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State Bar Court of California
Hearing Department
Los Angeles

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Counsel For The State Bar **BRANDON K. TADY** **Office of the Chief Trial Counsel** **Enforcement Unit** **1149 South Hill Street** **Los Angeles, California 90015-2299** Bar # **83045**	Case Number (s) **04-O-12955, 05-O-01514,05-O-02188, 05-O-04954, 06-O-10025, 06-O-11298, 06-O-10007, 06-O-12502, 06-O-13751, 06-C-11774**	(for Court's use) **PUBLIC MATTER** FILED AUG 0 6 2010 STATE BAR COURT CLERK'S OFFICE SAN FRANCISCO
Counsel For Respondent **Arthur L. Margolis** **Margolis & Margolis, LLP** **2000 Riverside Drive** **Los Angeles, California 90039** Bar # **57703**	Submitted to: **Assigned Judge** STIPULATION RE FACTS, CONCLUSIONS OF LAW AND DISPOSITION AND ORDER APPROVING; ORDER OF INVOLUNTARY INACTIVE ENROLLMENT **DISBARMENT** ☐ PREVIOUS STIPULATION REJECTED	
In the Matter of: **STEVEN SEARS** Bar # **145130** A Member of the State Bar of California (Respondent)		

Note: All information required by this form and any additional information which cannot be provided in the space provided, must be set forth in an attachment to this stipulation under specific headings, e.g., "Facts," "Dismissals," "Conclusions of Law," "Supporting Authority," etc.

A. Parties' Acknowledgments:

(1) Respondent is a member of the State Bar of California, admitted **December 13, 1989**.

(2) The parties agree to be bound by the factual stipulations contained herein even if conclusions of law or disposition are rejected or changed by the Supreme Court.

(3) All investigations or proceedings listed by case number in the caption of this stipulation are resolved by this stipulation and are deemed consolidated. Dismissed charge(s)/count(s) are listed under "Dismissals." The stipulation consists of (26) pages, not including the order.

(4) A statement of acts or omissions acknowledged by respondent as cause or causes for discipline is included under "Facts."

(5) Conclusions of law, drawn from and specifically referring to the facts are also included under "Conclusions of Law."

In the Matter of **Steven Sears** A Member of the State Bar	Case number(s): **04-O-12955, 05-O-01514, 05-O-02188, 05-O-04954, 06-O-10007, 06-O-10025, 06-O-11298, 06-O-12502, 06-O-13751, 06-C-11774**

NOLO CONTENDERE PLEA TO STIPULATION AS TO FACTS, CONCLUSIONS OF LAW AND DISPOSITION

Bus. & Prof. Code § 6085.5 Disciplinary Charges: Pleas to Allegations

There are three kinds of pleas to the allegations of a Notice of Disciplinary Charges or other pleading which initiates a disciplinary proceeding against a member:

(a) Admission of culpability.

(b) Denial of culpability.

(c) **Nolo contendere, subject to the approval of the State Bar Court. The court shall ascertain whether the member completely understands that a plea of nolo contendere shall be considered the same as an admission of culpability and that, upon a plea of nolo contendere, the court shall find the member culpable. The legal effect of such a plea shall be the same as that of an admission of culpability for all purposes, except that the plea and any admission required by the court during any inquiry it makes as to the voluntariness of, or the factual basis for, the pleas, may not be used against the member as an admission in any civil suit based upon or growing out of the act upon which the disciplinary proceeding is based.** (Added by Stats. 1996, ch. 1104.) (emphasis supplied)

Rule 133, Rules of Procedure of the State Bar of California **STIPULATION AS TO FACTS, CONCLUSIONS OF LAW AND DISPOSITION**

(a) A proposed stipulation as to facts, conclusions of law, and disposition must set forth each of the following:

. . .

(5) a statement that Respondent either

(i) admits the facts set forth in the stipulation are true and that he or she is culpable of violations of the specified statutes and/or Rules of Professional Conduct or

(ii) pleads nolo contendere to those facts and violations. If the Respondent pleads nolo contendere, the stipulation shall include each of the following:

(a) an acknowledgement that the Respondent completely understands that the plea of nolo contendere shall be considered the same as an admission of the stipulated facts and of his or her culpability of the statutes and/or Rules of Professional Conduct specified in the stipulation; and

(b) If requested by the Court, a statement by the Deputy Trial Counsel that the factual stipulations are supported by evidence obtained in the State Bar investigation of the matter (emphasis supplied)

I, the Respondent in this matter, have read the applicable provisions of Bus. & Prof. Code § 6085.5 and rule 133(a)(5) of the Rules of Procedure of the State Bar of California. I plead nolo contendere to the charges set forth in this stipulation and I completely understand that my plea must be considered the same as an admission of culpability except as state in Business and Professions Code section 6085.5(c).

Date 7-30-10 Signature _____ **Steven Sears** Print Name

(6) The parties must include supporting authority for the recommended level of discipline under the heading "Supporting Authority."

(7) No more than 30 days prior to the filing of this stipulation, respondent has been advised in writing of any pending investigation/proceeding not resolved by this stipulation, except for criminal investigations.

(8) Payment of Disciplinary Costs—Respondent acknowledges the provisions of Bus. & Prof. Code §§6086.10 & 6140.7. (Check one option only):

- ☒ Costs to be awarded to the State Bar
- ☐ Costs waived in part as set forth in a separate attachment entitled "Partial Waiver of Costs"
- ☐ Costs entirely waived

(9) ORDER OF INACTIVE ENROLLMENT:
The parties are aware that if this stipulation is approved, the judge will issue an order of inactive enrollment under Business and Professions Code section 6007, subdivision (c)(4), and Rules of Procedure of the State Bar, rule 220(c).

B. Aggravating Circumstances [for definition, see Standards for Attorney Sanctions for Professional Misconduct, standard 1.2(b)]. Facts supporting aggravating circumstances are required.

(1) ☐ **Prior record of discipline**

(a) ☐ State Bar Court case # of prior case

(b) ☐ Date prior discipline effective

(c) ☐ Rules of Professional Conduct/ State Bar Act violations:

(d) ☐ Degree of prior discipline

(e) ☐ If respondent has two or more incidents of prior discipline, use space provided below:

(2) ☐ **Dishonesty:** Respondent's misconduct was surrounded by or followed by bad faith, dishonesty, concealment, overreaching or other violations of the State Bar Act or Rules of Professional Conduct.

(3) ☐ **Trust Violation:** Trust funds or property were involved and respondent refused or was unable to account to the client or person who was the object of the misconduct for improper conduct toward said funds or property.

(4) ☒ **Harm:** Respondent's misconduct harmed significantly a client, the public or the administration of justice. **See Stipulation of Facts, Conclusions of Law.**

(5) ☐ **Indifference:** Respondent demonstrated indifference toward rectification of or atonement for the consequences of his or her misconduct.

(6) ☐ **Lack of Cooperation:** Respondent displayed a lack of candor and cooperation to victims of his/her misconduct or to the State Bar during disciplinary investigation or proceedings.

(7) ☒ **Multiple/Pattern of Misconduct:** Respondent's current misconduct evidences multiple acts of wrongdoing or demonstrates a pattern of misconduct. **See Stipulation of Facts, Conclusions of Law.**

(8) ☐ **No aggravating circumstances** are involved.

Additional aggravating circumstances:
See page 20 of the Stipulation of Facts and Conclusions of Law.

C. Mitigating Circumstances [see standard 1.2(e)]. Facts supporting mitigating circumstances are required.

(1) ☐ **No Prior Discipline:** Respondent has no prior record of discipline over many years of practice coupled with present misconduct which is not deemed serious.

(2) ☐ **No Harm:** Respondent did not harm the client or person who was the object of the misconduct.

(3) ☐ **Candor/Cooperation:** Respondent displayed spontaneous candor and cooperation with the victims of his/her misconduct and to the State Bar during disciplinary investigation and proceedings.

(4) ☐ **Remorse:** Respondent promptly took objective steps spontaneously demonstrating remorse and recognition of the wrongdoing, which steps were designed to timely atone for any consequences of his/her misconduct.

(5) ☐ **Restitution:** Respondent paid $ on in restitution to without the threat or force of disciplinary, civil or criminal proceedings.

(6) ☐ **Delay:** These disciplinary proceedings were excessively delayed. The delay is not attributable to respondent and the delay prejudiced him/her.

(7) ☐ **Good Faith:** Respondent acted in good faith.

(8) ☐ **Emotional/Physical Difficulties:** At the time of the stipulated act or acts of professional misconduct respondent suffered extreme emotional difficulties or physical disabilities which expert testimony would establish was directly responsible for the misconduct. The difficulties or disabilities were not the product of any illegal conduct by the member, such as illegal drug or substance abuse, and respondent no longer suffers from such difficulties or disabilities.

(9) ☐ **Severe Financial Stress:** At the time of the misconduct, respondent suffered from severe financial stress which resulted from circumstances not reasonably foreseeable or which were beyond his/her control and which were directly responsible for the misconduct.

(10) ☐ **Family Problems:** At the time of the misconduct, respondent suffered extreme difficulties in his/her personal life which were other than emotional or physical in nature.

(11) ☐ **Good Character:** Respondent's good character is attested to by a wide range of references in the legal and general communities who are aware of the full extent of his/her misconduct.

(12) ☐ **Rehabilitation:** Considerable time has passed since the acts of professional misconduct occurred followed by convincing proof of subsequent rehabilitation.

(13) ☐ **No mitigating circumstances** are involved.

Additional mitigating circumstances:
See Stipulation of Facts and Conclusions of Law.

