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<b>State Bar Court of California Hearing Department Los Angeles DISBARMENT</b>		
<b>Counsel For The State Bar</b>  Melanie J. Lawrence 1149 South Hill Street Los Angeles, CA 90015 (213)765-1066  Bar # 230102	<b>Case Number(s):</b> 08-O-14795	<b>For Court use only</b>  <b>PUBLIC MATTER</b>  <b>FILED</b> AUG 02 2011  <b>STATE BAR COURT CLERK'S OFFICE SAN FRANCISCO</b>
<b>Counsel For Respondent</b>  Carol Langford 100 Pringle Ave., #570 Walnut Creek, CA 94596  Bar # 124812	<b>Submitted to: Assigned Judge</b>  STIPULATION RE FACTS, CONCLUSIONS OF LAW AND DISPOSITION AND ORDER APPROVING; ORDER OF INVOLUNTARY INACTIVE ENROLLMENT  <b>DISBARMENT</b>  <input type="checkbox"/> PREVIOUS STIPULATION REJECTED	
<b>In the Matter of:</b> Mathew Paul Wattoff 14 Main Street Hyde Park, NY 12538  Bar # 158442  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 June 8, 1992.
- (2) The parties agree to be bound by the factual stipulations contained herein even if conclusions of law or disposition are rejected or changed by the Supreme Court.
- (3) All investigations or proceedings listed by case number in the caption of this stipulation are resolved by this stipulation and are deemed consolidated. Dismissed charge(s)/count(s) are listed under "Dismissals." The stipulation consists of (9) 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."

(Effective January 1, 2011)



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- (5) Conclusions of law, drawn from and specifically referring to the facts are also included under "Conclusions of Law."
- (6) The parties must include supporting authority for the recommended level of discipline under the heading "Supporting Authority."
- (7) No more than 30 days prior to the filing of this stipulation, respondent has been advised in writing of any pending investigation/proceeding not resolved by this stipulation, except for criminal investigations.
- (8) Payment of Disciplinary Costs—Respondent acknowledges the provisions of Bus. & Prof. Code §§6086.10 & 6140.7. (Check one option only):
- Costs to be awarded to the State Bar.
  - Costs are waived in part as set forth in a separate attachment entitled "Partial Waiver of Costs".
  - Costs are entirely waived.
- (9) ORDER OF INACTIVE ENROLLMENT:  
The parties are aware that if this stipulation is approved, the judge will issue an order of inactive enrollment under Business and Professions Code section 6007, subdivision (c)(4), and Rules of Procedure of the State Bar, rule 5.111(D)(1).

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

- (1)  Prior record of discipline
- (a)  State Bar Court case # of prior case
  - (b)  Date prior discipline effective
  - (c)  Rules of Professional Conduct/ State Bar Act violations:
  - (d)  Degree of prior discipline
  - (e)  If respondent has two or more incidents of prior discipline, use space provided below:
- (2)  **Dishonesty:** Respondent's misconduct was surrounded by or followed by bad faith, dishonesty, concealment, overreaching or other violations of the State Bar Act or Rules of Professional Conduct.
- (3)  **Trust Violation:** Trust funds or property were involved and respondent refused or was unable to account to the client or person who was the object of the misconduct for improper conduct toward said funds or property.
- (4)  **Harm:** Respondent's misconduct harmed significantly a client, the public or the administration of justice. See attachment.
- (5)  **Indifference:** Respondent demonstrated indifference toward rectification of or atonement for the consequences of his or her misconduct.

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- (6)  **Lack of Cooperation:** Respondent displayed a lack of candor and cooperation to victims of his/her misconduct or to the State Bar during disciplinary investigation or proceedings.
- (7)  **Multiple/Pattern of Misconduct:** Respondent's current misconduct evidences multiple acts of wrongdoing or demonstrates a pattern of misconduct.
- (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. See attachment.
- (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. See attachment.
- (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.

(Effective January 1, 2011)

Disbarment

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

**Additional mitigating circumstances:**

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(13)  No mitigating circumstances are involved.

