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State Bar Court of California Hearing Department			<b>PUBLIC MATTER</b>
<b>Counsel For The State Bar</b> <b>Michael J. Glass</b> Deputy Trial Counsel 1149 South Hill Street Los Angeles, California 90015-2299 Bar # 102700 Tel. (213) 765-1254	<b>Case Number (s)</b> 06-O-15376; 07-O-11870; 07-O-13530; 07-O-14232; 08-O-11921; 08-O-13731; 08-O-13931; and 08-O-14388	<b>(for Court's use)</b>  <div style="text-align: center;"> <b>FILED</b>   <b>MAR 09 2010</b> <i>WOC</i>             STATE BAR COURT            CLERK'S OFFICE            LOS ANGELES         </div>	
<b>Laine E. Hedwall</b> <b>Klahs &amp; Hedwall LLP</b> 27441 Tourney Road, #150 Valencia, California 91355 Bar # 200371 Tel. (661) 287-1511	<b>Submitted to: Assigned Judge</b>  <b>STIPULATION RE FACTS, CONCLUSIONS OF LAW AND DISPOSITION AND ORDER APPROVING</b>  <b>DISBARMENT</b> <i>(modified "Actual Suspension" form)</i>  <input type="checkbox"/> PREVIOUS STIPULATION REJECTED		
<b>In the Matter Of:</b>  <b>LAINE EDWIN HEDWALL</b>  Bar # 200371  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 January 19, 1999.
- (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 (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".
- (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.

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- (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 ineligible to seek reinstatement to the practice of law until he repays all disciplinary costs, pursuant to Rule 662(c), Rules of Procedure of the State Bar of California. (Respondent does not waive his right to request a waiver of costs. (see further discussion re: Costs, on page 22.))
  - ☐ costs to be awarded to the State Bar
  - ☐ costs to be paid in equal amounts prior to February 1 for the following membership years: (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. See Attachment page 18.
- (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. See Attachment page 18.
- (4) ☒ **Harm:** Respondent's misconduct harmed significantly a client, the public or the administration of justice. See Attachment page 18.
- (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. See Attachment page 19.
- (7) ☒ **Multiple/Pattern of Misconduct:** Respondent's current misconduct evidences multiple acts of wrongdoing or demonstrates a pattern of misconduct. See Attachment page 18.
- (8) ☐ **No aggravating circumstances** are involved.

**Additional aggravating circumstances:**

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

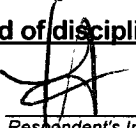
- (1) ☐ **No Prior Discipline:** Respondent has no prior record of discipline over many years of practice coupled with present misconduct which is not deemed serious.
- (2) ☐ **No Harm:** Respondent did not harm the client or person who was the object of the misconduct.
- (3) ☐ **Candor/Cooperation:** 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**

Respondent has no prior record of discipline.

See Attachment page 19.

**D. Discipline: DISBARMENT**

  
Respondent's Initials

- (1) ☐ **Stayed Suspension:**

- (a) ☐ Respondent must be suspended from the practice of law for a period of
- 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 \_\_\_\_\_, 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 \_\_\_\_\_
- 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.
- (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: DISBARMENT
- (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:
- |   |   |
|---|---|
| <input type="checkbox"/> Substance Abuse Conditions | <input type="checkbox"/> Law Office Management Conditions |
| <input type="checkbox"/> Medical Conditions         | <input type="checkbox"/> 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: DISBARMENT
- (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.

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- (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:**

**ATTACHMENT TO**  
**STIPULATION RE FACTS, CONCLUSIONS OF LAW AND DISPOSITION**

<b>IN THE MATTER OF:</b>	<b>LAINE EDWIN HEDWALL</b>
<b>CASE NUMBER(s):</b>	06-O-15376; 07-O-11870; 07-O-13530; 07-O-14232; 08-O-11921; 08-O-13731; 08-O-13931; and 08-O-14388

**FACTS AND CONCLUSIONS OF LAW.**

Respondent Laine E. Hedwall ("Respondent") admits that the following facts are true and that he is culpable of violation of the specified statutes and/or Rules of Professional Conduct.

**Case No. 06-O-15376**

1. In or about May 2004, Karina Ortiz ("Ortiz") employed the Law Firm of Ericksen, Arbuthnot, Kilduff, Day and Linstrom ("Ericksen Arbuthnot") to represent her in a dissolution matter. Respondent, an attorney with Ericksen Arbuthnot, handled Ortiz's dissolution matter.
2. On or about May 5, 2004, Ortiz paid \$2,500 in advanced attorney's fees to Ericksen Arbuthnot. From in or about June 2004 to in or about August 2004, Ortiz paid an additional \$180.86 in attorney's fees to Ericksen Arbuthnot.
3. On October 4, 2004, Respondent filed a Petition for Dissolution on Ortiz's behalf entitled *Karina Ortiz v. Julian Ortiz*, Los Angeles County Superior Court Case No. BD414491 (the "Ortiz dissolution action").
4. In or about February 2005, Respondent left Ericksen Arbuthnot to establish the Law Offices of Klahs & Hedwall. Respondent remained Ortiz's attorney in her dissolution.
5. On or about February 14, 2005, Respondent filed a proof of service in the Ortiz dissolution action. Thereafter, Respondent did not file any other documents with the court in the Ortiz dissolution action.
6. In or about March 2005, Ericksen Arbuthnot forwarded the \$2,500 retainer paid by Ortiz to Respondent. On or about March 15, 2005, Respondent received the check for \$2,500 and credited it to Ortiz's account. On or about April 24, 2005, Ortiz paid an additional \$847 to the Law Offices of Klahs & Hedwall.
7. On or about September 30, 2005, Respondent forwarded a copy of the stipulated judgment in the Ortiz dissolution action to Ortiz for her signature. On or about October 1, 2005, both Karina Ortiz and her estranged husband, Julian Ortiz, signed the stipulated judgment and returned it to Respondent. Thereafter Respondent failed to file the judgment with the court.

8. From December 13, 2005, through September 13, 2006, Ortiz placed numerous phone calls to Respondent's office and left numerous messages regarding the status of her case. Respondent only responded to one phone call.
9. In Septembers 2006, Ortiz employed attorney Steven Pepper (now deceased) to represent her in the Ortiz dissolution action. On September 16, 2006, Ortiz went to Respondent's office and had Respondent sign a Substitution of Attorney. At that time, Respondent told Ortiz that her file would be ready for pick up in ten days.
10. On November 15, 2006, Pepper wrote Respondent a letter regarding Respondent's failure to return Ortiz's client file. Respondent did not return Ortiz's client file. On November 27, 2006, Pepper sent his November 15, 2006, letter to Respondent again via facsimile. Respondent never provided Ortiz's file to Ortiz.

