

ORIGINAL

State Bar Court of California Hearing Department Los Angeles

Counsel For The State Bar (for Court's use) Case Number (s) 06-O-13125 Hugh G. Radigan PUBLIC MATTER Deputy Trial Counsel 1149 S. Hill St. Los Angeles, Ca. 90015 FILED 213-765-1206 DEC 1-1 2009 Bar # 94251 In Pro Per Respondent STATE BAR COURT CLERK'S OFFICE SAN FRANCISCO William J. Beverly Beverly & Hart 3424 Carson Street, #400 Torrance, Ca. 90503 310-793-7766 Submitted to: Settlement Judge STIPULATION RE FACTS, CONCLUSIONS OF LAW AND **DISPOSITION AND ORDER APPROVING** Bar # 81573 In the Matter Of: William James Beverly **ACTUAL SUSPENSION** ☐ PREVIOUS STIPULATION REJECTED Bar # 81573 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 1, 1978.
- (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 14 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".

<u>(Do r</u>	ot write	e above	e this line.)
(6)			es must include supporting authority for the recommended level of discipline under the heading ng Authority."
(7)			than 30 days prior to the filing of this stipulation, Respondent has been advised in writing of any nvestigation/proceeding not resolved by this stipulation, except for criminal investigations.
(8)	Pay 614	ment 0.7. (of Disciplinary Costs—Respondent acknowledges the provisions of Bus. & Prof. Code §§6086.10 & Check one option only):
		reli	il costs are paid in full, Respondent will remain actually suspended from the practice of law unless ef is obtained per rule 284, Rules of Procedure.
	\boxtimes	СУ	sts to be paid in equal amounts prior to February 1 for the following membership years: two billing cles following the effective date of the Supreme Court order. Idship, special circumstances or other good cause per rule 284, Rules of Procedure)
		COS	sts waived in part as set forth in a separate attachment entitled "Partial Waiver of Costs" sts entirely waived
	Profe	avat essic	ing Circumstances [for definition, see Standards for Attorney Sanctions for onal Misconduct, standard 1.2(b)]. Facts supporting aggravating circumstances red.
(1)		Prio	r 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)	\boxtimes	conc Resp sepo	conesty: Respondent's misconduct was surrounded by or followed by bad faith, dishonesty, realment, overreaching or other violations of the State Bar Act or Rules of Professional Conduct. Condent's conduct in structuring the marital settlement agreement so as to retain as his carate property only those assets that would be of exempt quality, was intended to hinder and rate his potential judgment creditors.
(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)		Resp judg	n: Respondent's misconduct harmed significantly a client, the public or the administration of justice. condent's former clients and judgment creditors have been frustrated in collecting their ment to date by virtue of the manner in which Respondent structured his marital settlement element in anticipation of the judgment.
(5)			ference: Respondent demonstrated indifference toward rectification of or atonement for the equences 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.
(8)		No aggravating circumstances are involved.
Add	ition	al aggravating circumstances:
C. <u>N</u>	Mitig circu	gating Circumstances [see standard 1.2(e)]. Facts supporting mitigating umstances are required.
(1)	\boxtimes	No Prior Discipline: Respondent has no prior record of discipline over many years of practice coupled with present misconduct which is not deemed serious. Respondent was admitted to practice in 1978 and has been discipline free but for this matter.
(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. Respondent has acknowledged the wrongfulness of his conduct and displayed candor and cooperation with the State Bar during the investigation of this matter.
(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.

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(12)				ation: Considerable time has passed since the acts of professional misconduct occurred by convincing proof of subsequent rehabilitation.	
(13)		No	mitiga	ting circumstances are involved.	
Addi	ition	al mit	igatir	ng circumstances	
D. I	Disc	iplir	ie:		
(1)	\boxtimes	Stay	ed S	uspension:	
	(a)	\boxtimes	Res	pondent must be suspended from the practice of law for a period of two 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)	\boxtimes	The	above-referenced suspension is stayed.	
(2)	\boxtimes	☑ Probation:			
				ust be placed on probation for a period of two years, which will commence upon the effective preme Court order in this matter. (See rule 9.18, California Rules of Court)	
(3)	\boxtimes	Actual Suspension:			
	(a)			condent must be actually suspended from the practice of law in the State of California for a period nety 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. A	\ddi	tiona	al Co	enditions of Probation:	
(1)		he/s	he pro	dent is actually suspended for two years or more, he/she must remain actually suspended until oves to the State Bar Court his/her rehabilitation, fitness to practice, and learning and ability in w, pursuant to standard 1.4(c)(ii), Standards for Attorney Sanctions for Professional Misconduct.	
(2)	\boxtimes	Duri Prof	ng the	e probation period, Respondent must comply with the provisions of the State Bar Act and Rules of nal Conduct.	

