### IN THE SUPREME COURT OF FLORIDA

THE FLORIDA BAR,

Complainant,

v.

WALLACE F. STALNAKER, JR.,

Respondent.

CONFIDENTIAL

CASE NO. 62,657

(18A82C04)

CLERK, SUPPLY CONTRACTOR DEPUTY CONTRACTO

# ANSWER BRIEF OF COMPLAINANT

JOHN F. HARKNESS, JR., Executive Director The Florida Bar Tallahassee, Florida 32301 (904) 222-5286

JOHN T. BERRY, Staff Counsel The Florida Bar Tallahassee, Florida 32301 (904) 222-5286

and

DAVID G. MCGUNEGLE, Bar Counsel The Florida Bar 605 East Robinson Street Suite 610 Orlando, Florida 32801 (305) 425-5424

# TABLE OF CONTENTS

	Page
TABLE OF AUTHORITIES	ii - iii
TABLE OF OTHER AUTHORITIES	iv
STATEMENT OF THE CASE	1 - 2
POINTS INVOLVED ON APPEAL	3
STATEMENT OF THE FACTS	4 - 9
ARGUMENT	
(A) THE REFEREE'S FINDINGS OF FACT CLEARLY SUPPORT HIS RECOMMENDATION OF A FINDING OF GUILTY.	10 - 14
(B) THERE IS CLEAR AND CONVINCING EVIDENCE IN THE RECORD THAT NEITHER JONES NOR MORRISON KNEW OR CONSENTED TO RESPONDENT'S USE OF THE PROFESSIONAL ASSOCIATION'S MONEY.	15 - 21
(C) RESPONDENT IS GUILTY OF VIOLATING THE CODE OF PROFESSIONAL RESPONSIBILITY AND A SUSPENSION FOR A PERIOD OF TWELVE MONTHS OR ONE YEAR WITH PROOF OF REHABILITATION REQUIRED PRIOR TO REIN-	22 - 28
STATEMENT IS APPROPRIATE.	22 - 20
CONCLUSION	29 - 30
CERTIFICATE OF SERVICE	31
APPENDIX	A1 - A5

# TABLE OF AUTHORITIES

	Page
Matter of Calingon	
Matter of Salinger, 452 N.Y.S. 2nd 623 (App. Div. 1st Dept. 1982)	25
452 N.1.5. 2Nd 625 (App. DIV. 18t Dept. 1962)	25
The Florida Bar v. Hawkins,	
444 So.2d 961, 962 (Fla. 1984)	10
444 50.20 901, 902 (Fla. 1904)	10
The Florida Bar v. Hirsch,	
359 So.2d 856, 857 (Fla. 1978)	10, 11, 21
337 30.20 030, 037 (F1a. 1970)	10, 11, 21
The Florida Bar v. Hoffer,	
383 So.2d 639, 642 (Fla. 1980)	10, 11, 21
303 BO.24 035, 042 (114. 1500)	10, 11, 21
The Florida Bar v. Lancaster,	
448 So.2d 1019, 1021 (Fla. 1984)	13
110 20124 2013/ 1021 (114. 1301)	20
The Florida Bar v. Larkin,	
447 So.2d 1340 (Fla. 1984)	27
11/ 00114 1010 (1141 1301)	
The Florida Bar v. Lord,	
The Florida Bar v. Lord, 433 So.2d 983, 986 (Fla. 1983)	25
The Florida Bar v. Morris,	
415 So.2d 1274 (Fla. 1982)	23, 27
The Florida Bar v. Perri,	
435 So.2d 827 (Fla. 1983)	23
The Florida Bar v. Pincket,	
398 So.2d 802 (Fla. 1981)	23
The Florida Bar v. Rose,	
187 So.2d 329 (Fla. 1966)	11
mb . The will be Decree . Decree	
The Florida Bar v. Ryan, 394 So.2d 996 (Fla. 1981)	2.4
394 SO.20 996 (Fla. 1981)	24

