made little or no effort to ensure that Jacob retained alternative counsel or to reasonably protect Jacob's interests. Third, the Committee emphasizes that on the date of the trial, Habib did not appear in court for the scheduled trial. In essence, the Committee argues that Habib, as attorney of record, abandoned his client and abrogated his fiduciary duty to competently represent Jacob.

Habib, while conceding that he should have appeared at trial, asserts that his failure to appear violated his duty of diligent representation as expressed in GRPC 1.3. This rule provides that "[a] lawyer shall act with reasonable diligence and promptness in representing a client." GUAMRULES OF PROF'L CONDUCT R. 1.3 (1998). Thus, by alleging that Habib violated GRPC 1.1, Habib argues that the Committee relied on the wrong rule. Habib further argues that since he has a due process right to be charged with and defend the appropriate rule, the fact that the Committee relied on GRPC 1.1 when in fact the allegation appears to fall under GRPC 1.3 should be dispositive of this court's review.

The court disagree's with Habib's assertion. Reasonable diligence is the exercise of "a fair degree of diligence expected from someone of ordinary prudence under circumstances like those at issue." BLACK'S LAW DICTIONARY 468 (7th ed. 1999). Habib concedes that he violated his duty of diligence and promptness, as required by GRPC 1.3, by failing to appear at the trial. However, his failure to appear, although affirmed in other jurisdictions as a violation of diligence, does not negate the Committee's findings that Habib's legal representation of Jacob was not competent. The facts in this case reveal that Habib failed to competently represent his client in several respects beyond his failure to appear.

Habib acted without even a minimum level of professional skill when he told Jacob five days before trial that she should find another lawyer. The five days included a three-day weekend, which in effect provided Jacob with only two working days to find alternative representation. The gravity of the situation was compounded by the fact that Habib had been representing Jacob for eight years on the particular matter going to trial. In addition to the untimeliness of the attempted substitution, Habib failed to take even the most basic step of conducting a follow up to ensure his client had indeed secured substitute counsel. This failure followed by his non-appearance resulted in Jacob being abandoned at trial without any legal representation. In short, Habib's mishandling of the substitution process left his client's interests completely

1

3 4

unprotected.

5

6

7

8 9

10

11

12 13

14

15 16

17

18

19 20

21

22 23

24

25

26

27

28

A further shortcoming in Habib's representation of Jacob arises from his basis for seeking substitute

counsel. "An attorney must perform his duties to the best of his individual ability." Clark v. State, 246 P.2d

1, 4, 39 Cal.2d 161,167 (1952) (citation omitted). "When one hires an attorney to represent him in

litigation, that attorney has full charge of the case as far as procedure and remedy are concerned. He is

trained and skilled in the law. A client has no knowledge of procedure and intrusts this to the attorney he

employs." Duffy v. Griffin Co., 24 Cal. Rptr. 161, 167, 206 Cal. App. 2d 780, 791 (1962) (citation

omitted).

According to Habib, the primary reason he advised Jacob to obtain new counsel was because he believed the judge assigned the case bore hostile feelings towards him which would sway the outcome of the case. However, Habib failed to utilize the appropriate legal mechanisms available to prevent or rectify such a situation. Guam law provides for the disqualification of a judge that has bias or prejudice concerning

a party. Title 7 GCA § 6105 (1998). If a judge fails to recuse himself in accordance with this provision,

then an attorney may seek recusal of the judge or, at a minimum, create a record for later attack on the

judgment. Title 7 GCA § 6107 (1998). In addition, Title 7 GCA § 21501 provides in pertinent part:

The finding may be vacated and any other decision may be modified or vacated; in whole or in part; and a new or further trial granted on all or part of the issues, on the application of the party aggrieved, for any of the following causes, materially affecting the substantial rights of such parties:

- (1) Irregularity in the proceedings of the court, or any order of the court or abuse of discretion by which either party was prevented from having a fair trial . . .
- (4) Excessive damages appearing to have been given under the influence of passion or prejudice;
- (5) Insufficiency of the evidence to justify the finding or other decision, and that it is against the law

Title 7 GCA § 21501 (1998). And finally, Guam Rule of Civil Procedure 60(b)(6) provides that "[o]n motion and upon such terms as are just, the court may relieve a party or the party's legal representative from a final judgment, order, or proceeding for . . . any other reason justifying relief from operation of the judgment." Guam R. Civ. P. 60(b)(6).