D. Discipline: Disbarment.

E. Additional Requirements:

(1) **Rule 9.20, California Rules of Court**: Respondent must comply with the requirements of rule 9.20, California Rules of Court, and perform the acts specified in subdivisions (a) and (c) of that rule within 30 and 40 calendar days, respectively, after the effective date of the Supreme Court's Order in this matter.

(2) ☐ **Restitution:** Respondent must make restitution to in the amount of $ plus 10 percent interest per year from . If the Client Security Fund has reimbursed for all or any portion of the principal amount, respondent must pay restitution to CSF of the amount paid plus applicable interest and costs in accordance with Business and Professions Code section 6140.5. Respondent must pay the above restitution and furnish satisfactory proof of payment to the State Bar's Office of Probation in Los Angeles no later than days from the effective date of the Supreme Court order in this case.

(3) ☒ **Client Security Fund Reimbursement**: Respondent must also reimburse the Client Security Fund to the extent that the misconduct in this matter results in the payment of funds and such payment obligation is enforceable as provided under Business and Professions Code section 6140.5.

(4) ☐ **Other:**

ATTACHMENT TO

STIPULATION RE FACTS, CONCLUSIONS OF LAW AND DISPOSITION

IN THE MATTER OF: Steven Sears

CASE NUMBER(S): 04-O-12955, 05-O-01514, 05-O-02188, 05-O-04954, 06-O-10007, 06-O-10025, 06-O-11298, 06-O-12502, 06-O-13751, 06-C-11774

FACTS AND CONCLUSIONS OF LAW.

Respondent admits the following facts are true and he is culpable of the violations of the specified statutes.

FACTS COMMON TO ALL CASES (04-O-12955, et. al.)

1. From December 13, 1989 to the present, Respondent was a sole practitioner and he did business as Steven Sears Attorney, CPA and as Legal Advisors, Inc., a professional law corporation. Respondent's law practice included giving clients legal advice about protecting their assets from creditors or potential creditors. Respondent recommended to clients they purchase shelf corporations, including but not limited to, limited liability companies ("LLCs"), to protect their assets.

2. Respondent formed or caused others to form the shelf corporations which were then sold to his clients. These shelf corporations were sold to Respondent's clients through Tax and Financial Advisors, Inc. ("TFA"), Corporate Formation Advisors, Inc. ("CFA"), and/or Company Registration Services, Inc. ("CRS"). TFA, CFA, and CRS are not professional law corporations and they do not provide legal services.

3. From the mid-1990s to 2006, Respondent was a corporate officer of TFA and he had authority to sign checks and make withdrawals from TFA's bank account (s). From the mid-1990s to 2006, Respondent was a corporate officer of CFA and he had authority to sign checks and make withdrawals from CFA's bank accounts. From the mid-1990s to 2006, Respondent was a corporate officer of CRS and he had authority to sign checks and make withdrawals from CRS's bank accounts.

4. Respondent did not disclose to any of the State Bar's complaining witnesses that, if they purchased one or more shelf corporations based on his recommendations, then TFA, CFA, or CRS would sell them the shelf corporations. Respondent did not disclose to any of the State Bar complaining witnesses that they would not be doing business with Steven Sears Attorney, CPA or with Legal Advisors, Inc. Respondent also did not disclose to any of the State Bar complaining witnesses that he was a corporate officer of TFA, CFA, and CRS, and that he had authority to sign checks and make withdrawals from the bank accounts of each of these corporations.

FACTS RELATED TO CASE NUMBER 04-O-12955 (THE KRISTI NICOLAI MATTER)

5. On April 4, 2004, the Honorable Peter Smith, Superior Court Judge, Retired ("Judge Smith"), made a binding arbitration award in favor of LWS Sales, Inc. ("LSW"), against Louis D. Nicolai ("Louis") in the amount of $270,000 in *LSW Sales, Inc, a California Corporation vs. Louis D. Nicolai, an individual, Kristi Nicolai, an individual and K.L. Nicolai & Associates, a California Corporation,* bearing JAMS case number 1200034500 ("The Nicolai Matter"). Louis and Kristi Nicolai ("Kristi") are husband and wife and K.L. Nicolai is Kristi's business. Louis and Kristi were husband and wife during Louis's employment with LSW.

6. The Nicolai Matter arose out Louis's employment with LSW. At the arbitration, Judge Smith found that, while Louis was employed by LSW, he breached his duty of loyalty to LSW and his breach caused damage to LSW in the amount of $270,000 ("Arbitration Award").

7. Louis and Kristi received the Arbitration Award in late April, 2004. Louis's and Kristi's only asset was the equity in their home and they did not want to sell their home to pay the Arbitration Award. Kristi was very upset about the Arbitration Award and she wanted to learn whether she and Louis could legally protect their home equity.

8. On April 28, 2004 at approximately 11:00 am, Kristi went to Respondent's law office in the Sears Law Building, located in Irvine, California. Respondent was away from the office when Kristi arrived. Kristi met with Nevine Carmelle ("Nevine") who introduced herself to Kristi as Respondent's assistant. Nevine is not an attorney. Nevine worked in the office next to Respondent's office in the Sears Law Building and she and Respondent have a child together. Nevine claims that she was employed by Respondent from the early 1990's through 2006. Kristi told Nevine about the Arbitration Award against Louis. She also told Nevine that she and Louis were concerned about losing the equity in their home. Kristi told Nevine she and Louis wanted to meet with Respondent to obtain his legal advice about protecting their home equity. Kristi paid $250 to Nevine with the understanding that this was the cost for an initial consultation with Respondent.

9. Nevine told Kristi she and Louis could protect their home equity by purchasing shelf corporations. Nevine gave Kristi a copy of Respondent's self-published book "Wealth and Asset Protection Strategies," and told her to read the book. Kristi told Nevine she would return in the afternoon on April 28, 2004, and that she wanted to meet with Respondent to discuss protecting her and Louis's home equity.

10. On April 28, 2004 in the afternoon, Kristi and her father returned to Respondent's law office. Respondent was away from the office. Kristi and her father met with Nevine. Nevine told Kristi she needed to make a decision immediately about purchasing shelf corporations because it would be "too late" to protect their home equity if a judgment was entered on the Arbitration Award. Kristi told Nevine she read parts of "Wealth and Asset Protection Strategies" and she was concerned that transferring her and Louis's home equity into one or more shelf corporations would be a fraudulent conveyance. Nevine did not explain how the asset protection plan would work to protect Louis's and Kristi's home equity. Nevine told Kristi several times the proposed asset protection plan was not a fraudulent conveyance. Nevine claims she relied on information provided by Respondent.

11. During the afternoon meeting on April 28, 2004, Nevine told Kristi it would cost $17,000 to purchase five (5) domestic, out-of-state shelf corporations (LLCs). Nevine also recommended to Kristi that she purchase a post-nuptial agreement and estate planning documents including a marital trust, a pour-over will, and durable powers of attorney as a part of the asset protection plan. Nevine told Kristi the total cost was $24,300. Nevine claims she was relying on information provided to her by Respondent. Kristi signed a form entitled "Company Services Agreement" for the purchase of the five (5) shelf corporations, a form entitled "Services Agreement" for the post-nuptial agreement, and a form entitled "Estate Planning Documents" for the purchase of the estate planning documents. Nevine did not explain these documents to Kristi and she did not tell Kristi that CFA, and not Respondent or Legal Advisors, Inc., would prepare the documents and be paid $24,300.

12. During the afternoon meeting on April 28, 2004, Kristi's father gave Nevine a check for $24,300. Nevine asked that the line for the "payee" be left blank and Kristi's father complied with this request. Nevine claims she was following Respondent's advice. After Kristi and her father left the meeting, the name "CFA" was placed on the "payee" line of the check for $24,300.

13. On April 28, 2004, Kristi told Nevine that she and Louis were undecided about following the recommended asset protection plan. She also repeatedly told Nevine that Nevine and Respondent were not authorized to deposit the check for $24,300 until Kristi met with Respondent and she and Louis made a final decision whether to purchase the asset protection plan.

14. On April 28, 2004, after Nevine received the check for $24,300 she left the meeting for approximately 35-40 minutes. When she returned to the meeting, she told Kristi she could further protect her home equity by purchasing an "off-shore" corporation in place of one of the domestic out-of-state corporations. The cost to purchase an "off-shore" corporation was an additional $2700.

15. On April 28, 2004, without Kristi's knowledge or consent, the check for $24,300 was deposited into CFA's bank account. When the checks were deposited, Respondent had custody and control of this bank account.

16. On April 29, 2004, Kristi and her father met with Nevine. Respondent was not present at the meeting. At Nevine's request, Kristi's father gave Nevine a check for $2700 with the "payee" line left blank. Kristi again told Nevine that Nevine and Respondent were not authorized to cash the check for $24,300 or the check for $2700 until Kristi met with Respondent and made a final decision whether to purchase the asset protection plan. After Kristi and her father left the meeting, the name "CRS" was placed on the "payee" line of the check for $2700.

17. On April 29, 2004, without Kristi's knowledge or consent, the check for $2700 was deposited into CRS's bank account. When the checks were deposited, Respondent had custody and control of this bank account.

18. On Friday, April 30, 2004, Kristi, Louis, her father and Nevine met with Respondent at his law office. Kristi asked whether the proposed asset protection plan was fraudulent and Respondent told her it was not fraudulent. Respondent told Kristi he had not had an opportunity to review the asset protection documents that were in several blue folders sitting on his desk. He told Kristi to "think about it over the weekend" and they would speak again. Respondent did not explain to Kristi how the proposed asset protection plan would protect her and Louis's home equity from the Arbitration Award. Kristi told Respondent that she and Louis had not made a final decision whether to purchase the proposed asset protection plan and she told Respondent that he was not authorized to cash the checks for $24,300 and $2700 until she and Louis made their decision whether to proceed with the plan.