#### Conclusions of Law

11. By not filing the stipulated judgment or otherwise taking steps to resolve the Ortiz dissolution action in a timely manner, Respondent intentionally, recklessly or repeatedly failed to perform legal services with competence in wilful violation of rule 3-110(A) of the Rules of Professional Conduct.
12. By failing to respond to Ortiz's calls and by failing to respond to Pepper's letters on Ortiz's behalf, Respondent failed to respond to reasonable status inquiries of a client in which Respondent had agreed to provide legal services in wilfull violation of Business and Professions Code section 6068(m).
13. By not providing the client file to Ortiz despite her requests and despite Pepper's requests on Ortiz's behalf, Respondent failed to release promptly, upon termination of employment, to his client, at the request of the client, all client papers and property.

#### Case No. 07-O-11870

1. On or about June 23, 2005, Jose Ordaz ("Ordaz") employed Respondent to represent him in a dissolution matter. At the time Ordaz employed Respondent, Ordaz and his wife, Donna Ordaz ("Donna") had resolved most of the issues regarding their divorce and needed Respondent to complete the paperwork.
2. On or about June 29, 2005, Respondent filed a Petition for Dissolution on Ordaz's behalf entitled Jose Ordaz v. Donna Ordaz, Los Angeles County Superior Court Case No. PD039228 (the "Ordaz dissolution action").
3. On or about July 6, 2005, Donna was served with the Summons and Petition in the Ordaz dissolution action. Donna was not represented by counsel in the Ordaz dissolution action. From July 2005 through December 2005, Respondent, Ordaz, and Donna met several times to finalize the terms of the Ordaz dissolution.

4. In or about August 2005, Ordaz paid \$3,000 in attorney's fees to attorney Donald R. Klahs, Respondent's partner in the Law Offices of Klahs & Hedwall.
5. On or about September 29, 2005, Respondent, Ordaz, and Donna signed the Appearance, Stipulations, and Waivers form in regard to the Ordaz dissolution action. Thereafter, Respondent did not timely file the documents with the court.
6. In December 2005, Respondent drafted a judgment of dissolution for Ordaz and Donna's signatures in the Ordaz dissolution matter. Respondent represented to Ordaz that Respondent would timely file the judgment of dissolution as well as any other documents necessary to complete the Ordaz dissolution action. Thereafter, Respondent did not timely file the judgment of dissolution or other documents necessary to complete the Ordaz dissolution action.
7. Between February 24, 2006, and March 8, 2007, Ordaz, made various phone calls, wrote various letters, regarding the status of the Ordaz dissolution. Respondent failed to return Ordaz's phone calls or respond to Ordaz's letters regarding the status of the Ordaz dissolution. On August 28, 2006, Ordaz went to Respondent's office to inquire about the status of the Ordaz dissolution. Respondent told Ordaz that the judgment would be filed by September 25, 2006. Respondent failed to file the judgment by September 25, 2006.
8. On March 7, 2007, Ordaz filed a complaint against Respondent with the State Bar of California.
9. From in or about May 2007 through in or about November 2007, Respondent filed the judgment and various other necessary documents with the court to complete the Ordaz dissolution.
10. On November 14, 2007, the court signed and filed the judgment that was originally signed by Ordaz and Donna on December 21, 2005. On November 14, 2007, a Notice of Entry of Judgment was filed in the Ordaz dissolution action.

#### Conclusions of Law

11. By failing to timely file documents with the court and otherwise timely resolve Ordaz's dissolution action despite Respondent's representations to Ordaz that he would do so, Respondent intentionally, recklessly or repeatedly failed to perform legal services with competence in wilful violation of rule 3-110(A) of the Rules of Professional Conduct.
12. By failing to respond to Ordaz's calls and letters, Respondent failed to respond promptly to reasonable status inquiries of a client in which Respondent had agreed to provide legal services in wilful violation of Business and Professions Code section 6068(m).

#### Case No. 07-O-13530

1. In or about 2004, John and Karen Hayhurst (the "Hayhursts") were involved in civil litigation regarding their home ("the Hayhurst litigation matter").

2. In or about 2004, the Hayhursts consulted with Respondent regarding their financial obligations stemming from the Hayhurst litigation matter. Respondent eventually advised the Hayhursts to file for bankruptcy.
3. In or about October 2004, the Hayhursts issued a check in the amount of \$5,500 to attorney Donald R. Klahs ("Klahs") as advanced attorney's fees. Klahs is Respondent's partner in the Law Offices of Klahs & Hedwall.
4. The Hayhursts did not prevail in their litigation matter, and on or about January 26, 2005, judgment was entered against the Hayhurst in the amount of \$29,000.
5. At all times relevant herein, Respondent maintained a trust checking account at Bank of Santa Clarita, designated account number xxxxxxx416 ("trust account").
6. At all times relevant herein Respondent maintained a checking account at Bank of Santa Clarita, designated account number xxxxxxx390 ("non-trust account").
7. On or about April 1, 2005, John Hayhurst issued a check in the amount of \$25,000 to Respondent to pay the \$29,000 judgment in the Hayhurst litigation matter. On or about April 1, 2005, John Hayhurst issued a second check in the amount of \$4,000 to Respondent to pay the \$29,000 judgment in the Hayhurst litigation matter.
8. On April 4, 2005, the balance in Respondent's trust account was \$459.75. On April 5, 2005, Respondent deposited both the check for \$25,000 and check for \$4,000 into his trust account.
9. Between April 5, 2005, and January 2006, the Hayhursts had given Respondent \$149,705.60 to hold in trust until distributed to the Hayhursts or their creditors. As of July 23, 2007, Respondent had distributed \$95,480.09 in funds to the Hayhursts or to third parties on the Hayhursts behalf.
10. As of July 23, 2007, Respondent was required to maintain a balance of \$54,225.51 in his trust account for the Hayhursts. Between April 5, 2005, and July 23, 2007, Respondent had made multiple unauthorized disbursements to himself from the Hayhurst funds.
11. As of July 23, 2007, the balance in Respondent's trust account was \$1,303.05.
12. As of March 7, 2008, the balance in Respondent's trust account was \$90.34.
13. To date Respondent has failed to return the remaining \$54,225.51 to the Hayhursts.
14. On or about July 2, 2007, attorney Burke Willsey ("Willsey") wrote respondent advising Respondent that he had been hired by the Hayhursts to handle their legal matters. In the July 2, 2007, letter, Willsey asked for a full accounting of the Hayhursts funds provided to Respondent and disbursed on the Hayhursts' behalf, and that Respondent provide the Hayhursts file. Respondent failed to provide the requested accounting or provide the file.

