

# PUBLIC MATTER

STATE BAR OF CALIFORNIA  
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**FILED**  
 SEP 13 2013  
 STATE BAR COURT  
 CLERK'S OFFICE  
 LOS ANGELES

## STATE BAR COURT

### HEARING DEPARTMENT - LOS ANGELES

In the Matter of:	)	Case No. 06-O-14925
RONALD WAYNE GRIGG,	)	NOTICE OF DISCIPLINARY CHARGES
No. 140947,	)	
	)	
A Member of the State Bar.	)	

### NOTICE - FAILURE TO RESPOND!

**IF YOU FAIL TO FILE A WRITTEN ANSWER TO THIS NOTICE WITHIN 20 DAYS AFTER SERVICE, OR IF YOU FAIL TO APPEAR AT THE STATE BAR COURT TRIAL:**

- (1) YOUR DEFAULT WILL BE ENTERED;
- (2) YOUR STATUS WILL BE CHANGED TO INACTIVE AND YOU WILL NOT BE PERMITTED TO PRACTICE LAW;
- (3) YOU WILL NOT BE PERMITTED TO PARTICIPATE FURTHER IN THESE PROCEEDINGS UNLESS YOU MAKE A TIMELY MOTION AND THE DEFAULT IS SET ASIDE, AND;
- (4) YOU SHALL BE SUBJECT TO ADDITIONAL DISCIPLINE. SPECIFICALLY, IF YOU FAIL TO TIMELY MOVE TO SET ASIDE OR VACATE YOUR DEFAULT, THIS COURT WILL ENTER AN ORDER RECOMMENDING YOUR DISBARMENT WITHOUT FURTHER HEARING OR PROCEEDING. SEE RULE 5.80 ET SEQ., RULES OF PROCEDURE OF THE STATE BAR OF CALIFORNIA.

1 The State Bar of California alleges:

2 JURISDICTION

3 1. Ronald Wayne Grigg ("Respondent") was admitted to the practice of law in the State  
4 of California on June 6, 1989, was a member at all times pertinent to these charges, and is  
5 currently a member of the State Bar of California.

6 COUNT ONE

7 Case No. 06-O-14925  
8 Rules of Professional Conduct, rule 3-300  
9 [Acquiring Interest Adverse to Client]

10 2. Respondent willfully violated Rules of Professional Conduct, rule 3-300, by  
11 knowingly acquiring a security interest adverse to a client without complying with the  
12 requirements that the transaction or acquisition and its terms were fair and reasonable to the  
13 client; the transaction or acquisition and its terms were fully disclosed and transmitted in writing  
14 to the client in a manner which should reasonably have been understood by the client; the client  
15 was advised in writing that the client may seek the advice of an independent lawyer of the  
16 client's choice; the client was given a reasonable opportunity to seek that advice; and the client  
17 thereafter consented in writing to the terms of the transaction or acquisition, as follows:

18 3. On or about August 31, 2005, Blaine Chaney ("Chaney") hired Respondent to  
19 represent him in connection with his dissolution of marriage from Sarah MacMillan Chaney  
20 ("MacMillan"), an heir to an exceptionally wealthy family. During their 23-year marriage,  
21 Chaney and MacMillan derived all of their income as direct beneficiaries of certain trusts funded  
22 by the MacMillan family business in Minnesota. Prior to their marriage, Chaney and MacMillan  
23 signed an ante nuptial agreement governed by Minnesota law. By its terms, the ante nuptial  
24 agreement provided that there would be no community property or marital property, including  
25 property acquired during the marriage. Chaney and MacMillan resided in California (the  
26 "Malibu property"), which had an estimated fair market value of between \$25 million and \$75  
27 million. Through their respective living trusts, Chaney and MacMillan each held title to the  
28 Malibu property as tenants-in-common.

1           4. On or about August 31, 2005, Chaney entered into an hourly fee agreement with  
2 Respondent to represent him in the marital dissolution case. Pursuant to the hourly fee agreement  
3 with Respondent, Chaney agreed to pay Respondent a \$25,000.00 advanced retainer and \$400.00  
4 per hour for his services.

5           5. On or about August 31, 2005, Chaney paid Respondent \$25,000.00 in advanced fees.