19. During the week-end, Kristi and Louis decided they did not want to purchase the asset protection plan.

20. On Monday, May 3, 2004 at 5:00 am, Kristi's father called his bank to place "stop-pay" orders on the checks for $24,300 and $2700. He learned the two checks were already deposited. When the checks were deposited, Respondent had custody and control of these bank accounts.

21. On Monday, May 3, 2004, Kristi called Respondent's law office and asked to speak with Respondent. Respondent did not take Kristi's telephone call. Kristi left a message with Respondent's receptionist that she did not want to purchase the asset protection plan, the two checks were deposited contrary to her instructions, and that she would come to Respondent's law office in the late morning to obtain a refund of the $27,000.

22. On May 3, 2004, Kristi went to Respondent's office and spoke with Nevine. Kristi told Nevine she decided not to proceed with the asset protection plan and she required Respondent to refund the $27,000. Nevine told Kristi she needed to speak with Respondent about a refund. Kristi left Respondent's office without a refund of the $27,000.

23. Kristi called Respondent's law office many times over the next few weeks and left messages for him asking for a refund of the $27,000. Respondent did not return any of Kristi's telephone calls.

24. On May 6, 2004, Kristi received a package containing the blue folders that were sitting on Respondent's desk on April 30, 2004. The postage meter stamp on the envelope was dated April 29, 2004, the day before Kristi's meeting with Respondent.

25. The documents in the blue folders that Kristi received on May 6, 2004 were incomplete, were not in final form, and did not have any explanation of what the documents were or how to use them. Kristi did not use any of the documents after she received them.

26. Kristi retained attorney Kevin O'Hara to assist her to obtain a refund of the $27,000 from Respondent. Attorney Keith Van Dyke, attorney O'Hara's associate, sent two letters to Respondent demanding a refund of the $27,000. Respondent refused to refund Kristi any of the $27,000.

27. On May 25, 2004, Kristi made a State Bar complaint against Respondent. In October 2007, Respondent agreed to pay Kristi $3000 per month for nine (9) months. Respondent paid $27,000 to Kristi.

28. Respondent did not provide any legal services of value to or on behalf Kristi.

29. Respondent did not earn any portion of the $27,000.

CONCLUSIONS OF LAW IN CASE NUMBER 04-O-12955 (THE KRISTI NICOLAI MATTER)

30. By failing to adequately supervise Nevine Carmelle during her meetings with Kristi Nicolai, by allowing the checks for $24,300 and $2700 to be deposited before Kristi Nicolai made her decision whether to proceed with the asset protection plan, by failing to review the asset protection plan before it was sent to Kristi Nicolai, by failing to explain to Kristi Nicolai how the asset protection plan would protect her assets, by failing to adequately supervise his office staff to prevent them from sending unfinished asset protection plan documents to Kristi Nicolai after she informed Respondent that she decided not to proceed with the asset protection plan, and by failing to adequately supervise his office staff to prevent them from misusing a stale postage meter stamp on the envelope sent to Kristi Nicolai, Respondent intentionally, recklessly, or repeatedly failed to perform legal services with competence in wilful violation of California Rules of Professional Conduct , rule 3-110 (A).

31. By failing to return Kristi Nicolai's telephone calls, Respondent failed to respond promptly to reasonable status inquiries of clients in wilful violation of California Business and Professions Code, section 6068 (m).

32. By failing to refund the $27,000 to Kristi Nicolai and her father until October, 2007, Respondent failed to promptly refund any part of a fee paid in advance that has not been earned in wilful violation of RPC, rule 3-700(D) (2).

FACTS RELATED TO CASE NUMBER 05-O-02188 (THE DANIEL DOBALIAN MATTER)

33. On September 22, 2004, Daniel Dobalian, M.D. ("Dr. Dobalian") was served with a civil complaint seeking damages against him for medical malpractice. Dr. Dobalian is an ob/gyn. The civil lawsuit bears Orange County Superior Court case number 04 CC 09644 and is entitled " *John De La Rosa, a minor, by and through his guardian ad litem Rosa de La Rosa vs. Chapman Medical Center, Daniel Dobalian, M.D., Peter Jackson Newell, M.D., et. al* ("the Medical Malpractice Lawsuit"). The Plaintiff in the Medical Malpractice Lawsuit prayed for special damages against all of the defendants in an amount in excess of $10 million.

34. Dr. Dobalian was very upset about the Medical Malpractice Lawsuit. On September 23, 2004, he went to Respondent's law office located at the Steven Sears Law Building and he met with Respondent and Nevine. Dr. Dobalian paid Respondent $250 for a legal consultation.

35. During his meeting with Respondent on September 23, 2004, Dr. Dobalian told Respondent he had been served with the Medical Malpractice Lawsuit and he offered to show Respondent a copy of the civil complaint. Dr. Dobalian told Respondent his assets included the equity in his home and a small amount of money in an IRA. Dr. Dobalian also told Respondent that he had a medical malpractice liability policy with a policy limit of $1 million per claim. Dr. Dobalian explained to Respondent that he

was planning to marry, he was concerned the Medical Malpractice Lawsuit could cause his fiancé to change her mind about the marriage, and he did not want to lose his assets

36. On September 23, 2004, Respondent recommended to Dr. Dobalian that he purchase two shelf corporations (LLCs) to protect his assets. Respondent did not explain to Dr. Dobalian what an LLC is or how purchasing the proposed asset protection plan would protect Dr. Dobalian's assets. Respondent also did not explain that all work would be done by TFA and not by Respondent or Legal Advisors, Inc. Dr. Dobalian told Respondent he was emotionally distraught about the Medical Malpractice Lawsuit and he did not understand LLCs or how the proposed asset protection plan would protect his assets. Dr. Dobalian told Respondent he wanted to schedule another meeting to discuss the proposed asset protection plan.

37. On October 8, 2004, Dr. Dobalian and his cousin, Vaughn Dobalian went to Respondent's law office for a second meeting with Respondent. Vaughn Dobalian ("Vaughn") is a medical doctor and an attorney licensed by the State Bar of California. Dr. Dobalian brought Vaughn to the meeting because he did not understand how the proposed asset protection plan worked.

38. On October 8, 2004, Dr. Dobalian and Vaughn first met with Nevine. Nevine gave Dr. Dobalian a form entitled "Company Services Agreement" which he signed. Nevine did not explain the "Company Services Agreement." Nevine told Dr. Dobalian that two shelf corporations (LLCs) cost $7,000. Nevine claims Respondent provided this information to her.Dr. Dobalian gave Nevine his credit card and Nevine obtained authorization from the credit card company to charge $7,000. Nevine presented Dr. Dobalian with a credit card charge slip for $7,000 and asked him to sign it. Dr. Dobalian refused to sign the credit card charge slip until he spoke with Respondent. Respondent then entered the meeting.

39. During the meeting on October 8, 2004, Vaughn asked Respondent to describe the benefits Dr. Dobalian would receive in exchange for paying $7,000. Respondent did not answer this question. Vaughn also asked whether the proposed asset protection plan was legal. Respondent told Vaughn the asset protection plan was legal. Vaughn asked other questions and Respondent refused to answer these questions until Dr. Dobalian signed the credit card charge slip for $7,000. Dr. Dobalian refused to sign the credit card charge slip. Vaughn then asked Respondent to reverse the $7,000 credit card charge. Respondent and Nevine left the meeting and did not return. Dr. Dobalian took the unsigned credit card charge slip and he and Vaughn left Respondent's law office. When he left Respondent's law office, Dr. Dobalian decided not to purchase the asset protection plan proposed by Respondent and he did not authorize the $7,000 charge to his credit card.

40. On October 8, 2004, Dr. Dobalian's credit card was charged $7,000 by TFA. When Dr. Dobalian's credit card was charged $7,000, Respondent was a corporate officer of TFA and he had custody and control of TFA's bank account..

41. From mid-October, 2004 through November 12, 2004, Respondent called Respondent's law office several times and left messages for Respondent asking that Respondent reverse the $7,000 credit card charge. Respondent did not return Dr. Dobalian's telephone calls.

42. Sometime after mid-October, 2004, Dr. Dobalian sent a certified letter to Respondent requesting a refund of the $7,000. Respondent received the letter. Respondent did not respond to this letter.

43. Dr. Dobalian never received any documents from Respondent.

44. On February 15, 2005, Dr. Dobalian made a State Bar Complaint against Respondent.

45. In October, 2007, Respondent refunded the $7,000 to Dr. Dobalian.

46. Respondent did not provide any legal services of value to or on behalf of Dr. Dobalian.

47. Respondent did not earn any portion of the $7,000.

CONCLUSIONS OF LAW IN CASE NUMBER 05-O-02188 (THE DANIEL DOBALIAN MATTER)

48. By failing to explain the proposed asset protection plan, by failing to explain that, if Dr. Dobalian agreed to purchase the asset protection plan he would be doing business with TFA and not with Respondent or Legal Advisors, Inc., by failing to answer Vaughn Dobalian's questions until Dr. Dobalian signed the credit card charge slip for $7,000, and by failing to adequately supervise his office staff to prevent the unauthorized credit card charge of $7,000 after Dr. Dobalian cancelled the asset protection plan, Respondent intentionally, recklessly, or repeatedly failed to perform legal services with competence in wilful violation of California Rules of Professional Conduct, rule 3-110 (A).

49. By failing to return Dr. Daniel Dobalian's telephone calls and by failing to respond to Dr. Dobalian's certified letter, Respondent failed to respond promptly to reasonable status inquiries of a client in wilful violation of California Business and Professions Code, section 6068 (m).

50. By failing to refund the $7,000 to Dr. Dobalian until 2007, Respondent failed to promptly refund any part of a fee paid in advance that has not been earned in wilful violation of RPC, rule 3-700(D) (2).

