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8 THE STATE BAR COURT
9 OF THE STATE BAR OF CALIFORNIA
10 HEARING DEPARTMENT - LOS ANGELES
11
12

13 In the Matter of) Case Nos. 09-O-17017, 09-O-17019,
14 JAMES MAZI PARSA) 09-O-17020, 09-O-17021, 09-O-17019,
15 No. 153389) 09-O-17023, 09-O-17030, 09-O-17130,
16 A Member of the State Bar) 09-O-17146, 09-O-17202, 09-O-17274,
17) 09-O-17615, 09-O-17774, 09-O-17776,
18) 09-O-17841, 09-O-17844, 09-O-17849,
19) 09-O-17915, 09-O-17926, 09-O-17929,
20) 09-O-18024, 09-O-18032, 09-O-18036,
21) 09-O-18122, 09-O-18123, 09-O-18127,
22) 10-O-00261, 11-O-14104, 11-O-14105,
23) 11-O-14106, 11-O-14108, 11-O-14109,
24) 11-O-14111, 11-O-14112, 11-O-14113,
25) 11-O-14114, 11-O-14115, 11-O-14116,
26) 11-O-14117, 11-O-14122, 11-O-14250,
27) 11-O-15275, 11-O-16832, 11-O-18498,
28) 11-O-18833, 12-O-11880, 12-O-14066,
14-O-00302, 14-O-00445

RESPONSE TO FIRST AMENDED
NOTICE OF DISCIPLINARY CHARGES



JURISDICTION

Paragraph 1: James Mazi Parsa ("Respondent") admits that he was admitted to the practice of law in California on June 14, 1991, was a member of the State Bar of California at all times pertinent to these charges, and is currently a member of the State Bar.

INTRODUCTION

Relevant to the allegations of the First Amended Notice of Disciplinary Charges ("FANDC"), Respondent has been ineligible to practice law since October 16, 2009, when he was placed on interim suspension for a then eight year old misdemeanor conviction, and the same day submitted his resignation with charges pending to the State Bar.¹ The State Bar received the resignation for processing, and then held it until June 2011, when it recommended to the Supreme Court that the resignation should be rejected. The Supreme Court then rejected the resignation and directed the State Bar to set a trial on the conviction matter for which Respondent remained on interim suspension. A trial date was set on the conviction matter (Case No. 09-C-12545), and in or about August 2011, the State Bar filed an additional Notice of Disciplinary Charges (Case No. 11-O-17317) based on allegations that Respondent had violated Rule 9.20, California Rules of Court; these cases were consolidated for trial.

The Notice of Disciplinary Charges in case No. 11-O-17317, alleged, essentially, that Respondent "falsely attested in two rule 9.20 compliance declarations that he had notified all of his clients of his suspension" when, "[i]n fact eight (8) out of his approximately 4,500 clients had not received notice"². The trial on the consolidated cases was held over four days in April and June 2012, and seven of the eight clients who claimed not to have received the required Rule 9.20 notice from Respondent, testified. At least five (5) of these clients who testified then are now included in

¹ See the Review Department's unpublished Opinion in *In the Matter of James Mazi Parsa*, Case Nos. 09-C-12545; 11-O-17317 (Cons.), filed August 8, 2013, pages 5 and 6. The Opinion is available to review on the State Bar's website.

² *Ibid*, page 1.

1 this FANDC, namely, Glen Boyer (Counts 67 through 71), Rufus DeRouen, (Counts 72 and 73),
2 Jesus De Dios (Counts 80 through 82), Xiao Liu (Counts 100 and 101) and Debbie Ziska (Counts
3 102 and 103).

4 The Hearing Judge in that proceeding found that Respondent had:

5 “intentionally or with gross negligence made false statements on his rule 9.20
6 declarations and that these acts of moral turpitude, combined with the circumstance
7 of the misdemeanor convictions, warranted his disbarment.”³

8 Respondent sought review of the Hearing Judge’s Decision, and the Review Department.

9 *inter alia*, found that:

10 “the record does not establish by clear and convincing evidence that Parsa
11 intentionally or with gross negligence misrepresented on his rule 9.20 declarations
12 that all of his clients had been notified of his suspension. Accordingly, we reverse
13 the hearing judge and dismiss the rule 9.20 matter (case number 11-O-17317)
14 with prejudice.”⁴

15 The Review Department then recommended that the conviction matter (case number 09-C-
16 17317) warranted a two year period of actual suspension, and that Respondent should be given
17 credit for the period of his interim suspension, then almost four (4) years in duration; however, the
18 Review Department also recommended that the suspension continue until Respondent satisfies the
19 conditions of standard 1.4(c) (ii).⁵ The August 8, 2013, Opinion of the Review Department was
20 appealed by the State Bar to the Supreme Court, and its petition for review was denied by the
21 Supreme Court in July 2014; the court adopted the Review Department’s recommendations.

