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kwiktag * 018 040 228 		State Bar Court of California Hearing Department Los Angeles		PUBLIC MATTER	
Counsel For The State Bar Eli D. Morgenstern, DTC The State Bar of California Office of the Chief Trial Counsel 1149 S. Hill Street Los Angeles, CA 90015 Tel: (213) 765-1334 Bar # 190560		Case Number (s) 06-O-10610; 06-O-10872; 06-O-10877; 06-O-11219		(for Court's use) <div style="text-align: center;"> FILED NOV 23 2010 STATE BAR COURT CLERK'S OFFICE LOS ANGELES </div>	
Counsel For Respondent Arthur L. Margolis, Esq. Margolis & Margolis, LLP 2000 Riverside Dr. Los Angeles, CA 90039 Tel: (323) 953-8496 Bar # 57703		Submitted to: Settlement Judge STIPULATION RE FACTS, CONCLUSIONS OF LAW AND DISPOSITION AND ORDER APPROVING			
In the Matter Of: William B. Sullivan Bar # 171637 A Member of the State Bar of California (Respondent)		ACTUAL SUSPENSION <input type="checkbox"/> PREVIOUS STIPULATION REJECTED			

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 September 7, 1994.
- (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 entirely resolved by this stipulation and are deemed consolidated. Dismissed charge(s)/count(s) are listed under "Dismissals." The stipulation consists of 17 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."

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- (5) Conclusions of law, drawn from and specifically referring to the facts are also included under "Conclusions of Law".
- (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):
- until costs are paid in full, Respondent will remain actually suspended from the practice of law unless relief is obtained per rule 284, Rules of Procedure.
 - costs to be paid in equal amounts prior to February 1 for the following membership years: three billing cycles following the effective date of the Supreme Court Order. See page 13 for further discussion re: Costs.
(hardship, special circumstances or other good cause per rule 284, Rules of Procedure)
 - costs waived in part as set forth in a separate attachment entitled "Partial Waiver of Costs"
 - costs entirely waived

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 [see standard 1.2(f)]
- (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 page 14 for further discussion re: Harm.
- (5) Indifference: Respondent demonstrated indifference toward rectification of or atonement for the consequences of his or her misconduct.

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- (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 page 14 for further discussion re: Multiple/Pattern of Misconduct.
- (8) **No aggravating circumstances** are involved.

Additional aggravating circumstances:

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. See page 14 for further discussion re: No Prior Discipline.
- (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. See page 14 for further discussion re: Candor/Cooperation.
- (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.

(Stipulation form approved by SBC Executive Committee 10/16/00. Revised 12/16/2004; 12/13/2006.)

Actual Suspension

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- (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

D. Discipline:

(1) **Stayed Suspension:**

- (a) Respondent must be suspended from the practice of law for a period of two (2) years.
- i. and until Respondent shows proof satisfactory to the State Bar Court of rehabilitation and present fitness to practice and present learning and ability in the law pursuant to standard 1.4(c)(ii) Standards for Attorney Sanctions for Professional Misconduct.
- ii. and until Respondent pays restitution as set forth in the Financial Conditions form attached to this stipulation.
- iii. and until Respondent does the following:
- (b) The above-referenced suspension is stayed.

(2) **Probation:**

Respondent must be placed on probation for a period of two (2) years, which will commence upon the effective date of the Supreme Court order in this matter. (See rule 9.18, California Rules of Court)

(3) **Actual Suspension:**

- (a) Respondent must be actually suspended from the practice of law in the State of California for a period of sixty (60) days.
- i. and until Respondent shows proof satisfactory to the State Bar Court of rehabilitation and present fitness to practice and present learning and ability in the law pursuant to standard 1.4(c)(ii), Standards for Attorney Sanctions for Professional Misconduct
- ii. and until Respondent pays restitution as set forth in the Financial Conditions form attached to this stipulation.
- iii. and until Respondent does the following:

E. Additional Conditions of Probation:

- (1) If Respondent is actually suspended for two years or more, he/she must remain actually suspended until he/she proves to the State Bar Court his/her rehabilitation, fitness to practice, and learning and ability in general law, pursuant to standard 1.4(c)(ii), Standards for Attorney Sanctions for Professional Misconduct.
- (2) During the probation period, Respondent must comply with the provisions of the State Bar Act and Rules of Professional Conduct.