FACTS RELATED TO CASE NUMBER 06-O-11298 (THE PETER NAM MATTER)

51. In November, 2003, Peter Nam ("Peter") was 25 years old. He was self-employed with a partner, Alex Yung ("Alex"), in an automotive retail business called "Motor Sport Detail." Motor Sport Detail sold auto parts on the internet.

52. In November, 2003, Peter and Alex had a business dispute and they decided to end their partnership. Peter wanted to purchase Alex's share of Motor Sport Detail. Alex's father kept the accounts for Motor Sport Detail and Peter told Alex he would not purchase Alex's share of the business until the accounts were placed in proper order. Alex threatened to file a lawsuit against Peter concerning the dissolution of their partnership.

53. On November 7, 2003, Peter went to the Steven Sears Law Building and he met with Respondent and Nevine. Peter paid $250 for a legal consultation with Respondent.

54. On November 7, 2003, Peter told Respondent his assets consisted of a BMW M3 automobile and "a few thousand dollars" in the bank. Respondent told Peter he "should look into" asset protection. Peter told Respondent he needed to think about Respondent's suggestion and he would schedule a second meeting with Respondent.

55. On November 18, 2003, Peter returned to Respondent's law office because he had been served with a civil complaint filed by Alex. Peter met with Respondent and Nevine. Peter paid another $250 for a legal consultation with Respondent. Peter showed Respondent and Nevine the civil complaint filed by Alex.

56. On November 18, 2003, Respondent recommended that Peter transfer his assets to an out of state shelf corporation (LLC). Peter decided to purchase the LLC and paid Respondent $1500 by check. The check was made payable to CFA.

57. On November 19, 2003 at approximately 8:30 am, Peter called Respondent's law office and spoke with Nevine. Peter asked to speak with Nevine because he understood that she was handling the administrative details for Respondent for Peter's purchase of the LLC. Peter told Nevine he wanted to cancel his purchase of the LLC. Peter decided not to purchase the LLC because he concluded he did not have sufficient assets to justify purchasing an LLC. Nevine told Peter she would speak with Respondent.

58. Between November 20 and November 26, 2003, Peter called Respondent's law office and left messages for Nevine confirming he cancelled his purchase of the LLC. Neither Respondent nor Nevine returned Peter's telephone calls.

59. Sometime between November 20 and November 21, 2003, Peter called his bank and successfully placed a stop-pay order on the check for $1500.

60. After November 18, 2003, Peter did not have any communication from Respondent or Nevine.

61. Peter never received any documents from Respondent.

62. On December 7, 2005, CFA filed a small claims complaint against Peter seeking damages of $3030. In the small claims complaint, CFA alleged Peter failed to pay for the LLC.

63. On March 1, 2006, Peter made a State Bar Complaint against Respondent.

64. The trial of CFA's small claims complaint was continued to March 20, 2006. Peter, Respondent, and Nevine attended the small claims hearing. Nevine testified under oath that she was an officer of CFA and that Peter never cancelled his purchase of the LLC. Nevine's statement under oath was not true because Peter cancelled his purchase of the LLC. Nevine claims that her testimony at the small claims hearing was influenced by her relationship with Respondent. The small claims court judge awarded CFA the sum of $1522.

65. Respondent and CFA decided not to collect the small claims court judgment.

66. Respondent did not provide any legal services of value to or on behalf of Peter.

67. Respondent did not earn any portion of the $1500.

CONCLUSIONS OF LAW IN CASE NUMBER 06-O-11298 (THE PETER NAM MATTER)

68. By failing to accept Peter Nam's cancellation of his purchase of the LLC and by allowing CFA to file a small claims complaint against Peter Nam, Respondent intentionally, recklessly, or repeatedly failed to perform legal services with competence in wilful violation of California Rules of Professional Conduct, rule 3-110 (A).

69. By failing to return Peter Nam's telephone calls, Respondent failed to respond promptly to reasonable status inquiries of a client in wilful violation of California Business and Professions Code, section 6068 (m).

FACTS RELATED TO CASE NUMBER 06-O-10025 (THE MICHAEL PEREZ MATTER)

70. Michael Perez ("Michael") is 43 years old, married, and he and his wife have two young children. Michael and his wife wanted to ensure that their children would be cared-for if they both passed away.

71. On April 25, 2005, Michael met with Respondent and Nevine at Respondent's law office in the Sears Law Building. Michael paid $250 for a legal consultation. Michael told Respondent he wanted to obtain legal advice about a living trust. At this meeting, Respondent recommended that Michael purchase an LLC in addition to a living trust. Respondent told Michael that an LLC would protect his assets if he or his wife severely injured someone in an automobile accident. Michael became very anxious and afraid after listening to Respondent's example. Respondent did not tell Michael that another way to protect his assets was to purchase additional liability insurance coverage.

72. On April 25, 2005, Michael's assets consisted of his home equity and a small amount of money in one or more retirement accounts.

73. During his meeting with Respondent and Nevine on April 25, 2005, Nevine gave Michael a "Company Services Agreement" for the purchase of an LLC. Respondent and Nevine did not explain to Michael the Company Services Agreement. Nevine also told Respondent to select an LLC from an "Aged List" containing the names of out of state LLCs that were available for sale. Michael selected an LLC from the Aged List. Respondent and Nevine did not explain to Michael anything about the LLCs on the Aged List.

74. On April 25, 2005, Nevine told Michael the estate planning documents and the LLC would cost $9500. Nevine claims she was relying on information provided by Respondent. Nevine did not explain how much each service would cost. Nevine did not tell Michael that the $9500 would be paid to TFA. Nevine also did not tell Michael that he would be doing business with TFA and not with Respondent or Legal Advisors, Inc.

75. On April 25, 2005, Michael told Nevine that he was not sure whether he wanted to purchase any legal services other than the living trust. He told Nevine that he needed to speak with his wife before making a decision. Nevine asked Michael for his credit card and charged $5000 to Michael's credit card account. Michael signed a credit card charge slip for $5000 to be paid to TFA. Michael did not notice that "TFA" was listed on the credit card charge slip. Nevine explained that, if Michael decided to purchase only the living trust, then he would receive a refund to his credit card. Nevine estimated the cost of a living trust to be $2000-$3000. Nevine claims this information was provided by Respondent. On April 25, 2005, Respondent was a corporate officer of TFA and he had control of TFA's bank account.

76. On April 25, 2005, Nevine also asked Michael to sign a credit card voucher for an additional $4500. She explained to him that he could save another trip to Respondent's law office if he called her on the telephone and told her he wanted to purchase the estate plan and the LLC for $9500. Nevine used Michael's credit card to obtain authorization from his credit card company for an additional $4500 charge using a credit card voucher. Michael did not authorize the additional $4500 credit card charge and he did not sign a credit card charge slip for $4500.

77. On April 26, 2005, Michael spoke with Nevine on the telephone. Michael told Nevine that he spoke with his wife and he wanted to purchase only a living trust. Nevine told Michael she would refund the unused part of the $5,000. Nevine also told Michael she would tear-up the credit card voucher for $4500.

78. On April 28, 2005, TFA charged $4500 to Michael's credit card. This credit card charge was made without Michael's knowledge or consent. On April 28, 2005, Respondent was a corporate officer of TFA and he had control of TFA's bank account.

79. Sometime after May 10, 2005, Michael received his credit card statement containing the two charges from TFA in the amounts of $5000 and $4500.

80. From May 10, 2005 to June 30, 2005, Michael called Respondent 10-15 times and left messages for him asking for a refund of the $4500 and a partial refund of the $5000. Respondent did not return any of Michael's telephone messages.

81. Approximately three weeks after April 28, 2005, Respondent received three packets of documents from TFA containing a life insurance trust, estate planning documents, and corporate formation documents for an LLC. The estate planning documents were incomplete, they did not have Michael's specific information about himself, his wife, and children, the documents were not in final form, and they did not contain any instructions about how to use them. The documents for the LLC contained incorrect dates and did not include instructions how to use the LLC.

82. Michael has never used the documents that Respondent and TFA sent to him. He does not know how to use them.

83. Michael disputed the $9500 charge with his credit card company. On August 25, 2005, Michael's credit card company refused to credit the $5000 to his credit card account because he had signed the credit card charge slip. On August 25, 2005, Michael's credit card company credited $4500 to his account.

84. On November 15, 2005, Michael retained counsel at the Parker, Stanbury, et. al. law firm in Los Angeles to assist him to obtain a refund of $5000 from Respondent. On November 15, 2005, an attorney from Parker, Stanbury, et. al. wrote a letter to TFA demanding a refund of the $5000. Respondent and TFA did not respond to this letter.

85. On December 16, 2005, Michael made a State Bar complaint against Respondent.

86. After December 16, 2005, TFA demanded binding arbitration against Michael through the American Arbitration Association ("AAA"). Michael retained attorney Patricia Ceron to help him write an arbitration brief. Attorney Ceron helped Michael write an arbitration brief which he submitted to AAA. Attorney Ceron also reviewed the documents Michael received from TFA. Attorney Ceron noted the estate planning documents were incomplete.

87. On May 18, 2006, the binding arbitration took place based on the parties' arbitration briefs. In TFA's arbitration brief, counsel for TFA stated, *inter alia*, that Michael never cancelled his purchase of the LLC, that all of Michael's telephone calls were returned, and that all work on the estate plan and LLC was completed.

88. On June 22, 2006, the arbitrator made an award in favor of TFA and against Michael in the amount of $4500 plus interest from April 25, 2005. The arbitrator also denied Michael's claim for reimbursement of $5000.

89. In 2007, Respondent offered to refund $4500 to Michael. Michael refused this offer and made a counter-offer of $9500 which Respondent refused. Respondent has not refunded any money to Michael.