Table of Authorities (Continued)	
	Page
The Florida Bar v. Stillman,	
401 So.2d 1306, 1307 (Fla. 1981)	13
The Elevide Day or Unremed Attorney	
The Florida Bar v. Unnamed Attorney,	•
Confidential Case No. 09A77121	24
The Florida Bar v. Wagner,	
212 So.2d 770 (Fla. 1968)	11
The Florida Bar v. Whitlock,	
426 So.2d 955 (Fla. 1982)	23

# TABLE OF OTHER AUTHORITIES

Disciplinary Rules of the Code of Professional
Responsibility of The Florida Bar

1-102(A)(4)

1-102(A) (6)

Florida Bar Integration Rules, Article XI, Rules

11.02(3)(a) 1

11.06(9)(a)(1) 12

#### STATEMENT OF THE CASE

This matter arose after respondent's termination from the professional association of Jones, Morrison & Stalnaker, P.A. in August, 1981. Respondent subsequently waived probable cause.

Negotiations with The Florida Bar were rejected by the Board of Governors in 1982 and the Bar's complaint filed on September 24, 1982. Most of 1983 was taken up with pretrial discovery. Final hearing was ultimately commenced on February 22, 1984 with the referee's report served January 24, 1985.

In that report, the referee found that the respondent had systematically diverted fees due to the professional association into his own personal account over a period of approximately nineteen or twenty months. He recommends the respondent be found guilty of violating Disciplinary Rules 1-102(A)(4) for engaging in conduct involving dishonesty, fraud, deceit or misrepresentation and 1-102(A)(6) for other misconduct reflecting adversely on his fitness to practice law. He also recommends he be found guilty of violating Article XI, Rule 11.02(3)(a) of The Florida Bar's Integration Rule for engaging in conduct contrary to honesty, justice or good morals. As discipline, the referee recommends the respondent be suspended for twelve months and

thereafter until he proves his rehabilitation in a reinstatement proceeding.

The case was presented to the Board of Governors at their March, 1985 meeting. The Board voted to support the referee's findings of fact and recommendations of guilt and discipline. Respondent thereafter filed a petition for review and these proceedings commenced.

# POINTS INVOLVED ON APPEAL

- (A) WHETHER THE REFEREE'S FINDINGS OF FACT CLEARLY SUPPORT HIS RECOMMENDATION OF A FINDING OF GUILTY.
- (B) WHETHER THERE IS CLEAR AND CONVINCING EVIDENCE
  IN THE RECORD THAT NEITHER JONES NOR MORRISON KNEW
  OR CONSENTED TO RESPONDENT'S USE OF THE PROFESSIONAL
  ASSOCIATION'S MONEY.
- (C) WHETHER RESPONDENT IS GUILTY OF VIOLATING THE CODE OF PROFESSIONAL RESPONSIBILITY AND A SUSPENSION FOR A PERIOD OF TWELVE MONTHS OR ONE YEAR WITH PROOF OF REHABILITATION REQUIRED PRIOR TO REINSTATEMENT IS APPROPRIATE.

#### STATEMENT OF THE FACTS

Respondent has basically sketched the facts with certain omissions and in a form which is more argument than a statement.

Accordingly, The Florida Bar submits the following statement.

Respondent was employed in January, 1978 by Mr. Jones as the president of the professional association then known as Jones & Bishop, P.A. Respondent was to receive an annual salary with fringe benefits and a percentage of the net profits. The association did not make a profit that year. In January, 1979, Mr. Morrison acquired half of the stock of the professional association after Mr. Bishop departed. The association became known as Jones, Morrison & Stalnaker, P.A. although the respondent never acquired any of the stock. He was to be allocated one share which apparently was never issued. In any event, he was considered an almost equal participant without assuming any of the liabilities. He also was the vice president.

