


<div><div>kwiktag® 018 038 729 </div><div>State Bar Court of California Hearing Department Los Angeles ACTUAL SUSPENSION</div><div>PUBLIC MATTER</div></div>		
Counsel For The State Bar Suzan J. Anderson Supervising Trial Counsel 1149 South Hill Street Los Angeles, California 90015 (213) 765-1209 Bar # 160559	Case Number(s): 09-O-13111, 09-O-13251, 09-O-13257, 10-O-00017, 10-O-01033, 10-O-02503, 10-O-03046, 10-O-03437, 10-O-03561, 10-O-05954	For Court use only FILED MAR 10 2011 STATE BAR COURT CLERK'S OFFICE LOS ANGELES
In Pro Per Respondent Karla C. Shippey Shippey Law PC 1111 East Commonwealth Avenue Suite B Fullerton, California 92831 (714) 209-7479 Bar # 113107	Submitted to: Assigned Judge STIPULATION RE FACTS, CONCLUSIONS OF LAW AND DISPOSITION AND ORDER APPROVING ACTUAL SUSPENSION <input checked="" type="checkbox"/> PREVIOUS STIPULATION REJECTED	
In the Matter of: KARLA C. SHIPPEY Bar # 113107 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 13, 1984.
- (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 18 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.
- (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: Costs to be paid in equal amounts prior to February 1 for the following two billing cycles following the effective date of the Supreme Court order. (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".
 - ☐ Costs are 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.
- (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. Please see Attachment, page 15.

- (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. Please see Attachment, page 15.
- (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. Please see Attachment, pages 14 and 15.
- (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. Please see Attachment, pages 14 and 15.
- (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. Please see Attachment, pages 14 and 15.
- (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. Please see Attachment, pages 14 and 15.

- (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. Please see Attachment, pages 14 and 15.
- (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:

Please see Attachment, pages 14 and 15.

D. Discipline:

(1) ☒ **Stayed Suspension:**

- (a) ☒ Respondent must be suspended from the practice of law for a period of one year.
- 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 two 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) ☒ **Actual Suspension:**

- (a) ☒ Respondent must be actually suspended from the practice of law in the State of California for a period of six months.
- 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.
- (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: .
- (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 checked="" type="checkbox"/> Law Office Management Conditions |
| <input type="checkbox"/> Medical Conditions | <input checked="" 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 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:**

(Do not write above this line.)

Attachment language (if any):

Please see Attachment, pages 11 through 17.

In the Matter of: KARLA C. SHIPPEY, 113107	Case Number(s): 09-O-13111, et al
---	--------------------------------------

Financial Conditions

a. Restitution

- ☒ Respondent must pay restitution (including the principal amount, plus interest of 10% per annum) to the payee(s) listed below. If the Client Security Fund ("CSF") has reimbursed one or more of the payee(s) for all or any portion of the principal amount(s) listed below, Respondent must also pay restitution to CSF in the amount(s) paid, plus applicable interest and costs.

Payee	Principal Amount	Interest Accrues From
Please see Attachment, page for all Restitution to be paid by Respondent		

- ☒ Respondent must pay above-referenced restitution and provide satisfactory proof of payment to the Office of Probation not later than within 30 days of the end of Respondent's probationary period.

b. Installment Restitution Payments

- ☐ Respondent must pay the above-referenced restitution on the payment schedule set forth below. Respondent must provide satisfactory proof of payment to the Office of Probation with each quarterly probation report, or as otherwise directed by the Office of Probation. No later than 30 days prior to the expiration of the period of probation (or period of reprobation), Respondent must make any necessary final payment(s) in order to complete the payment of restitution, including interest, in full.