6           6. Sometime between on or about August 31, 2005 and in or about February 2006,  
7 Respondent provided Chaney with a contingent fee retainer agreement (“contingent fee  
8 agreement”), which stated that Respondent had been retained by Chaney to represent Chaney in  
9 connection with claims that he possessed against trusts, including but not limited to The 69  
10 Trust, and other trusts of which Sarah MacMillan is, or was, a beneficiary. The contingent fee  
11 agreement also provided that Respondent would receive fifteen percent (15%) of the gross  
12 recovery Chaney received pursuant to any judgment or settlement. The contingent fee  
13 agreement was not based upon the recovery of trust funds, or upon the net value of consideration  
14 offered in exchange for a release of trust funds.

15           7. On or about September 22, 2005, Respondent filed a petition for marital dissolution  
16 on behalf of Chaney in Los Angeles County Superior Court case number BD433376 (the  
17 “marital dissolution case”).

18           8. On or about January 12, 2006, the marital dissolution case was resolved by way of a  
19 marital settlement agreement (“MSA”) for the approximate value of \$21,296,701.00. Pursuant to  
20 the MSA, Chaney was to receive from MacMillan, among other things, one-half of the fair  
21 market value of the Malibu property, which was not assigned a specific value at the time,  
22 \$1,900,000.00 upon signing of the stipulated judgment, and an additional \$200,000.00 per month  
23 on the first day of each month for 24 months. On or about March 2, 2006, the judgment of  
24 dissolution was entered in the marital dissolution case and the MSA was incorporated into the  
25 judgment.

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1           9. Between in or about August 2005 and in or about February 2006, Respondent billed  
2 Chaney approximately \$113,200.00 pursuant to the hourly fee agreement and Respondent  
3 received payment on behalf of Chaney in the approximate amount of \$108,019.00.

4           10. On or about January 3, 2006, Respondent sent Chaney a letter stating only generally  
5 that he wanted to obtain a security agreement from Chaney to secure payment of his legal fees.  
6 Respondent also stated in the January 3, 2006 letter that Chaney could seek the advice of an  
7 independent lawyer, and that he would give Chaney a reasonable opportunity to consult with an  
8 independent lawyer, but Respondent did not provide a copy of the proposed security agreement  
9 to Chaney with the January 3, 2006 letter and/or otherwise describe fully in writing the  
10 transaction or acquisition.

11           11. On or about February 10, 2006 (after the MSA had been executed but before the entry  
12 of judgment in the marital dissolution case), Respondent provided Chaney with a copy of the  
13 security agreement and directed Chaney to execute a security agreement in favor of Respondent  
14 to secure his contingent fees under the contingent fee agreement. The security agreement signed  
15 by Chaney provided that Chaney was obligated to pay Respondent not less than \$2,500,000.00  
16 pursuant to the contingent fee agreement. The security agreement provided Respondent with a  
17 security interest in Chaney's guitar collection, studio equipment, an option to purchase a  
18 residence located in Malibu, California, an automobile collection and an option to purchase  
19 Chaney's interest in a recording studio, all valued at approximately \$2,163,510.00. At no time  
20 after providing Chaney with the description of the terms of the transaction or acquisition, did  
21 Respondent advise Chaney in writing that he could seek the advice of an independent lawyer, or  
22 provide Chaney with a reasonable opportunity to consult with a lawyer.

23           12. By directing Chaney to execute the security agreement on or about February 10, 2006  
24 which provided Respondent with a security interest in approximately \$2,163,510.00 of Chaney's  
25 personal property without having previously fully disclosed and transmitted the terms of the  
26 security agreement to Chaney in writing, and without providing Chaney a reasonable opportunity  
27 to seek advice from an independent attorney, Respondent knowingly acquired an interest  
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1 adverse to a client without complying with the requirements that the transaction or acquisition  
2 and its terms were fair and reasonable to the client; the transaction or acquisition and its terms  
3 were fully disclosed and transmitted in writing to the client in a manner which should reasonably  
4 have been understood by the client; the client was advised in writing that the client may seek the  
5 advice of an independent lawyer of the client's choice; the client was given a reasonable  
6 opportunity to seek that advice; and the client thereafter consented in writing to the terms of the  
7 transaction or acquisition.

8 COUNT TWO

9 Case No. 06-O-14925  
10 Rules of Professional Conduct, rule 4-100(B)(3)  
[Failure to Render Accounts of Client Funds]

11 13. Respondent willfully violated Rules of Professional Conduct, rule 4-100(B)(3), by  
12 failing to render appropriate accounts to a client regarding all client funds coming into  
13 Respondent's possession, as follows:

14 14. The allegations of Count One are incorporated by reference.