At that time, there was an oral agreement with respect to the salaries of each and certain fringe benefits. The agreement was never reduced to writing. As indicated in the respondent's brief, there also was an oral agreement between Jones and respondent with respect to the latter receiving a certain percentage of the profits. Jones testified Mr. Morrison was aware of the agreement whereas the latter indicated he was not. Both Jones and Morrison had outside interests on which they spent time whereas the respondent stuck exclusively to the practice of law. Between 1979 and 1981, he generated considerably more fees which were paid into the firm than did either Jones or Morrison. Throughout this entire period of time, the firm never made a profit. Moreover, both Jones and Morrison testified they borrowed over \$50,000.00 during the 1979 through 1981 period to keep the professional association doors open. (T., 23-24, 32-34, 121-123, 130-131).

Sometime in late 1979, respondent apparently became dissatisfied with his financial arrangement with the professional association which had remained substantially unaltered although his salary had been increased. He received an annual salary, certain fringe benefits and a share of the profits of which there were never any to share. Beginning either in late 1979 or early 1980, the respondent began systematically diverting a portion of the funds he received in fees from the professional association. Respondent's practice consisted primarily of personal injury,

domestic cases and criminal cases. In the case of the latter two, he received some or all of his fee often at the outset of the case. Much of the work being done by the other members of the firm involved cases whereby they billed clients after the work was performed. As to the principals Jones and Morrison, they spent considerable time on their outside interests which were real estate development and a title company, respectively. Respondent was the main fee generator for the firm during this In diverting the funds, the respondent would either not period. turn in all cash received to the firm's bookkeeper which was the required policy or would run the client's check through his personal bank account and remit a certain portion of the cash In other cases, the respondent would forward the client's check directly to the firm's bookkeeper. In any event, he did divert a certain portion of the funds received from clients to his own personal account and use without remitting them into the In fact, he kept a running tabulation over the period which amounted to approximately \$37,000.00.

In 1981, the professional association determined to utilize computer billing operations. During the conversion, it came to light there was an instance whereby respondent had not turned in

a fee properly which became a topic for discussion in a firm meeting although what transpired is disputed. (T., 39-43, 96-99, 146-149, 246-248, 329-330). In August, 1981, Mr. Jones received additional evidence from clients who complained after receiving computer bills that they had previously paid their fees directly to the respondent. After respondent departed for his vacation, Jones discovered his running scorecard in his desk showing the amount of money apparently diverted by the respondent. Following respondent's return, a confrontation ensued and respondent departed the firm. He later reimbursed the firm \$36,922.00 in settlement of the amounts he had diverted from it.

Respondent asserts that he expressed his dissatisfaction with his compensation arrangements to Jones in late 1979 and the latter agreed in a meeting in a local restaurant/lounge to respondent's retaining a certain amount of the fees for his own personal use and benefit so long as he continued to turn into the firm a sufficient amount or his fair share of fees to continue the firm's operation. According to respondent, no percentage was discussed. (T., 236-237, 324-325). He further asserts that the respondent told him not to discuss the arrangement with Morrison or anyone else in the firm. There is no question Morrison was

not aware of any "arrangement" between respondent and Jones.

Jones denies the discussion or "arrangement" ever occurred. The main question is the existence of this "arrangement" or subsequent agreement referred to by the respondent in his brief. Finally, it should be noted, respondent testified Jones never asked him during the existence of this "arrangement" what percentage or amount he was diverting to his own personal use despite having taken loans to keep the professional association operating for which the respondent had no personal liability.

(T., 254-255, 324-325).

The referee found that the respondent had received sums for approximately two years in excess of his fixed salary from clients of the firm. He further found he deposited said moneys from said clients directly into his personal account and thereafter would turn over to the firm a sum of less than the full amount tendered to him by the client. He found there was no oral side agreement between Jones and respondent which would alter the basic compensation package between the partnership and respondent. He also noted that even if such an agreement had existed, which he ruled it did not, it would violate the contractual rights of Morrison who was an essential party to any

Morrison's financial interests by diverting said funds by secret agreement. Finally, he noted at the outset of his findings that the respondent did not report the excess income received to the Internal Revenue Service for the year 1980. It does appear that after restitution was made to the firm, an amended return was unnecessary since the transaction essentially became a "wash".