(Stipulation form approved by SBC Executive Committee 10/16/00. Revised 12/16/2004; 12/13/2006.)

Actual Suspension

- (3) Within ten (10) days of any change, Respondent must report to the Membership Records Office of the State Bar and to the Office of Probation of the State Bar of California ("Office of Probation"), all changes of information, including current office address and telephone number, or other address for State Bar purposes, as prescribed by section 6002.1 of the Business and Professions Code.
- (4) Within thirty (30) days from the effective date of discipline, Respondent must contact the Office of Probation and schedule a meeting with Respondent's assigned probation deputy to discuss these terms and conditions of probation. Upon the direction of the Office of Probation, Respondent must meet with the probation deputy either in-person or by telephone. During the period of probation, Respondent must promptly meet with the probation deputy as directed and upon request.
- (5) Respondent must submit written quarterly reports to the Office of Probation on each January 10, April 10, July 10, and October 10 of the period of probation. Under penalty of perjury, Respondent must state whether Respondent has complied with the State Bar Act, the Rules of Professional Conduct, and all conditions of probation during the preceding calendar quarter. Respondent must also state whether there are any proceedings pending against him or her in the State Bar Court and if so, the case number and current status of that proceeding. If the first report would cover less than 30 days, that report must be submitted on the next quarter date, and cover the extended period.

In addition to all quarterly reports, a final report, containing the same information, is due no earlier than twenty (20) days before the last day of the period of probation and no later than the last day of probation.

- (6) Respondent must be assigned a probation monitor. Respondent must promptly review the terms and conditions of probation with the probation monitor to establish a manner and schedule of compliance. During the period of probation, Respondent must furnish to the monitor such reports as may be requested, in addition to the quarterly reports required to be submitted to the Office of Probation. Respondent must cooperate fully with the probation monitor.
- (7) Subject to assertion of applicable privileges, Respondent must answer fully, promptly and truthfully any inquiries of the Office of Probation and any probation monitor assigned under these conditions which are directed to Respondent personally or in writing relating to whether Respondent is complying or has complied with the probation conditions.
- (8) Within one (1) year of the effective date of the discipline herein, Respondent must provide to the Office of Probation satisfactory proof of attendance at a session of the Ethics School, and passage of the test given at the end of that session.
 - No Ethics School recommended. Reason: _____
- (9) Respondent must comply with all conditions of probation imposed in the underlying criminal matter and must so declare under penalty of perjury in conjunction with any quarterly report to be filed with the Office of Probation.
- (10) The following conditions are attached hereto and incorporated:
 - Substance Abuse Conditions
 - Law Office Management Conditions
 - Medical Conditions
 - Financial Conditions

F. Other Conditions Negotiated by the Parties:

- (1) **Multistate Professional Responsibility Examination:** Respondent must provide proof of passage of the Multistate Professional Responsibility Examination ("MPRE"), administered by the National Conference of Bar Examiners, to the Office of Probation during the period of actual suspension or within one year, whichever period is longer. **Failure to pass the MPRE results in actual suspension without**

further hearing until passage. But see rule 9.10(b), California Rules of Court, and rule 321(a)(1) & (c), Rules of Procedure.