**Additional mitigating circumstances:**

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**D. Discipline: Disbarment.**

**E. Additional Requirements:**

- (1) **Rule 9.20, California Rules of Court:** Respondent must comply with the requirements of rule 9.20, California Rules of Court, and perform the acts specified in subdivisions (a) and (c) of that rule within 30 and 40 calendar days, respectively, after the effective date of the Supreme Court's Order in this matter.
- (2)  **Restitution:** Respondent must make restitution to see attachment in the amount of \$ see attachment plus 10 percent interest per year from see attachment. If the Client Security Fund has reimbursed see attachment for all or any portion of the principal amount, respondent must pay restitution to CSF of the amount paid plus applicable interest and costs in accordance with Business and Professions Code section 6140.5. Respondent must pay the above restitution and furnish satisfactory proof of payment to the State Bar's Office of Probation in Los Angeles no later than see attachment days from the effective date of the Supreme Court order in this case.
- (3)  **Other:**

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

IN THE MATTER OF:                      Mathew Paul Wattoff

CASE NUMBER(S):                      08-O-14795

**FACTS AND CONCLUSIONS OF LAW.**

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

Case No. 08-O-14795 (Complainant: Robert Wisdom)

**FACTS:**

1. In about 2006 and 2007, Respondent provided tax consulting services in Colorado through Apex Consulting, LLC ("Apex"), a company he formed in July 2004. At no time was Respondent licensed to practice law under the laws of the State of Colorado. Apex was not a law firm offering general legal services.
2. In 2006, Robert Wisdom ("Wisdom") operated East of Sweden, Inc., an auto repair service in Colorado, and employed Respondent and Apex for advice and representation concerning federal tax matters. Pursuant to Respondent's advice, a new company known as East of Sweden Boulder, Inc. ("EOSB") was incorporated.
3. On April 30, 2007, EOSB entered into an Asset Purchase Agreement to sell the assets of EOSB to EOS Motor Sports, LLC.
4. Wisdom, acting on behalf of EOSB, consulted with Respondent during the negotiation of the transaction. Respondent agreed to receive the funds paid to EOSB and deposit them in an escrow account for payment of debts owed by EOSB. By agreeing to hold the funds from the sale of assets, Respondent assumed a fiduciary duty to EOSB which required that he deposit the funds as agreed and disburse them at the direction of EOSB.
5. On April 27, 2007, \$144,020, representing funds paid to EOSB by EOS Motor Sports, were delivered to Respondent to hold on behalf of EOSB until disbursed to pay its expenses.
6. On May 4, 2007, Respondent deposited the funds received on behalf of EOSB in a checking account maintained in the name of Apex at Bank of the West, account no. XXXXX1030<sup>1</sup> ("Apex account"). The Apex account was not designated as an escrow account. Respondent was the only signatory on the Apex account after June 2007. Respondent did not ever personally reconcile the account but disbursed funds from the account believing there was an adequate balance to cover the disbursements.

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<sup>1</sup> The complete account number has been omitted due to privacy concerns.

7. Between May 8, 2007 and July 12, 2007, Respondent properly disbursed funds received on behalf of EOSB totaling \$35,900. Thereafter, Respondent was required to maintain on behalf of EOSB the sum of \$108,120 in the Apex account. Instead, by August 31, 2007, the balance in the Apex account had dropped to negative (-) \$80.68.

8. Respondent was grossly negligent in misappropriating EOSB funds.

#### CONCLUSIONS OF LAW:

By misappropriating, due to gross negligence, \$108,120 of the funds received on behalf of EOSB, Respondent committed an act involving moral turpitude, dishonesty or corruption in violation of Business & Professions Code section 6106.

#### AUTHORITIES SUPPORTING DISCIPLINE.

Standard 1.3 of the Standards for Attorney Sanctions for Professional Misconduct ("Std.") provides that the primary purposes of attorney discipline are, "the protection of the public, the courts and the legal profession; the maintenance of high legal professional standards by attorneys and the preservation of public confidence in the legal profession."

Std. 2.2(a) applies. It requires disbarment for wilful misappropriation of entrusted funds or property.

#### AGGRAVATING FACTORS

Respondent's misconduct has significantly harmed a client. (Std. 1.2(b)(iv).) The money Respondent was to hold on behalf of EOSB was earmarked to pay business debts. Without it, Robert Wisdom, on behalf of EOSB, has had to seek out other sources of repayment, including from his family.

#### MITIGATING FACTORS

Respondent cooperated in resolving this matter prior to trial. (Std. 1.2 (e)(v).)

While the misconduct in this matter is very serious, Respondent had been in practice for 15 years without a prior record of discipline.