#### ARGUMENT

(A) THE REFEREE'S FINDINGS OF FACT CLEARLY SUPPORT HIS RECOM-MENDATION OF A FINDING OF GUILTY.

The critical question is whether Jones and respondent entered into an oral side agreement in 1979, allowing respondent to divert a certain portion of the funds he received from clients as fees to respondent's own personal use. The referee found that no such agreement existed. Respondent makes much of the referee's further statement in his finding that there was no such agreement "...which would rise to the level of an oral modification of the employment remuneration agreement between the partnership and Wallace Stalnaker." However, the main point is that the referee found it did not exist. The Bar submits the quoted language is more in the nature of surplusage.

The referee's findings of fact are accorded the same weight as a civil trier of fact pursuant to Fla. Bar Integr. Rule, art. XI, Rule 11.06(9)(a)(1). The Florida Bar v. Hawkins, 444 So.2d 961, 962 (Fla. 1984). This Court reviews the report and if the recommendation of guilt is supported by the record imposes the appropriate penalty. See The Florida Bar v. Hoffer, 383 So.2d

639, 642 (Fla. 1980) and <u>The Florida Bar v. Hirsch</u>, 359 So.2d 856, 857 (Fla. 1978). In the latter case, this Court wrote "Fact finding responsibility in disciplinary proceedings is imposed upon the referee. His findings should be upheld unless clearly erroneous or without support in the evidence. <u>The Florida Bar v. Wagner</u>, 212 So.2d 770 (Fla. 1968)." <u>Hirsch</u> at page 857. In the former case at page 642 this Court stated:

Our responsibility in a disciplinary proceeding is to review the referee's report and, if his recommendation of guilt is supported by the record, to impose an appropriate penalty. The Florida Bar v. Hirsch, 359 So.2d 856 (Fla. 1978). The referee, as our fact finder, properly resolves conflicts in the evidence. See The Florida Bar v. Rose, 187 So.2d 329 (Fla. 1966).

The referee's findings in this case are manifestly supported by the record. Clear and convincing evidence exists. Without question, Morrison was not aware of any oral side agreement between respondent and Jones. Jones denies ever making any oral side agreement with the respondent. Further, respondent states Jones never made inquiry as to what percentage or amount of money respondent was taking for his own personal use pursuant to the alleged side agreement. The Bar would argue the "justification" apparently was his dissatisfaction with his compensation

arrangement and that authorization was nonexistent.

Interestingly, this lack of interest by Jones occurred during a period of time the firm never made a profit and Jones and Morrison borrowed substantial sums to keep the professional association operating. Finally, when initially confronted, respondent apparently did not assert in defense or divulge the oral side agreement during his meeting with Morrison. He testified he indicated to Morrison he had authorization or justification without further elaboration. (T., 300, 343).

Rather, he entered into civil negotiations to make restitution to the firm in an amount determined by the running tally sheets he kept in his desk - \$36,922.00.

Simply put, the referee has resolved the conflicts in the evidence against the respondent "...based on the totality of testimony and exhibits entered into evidence." (Referee Report, page 2). The Bar urges this Court to accept the referee's findings of fact and support them as required by Fla. Bar Integr. Rule, art. XI, Rule 11.06(9)(a)(1) and previous mentioned cases. The evidence is clearly and convincingly against the respondent.

