

IN THE SUPREME COURT OF FLORIDA

THE FLORIDA BAR,)
Complainant,) Supreme Court
v.) Case No. 66,013
LOUIS VERNELL, JR.,)
Respondent.)

On Petition for Review of
the Referee's Report in a
Disciplinary Proceeding.

MAIN BRIEF OF COMPLAINANT SUPPORTING PETITION FOR REVIEW

THOMAS EDWARD BACKMEYER
Co-Bar Counsel
Concord Building, Suite 810
66 West Flagler Street
Miami, FL 33130
(305) 358-9060

PATRICIA S. ETKIN
Bar Counsel
The Florida Bar
Suite 211, Rivergate Plaza
444 Brickell Avenue
Miami, FL 33131
(305) 377-4445

JOHN F. HARKNESS, JR.
Executive Director
The Florida Bar
Tallahassee, FL 32301-8226
(904) 222-5286

JOHN T. BERRY
Staff Counsel
The Florida Bar
Tallahassee, FL 32301-8226
(904) 222-5286

TABLE OF CONTENTS

TABLE OF AUTHORITIES.....ii

INTRODUCTION.....iv

STATEMENT OF THE CASE..... 1

STATEMENT OF THE FACTS..... 3

SUMMARY OF ARGUMENT..... 6

ARGUMENT..... 7

 I. The referee's finding that Respondent was not guilty of failing to deliver to the client the check representing the client's net settlement proceeds pursuant to the closing documents was clearly erroneous.....7

 II. The referee's finding that Respondent was not guilty of obtaining \$100,000 without a properly executed closing statement is clearly erroneous11

 III. The referee's recommendation of a public reprimand is too lenient when considering Respondent's prior disciplinary history together with the facts of this case.....12

CONCLUSION.....17

TABLE OF AUTHORITIES

CASES

<u>The Florida Bar v. Bern,</u> 425 So.2d 526 (Fla. 1983).....	13
<u>The Florida Bar v. Breed,</u> 368 So.2d 356 (Fla. 1979).....	17
<u>The Florida Bar v. Greenspahn,</u> 396 So.2d 182 (Fla. 1981).....	13
<u>The Florida Bar v. Greenspahn,</u> 386 So.2d 523 (Fla. 1980).....	13
<u>The Florida Bar v. Leopold,</u> 399 So.2d 978 (Fla. 1981).....	13
<u>The Florida Bar v. McKenzie,</u> 442 So.2d 934 (Fla. 1984).....	7
<u>The Florida Bar v. Rubin,</u> 362 So.2d 12 (Fla. 1978).....	13
<u>The Florida Bar v. Ryan,</u> 396 So.2d 181 (Fla. 1981).....	13
<u>The Florida Bar v. Solomon,</u> 338 So.2d 818 (Fla. 1976).....	13
<u>The Florida Bar v. Vernell,</u> 374 So.2d 473 (Fla. 1979).....	12, 13
<u>The Florida Bar v. Vernell,</u> 296 So.2d 8 (Fla. 1974).....	12

INTEGRATION RULE OF THE FLORIDA BAR

Article XI

Rule 11.02(4).....1,2,9,11,12,17,18

FLORIDA BAR CODE OF PROFESSIONAL RESPONSIBILITY

Disciplinary Rule

D.R. 1-102(A) (4).....1,18

D.R. 1-102(A) (6).....1,18

D.R. 2-106(E).....1,7,8,10,11,12,17,18

INTRODUCTION

In this brief, The Florida Bar will be referred to as either "The Florida Bar", "the Bar", or "Complainant", Louis Vernell, Jr. will be referred to as the "Respondent" or "Mr. Vernell", Sheldon Schlesinger will be referred to as "Mr. Schlesinger" and William Fahrenkopf will be referred to as either "Mr. Fahrenkopf" or the "client".

Abbreviations utilized in this brief are as follows:

"Tr." refers to the Transcript of Proceedings dated July 31, 1985

"Tr.2" refers to the Transcript of Proceedings dated September 12, 1985

"R.R." refers to the Report of Referee

"SUP. R.R." refers to the Supplemental Report of Referee

"COMPL. EX." refers to Complainant's Exhibits attached to the Transcript of Proceedings dated July 31, 1985.

