

Apr 2026 | [Articles Blog: The Westchester Litigator](#)

## Protect Thyself: The Importance of Retaining Sophisticated Legal Counsel From the Get Go

As litigators with extensive experience resolving [business divorces](#) and [partnership disputes](#), there is an all too common *mea culpa* we hear from our clients: We did not see the need to engage sophisticated counsel at the outset to delineate each party's rights and obligations because the partnership was among friends or relatives, and we did not want to quibble over details and create awkwardness. Only after the relationship falls apart do they realize that retaining an experienced lawyer at the start could have saved everyone headaches (and money).

A recent case out of the Second Circuit serves as a cautionary tale about the importance of retaining counsel, even in a supposedly friendly transaction.

### [The Case: Groisman v. Jeffrey Zwick & Assocs., No. 25-375-CV, 2026 WL 32224 \(2d Cir. Jan. 6, 2026\)](#)

The plaintiff, an Argentine real estate investor, partnered with an American investor, Feler, to pursue potential real estate investments in New York. Although the parties had not yet identified a specific investment, the plaintiff, at Feler's direction, wired \$3 million to an escrow account maintained by Zwick, an attorney with a longstanding relationship with Feler. The plaintiff never communicated with Zwick or anyone at his firm before or after wiring the funds.

After a few months of discussions regarding potential deals that never came to fruition, Feler presented the plaintiff with a new investment opportunity, a Brooklyn real estate deal scheduled to close within the next 30 days. The plaintiff verbally authorized Feler to use the \$3 million for that transaction. The following month, Feler informed the plaintiff that the deal had closed, and the plaintiff did not contact Zwick regarding the transaction.

In reality, however, the "Brooklyn deal" never existed, and Feler had directed Zwick to transfer the \$3 million to fund a real estate investment in New Jersey. Two days before most of the funds were transferred, Feler reached out to Zwick to inform him, for the first time, that the plaintiff had provided the \$3 million. He also presented Zwick with an executed operating agreement, on which Feler had forged the plaintiff's signature. The plaintiff then commenced litigation against the attorney, Zwick, asserting claims for malpractice, breach of fiduciary duty, and aiding and abetting fraud. The district court granted summary judgment in Zwick's favor, and the Second Circuit affirmed.

On appeal, the Second Circuit held that the plaintiff failed to establish a fiduciary relationship with Zwick. While fiduciary duties may arise from an escrow agreement between a depositor and an escrow agent, the mere delivery of funds into an attorney escrow account does not create such a relationship. The court also rejected the plaintiff's argument that Zwick acted as his attorney, emphasizing that "one party's unilateral beliefs and actions do not confer upon him or her the status of client," nor could alleged violations of the New York Rules of Professional Conduct independently create civil liability.

Finally, the court dismissed the aiding and abetting fraud claim, finding no evidence that Zwick had actual knowledge of Feler's fraud. The circumstances cited by the plaintiff, including that Zwick learned that the plaintiff was the source of the funds only two days before the New Jersey transaction closed, were insufficient to establish the requisite knowledge.

## Takeaway

*Groisman v. Jeffrey Zwick & Assocs.* underscores the importance of engaging sophisticated legal counsel to protect your interests before entering into any transactions or contractual arrangements. Handshake deals and verbal assurance are recipes for misunderstandings and, in some cases, outright deception. Hiring experienced counsel at the outset of a deal could mean the difference between a profitable venture and costly litigation.