No MPRE recommended. Reason:

- (2) **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.
- (3) **Conditional Rule 9.20, California Rules of Court:** If Respondent remains actually suspended for 90 days or more, he/she 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 120 and 130 calendar days, respectively, after the effective date of the Supreme Court's Order in this matter.
- (4) **Credit for Interim Suspension [conviction referral cases only]:** Respondent will be credited for the period of his/her interim suspension toward the stipulated period of actual suspension. Date of commencement of interim suspension:
- (5) **Other Conditions:**

In the Matter of
William B. Sullivan

Case number(s):
06-O-10610; 06-O-10872; 06-O-10877; 06-O-11219

A Member of the State Bar

Financial Conditions

a. Restitution

- Respondent must pay restitution (including the principal amount, plus interest of 10% per annum) to the payee(s) listed below. If the Client Security Fund ("CSF") has reimbursed one or more of the payee(s) for all or any portion of the principal amount(s) listed below, Respondent must also pay restitution to CSF in the amount(s) paid, plus applicable interest and costs.

Payee	Principal Amount	Interest Accrues From

- Respondent must pay above-referenced restitution and provide satisfactory proof of payment to the Office of Probation not later than

b. Installment Restitution Payments

- Respondent must pay the above-referenced restitution on the payment schedule set forth below. Respondent must provide satisfactory proof of payment to the Office of Probation with each quarterly probation report, or as otherwise directed by the Office of Probation. No later than 30 days prior to the expiration of the period of probation (or period of revocation), Respondent must make any necessary final payment(s) in order to complete the payment of restitution, including interest, in full.

Payee/CSF (as applicable)	Minimum Payment Amount	Payment Frequency

c. Client Funds Certificate

1. If Respondent possesses client funds at any time during the period covered by a required quarterly report, Respondent must file with each required report a certificate from Respondent and/or a certified public accountant or other financial professional approved by the Office of Probation, certifying that:
- a. Respondent has maintained a bank account in a bank authorized to do business in the State of California, at a branch located within the State of California, and that such account is designated as a "Trust Account" or "Clients' Funds Account";

- b. Respondent has kept and maintained the following:
- i. A written ledger for each client on whose behalf funds are held that sets forth:
 1. the name of such client;
 2. the date, amount and source of all funds received on behalf of such client;
 3. the date, amount, payee and purpose of each disbursement made on behalf of such client; and,
 4. the current balance for such client.
 - ii. a written journal for each client trust fund account that sets forth:
 1. the name of such account;
 2. the date, amount and client affected by each debit and credit; and,
 3. the current balance in such account.
 - iii. all bank statements and cancelled checks for each client trust account; and,
 - iv. each monthly reconciliation (balancing) of (i), (ii), and (iii), above, and if there are any differences between the monthly total balances reflected in (i), (ii), and (iii), above, the reasons for the differences.
- c. Respondent has maintained a written journal of securities or other properties held for clients that specifies:
- i. each item of security and property held;
 - ii. the person on whose behalf the security or property is held;
 - iii. the date of receipt of the security or property;
 - iv. the date of distribution of the security or property; and,
 - v. the person to whom the security or property was distributed.
2. If Respondent does not possess any client funds, property or securities during the entire period covered by a report, Respondent must so state under penalty of perjury in the report filed with the Office of Probation for that reporting period. In this circumstance, Respondent need not file the accountant's certificate described above.
3. The requirements of this condition are in addition to those set forth in rule 4-100, Rules of Professional Conduct.

d. **Client Trust Accounting School**

- Within one (1) year of the effective date of the discipline herein, Respondent must supply to the Office of Probation satisfactory proof of attendance at a session of the Ethics School Client Trust Accounting School, within the same period of time, and passage of the test given at the end of that session.

11/21/05	Cash (memo: "3 rd house payment Capistrano")	\$7,000.00
11/21/05	Cash (memo: "cashier check-house payment Capistrano MS Mayer")	\$7,000.00

Conclusion of Law

By failing to involve himself in even a minimal oversight of the handling of the Union Bank CTA, Respondent, with gross negligence, permitted the partner to pay personal expenses from the Union Bank CTA, in wilful violation of rule 4-100(A) of the Rules of Professional Conduct.