15. Willsey sent several follow up letters to Respondent on July 16, August 9, August 16, and August 21, 2007. Respondent failed to provide the accounting and/or the Hayhursts file.
16. On or about July 16, 2007, Respondent wrote a letter to Willsey stating that Respondent had made several agreements with collection companies for payments to be automatically withdrawn from his trust account to pay bills on behalf of the Hayhursts. At the time Respondent made this representation to Willsey, Respondent knew that he had not made any agreements with collection agencies on the Hayhursts behalf and Respondent knew that collection agencies were not receiving automatic payments from his trust account to pay bills on the Hayhursts behalf.
17. On or about September 10, 2007, the State Bar opened an investigation, Case No. 07-O-13530, pursuant to a complaint made against Respondent by John and Karen Hayhurst.
18. On November 14, 2007, and December 4, 2007, a State Bar Investigator sent letters to Respondent asking that Respondent respond in writing by November 28, 2007, and December 4, 2007, respectively to specific allegations of misconduct being investigated by the State Bar in the Hayhurst matter. Respondent failed to provide a written response to the State Bar Investigator's letters.

#### Conclusions of Law

19. By disbursing Hayhurst funds to himself without the Hayhurst's knowledge and consent and by allowing the balance in his trust account to fall well below the amount he was required to maintain in the trust account on the Hayhurst's behalf, Respondent failed to maintain funds that he had received for the benefit of a client in a bank account labeled "Trust Account," "Client's Funds Account" or words of similar import, in violation of rule 4-100(A) of the Rules of Professional Conduct.
20. By making multiple unauthorized disbursement to himself from the Hayhurst funds, by misappropriating the Hayhurst funds and by failing to return the \$54,225.51 to the Hayhurst, Respondent committed acts involving moral turpitude, dishonesty or corruption in wilful violation of Business and Professions Code section 6106.
21. By not promptly returning the \$54,225.51 to the Hayhursts, Respondent failed to promptly pay client funds as requested by his client in wilful violation of rule 4-100(B)(4) of the Rules of Professional Conduct.
22. By failing to render an appropriated accounting to the Hayhursts despite repeated requests from Willsey on the Hayhurst behalf, Respondent wilfully violated rule 4-100(B)(3) of the Rules of Professional Conduct.
23. By not returning the client file to the Hayhursts despite repeated requests from Willsey on the Hayhursts' behalf, Respondent failed to release promptly, upon termination of employment, to his client, at the request of the client, all client papers and property, in wilful violation of rule 3-700(D)(1) of the Rules of Professional Conduct.

24. By misrepresenting to Willsey that he had entered into agreements with collection agencies and creditors on the Hayhursts behalf when Respondent knew he had not and by misrepresenting to Willsey that those collection agencies and creditors were making automatic withdrawals from Hayhursts funds in his trust account when Respondent knew this was untrue Respondent committed acts involving moral turpitude, dishonesty or corruption in wilful violation of Business and Professions Code section 6106.
25. By not providing a written response to the allegations in the Hayhurst matter or otherwise cooperating in the investigation of the Hayhurst matter, Respondent failed to cooperate in a disciplinary matter in wilful violation of Business and Professions Code section 6068(i).

**Case No. 07-O-14232**

1. At all times relevant herein, Respondent maintained a trust checking account at Bank of Santa Clarita, designated account number xxxxxxx416 ("trust account").
2. On or about February 16, 2007, Joseph Cano ("Cano") employed Respondent to represent him in a paternity and custody matter ("paternity matter"). On or about February 16, 2007, Cano paid Respondent \$4,500 in advanced attorney's fees.
3. On or about July 17, 2007, the court ordered Cano to pay \$4,000 in attorneys fees to the opposing party in the paternity matter. On or about July 20, 2007, Cano issued a check in the amount of \$5,200 to Respondent for costs in the paternity matter. Specifically, \$4,000 of the \$5,200 was earmarked to pay the opposing party attorney's fees, and \$1,200 was earmarked to pay for a court ordered evaluation in the paternity matter.
4. On or about July 31, 2007, Respondent deposited the check for \$5,200 into his trust account. Thereafter, Respondent was required to maintain the \$5,200 in trust to pay costs on Cano's behalf.
5. On or about July 31, 2007, Respondent issued trust account check number 1212 to himself in the amount of \$2,500. The notation on trust account check number 1212 was "Fees Humphreys."
6. On July 31, 2007, Respondent issued trust account check number 1213 to himself in the amount of \$4,000. The notation on trust account check number 1213 was "Fees Cano." Respondent disbursed the \$4,000 to himself without Cano's knowledge or consent.
7. By on or about August 1, 2007, the balance in Respondent's trust account was \$1,503.05.
8. On or about August 6, 2007, Cano issued a check to Respondent for \$10, 471.25 as payment of Respondent's attorney's fees in the paternity matter.
9. In or about August 2007, Respondent issued trust account check number 1229 for \$1,229 to the Los Angeles Superior Court as payment for the evaluation in the paternity matter.

10. On or about August 29, 2007, Respondent issued trust account check number 1236 in the amount of \$4,000 to Rozanna Velen, opposing counsel in the paternity matter.
11. On July 3, 2007, Cano met with Respondent and asked Respondent for a copy of his file. As of August 14, 2007, Cano had not received his file from Respondent, and as such, sent an e-mail to Respondent requesting his file. Respondent did not provide Cano with Cano's file.
12. On August 30, 2007, Cano employed attorney Paulette Galustian ("Galustian") to represent him in the paternity matter. On August 30, 2007, Galustian faxed a Substitution of Attorney form to Respondent to sign and return to Galustian.
13. As of September 4, 2007, Respondent had not signed and returned the Substitution of Attorney form to Galustian nor returned Cano's file. Thereafter, Galustian sent correspondence to Respondent dated September 4, and 12, 2007, requesting Cano's file.
14. Respondent turned over some documents, but did not provide the complete file. For example, Respondent did not provide any conformed pleadings. Therefore, Galustian was unable to determine from the file what documents had or had not been filed in the paternity matter.