Payee/CSF (as applicable)	Minimum Payment Amount	Payment Frequency

- ☐ 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.

c. Client Funds Certificate

- ☐ 1. If Respondent possesses client funds at any time during the period covered by a required quarterly report, Respondent must file with each required report a certificate from Respondent and/or a certified public accountant or other financial professional approved by the Office of Probation, certifying that:
- Respondent has maintained a bank account in a bank authorized to do business in the State of California, at a branch located within the State of California, and that such account is designated as a "Trust Account" or "Clients' Funds Account";

b. Respondent has kept and maintained the following:

- i. A written ledger for each client on whose behalf funds are held that sets forth:
 1. the name of such client;
 2. the date, amount and source of all funds received on behalf of such client;
 3. the date, amount, payee and purpose of each disbursement made on behalf of such client; and,
 4. the current balance for such client.
- ii. a written journal for each client trust fund account that sets forth:
 1. the name of such account;
 2. the date, amount and client affected by each debit and credit; and,
 3. the current balance in such account.
- iii. all bank statements and cancelled checks for each client trust account; and,
- iv. each monthly reconciliation (balancing) of (i), (ii), and (iii), above, and if there are any differences between the monthly total balances reflected in (i), (ii), and (iii), above, the reasons for the differences.

c. Respondent has maintained a written journal of securities or other properties held for clients that specifies:

- i. each item of security and property held;
- ii. the person on whose behalf the security or property is held;
- iii. the date of receipt of the security or property;
- iv. the date of distribution of the security or property; and,
- v. the person to whom the security or property was distributed.

2. If Respondent does not possess any client funds, property or securities during the entire period covered by a report, Respondent must so state under penalty of perjury in the report filed with the Office of Probation for that reporting period. In this circumstance, Respondent need not file the accountant's certificate described above.
3. The requirements of this condition are in addition to those set forth in rule 4-100, Rules of Professional Conduct.

d. Client Trust Accounting School

- ☒ Within one (1) year of the effective date of the discipline herein, Respondent must supply to the Office of Probation satisfactory proof of attendance at a session of the Ethics School Client Trust Accounting School, within the same period of time, and passage of the test given at the end of that session.

(Do not write above this line.)

In the Matter of: KARLA C. SHIPPEY, 113107	Case Number(s): 09-O-13111, et al
---	--------------------------------------

Law Office Management Conditions

- a. ☐ Within days/ months/ years of the effective date of the discipline herein, Respondent must develop a law office management/organization plan, which must be approved by the Office of Probation. This plan must include procedures to (1) send periodic reports to clients; (2) document telephone messages received and sent; (3) maintain files; (4) meet deadlines; (5) withdraw as attorney, whether of record or not, when clients cannot be contacted or located; (6) train and supervise support personnel; and (7) address any subject area or deficiency that caused or contributed to Respondent's misconduct in the current proceeding.
- b. ☒ Within days/SIX months/ years of the effective date of the discipline herein, Respondent must submit to the Office of Probation satisfactory evidence of completion of no less than ~~5~~/~~X~~ hours of Minimum Continuing Legal Education (MCLE) approved courses in law office management, attorney client relations and/or general legal ethics. This requirement is separate from any MCLE requirement, and Respondent will not receive MCLE credit for attending these courses (Rule 3201, Rules of Procedure of the State Bar.) KCS
STA
- c. ☐ Within 30 days of the effective date of the discipline, Respondent must join the Law Practice Management and Technology Section of the State Bar of California and pay the dues and costs of enrollment for year(s). Respondent must furnish satisfactory evidence of membership in the section to the Office of Probation of the State Bar of California in the first report required.

Other:

ATTACHMENT TO
STIPULATION RE FACTS, CONCLUSIONS OF LAW AND DISPOSITION

IN THE MATTER OF: Karla C. Shippey

CASE NUMBER(S): ET AL. 09-O-13111, et al.

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

FACTS AND CONCLUSIONS OF LAW.

LOAN MODIFICATION MATTERS (09-O-13111, 09-O-13251, 09-O-13257, 10-O-00017, 10-O-02503, 10-O-03046, 10-O-03561)

STATEMENT OF FACTS

1. In October 2008, Respondent entered into a Independent Contractor Agreement with a loan modification company entitled RMR Group Loss Mitigation, LLC ("RMR"). Respondent hired RMR as independent contractors to process loan modification cases for her law office, Shippey Law, PC. The agreement provided that RMR would provide services for loan modification/loss mitigation contracts made between Respondent's office and its clients. RMR was to be paid in installments upon the completion of distinct services. RMR was to provide services in compliance with the practices required by Respondent for maintenance of her office's reputation and licenses.