22 It was only after this denial that the State Bar, for the first time, contacted Respondent about
23 its investigation of the complaints contained in the FANDC, all of which concern events occurring
24 in the Fall of 2009.

25
26

Ibid.

27 *Ibid.*, page 2.

28 *Ibid.*

1 On October 22, 2009, with Respondent's full cooperation, the State Bar assumed jurisdiction
2 over Respondent's law practice pursuant to Business and Professions Code section 6180, *et seq.*,
3 and the order of the Orange County Superior Court. The State Bar thereby obtained control and
4 possession of, *inter alia*, all client files and law office bank accounts, with the proviso that the State
5 Bar would, *inter alia*, act promptly to protect each client's interests and refund fees to clients from
6 the law office bank accounts. However, despite these orders, it appears that, even to this day, more
7 than five years after the assumption of Respondent's law practice, no client has received any fee
8 refund, or accounting of fees, or even notice from the State Bar that it seized Respondent's bank
9 accounts, and had a duty, pursuant to court order, to appoint a receiver to handle client fee refund
10 claims.
11

12 Nor has the State Bar ever advised Respondent of what monies were in the six bank
13 accounts seized by the State Bar in October 2009, and whether any of those monies have been
14 disbursed to the rightful owners.
15

16 At issue in this proceeding, *inter alia*, is whether the State Bar's apparent, and on-going,
17 failures to obey the very Superior Court orders it sought and obtained against Respondent on
18 October 22, 2009, when assuming jurisdiction over his law practice under the provisions of
19 Business and Professions Code sections 6180, *et seq.*, were the reason why the clients named in the
20 FANDC have not received any refund of the fees they paid to Respondent's office even though the
21 State Bar has had control over all six of Respondent's law office accounts, including client trust
22 accounts, and the monies therein, since that order was issued.
23

24 Furthermore, we contend that all of the 2009 (designated "09") counts in the FANDC were
25 not the result of Respondent's alleged misconduct toward these clients, but occurred because of the
26 failure of the State Bar to clearly explain to these clients in 2009, or at any subsequent time, that the
27 State Bar had assumed jurisdiction over Respondent's law practice in October 2009, with the duty
28

1 to, *inter alia*, protect the interests of each client, including determining whether a fee refund was
2 due them from the monies held by the State Bar in the six bank accounts seized from Respondent.

3 We further contend that all of the 2011 (designated "11") counts in the FANDC were
4 solicited by the State Bar in 2011, in order to locate former clients who would testify in support of
5 the charges that Respondent violated Rule 9.20 in case No. 11-O-17317, described, *supra*.

6 Moreover, we contend that, like the 2009 counts, they were not the result of Respondent's alleged
7 misconduct toward these clients, but occurred because of the State Bar's contacting them in 2011,
8 and failing to clearly explain to them, at that time or subsequently, that the State Bar had assumed
9 jurisdiction over Respondent's law practice in October 2009, with the duty to, *inter alia*, protect the
10 interests of each client, including determining whether a fee refund was due them from the monies
11 held by the State Bar in the six bank accounts seized from Respondent.
12

13 We further contend that the two 2012, and two 2014, counts in the FANDC resulted from
14 the same causes as all of the other counts, described, *supra*.
15

16 We further assert the defense of laches in response to the FANDC because of the passage of
17 time since the events alleged in the FANDC occurred without the State Bar pursuing prosecution of
18 any of these allegations until now, and the fear that the State Bar has failed to preserve evidence in
19 this matter, namely the client files it acquired when it assumed jurisdiction of Respondent's law
20 practice.
21

22 **FURTHER RESPONSE TO THE ALLEGATIONS OF THE**
FIRST AMENDED NOTICE OF DISCIPLINARY CHARGES

23 Respondent denies all allegations of misconduct in this FANDC, set forth in Counts 1
24 through 121, and contends that all of these allegations of misconduct should be dismissed.
25

26 Moreover, there are significant facts and circumstances regarding the filing of these charges
27 which are not mentioned in the FANDC, although they are directly relevant to the issue of whether
28

1 Respondent is culpable of any misconduct in this proceeding. In this regard, we contend that the
2 following facts and circumstances constitute a complete defense to all of the charges in the FANDC.

