Supreme Court of New Jersey
Disciplinary Review Board
Docket No. DRB 20-201
District Docket Nos. XIV-2019-0553E
and XIV-2019-0607E

In the Matter of	:
Dianne E. Laurenzo	:
An Attorney at Law	:

Decision

Decided: March 31, 2021

To the Honorable Chief Justice and Associate Justices of the Supreme Court of New Jersey.

This matter was before us on a certification of the record filed by the Office of Attorney Ethics (the OAE), pursuant to R. 1:20-4(f). The formal ethics complaint charged respondent with having violated RPC 1.4(b) (two instances – failure to communicate with the client); RPC 1.15(a) and the principles set

forth in In re Wilson, 81 N.J. 451 (1979), and In re Hollendonner, 102 N.J. 21 (1985) (two instances – knowing misappropriation of entrusted funds); RPC 5.5(a)(1) (two instances – practicing law while suspended); RPC 8.1(b) (three instances – failure to cooperate with disciplinary authorities);[1] and RPC 8.4(c) (four instances – conduct involving dishonesty, fraud, deceit or misrepresentation).

For the reasons set forth below, we recommend to the Court that respondent be disbarred.

Respondent was admitted to the New Jersey bar in 2003 and to the New York bar in 2004. During the relevant times, she maintained an office for the practice of law in Rutherford, New Jersey.

Effective August 7, 2019, the Court temporarily suspended respondent for her failure to comply with the OAE's requests for information underlying an ethics grievance in another matter. In re Laurenzo, 239 N.J. 422 (2019). That matter proceeded by way of default and, on August 6, 2020, we determined to impose a reprimand on respondent for her failure to cooperate with the OAE's investigation. In the Matter of Dianne E. Laurenzo, DRB 19-400 (August 6,

[1] Due to respondent's failure to file an answer to the formal ethics complaint, the OAE amended the complaint to include the second RPC 8.1(b) charge.

2020). That decision is pending with the Court. To date, respondent remains temporarily suspended.

Service of process was proper. On May 28, 2020, the OAE sent a copy of the formal ethics complaint, by certified and regular mail, to respondent's home address of record. According to the United States Postal Service's tracking information, the certified mail was unclaimed. The regular mail was not returned to the OAE.

On June 30, 2020, the OAE sent a letter to respondent, by regular mail, at the same address, informing her that, unless she filed a verified answer to the complaint within five days of the date of the letter, the allegations of the complaint would be deemed admitted, the record would be certified to us for the imposition of discipline, and the complaint would be deemed amended to charge a willful violation of RPC 8.1(b). The regular mail was not returned to the OAE.

As of July 29, 2020, respondent had not filed an answer to the complaint, and the time within which she was required to do so had expired. Accordingly, the OAE certified this matter to us as a default.

We now turn to the allegations of the complaint.

On October 28, 2019, Russell C. Teitsma submitted a $38,000 claim to the New Jersey Lawyers' Fund for Client Protection (the CPF), alleging that

respondent had failed to disburse to him $38,000 in sales proceeds from a real estate transaction in which she had represented him. On November 1, 2019, the OAE received a grievance from Diana Pena, alleging that respondent had failed to disburse to her $6,000 in sales proceeds from a real estate transaction in which respondent had represented her. The OAE's investigation revealed the following facts.

The Russell Teitsma Matter (XIV-2019-0553E)

On July 8, 2019, Teitsma retained respondent to represent him in the sale of a residence in Little Falls, New Jersey. On July 19, 2019, Robert E. Corrado, Esq., the buyers' attorney, sent to respondent the buyers' $38,000 earnest money deposit, in the form of a cashier's check payable to "Dianne Laurenzo Trust Account."

On July 23, 2019, respondent deposited in her attorney trust account (ATA) the $38,000 check and a $1,000 check pertaining to an unrelated matter. Those deposits increased her ATA balance from $14.27 to $39,014.27.

Respondent immediately transferred $10,000 from her ATA to her attorney business account (ABA), reducing her ATA balance to $29,014.27 and

increasing her ABA balance from $1,294.54 to $11,294.54. Her ATA now had a $10,000 shortage in connection with the Teitsma escrow funds.

On July 25, 2019, respondent made two electronic payments, totaling $10,505.94, from her ABA, thus reducing the balance in that account to $788.60. One $9,200 payment was made to American Express; the other, in the amount of $1,305.94, was made to Blue Cross Blue Shield of New Jersey. Neither payment was connected to the sale of the Little Falls property.