"RES. EX." refers to Respondent's Exhibits attached to the Transcript of Proceedings dated July 31, 1985.

STATEMENT OF THE CASE

This disciplinary action commenced with the filing of a three-count complaint by the Bar against Respondent. Count I alleged violations by Respondent of Disciplinary Rules 1-102(A) (4) and (6) of the Code of Professional Responsibility and Integration Rule 11.02(4). Count II alleged violation of Integration Rule 11.02(4). Count III alleged violations of Disciplinary Rule 2-106(E) of the Code of Professional Responsibility and Integration Rule 11.02(4).

The Florida Bar seeks review of the referee's report finding Respondent not guilty of violating Integration Rule 11.02(4) and Disciplinary Rule 2-106(E) (Counts II and III) as well as his recommendation that Respondent receive only a public reprimand based upon a finding that Respondent violated Disciplinary Rules 1-102(A) (4) and (6) and Integration Rule 11.02(4) (Count I).

The referee found Respondent guilty of Count I of a three-count complaint for his actions of altering Mr. Schlesinger's trust account check to include himself as payee (R.R. 1). The referee found such action to be improper and in violation of Disciplinary Rule 1-102(A) (4) (conduct involving fraud, dishonesty, deceit, or misrepresentation) and Disciplinary Rule 1-102(A) (6) (conduct that adversely reflects on fitness to practice law) of the Code of Professional Responsibility as well

as article XI, Rule 11.02(4), Integration Rule of The Florida Bar.

As to Count II of the complaint, the referee found Respondent not guilty of failing to deliver to his client a trust account check entrusted to him by Respondent's co-counsel for delivery to the client. The trust account check represented the net settlement proceeds the client was entitled to receive pursuant to the properly executed closing documents. The referee found that although Respondent did not deliver the trust account check to his client, Respondent subsequently delivered to the client the equivalent of the sum represented by the trust account check less \$100,000 which the referee found to be due and owing from the client to Respondent based upon a prior letter agreement (RES. EX. 1; R.R. 2).

As to Count III, the referee found Respondent not guilty of obtaining a portion of settlement proceeds without a properly executed retainer agreement and closing statement. In so ruling, the referee found that Respondent obtained \$200,000 as his portion of the attorney's fee pursuant to the Settlement Statement (closing documents) (COMPL. EX. 4) and that he received an additional \$100,000 fee pursuant to the letter agreement dated July 19, 1981 (RES. EX. 1) which he found to be with the knowledge and approval of the client as evidenced by the client's sworn statement dated January 31, 1984, filed in the civil action instituted by the client against Respondent to recover the \$100,000. (RES. EX. 2; R.R. 2).

The Florida Bar contests the referee's conclusion that Respondent delivered to the client the check, representing the settlement proceeds pursuant to the closing documents, which had been entrusted to him for delivery to the client. The Florida Bar contests the referee's apparent reliance on the letter of July 31, 1981 (RES. EX. 1) as constituting either a properly executed closing document or other contemporaneously executed written authorization from the client to withhold any funds in addition to those reflected in the Settlement Statement (COMPL. EX. 4).

In addition, The Florida Bar contests the referee's recommendation as to discipline and would submit that a public reprimand is too lenient when considering the facts of this case, together with Respondent's prior disciplinary history.

The Florida Bar requests that the Supreme Court reject the referee's finding of not guilty as to Counts II and III of the Bar's complaint as well as the referee's recommended discipline. The Florida Bar respectfully suggests that disbarment is the only appropriate disciplinary sanction in this case.

STATEMENT OF FACTS

Respondent's client, William Fahrenkopf, became paraplegic in 1978, being permanently confined to a wheelchair, as a result of surgery performed at Jackson Memorial Hospital.

In November 1980 Respondent filed a medical malpractice action against Jackson Memorial Hospital on behalf of Mr. Fahrenkopf. Respondent thereafter associated with attorney Sheldon J. Schlesinger in the representation of Mr. Fahrenkopf pursuant to a written retainer agreement dated June 24, 1981 (COMPL. EX. 5). The malpractice action was settled in May 1983, without trial, for One-Million Dollars (\$1,000,000.00). The settlement check was forwarded to Mr. Schlesinger, endorsed by Respondent, Mr. Fahrenkopf and Mr. Schlesinger, as payees, and deposited into Mr. Schlesinger's trust account. Thereafter Mr. Schlesinger issued checks from his trust account to disburse the settlement proceeds in accordance with the written retainer agreement (COMPL. EX. 5) and properly executed closing documents (COMPL. EX. 4), to wit: \$200,000 attorney fee for each participating attorney, Respondent and Mr. Schlesinger; cost reimbursement for each attorney; and \$582,900.98 for the client as his net settlement proceeds.