Respondent's position that the referee should not have entered a finding that he would have violated the rights of Morrison had such an agreement between respondent and Jones existed is also erroneous. Clearly, a referee can consider charges reflecting on a respondent's fitness to practice law in a referee proceeding whether or not they are contained within the confines of the Bar's complaint. See <a href="https://doi.org/10.1031/jha.1984">https://doi.org/10.1031/jha.1984</a>) and <a href="https://doi.org/10.1031/jha.1984">https://doi.org/10.1031/jha.1984</a>). In the Stillman case, the referee included in his report findings concerning matters charged in the Bar's complaint and other matters reflecting on the respondent's integrity. One item concerned whether a document had been forged relating to a direct evidentiary conflict. This Court wrote at page 1307:

It was proper for the referee, in making his report, to include information not charged in The Florida Bar's complaint. Evidence of unethical conduct, not squarely within the scope of the Bar's accusations, is admissible, and such unethical conduct, if established by clear and convincing evidence, should be reported because it's relevant to the question of respondent's fitness to practice law and thus relevant to the discipline to be imposed.

Concededly, the Bar did not charge that in the alternative respondent was diverting some portion of the funds from Morrison in his operations. However, it is part and parcel of the main charge. If the respondent was stealing from the professional association, he was stealing from both Jones and Morrison. In any event, the referee's findings of fact are clearly and convincingly supported by the evidence. They warrant this Court's full support as well. The respondent is guilty as charged.

#### ARGUMENT

(B) THERE IS CLEAR AND CONVINCING EVIDENCE IN THE RECORD THAT

NEITHER JONES NOR MORRISON KNEW OR CONSENTED TO RESPONDENT'S USE

OF THE PROFESSIONAL ASSOCIATION'S MONEY.

First, no one disputes that Morrison had no knowledge of any alleged oral agreement between Jones and respondent. Respondent asserts it occurred during a meeting in a restaurant lounge in late 1979. Jones emphatically denies any such agreement ever existed. Resolution of the conflict, of course, is left to the referee and he decided against the respondent.

Respondent alludes to the fact that Jones entered into an agreement with him relative to profits which Morrison did not know about. He also points to the fact that Jones entered into an arrangement after respondent departed with a Mr. Cook whereby he guaranteed a bonus to Cook without involving Morrison or reducing the agreement to writing for a period of time. Of course, as president of the professional association, Jones could enter into such arrangements. He asserts that he believed Morrison was aware in general of the terms of the Cook matter and

of the former one. Morrison was unaware of the the profit sharing arrangement with respondent.

Respondent essentially argues this shows Jones' propensity to enter into arrangements which serve his interests when he pleases and without the need to involve his other fifty percent shareholder. On the other side of the circumstantial evidence coin is the fact the professional association never made a profit during this period. In fact, Jones and Morrison stated they were forced to borrow a large amount of money to keep the association's doors open. Further, respondent testified Jones never asked him how much money he was diverting to his own personal use pursuant to the "oral side agreement" whether as a percentage of the amounts he was generating in fees or a dollar amount. Respondent stated no actual percentage had been set. was just to continue contributing his fair share of fees generated to the firm. Finally, you have respondent's method of handling the fees whereby some checks would be turned in, some cashed and a portion turned in as cash and some cash turned in directly to the bookkeeper. The only logical conclusion is it was done to insure he was not discovered.

The Bar submits that it is totally inconceivable that Jones would have entered into such an arrangement with the respondent in such a clandestine fashion at a time when the professional association was in such rocky shape. Furthermore, it simply makes no sense that he would not have set an allowable percentage or have had sufficient interest to inquire of the respondent how much he was keeping for himself. The evidence indicates that respondent's defense is a fabrication.

In respondent's brief, he highlights the fact that Jones testified rather positively as to his attendance and/or participation in the initial meeting confronting the respondent upon his return from vacation. Upon cross-examination, Mr. Jones conceded upon pointed questioning that he probably had not been at that meeting but that the sum and substance had been related to him by Mr. Morrison. Respondent heralds this as the most dramatic inconsistency in Jones' testimony and alludes to several more throughout the record. The Bar submits this is nonsense and nit-picking. Given the two-and-a-half year intervening period, it is not that unusual that one's memory would be somewhat dimmed as to the occurrences in a meeting. There is no question the confrontation occurred and little real dispute as to what

transpired. The questions are whether Jones participated, observed or was later told by Morrison. What is the significance of this testimony? The Bar submits that it does not seriously place in question Jones' credibility. In fact, by correcting his overstatements during cross-examination upon reflection, he enhanced his credibility. Moreover, a review of Jones' testimony does not reveal any glaring inconsistencies on major matters.