#### Conclusions of Law

15. By allowing the balance in his client trust account to fall below the \$5,200 amount Respondent was required to maintain in his trust account on Cano's behalf, Respondent failed to maintain funds that he had received for benefit of a client in a bank account labled "Trust Account," "Client's Funds Account" or words of similar import, in violation of rule 4-100(A) of the Rules of Professional Conduct.
16. By making unauthorized disbursements to himself from Cano's funds, Respondent misappropriated client funds in wilful violation of Business and Professions Code section 6106.
17. By not promptly returning the complete client file to Cano despite his requests and despite requests from Galustian on Cano's behalf, Respondent failed to release promptly, upon termination of employment, to his client, at the request of the client, all client papers and property in wilful violation of rule 3-700(D)(1) Rules of Professional Conduct.

#### Case No. 08-O-11921

1. At all times relevant herein, Respondent maintained a trust checking account at Bank of Santa Clarita, designated account number xxxxxxxx416 ("trust account").
2. On or about September 2, 2005, Carol Way ("Way") employed Respondent to represent her in a dissolution matter. On or about September 2, 2005, Way paid Respondent \$5,000, consisting of \$4,500 for advanced attorney's fees and \$500 for costs.

3. On or about October 2, 2005, Respondent filed a Petition for Dissolution on Way's behalf entitled Carol Ann Way v. Randy S. Way, Los Angeles Superior Court Case No. BD433973 (the "Way dissolution").
4. In or about January 2006, the Ways listed their community property residence for sale.
5. On or about March 7, 2006, the court in the Way dissolution issued an order regarding the proceeds from the sale of the Way residence. Specifically, the court ordered that \$20,000 of the proceeds be disbursed to each party and "the remainder of the proceeds shall be placed in an interest bearing trust account in care of Respondent to be divided by court order or formal agreement of the parties."
6. On or about March 10, 2006, escrow closed on the Way residence. On or about March 13, 2006, Chicago Title Company issued a check made payable to Respondent's trust account in the amount of \$205,107.74. The notation on the check for \$205,107.74 stated "Way proceeds."
7. On or about March 15, 2006, Respondent deposited the check for \$205,107.54 into an account at Bank of Santa Clarita, designated account number xxxxxxxx777 ("Hedwall account").
8. On or about March 15, 2006, Respondent transferred \$150,000 of the Way funds from the Hedwall account to purchase a 90-day Certificate of Deposit at Bank of Santa Clarita designated trust account number xxxxxxxx216 (the "CD account").
9. On or about March 15, 2006, Respondent deposited the remaining \$55,107.74 in Way funds from the Hedwall account into a Bank of Santa Clarita money market trust account designated account number xxxxxxxx877 (the "money market account").
10. On or about April 21, 2006, Respondent transferred \$50,000 in Way funds from the money market account to Respondent's trust account. Thereafter, Respondent used all of the \$50,000 in Way funds to pay fees to himself and to pay third parties unrelated to the Ways.
11. As of on or about May 31, 2006, the balance in the money market account was \$5,221.17.
12. On or about June 13, 2006, the 90-day Certificate of Deposit matured, and Respondent transferred the \$150,000 principal amount and \$1,227.57 in interest proceeds from the CD account to the money market account. As of on or about June 13, 2006, the balance in the money market account was \$156,448.74. All the funds in the money market account belonged to the Ways.
13. From June 15, 2006, through in or about September 2007, Respondent unilaterally disbursed funds to himself from the Way funds in the money market account totaling \$96,581.
14. As of March 30, 2007, Respondent had not disbursed any of the Way funds to the Ways or to any other party on the Ways' behalf.

15. As of March 30, 2007, the balance in the money market account was \$62.16.
16. On or about August 15, 2007, Respondent issued trust account check number 1222 in the amount of \$5,000 to attorney Patricia Escobar, Randy Way's counsel in the Way dissolution. The notation on trust account check number 1222 was "Way-Payment for Atty Fees-Resp." At the time, Respondent issued trust account check number 1222, there were no Way funds remaining in the Respondent's trust account.
17. As of on or about September 12, 2007, Respondent had misappropriated all \$205,107.74 of the Way funds, and the money market account was closed.
18. In or about November 2007, the Ways decided to reconcile. On or about December 12, 2007, Carol Way called Respondent to inform him that the parties had reconciled and asked Respondent to inform the court.
19. In or about March 2008, Carol Way contacted Respondent inquiring about the proceeds from the sale of the Way residence. During the March 2008 conversation, Respondent told Way that he had invested the money. At the time Respondent made this representation to Way, Respondent knew that he had spent all the Way funds.
20. On or about April 4, 2008, Carol Way wrote Respondent requesting an accounting of all fees and costs in the Way dissolution and asked Respondent for documentation establishing that the Way funds were held in trust. On or about April 9, 2008, Carol Way sent the letter to Respondent via certified mail. On or about April 11, 2008, Respondent received the letter, but failed to respond, failed to provide an accounting and failed to provide the requested documentation.
21. On or about April 30, 2008, Carol and Randy Way submitted a complaint against Respondent to the State Bar of California.
22. On or about June 2, 2008, Respondent was contacted by Detective Brian Torsney of the Los Angeles County Sheriff's Department about the status of the \$205,107.74 in Way funds.
23. On or about June 2, 2008, Respondent represented to Detective Torsney that the Way funds had been placed in an investment account and that Carol Way had authorized it. When Respondent made this representation to Detective Torsney, he knew the Way funds were not in an investment account and knew Carol Way had not given authorization for the Way funds to be placed in an investment account.
24. Respondent also represented to Detective Torsney that he could not get the Way funds out of the investment account and would have to sell his house to pay Way. At the time Respondent made this representation to Detective Torsney he knew the Way funds were not in an investment account and knew that he had misappropriated the Way funds for his own use.
25. On or about August 20, 2008, Respondent contacted Carol Way and asked her to sign a document stating that she agreed with the way Respondent handled her funds. Carol Way did not sign the document.

26. On or about October 1, 2008, Respondent provided Carol Way with a cashier's check for \$175,586.49. According to the attached invoices, Respondent took \$29,521.25 of the \$205,107.74 in Way funds as attorney's fees. Prior to unilaterally taking the \$29,521.25 as attorney's fees, Respondent had not provided the Ways with any billing statements.
27. Respondent disbursed the \$29,521.25 to himself without the Ways' knowledge or consent.
28. On or about September 3, 2008, Carol Way spoke to Respondent and asked Respondent to sign a Substitution of Attorney form and for her complete client file. Respondent told Carol Way that he would provide the file in two weeks.
29. As of September 10, 2008, Respondent had not provided the client file to Way and had not signed the Substitution of Attorney. On September 10, 2008, Way wrote a letter to Respondent requesting her complete client file and a list of all disbursements made on her behalf. In addition, Way asked for a copy of the \$5,000 check to Patricia Escobar. Respondent received the letter but did not respond.
30. On or about May 13, 2008, the State Bar opened an investigation, Case No. 08-O-11921, pursuant to a complaint made against Respondent by Carol and Randy Way. On June 20, 2008, and July 25, 2008, the State Bar investigator sent letters to Respondent asking that Respondent respond in writing by July 7, 2008, and August 8, 2008, respectively, to specific allegations of misconduct being investigated by the State Bar in the Way matter. Respondent received the letters from the State Bar investigator but failed to provide a written response.