Case No. 06-O-10872

Facts

1. Between February 2005 and August 2005, Respondent's law firm (the "firm") maintained a client trust account at San Diego National Bank, account no. xxxxxx7270 ("San Diego National Bank CTA").² At all relevant times to the stipulated facts in this case, Respondent and the partner were signatories on the San Diego Bank CTA.

2. Between February 22, 2005, and August 20, 2005, the partner paid, or caused to be paid, funds from the San Diego National Bank CTA to pay for her and/or Respondent's personal expenses including, but not limited to, the following:

DATE OF PAYMENT	PAYEE	AMOUNT (\$)
02/22/05	Mark Meyer (memo: "repayment beach house")	\$50,000
08/22/05	Cash (memo: "Robert Krogen/ Statewide payment")	\$5,000

3. In March 2002, Stephanie Pollaro ("Pollaro") employed the firm to represent her in a personal injury action against Great American Balloon Co. arising out of a hot air balloon accident that occurred on February 23, 2002.

4. In or about January 2005, Respondent settled the matter against Great American Balloon Co. in the sum of \$85,000. In or about January 2005, the firm received the \$85,000 settlement check. At that time, the firm maintained only one trust account: the San Diego National Bank CTA.

5. The firm failed to deposit the \$85,000 settlement check from American Balloon Co. in the San Diego National Bank CTA. Instead, on January 21, 2005, the partner deposited, or caused to be deposited, the settlement check in the firm's general account at San Diego National Bank, account number xxxxxx099 (the "San Diego National Bank general account").³

6. Respondent did not involve himself in even a minimal oversight of the partner's handling of the San Diego National Bank CTA. By no later than the first few months of 2006, Respondent knew that the partner had not handled Pollaro's funds properly. Nevertheless, Respondent did not take any action to determine what had happened to Pollaro's funds or make restitution to Pollaro for the missing

² The complete account number has been omitted due to privacy concerns.

³ The complete account number has been omitted due to privacy concerns.

funds of at least \$63,750 (after deducting the firm's fees of \$21,250) that the partner had misappropriated.

7. On or about August 18, 2005, Respondent spoke with Pollaro and agreed that the firm would accept a fee of \$21,250, or 25% of the \$85,000 settlement. Respondent also informed Pollaro that the amount due to her was \$38,000. On or about August 26, 2005, Respondent provided Pollaro with two checks totaling \$38,000 which were issued from the San Diego National Bank general account. The two checks had been pre-signed by Sullivan and were prepared at the direction of Respondent. The remaining balance of \$25,750 was to be used to pay costs and the outstanding medical liens.

8. In or about September and October 2010, Sullivan paid the outstanding medical liens. In or about November 2010, Sullivan issued two checks to Pollaro totaling \$8,517.76, which represented the remaining balance of Pollaro's funds plus interest.

Conclusion of Law

By failing to involve himself in even a minimal oversight of the handling of the San Diego National Bank CTA, Respondent, with gross negligence, permitted the partner to pay, or cause to be paid, personal expenses from the San Diego Bank CTA, in wilful violation of rule 4-100(A) of the Rules of Professional Conduct.

By failing to involve himself in even a minimal oversight of the handling of the San Diego National Bank trust account, Respondent, with gross negligence, permitted the partner to deposit, or cause to be deposited, the settlement check from American Balloon Co. in the San Diego National Bank general account, in wilful violation of rule 4-100(A) of the Rules of Professional Conduct.

By failing to involve himself in even a minimal oversight of the handling of the San Diego National Bank trust account, Respondent, with gross negligence, permitted the partner to misappropriating at least \$63,750 of Pollaro's funds, and thereby committed an act involving moral turpitude, dishonesty or corruption in wilful violation of Business and Professions Code section 6106.

