	Bar Court of Californ Hearing Department Los Angeles ACTUAL SUSPENSION	lia
Counsel For The State Bar Michael J. Glass Deputy Trial Counsel 1149 S. Hill Street Los Angeles, CA 90015 (213) 765-1254	Case Number(s): 09-O-11014; 09-O-15336; 10-O-06431 (Inv.); 10-O-00352 (Inv.);	For Court use only FILED FEB 1 4 2011
Bar # 102700 In Pro Per Respondent		STATE BAR COURT CLERK'S OFFICE LOS ANGELES
Steven H. Hertz P.O. Box 4755 Mission Viejo, CA 92690 (949) 340-6494	PUBLIC M	ATTER
	Submitted to: Settlement Ju	dge
Ban # 153971	STIPULATION RE FACTS, C DISPOSITION AND ORDER	ONCLUSIONS OF LAW AND
In the Matter of: STEVEN H. HERTZ	ACTUAL SUSPENSION	
Bar # 153971	PREVIOUS STIPULATIO	N REJECTED
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 August 18, 1991.
- (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 12 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):



Until costs are paid in full, Respondent will remain actually suspended from the practice of law unless relief is obtained per rule 5.130, Rules of Procedure.

Costs are to be paid in equal amounts prior to February 1 for the following membership years: prior to February 1 in three billing cycles following the effective date of discipline. (Hardship, special circumstances or other good cause per rule 5.132, Rules of Procedure.) If Respondent fails to pay any installment as described above, or as may be modified by the State Bar Court, the remaining balance is due and payable immediately.



Costs are waived in part as set forth in a separate attachment entitled "Partial Waiver of Costs".

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

- (1) \square **Prior record of discipline** [see standard 1.2(f)]
 - (a) State Bar Court case # of prior case 96-O-06077; 97-O-11989; 97-O-16676; 97-O-18014; and 99-O-11855 (\$094425).
 - (b) Date prior discipline effective April 20, 2001.
 - (c) Rules of Professional Conduct/ State Bar Act violations: rule 3-110(A); rule 4-100(A); and rule 4-100(B)(3).
 - (d) Degree of prior discipline One year stayed suspension, three years probation with conditions, including restitution.
 - (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.

Costs are entirely waived.

- (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.
- (7) Multiple/Pattern of Misconduct: Respondent's current misconduct evidences multiple acts of wrongdoing or demonstrates a pattern of misconduct. See Attachment Page 4.
- (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:

See Attachment Page 5.

D. Discipline:

i.

(1) Stayed Suspension:

- (a) Respondent must be suspended from the practice of law for a period of one (1) year.
 - and until Respondent shows proof satisfactory to the State Bar Court of rehabilitation and present fitness to practice and present learning and ability in the law pursuant to standard 1.4(c)(ii) Standards for Attorney Sanctions for Professional Misconduct.
 - ii. and until Respondent pays restitution as set forth in the Financial Conditions form attached to this stipulation.
 - iii. 🔲 and until Respondent does the following:
- (b) \boxtimes The above-referenced suspension is stayed.

(2) \square Probation:

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

(3) \boxtimes Actual Suspension:

- (a) Respondent must be actually suspended from the practice of law in the State of California for a period of thirty (30) days.
 - i. and until Respondent shows proof satisfactory to the State Bar Court of rehabilitation and present fitness to practice and present learning and ability in the law pursuant to standard 1.4(c)(ii), Standards for Attorney Sanctions for Professional Misconduct
 - ii. and until Respondent pays restitution as set forth in the Financial Conditions form attached to this stipulation.
 - iii. and until Respondent does the following:

E. Additional Conditions of Probation:

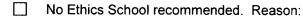
- (1) If Respondent is actually suspended for two years or more, he/she must remain actually suspended until he/she proves to the State Bar Court his/her rehabilitation, fitness to practice, and learning and ability in the general law, pursuant to standard 1.4(c)(ii), Standards for Attorney Sanctions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

(Effective January 1, 2011)

- (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) X 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.