15 15. On or about February 27, 2006, Respondent directed Chaney to sign two wire  
16 instructions forms. The wire instructions provided for the transfer to Respondent's client trust  
17 account number xxxxxx7714 at Washington Mutual Bank ("CTA") of various payments Chaney  
18 was entitled to receive pursuant to the terms of the MSA between Chaney and MacMillan. In  
19 effect, the wire transfer instructions enabled Respondent to transfer a lump sum payment of  
20 \$2,000,000.00 and monthly payments of \$200,000.00, that were to continue for approximately  
21 24 months.

22 16. On or about March 2, 2006, the judgment of dissolution was entered in the marital  
23 dissolution case.

24 17. Beginning in or about March 2006, Respondent began receiving funds on behalf of  
25 Chaney.

26 18. On or about March 1, 2006, Respondent received a wire transfer in the amount of  
27 \$2,100,000.00 from MacMillan and for Chaney into his CTA.

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1           19. Between on or about April 3, 2006 and on or about September 1, 2006, Respondent  
2 received six incoming wire transfers from MacMillan for the benefit of Chaney in the amount of  
3 \$200,000.00 each for a total of \$1,200,000.00, which was deposited into his CTA.

4           20. On or about September 6, 2006, after becoming concerned about Respondent's fee's  
5 and handling of his money, Chaney retained attorney Joseph Yanny ("Yanny") to assist him in  
6 obtaining an accounting from Respondent. On or about September 6, 2006, Yanny and Chaney  
7 asked Respondent for an accounting of the funds that were due Chaney as a result of the marital  
8 dissolution judgment. Respondent stated that he would provide an accounting and a spreadsheet.

9           21. On or about September 8, 2006, Yanny sent Respondent a letter confirming that  
10 Chaney had terminated Respondent, stating that Chaney would be challenging his fee  
11 arrangement with Respondent, demanding that Respondent hold all disputed funds in trust, and  
12 demanding that Respondent provide an accounting. Respondent received the letter but did not  
13 respond and did not provide an accounting.

14           22. On or about September 11, 2006, Yanny sent Respondent another letter confirming  
15 that Chaney had terminated Respondent, stating that Chaney would be challenging his fee  
16 arrangement with Respondent, demanding that Respondent hold all disputed funds in trust, and  
17 demanding that Respondent provide an accounting. Respondent received the letter but did not  
18 respond and did not provide an accounting.

19           23. On or about September 13, 2006, Chaney sent Respondent a letter confirming that  
20 Chaney had terminated Respondent, stating that Chaney would be challenging his fee  
21 arrangement with Respondent, demanding that Respondent hold all disputed funds in trust, and  
22 demanding that Respondent provide an accounting. Respondent received the letter but did not  
23 respond and did not provide an accounting.

24           24. On or about September 18, 2006, Yanny filed a lawsuit on behalf of Chaney and  
25 against Respondent and his girlfriend, Mary Whitman ("Whitman"), in Los Angeles County  
26 Superior Court case number BC358695 (the "breach of fiduciary duty case") alleging, among  
27 other things, that Respondent and Whitman defrauded Chaney, and that Respondent breached his  
28

1 fiduciary duties to Chaney, charged excessive and unconscionable fees, and owed him an  
2 accounting with respect to all funds Respondent had received on behalf of Chaney.

3 25. In or about November 2006, Respondent obtained an order compelling arbitration of  
4 the fees pursuant to the two fee agreements and staying the breach of fiduciary duty case until  
5 the arbitration was completed. The arbitration hearing took place in September 2007.

6 26. To date, Respondent has failed to provide a complete accounting of all funds received  
7 and disbursed on behalf of Chaney, although Respondent has provided partial and incomplete  
8 accountings to the court, to the arbitrator, to Yanny and to Chaney during the course of the  
9 arbitration and the breach of fiduciary duty case.

10 27. By failing to provide a complete accounting of all funds received and disbursed on  
11 behalf of Chaney, Respondent failed to render appropriate accounts to a client regarding all  
12 funds coming into Respondent's possession.

13 COUNT THREE

14 Case No. 06-O-14925  
15 Business and Professions Code, section 6068(b)  
16 [Failure to Maintain Respect to the Court]

17 28. Respondent willfully violated Business and Professions Code, section 6068(b), by  
18 failing to maintain the respect due to the courts of justice and judicial officers, as follows:

19 29. The allegations of Counts One and Two are incorporated by reference.