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(3)	\boxtimes	State inform	Bar and to the Office of Probation of	the State B	report to the Membership Records Office of the ar of California ("Office of Probation"), all changes of hone number, or other address for State Barness 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.			
					ining the same information, is due no earlier than robation 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. Re	eason:	•
(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 f	ollowing conditions are attached here	eto and inco	rporated:
			Substance Abuse Conditions		Law Office Management Conditions
			Medical Conditions		Financial Conditions
F. C	the	r Cor	nditions Negotiated by the Pa	rties:	
(1)	\boxtimes	the Cor	Multistate Professional Responsibility ofference of Bar Examiners, to the Offi	/ Examinati ice of Proba	ion: Respondent must provide proof of passage of on ("MPRE"), administered by the National ation during the period of actual suspension or within ss the MPRE results in actual suspension without

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		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:	

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Attachment language begins here (if any):

ATTACHMENT TO

STIPULATION RE FACTS, CONCLUSIONS OF LAW AND DISPOSITION

IN THE MATTER OF:

William James Beverly

CASE NUMBER(S):

06-O-13125

Respondent admits that the following facts are true and that he is culpable of violations of the specified statutes and/or Rules of Professional Conduct.

FACTS AND CONCLUSIONS OF LAW.

- 1. Beginning in 1989, Respondent was employed by Catherine Outland ("Catherine") and her daughters, Christine Outland Martell ("Martell") and Mary Outland Gleason ("Gleason") (collectively the "Outland parties"), to facilitate the development of a property they owned as joint tenants (the "property") and to provide legal counsel regarding the property development.
- 2. On September 3, 2002, Oliver Maupin filed an action in the Los Angeles County Superior Court to foreclose on a trust deed which had been assigned to him by Respondent entitled, *Oliver Maupin v. Hamilton Properties, et al.*, case number NC040406. The Outland parties were defendants in the action.
- 3. On February 10, 2003, a cross-complaint was filed by the Outland parties against Respondent and his law firm alleging various claims, including but not limited to a claim for legal malpractice. The Outland parties also sought cancellation of the trust deed.
- 4. On November 10, 2003, summary judgment was entered in favor of Catherine and Gleason in Maupin's foreclosure action. The court found that the deed of trust sued upon had been extinguished in 1992.
- 5. On April 5, 2004, the jury found that Respondent committed constructive fraud, breached fiduciary duties, and committed legal malpractice during his representation of the Outland parties.
- 6. On May 20, 2004, the court entered judgment against Respondent on the Outland parties' cross-complaint in the amount of \$424,450 and against his law firm in the amount of \$145,150.

Respondent did not report the May 20, 2004 entry of judgment to the State Bar of California ("State Bar") within 30 days of their notice of the entry of judgment or at any time thereafter.

- 7. On May 14, 2008, the Court of Appeal affirmed the judgment on certain claims, reversed the judgment on other claims, and specifically found that the statute of limitations had expired on the Outland's claims for breach of fiduciary duty and constructive fraud arising out of Respondent's ongoing failure to disclose conflicts of interest.
 - 8. On May 27, 2008, the Outland parties filed a petition for rehearing.
 - 9. On June 3, 2008, the Court of Appeal modified its opinion with no change in the judgment.
- 10. On July 30, 2008, the California Supreme Court denied the Outland parties' petition for review.