90. Respondent did not provide any legal services of value to or on behalf of Michael.

91. Respondent did not earn any portion of the $9500.

CONCLUSIONS OF LAW IN CASE NUMBER 06-O-10025 (THE MICHAEL PEREZ MATTER).

92. By failing to explain the estate planning documents and the asset protection plan to Michael Perez, by failing to explain to Michael Perez that he could protect his assets from accidental injury claims by purchasing additional insurance coverage, by not adequately supervising his staff to prevent the $4500 charge to Michael Perez's credit card, by not acknowledging Michael Perez's cancellation of the asset protection plan, and by sending or causing to be sent to Michael Perez incomplete documents without instructions for their use, Respondent intentionally, recklessly, or repeatedly failed to perform legal services with competence in wilful violation of California Rules of Professional Conduct, rule 3-110 (A).

93. By failing to return Michael Perez's telephone calls, and by failing to respond to the letter from Parker, Stanbury, et. al. written on Michael's behalf, Respondent failed to respond promptly to reasonable status inquiries of a client in wilful violation of California Business and Professions Code, section 6068 (m).

94. By failing to refund the $9500 to Michael Perez, Respondent failed to promptly refund any part of a fee paid in advance that has not been earned in wilful violation of RPC, rule 3-700(D) (2).

FACTS RELATED TO CASE NUMBER 06-O-13751 (THE HELEN CALDWELL MATTER)

95. Helen Caldwell ("Helen") is 79 years old and on June 20, 2006 she lived in Santa Barbara, California. On June 20, 2006, Helen and a partner each owned a one-half interest in a small commercial building in Santa Maria, California. She and her partner hired a property manager to manage this commercial building. There was a water leak in the commercial building and one of the tenants complained to the property manager that there was water damage and a possible mold problem. Helen learned about the tenant's water damage complaint and she became frightened that she could lose her assets because of the possible mold problem. Helen also owned, in whole or in part, five (5) other parcels of real property.

96. On June 20, 2006, Helen called Respondent on the telephone and spoke with him. Helen was very upset and anxious about the possible mold problem. Helen paid Respondent $250 by credit card for a legal consultation by telephone. Helen told Respondent that she was very anxious about the possible mold problem and she wanted legal advice about protecting her assets. Respondent told Helen that he could protect her real properties from damages arising out of a possible mold claim. Respondent suggested that Helen make an appointment to meet with him.

97. On June 26, 2006, Helen drove from Santa Barbara to Irvine to meet with Respondent at his law office in the Sears Law Building. Helen met with Respondent and Nevine. Respondent told Helen she could protect her properties by using "holding companies." Respondent did not explain what he meant by "holding companies" or how they could be used to protect Helen's real properties. Helen told Respondent she did not understand what he meant by "holding companies."

98. On June 26, 2006, Nevine gave Helen a "Company Services Agreement" for the purchase of five (5) out of state LLCs. Respondent and Nevine did not explain to Helen the Company Services Agreement. Helen was very upset about the potential mold problem and she signed the Company Services Agreement without reading it. Helen also signed a "Company Maintenance Agreement" and an "Asset Protection Consultation Agreement" without reading them. Respondent and Nevine did not explain any of these documents to Helen.

99. Respondent or Nevine told Helen the cost of the asset protection plan was $10,000. Helen gave Nevine her credit card, Nevine obtained authorization from Helen's credit card company to charge $10,000, and Helen signed a credit card charge slip for $10,000 payable to CRS. Helen did not notice that "CRS" was listed on the credit card charge slip. Respondent and Nevine did not tell Helen that she would be doing business with CRS and not with Respondent or Legal Advisors, Inc. This information was important to Helen because she wanted to hire an attorney and obtain legal advice about protecting her assets.

100. On June 26, 2006 at approximately 4:30 p.m., Helen left Respondent's law office. On her way home, Helen decided that she did not want to purchase the asset protection plan because she did not understand it.

101. On June 27, 2006 at approximately 10:00 am, Helen called Respondent and spoke with him. Helen told Respondent she cancelled Respondent's services and the asset protection plan because she did not understand it. Respondent told Helen he would call her back and he hung-up the telephone. Respondent never called Helen back.

102. On June 28, 2006, Helen faxed a letter addressed to Respondent confirming that she cancelled the asset protection plan. In that letter, Helen demanded a refund from Respondent of $10,000 less a fee for a two hour consultation (for a total of $9750). Respondent did not respond to Helen's June 28, 2006 letter.

103. Helen called and left two additional telephone messages for Respondent confirming she cancelled the asset protection plan and demanding a refund. Respondent did not return Helen's telephone calls.

104. On June 29, 2006, Helen received a package from CRS. The postage meter stamp on the envelope appeared to Helen to be dated June 25, 2006, the day before Helen met with Respondent. Helen called her estate planning attorney, Mark Aijian ("Aijian"), who advised her to return the package unopened. Helen took the package from CRS to the Post Office and returned it unopened to Respondent.

105. On July 7, 2006, attorney Aijian sent a letter to Respondent demanding that he refund $10,000 to Helen. Respondent did not respond to attorney Aijian's letter.

106. Shortly after July 16, 2006, Helen received a credit card statement with the $10,000 charge from CRS.

107. On August 7, 2006, Helen made a State Bar Complaint against Respondent.

108. On August 23, 2006 Helen sent a letter to her credit card company disputing the $10,000 charge. In September, 2006, CRS responded to Helen's credit card dispute letter. CRS stated, *inter alia*, that CRS had a "no refund" policy and that all documents were either given to Helen or sent to her on June 27, 2006.

109. On August 31, 2006, Helen sent a letter to Respondent confirming she spoke with him on June 27, 2006 and cancelled the asset protection plan. Helen asked Respondent to refund the $10,000, less a fee for a two hour consultation, to her credit card. Respondent did not respond to this letter.

110. Helen's credit card company denied her request for a credit of $10,000.

111. In October, 2008, Respondent agreed to pay Helen $12,000 in two payments. Respondent has paid Helen $12,000.

112. Respondent did not provide any legal services of value to or on behalf of Helen.

113. Respondent did not earn any portion of the $10,000.

CONCLUSIONS OF LAW IN CASE NUMBER 06-O-13751 (THE HELEN CALDWELL MATTER).

114. By failing to explain to Helen the asset protection plan, by not accepting Helen's cancellation of the asset protection plan, by not adequately supervising his staff to prevent them from sending documents to Helen after she cancelled the asset protection plan, and by not adequately supervising his staff to prevent them from misusing a stale postage meter stamp, Respondent intentionally, recklessly, or repeatedly failed to perform legal services with competence in wilful violation of California Rules of Professional Conduct, rule 3-110 (A).

115. By failing to return Helen Caldwell's s telephone calls, by failing to respond to Helen Caldwell's two letters, and by failing to respond to attorney Aijian's letter sent on behalf of Helen Caldwell, Respondent failed to respond promptly to reasonable status inquiries of a client in wilful violation of California Business and Professions Code, section 6068 (m).

116. By failing to refund the $10,000 to Helen Caldwell until October, 2008, Respondent failed to promptly refund any part of a fee paid in advance that has not been earned in wilful violation of RPC, rule 3-700(D) (2).

FACTS RELATED TO CASE NUMBER 06-O-12502 (THE CHARLES EUGENE COOK MATTER)

117. C. Eugene Cook ("C.E.") is 76 years old and he is retired. On November 7, 2005, C.E. met with Respondent and Nevine at Respondent's law office at the Sears Law Building. C.E. wanted to obtain legal advice about estate planning. C.E. paid Respondent $250 for a legal consultation.

118. On November 7, 2005, Respondent recommended that C.E. purchase three out-of-state LLCs for use as an estate plan. Respondent told C.E. that the cost of the estate plan was $6,000. C.E. understood that the $6,000 included the purchase of the three LLCs and all work necessary to transfer his assets into the LLCs.

119. On November 7, 2005, C.E. signed a credit card charge slip authorizing TFA to charge $3000 to his credit card account. Respondent asked C.E. to bring financial records and tax returns to assist Respondent in completing the asset protection plan.

120. On November 10, 2005, C.E. went to Respondent's and brought with him financial documents and tax returns which he gave to Respondent.

121. On November 10, 2005, C.E. signed a credit card charge slip authorizing TFA to charge another $3000 to his credit card account. C.E. also received documents in draft form related to the asset protection plan. These documents did not include C.E.'s financial and tax information.

122. Respondent sent C.E. the corporate formation documents for the three LLCs. The package containing the corporate formation documents did not include any instructions how to use the documents. C.E. did not know how to use the LLCs to create an estate plan.

123. From November 10, 2005 to April 10, 2006, C.E. called Respondent's law office numerous times and left messages for Respondent asking how to use the LLCs. During this period, C.E. sometimes left daily telephone messages for Respondent. Respondent did not return any of C.E.'s telephone calls.

124. On April 10, 2006, C.E. sent a letter to Respondent demanding a refund of the $6,000. Respondent received C.E.'s letter. In response to C.E.'s letter, TFA retained attorney Daniel D. White.

125. On May 5, 2006, C.E. wrote to attorney White stating he left telephone messages for him and attorney White did not respond. Respondent did not refund the $6,000 in response to C.E.'s telephone calls and letters.

126. On May 9, 2006, C.E. made a State Bar complaint against Respondent.

127. In October, 2007, Respondent refunded to C.E. $6,000.

128. Respondent did not provide any legal services of value to or on behalf of C.E.

129. Respondent did not earn any portion of the $6,000.

CONCLUSIONS OF LAW IN CASE NUMBER 06-O-12502 (THE CHARLES EUGENE COOK MATTER).

