

Daily Journal

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TOP VERDICTS OF 2012

TOP PLAINTIFFS' VERDICTS BY IMPACT

Sabadia v. Holland & Knight

S*abadia v. Holland & Knight* illustrates that no matter how airtight a law firm's ethics policies, they don't mean a thing unless individual lawyers follow them.

Holland & Knight billed more than \$1 million acting as counsel on a variety of real estate investments in Georgia and Florida in the 2000s by Orange County resident Rahim Sabadia and his family via real estate promoter M. Shi Shailendra.

But when the financial markets went south around 2008, Shailendra was discovered to be operating a Ponzi scheme, and Sabadia lost his entire \$15 million cash investment. He and his family were additionally exposed to another \$20 million in loan guaranty liability.

Sabadia claimed Holland & Knight was responsible for his loss because it didn't properly advise him of the riskiness of his investments. The firm responded that it represented only Shailendra and never had an attorney-client relationship with Sabadia, even though it put in writing several times in real estate agreements that it

CASE INFO

Fraud, legal malpractice

Los Angeles County Superior Court Judge Susan Bryant-Deason

Plaintiffs' attorneys:

Enenstein & Ribakoff APC, David Z. Ribakoff; Law Offices of Michelle J. Correll, Michelle J. Correll

Defense attorneys:

Klinedinst PC, John D. Klinedinst, Carey L. Cooper



DAVID Z. RIBAKOFF

represented both Shailendra and Sabadia. A jury found the firm liable for Sabadia's full damages.

According to the plaintiffs' expert witness, Holland & Knight's policies on conflicts of interests, joint client representations and informing nonclients that the firm was not their representative met the legal standard of care. The problem, they said, was that a Holland & Knight partner in Atlanta responsible for the engagements in question wasn't

aware of the firm's rules.

"The verdict should teach all law firms the importance of implementing and enforcing risk management procedures by educating their attorneys or even making them take a test," said plaintiffs' lead counsel David Z. Ribakoff. "Holland & Knight even had a form 'I'm not your lawyer' letter, but it was never used. If internal policies had been followed, that would have saved them."

— Jean Yung