On July 31, 2019, respondent deposited into her ATA a $1,000 real estate deposit from Amanda Dominguez, in another unrelated matter. This increased her ATA balance to $30,014.27, but the $10,000 shortage remained.

Guardian Title Services, LLC (Guardian Title) issued to respondent a $1,300 check and a $1,200 check, on August 2 and August 6, 2019, respectively, toward payment of earned legal fees. On each date, prior to depositing the checks, respondent transferred those funds from her ATA to her ABA, thereby reducing her ATA balance to $27,514.27, representing a total shortage of $12,500.

On August 5, 2019, respondent issued a $20,000 ATA check to Schepisi & McLaughlin, PA, with the notation "Andia from Gonzalez" on the memo line. At the time, respondent was not holding $20,000 in her ATA for the benefit of

this transaction. On August 12, 2019, the checked posted to respondent's ATA, reducing the balance to $7,514.27. Thus, as of that date, her ATA had a $32,500 shortage.

On August 13, 2019, respondent deposited in her ATA $7,500, comprising an additional $5,000 from Dominguez and the two Guardian Title checks. As of August 15, 2019, her ATA balance should have been $45,014.27, comprising $38,000 for Teitsma, $7,000 for Dominguez and the unrelated matter, and $14.27 in unidentified funds.[2] Yet, on that date, her ATA balance was just $15,014.27, representing a shortage of $30,000.

As noted above, on August 7, 2019, the Court temporarily suspended respondent from the practice of law. Pursuant to the terms of the Order of temporary suspension, on August 16, 2019, respondent's ATA and ABA were frozen.

Respondent failed to inform Teitsma of her temporary suspension. To the contrary, respondent represented him at the September 6, 2019 closing on the Little Falls property. On September 9, 2019, the title company wired to Teitsma $78,339.81, representing the proceeds of the sale. However, Teitsma did not

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[2] The deposit of the Guardian Title checks simply replenished the $2,500 respondent had disbursed against the checks, in early August, before she had deposited them.

receive the $38,000 deposit that respondent should have held in escrow. Neither Teitsma nor Corrado, the buyers' attorney, had granted respondent the authority to use the $38,000, which she was to hold as a deposit for the purchase of the Little Falls property. Respondent then ignored Teitsma's attempts to communicate with her about the status of the $38,000 deposit.

Based on the above facts, the complaint charged respondent with having violated RPC 1.15(a), RPC 8.4(c), and the principles of Wilson and Hollendonner by knowingly misappropriating entrusted funds when she failed to hold, inviolate, the deposit relating to the Teitsma transaction and, instead, used the monies for personal expenses and for other client matters; RPC 1.4(b), by failing to inform Teitsma of her temporary suspension and by ignoring his requests for information regarding the status of the $38,000 deposit; RPC 5.5(a)(1), by practicing law while suspended when she represented Teitsma at the September 6, 2019 closing; and RPC 8.4(c), by failing to inform Teitsma of her temporary suspension from the practice of law.

The Diana Pena Matter (XIV-2019-0607E)

Respondent represented Diana Pena in the sale of a residence in Hamilton, New Jersey. Although the real estate contract initially required the buyers'

attorney, Luke Lynch, Esq., to hold the deposit in escrow, respondent amended the contract to designate herself as escrow agent. Lynch agreed to that amendment on behalf of the buyers.

Accordingly, on June 28, 2019, Lynch sent to respondent a check representing the buyers' $6,000 deposit. On July 2, 2019, respondent's ABA balance was $20,897.83. On July 3, 2019, respondent deposited $12,200 (which included the buyers' $6,000 deposit) in her ABA, rather than her ATA, increasing the balance in her ABA to $33,097.83.

On July 3, 2019, respondent issued a $32,000 ABA check to James and Stephanie Bennett. On the same date, the check posted to her ABA, reducing the balance to $1,097.83. Thus, respondent invaded the $6,000 that she was required to hold intact in connection with the Pena transaction when she paid $32,000 to the Bennetts.

None of the transactions in respondent's ABA were attributable to Pena or the sale of the Hamilton property. Further, neither Pena nor Lynch, the buyers' attorney, had granted respondent the authority to use the $6,000, which she was to hold, inviolate, as a deposit for the purchase of the Hamilton property.

As in the Teitsma matter, respondent failed to inform Pena of her temporary suspension. To the contrary, respondent represented her at the August 19, 2019 real estate closing.