130. By failing to provide Charles Eugene Cook with instructions how to use the LLCs and by failing to provide the work necessary to complete the estate plan, Respondent intentionally, recklessly, or repeatedly failed to perform legal services with competence in wilful violation of California Rules of Professional Conduct, rule 3-110 (A).

131. By failing to return Charles Eugene Cook's telephone calls, Respondent failed to respond promptly to reasonable status inquiries of a client in wilful violation of California Business and Professions Code, section 6068 (m).

132. By failing to refund the $6,000 to Charles Eugene Cook until October, 2007, Respondent failed to promptly refund any part of a fee paid in advance that has not been earned in wilful violation of RPC, rule 3-700(D) (2).

FACTS RELATED TO CASE NUMBER 05-O-04954 (THE WILLIAM LUBY MATTER)

133. William Luby ("William") is 66 years old. He is an accountant and a CPA. In 2005, William worked as a staff accountant at Santa Paula Hospital ("the Hospital") which was in bankruptcy. William prepared third and fourth quarter payroll tax returns and, at the instruction of the Chief Financial Officer of the Hospital, he understated the amount of employee wages. In 2005, William was married, he and his wife had a young child, and his wife was pregnant with their second child.

134. William was not an officer or director of the Hospital. He did not have authority to sign checks or authorize expenses for the Hospital. He did not sign the payroll tax returns that understated employee wages.

135. In early June, 2005, William learned that the trustee for the Hospital's bankruptcy estate intended to assume control of the Hospital including review of the Hospital's financial records. William became frightened that he could have personal liability for the payroll tax returns he prepared that understated employee wages.

136. On June 10, 2005, William called Respondent's law office and spoke with Respondent. William paid Respondent $250 for this telephone consultation. William told Respondent that he was concerned about his civil and possibly criminal liability for his preparing the payroll tax returns that understated employee wages and he wanted to obtain legal advice about his liability. William also told Respondent that he was not an officer or director of the Hospital, he did not have authority to sign checks or authorize expenses, and he did not sign the payroll tax returns. Respondent told William that, "since Enron," the Internal Revenue Service ("IRS") would prosecute bookkeepers and other lower level employees for tax violations. During his telephone conversation with Respondent on June 10, 2005, William was very upset and began crying. William's fears and anxiety increased after Respondent told him about Enron.

137. On June 13, 2005, William met with Respondent and Nevine at the Sears Law Building. During this meeting, Respondent again told William that, "since Enron," the IRS prosecuted lower level employees for tax violations. Respondent also told William that he was not a young man and starting his financial life over would be difficult. William became very upset and started crying.

138. On June 13, 2005, Respondent advised William to set-up "holding companies" to protect his assets. William was distraught and he did not understand what Respondent meant by "holding companies." Respondent did not explain to William how the holding companies could be used to protect his assets. William told Respondent that he did not understand Respondent's advice; but, he wanted to protect his assets. William's assets consisted of the equity in his home and money in two retirement accounts.

139. On June 13, 2005, Respondent met with William for approximately one-half hour. After one-half hour, he left the meeting. Nevine continued the meeting and she gave William a "Company Services Agreement," an "Estate Planning Questionnaire," a "Trust Questionnaire," and a "Marital Agreement Questionnaire ("the Documents")" Nevine did not explain the Documents. Respondent and Nevine did not tell William that all of the work for the asset protection plan would be done by TFA and not by Respondent or Legal Advisors, Inc. William was not able to complete the Documents because he did not have all of the information.

140. On June 13, 2005, Nevine told William that the cost of the asset protection plan was $17,000. Nevine claims this information was provided by Respondent. William told Nevine he had a credit card with an available balance of $9,000. On June 13, 2005, Nevine charged $9,000 to William's credit card. William told Nevine he had another credit card at home that he had not recently used. Nevine told William to bring that credit card to the next meeting and she would charge the remaining $8,000.

141. On June 15, 2005, William returned to Respondent's law office and met with Nevine. William brought the second credit card. He told Nevine the credit card was too old and he was not able to use it

until he received a replacement credit card from the credit card company. Nevine told William he needed to bring a current credit card to pay the $8,000.

142. On June 15, 2005, Nevine gave William folders containing corporate formation documents for four (LLCs). Nevine told William to review the documents. She also told him that the trust, post-nuptial agreement, pour-over wills, and durable powers of attorney ("Estate Planning Documents") were not completed.

143. On June 15, 2005, while he was at Respondent's law office, William read some of the corporate formation documents for the four (4) LLCs. He noted that his wife was named as the president, secretary and treasurer of each of the LLCs and the dates of her appointments to these official positions were not present dates. William was frightened because he did not want his wife to get into trouble and he was concerned about the old dates.

144. On June 15, 2005, William told Nevine he was not taking any of the LLC documents with him because they had mistakes. William did not take any of the Estate Planning Documents with him because they were not finished.

145. William's next scheduled meeting with Respondent and Nevine was June 17, 2005. Before this meeting, William and his wife decided to speak with another attorney about the potential problem with the payroll tax returns that underreported employee wages.

146. On June 16, 2005, William met with attorney Kemble White. Based on his meeting with Kemble White, William decided to cancel Respondent's services and the asset protection plan.

147. On June 16, 2005, William called Respondent from Kemble White's office and spoke with him. William told Respondent he cancelled all of Respondent's services. Respondent told William he would speak with Nevine when she returned to the office. Nevine was pregnant with her child by Respondent and was on maternity leave.

148. On June 17, 2005 and June 20, 2005, William called Respondent's law office and left messages for Respondent confirming that he cancelled Respondent's services and demanding a $9,000 refund. Respondent did not return William's telephone calls.

149. On June 21, 2005, William sent a letter to Respondent confirming he cancelled all of Respondent's services and he demanded a refund of $9,000. In that letter, William also informed Respondent that he learned from his credit card company that someone from Respondent's law office attempted to charge William's credit card $8,000, then $5,000, then $4,000 and these attempted charges were denied. In the letter dated June 21, 2005, William told Respondent he was not authorized to make any charges to his credit card. Respondent did not respond to William's letter.

150. Sometime after June 17, 2005, Respondent received a package containing LLC and trust documents. The postage meter stamp on the envelope was dated June 15, 2005 and the Post Office cancellation date was June 17, 2005. William read the trust documents. The documents were incomplete, did not have William's correct address, listed assets that he did not own, and referred to people who William did not know. The LLC documents had the old dates about which William was concerned.

151. William has never used the LLC documents or any of the estate planning documents.

152. On July 1, 2005, William sent a letter to Respondent demanding a refund of the $9,000. Respondent did not respond to this letter.

153. On November 5, 2005, William made a State Bar complaint against Respondent.

154. Sometime before February, 2006, TFA demanded binding arbitration through AAA. TFA demanded payment of $8,000. TFA took the position that, *inter alia,* William picked-up all of the

completed documents on June 15, 2005 and he expressed his satisfaction with Respondent's work. Kemble White helped William to prepare an arbitration brief which William filed with AAA.

155. On February 6, 2006, the binding arbitration took place based on the parties' arbitration briefs. The arbitrator denied TFA's claim for $8,000 and he denied William's claim for reimbursement of $9,000.

156. In October, 2007, Respondent agreed to refund $9,000 to William by making three (3) payments of $3,000. Respondent paid William $9,000.

157. Respondent did not provide any legal services of value to or on behalf of William

158. Respondent did not earn any portion of the $9,000.

CONCLUSIONS OF LAW IN CASE NUMBER 05-O-04954 (THE WILLIAM LUBY MATTER).

159. By failing to properly advise William Luby concerning his potential liability for the quarterly payroll tax returns, by failing to explain to him how the proposed asset protection plan would work to protect William Luby's assets, by failing to accept William Luby's cancellation of Respondent's services, by not adequately supervising his office staff to prevent them from sending incomplete and incorrectly dated documents to William Luby after he cancelled Respondent's services, by not adequately supervising his office staff to prevent them from attempting to charge William Luby's credit card after he cancelled Respondent's services, and by not adequately supervising his office staff to prevent them from misusing a stale postage meter stamp, Respondent intentionally, recklessly, or repeatedly failed to perform legal services with competence in wilful violation of California Rules of Professional Conduct, rule 3-110 (A).

160. By failing to return William Luby's telephone calls or respond to William Luby's letters, Respondent failed to respond promptly to reasonable status inquiries of a client in wilful violation of California Business and Professions Code, section 6068 (m).

161. By failing to refund the $9,000 to William Luby until October, 2007, Respondent failed to promptly refund any part of a fee paid in advance that has not been earned in wilful violation of RPC, rule 3-700(D) (2).

FACTS RELATED TO CASE NUMBER 05-O-01514 (THE ROBERT MOORE MATTER)

162. On September 1, 2004, Robert Moore ("Moore") called Respondent's law office for a legal consultation regarding tax matters. Moore is a veterinary surgeon. He lives in Florida and he operates two veterinary clinics in Southern California. Before calling Respondent's law office, both veterinary clinics did business as professional corporations. Moore wanted legal advice whether he could legally minimize his tax liability in California.

163. On September 1, 2004, Moore used his credit card to pay $250 to Respondent for the telephonic legal consultation. Respondent and Nevine participated in the telephonic consultation. After Moore informed Respondent of his tax issues, Respondent told Moore he could minimize his California taxes by purchasing from Respondent three pre-formed shelf corporations (LLCs) that Moore could transfer his assets into. Respondent stated that he would provide all the necessary legal services and the three LLCs for $7,500. On this date, after listening to Respondent's advice, Moore told Respondent he would have to talk to his accountant before deciding to employ Respondent.

164. On September 23, 2004, Moore called Respondent's office with some follow up questions. On this date, Moore spoke with Nevine who informed him that the price for the legal services and the three LLCs was $9,000. On this date, Moore told Nevine that he did not want to employ Respondent because

he thought Respondent's plan was improper and he was still uncertain about what the IRS would think about Respondent's plan.