Case No. 06-O-10877

1. In 2004, Jolie Ibrahim ("Ibrahim") employed Respondent's law firm (the "firm") to pursue a sexual harassment and wage and hour claim against Nextel Communications ("Nextel"), her employer.

2. On August 1, 2005, Respondent represented Ibrahim at a mediation, and Ibrahim agreed to settle her claims against Nextel for \$69,000.

3. In or about October 2005, the firm received a settlement check from Nextel in the sum of \$69,000. At this time, the firm maintained only one client trust account. The firm maintained a client trust account at San Diego National Bank, account number xxxxxx7270, (the "San Diego National Bank CTA").⁴

4. The partner failed to deposit the \$69,000 settlement check from Nextel into the San Diego National Bank CTA. At no time did the partner deposit the settlement check from Nextel into a bank account labeled "Trust Account," "Client's Funds Account" or words of similar import.

⁴ The complete account number has been omitted due to privacy concerns.

5. Respondent did not involve himself in even a minimal oversight of the handling of the San Diego National Bank CTA. Respondent, with gross negligence, permitted the partner to misappropriate \$69,000 from Ibrahim.

6. In or about November 2005, the partner paid Ibrahim \$44,833.03 by a cashier's check in the sum of \$35,000, and a second payment in the sum of \$9,833.03.

Conclusions of Law

By failing to involve himself in even a minimal oversight of the handling of the San Diego National Bank trust account, Respondent, with gross negligence, permitted Christiani's failure to deposit the settlement check from Nextel in a bank account labeled "Trust Account," "Client's Funds Account" or words of similar import, in wilful violation of rule 4-100(A) of the Rules of Professional Conduct.

By failing to involve himself in even a minimal oversight of the handling of the San Diego National Bank trust account, Respondent, with gross negligence, permitted the partner to misappropriate \$69,000 of Ibrahim's funds, and thereby committed an act involving moral turpitude, dishonesty or corruption, in wilful violation of Business and Professions Code section 6106.

Case No. 06-O-11219

Facts

1. In March 2005, Richard Joyce ("Joyce") employed Respondent's law firm (the "firm") to represent him in a wage and hour and retaliation claim against Patriot Plumbing, Inc. ("Patriot Plumbing"), Joyce's employer.

2. On January 13, 2006, Respondent represented Joyce at a Mandatory Settlement Conference ("MSC"), and Joyce agreed to settle his claims against Patriot Plumbing for \$50,000. At the MSC, Joyce and Respondent agreed that the firm would be paid a fee of \$12,000.

3. In January 2006, the firm received a check issued by Patriot Plumbing in the sum of \$5,000. The check represented the first of two installment payments in satisfaction of the settlement of Joyce's case.

4. On February 3, 2006, the \$5,000 check was deposited in the firm's client trust account at Wells Fargo Bank, account number xxx-xxx4454 (the "Wells Fargo Bank CTA").⁵ At that time, Respondent was a signatory on the Wells Fargo Bank CTA, but the partner was not. On February 8, 2006, the partner became a signatory on the Wells Fargo Bank CTA along with Respondent.

5. On February 10, 2006, Wells Fargo Bank paid a \$5,000 check issued by the partner against the Wells Fargo Bank CTA and payable to the firm, reducing the balance in the Wells Fargo Bank CTA to \$3,093. On February 15, 2010, \$3,000 was transferred from the Wells Fargo Bank CTA to a non-trust account maintained in the name of the firm, reducing the balance in the Wells Fargo Bank CTA to \$93. On February 17, 2006, the partner withdrew \$90 from the Wells Fargo Bank CTA, reducing the balance to \$3. Prior to that time, no disbursement had been made from the Wells Fargo Bank CTA to,

⁵ The complete account number has been omitted due to privacy concerns.

or on behalf of Joyce.

