

IN THE SUPREME COURT OF FLORIDA  
(Before a Referee)

THE FLORIDA BAR,  
Complainant,  
v.  
ROBERT E. KNOWLES,  
Respondent.

CONFIDENTIAL

Case No. 66,882  
TFB #12784H80

CLERK, SUPREME COURT

REPORT OF REFEREE

By

Chief Deputy Clerk

I. SUMMARY OF PROCEEDINGS: The Complainant filed its Complaint against Respondent on April 4, 1985. On July 22, 1985, Respondent filed his Answer to the Complaint, admitting to all allegations therein. In said Answer the Respondent filed his "Affirmative Defense on Matters in Mitigation", alleging, in effect, that he had become addicted to the excessive use of alcoholic beverages, which affected his judgment and was the cause of the misconduct admitted. Pursuant to the undersigned being duly appointed as Referee to conduct the disciplinary proceedings herein, according to Article XI of the Integration Rules of The Florida Bar, a hearing was held on October 24, 1985 on the issues framed by the pleadings. The enclosed pleading, orders, transcripts and exhibits forwarded to the Supreme Court of Florida with this Report constitute the record in this case.

The following attorneys appeared as counsel for the parties:

For the Florida Bar

Diane Victor Kuenzel

For the Respondent

Richard T. Earle, Jr.

II. Findings of Fact as to Each Item of Misconduct of Which the Respondent is Charged: After considering the pleadings and the evidence before me, I find:

Respondent was admitted to the Florida Bar in 1953. He later joined the Bradenton law firm founded by his father, G. B. Knowles, and up until August 17, 1983, was officer, director, and employee of that firm, Knowles, Blalock, Coleman, Landers and Walters, P.A.

From August 29, 1979 until November 2, 1982, respondent held a Power of Attorney for a client, Mrs. Marguerite B. Briggs, an eighty-four (84) year old nursing home patient. At the time, Mrs. Briggs' estate was valued at approximately \$740,000.00. In November, 1982, Mrs. Briggs' son, Peter E. Briggs, obtained Power of Attorney for his mother from respondent, and in February, 1983, respondent turned over to Peter Briggs certain assets of Mrs. Briggs' estate. At the time the assets were transferred, respondent sent Peter Briggs a cashier's check from the Palmetto Bank and Trust Company in the amount of \$10,000.00 and indicated that this check represented the redemption of a \$10,000.00 Certificate of Deposit for Mrs. Briggs held at Palmetto Bank.

In the same month, Peter Briggs received two I.R.S. 1099

Forms from the Palmetto Bank that reflected the amounts of interest paid to Marguerite B. Briggs on Certificates of Deposit held at the bank. When Mr. Briggs noticed that the check from respondent and the I.R.S. 1099 Forms did not agree, he conducted an inquiry of his mother's assets with the assistance of his own attorney and as a result of this investigation discovered several large and unexplained shortages in Mrs. Briggs' estate.

In May, 1983, Mr. Briggs' attorney, John B. Gibbons, reported these shortages to the Tampa office of The Florida Bar and an unannounced audit of respondent's trust account records was ordered. On August 12, 1983, the audit was completed by the Bar Auditor with respect to the Respondent's handling of the Briggs estate, during the time respondent held the Power of Attorney, from August 29, 1979 until November 2, 1982.

The auditor found that respondent failed to comply with Integration Rule, article XI, Rule 11.02(4) and Bylaws Section 11.02(4) in that respondent's trust accounts were not clearly labeled, client deposits and disbursements were not adequately identified, quarterly trust account balance reconciliations were not prepared, bank reconciliations were incomplete, and client ledgers did not reflect an accurate accounting for each client from whom and for whom trust money was received. When the audit was completed, the auditor informed Robert G. Blalock, respondent's partner, of the existence of several large shortages in the Briggs estate, as well as the status of respondent's trust accounts.

Knowles, Blalock, Coleman, Lenders and Walters immediately retained the accounting firm of Whitcomb, Christopher, Smith and Gentile, C.P.A., to perform a complete audit of all records pertaining to clients' funds handled by respondent either under estates, trust agreements or powers of attorney. As a result of this audit, the accounting firm uncovered a number of improprieties indicating conversion by respondent of his clients' funds.

By August 17, 1983, the law firm and the auditors, assisted by respondent, identified additional accounts of clients whose funds respondent had converted. A total of \$197,900.00 in trust account funds was determined to have been appropriated by respondent to his own personal use. On August 17, 1983, respondent and other members of his law firm signed an Agreement wherein respondent admits that he "improperly managed accounts (including the unauthorized removal of funds therefrom for his personal use) which accounts were in his exclusive care, custody, and control and the property of clients of the P.A." Furthermore, in said Agreement respondent admits that "He has failed to properly account for and apply funds belonging to clients of the P.A." Respondent attached to the Agreement as an addendum and exhibit, a list setting forth, to the best of his recollection, all monies due clients on account of his improprieties.