20 30. On or about November 13, 2007, the Arbitrator, Retired Judge Gregory C. O'Brien  
21 (the "Arbitrator"), issued a revised interim arbitration award finding that Respondent's  
22 contingent fee was "so exorbitant and wholly disproportionate to the services performed as to  
23 shock the conscience of those to whose attention it is called" and that the contingent fee  
24 agreement violated rule 4-200(A) of the Rules of Professional Conduct.

25 31. On or about March 30, 2009, the Los Angeles County Superior Court confirmed the  
26 Arbitrator's full award against Respondent and in favor of Chaney was confirmed in the amount  
27 of \$2,816,957.35, plus interest.  
28

1           32. On or about March 1, 2010, the court in the breach of fiduciary duty action entered a  
2 judgment in favor of Chaney and against Respondent in the amount of \$3,030,085.45, which was  
3 based upon confirmation of the arbitration award.

4           33. On or about May 7, 2010, the court in the breach of fiduciary duty case issued an  
5 order granting a permanent injunction against Respondent and ordering Respondent to turn over  
6 all funds that he was holding in trust for Chaney's benefit. Respondent received the order.

7           34. On or about June 2, 2010, the court in the breach of fiduciary duty case issued a  
8 corrected order granting a permanent injunction against Respondent and ordering Respondent,  
9 among other things:

- 10           • To forthwith provide to Chaney a full and complete accounting of the use of and  
11 information concerning the present whereabouts of all funds paid to Respondent  
12 by Chaney;
- 13           • To forthwith provide to Chaney a full and complete accounting of the use of and  
14 information concerning the present whereabouts of the funds made to or for the  
15 benefit of Chaney deposited, transferred or wired into Respondent's CTA or other  
16 accounts in the name of Respondent or used by Respondent; and
- 17           • To provide Chaney a list of the account numbers or all bank accounts (together  
18 with the name and address of each bank involved) in which Respondent had been  
19 a signatory within five days of the June 2, 2010 order.

20 Respondent received notice of the June 2, 2010 order.

21           35. On or about June 1, 2011, the court in the breach of fiduciary duty case issued an  
22 order to show cause as to why the as to why he should not be held in contempt for violating the  
23 court's June 2, 2010 orders and conducted a hearing in the breach of fiduciary duty case with  
24 respect to the order to show cause re contempt on or about August 16, 2011, August 17, 2011,  
25 August 18, 2011, August 19, 2011, August 23, 2011, August 24, 2011, August 29, 2011,  
26 September 9, 2011 and September 16, 2011. Respondent was present at the order to show cause  
27 hearing.

1           36. On or about October 25, 2011, the court in the breach of fiduciary duty case issued an  
2 order holding Respondent in civil contempt of court based upon his violation of the court's June  
3 2, 2010 order. The court found beyond a reasonable doubt that Respondent had the means to  
4 comply with the court's orders and that Respondent violated the June 2, 2010 order in the  
5 following respects:

- 6           • Respondent failed to provide to Chaney a full and complete accounting of the use  
7 of and information concerning the present whereabouts of all funds paid to  
8 Respondent by Chaney on June 2, 2010 or at any other time;
- 9           • Respondent failed to provide to Chaney a full and complete accounting of the use  
10 of and information concerning the present whereabouts of the funds made to or  
11 for the benefit of Chaney deposited, transferred or wired into Respondent's CTA  
12 or other accounts in the name of Respondent or used by Respondent on June 2,  
13 2010 or at any other time; and
- 14           • Respondent failed to provide Chaney a list of the account numbers or all bank  
15 accounts (together with the name and address of each bank involved) in which  
16 Respondent had been a signatory within five days of the June 2, 2010 order or at  
17 any time.

18           37. Respondent violated the court's June 2, 2010 order by failing to provide to Chaney a  
19 full and complete accounting of the use of and information concerning the present whereabouts  
20 of all funds paid to Respondent by Chaney on June 2, 2010 or at any other time, by failing to  
21 provide to Chaney a full and complete accounting of the use of and information concerning the  
22 present whereabouts of the funds made to or for the benefit of Chaney deposited, transferred or  
23 wired into Respondent's CTA or other accounts in the name of Respondent or used by  
24 Respondent on June 2, 2010 or at any other time, and by failing to provide Chaney a list of the  
25 account numbers or all bank accounts (together with the name and address of each bank  
26 involved) in which Respondent had been a signatory within five days of the June 2, 2010 order  
27 or at any time.