Mr. Schlesinger entrusted Respondent with a check made payable to "William Fahrenkopf, individually" in the amount of the \$582,900.98 balance which represented Mr. Fahrenkopf's net settlement proceeds. Respondent was directed by Mr. Schlesinger to deliver said check to Mr. Fahrenkopf. Respondent admits to having altered the aforementioned check by adding his name as payee. Respondent then obtained Mr. Fahrenkopf's endorsement to the altered check and deposited the altered check into his trust account. Respondent delivered to Mr. Fahrenkopf Respondent's own

trust account check in the amount of \$482,900.98. By his actions, Respondent received an additional \$100,000 from the settlement proceeds which was not authorized by the closing statement. More importantly, the client, Mr. Fahrenkopf, received \$100,000 less than the amount which is reflected in both the only executed closing statement as well as the check which was entrusted to Respondent for delivery to the client.

Throughout the disciplinary proceedings, Respondent has based his appropriation of the additional \$100,000 on a letter prepared by Respondent and signed by Mr. Fahrenkopf dated July 21, 1981 wherein Mr. Fahrenkopf agreed that Respondent "shall receive a sum equal to 10% (ten percent) of any recovery obtained" (RES. EX. 1).

In order to recover the \$100,000 Respondent had appropriated, Mr. Fahrenkopf instituted a civil action against Respondent based upon a verified complaint alleging fraud (COMPL. EX. 6). Ultimately, this action was settled. In conjunction with the settlement of the civil action, Mr. Fahrenkopf signed a sworn statement, again prepared by Respondent, exonerating Respondent (RES. EX. 2). In return Mr. Fahrenkopf received a payment of approximately \$60,000 from Respondent.

Mr. Fahrenkopf was in failing health during the Bar's investigation and died prior to the hearing before the referee.

SUMMARY OF ARGUMENT

In contesting the referee's findings of fact with respect to Counts II and III, The Florida Bar maintains that Respondent was entrusted with a check, made payable to the client, representing the settlement proceeds due the client pursuant to a properly executed closing statement. Respondent was directed to deliver this check to his client. Instead, Respondent altered the check by adding his name as payee, presented the check to the client for endorsement and deposited the altered check into his trust account. Accordingly, Respondent did not handle the check, the specific item entrusted to him, in accordance with the specific purpose for which it had been entrusted, i.e., for delivery to the client.

Respondent delivered to the client, Respondent's trust account check, made payable to the client for \$100,000 less than the client was entitled to receive pursuant to the closing documents. Respondent thereby obtained a \$100,000 benefit. Accordingly, Respondent failed to deliver to the client the check as well as the settlement proceeds the client was entitled to receive as represented by the check.

Further, The Florida Bar rejects the referee's apparent characterization of the 1981 letter (RES. EX. 1) as constituting a closing document or authorization for Respondent's actions. The letter, on its face, precedes the recovery by two years and cannot be associated with the conclusion of the case, as a closing or settlement document. In addition, the letter is not a

properly executed retainer agreement since it was never executed by the participating attorneys, as required by Disciplinary Rule 2-106(E) of the Code of Professional Responsibility.

With respect to discipline, The Florida Bar maintains that Respondent's actions involving alteration of a negotiable instrument, his failure to deliver to the client the full amount of proceeds due the client pursuant to a properly executed closing statement, and his prior disciplinary history justify a more severe form of discipline than the public reprimand recommended by the referee. Clearly where improper handling of money or property of a client has occurred, disbarment is appropriate.

ARGUMENT

I. THE REFEREE'S FINDING THAT RESPONDENT WAS NOT GUILTY OF FAILING TO DELIVER TO THE CLIENT THE CHECK REPRESENTING THE CLIENT'S NET SETTLEMENT PROCEEDS PURSUANT TO THE CLOSING DOCUMENTS WAS CLEARLY ERRONEOUS.