Respondent's wife passed away from melanoma cancer, a few years prior to the misconduct, leaving him with sole custody of his two children ages 4 and 7. Respondent felt extremely depressed after his wife's death and he failed to properly attend to his business.

The mitigating circumstances do not call for deviation from Std. 2.2(a). (Std. 1.6(b)(ii).)



## **FINANCIAL CONDITIONS, RESTITUTION.**

Respondent must pay restitution to EOSB in the amount of \$108,120 plus interest of 10 percent per annum calculated from August 31, 2007. If the Client Security Fund ("CSF") has reimbursed EOSB for all or any portion of the amounts listed above, Respondent must reimburse CSF in the amounts paid, plus applicable interest and costs. Respondent will not be reinstated to the practice of law in the future if he has not met all conditions of restitution.

## **COSTS OF DISCIPLINARY PROCEEDINGS.**

Respondent acknowledges that the Office of the Chief Trial Counsel has informed respondent that as of July 12, 2011, the prosecution costs in this matter are \$3,269. 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.

## **PENDING PROCEEDINGS.**

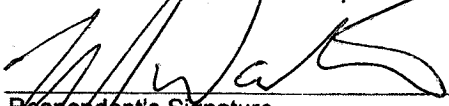
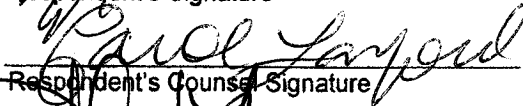

The disclosure date referred to, on page 2, paragraph A(7), was July 12, 2011.

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In the Matter of: Mathew Paul Wattoff	Case number(s): 08-O-14795
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**SIGNATURE OF THE PARTIES**

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

<u>7/18/11</u> Date	 Respondent's Signature	<u>MATHEW P. WATTOFF</u> Print Name
<u>7/19/11</u> Date	 Respondent's Counsel Signature	<u>CAROL LANGFORD</u> Print Name
<u>7/21/11</u> Date	 Deputy Trial Counsel's Signature	<u>Melanie J. Lawrence</u> Print Name

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In the Matter of: Mathew Paul Wattoff	Case Number(s): 08-O-14795
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### DISBARMENT 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 5.58(E) & (F), Rules of Procedure.) **The effective date of this disposition is the effective date of the Supreme Court order herein, normally 30 days after file date. (See rule 9.18(a), California Rules of Court.)**

Respondent Mathew Paul Wattoff is ordered transferred to involuntary inactive status pursuant to Business and Professions Code section 6007, subdivision (c)(4). Respondent's inactive enrollment will be effective three (3) calendar days after this order is served by mail and will terminate upon the effective date of the Supreme Court's order imposing discipline herein, or as provided for by rule 5.111(D)(2) of the Rules of Procedure of the State Bar of California, or as otherwise ordered by the Supreme Court pursuant to its plenary jurisdiction.

August 2, 2011  
Date

Pat McElroy  
Judge of the State Bar Court

**CERTIFICATE OF SERVICE**

[Rules Proc. of State Bar; Rule 5.27(B); Code Civ. Proc., § 1013a(4)]

I am a Case Administrator of the State Bar Court of California. I am over the age of eighteen and not a party to the within proceeding. Pursuant to standard court practice, in the City and County of San Francisco, on August 2, 2011, I deposited a true copy of the following document(s):

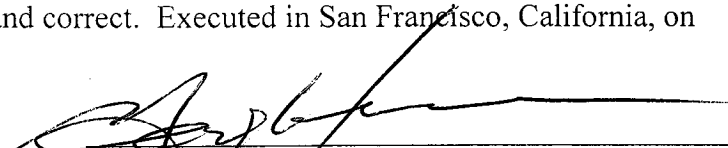
STIPULATION RE FACTS, CONCLUSIONS OF LAWS AND DISPOSITION AND ORDER APPROVING; ORDER OF INVOLUNTARY INACTIVE ENROLLMENT

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

- by first-class mail, with postage thereon fully prepaid, through the United States Postal Service at San Francisco, California, addressed as follows:  
  
CAROL LANGFORD  
100 PRINGLE AVE #570  
WALNUT CREEK, CA 94596
- 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:

Melanie Lawrence, Enforcement, Los Angeles

I hereby certify that the foregoing is true and correct. Executed in San Francisco, California, on August 2, 2011.

  
George Hue  
Case Administrator  
State Bar Court