3 In 2009, Respondent had a large and successful law practice which primarily handled loan
4 modification cases, and related matters, on behalf of its clients. At the time of the events alleged in
5 the FANDC, Respondent had approximately 4,500 such clients and a large staff of approximately
6 100 employees, including several attorneys working for him.⁶ However, on September 17, 2009,
7 the Review Department filed its interim suspension order against Respondent based on a eight year
8 old misdemeanor conviction which the Review Department classified as a crime involving moral
9 turpitude per se. This came as a surprise to Respondent, and he retained counsel to file a motion to
10 oppose the interim suspension order. Eventually, the decision was made not to oppose the interim
11 suspension order, and it became effective on October 16, 2009. On the same day, Respondent
12 tendered his resignation from the State Bar with charges pending, even though the conviction matter
13 would not have, and did not, result in his disbarment.⁷
14
15

16 The State Bar received Respondent's resignation and immediately used it, and with
17 Respondent's full cooperation at the time, including his providing his declaration to the State Bar, to
18 support the State Bar's position in its petition in the Orange County Superior Court filed October 20,
19 2009, to assume jurisdiction over Respondent's law practice. On that date, the State Bar filed a
20 "Petition And Verified Application For Assumption Of Jurisdiction Over The Law Practice Of
21 James M. Parsa, Et Al.; Memorandum Of Points And Authorities; Declarations Of James M. Parsa
22 and Jaime Saucedo and Exhibit Thereto", in the Orange County Superior Court, case No. 30-2009-
23

24
25 ⁶ It appears from a review of the charges in the FANDC that none of the 52 clients identified therein
26 had any complaint against Respondent up until the time the State Bar assumed jurisdiction of
27 Respondent's law practice on October 22, 2009, and then apparently failed to carry out its duties
pursuant to the Superior Court order it sought and obtained to protect the interests of these clients,
as is discussed, *infra*.

28 ⁷ See the Review Department's unpublished Opinion in *In the Matter of James Mazi Parsa*, Case
Nos. 09-C-12545; 11-O-17317 (Cons.).

00313039. As the State Bar states in its verified petition, Respondent completely cooperated with the State Bar in the assumption of his law practice in October 2009, and agreed to it; he also helped the State Bar with this petition, including signing the declaration prepared for him by the State Bar, which provided, *inter alia*, that:

"5. Because I am no longer entitled to practice law I have sought assistance from counsel and from the State Bar of California in winding up my law practice. I understand the State Bar will be proceeding pursuant to Business and Professions Code section 6180 in seeking a court order to assume jurisdiction over my practice including bank accounts and client files, and I am cooperating with their functions."

On October 22, 2009, the State Bar obtained the order from the Orange County Superior Court assuming jurisdiction of Respondent's law practice and, as a result, took possession, *inter alia*, of all of Respondent's law office property and records, including all client files, all computers, all of Respondent's mailing addresses and telephone numbers, and all of Respondent's six law office bank accounts, general and trust accounts. In short, in October 2009, the State Bar had in its possession, all of Respondent's client files and all of the money held in Respondent's six (6) law office bank accounts, most of which would consist of fees paid by clients.

In this regard, the Review Department found in its unpublished Opinion on Review, *supra*, as follows:

"As a result of the interim suspension order, Parsa stopped work on all active files and laid off all but about 10 of his approximately 100 employees.

On October 16, 2009, Parsa submitted his resignation with charges pending, which the State Bar did not oppose.⁸ The hearing judge abated the conviction matter, and the State Bar petitioned the Orange County Superior Court for jurisdiction over Parsa's law practice, which the Superior Court granted on October 22, 2009. *The superior court's order directed the State Bar to do the following: change Parsa's phone numbers and mailing address; remove all files and records from Parsa's firm, including all electronic files; notify clients of Parsa's suspension and the procedure for obtaining their files; freeze all bank accounts an appoint*

⁸ While the State Bar did not oppose accepting Respondent's resignation with charges pending in October 2009, it held that resignation without submitting it to the Supreme Court for almost two years, until on or about June 3, 2011, when the Board of Governors of the State Bar recommended to the Supreme Court that it decline to accept the resignation, which the Supreme Court then did.

"a receiver to take control of these accounts; open and examine all mail addressed to Parsa's firm; and forward all client-related mail to the appropriate client.