Where the findings of a referee are clearly erroneous, this court has rejected the referee's findings. The Florida Bar v. McKenzie, 442 So.2d 934 (Fla. 1984).

In the instant case, the referee acknowledged that Respondent's method of delivering funds to his client was improper but found Respondent not guilty of the allegations set forth in Count II of the Bar's complaint which charged that Respondent failed to deliver to his client a check made payable to the client representing the client's net proceeds of settlement pursuant to the closing documents (R.R. 2).

The record in this case clearly establishes that Mr. Schlesinger entrusted Respondent with Mr. Schlesinger's trust account check made payable to the client, Mr. Fahrenkopf, in the amount of \$582,900.98 (COMPL. EX. 2). This check represented settlement proceeds due the client pursuant to the closing documents (COMPL. Ex. 4).

The evidence is undisputed that Respondent did not, in fact, deliver to Mr. Fahrenkopf Mr. Schlesinger's check as originally issued. Instead Respondent altered the check by adding his name as payee, obtained the client's endorsement and then deposited the altered check into his trust account. Respondent delivered to Mr. Fahrenkopf his trust account check in the amount of \$482,900.98 marked "IN FULL, NET PROCEEDS...." Respondent thereby appropriated \$100,000 from the settlement proceeds in addition to the \$200,000 attorney's fee he received pursuant to the closing documents.

In finding Respondent not guilty, the referee appears to have placed considerable weight upon the July 19, 1981 letter (RES. EX. 1). The Florida Bar maintains that the July 19, 1981 letter does not constitute a closing statement as contemplated by the Disciplinary Rule 2-106(E) which provides:

upon the conclusion of the representation, the attorney shall prepare a closing statement reflecting an itemization of all costs and expenses, together with the amount of fee received by each participating attorney or law firm. The closing statement shall be executed by all participating attorneys, as well as the client, and each shall receive a copy. [Emphasis added].

The Florida Bar maintains that it was clearly erroneous for the Referee to have considered the July 19, 1981 letter agreement

(RES. EX. 1) a properly executed closing document and to conclude that the client received the "appropriate amount" of settlement proceeds. The Florida Bar further submits that the referee's conclusion concerning the "appropriate amount" of settlement proceeds due Respondent does not address the ethical violations charged in the Bar's complaint.

The Bar's position with respect to Counts II and III is that Respondent was entrusted with \$582,900.98, represented by Mr. Schlesinger's trust account check, to deliver to Mr. Fahrenkopf. Respondent did not do this. Article XI, Rule 11.02(4) Integration Rule of The Florida Bar provides that:

money or other property entrusted to an attorney for a specific purpose. . . .is held in trust and must be applied only to that purpose. Money and other property of clients coming into the hands of the attorney are not subject to counterclaim or setoff for attorney fees. . . .

At no time did Mr. Fahrenkopf ever have control over \$582,900.98. Before Mr. Fahrenkopf ever saw the trust account check, Respondent had added his name as payee. For the referee to conclude that Respondent was entitled to \$100,000 of the \$582,900.98 does not alter Respondent's ethical obligation under Integration Rule 11.02(4) to first deliver \$582,900.98 to his client and then receive from the client any additional sums that might be due Respondent. Respondent's actions in this case reflect that he put his own pecuniary interests before his fiduciary responsibility to his client. Accordingly, the issue is not a question of form without substance, as is clearly illustrated by the subsequent events in this case. When a dispute over the \$100,000

arose between Mr. Fahrenkopf and Respondent it was Respondent who had possession of the money and the client, to whom Respondent should have delivered the money, who was placed in the position of attempting to recover his money from Respondent.

Further, the July 19, 1981 letter agreement (RES. EX. 1) does not constitute a closing statement as defined by Disciplinary Rule 2-106(E), supra. First, the July 19, 1981 letter was prepared by Respondent and signed by the client two (2) years prior to the settlement of the client's case and does not account for costs, expenses and fees upon the conclusion of the representation. Second, the letter does not reflect the proper subject matter of a closing statement, i.e., costs, expenses and fees. Third, the letter was not executed by the participating attorneys.