- (9) Respondent must comply with all conditions of probation imposed in the underlying criminal matter and must so declare under penalty of perjury in conjunction with any quarterly report to be filed with the Office of Probation.
- (10) The following conditions are attached hereto and incorporated:
 - Substance Abuse Conditions Law Office Management Conditions
 - Medical Conditions
 Financial Conditions

F. Other Conditions Negotiated by the Parties:

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

further hearing until passage. But see rule 9.10(b), California Rules of Court, and rule 5.162(A) & (E), Rules of Procedure.

No MPRE recommended. Reason:

- (2) Rule 9.20, California Rules of Court: Respondent must comply with the requirements of rule 9.20, California Rules of Court, and perform the acts specified in subdivisions (a) and (c) of that rule within 30 and 40 calendar days, respectively, after the effective date of the Supreme Court's Order in this matter.
- (3) Conditional Rule 9.20, California Rules of Court: If Respondent remains actually suspended for 90 days or more, he/she must comply with the requirements of rule 9.20, California Rules of Court, and perform the acts specified in subdivisions (a) and (c) of that rule within 120 and 130 calendar days, respectively, after the effective date of the Supreme Court's Order in this matter.
- (4) Credit for Interim Suspension [conviction referral cases only]: Respondent will be credited for the period of his/her interim suspension toward the stipulated period of actual suspension. Date of commencement of interim suspension:
- (5) Other Conditions: Fee Arbitration Condition, See Attachment Page 5.

ATTACHMENT TO

STIPULATION RE FACTS, CONCLUSIONS OF LAW AND DISPOSITION

IN THE MATTER OF:	STEVEN HOWARD HERTZ	
Case Number(s):	09-O-11014; 09-O-15336; 10-O-06431 (Inv.); 10-O-00352 (Inv.)	

FACTS AND CONCLUSIONS OF LAW.

Respondent Steven H. Hertz ("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. 09-0-11014

- 1. In June 2008, Kathy Dutton ("Dutton") and Ronald Grossman ("Grossman") employed Respondent to represent them in their claims for conversion and misappropriation of funds against Diane Schaaf ("Schaaf") and Wescom Credit Union ("Wescom"). Dutton and Grossman advanced \$5,000 to Respondent as attorneys fees.
- 2. In or about October 2008, Respondent settled Dutton's claims with Schaaf and Wescom. At the time of the settlement, Respondent and Dutton had a dispute over whether Respondent was entitled to an additional fee.
- 3. On October 23, 2008, Respondent deposited a \$1,100 settlement check from Wescom into his client trust account at JP Morgan Chase Bank, account number xxxxx7613 ("the cta").¹ On October 29, 2008,
- 4. On October 29, 2008, Respondent deposited a \$7,500 settlement check from Schaaf into the cta.
- 5. In or about December 2008, Respondent issued check number 1159 from his general account to Dutton, as payment of her portion of the settlement. Dutton did not receive the payment from Respondent.
- 6. On January 6, 8, and 14, 2009, Dutton demanded a replacement check from Respondent. By January 28, 2009, Dutton had not received the cashier's check from Respondent. On January 28, 2009, Dutton again demanded that Respondent forward a check to Dutton.
- 7. In or about March 2009, Dutton received a replacement check from Respondent in the amount of \$2,762.62 as her portion of the settlement.

¹ The full account number is omitted for privacy purposes.

Conclusions of Law

8. By not paying Dutton \$2,762.62 until March 2009, Respondent wilfully failed to pay promptly, as requested by a client, funds in Respondent's possession which the client was entitled to receive in violation of rule 4-100(B)(4) of the Rules of Professional Conduct.

