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October 26, 2023

VIA CERTIFIED, REGULAR, AND ELECTRONIC MAIL

Karim K. Arzadi, Esq.
c/o Joseph J. Benedict, Esq.
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247 Livingston Avenue
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Re: **In the Matter of Karim K. Arzadi**
Docket No. DRB 23-169
District Docket No. VIII-2021-0010E
LETTER OF ADMONITION

Dear Mr. Arzadi:

The Disciplinary Review Board has reviewed your conduct in the above matter and concluded that it was improper. Following a review of the record, the Board determined to impose an admonition for your violation of RPC 1.16(a)(3) (failing to withdraw from the representation despite being discharged by the client) and RPC 1.16(d) (failing to protect a client's interest upon termination of the representation).

Specifically, Jimmy West retained you, in July 2019, to represent him in connection with claims based on injuries he had sustained during an automobile

accident. You and West then entered into a contingent fee agreement for the representation.

West, who had been driving for Uber at the time of the accident, was covered, through Uber, by a motor vehicle insurance policy issued by Allstate Insurance Company. Accordingly, in August 2020, you filed a complaint on West's behalf against Allstate and the driver of the other vehicle, who was insured by GEICO.

By October 2020, GEICO had agreed to settle the matter. On December 8, 2020, West received from your firm a check for his share of the settlement proceeds (the settlement amount, minus your legal fee and costs). Due to a clerical error, the first check provided to West was unsigned. Your firm arranged for West to receive a signed replacement check on the same date.

On December 9, 2020, West sent a message expressing dissatisfaction with your representation, requesting his file, and stating, "I'm done!" The following day, your office wrote to West, acknowledging that he had terminated the representation. Subsequently, West – now acting pro se – pursued negotiations with Allstate regarding his claim for underinsured motorist (UIM) coverage.

On January 5, 2021, an Allstate representative informed West, via e-mail, that "[y]our attorney informed that he is still representing you and has a lien on the file so we can not settle the claim with you directly." You later testified that you actually had told the representative that you no longer represented West; never used the word "lien" in any communication with Allstate about West's matter; and never asserted a lien against any potential Allstate settlement relating to West's claims.

On January 6, 2021, your legal secretary prepared and sent to West a document with heading "SUBSTITUTION OF ATTORNEY WITH STIPULATION AS TO FEES," accompanied by a cover letter requesting that West sign and return the form for filing with the court. The substitution form stated, in relevant part:

PLEASE TAKE NOTICE that the following substitution of attorney shall be subject to the following

terms and conditions by and between the superseding attorney and the withdrawing plaintiff:

1. Should the attorneys and the withdrawing plaintiff be unable to agree upon distribution of legal fees, then the total legal fee shall be held in a [sic] Escrow Account until such time that a Middlesex County Superior Court Judge or arbitrator determines the proper and fair fee apportionment.

[JE2.]¹

After you instructed your legal secretary to send West the form, you did no other work on the matter. However, another attorney at your firm (Ernest Blair, Esq.) continued to have some contact with West.

Also on January 6, 2021, apparently after receiving the substitution form, West sent messages, via e-mail, to your legal secretary and to Blair, proposing ways to come to an agreement about the fees. He wrote to your secretary that he did so because he was under the impression that “[t]he paperwork said we have to come [to] an agreement.” West did not sign the substitution form, nor did he inform you or anyone at your firm that he would not do so.

On March 9, 2021, the trial court dismissed, without prejudice, West’s complaint against Allstate due to failure to prosecute. Although the court had issued a Notice of Dismissal Warning sixty days earlier, your firm did not provide this notice to West until March 8, the day before the dismissal.

As a threshold matter, the Board found no merit to your contention that you were denied due process because West’s grievance did not contain the allegations that were contained in the complaint and thus, in your view, the District Ethics Committee violated Rule 1:20-3(g)(2)² by issuing the complaint before providing you notice and opportunity to respond to allegations therein.

¹ “JE1” through “JE14” refer to the joint exhibits admitted during the hearing conducted before the District Ethics Committee on September 22 and November 2, 2022.

² Rule 1:20-3(g)(2) provides that “[n]o disposition other than dismissal, declination or designation as untirable shall be taken without first notifying the respondent in writing of the substance of the matter and affording the respondent an opportunity to respond in writing.”