165. At no time did Moore tell Respondent or anyone in his office that he wanted to employ Respondent or purchase the LLCs.

166. On September 23, 2004, without Moore's knowledge and consent, Respondent's law office charged $9,000 to Moore's credit card. Respondent's law office charged the $9,000 by using the credit card number that Moore had provided to Respondent on September 10, 2004.

167. On November 5, 2004, Moore called his credit card company to advise them about Respondent's unauthorized charges and he disputed the $9000 charge.

168. Thereafter, someone at Respondent's law office placed Moore's initials next to the names of three LLCs contained on an "Aged List" of LLCs that were available for sale. Respondent's law office created the mistaken impression that Moore had initialed the names of the three LLCs and that, by initialing them, he had agreed to purchase them.

169. On January 14, 2005, Respondent's law office sent a letter to Moore's credit card company stating that Moore had employed TFA for "tax issues and for the formation of various companies." Respondent and Nevine enclosed a copy of the "Aged List" that had initials that Moore did not make. Respondent and Nevine stated that on September 23, 2004, Moore agreed to purchase the three (3) LLCs and he authorized the $9,000 credit card charge. Respondent and Nevine also stated that Moore did not cancel the asset protection plan until October 6, 2004 after the LLC documents were mailed to him.

170. On January 20, 2005, Moore sent a letter to his credit card company denying that he agreed to purchase the three LLCs, that he did not authorize the $9,000 charge, and that he never received documents from Respondent. Moore also stated that Respondent's law office was attempting to commit fraud. In the letter dated January 20, 2005, Moore enclosed numerous legal documents that contained his signature and initials and he asked his credit card company to compare them with the initials on the "Aged List."

171. On February 16, 2005, Moore sent a letter to Respondent denying that he employed Respondent or TFA and that he did not agree to purchase any LLCs. In this letter, Moore stated he never received any documents from respondent or TFA. Respondent did not respond to the letter.

172. Thereafter, Moore received from Respondent for the first time various corporate documents, including but not limited to articles of incorporation, bylaws and stocks certificates for three (3) LLCs.

173. On February 21, 2005, Moore's credit card company reversed the $9,000 charge and credited Moore's credit card account $9,000.

174. On March 3, 2005, Moore sent a letter to Respondent denying any knowledge or affiliation with any of the LLCs Respondent and TFA sent to him. Respondent did not respond to the letter.

CONCLUSIONS OF LAW IN CASE NUMBER 05-O-01514 (THE ROBERT MOORE MATTER)

175. By not accepting Robert Moore's cancellation of Respondent's services, by not adequately supervising his office staff to prevent them from placing initials on the "Aged List" that were not Robert Moore's initials, by not adequately supervising his office staff to prevent them from charging $9,000 to Robert Moore's credit card after he cancelled Respondent's services, and by not adequately supervising his office staff to prevent them from sending documents to Robert Moore after he cancelled Respondent's services, Respondent intentionally, recklessly, or repeatedly failed to perform legal

services with competence in wilful violation of California Rules of Professional Conduct, rule 3-110 (A).

176. By failing to return Robert Moore's telephone calls and by failing to respond to Robert Moore's letters, Respondent failed to respond promptly to reasonable status inquiries of a client in wilful violation of California Business and Professions Code, section 6068 (m).

FACTS RELATED TO CASE NUMBER 06-O-10007 (THE MONTE HOLMES MATTER)

177. Monte ("Monte") and Cyndi Holmes ("Cyndi") are husband and wife. On November 12, 2004, they went to Respondent's law office at the Sears Law Building for a legal consultation about protecting their home and three rental properties from a claim for spousal support by Monte's ex-wife. On this date, Monte and Cyndi met with Respondent and Nevine. After informing Respondent and Nevine about their concerns and their assets. Respondent told Monte and Cyndi that they "were in good hands" with Nevine and then he left the room. After Respondent left the meeting, Monte and Cyndi discussed their concerns with Nevine for approximately 45 minutes. Nevine recommended to Monte and Cyndi an asset protection plan that included three (3) corporations, (3) LLCs, a trust, two wills and a postnuptial agreement. Nevine claims this information was provided to her by Respondent.

178. On November 12, 2004, Nevine told Monte and Cyndi that Respondent would provide all of the necessary legal and other services to create an asset protection plan, including three (3) corporations and three (3) LLCs, a trust, two wills, and a postnuptial agreement for $17,000. Nevine and Respondent did not tell Monte and Cyndi that TFA would perform the work and not Respondent or Legal Advisors, Inc.

179. On November 12, 2004, Respondent and Nevine did not explain to Monte and Cyndi how the LLCs were to be used. They also did not explain how the asset protection plan would work.

180. On November 12, 2004, Monte and Cyndi agreed to purchase the asset protection plan recommended by Respondent and Nevine and they paid $17,000 by credit card. The name "TFA" is listed on the credit card charge slip. Monte and Cyndi did not notice that "TFA" is listed on the credit card charge slip. Monte and Cyndi understood that their payment of $17,000 included all of the work necessary to transfer their real properties into the LLCs.

181. On December 13, 2004, Monte and Cyndi received a package from Respondent with corporate formation documents for three (3) corporations and three (3) LLCs, as well as documents for a trust, two wills, and a postnuptial agreement. The package did not contain any instructions on what to do with the documents. Monte and Cyndi did not know how to use the corporations and LLCs to protect their assets.

182. In January 2005, Monte went to Respondent's office and met with Nevine to ask for instructions on what to do with the documents Respondent sent him. Nevine told Monte to transfer the parcels of real property into the various entities that he was sold and to record the deeds of trust. Monte informed Nevine that he thought that the payment of $17,000 included all of the work necessary to transfer the real properties and to put into effect the asset protection plan. Nevine told Monte those services were not included in the $17,000. Monte disagreed with Nevine.

183. Monte attempted to transfer the real properties into the LLCs. He was told by representatives from at least one bank that he needed to open a bank account for each LLC before he could use it to conduct business in California. Monte also was told by at least one banking representative that he needed a license to do business in California for each LLC where he wanted to open a bank account. Respondent did not tell Monte any information about the need for licenses to do business in California, the need to open bank accounts, how to open bank accounts for out of state corporations and LLCs, and about any difficulties in using out of state corporations and LLCs in California.

184. On June 17, 2005, Monte and Cyndi received a letter from Countrywide Home Mortgage ("Countrywide") for two real properties the titles of which Monte and Cyndi changed from their names

to the names of LLCs. In this letter, Countrywide told Monte and Cyndi that Countrywide did not approve the transfers. Countrywide informed Monte and Cyndi that the unapproved transfers accelerated the mortgage payment due dates and the home mortgages for the two properties must be paid in full or be refinanced. Monte and Cyndi had low interest rates on the home mortgages for the two properties, they could not pay the mortgages in full, and they did not want to refinance because they would lose their low interest rates.

185. Respondent did not tell Monte that transferring the real properties into the corporations or LLCs without Countrywide's permission could cause Countrywide to accelerate the payment due dates of the mortgages.

186. On June 24, 2005, Monte sent a letter to Respondent informing him about Countrywide's letter demanding immediate payment or refinancing of the home mortgages on the two real properties. Respondent received the letter.

187. Immediately thereafter, Respondent called Monte and told him to deal with Countrywide directly to resolve the issue or to refinance the properties. Monte told Respondent that when he employed Respondent for the asset protection plan, he thought the payment of $17,000 included all necessary legal and other services, including but not limited to, transferring the real properties into the corporations and LLCs and recording the deeds of trusts. Monte also told Respondent that refinancing the properties was not an option as the interest rates on the existing mortgages were much lower than the rates that were currently available. Respondent told Monte that he would take care of the matter by transferring the title of each property from the LLC back into Monte's and Cyndi's names. This solution was not acceptable to Monte and Cyndi because it did not protect the real properties and it left them in the same position before the paid Respondent $17,000.

188. In August 2005, Monte and Cyndi recorded deeds transferring the titles of the real properties from the LLCs back to their own names.

189. On August 23, 2005, Monte sent a fax to Respondent with a list of questions about the asset protection plan. Respondent did not respond to Monte's fax.

190. On August 31, 2005, Monte sent a fax to Respondent asking about the asset protection plan and the payment of $17,000. Respondent did not respond to this fax.

191. In September, 2005, Monte called Respondent's law office at least twice and left messages for Respondent. Respondent did not return Monte's telephone calls.

192. On September 19, 2005, Monte sent an e-mail to Respondent complaining that four of the real properties were not protected and four (4) of the LLCs were not usable. Respondent did not respond to this e-mail.

193. Monte retained attorney Michael Brown to provide him with legal advice concerning the asset protection plan recommended by Respondent. After meeting with attorney Brown, Monte demanded Respondent refund the $17,000. Respondent did not respond to Monte's demand.

194. On November 13, 2005, Monte and Cyndi made a State Bar Complaint against Respondent.

195. In October, November, and December, 2007, Respondent made three payments to Monte and Cyndi totaling $8500.

196. Respondent did not provide legal services worth $17,000 to or on behalf of Monte Holmes.

197. Respondent did not earn the $8500 he did not refund to Monte Holmes.

CONCLUSIONS OF LAW IN CASE NUMBER 06-O-10007 (THE MONTE HOLMES MATTER)

198. By not explaining to Monte and Cyndi Holmes how to use the corporations and LLCs to protect their assets and by not providing the work necessary for Monte and Cyndi Holmes to transfer their real properties into the corporations and/or LLCs to protect them, Respondent intentionally, recklessly or repeatedly failed to perform legal services with competence in wilful violation of California Rules of Professional Conduct, rule 3-110 (A).