On August 22, 2019, respondent informed Pena that she could not access the $6,000 because the Court had frozen her ATA. On August 29, 2019, Pena asked respondent for an update on the frozen funds. Respondent replied that, within one week, she would submit a petition to lift the levy. Thereafter, she failed to file a petition to be reinstated to the practice of law or to vacate the freeze of her accounts.

On September 17, 2019, Pena asked respondent for another update on the $6,000 deposit. Respondent replied that, due to difficult personal circumstances, she would seek a personal loan to repay the $6,000. She then ignored Pena's subsequent attempt to obtain an update on the deposit. The complaint does not reveal whether respondent sought a loan.

On September 27 and October 8, 2019, Pena attempted to contact respondent regarding an issue with the title company. Respondent failed to reply to Pena's communications.

Based on the above facts, the complaint charged respondent with having violated RPC 1.15(a), RPC 8.4(c), and the principles of Wilson and

Hollendonner, by knowingly misappropriating entrusted funds when she failed to hold, inviolate, Pena's funds and, instead, utilized the monies for another client matter, without Pena's consent or permission; RPC 1.4(b), by failing to inform Pena of her temporary suspension and by ignoring her requests for information regarding the status of the $6,000 deposit and the title company issue; RPC 5.5(a)(1), by practicing law while suspended when she represented Pena at the August 19, 2019 closing; and RPC 8.4(c), by failing to inform Pena of her temporary suspension from the practice of law.

The Failure to Cooperate Charges

In both complaints, the OAE charged respondent with failure to cooperate in its investigation of the Teitsma and Pena matters. Specifically, in the Teitsma matter, on December 3, 2019, and January 9, 2020, the OAE sent a copy of Teitsma's CPF claim to respondent, via certified and regular mail, and directed her to submit a written reply by December 19, 2019 and January 21, 2020, respectively. The certified letters were returned, on January 3 and February 12, 2020, marked "unclaimed." The regular mail was not returned. Respondent failed to reply to either letter.

In the Pena matter, on December 11, 2019, and January 10, 2020, the OAE sent a copy of Pena's grievance to respondent, via certified and regular mail, and directed her to provide a written reply by January 2 and January 22, 2020, respectively. The certified letters were returned on March 4 and February 13, 2020, marked "unclaimed." The regular mail was not returned. Respondent failed to submit a written reply to the grievance.

On January 29, 2020, in connection with both matters, the OAE attempted to reach respondent by telephone, but she did not answer the call. The OAE left a voicemail message, directing respondent to contact the OAE immediately. Respondent failed to return the call.

Also on January 29, 2020, the OAE sent an e-mail to respondent's personal and business e-mail addresses of record, directing her to contact the OAE immediately. The e-mail sent to respondent's business e-mail address was returned as undeliverable. The e-mail to her personal account was not returned. Respondent failed to contact the OAE.

On February 4 and 11, 2020, in connection with both matters, the OAE sent final letters to respondent, via certified and regular mail, outlining its attempts to contact her and requesting an immediate response. On March 4 and

9, 2020, the certified letters were returned, marked "unclaimed." The letters sent by regular mail were not returned. Respondent failed to reply to the letters.

The OAE, thus charged respondent with having twice violated RPC 8.1(b), based on her failure to reply to the OAE's lawful demands for information, and with having violated the Rule a third time by her failure to reply to the formal ethics complaint.

We find that the facts recited in the complaint support the charges of unethical conduct. Respondent's failure to file an answer to the complaint is deemed an admission that the allegations are true and that they provide a sufficient basis for the imposition of discipline. R. 1:20-4(f)(1).

Respondent violated RPC 1.4(b) in both the Teitsma and Pena matters by ignoring her clients' requests for information about the status of the real estate deposits and by failing to inform them that she had been suspended from the practice of law. Further, by representing Teitsma and Pena at their respective real estate closings, after she had been temporarily suspended, respondent twice violated RPC 5.5(a)(1).

In addition, respondent violated RPC 8.1(b), by failing to reply to the OAE's request for information pertaining to Teitsma's CPF claim and by failing

to reply to Pena's grievance. She violated the Rule a third time by failing to file an answer to the ethics complaint.

Respondent's failure to inform her clients that she was suspended, and, thus, unable to represent them, was a misrepresentation by silence, in violation of RPC 8.4(c). Crispin v. Volkswagenwerk, A.G., 96 N.J. 336, 347 (1984) (sometimes "silence can be no less a misrepresentation than words").