The list of monies admittedly converted by respondent totalled \$197,900.00. As a result of the Agreement, respondent deposited \$228,956.58 from the sale of various assets, to be held and distributed by the law firm as reimbursement to all clients and beneficiaries or others, including the law firm, from which or from whom respondent improperly took funds. On August 19, 1983, Robert G. Blalock personally accompanied respondent to the office of The Florida Bar, Tampa, where respondent again admitted converting \$197,900.00 in clients' funds. On August 20, 1983, the law firm issued a press release announcing respondent's resignation from Knowles, Blalock, Coleman, Landers and Walters, P.A.

On September 14, 1983, upon petition by The Florida Bar, respondent was suspended from the practice of law by the Supreme Court, pursuant to Integration Rule, article XI, Rule 11.10(7). Respondent was later charged by the State Attorney's Office of the Twelfth Judicial Circuit with eight counts of Grand Theft for the matters which are the subject of this Complaint. On January 7, 1985, respondent pled no contest to all eight counts before Manatee County Circuit Court Judge Gilbert Smith who withheld adjudication and sentenced respondent to two (2) years probation, 300 hours community service and a \$14,000.00 fine.

Prior to August 29, 1979, respondent became addicted to the excessive use of alcohol, which excessive use continued from then until on or about August, 1983. Because of respondent's excessive consumption of alcohol, he became progressively less competent to practice law and to evaluate his duties in relation to his clients and to society, to such an extent that he did not comprehend the almost certain effects which his admitted conduct would have on both his clients and himself.

In August, 1983, respondent went to an alcoholic rehabilitation facility where he resided until the treatment was terminated and he was discharged. Respondent joined Alcoholics Anonymous and has attended, and is still attending regularly, the meetings of said Association and he has secured the aid of a psychiatrist in an effort to find the cause of and the appropriate treatment for his addiction to alcohol.

Since undertaking alcoholic rehabilitation in August, 1983, respondent has consumed no alcoholic beverages whatsoever. Respondent realizes that he is an alcoholic and the effect that alcoholic beverages will have upon him, so that he does not believe he will consume any alcoholic beverages in the future.

Respondent bears no ill will to the organized Bar, the law enforcement officials and the courts.

The Referee further finds that the Respondent has promptly made restitution to his clients and has fully cooperated with The Florida Bar, law enforcement officials, and the courts in the matters here involved.

III. Recommendation as to Whether or not the Respondent Should be found Guilty: I recommend that the respondent be found guilty of the following violations of the Code of Professional Responsibility: DR 1-102(A)(3); DR 1-102(A)(6); DR 9-102(A); DR 9-102(B)(3); DR 9-102(B)(4); Integration Rule, article XI, Rule 11.02(3)(a); Integration Rule, article XI, Rule 11.02(4); Integration Rule article XI, Rule 11.02(4)(b); and Bylaws Section 11.02.

IV. Recommendation as to Disciplinary Measures to be Applied: I recommend that the respondent be disbarred from the practice of law for a minimum of three (3) years and pay the costs of these proceedings in the amount of \$1,377.81.

V. Personal History and Past Disciplinary Record: After a finding of guilty and prior to recommending discipline to be recommended pursuant to Rule 11.06(9)(a)(4), I considered the following personal history and prior disciplinary record of the respondent, to wit:

- (1) Age: 63
- (2) Date admitted to Bar: 1953
- (3) Designated: No  
Certified: No

(4) Marital Status: Married, no dependents

(5) Prior to August, 1983, Respondent was a highly-respected lawyer in Manatee and Sarasota Counties and a leader in the civic affairs, arts and politics of those communities. He has no disciplinary record, except for that resulting from the misconduct alleged in this complaint, and has not practiced law since his suspension in August, 1983.

VI. Statement of Costs and Manner in which Costs should be Taxed:

Grievance Committee Level	
Administrative Costs	\$150.00
Court Reporter	56.41
Investigation Costs	295.70
Typing	21.00
	<hr/>
	523.11
Referee Level	
Administrative Costs	\$150.00
Court Reporter	568.20
Investigation Costs	136.50
	<hr/>
	854.70
TOTAL	\$1,377.81

It is apparent that other costs have or may be incurred. It is recommended that all such costs and expensed, together with the foregoing itemized costs, be charged to the respondent and that interest at the statutory rate shall accrue and be payable beginning 30 days after the judgment in this case becomes final, unless a waiver is granted by The Board of Governors of The Florida Bar.

DATED this 14<sup>TH</sup> day of APRIL, 1986.

  
\_\_\_\_\_  
J. ROGERS PADGETT, Referee

Copies furnished to:

Richard T. Earle, Jr., Attorney for Respondent  
Diane Victor Kuenzel, Bar Counsel  
John T. Berry, Staff Counsel