Moreover, Respondent, himself, recognizes that the only closing statement properly executed by the client was the one prepared by Mr. Schlesinger (COMPL. EX. 4):

[MR. BACKMEYER]: At the time that you delivered to Mr. Fahrenkopf your trust account check for \$482,000 plus change, did you have Mr. Fahrenkopf executed for you at that time a closing statement?

[MR. VERNELL]: The one that was prepared by Mr. Schlesinger, which incorporated the costs, et cetera in the suit.

(Tr. 39)

These closing documents which were prepared by Mr. Schlesinger and executed by both the client and Respondent clearly indicate that the client was entitled to receive \$582,900.98 as his net proceeds of settlement (COMPL. EX. 4).

The Florida Bar does not take any position with respect to whether Respondent was ultimately entitled to receive the additional \$100,000. The issue is, simply, whether Respondent delivered to the client that which he had been entrusted to deliver. The Florida Bar maintains that delivery of any sum other than \$582,900.98 does not constitute delivery of the property entrusted to him and is therefore violative of Integration Rule 11.02(4). Additionally, the appropriation of \$100,000 from the client's net settlement proceeds of \$582,900.98 without a signed closing statement is a clear violation of Disciplinary Rule 2-106(E).

There is no escaping these two conclusions from this record. The documents demonstrate it and the Respondent admits it.

II. THE REFEREE'S FINDING THAT RESPONDENT IS NOT GUILTY OF OBTAINING \$100,000 WITHOUT A PROPERLY EXECUTED CLOSING STATEMENT IS CLEARLY ERRONEOUS.

The Bar's position with respect to Count III is in essence the same as expressed in the immediately preceding argument. That is, the referee's finding of Respondent's entitlement to an additional 10% of the gross recovery as a fee (\$100,000) in no way obviates Respondent's obligation to comply with Disciplinary Rule 2-106(E).

Accordingly, without evidence that Respondent received an additional \$100,000 from the settlement proceeds pursuant to a properly executed retainer agreement and closing statement, as required by the Code of Professional Responsibility (Disciplinary

Rule 2-106(E)), there is no basis to find Respondent not guilty of the charges.

The evidence clearly establishes that by delivering to Mr. Fahrenkopf, Respondent's trust account check for \$482,900.98 in lieu of Mr. Schlesinger's check for \$582,900.98, Respondent appropriated an additional \$100,000 from the settlement proceeds which was not pursuant to a properly executed retainer agreement and closing statement. The Florida Bar maintains that such action is violative of Disciplinary Rule 2-106(E) of the Code of Professional Responsibility and article XI, Rule 11.02(4), Integration Rule of The Florida Bar.

III. THE REFEREE'S RECOMMENDATION OF A PUBLIC REPRIMAND IS TOO LENIENT WHEN CONSIDERING RESPONDENT'S PRIOR DISCIPLINARY HISTORY TOGETHER WITH THE FACTS OF THIS CASE.

Respondent is not a newcomer to disciplinary proceedings. In fact, this is the fourth time that he is before this Court for professional discipline. Respondent received a private reprimand on November 20, 1964, a public reprimand in 1974 [The Florida Bar v. Vernell, 296 So.2d 8 (Fla. 1974)] and a six-month suspension in 1979 [The Florida Bar v. Vernell, 374 So.2d 473 (Fla. 1979)] (SUP. R.R. 1).

Ironically, in the disciplinary proceedings which resulted in Respondent's suspension, this court rejected a referee's recommendation of a private reprimand and public reprimand with six-months probation based upon a finding of guilt as to two

counts, one of which involved conviction of a misdemeanor. The Court held that in view of Respondent's two previous reprimands, the referee's recommended discipline was too lenient and Respondent was ordered suspended. The Florida Bar v. Vernell, 374 So.2d 473 (Fla. 1979).

In ordering Respondent's prior suspension, this Court restated the policy that cumulative misconduct is dealt with more severely than isolated misconduct. Accordingly, this Court has not hesitated to reject a referee's recommended discipline and increase the discipline where appropriate when considering a Respondent's prior disciplinary history. The Florida Bar v. Bern, 425 So.2d 526 (Fla. 1983); The Florida Bar v. Leopold, 399 So.2d 978 (Fla. 1981); The Florida Bar v. Greenspahn, 396 So.2d 182 (Fla. 1981); The Florida Bar v. Ryan, 396 So.2d 181 (Fla. 1981); The Florida Bar v. Greenspahn, 386 So.2d 523 (Fla. 1980); The Florida Bar v. Rubin, 362 So.2d 12, 15 (Fla. 1978); and The Florida Bar v. Solomon, 338 So.2d 818 (Fla. 1976).