#### Conclusions of Law

31. By not placing and maintaining all of the Way funds in his trust account, and by allowing the balance in his trust account to fall well below the amount he was required to maintain on the Ways' behalf, Respondent failed to maintain funds that he had received for benefit of a client in a bank account labeled "Trust Account," "Client's Funds Account" or words of similar import, in violation of rule 4-100(A) of the Rules of Professional Conduct.
32. By making numerous unauthorized disbursements to himself from the Way funds without the Ways knowledge or consent, by misappropriating \$205,107.74 from the Ways and by failing to return the remaining \$29,521.25 to the Ways, Respondent committed acts involving moral turpitude, dishonesty or corruption in wilful violation of Business and Professions Code section 6106.
33. By misrepresenting to Carol Way that the Way proceeds were invested when he knew they were not and by misrepresenting to Detective Torsney that he had invested the Way funds when he knew that he had misappropriated all of the Way funds for his own use, Respondent committed acts involving moral turpitude, dishonesty or corruption in wilful violation of Business and Professions Code section 6106.
34. By not returning the client file to Carol Way despite her requests, Respondent failed to release promptly, upon termination of employment, to his client, at the request of the client, all client papers and property.

35. By failing to render an appropriate accounting to Way despite her requests, Respondent wilfully violated rule 4-100(B)(3) of the Rules of Professional Conduct.
36. By failing to maintain the \$205, 107.74 in Way funds in an interest bearing trust account until divided by court order or disbursed by formal agreement of the parties as ordered by the court on March 7, 2007, in the Way dissolution, Respondent disobeyed a court order requiring him to do an act connected with or in the course of his profession which he ought in good faith do, in wilful violation of Business and Professions Code section 6103.
37. By not providing a written response to the allegations in the Way matter or otherwise cooperating in the investigation of the Way matter, Respondent failed to cooperate in a disciplinary matter in willful violation of Business and Professions Code section 6068(i).

**Case No. 08-O-13731**

1. At all times relevant herein, Respondent maintained a trust checking account at Bank of Santa clarita, designated account number xxxxxxxx416 ("trust account").
2. In or about March 2006, Lynsey M. Nieto ("Nieto") employed Respondent to represent her in a dissolution matter. In or about March 2006, Nieto paid Respondent \$5,000 in advanced attorney's fees.
3. On or about March 30, 2006, Respondent filed a Petition for Dissolution on Nieto's behalf entitled, *Lynsey Nieto v. Alfredo Nieto*, Los Angeles County Superior Court Case No. BD443187 (the "Nieto dissolution").
4. On or about August 10, 2007, the court issued an order in the Nieto dissolution ordering the \$15,000 in Nieto's possession be placed in Respondent's trust account, pending characterization of the funds.
5. On or about August 13, 2007, Nieto issued six cashier's checks to Respondent and made payable to Respondent totaling \$15,000. On or about August 13, 2007, Respondent deposited the six cashier's checks totaling \$15,000 into his trust account.
6. In or about September 2007, the Nieto's decided to reconcile.
7. As of on or about September 14, 2007, Respondent was required to maintain \$15,000 in his trust account on behalf of the Nieto's. On or about September 14, 2007, the balance in Respondent's trust account was \$1,036.
8. On or about September 24, 2007, Respondent noted the Nietos' reconciliation attempt in his billing statement.
9. On or about October 15, 2007, the balance in Respondent's trust account was \$634.
10. On or about November 27, 2007, attorney Daniel Rinaldelli ("Rinaldelli"), counsel for Alfredo Nieto, wrote Respondent about the Nietos reconciliation. In that correspondence,

Rinaldelli informed Respondent that Alfredo Nieto had authorized the release of the \$15,000 held in trust to Lynsey Nieto. Respondent received the letter but failed to respond and failed to disburse the \$15,000 to Nieto.

11. On or about March 7, 2008, the balance in Respondent's trust account was \$90.34.
12. On April 2, 2008, Rinaldelli wrote a letter to Respondent advising that if Rinaldelli did not receive confirmation within five days that the \$15,000 had been disbursed to Lynsey Nieto, his office would pursue an ex-parte hearing to release the funds. Respondent received the letter, but did not respond and did not release the \$15,000 to Nieto.
13. On or about April 8, 2008, Respondent filed a motion to be relieved as counsel and a Borson motion for attorney's fees and costs. In the motion for attorney's fees, Respondent represented to the court that he was holding \$15,000 in his trust account on behalf of Nieto and asked the court's permission to pay his attorney's fees out of the \$15,000. At the time Respondent made this representation to the court, he knew that the \$15,000 in Nieto funds no longer remained in his trust account.
14. On May 21, 2008, the court held a hearing regarding Respondent's motion to be relieved as counsel and his motion for attorney's fees and costs. Respondent was present at the May 21, 2008, hearing. On May 21, 2008, the court denied Respondent's motion to be relieved as counsel and denied Respondent's motion for attorney's fees and costs.
15. On June 4, 2008, Lynsey and Alfredo Nieto wrote Respondent demanding release of the \$15,000 within ten days by Respondent or the Nietos would contact the State Bar. Respondent received the letter but did not release the funds to the Nietos.
16. On September 5, 2008, Lynsy Nieto submitted a complaint against Respondent to the State Bar of California.
17. On September 30, 2008, the State Bar opened an investigation, Case No. 08-O-13731, pursuant to a complaint made against Respondent by Lynsey Nieto. On October 9, 2008, and October 24, 2008, the State Bar investigator wrote letters to Respondent, requesting a response by October 23, 2008, and November 7, 2008, respectively, in writing to specific allegations of misconduct being investigated by the State Bar in the Nieto matter. Respondent received the letters from the State Bar investigator but did not provide a written response.

#### Conclusions of Law

18. By allowing the balance in his trust account to fall below the amount he was required to maintain on behalf of the Nietos, Respondent failed to maintain funds that he had received for the benefit of a client 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.
19. By misrepresenting to the court in the Nieto dissolution that he had \$15,000 in his trust account on Lynsey Nieto's behalf when Respondnet knew, or should have known, that the

\$15,000 was no longer in his trust account, Respondent committed acts involving moral turpitude, dishonesty or corruption in wilful violation of Business and Professions Code section 6106.