You received West's grievance and opportunity to respond in writing, as Rule 1:20-3 requires. The complaint, in turn, satisfied Rule 1:20-4(b), which requires that "the complaint shall set forth sufficient facts to constitute fair notice of the nature of the alleged unethical conduct, specifying the ethical rules alleged to have been violated." You then had a full and fair opportunity to prepare a defense against those allegations, and to present such a defense at the ethics hearing, in accordance with In re Roberson, 210 N.J. 220 (2012).

Turning to the alleged RPC violations, the Board determined that you violated RPC 1.16(a)(3), which provides that an attorney "shall withdraw from the representation of a client if . . . the lawyer is discharged." You failed to withdraw from the representation of West after he discharged you.

The fact that West did not sign your firm's offered substitution of attorney did not excuse your failure to properly terminate the representation. RPC 1.16(a)(3) makes clear that the duty to withdraw lies with the attorney. Even if, as you argued, you expected to be contacted by another attorney on West's behalf prior to January 5, 2021 (when you learned that West sought to undertake negotiations pro se), you had no reason, thereafter, to continue waiting, while two months passed, to file a motion to be relieved as counsel. This is especially so in light of the court's January 9, 2021 notice that the matter would be dismissed for lack of prosecution on March 9. Absent any communication from you to the court, you remained attorney of record, yet, you did nothing to prevent the dismissal.

The Board noted your argument that the type of substitution form sent by your firm to West was used in "common practice." However, the issue in this matter is not whether, in other cases, a combined substitution of counsel and stipulation regarding fees may be entered into by agreement of the parties. Here, you never had West's consent to the escrow arrangement that you included in the substitution form.

Simply put, you never sent West a required substitution of attorney. The document you sent, as stated in its caption and clear from its contents, was a "substitution of attorney with stipulation as to fees." The stipulation as to fees was unnecessary to the substitution. Furthermore, when West did not return the signed form, you had an obligation, by both Court Rule and RPC, to timely withdraw.

You likewise failed to protect West's interest upon termination, in violation of RPC 1.16(d), by remaining counsel of record after West discharged you. More than three weeks after being terminated by West, you sent him a legal document with a stipulation that no one from your firm explained to him, and instructions to sign the form so that it could be presented to the court to enable him to proceed pro se. Moreover, you failed to timely alert him, in January 2021, that the court had scheduled his matter for dismissal sixty days later. In the interim, he could not negotiate with Allstate, because you remained attorney of record. Subsequently, his matter was dismissed for failure to prosecute.

In imposing only an admonition, the Board accorded mitigating weight to the fact that West ultimately did not suffer harm from your misconduct, because the litigation was dismissed without prejudice, and the statute of limitations did not expire during the events at issue.

Your conduct has adversely reflected not only on you as an attorney but also on all members of the bar. Accordingly, the Board has directed the issuance of this admonition to you. R. 1:20-15(f)(4).

A permanent record of this occurrence has been filed with the Clerk of the Supreme Court and our office. Should you become the subject of any further discipline, this admonition will be taken into consideration.

We have also directed that the costs of the disciplinary proceedings be assessed against you. An invoice of costs will be forwarded to you under separate cover.

Very truly yours,

/s/ Timothy M. Ellis

Timothy M. Ellis
Chief Counsel

TME/res
Enclosures

c: (w/o enclosures)

Chief Justice Stuart Rabner

Associate Justices

Heather Joy Baker, Clerk

Supreme Court of New Jersey

Hon. Maurice J. Gallipoli, A.J.S.C. (Ret.), Chair

Disciplinary Review Board (via e-mail)

Johanna Barba Jones, Director

Office of Attorney Ethics (via e-mail and interoffice mail)

Ryan J. Moriarty, Acting Statewide Ethics Coordinator

Office of Attorney Ethics (via e-mail)

Leslie A. Koch, Esq., Chair

District VIII Ethics Committee (via e-mail)

Barry J. Muller, Esq., Secretary

District VIII Ethics Committee (via e-mail and regular mail)

Jordan B. Rickards, Esq., Presenter

District VIII Ethics Committee (via e-mail)

Mr. Jimmy West, Grievant (via regular mail)