Respondent's Marital Dissolution

- 11. On July 15, 2002, Respondent's wife filed for dissolution of marriage in the Los Angeles County Superior Court identified as case number BD372806.
- 12. Respondent sent a series of letters to his wife and her attorney, about the threat of exposing their community property to the Outland parties should a judgment be entered against him in the Outland lawsuit. These letters demonstrated that the Outland litigation was the main reason Respondent desired to transfer his entire interest in the community assets of approximately \$1 million in exchange for his retention of an equivalent amount as his exempt retirement plan.
- 13. On April 9, 2004, Respondent and his wife entered into a marital settlement agreement. Their primary asset was Respondent's pension fund. In the settlement agreement reached, Respondent was entitled to his pension fund with assets over \$1,000,000, and which was considered by them to be exempt from judgment, in exchange for a transfer of cash assets over \$1,000,000 to his wife.

 Respondent had no other assets to attach. The intended effect of the settlement agreement was to leave Respondent essentially judgment proof and thus hinder the claims of his imminent judgment creditors, the Outland parties.
 - 14. On July 26, 2004, judgment in the dissolution was filed.

Respondent's Involuntary Bankruptcy

- 15. After Respondent informed the Outland parties that he lacked assets to pay the judgment, on September 15, 2004, Catherine filed an involuntary Chapter 7 petition against Respondent identified as United States Bankruptcy Court case number LA 04-29840 TD, claiming a right to funds based upon the May 2004 judgment.
- 16. On November 1, 2004, the Bankruptcy Court granted relief under Chapter 7 of the Bankruptcy Code.
- 17. On March 11, 2005, the bankruptcy trustee filed a complaint, identified as United States Bankruptcy Court case number AD05-O1254TD, objecting to a discharge of debts pursuant to 11 U.S.C. section 727(a) (6)(A) on the ground that Respondent had refused to obey the Bankruptcy Court's November 1, 2004 order.
- 18. On March 11, 2005, the Outland parties filed an adversary proceeding, identified as United States Bankruptcy Court case no. LA05-01257-TD, to deny a discharge of the Outland parties' judgment against Respondent.
- 19. On March 17, 2005, Respondent served his bankruptcy schedules and claimed over \$1,000,000 of his pension fund as exempt from creditors and not property of the estate for distribution.
- 20. On June 14, 2005, the bankruptcy trustee filed an adversary proceeding against Respondent and his wife identified as United States Bankruptcy Court case number AD-05-01649 TD, to assert the rights of Catherine. The adversary proceeding sought the avoidance of transfers under various theories of recovery, including preferential payment under 11 U.S.C. sections 547 and 550, and fraudulent transfers under 11 U.S.C. sections 544(b), 548(a)(1), and 550, on the ground that at least \$900,000 had been transferred from Respondent to his wife within one year of the filing of the bankruptcy petition.
- 21. The bankruptcy court rejected the trustee's objections to the discharge, ruled that the marital settlement agreement did not embody a fraudulent transfer for purposes of 11 U.S.C. section 727(a)(2), and granted Respondent's motion for summary judgment in the adversary proceeding. The trustee appealed the bankruptcy court's findings.

22. On July 24, 2007, the Bankruptcy Appellate Panel ("BAP") reversed the bankruptcy court's decision that Respondent's transfer of assets through the marital settlement agreement was not a fraudulent transfer. The BAP stated:

"The evidence demonstrates that the Outland litigation was the main reason Beverly structured the MSA so as to transfer his entire interest in the \$1 million nonexempt fund. If there had been a simple equal division of community assets (as presumed by California law when a court makes the division), he would have had about \$500,000 of non-exempt funds (\$50,000 eligible to be rolled over into a new homestead) that he knew would be vulnerable to collection of the \$424,000 Outland judgment."

- 23. In addition to the direct evidence of Respondent's intent to hinder, delay or defraud the Outland judgment creditors as shown by his correspondence with his wife's attorney, the BAP further found circumstantial evidence of statutory "badges of fraud", as follows:
 - a. The transfer to Respondent's wife was a transfer to an insider (Civil Code section 3439.04(b)(1));
 - b. The transfer to Respondent's wife was made after Respondent had been sued in the Outland litigation (Civil Code section 3439.04(b) (4));
 - c. The transfer was of substantially all of Respondent's assets (Civil Code section 3439.04(b)(5);
 - d. The transfer rendered Respondent insolvent (Civil Code section 3439.04(b)(9); and,
 - e. The transfer occurred shortly after a substantial debt was incurred (Civil Code section 3439.04(b)(10).
- 24. The BAP reversed the bankruptcy court's decision granting Respondent a discharge and remanded the matter with instructions to enter judgment denying the discharge and to enter judgment in favor of the trustee.
- 25. On August 22, 2007, Respondent filed an appeal of the BAP's July 24, 2007 decision and the reversal of the bankruptcy court's grant of summary judgment in his favor.