Based upon Respondent's prior disciplinary history, alone, The Florida Bar submits that a public reprimand is too lenient and would urge this Court to reject the referee's recommendation as to discipline.

Notwithstanding the above, The Florida Bar maintains that severe discipline is warranted based upon the serious misconduct involved in the instant case. Respondent has admitted and the referee has found that Respondent altered a negotiable instrument by adding his name as payee to a trust account check entrusted to

him for delivery to his client (Tr. 31, 32, 166-168). Respondent testified that his reason for altering the check was to protect the negotiability of the check (Tr. 167-171). Such reason is truly an incredible and unjustifiable accounting for altering a negotiable instrument (See Tr. 178, 179 and Tr. 2 31). This story is particularly ludicrous when considering that as a result of Respondent's actions he acquired an additional \$100,000.

In evaluating this case for disciplinary purposes, it is important to consider the disparity in position between Respondent, an attorney, and his client, a paraplegic who required daily medication. Angel Castillo, Mr. Fahrenkopf's attorney who was retained to bring an action against Respondent to recover the \$100,000, testified that he met Mr. Fahrenkopf at his home on August 5, 1983, shortly after the meeting in which Respondent obtained the proceeds:

...He[Mr. Fahrenkopf] lived in an apartment for paraplegics near Jackson Memorial Hospital.

When I met him there, he was confined to a wheelchair: He told me that he was taking valium and some other medications.

He was in pain. His speech was semi-slurred.

In my listening to his life story, I ascertained that he was a high school dropout and had, in my impression, fairly limited intellectual ability.

(Tr. 69)

When Respondent referred the case to Mr. Schlesinger, a retainer agreement was executed which affirmed Respondent's participation in the representation of the client and fee

(COMP EX. 5). Respondent's participation and expectation in receiving a fee was further confirmed by Mr. Schlesinger (Tr. 23 citing Mr. Schlesinger's testimony at deposition, COMPL. EX. 1 at 26). Respondent, however, denied any expectation of receiving a fee.

I looked to Bill Fahrenkopf as a friend for over twenty years. I did not look to him as any source of financial recoupment of monies, especially when I felt that I was not going to participate in the active handling of the case. . . .

Hopefully, I would be able to do something that I would like to do for a friend who became a paraplegic.

(Tr. 28)

Respondent's actions suggest an attempt to collect a fee from both the client as well as Mr. Schlesinger, his co-counsel. The facts are undisputed that Respondent did, in fact, receive a fee of \$200,000 which represented 50% of the attorneys' fee. Such fee was disbursed to Respondent pursuant to a properly executed closing document (COMPL. EX. 4). Respondent, thereafter, deprived Mr. Fahrenkopf of \$100,000 of the settlement proceeds he was entitled to receive pursuant to the closing documents. Certainly Respondent, as an attorney and fiduciary entrusted with a check for transmittal to his severely handicapped client and friend for twenty years, had an obligation to insure that the check was properly delivered as originally issued and that his client received all the funds due him.

Further, because of Respondent's actions, the client brought a civil action against Respondent to recover the \$100,000 which was settled by a payment to the client. Respondent's actions with respect to his handling of funds or property of his

client (i.e., the check) simply do not reflect those of an attorney acting in the best interests of his disabled client and friend.

In recommending discipline the referee found that the client received the funds due him and was satisfied (SUP. R.R. 1). However, in so finding the referee apparently overlooks the fact that the client was "satisfied" only after having brought an action against Respondent which resulted in his recovery of a portion of the funds allegedly due him. The client clearly did not receive the funds due him pursuant to the closing documents, as required by the Code of Professional Responsibility, and as intended by Mr. Schlesinger, the maker of the check and the person who had entrusted the check to Respondent for delivery to the client.