6. On March 2, 2006, Respondent caused the partner to be deleted as a signatory on the Wells Fargo Bank CTA. However, while the partner was a signatory on the Wells Fargo Bank CTA, Respondent did not involve himself in even a minimal oversight of the Wells Fargo Bank CTA. Respondent, with gross negligence, permitted the partner to misappropriate \$4,997 of Joyce's funds.

7. On February 21, 2006, Respondent paid Joyce the \$5,000 from the firm's general account at Wells Fargo Bank.

Conclusions of Law

By failing to involve himself in even a minimal oversight of the handling of the Wells Fargo Bank trust account, Respondent, with gross negligence, allowed the partner's failure to maintain \$5,000 in the Wells Fargo trust account, in wilful violation of rule 4-100(A) of the Rules of Professional Conduct.

By failing to involve himself in even a minimal oversight of the handling of the Wells Fargo Bank trust account, Respondent, with gross negligence, permitted the partner to misappropriate approximately \$4,997 which the firm received on behalf of Joyce, and thereby committed an act involving moral turpitude, dishonesty or corruption in wilful violation of Business and Professions Code section 6106.

PENDING PROCEEDINGS.

The disclosure date referred to, on page 1, paragraph A(7), was November 2, 2010.

COSTS OF DISCIPLINARY PROCEEDINGS.

Respondent acknowledges that the Office of the Chief Trial Counsel has informed him that as of November 2, 2010, the prosecution costs in this matter are \$4,035.90. The costs are to be paid in equal amounts prior to February 1 for the following three billing cycles following the effective date of the Supreme Court Order.

If Respondent fails to pay any installment within the time provided herein or as may be modified by the State Bar Court pursuant to section 6086.10, subdivision (c), the remaining balance of the costs is due and payable immediately and enforceable both as provided in Business and Professions Code section 6140.7 and as a money judgment unless relief has been granted under the Rules of Procedure of the State Bar of California. (Rules Proc. of State Bar, rule 286.)

Respondent further acknowledges that should this stipulation be rejected or should relief from the stipulation be granted, the costs in this matter may increase due to the cost of further proceedings.

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AGGRAVATING CIRCUMSTANCES.

1. Multiple Acts of Misconduct

Respondent committed trust account violations in three client matters and one State Bar initiated matter. Multiple acts of misconduct are an aggravating circumstance. (Std. 1.2(b)(ii).)

2. Harm

By failing to pay Stephanie Pollaro's (Case No. 06-O-10872) lienholders for over almost five years, Respondent potentially harmed Pollaro's credit. In addition, Pollaro was harmed because she was forced to wait five years before she received her correct share of her settlement proceeds.

MITIGATING CIRCUMSTANCES.

1. No Prior Record

At the time of the misconduct, Respondent had approximately 11 years of discipline-free practice. This is a significant factor in mitigation. (*Hawes v. State Bar* (1990) 51 Cal.3d 587, 596 (10 years discipline-free practice); Std. 1.2(e)(i).

2. Candor and Cooperation

Respondent is entitled to mitigation for entering into this stipulation. (Std. 1.2(e)(v).

OTHER FACTORS IN CONSIDERATION.

The State Bar received evidence that Respondent's former law partner assumed responsibility for the administration of the firm's client trust accounts. Among the pieces of evidence is a letter signed by the partner that she wrote in response to a State Bar investigator's letter, in which the partner expressly stated that she was in control of the firm's trust accounts.

Respondent acknowledges that he has a nondelegable duty to monitor his trust account(s), that he failed to take reasonable steps to comply with his personal, nondelegable duty to monitor his trust account(s), and that under the circumstances present here, he is culpable of trust account violations notwithstanding his reliance on his partner to manage such accounts.

By March 2006, Respondent removed the partner as a signatory on the firm's trust account. Respondent acknowledges that he had reason to believe that the partner was mishandling client funds and administering improperly the firm's client trust accounts at an earlier time, and that his failure to take earlier action constituted gross negligence.