In the meantime, Parsa hired State Bar defense counsel to assist him so that he might properly comply with his rule 9.20 obligations *and transfer the management of his law practice to the State Bar in an orderly fashion.* Pursuant to his attorney's directions, Parsa instructed his trusted office manager of five years, Alex Dastmalchi, to send every client a letter with the appropriate rule 9.20 notification language provided by his attorney. Each letter was signed using Parsa's electronic signature and mailed to addresses retrieved from hard-copy and electronic client files. *There were approximately 4,500 clients with active files.*

Dastmalchi organized a team comprised of the firm's remaining employees to send the registered or certified letters. *Parsa did not personally complete this work due to the large number of clients and because the State Bar had assumed jurisdiction over his practice. In fact, he stayed away from his office during this time because he received death threats from angry clients."*⁹

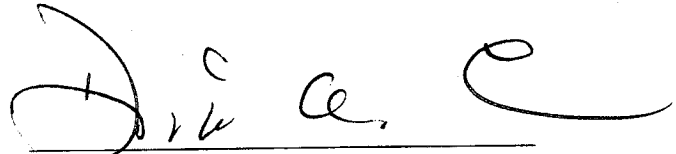
Pursuant to the Superior Court orders sought and obtained by the State Bar in October 2009, the State Bar became obligated to promptly notify each client of the assumption of Respondent's law practice and that client's file, and to act to protect each client's rights, assist in avoiding any prejudice to their matters, turn over the client files to clients upon request and, *inter alia*, determine whether any client was entitled to a fee refund from the funds held in the six bank accounts which the State Bar took control and, if so, to promptly make that fee refund. However, instead of complying with these orders, it appears that the State Bar has violated them and, has, *inter alia*, failed to promptly notify any client that it had taken over Respondent's law office bank accounts, failed to account to any client for the amount of fee refund they were entitled to from the money in the State Bar's possession on deposit in Respondent's bank accounts, and failed to refund any money to any of Respondent's former clients.¹⁰

⁹ See, the Review Department's unpublished Opinion in *In the Matter of James Mazi Parsa*, Case Nos. 09-C-12545; 11-O-17317 (Cons.), pages 5-6; *emphasis added*.

¹⁰ Such was the case with the eight (8) former clients who testified in *In the Matter of James Mazi Parsa*, case No. 11-O-17317, in 2012. Approximately 3 years after the State Bar had assumed jurisdiction of Respondent's law practice, none of those witnesses had received any fee refund from the State Bar nor any notification from the State Bar that it had control of Respondent's bank

Respondent contends that all allegations of misconduct in this proceeding are without merit and should be dismissed.

Dated: December 22, 2014

A handwritten signature in black ink, appearing to read "D. A. Clare", written over a horizontal line.

DAVID A. CLARE
Attorney for Respondent

accounts with the mandate to ascertain which former clients were entitled to fee refunds, and to then make those fee refunds.

1
2 **PROOF OF SERVICE BY MAIL**

3 STATE OF CALIFORNIA)
4) SS
5 COUNTY OF LOS ANGELES)

6 I, DAVID A. CLARE, declare and state that I am, and was at all times mentioned, a citizen
7 of the United States and employed in the County aforesaid, over the age of eighteen years and not
8 a party to the within action; my business address is:

9 444 West Ocean Blvd., Suite 800, Long Beach, CA 90802

10 That on December 22, 2014, I served the within:

11 *In the Matter of James Mazi Parsa*, Case Nos. 09-O-17017, et al.

12 RESPONSE TO FIRST AMENDED NOTICE OF DISCIPLINARY CHARGES

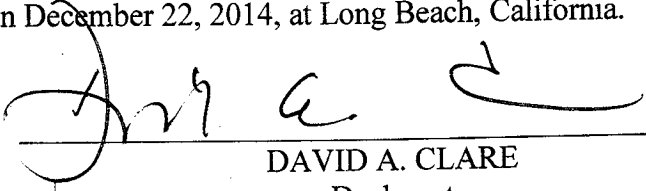
13 on interested parties herein by depositing a true and correct copy thereof in a sealed envelope with
14 postage thereon fully prepaid, in the United States mail at Long Beach, California, addressed to
15 the interested parties as follows:

16 STATE BAR OF CALIFORNIA
17 845 South Figueroa Street
18 Los Angeles, CA 90017-2515

19 ATTENTION: WILLIAM TODD, ESQ.
20 Deputy Trial Counsel
21 JAMIE J. KIM
22 Deputy Trial Counsel

23 I declare under penalty of perjury under the laws of the State of California, that the
24 foregoing is true and correct to the best of my knowledge and belief.

25 Executed on December 22, 2014, at Long Beach, California.

26 
27 DAVID A. CLARE
28 Declarant