In handling funds or property of a client entrusted to an attorney for a specific purpose, an attorney has a fiduciary responsibility to handle the property in accordance with that specific purpose. Regardless of the question of Respondent's motivation, this case involves an attorney's alteration of a trust account check made payable to the client, his failure to deliver to the client the check as originally issued, his appropriation of additional proceeds without proper closing documents, all of which resulted in the institution of a civil action by the client against the attorney to recover the appropriated funds. The facts in the instant case clearly establish Respondent's improper handling of funds or property of a client.

This Court has previously held that "misuse of a client's funds is one of the most serious offenses a lawyer can commit" and the Court "will not be reluctant to disbar an attorney...even though no client is injured." The Florida Bar v. Breed, 378 So.2d 783 (Fla. 1980). It is The Florida Bar's position that the Referee's recommendation of a public reprimand is too lenient when considering the facts of this case, together with Respondent's prior disciplinary history involving two previous reprimands and a suspension. Accordingly, we urge the Court to reject the discipline recommended by the Referee and order Respondent disbarred.

CONCLUSION

The Code of Professional Responsibility and Integration Rule of The Florida Bar set forth the rules governing the conduct of attorneys. These rules require that an attorney handle trust funds or property in accordance with the specific purpose for which such property was entrusted. Article XI, Rule 11.02(4), Integration Rule of The Florida Bar. In personal injury actions involving a contingency fee, an attorney must have a written fee contract and disburse settlement proceeds pursuant to a closing statement which includes an itemization of all costs, expenses and the amount of fee received by each participating attorney. (Disciplinary Rule 2-106(E), of the Code of Professional Responsibility). An attorney who fails to comply with these rules is subject to disciplinary sanctions.

In reviewing the record of this case, The Florida Bar respectfully requests that the Court approve the referee's finding of guilt as to Count I of the Bar's complaint and specifically that Respondent's actions of altering a check to include himself as payee violates Disciplinary Rule 1-102(A)(4) (conduct involving fraud, dishonesty, deceit or misrepresentation), Disciplinary Rule 1-102(A)(6) (conduct that adversely reflects on his fitness to practice law) and article XI, Rule 11.02(4), Integration Rule of The Florida Bar.

The Florida Bar further requests that this Court reject the referee's findings of not guilty as to Counts II and III of the Bar's complaint as clearly erroneous. The Florida Bar submits that the record supports finding Respondent guilty of failing to deliver to his client the net settlement proceeds the client was entitled to receive pursuant to the closing documents, which funds had been entrusted to Respondent for delivery to the client. Such acts are in violation of article XI, Rule 11.02(4), Integration Rule of The Florida Bar. By obtaining funds from the settlement of an action without a properly executed closing statement, Respondent is in violation of Disciplinary Rule 2-106(E) of the Code of Professional Responsibility and article XI, Rule 11.02(4), Integration Rule of The Florida Bar.

As to discipline, The Florida Bar requests that this Court reject the referee's recommendation of a public reprimand as being too lenient when considering the facts and circumstances of

this case, together with Respondent's prior disciplinary history.
The Florida Bar respectfully requests that Respondent be dis-
barred.

Respectfully submitted,

Thomas Edward Backmeyer
THOMAS EDWARD BACKMEYER
Co-Bar Counsel
Concord Building, Suite 810
66 West Flagler Street
Miami, Florida 33130
(305) 358-9060

Patricia S. Etkin
PATRICIA S. ETKIN
Bar Counsel
The Florida Bar
Suite 211, Rivergate Plaza
444 Brickell Avenue
Miami, FL 33131
(305) 377-4445

JOHN F. HARKNESS, JR.
Executive Director
The Florida Bar
Tallahassee, FL 32301-8226
(904) 222-5286

JOHN T. BERRY
Staff Counsel
The Florida Bar
Tallahassee, FL 32301-8226
(904) 222-5286

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that the original of the Main Brief of Complainant Supporting Petition for Review was mailed to Sid J. White, Clerk, Supreme Court of Florida, Supreme Court Building, Tallahassee, FL 32301 and that a true and correct copy was mailed to MALLORY HORTON, attorney for Respondent, 410 Concord Building, 66 W. Flagler Street, Miami, FL 33130, this 13th day of December, 1985.



PATRICIA S. ETKIN
Bar Counsel