26. On December 24, 2008, the Court of Appeal, Ninth Circuit, affirmed and adopted the July 24, 2007 decision that Respondent's transfer of assets through the marital settlement agreement was an avoidable transfer under 11 U.S.C. section 544(b) and Civil Code section 3439.04, but the Court of Appeal found that it lacked jurisdiction to consider the section 727 claims.

Legal Conclusion:

27. By transferring his property and assets with the intent to hinder, delay or defraud the Outland judgment creditors, Respondent committed acts of gross negligence involving moral turpitude. Additionally, Respondent wilfully violated Business and Professions Code, section 6068(o)(2), by failing to report to the agency charged with attorney discipline, in writing, within 30 days of the time Respondent had knowledge of the entry of judgment against Respondent in any civil action for fraud, misrepresentation, breach of fiduciary duty, or gross negligence committed in a professional capacity.

PENDING PROCEEDINGS.

The disclosure date referred to, on page 2, paragraph A(6), was November 16, 2009.

COSTS OF DISCIPLINARY PROCEEDINGS.

Respondent acknowledges that the Office of the Chief Trial Counsel has informed respondent that as of November 16, 2009, the prosecution costs in this matter are approximately \$3654.00. 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.

AUTHORITIES SUPPORTING DISCIPLINE.

Standard 1.3 provides that the primary purpose of discipline is the protection of the public, the courts and legal profession; maintenance of high professional standards; and the preservation of public confidence in the legal profession.

Standard 2.3 provides for disbarment or actual suspension for those acts of moral turpitude depending upon the extent to which the victim of the act has been harmed and the magnitude of the act of misconduct.

Standard 2.6(a) similarly provides for disbarment or suspension depending upon the gravity of the offense or harm for a willful violation of Business and Professions Code section 6068(0)(2).

The parties submit that the stipulated discipline in this matter complies with the Standards both specifically and with regard to the general purposes and goals of the disciplinary process articulated within Standard 1.3 above-referred.

Attachment Page 5

STATE BAR ETHICS SCHOOL.

Because respondent has agreed to attend State Bar Ethics School as part of this stipulation, respondent may receive Minimum Continuing Legal Education credit upon the satisfactory completion of State Bar Ethics School.

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	In the Matter of	Case number(s):					
	WILLIAM JAMES BEVERLY	06-O-13125					
	Member #81573	00-0-13123					
ı	Mellinei #013/3						
-							

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.

11-24-09	Janview .	WILLIAM JAMES BEVERLY	
Date /	Respondent's Signature	Print Name	
Date	Respondent's Counsel Signature	Print Name	
Date Date	Deputy Trial Counsel's Signature	HUGH G. RADIGAN Print Name	

William J. Beverly	Case Number(s): 06-O-13125
	ORDER
Finding the stipulation to be fair to the p T IS ORDERED that the requested dis prejudice, and:	parties and that it adequately protects the public, smissal of counts/charges, if any, is GRANTED without
The stipulated facts and dis RECOMMENDED to the St	sposition are APPROVED and the DISCIPLINE upreme Court.
-	sposition are APPROVED AS MODIFIED as set forth E IS RECOMMENDED to the Supreme Court.
All Hearing dates are vacat	ted.
he stipulation, filed within 15 days afte or further modifies the approved stipula offective date of this disposition is t	n as approved unless: 1) a motion to withdraw or modify r service of this order, is granted; or 2) this court modifies ation. (See rule 135(b), Rules of Procedure.) The he effective date of the Supreme Court order herein, a rule 9.18(a), California Rules of Court.)
12-9-09	flom
Date	Judge of the State Bar Court RICHARD A. HONN

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 December 11, 2009, 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 San Francisco, California, addressed as follows:

WILLIAM JAMES BEVERLY BEVERLY & HART 3424 CARSON ST #400 TORRANCE, CA 90503

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

HUGH RADIGAN, Enforcement, Los Angeles

I hereby certify that the foregoing is true and correct. Executed in San Francisco, California, on December 11, 2009.

Laine Silber

Case Administrator

State Bar Court