20. By failing to maintain the \$15,000 in his trust account as ordered by the court on August 10, 2007, in the Nieto dissolution, Respondent disobeyed a court order requiring him to do an act connected with or in the course of his profession which he ought in good faith do, in wilful violation of Business and Professions Code section 6103.
21. By not promptly returning the \$15,000 to Nieto, Respondent failed to pay client funds as requested by his client in wilful violation of rule 4-100(B)(4) of the Rules of Professional Conduct.
22. By not providing a written response to the allegations in the Nieto matter or otherwise cooperating in the investigation of the Nieto matter, Respondent failed to cooperate in a disciplinary matter in wilful violation of Business and Professions Code section 6068(i).

**Case No. 08-O-13931**

1. On or about July 11, 2007, Stephanie Garrison-Burdine ("Garrison-Burdine") employed Respondent to represent her in a dissolution matter. On or about July 11, 2007, Garrison-Burdine paid Respondent \$4,500 in advanced attorney's fees.
2. On or about July 12, 2007, Respondent filed a Petition for Dissolution on Garrison-Burdine's behalf entitled, *Stephanie Garrison-Burdine v. Roy Burdine*, Los Angeles County Superior Court Case No. PD043667 (the "Burdine dissolution").
3. On September 2, 2007, Garrison-Burdine informed Respondent that she and her husband had reconciled and asked Respondent to put the divorce on hold.
4. In or about January 2008, Garrison-Burdine contacted Respondent and asked him to proceed with the Burdine dissolution.
5. In or about January 2008, Garrison-Burdine telephoned Respondent on three or four occasions regarding her dissolution. One one occasion, Garrison-Burdine was able to speak to Respondent, who told her that he would be sending Garrison-Burdine her income and expense forms and other documents necessary to move forward with the dissolution. Thereafter, Respondent did not send the documents.
6. On February 6, 2008, Garrison-Burdine wrote Respondent terminating his services, requesting her file and requesting the return of all unearned fees. Respondent's office told Garrison-Burdine that they did not receive the letter.
7. In March 2008, Garrison-Burdine telephoned Respondent's office asking when she should expect her files and refund of unearned fees. Respondent's office told Garrison-Burdine that Respondent would call her back. Respondent never called Garrison-Burdine back.

8. On or about June 27, 2008, Garrison-Burdine hand delivered a copy of her February 6, 2008, letter to Respondent's office. Thereafter, Respondent failed to provide Garrison-Burdine with a refund of unearned fees and failed to provide her with her client file.
9. On November 20, 2008, Garrison-Burdine wrote a letter to Respondent requesting her client file, an accounting of the work done on her behalf, and a refund of all unearned fees. On November 26, 2008, Garrison-Burdine mailed the letter to Respondent by certified mail. On or about December 1, 2008, Respondent received the letter, but did not respond.
10. On or about October 10, 2008, the State Bar opened an investigation, Case No. 08-O-13931, pursuant to a complaint made against Respondent by Stephanie Garrison-Burdine. On October 23, 2008, and November 7, 2008, the State Bar investigator sent a letter to Respondent, requesting a written response by November 6, 2008, and November 21, 2008, respectively, to specific allegations of misconduct being investigated by the State Bar in the Garrison-Burdine matter. Respondent did not provide any written response to the State Bar investigator's letters.

#### Conclusions of Law

11. By not proceeding with the Burdine dissolution, by not responding to opposing counsel in the Burdine dissolution and by not responding to Garrison-Burdine's calls and letters, Respondent intentionally, recklessly or repeatedly failed to perform legal services with competence in willful violation of rule 3-110(A) of the Rules of Professional Conduct.
12. By failing to render an appropriate accounting to Garrison-Burdine despite her repeated requests, Respondent willfully violated rule 4-100(B)(3) of the Rules of Professional Conduct.
13. By not returning the client file to Garrison-Burdine despite her repeated requests, Respondent failed to release promptly, upon termination of employment, to his client, at the request of the client, all client papers and property in willful violation of rule 3-700(D) of the Rules of Professional Conduct.
14. By failing to promptly refund unearned fees to Garrison-Burdine, despite her requests, Respondent failed to timely refund unearned fees and costs in willful violation of rule 3-700(D)(2) of the Rules of Professional Conduct.
15. By not providing a written response to the allegations in the Garrison-Burdine matter or otherwise cooperating in the investigation of the Garrison-Burdine matter, Respondent failed to cooperate in a disciplinary matter in willful violation of Business and Professions Code section 6068(i).

#### Case No. 08-O-14388

1. On or about May 3, 2006, Leilani Reantaso ("Reantaso") employed Respondent to represent her in a dissolution matter. On or about May 3, 2006, Reantaso paid Respondent \$100 for a legal consultation. On or about May 3, 2006, Reantaso also paid \$5,000 to Donald R. Klahs as

Respondent's advanced attorney's fees. Klahs is Respondent's partner in the Law Offices of Klahs & Hedwall.

2. On or about May 4, 2006, Respondent filed a Petition for Dissolution on Reantaso's behalf entitled *Leilani Reantaso v. Rizaldy Reantaso*, Los Angeles Superior Court Case No. PDo41091 (the "Reantaso dissolution").
3. On or about September 19, 2006, Kenneth Schwartz, attorney for Rizaldy Reantaso, sent a letter to Respondent stating that he had not received Leilani Reantaso's Preliminary Declaration of Disclosure (the "declaration of disclosure"). On October 5, 2006, Respondent responded to Schwartz's September 19, 2006, letter and advised Schwartz that the declaration of disclosure would be filed next week.
4. On October 26, 2006, Schwartz filed a Demand for Service of Preliminary Declaration of Disclosure requesting Reantaso's declaration of disclosure in addition to her schedule of assets and debts and income and expense declaration. Respondent received the demand for production of these documents but failed to provide the requested documents.
5. On November 2, and November 6, and November 30, 2006, Schwartz wrote to Respondent informing him that Schwartz had still not received the declaration of disclosure.
6. As of on or about March 13, 2007, Respondent had still not provided Schwartz with the declaration of disclosure.
7. On or about April 22, 2008, Reantaso wrote Respondent terminating his services, requesting her file, and requesting the return of all unearned fees. Respondent did not respond.
8. From April 22, 2008, through August 27, 2008, Reantaso made numerous phone calls and wrote various letters to Respondent requesting her client file. Respondent never provided Reantaso with her client file.
9. On November 19, 2008, the State Bar opened up an investigation, Case No. 08-O-14388, pursuant to a complaint made against Respondent by Leilani Reantaso. On or about November 26, 2008, and December 22, 2008, a State Bar investigator sent letters to Respondent requesting a written response by December 11, 2008, and January 2, 2009, respectively, to specific allegations of misconduct being investigated by the State Bar in the Reantaso matter. Respondent did not provide a written response to the State Bar investigator's letters.