1 44. By intentionally and in bad faith failing to comply with the court's June 2, 2010 and  
2 January 10, 2012 orders, Respondent committed acts involving moral turpitude, dishonesty or  
3 corruption.

4 **NOTICE - INACTIVE ENROLLMENT!**

5 **YOU ARE HEREBY FURTHER NOTIFIED THAT IF THE STATE BAR**  
6 **COURT FINDS, PURSUANT TO BUSINESS AND PROFESSIONS CODE**  
7 **SECTION 6007(c), THAT YOUR CONDUCT POSES A SUBSTANTIAL**  
8 **THREAT OF HARM TO THE INTERESTS OF YOUR CLIENTS OR TO**  
9 **THE PUBLIC, YOU MAY BE INVOLUNTARILY ENROLLED AS AN**  
10 **INACTIVE MEMBER OF THE STATE BAR. YOUR INACTIVE**  
11 **ENROLLMENT WOULD BE IN ADDITION TO ANY DISCIPLINE**  
12 **RECOMMENDED BY THE COURT.**

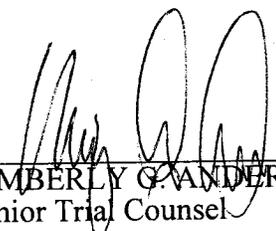
13 **NOTICE - COST ASSESSMENT!**

14 **IN THE EVENT THESE PROCEDURES RESULT IN PUBLIC**  
15 **DISCIPLINE, YOU MAY BE SUBJECT TO THE PAYMENT OF COSTS**  
16 **INCURRED BY THE STATE BAR IN THE INVESTIGATION, HEARING**  
17 **AND REVIEW OF THIS MATTER PURSUANT TO BUSINESS AND**  
18 **PROFESSIONS CODE SECTION 6086.10.**

19 Respectfully submitted,

20 THE STATE BAR OF CALIFORNIA  
21 OFFICE OF THE CHIEF TRIAL COUNSEL

22 DATED: September 13, 2013

23 By: 

24 KIMBERLY G. ANDERSON  
25 Senior Trial Counsel

DECLARATION OF SERVICE

by
U.S. FIRST-CLASS MAIL / U.S. CERTIFIED MAIL / OVERNIGHT DELIVERY / FACSIMILE-ELECTRONIC TRANSMISSION

CASE NUMBER(s): 06-0-14925

I, the undersigned, am over the age of eighteen (18) years and not a party to the within action, whose business address and place of employment is the State Bar of California, 1149 South Hill Street, Los Angeles, California 90015, declare that:

- on the date shown below, I caused to be served a true copy of the within document described as follows:

NOTICE OF DISCIPLINARY CHARGES

- By U.S. First-Class Mail: (CCP §§ 1013 and 1013(a))
By U.S. Certified Mail: (CCP §§ 1013 and 1013(a))
By Overnight Delivery: (CCP §§ 1013(c) and 1013(d))
By Fax Transmission: (CCP §§ 1013(e) and 1013(f))
By Electronic Service: (CCP § 1010.6)

- (for U.S. First-Class Mail) in a sealed envelope placed for collection and mailing at Los Angeles, addressed to: (see below)
(for Certified Mail) in a sealed envelope placed for collection and mailing as certified mail, return receipt requested, Article No.: 7160 3901 9848 5950 2353 at Los Angeles, addressed to: (see below)
(for Overnight Delivery) together with a copy of this declaration, in an envelope, or package designated by UPS, Tracking No.: addressed to: (see below)

Table with 4 columns: Person Served, Business-Residential Address, Fax Number, and Via Courtesy Copy to. Includes address for Pansky Markle Ham LLP.

via inter-office mail regularly processed and maintained by the State Bar of California addressed to:

N/A

I am readily familiar with the State Bar of California's practice for collection and processing of correspondence for mailing with the United States Postal Service, and overnight delivery by the United Parcel Service ('UPS').

I am aware that on motion of the party served, service is presumed invalid if postal cancellation date or postage meter date on the envelope or package is more than one day after date of deposit for mailing contained in the affidavit.

I declare under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct. Executed at Los Angeles, California, on the date shown below.

DATED: September 13, 2013

SIGNED: [Signature] KIM WIMBISH Declarant