In both the Teitsma and Pena matters, respondent knowingly misappropriated escrow funds, in the form of the respective earnest money deposits. In Wilson, the Court described knowing misappropriation of client trust funds as follows:

> Unless the context indicates otherwise, 'misappropriation' as used in this opinion means any unauthorized use by the lawyer of clients' funds entrusted to him, including not only stealing, but also unauthorized temporary use for the lawyer's own purpose, whether or not he derives any personal gain or benefit therefrom.
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> [In re Wilson, 81 N.J. 455 n.1.]

Six years later, the Court elaborated:

> The misappropriation that will trigger automatic disbarment under In re Wilson, 81 N.J. 451 (1979), disbarment that is 'almost invariable' . . . consists simply of a lawyer taking a client's money entrusted to him, knowing that it is the client's money and knowing that the client has not authorized the taking. It makes

> no difference whether the money is used for a good purpose or a bad purpose, for the benefit of the lawyer or for the benefit of others, or whether the lawyer intended to return the money when he took it, or whether in fact he ultimately did reimburse the client; nor does it matter that the pressures on the lawyer to take the money were great or minimal. The essence of Wilson is that the relative moral quality of the act, measured by these many circumstances that may surround both it and the attorney's state of mind, is irrelevant: it is the mere act of taking your client's money knowing that you have no authority to do so that requires disbarment . . . . The presence of 'good character and fitness,' the absence of 'dishonesty, venality or immorality' – all are irrelevant.
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> [In re Noonan, 102 N.J. 157, 159-60 (1986).]

Thus, to establish knowing misappropriation, the presenter must produce clear and convincing evidence that the attorney used trust funds, knowing that they belonged to the client and knowing that the client had not authorized him or her to do so.

This principle also applies to other funds that the attorney is to hold inviolate, such as escrow funds. In re Hollendonner, 102 N.J. 21 (1985).

In Hollendonner, the Court extended the Wilson disbarment rule to cases involving the knowing misappropriation of escrow funds. The Court noted the "obvious parallel" between client funds and escrow funds, holding that "[s]o akin is the one to the other that henceforth an attorney found to have knowingly

misused escrow funds will confront the [Wilson] disbarment rule . . . ." In re Hollendonner, 102 N.J. at 28-29.

Respondent agreed to hold in her ATA, inviolate, the real estate deposits in both the Teitsma and Pena matters. The deposits were escrow funds, in which the buyers and sellers (and, potentially, lenders) had an interest. Without the consent of all interested parties, respondent was prohibited from using the deposits for any purpose other than the real estate transactions. Despite her fiduciary obligations as an attorney and as an escrow agent, respondent dissipated and failed to properly disburse these monies, without authorization from her clients or third parties.[3] Accordingly, she knowingly misappropriated both the $38,000 Teitsma and the $6,000 Pena real estate deposits.

In sum, the allegations of the complaint clearly and convincingly support the charges of RPC 1.4(b) (two instances), RPC 5.5(a)(1) (two instances), RPC 8.1(b) (three instances), and RPC 8.4(c) (four instances). The allegations also clearly and convincingly establish that respondent knowingly misappropriated $44,000 in escrow funds, constituting two violations of RPC 1.15(a), RPC 8.4(c), and the principles set forth in Wilson and Hollendonner.

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[3] Regarding the $38,000 deposit in the Teitsma matter, respondent clearly dissipated $30,000. She never accounted for the remaining $8,000. She simply failed to disburse to Teitsma any portion of the full $38,000 deposit.

Respondent knowingly misappropriated escrow funds in two client matters. Disbarment, thus, is the only appropriate sanction, pursuant to the principles set forth in Wilson and Hollendonner. Therefore, we need not address the appropriate quantum of discipline for respondent's additional ethics violations.

We further determine to require respondent to reimburse the Disciplinary Oversight Committee for administrative costs and actual expenses incurred in the prosecution of this matter, as provided in R. 1:20-17.

Disciplinary Review Board
Bruce W. Clark, Chair

By: _____
Johanna Barba Jones
Chief Counsel

SUPREME COURT OF NEW JERSEY
DISCIPLINARY REVIEW BOARD
VOTING RECORD

In the Matter of Dianne E. Laurenzo
Docket No. DRB 20-201

Decided: March 31, 2021

Disposition: Disbar

Members	Disbar	Recused	Did Not Participate
Clark	X		
Gallipoli	X		
Boyer	X		
Hoberman	X		
Joseph	X		
Petrou	X		
Rivera	X		
Singer	X		
Zmirich	X		
Total:	9		

Johanna Barba Jones
Chief Counsel