Case No. 09-O-15366

- 1. In October 2008, Louis DeWitt ("DeWitt") employed Respondent to represent him and his wife in a claim for fraud against Banc of America Investment Services ("BOA"). On or about October 5, 2008, DeWitt paid Respondent \$5,000 as attorneys fees.
- 2. Respondent filed a lawsuit on behalf of DeWitt and his wife in the Orange County Superior Court, Case No. 30-2008-00115700, on December 5, 2008.
- 3. In December 2008, DeWitt terminated Respondent's employment, and employed attorney Stanley Moerbeek ("Moerbeek") as his new attorney. On or about December 23, 2008, Moerbeek sent a letter to Respondent requesting release of DeWitt's file, a refund of the unearned portion of the \$13,000 fee advanced by DeWitt, and the return of an executed Substitution of Attorney form provided by Moerbeek.
- 4. Respondent provided DeWitt with a partial accounting in the amount of \$11,073.30, with regard to the fees paid by DeWitt. Further, Respondent did not refund the \$1,926.70 which Respondent alleged that DeWitt owed Respondent.
- 5. Respondent did provide DeWitt's file and the executed Substitution of Attorney form to Moerbeek.

Conclusions of Law

6. By not providing a complete accounting of the \$13,000 fee advanced by DeWitt, Respondent wilfully failed to render appropriate accounts to a client regarding funds coming into Respondent's possession in violation of rule 4-100(B)(3) of the Rules of Professional Conduct.

PENDING PROCEEDINGS.

The disclosure date referred to, on page 2, paragraph A(7), was January 18, 2011.

DISMISSALS.

The parties respectfully request that the Court dismiss the following alleged violations in the interest of justice:

<u>Case No.</u>	<u>Count</u>	Alleged Violation
09-O-11014	One	rule 4-100(A)(2)
09-O-15366	Four	rule 3-700(D)(2)
09-0-15366	Five	rule 3-700(D)(1)
09-O-15366	Six	Business and Professions Code section 6068(i)

The parties also respectfully request that the Court dismiss the following matters in the interest of justice:

Case Nos.	
10-O-06431 (Inv.)	
10-O-00352 (Inv.)	

COSTS OF DISCIPLINARY PROCEEDINGS.

Respondent acknowledges that the Office of the Chief Trial Counsel has informed respondent that as of January 18, 2011, the prosecution costs in this matter are \$4,273.00. Respondent further acknowledges that should this stipulation be rejected or should relief from the stipulation be granted, the costs in this matter may increase due to the cost of further proceedings.

AUTHORITIES SUPPORTING DISCIPLINE.

Under standard 1.7(a), "If a member is found culpable of professional misconduct in any proceeding in which discipline may be imposed and the member has a record of one prior imposition of discipline as defined by standard 1.2(f), the degree of discipline in the current proceeding shall be greater than that imposed in the prior proceeding unless prior discipline imposed was so remote in time to the current proceeding and the offense for which it was imposed was so minimal in severity that imposing greater discipline would be manifestly unjust."

Under Standard 2.2(b), "Culpability of a member of commingling of entrusted funds or property with personal property or the commission of another violation of rule 4-100, Rules of Professional Conduct, none of which offenses result in the wilful misappropriation of entrusted funds or property shall result in at least a three month actual suspension from the practice of law, irrespective of mitigating circumstances."

Under standard 2.10, "Culpability of a member of a violation of any provision of the Business and Professions Code not specified in these standards or a wilful violation of any Rule of Professional

Respondent: Steven Howard Hertz Attachment to Stipulation Conduct not specified in these standards shall result in reproval or suspension according to the gravity of the offense or harm, if any, to the victim, with due regard to the purposes of imposing discipline set forth in standard 1.3.

The Supreme Court gives the standards "great weight" and will reject a recommendation consistent the standards only where the court entertains "grave doubts" as to its propriety. *In re Silverton* 2005) 36 Cal. 4th 81, 91-92. Although the standards are not mandatory, they may be deviated from when there is a compelling, well defined reason to do so. *Aronin v. State Bar* (1990) 52 Cal. 3d 276,291.