The proceedings and the record indicate that Jones is a boisterous, excitable, strong-willed man of considerable temper whereas the respondent is affable, easygoing with good rapport amongst all. The Bar submits that Jones' testimony is entirely consistent with his character. The referee's findings themselves are the best reflection on the credibility of Jones and respondent. Simply put, he ruled the "oral side agreement" never existed. Jones' reaction, however harsh or vindictive, should not deter this Court as it did not deter the referee from finding that he and Morrison as principals in the professional association had been deprived of fees rightly generated in behalf of the firm by the respondent. Moneys were directly stolen from the professional association and indirectly from its stockholders by the respondent.

Respondent asserts the "oral side agreement" meets a standard of reasonableness given the amount of fees he generated for the professional association during the period since he was turning in substantially more fees than either Jones or Morrison. What does a "standard of reasonableness" have to do with theft? If respondent truly believed he could leave the firm in 1979 taking a substantial number of clients and make considerably more money, why did he not do so? The arrangement may have worked out to make it look reasonable in hindsight but that is not the question. The question is whether Jones entered into such an arrangement. Given the weight accorded to a referee's findings of fact, an examination of the record can lead only to the conclusion that referee was eminently correct in those findings.

It is without question Mr. Jones was extremely mad at the respondent. He may have even been vindictive. He was still mad at the time of the referee hearing. Why shouldn't he be? He testified the respondent had been a friend of his and the two of them had socialized together on many occasions. Yet after turning to computerized billing, he finds that his associate and friend has been stealing from him. It would take a very charitable individual indeed not to have feelings of anger and

betrayal. The fact that they exist in this case does not alter one bit the central question of whether the "side agreement" ever existed. Finally, respondent points out that he allegedly told his accountant and two other attorneys about the existence of the alleged "side agreement" prior to the confrontation with Mr.

Jones. Examination of the testimony of Messrs. Vestal, Lang and Stephenson shows that he alluded to some arrangement but never spelled out any particulars. (T., 74, 76-77, 374-375, 401, 404-405). Query: Had the "side agreement" existed, why did he not include the supplemental income on his 1980 income tax return? The only obvious answer is that no such agreement existed.

Essentially it is a credibility contest between the hot-tempered Jones and the cool, relaxed, confident respondent. However, Jones is not uncorroborated. You have the testimony of Morrison that he knew nothing of any such arrangement. The other witnesses who testified in respondent's behalf merely hit at the fringes and cannot offer any direct testimony. They did not testify that respondent told them he had a "side agreement" with Jones whereby he was receiving additional compensation to keep him satisfied. In fact, when you examine the testimony of Mr.

Lang it appears that the respondent may well have been puffing his own self-importance because he was then in negotiations with Mr. Lang to perhaps join the latter's law firm. (T., 405).

The main point is simply that there is clear and convincing evidence that neither Jones nor Morrison knew or consented to the respondent's activities. There was no alleged "oral side agreement." The referee so found and his findings should be upheld. See <a href="Hoffer">Hoffer</a>, Supra and <a href="Hirsch">Hirsch</a>, Supra.

#### ARGUMENT

(C) RESPONDENT IS GUILTY OF VIOLATING THE CODE OF PROFESSIONAL RESPONSIBILITY AND A SUSPENSION FOR A PERIOD OF TWELVE MONTHS OR ONE YEAR WITH PROOF OF REHABILITATION REQUIRED PRIOR TO REINSTATEMENT IS APPROPRIATE.