In or about 2007, Respondent prohibited his partner from performing any further work for the firm. Since then, the partner has been on medical disability leave. Respondent is arranging to terminate the partnership.

Respondent has expressed remorse for his misconduct, and was candid with the State Bar in stipulating to the misconduct.

AUTHORITIES SUPPORTING DISCIPLINE

1. Standards

Standard 1.3 of the Standards for Attorney Sanctions for Professional Misconduct ("Standards") provides in pertinent part that, "[T]he primary purposes of disciplinary proceedings . . . are the protection of the public, the courts and the legal profession; the maintenance of high professional standards by attorneys and the preservation of public confidence in the legal profession." (Std 1.3.)

Standards 2.2(a), 2.2(b), and 2.6 of the Standards for Attorney Sanctions for Professional Misconduct ("Standards") apply to this proceeding.

Standard 2.2(a) provides that misappropriation of entrusted funds shall result in disbarment. Only if the amount of funds or property misappropriated is insignificantly small or if the most compelling mitigating circumstances clearly predominate, shall disbarment not be imposed. In these latter cases, the discipline shall not be less than a one-year actual suspension, irrespective of mitigating circumstances.

However, as discussed in *Edwards v. State Bar* (1990) 52 Cal.3d 28, 37-39, the Supreme Court has recognized extenuating circumstances relating to the facts of the misappropriation and ordered discipline lower than the minimum one-year actual suspension mandated by Standard 2.2(a). (See also, *In the Matter of Blum* (Review Dept. 2002) 4 Cal. State Bar Ct. Rptr. 403.)

Standard 2.2(b) provides that a violation of rule 4-100(A) of the Rules of Professional Conduct shall result in at least a three month actual suspension.

However, on occasion, the Supreme Court has ordered lesser discipline for attorneys who have failed to maintain client funds in trust. For example, in *Sternleib v. State Bar* (1990) 52 Cal. 3d 317, 333, the Supreme Court ordered an attorney suspended for thirty days for failing to maintain over \$4,000 in trust that belonged to his client and her husband, the opposing party in a divorce that the attorney was handling. The Supreme Court found that the evidence did not support a finding of moral turpitude. The attorney had no prior record of discipline, and the State Bar Court had found that the misconduct was not likely to recur. (*Id.* at pp. 331-332.)

Standard 2.3 provides that culpability of an attorney of an act of moral turpitude shall result in actual suspension or disbarment depending upon the extent to which the victim of the misconduct is harmed and depending upon the magnitude of the act of misconduct and the degree to which it relates to the member's acts within the practice of law.

In consideration of the facts and circumstances surrounding Respondent's misconduct, the aggravating and mitigating circumstances that are present, and case law, the parties submit that the intent and goals of the Standards are met in these matters by the imposition of a two year stayed suspension, and two years probation with conditions including a 60-day actual suspension

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2. Case Law

In *In the Matter of Blum* (Review Dept. 2002) 4 Cal. State Bar Ct. Rptr. 403, the attorney was culpable of trust account violations. The attorney relied on her husband, who was also an attorney, to manage the trust account. The attorney acted with gross negligence in relying on her husband. The attorney's husband grossly mismanaged the financial aspects of the office. Some deposits were made to the incorrect account, some disbursements were made from the wrong account, bookkeeping was chaotic, and some client funds were improperly used for funding unrelated cases, resulting in trust fund deficiencies.

The attorney ignored clients' complaints and she continued to allow her husband's misuse of the account even after she discovered her husband's malfeasance. The attorney collected an illegal fee from a client in a medical malpractice case and paid the client \$5,600 less than the client was entitled from the settlement. The client was not made whole until eleven months after the case was settled. In another client matter, the trust account fell below the amount that was supposed to be maintained on behalf of the client on at least three occasions, and the client did not receive settlement funds for six months because of insufficient funds. The husband's mismanagement of the office's finances left the attorney a debt of \$500,000. The mitigation included 14 years of practice with no prior record of discipline, extreme emotional difficulties, her husband's abusive behavior, her full acknowledgment of wrongdoing, and evidence that the attorney had taken remedial measures. The Review Department recommended a 30-day actual suspension as part of a two-year probation.