In Sternlieb v. State Bar (1990) 52 Cal. 3d 317, Respondent was found culpable of violating rules 4-100(A), 4-100(B)(3), and 4-100(B)(4) in a single client matter. Respondent represented the wife in a marital dissolution. Rent proceeds related to the dissolution were deposited into Respondent's trust account pursuant to an interim agreement for the joint benefit of her client and her client's estranged husband, pending a final property settlement. Respondent began making withdrawals from these entrusted funds to pay her own fees at time when she could not reasonably have believed that she had authority to do so. Respondent justified her actions on the ground that the husband owed her client more in support arrearages and other debts than the amount of money that was being held in trust. The Court concluded that while Respondent was culpable of misappropriation of \$4,066, and of violating the rules governing the handling of client trust funds, the evidence did not support the finding that she acted dishonestly in violation of Business and Professions Code section 6106. Respondent had no prior record of discipline, had an excellent reputation as an attorney, and the hearing referee found that the misconduct was not likely to recur. The Court imposed discipline consisting of one year probation with a thirty day actual suspension.

AGGRAVATING CIRCUMSTANCES.

PRIOR DISCIPLINE.

Under standard 1.2(b)(i), Respondent has a prior record of discipline. In this regard, on April 20, 2001, in Case Nos. 96-O-06077, et al. (S094425), Respondent received discipline consisting of a one year stayed suspension, three years probation with conditions, including restitution.

FACTS SUPPORTING AGGRAVATING CIRCUMSTANCES.

Under standard 1.2(b)(ii), Respondent's current misconduct evidences multiple acts of wrongdoing as indicated above in Case Nos. 09-O-11014 and 09-O-15336.

ADDITIONAL MITIGATING CIRCUMSTANCES.

During the period of time for the alleged facts Steven Hertz provided pro bono assistance to the charitable organizations as follows:

	Name of Organization:	
1	A Child at A Time, Inc. An organization that raises money to fund the purchase of school books and uniforms for African children who are orphans	
2	Gramps for God An organization of retired men who promote and engage in mission work in Kenya	
3	The O'brien Foundation Mission organization founded to provide funding for necessities of war torn and famine areas of Africa	
4	Centro Familiar Christiano Missionaro Mission to Hispanic Americans in Buena Park California providing necessities for families and homeless persons	

OTHER CONDITIONS

FEE ARBITRATION CONDITION

Within thirty (30) days of the effective date of discipline herein, Respondent will provide the Office of Probation with sufficient proof that Respondent has initiated and paid for Binding Fee Arbitration, with the Orange County Bar Association, with respect to former client Louis DeWitt ("DeWitt") regarding Case No. 09-O-15366. The purpose of the Binding Fee Arbitration will be to determine whether Respondent owes DeWitt a refund of additional attorney's fees. In any award rendered by the Arbitrator, DeWitt will not be obligated to pay Respondent any additional fees.

In the Matter of STEVEN HOWARD HERTZ Member #153971	Case number(s): 09-O-11014; 09-O-15336; 10-O-06431 (Inv.); 10-O-00352 (Inv.)	

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.

January 26, 2011 Date	Respondent's Signature	Steven H. Hertz Print Name
, 2011 Date	Respondent's Counsel Signature	Print Name
January 26 , 2011 Date	Deputy Trial Counsel's Signature	Michael J. Glass Print Name

STEVEN HOWARD HERTZ Ogeo-11014; 09-O-15336; 10-O-06431 (Inv.); 10-O-00352 (Inv.) Member #153971 Member #153971		Case number(s): 09-O-11014; 09-O-15336; 10-O-06431 (Inv.); 10-O-00352 (Inv.)
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ACTUAL SUSPENSION 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.

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All Hearing dates are vacated.

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1. The case number referred to in the caption as "09-O-15336" is incorrect. It is ordered changed to "09-O-15366."

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.)

2-11-11 Date

Judge of the State Bar Court

RICHARDA HONN

(Effective January 1, 2011)

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 Los Angeles, on February 14, 2011, I deposited a true copy of the following document(s):

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

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

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

STEVEN H HERTZ P O BOX 4755 MISSION VIEJO CA 92690

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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 February 14, 2011.

Angela@arpenter Case Administrator State Bar Court