These are but three of a number of legal procedures and mechanisms that Habib had at his disposal that would have allowed him to pursue a fair and just resolution to his client's cause without simultaneously jeopardizing her legal interests. Instead of relying on these more appropriate remedies, Habib opted to discontinue representing Jacob only two working days before trial. This court notes that Habib knew months in advance which judge was presiding over Jacob's trial. Thus, Habib's error is twofold. First, he failed to use his legal knowledge and skill to select the proper remedy for his client. Second, he failed to pursue the remedy he believed appropriate in a timely manner. Competence was noticeably absent from Habib's approach to what he perceived to be a serious legal hurdle.

Therefore, it is this court's finding that Habib failed to act competently. Specifically, Habib provided inadequate notice to Jacob to seek substitute counsel, he failed to ensure that alternate counsel had been obtained, he did not appear at a trial while still acting as counsel of record, he pursued an inappropriate remedy to a situation that ultimately left his client's interest unprotected, and he failed to adequately pursue the remedy he did adopt.

C. The discipline proposed by the Ethics Committee is appropriate.

The Committee recommended to this court that Habib's violation of GRPC 1.1 and 1.16 warranted the following discipline: (1) that Habib be suspended from the practice of law for one year, with all but sixty days thereof suspended pending performance of the remainder of the discipline imposed; (2) that Habib

Three Thousand One Hundred Ninety Five Dollars (\$3,195.00) in attorney's fees; and (4) that Habib be ordered to pay any future costs and attorney's fees incurred by the Committee in bringing this proceeding before the court.

Habib concedes that if this court determines he violated GRPC 1.1, he is willing to pay restitution to Jacob and the attorney's fees that the Committee incurred prosecuting this matter. Since this court found

be ordered to pay Jacob Four Thousand Dollars (\$4,000.00) as restitution for attorney's fees paid to him;

(3) that Habib be ordered to pay One Hundred One Dollars and Seventy Cents (\$101.70) in costs and

monetary sanctions. Thus, the primary concern here is whether the Committee's recommendation that Habib be suspended is appropriate.

a violation of GRPC 1.1, it hereby adopts the Committee's recommendations regarding the imposition of

Appropriate forms of attorney discipline are set forth in GRDA 12, which provides in pertinent part:

- (a) **Types of Discipline.** A violation of the Model Rules of Professional Conduct of the American Bar Association, statute, or Court rule shall be grounds for:
 - (1) disbarment;
 - (2) suspension for a time certain with automatic reinstatement;
 - (3) indefinite suspension with reinstatement upon petition as provided under Rule 20(b) of these rules unless timely objections are filed;
 - (4) public or private reprimand;
 - (5) imposition of a fine imposed by the Supreme Court;
 - (6) requirement that an attorney successfully pass the multi-state professional responsibility examination given by the board of law examiners the next time it is given or be suspended for a period set by the Supreme Court; or
 - (7) any combination of the above.
- (b) **Probation.** If the record discloses that a respondent can still perform legal services with proper supervision the Supreme Court in its discretion and under such conditions as it may specify, may impose probation or other conditions as a type of discipline by itself or may defer the effect of the discipline specified in Subparagraphs (1), (2), (3), or (4) of Paragraph (a) of this rule, in whole or in part, or the effect of an indefinite suspension imposed on account of incapacity under Rule 14, upon condition that the respondent accept probationary status for such time as the court may prescribe, and as the respondent faithfully fulfills all of the conditions thereof.

(c) **Restitution.** An attorney who has been disciplined under this rule may be ordered to make restitution. An order of restitution does not preclude damages being awarded by a court of competent jurisdiction.

GUAM RULES FOR THE DISCIPLINE OF ATTORNEYS R. 12 (1998). Furthermore, GRDA 10 provides for the recovery of costs and attorney's fees incurred by the Committee during a disciplinary proceeding. GUAM RULES FOR THE DISCIPLINE OF ATTORNEYS R. 10 (1998). Finally, Rule 9 of the Rules of the Guam Bar Ethics Committee Governing Discipline establishes the guidelines the Committee must follow in making its proposed disciplinary recommendations. Rule 9 states:

Rule 9: Factors to be Considered

- (a) The discipline to be imposed or recommended by the Committee shall depend upon specific facts and circumstances of a particular matter and shall be fashioned in light of the purpose of attorney discipline as set forth in Rule 1 and may take into account aggravating or mitigating circumstances.
- (b) In determining the nature and extent of the discipline to be imposed or recommended by it, the Committee shall consider:
 - (i) The seriousness and the circumstances of the offense;
 - (ii) The avoidance of repetition;
 - (iii) The deterrent effect upon others;
 - (iv) The maintenance of respect for the honor and dignity of the legal profession; and
 - (v) The assurance that those who seek legal services will be insulated from unprofessional conduct.
- (c) The respondent's lack of remorse, his failure to cooperate with the Committee in its investigation, his failure to voluntarily make restitution to those injured by his misconduct, his failure to acknowledge and recognize the seriousness of his violation, the extent of his breach of trust and his record of previous discipline are all factors which shall be viewed as "aggravating". On the other hand, circumstances present in a case may cause the Committee to be lenient, such as the willingness of the respondent to rectify the damage caused by the misconduct, contrition, inexperience, temporary mental aberration for which the respondent has sought treatment, and restitution prior to the filing of a complaint.

Rules of the Guam Bar Ethics Committee Governing Discipline R. 9 (1998) (emphasis added).

3

1

4 5 6

7 8

9 10

12

11

13 14

15

16

1718

19

2021

22

23

2425

26

2728

//

Guided by the above rules and principles, the court concludes that suspension of Habib is an appropriate remedy. The willful failure to perform legal services for which an attorney has been retained warrants disciplinary response. Finch v. State Bar, 621 P.2d 253, 256, 28 Cal.3d 659, 665 (1981). Such failure is serious misconduct. Lester v. State Bar, 551 P.2d 841, 843, 17 Cal. 3d 547, 551 (1976), In determining the appropriate degree of discipline, an attorney's prior disciplinary record can be considered. Davis v. State Bar, 655 P.2d 1276, 1287, 33 Cal.3d 231, 241 (1983); see also Rules of the Guam Bar Ethics Committee Governing Discipline R. 9(c) (1998). The principle concern of the Supreme Court in attorney disciplinary matters "is always the protection of the public, the preservation of confidence in the legal system, and the maintenance of the highest possible professional standard for attorneys." Guam Bar v. Maquera, 2001 Guam ,¶31; Franklin v. State Bar, 715 P.2d 699, 704, 41 Cal. 3d 700, 709 (1986) (citation omitted). Given Habib's two prior public reprimands and the seriousness of the present ethical violations, suspension in this case for a period of one year is both warranted and necessary. Additionally, this court is concerned by Habib's unfamiliarity with the ethical rules that bind all attorneys within the profession. In order to ensure that Habib is prepared to adequately and ethically represent his clients, the court further requires that Habib take and pass the Multi-state Professional Responsibility Examination prior to seeking reinstatement with the Committee.

IV.

In accordance with these findings, the court hereby finds that Habib violated GRPC 1.16 and 1.1 and **AFFIRMS** the Committee's findings. Furthermore, the court orders the following:

(1) Habib is hereby suspended from the practice of law for a period of one year effective immediately.

- (2) All but ninety (90) days of said suspension shall be suspended if Habib performs all the terms and conditions of this Order.
- (3) Habib shall pay Three Thousand One Hundred Ninety Five Dollars (\$3,195.00) in attorney's fees and One Hundred One Dollars and Seventy Cents (\$101.70) in costs to the Guam Bar Ethics Committee.
- (4) Habib shall pay Four Thousand Dollars (\$4,000.00) in restitution to Ms. Zenaida Jacobs.
- (5) Habib shall take and pass the Multi-State Professional Responsibility Exam prior to seeking reinstatement.
- (6) Habib shall comply with the provisions contained within Rule 18 of the Guam Rules for the Discipline of Attorneys.

Habib is hereby ordered to appear before this court at 10:00 a.m. on January 14, 2002, ninety (90) days after the effective date of this Order, for a status hearing to determine whether he has complied with the terms and conditions contained within this Order. Upon such determination by this court, the remaining term of Habib's suspension shall be thereafter suspended. Should Habib fail to comply with the aforementioned terms and conditions within the ninety (90) day period, the suspension shall remain in effect for one full year, at which time the court will set the matter for a status hearing to determine whether Habib has at that time complied with the terms and conditions, including the taking and passing of the MPRE within sixty (60) days of the termination of the one year period. Only upon order of this court shall Habib again be permitted to practice law in Guam.

BENJAMIN J. F. CRUZ Justice Pro Tempore

F. PHILIP CARBULLIDO Associate Justice

PETER C. SIGUENZA, JR.

Chief Justice