Respondent concedes if this Court upholds the referee's findings of fact and recommendation of guilt that a one year suspension is not excessive. However, he argues that if the "oral side agreement" existed and the Court finds by virtue of this secret "agreement" Mr. Morrison's interests were adversely affected then only a public reprimand is appropriate. First, the referee has ruled that the agreement did not exist. Obviously if it did, it was not done with the consent or knowledge of Mr. Morrison and directly against his interests in the professional association. The Bar submits there is really no credible evidence that such an agreement existed given the entire record of this case, the totality of the circumstances and the personalities of the parties.

With respect to the discipline, the Bar submits the referee could have been harsher on the respondent. If these moneys had

been trust funds, there would have been no question the respondent under applicable case law would have been suspended for a much longer period of time if not disbarred notwithstanding restitution. See e.g., The Florida Bar v. Perri, 435 So.2d 827 (Fla. 1983), The Florida Bar v. Whitlock, 426 So.2d 955 (Fla. 1982) and the cases cited therein, The Florida Bar v. Morris, 415 So.2d 1274 (Fla. 1982) and The Florida Bar v. Pincket, 398 So.2d 802 (Fla. 1981).

Should it matter whether these were trust funds or fees which are supposed to be turned into the firm when the money in question has been wrongfully diverted and misappropriated? The Bar submits it makes no material difference. This respondent knowingly and systematically diverted a portion of the fees from his clients due to the firm by remitting either less than all the cash received by him from the client or by cashing several of the checks through his own personal account and remitting a portion of the cash to the firm. To further mask his efforts, the respondent turned over to the firm's bookkeeper some of the checks he received from the client so he would not always be turning cash into the bookkeeper. It is simply inconceivable that given the lengths the respondent had to go to to mask the

"oral side agreement" he would not have insisted Jones and

Morrison sit down and agree to a modification of his compensation

with the professional association. In order to conceal what he

was doing from the other members of the professional association,

respondent simply had to be too cute and too calculating. It

just does not wash.

In any event, what is the requisite level of discipline whether the respondent was stealing from both Jones and Morrison or just Morrison. The amount is almost \$37,000.00 and Morrison was a 50 percent shareholder. However, the precise amount does not really matter. In <a href="The Florida Bar v. Ryan">The Florida Bar v. Ryan</a>, 394 So.2d 996 (Fla. 1981) an attorney was disbarred for misappropriating \$20,000.00 from his law firm. In that case, criminal action was filed and he had made restitution of \$17,500.00 prior to the referee's hearing. Of course, he had also been indicted for importation of more than one hundred pounds of marijuana with intent to sell and then jumped bail. In <a href="The Florida Bar v.">The Florida Bar v.</a>
<a href="Unnamed Attorney">Unnamed Attorney</a>, Confidential Case No. 09A77121, a private reprimand was ordered by this Court where the attorney diverted \$3,031.00 in fees from clients he had accepted while employed as a salaried member of a firm. Basically, that attorney had been

moonlighting. Finally, in a New York case an attorney was disbarred where he diverted \$8,880.00 in fees and costs to his own personal use from the firm over a several month period. See <a href="Matter of Salinger">Matter of Salinger</a>, 452 N.Y.S. 2nd 623 (App. Div. 1st Dept. 1982). That court found no difference between theft of fees entrusted to an attorney and escrow or trust moneys per se.

The Bar submits there is no demonstrable difference between stealing trust funds and stealing fees from your other firm members. Misappropriation is just that and should be treated accordingly. This referee's recommended suspension for a period of twelve months or one year and thereafter until respondent proves rehabilitation prior to reinstatement is appropriate, proper and just. In fact, he could have been more stringent. His recommended discipline meets the tests of discipline most recently set forth in <a href="The Florida Bar v. Lord">The Florida Bar v. Lord</a>, 433 So.2d 983, 986 (Fla. 1983). First, the judgment must be fair to both society and the respondent protecting the former from unethical conduct and not unduly denying them the services of a qualified lawyer. Although this respondent is qualified, the offense plainly merits the suspension recommended. The public will not be unjustly deprived if this Court imposes the suspension. Today there are

many lawyers to choose from who are just as qualified as the respondent. Fortunately, those lawyers have not chosen to steal from the other members of their firm. Second, it must be fair to the respondent both sufficient to punish the breach and at the same time encourage reform and rehabilitation. Fairness is a relative question whereas theft is not. If the latter is done by an attorney the only question is the degree of discipline. In this instance, the recommended discipline is generously fair to one who stole from the other members of the professional association. Finally, the judgment must be severe enough to deter others who might be tempted to engage in similar misdeeds.

