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===== Start of Answer #3 (1063 words) =====

1. a. Alice's ethical violations regarding the discovery extensions

Even though a lawyer is required to respect her client's decision in some matters in litigation, a lawyer is the one who makes the decision in legal procedures, including discovery extension.

Attorney has a duty to cooperate with the opposing party and must have a discussion about the discovery extension with her client and find out other possible ways.

1. b. Alice's ethical violations regarding the physician's note

Duty of honesty

A lawyer should not engage in any conduct involving dishonesty, deceit, fraud or misrepresentation.

Here, Sid was trying to tell a lie to the other party and ALice should have advised him to discontinue this conduct. Facts state that ALice did not do anything in response. Alice committed ethical violation.

Duty to communicate

A lawyer must keep the client informed. Alice should have informed her client about what she thought about his intent and advised him to find other resolution.

1. c. Alice's ethical violations regarding the Chipco tender offer

Duty of loyalty

A lawyer owes a duty of loyalty to her client and must avoid conflict of interest and must act in the best interest of her client.

Concurrent conflict of interest

A concurrent conflict of interest exists if there is a significant risk that the lawyer's representation of a client will be materially limited by the lawyer's personal interest or the interest of the other client or the third person.

Under ABA Rules, a lawyer can still represent a client despite the conflict of interest if (1) she reasonably believes that she can provide effective and competent representation to each affected client; and (2) each affected client gives informed consent in writing.

Under California Rules, there is no "reasonable person standard" and the rule applies to both potential and actual conflicts. California Rules only requires written disclosure arising from the lawyer's prior relationships or personal interest to the affected clients.

Here, Alice represented Sid and should have acted in the best interest of Sid. However, she used the information about Sid's tender offer for Chipco obtained in the course of her representation of Sid. She then used this information to purchase 10,000 Chipco shares to gain her own profits, which affected Sid's interest in the deal adversely because Sid later had to pay additional \$1 million.

Under ABA Rules, Alice should have informed Sid about her intent to purchase the Chipco stocks and get his informed consent in writing.

Under CA Rules, Alice should have disclosed her conflicts of interest by writing

to Sid.

Mandatory withdrawal

Under ABA Rules, if the lawyer's representation is likely to result in violation of Rules of Professional Conduct, breach of duty of loyalty based on conflict of interest in this case, the lawyer **MUST** withdraw.

Here, Alice should have withdrawn from representation of Sid when she realized that there was a conflict of interests between her personal interest and Sid's interest.

2. What claims, if any, does Sid have against Alice, AB Law, and Bob?

Sid's claim against Alice

Unlike general partnership, unlike limited liability partnership, partners are divided into limited partners and general partners. General partners are the ones who manages and controls the partnership. Limited partners are the ones that do not participate in the operation of the business but has made contributions to the partnership and have ownership of the interest in the partnership. While general partners are personally liable for all partnership liabilities, limited partners assume limited liabilities.

As this limited liability partnership was a law firm and Alice was a lawyer, it is very likely that Alice is a general partner of this partnership and is personally liable for the partnership liabilities.

Sid may first bring an action against Alice to recover the price he had to pay, \$1

million as a result of Alice's purchase and sale of Chipco shares.

Sid will argue that Alice as an individual must disgorge the profit that she obtained and be liable for the loss he incurred. As a lawyer for Sid, Alice was in fiduciary relationship with Sid and should have acted in the best interest of Sid, putting Sid's interest before her personal interest.

Alice failed to perform this fiduciary duty as Sid's lawyer and Sid will be able to hold Alice liable for either the loss of \$1 million or disgorge her profit of \$200,000.

Sid's claim against AB Law

Partnership is an association of two or more people carrying on as co-owners of business for profit.

Here, AB Law was a limited liability partnership. Characteristics of partners are discussed above. With respect to the liabilities, limited liability partnerships differ from general partnership as general partners are personally liable for the partnerships liabilities, while limited partners are not.

Limited liability partnership is subject to general partnership principles in dealing with its liabilities.

Here, AB Law will argue that Alice's gaining the profit of \$200,000 was her personal action and thus AB Law should not be liable for that. However, as an agent of AB Law, Sid will claim that AB Law is also liable for its agent's misconduct that caused serious loss to the partnerships client.

Under agency principle, principal is vicariously liable for the agent's tortious conduct if (1) the agent committed the tort within the scope of agency; or (2) the principal authorized the conduct.

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AB Law will argue that as it did not authorize Alice to buy the Chipco shares. AB Law will also argue that Alice's conduct was not within the scope of agency as Alice was a lawyer in a law firm and the scope of agency was to practice law, not to purchase stocks.

Sid is not likely to prevail in this claim.

Sid's claim against Bob

Here, facts do not state whether Bob is a lawyer or an employee. If Bob is a lawyer as Alice, he is also a general partner as he is participating in the operation of the law firm business. If Bob is not a lawyer and just an employee, Bob is neither general partner or limited partner.

If Bob is not an employee and non-lawyer but a partner, it is an ethical violation as lawyers cannot enter into partnerships with non-lawyer professionals.

Therefore, if Bob is a lawyer and a general partner, he is personally liable for the partnerships liabilities and Sid can bring an action against Bob.

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