#### Conclusions of Law

10. By not proceeding with the Reantaso dissolution, by not responding to the opposing counsel in the Reantaso dissolution and by not providing the requested documentation to opposing counsel, including the declaration of disclosure, Respondent intentionally, recklessly or repeatedly failed to perform legal services with competence in wilful violation of rule 3-110(A) of the Rules of Professional Conduct.

11. By not returning the client file to Reantaso despite her repeated requests, Respondent failed to release promptly, upon termination of employment, to his client, at the request of the client, all client papers and property in willfull violation of rule 3-700(D)(1) of the Rules of Professional Conduct.
12. By not providing a written response to the allegations in the Reantaso matter or otherwise cooperating in the investigation of the Reantaso matter, Respondent failed to cooperate in a disciplinary matter in willful violation of Business and Professions Code section 6068(i).

### **PENDING PROCEEDINGS.**

The disclosure date referred to, on page 2, paragraph A(6), was February 22, 2010.

### **COSTS OF DISCIPLINARY PROCEEDINGS.**

Respondent acknowledges that the Office of the Chief Trial Counsel has informed respondent that as of February 22, 2010, the prosecution costs in this matter are \$15,989.54. 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 2.2(a) provides that "Culpability of a member of wilful misappropriation of entrusted funds or property 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 those latter cases, the discipline shall not be less than a one-year actual suspension, irrespective of mitigating circumstances".

Standard 2.3 provides that "Culpability of a member of an act of moral turpitude, fraud, or intentional dishonesty toward a court, client or another person or of concealment of a material fact to a

court, client, or another person shall result in actual suspension or disbarment depending upon the extent to which the victim of the misconduct is harmed or misled 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.

Standard 2.6 provides, in pertinent part, that "Culpability of a member of a violation of any of the following provisions of the Business and Professions Code shall result in disbarment or suspension depending on the gravity of the offense or the harm, if any, to the victim, with due regard to the purposes of imposing discipline set forth in standard 1.3:

- (a) Sections 6067 and 6068;
- (b) Sections 6103 through 6105;..."

In *Kaplan v. State Bar* (1991) 52 Cal. 3d 1067, Respondent stole \$29,000 in funds belonging to the law partnership of which he was a partner. The court imposed discipline consisting of disbarment. Respondent lied to the State Bar during its investigation and to his partners when they confronted him with his thefts. In mitigation, Respondent had no prior record of discipline and was suffering from extreme stress at the time of the misconduct. However, Respondent failed to show that he had fully recovered from the effects of the stresses. Respondent's acts involved intentional dishonesty and concealment and was designed to defraud his partners. In aggravation, there was no indication that Respondent would have stopped his misconduct if his thefts had not been discovered by his partners.

In *Kelly v. State Bar* (1988) 45 Cal. 3d 649, Respondent misappropriated \$19,597.05 of funds being in trust for one client. Respondent subsequently contacted the client, whom he knew was then represented by another attorney, without the consent of their attorney and coerced the client into signing a statement that the client had loaned misappropriated money to the Respondent. The court imposed discipline consisting of disbarment. The court noted that there was no evidence suggesting that Respondent's behavior was an isolated act. The court also noted that Respondent's lack of a prior record of discipline was not especially commendable. In this regard, Respondent had been practicing seven and one half years, which was long enough to know that his conduct was wrong, but not so long as to make his blemish free record surprising.

In *Weber v. State Bar* (1988) 47 Cal. 3d 492, in a probate matter, Respondent had misappropriated \$25,000 entrusted to him, knowingly made false representations to the probate court regarding a tax audit and the cash balance of the estate trust account, twice failed to comply with lawful court orders to distribute portions of the estate, and had knowingly written a check, in response to a superior court order, on an account that held funds insufficient to cover the payment. The court imposed discipline consisting of disbarment. In aggravation, the court found that Respondent's filing of lawsuits against the judges, attorneys who opposed him regarding his handling of the probate proceedings, the State Bar and its representatives provided a basis for a finding of aggravation. The court reasoned that the aforementioned lawsuits were highly probative on the question of the Respondent's acceptance of responsibility for his actions and his contemptuous attitude toward disciplinary proceedings.

## AGGRAVATING CIRCUMSTANCES.

### FACTS SUPPORTING AGGRAVATING CIRCUMSTANCES

Under standard 1.2(b)(iii), 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 as, in the Nieto matter (Case No. 08-O-13731), Respondent made misrepresentations to the court and in the Way matter, (Case No. 08-O-11921), Respondent made misrepresentations to client Carol Way and Detective Torsney.

Under standard 1.2(b)(iii), Respondent's misconduct involved trust funds or property and Respondent refused or was unable to account to the client for improper conduct towards said funds or property as in the Hayhurst matter (Case No. 07-O-14232), Respondent misappropriated \$54,225.51 from clients John and Karen Hayhurst. In the Cano matter (Case No. 07-O-14232), Respondent misappropriated funds in the amount of \$3,696.50 from client Joseph Cano. In the Way matter, (Case No. 08-O-11921), Respondent misappropriated \$205,107.74 from client Carol Way and her husband Randy Way, which the court had ordered held in trust. To date, Respondent has not returned the remaining \$29,521.25 to the Ways. In the Nieto matter (Case No. 08-O-13731), Respondent misappropriated \$15,000 from client Lynsey Nieto which the court had ordered held in trust.

Under standard 1.2(b) (iv), in the Nieto matter (Case No. 08-O-13731), Hayhurst matter (Case No. 07-O-14232), Way matter (Case No. 08-O-11921, and Cano matter (Case No. 07-O-14232), Respondent's misconduct significantly harmed the clients as Respondent misappropriated \$15,000 from Nieto, \$54,225.51 from the Hayhursts, , \$205,107.74 from client Carol Way and her husband Randy Way, and \$3,696.50 from Cano.

Under standard 1.2(b)(iv), Respondent's misconduct also significantly harmed the administration of justice as Respondent made misrepresentations to the court in the Nieto matter (Case No. 08-O-13731).