STATE BAR ETHICS AND TRUST ACCOUNT SCHOOLS.

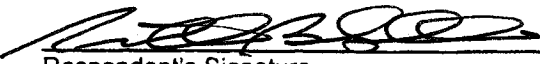
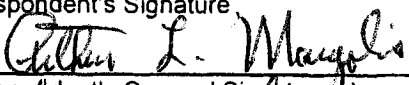
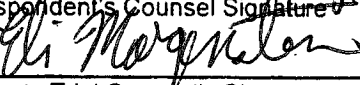
Because Respondent has agreed to attend the State Bar Ethics and Trust Account Schools as part of this stipulation, he may receive Minimum Continuing Legal Education credit upon the satisfactory completion the courses.

(Do not write above this line.)

In the Matter of William B. Sullivan	Case number(s): 06-O-10610; 06-O-10872; 06-O-10877; 06-O-11219
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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.

<u>11/11/10</u> Date	 Respondent's Signature	<u>William B. Sullivan</u> Print Name
<u>11/13/10</u> Date	 Respondent's Counsel Signature	<u>Arthur L. Margolis</u> Print Name
<u>11/16/10</u> Date	 Deputy Trial Counsel's Signature	<u>Eli D. Morgenstern</u> Print Name

(Do not write above this line.)

In the Matter Of William B. Sullivan	Case Number(s): 06-O-10610; 06-O-10872; 06-O-10877; 06-O-11219
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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.

PAGE 4 - PARAGRAPH D.(3)(a), DELETE - "SIXY DAYS"
ADD - "SIXTY (60) DAYS"

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.)

11-23-10
Date


Judge of the State Bar Court

RICHARD A. PLATT

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 Los Angeles, on November 23, 2010, I deposited a true copy of the following document(s):

STIPULATION RE FACTS, CONCLUSIONS OF LAW AND DISPOSITION AND ORDER APPROVING

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

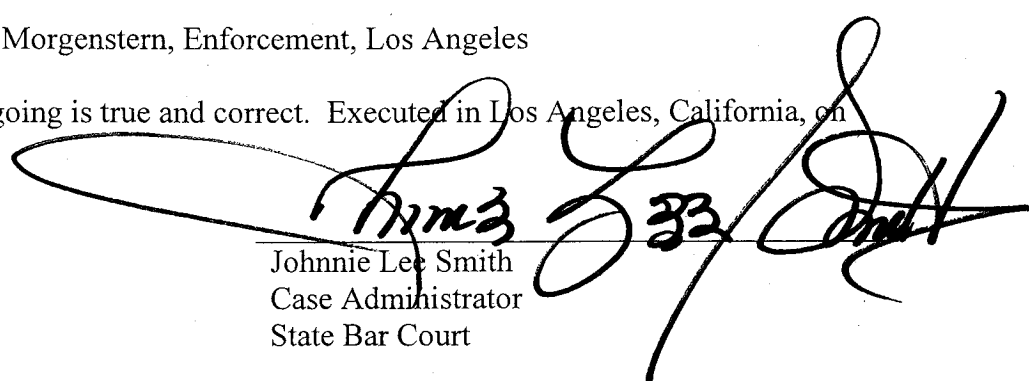
- by first-class mail, with postage thereon fully prepaid, through the United States Postal Service at Los Angeles, California, addressed as follows:

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

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

Eli D. Morgenstern, Enforcement, Los Angeles

I hereby certify that the foregoing is true and correct. Executed in Los Angeles, California, on November 23, 2010.


Johnnie Lee Smith
Case Administrator
State Bar Court