Obviously, the gravest problem this Court confronts in disciplining attorneys are cases involving misappropriation of funds. Nothing undermines the public confidence in the legal profession more completely than a lawyer who has stolen trust funds. As expected, this Court has meted out the most serious disciplines in those cases. The Bar submits no material distinction can or will be made by the public between a lawyer who steals from his clients and one who steals incoming fees from other members of his firm or professional association. Stealing is stealing. Further, it is without question the public has a

vital interest in an effective attorney discipline program. See Fla. Bar Integr. Rule, art. XI, Rule 11.02 which states in part, "The primary purpose of discipline of attorneys is the protection of the public, and the administration of justice, as well as the protection of the legal profession through the discipline of members of the Bar." In <u>The Florida Bar v. Larkin</u>, 447 So.2d 1340 (Fla. 1984) this Court adopted a referee's statement that:

Protection of the public, punishment, rehabilitation of an attorney who commits ethical
violations are three important purposes of
disciplinary measures. Equally important
purposes, however, are a deterrence to other
members of the Bar and the creation and
protection of a favorable image of the profession. The latter will not occur unless the
profession imposes visible and effective disciplinary measures when serious violations occur.
(At page 1341).

The Board of Governors of The Florida Bar fully supports the referee's recommended suspension for a period of twelve months or one year with proof of rehabilitation required prior to reinstatement and payment of costs in these proceedings. This discipline will better enhance the public confidence in the discipline process. Finally, in Morris, Supra, the Court imposed a two year suspension in a case involving misappropriation of

trust funds. Justice Alderman noted in his dissent preferring disbarment at page 1275 that, "A lawyer who steals from his trust account is worse than a common thief, and there is no place for such a person in The Florida Bar." Stealing from one's professional association and its members is equally egregious and there should be little, if any, room for such a person in The Florida Bar as well.

# CONCLUSION

WHEREFORE, the Board of Governors of The Florida Bar respectfully prays this Honorable Court will review the referee's findings of fact, recommendations of guilt and discipline and support the findings of fact, recommendations of guilt and discipline and order the respondent be suspended for a period of one year with proof of rehabilitation required prior to reinstatement and pay costs of these proceedings currently totalling \$2,549.50.

Respectfully submitted,

JOHN F. HARKNESS, JR., Executive Director The Florida Bar Tallahassee, Florida 32301 (904) 222-5286

JOHN T. BERRY, Staff Counsel The Florida Bar Tallahassee, Florida 32301 (904) 222-5286

and

DAVID G. MCGUNEGLE, Bar Counsel The Florida Bar 605 East Robinson Street Suite 610 Orlando, Florida 32801 (305) 425-5424

By:

David G. McGunegle,

Bar Counsel

# CERTIFICATE OF SERVICE

I HEREBY CERTIFY that the original and seven copies of the foregoing Answer Brief of Complainant have been furnished by mail to the Clerk of the Supreme Court of Florida, Supreme Court Building, Tallahassee, Florida 32301; a copy of the foregoing Answer Brief of Complainant has been furnished by mail to Richard T. Earle, Jr., Counsel for Respondent, 447 Third Avenue North, St. Petersburg, Florida 33701; a copy of the foregoing Answer Brief of Complainant has been furnished by mail to Staff Counsel, The Florida Bar, Tallahassee, Florida 32301 on this 2177 day of May, 1985.

David G. McGunegle,

Bar Counsel