Under standard 1.2(b)(ii), Respondent's misconduct evidences multiple acts of misconduct as in the Ortiz matter (Case No. 06-O-15376), Respondent failed to perform by taking steps to resolve the Ortiz dissolution action in a timely manner. In the Ordaz matter (Case No. 07-O-11870) Respondent failed to perform by taking steps to resolve the Ordaz dissolution action in a timely manner. In the Hayhurst matter (Case No. 07-O-14232), Way matter (Case No. 08-O-11921), Cano matter (Case No. 07-O-14232), and Nieto matter (Case No. 08-O-13731) Respondent misappropriated funds from his clients. In the Garrison-Burdine matter (Case No. 08-O-13931) and Reantaso matter (Case No. 08-O-14388), Respondent failed to perform by not proceeding with client Stephanie Garrison-Burdine's dissolution and client Leilani Reantaso's dissolution.

Under standard 1.2(b)(vi), Respondent displayed a lack of cooperation with the State Bar by failing to respond the State Bar Investigator's letters in the Hayhurst matter (Case No. 07-O-13530), Way matter (Case No. 08-O-11921), Nieto matter (Case No. 08-O-13731), Garrison-Burdine matter (Case No. 08-O-13931), and Reantaso matter (Case No. 08-O-14388).

**MITIGATING CIRCUMSTANCES.**

**FACTS SUPPORTING MITIGATING CIRCUMSTANCES.**

**ADDITIONAL MITIGATING CIRCUMSTANCES.**

Respondent has no prior record of discipline.

**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).

(Do not write above this line.)

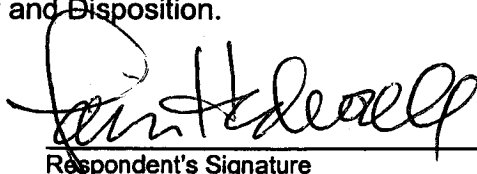
In the Matter of  
**LAINE EDWIN HEDWALL**  
Member #200371

Case number(s):  
06-O-15376; 07-O-11870; 07-O-13530; 07-O-14232;  
08-O-11921; 08-O-13731; 08-O-13931; and 08-O-14388

### 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.

02/22/10  
Date

  
Respondent's Signature

LAINE E. HEDWALL  
Print Name

2/22/10  
Date

Respondent's Counsel Signature

  
Deputy Trial Counsel's Signature

Print Name

MICHAEL J. GLASS  
Print Name

(Do not write above this line.)

In the Matter Of

**LAINE EDWIN HEDWALL**  
**Member #200371**

Case Number(s):

**06-O-15376; 07-O-11870; 07-O-13530; 07-O-14232;  
08-O-11921; 08-O-13731; 08-O-13931; and  
08-O-14388**

### 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.)**

03-05-10  
Date

  
Judge of the State Bar Court

**RICHARD A. PLATEL**

**LAINE EDWIN HEDWALL, 06-O-15376 et al.**

**MODIFICATION TO STIPULATION:**

On page 2 of the stipulation, the italicized language next to the box at paragraph A.(8) is deleted, and in its place is inserted: "It is recommended that costs be awarded to the State Bar in accordance with Business and Professions Code section 6086.10 and are enforceable both as provided in Business and Professions Code section 6140.7 and as a money judgment."

On page 22 of the stipulation, the following section is inserted:

Restitution

It is recommended that Laine Edwin Hedwall make restitution to John and Karen Hayhurst in the amount of \$54,225.51 plus 10% interest per annum from April 5, 2005 (or to the Client Security Fund to the extent of any payment from the fund to John and Karen Hayhurst, plus interest and costs, in accordance with Business and Professions Code section 6140.5), and furnish satisfactory proof thereof to the State Bar's Office of Probation. Any restitution owed to the Client Security Fund is enforceable as provided in Business and Professions Code section 6140.5, subdivision (c) and (d).

It is recommended that Laine Edwin Hedwall make restitution to Carol and Randy Way in the amount of \$29,521.25 plus 10% interest per annum from September 12, 2007 (or to the Client Security Fund to the extent of any payment from the fund to Carol and Randy Way, plus interest and costs, in accordance with Business and Professions Code section 6140.5), and furnish satisfactory proof thereof to the State Bar's Office of Probation. Any restitution owed to the Client Security Fund is enforceable as provided in Business and Professions Code section 6140.5, subdivision (c) and (d).

It is recommended that Laine Edwin Hedwall make restitution to Lynsey M. Nieto in the amount of \$15,000 plus 10% interest per annum from December 1, 2007 (or to the Client Security Fund to the extent of any payment from the fund to Lynsey M. Nieto, plus interest and costs, in accordance with Business and Professions Code section 6140.5), and furnish satisfactory proof thereof to the State Bar's Office of Probation. Any restitution owed to the Client Security Fund is enforceable as provided in Business and Professions Code section 6140.5, subdivision (c) and (d).

FILED

MAR 09 2010

STATE BAR COURT  
CLERK'S OFFICE  
LOS ANGELES

# PUBLIC MATTER

## STATE BAR COURT OF CALIFORNIA HEARING DEPARTMENT – LOS ANGELES

In the Matter of	)	Case No.: 06-O-15376, et al.
	)	
LAINE EDWIN HEDWALL,	)	ORDER OF INVOLUNTARY INACTIVE
	)	ENROLLMENT
Member No. 200371,	)	
	)	
<u>A Member of the State Bar.</u>	)	

On February 22, 2010, the parties in the above-entitled matter submitted for consideration and approval a Stipulation Re Facts, Conclusions of Law and Disposition (Stipulation) to the court. The Stipulation provided that respondent would be disbarred in this matter.

The court now issues the following order pursuant to Business and Professions Code section 6007, subdivision (c)(4) and rule 220(c) of the Rules of Procedure of the State Bar of California.

Respondent Laine Edwin Hedwell 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) days after this order is served by mail and will terminate upon the effective date of the Supreme Court's order imposing discipline herein, 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.

**IT IS SO ORDERED.**

Dated: March 5, 2010

  
\_\_\_\_\_  
RICHARD A. PLATEL  
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 Los Angeles, on March 9, 2010, I deposited a true copy of the following document(s):


STIPULATION RE FACTS, CONCLUSIONS OF LAW AND DISPOSITION AND  
ORDER APPROVING WITH ATTACHED MODIFICATION TO STIPULATION;  
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 Los Angeles, California, addressed as follows:
- LAINE E HEDWALL  
KLAHS & HEDWALL LLP  
27441 TOURNEY RD #150  
VALENCIA CA 91355
- ☐ 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:

MICHAEL GLASS, Enforcement, Los Angeles

I hereby certify that the foregoing is true and correct. Executed in Los Angeles, California, on March 9, 2010.

  
\_\_\_\_\_  
Angela Owens-Carpenter  
Case Administrator  
State Bar Court