199. By failing to return Monte Holmes' telephone calls, by failing to respond to Monte Holmes' two faxes and one e-mail, Respondent failed to respond promptly to reasonable status inquiries of a client in wilful violation of California Business and Professions Code, section 6068 (m).

200. By failing to refund the $8500 to Monte and Cyndi Holmes until December, 2007, Respondent failed to promptly refund any part of a fee paid in advance that has not been earned in wilful violation of RPC, rule 3-700(D) (2).

CONCLUSIONS OF LAW RELATED TO CASE NUMBERS 04-O-12955, 05-O-01514, 05-O-02188, 05-O-04954, 06-O-10007, 06-O-10025, 06-O-11298, 06-O-12502, 06-O-13751

201. Respondent engaged in a course of practicing law that was reckless, involved gross carelessness, and involved a pattern of willfully failing to perform legal services demonstrating the abandonment of the causes for which he was retained and thereby he engaged in acts of moral turpitude in wilful violation of California Business and Professions Code, section 6106.

FACTS RELATED TO CASE NUMBER 06-C-11774 (THE CRIMINAL CONVICTION REFERRAL CASE)

202. On November 21, 2006, Respondent entered a plea of no contest to one misdemeanor count of violating California Penal Code, section 273.5 (wilful infliction of corporal injury to a spouse or co-habitant). In the plea agreement, Respondent agreed with the statement that "On or about November 21, 2005, in O.C. I did willfully and unlawfully inflict corporal injury upon Nevine Carmelle when I hit her multiple times."

203. On November 21, 2005, Respondent and Nevine had an altercation at Respondent's law office. The altercation related to Respondent's relationship with Nevine. Nevine claims that Respondent kicked and hit her multiple times.

204. On November 21, 2005, Norma Hoskins, Respondent's receptionist, drove Nevine to the Irvine Regional Medical Center ("Irvine") where Nevine was admitted to the Emergency Room ("ER"). In the ER, Nevine complained of pain in her head, chest, right and left leg. A police officer from the Irvine Police Department came to the Irvine Regional Medical Center and took photographs of bruises and red marks on both sides of her chest, on her head, and on her left leg.

205. While Nevine was in the ER, Respondent called her. He demanded to know where she was and he angrily demanded that she come outside because he was in the parking lot waiting for her. Respondent also stated that he and Nevine had a concert to go to and he did not want to be late.

CONCLUSIONS OF LAW IN CASE NUMBER 06-C-11774 (THE CRIMINAL CONVICTION REFERRAL MATTER)

206. By intentionally inflicting corporal injury upon Nevine, and by demonstrating indifference to her injuries and lack of remorse while Nevine was in the ER, Respondent's offense involves a violation of California Business and Professions Code, section 6068 (a).

AGGRAVATING CIRCUMSTANCES

207. Bad Faith- By failing to accept the cancellations by Helen Caldwell and William Luby when he spoke with them on the telephone, Respondent's conduct was surrounded by bad faith.

208. Harm-Respondent caused harm to Kristi Nicolai, Michael Perez, Helen Caldwell, William Luby, and Monte Holmes by causing them to incur attorney's fees to obtain refunds from Respondent of legal fees that he did not earn.

209. Multiple Acts of Misconduct-Respondent's current misconduct demonstrates a pattern of misconduct.

MITIGATING CIRCUMSTANCES

210. Respondent was admitted to practice law in the State of California on December 13, 1989. Respondent does not have a record of prior State Bar discipline.

211. During the period from 2003-2006, Respondent had chronic neck pain caused by an automobile accident. Sometime after 2006, Respondent underwent two surgeries to his cervical spine.

212. In late 2004, Respondent's father died from bone cancer. Respondent cared for his father for approximately two months before he died. Respondent attended grief counseling and therapy from 2003 and attended sessions through 2007.

213. In 2003, Respondent's mother was diagnosed with lupus and Respondent participated in her daily care.

The above mitigating circumstances partially interfered with Respondent's ability to supervise his law practice.

DISMISSALS

The parties respectfully request the Court dismiss Counts 1,2,3,4,5,6,7,9,10,12,13, 15, of the Amended Notice of Disciplinary Charges bearing case numbers 04-O-12955, et. al. filed on December 16, 2008. The parties respectfully request the Court dismiss Count 1 of the Amended Notice of Disciplinary Charges in case number 06-O-12502 filed on December 16, 2008.

WAIVER OF VARIANCE BETWEEN NOTICE OF DISCIPLINARY CHARGES AND STIPULATED FACTS AND CULPABILITY

The parties waive any variance between the Amended Notices of Disciplinary Charges filed on December 16, 2008 and the facts, culpability, and conclusions of law contained in this Stipulation. Additionally, the parties waive the issuance of an amended Notice of Disciplinary Charges. The parties further waive the right to a formal hearing on any charge not included in the Notice of Disciplinary Charges.

COSTS

Respondent acknowledges that the Office of Chief Trial Counsel has informed Respondent that as of July 29, 2010, the disciplinary costs in this matter are $27, 804.84. Respondent acknowledges that

should this Stipulation be rejected, or relief from this Stipulation be granted, the costs in this matter may increase due to the cost of further proceedings including completing the trial in this matter.

AUTHORITIES SUPPORTING DISCIPLINE.

Standard 2.4 (a) provides that culpability of a member of a pattern of willfully failing to perform services demonstrating the member's abandonment of the causes in which he or she was retained shall result in disbarment.

Standard 2.3 provides that culpability of a member of an act involving moral turpitude, fraud, or intentional dishonesty toward a court, client, or another person shall result in actual suspension or disbarment depending on the extent to which the victim(s) of the misconduct are harmed or mislead and depending on the magnitude of the act (s) of misconduct and the degree to which it relates to the member's acts within the practice of law.

(Do not write above this line.)

In the Matter of **Steven Sears**	Case number(s): **04-O-12955, 05-O-01514, 05-O-02188, 05-O-04954, 06-O-10007, 06-O-10025, 06-O-11298, 06-O-12502, 06-O-13751, 06-C-11774**

SIGNATURE OF THE PARTIES

By their signatures below, the parties and their counsel, as applicable, signify their agreement with each of the recitations and each of the terms and conditions of this Stipulation Re Fact, Conclusions of Law and Disposition.

7-30-10 Date	Respondent's Signature	Steven Sears Print Name
8/2/10 Date	Respondent's Counsel Signature	Arthur Lewis Margolis Print Name
8/2/10 Date	Deputy Trial Counsel's Signature	Brandon K. Tady Print Name

(Do not write above this line.)

In the Matter of **Steven Sears**	Case Number(s): **04-O-12955, 05-O-01514, 05-O-02188, 05-O-04954, 06-O-10007, 06-O-10025, 06-O-11298, 06-O-12502, 06-O-13751, 06-C-11774**

ORDER

Finding the stipulation to be fair to the parties and that it adequately protects the public, IT IS ORDERED that the requested dismissal of counts/charges, if any, is GRANTED without prejudice, and:

- ☑ The stipulated facts and disposition are APPROVED and the DISCIPLINE RECOMMENDED to the Supreme Court.
- ☐ The stipulated facts and disposition are APPROVED AS MODIFIED as set forth below, and the DISCIPLINE IS RECOMMENDED to the Supreme Court.
- ☐ All Hearing dates are vacated.

The parties are bound by the stipulation as approved unless: 1) a motion to withdraw or modify the stipulation, filed within 15 days after service of this order, is granted; or 2) this court modifies or further modifies the approved stipulation. (See rule 135(b), Rules of Procedure.) **The effective date of this disposition is the effective date of the Supreme Court order herein, normally 30 days after file date. (See rule 9.18(a), California Rules of Court.)**

Respondent **Steven Sears** is ordered transferred to involuntary inactive status pursuant to Business and Professions Code section 6007, subdivision (c)(4). Respondent's inactive enrollment will be effective three (3) calendar days after this order is served by mail and will terminate upon the effective date of the Supreme Court's order imposing discipline herein, or as provided for by rule 490(b) of the Rules of Procedure of the State Bar of California, or as otherwise ordered by the Supreme Court pursuant to its plenary jurisdiction.

August 6, 2010
Date

Pat McElroy
Judge of the State Bar Court

CERTIFICATE OF SERVICE

[Rule 62(b), Rules Proc.; Code Civ. Proc., § 1013a(4)]

I am a Case Administrator of the State Bar Court of California. I am over the age of eighteen and not a party to the within proceeding. Pursuant to standard court practice, in the City and County of San Francisco, on August 6, 2010, I deposited a true copy of the following document(s):

STIPULATION RE FACTS, CONCLUSIONS OF LAW AND DISPOSITION AND ORDER APPROVING; ORDER OF INVOLUNTARY INACTIVE ENROLLMENT

in a sealed envelope for collection and mailing on that date as follows:

☒ by first-class mail, with postage thereon fully prepaid, through the United States Postal Service at San Francisco, California, addressed as follows:

ARTHUR LEWIS MARGOLIS
MARGOLIS & MARGOLIS LLP
2000 RIVERSIDE DR
LOS ANGELES, CA 90039

☐ by certified mail, No. , with return receipt requested, through the United States Postal Service at , California, addressed as follows:

☐ by overnight mail at , California, addressed as follows:

☐ by fax transmission, at fax number . No error was reported by the fax machine that I used.

☐ By personal service by leaving the documents in a sealed envelope or package clearly labeled to identify the attorney being served with a receptionist or a person having charge of the attorney's office, addressed as follows:

☒ by interoffice mail through a facility regularly maintained by the State Bar of California addressed as follows:

Brandon Tady, Enforcement, San Francisco

I hereby certify that the foregoing is true and correct. Executed in San Francisco, California, on August 6, 2010.

George Hue
Case Administrator
State Bar Court