2. Respondent utilized RMR's services to process the loan modifications/loss mitigation packages of the following clients with their home mortgage lender:

Case Number	Client	Date Client employed Respondent	Advanced fees Client paid to Respondent
09-O-13111	Rosalind de Salinas	February 10, 2009	\$ 1,900
09-O-13251	Vilma Moline	November 10, 2008	3,144
09-O-13257	Juan Manzano	November 27, 2008	6,000
10-O-00017	Vernon Rodgers	December 23, 2008	1,700
10-O-02503	Ismael R. Rojo	January 29, 2009	2,500
10-O-03046	Joel Perez	December 10, 2008	3,295
10-O-03046	Audie Muphy	January 12, 2009	2,800
		TOTAL ADVANCED FEES PAID RESPONDENT	\$21,339

3. Respondent, by virtue of RMR's failures, failed to provide the legal services necessary to obtain loan modifications for the clients listed above, and failed to perform any other legal services of any value to the clients listed above in connection with negotiating and obtaining home mortgage loan modifications. Thus, Respondent did not earn the advanced fees collected from the clients.

4. To date, Respondent has not provided any refunds to the clients listed above, despite their requests for refunds.

CONCLUSIONS OF LAW

1. By failing to obtain loan modifications or perform any other legal services of value in the representation of the above-listed clients, 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.

2. By failing to refund promptly any part of the advanced fees paid to Respondent by each of the clients listed above, despite not having earned that fee, Respondent willfully violated rule 3-700(D)(2) of the Rules of Professional Conduct.

PATENT MATTERS (10-O-01033, 10-O-03437, 10-O-05954)

Case Number 10-O-01033

STATEMENT OF FACTS

1. On May 27, 2005, Kevin Foor employed Respondent to file an application and secure a patent on his behalf. Mr. Foor paid \$2,000 on June 27, 2005 and another \$3,925 in September 2005.

2. On May 29, 2008, Respondent's office filed Mr. Foor's patent application with the United States Patent and Trademark Office ("USPTO"). On June 12, 2008, the USPTO forwarded a letter to Respondent's office regarding Notice of the Missing Parts of the patent application. Respondent's office received the letter.

3. Respondent's office did not respond to the USPTO's June 12, 2008 letter and did not submit any further information regarding Mr. Foor's patent application.

4. On February 13, 2009, the USPTO forwarded a letter to Respondent's office regarding Notice of Abandonment of Mr. Foor's patent application for failure to reply to the USPTO's letter of June 12, 2008.

5. On November 20, 2009, Mr. Foor obtained a copy of his file and learned that the patent application was not submitted until May 2008.

6. In January 2010, Mr. Foor learned that his patent application had been abandoned.

7. On June 23, 2010, Mr. Foor forwarded a letter to Respondent, terminating her services and requesting a refund of the \$5,925 legal fees.

8. To date, Respondent has not refunded Mr. Foor's legal fees.

CONCLUSIONS OF LAW

By failing to respond to the USPTO's letter of June 12, 2008 and allowing Mr. Foor's patent application to be abandoned, Respondent intentionally, recklessly, or repeatedly failed to perform with competence in willful violation of rule 3-110(A) of the Rules of Professional Conduct.

By allowing Mr. Foor's patent application to be abandoned, Respondent performed no legal series of value for Mr. Foor and did not earn the \$5,925 in legal fees paid by Mr. Foor. By failing to refund Mr. Foor's unearned legal fees, Respondent willfully violated rule 3-700(D)(2) of the Rules of Professional Conduct.

Case Number 10-O-03437

STATEMENT OF FACTS

9. On May 7, 2007, Kevin and Beth House employed Respondent to file an application and secure a patent on their behalf. On that same date, Mr. and Mrs. House paid Respondent \$2,000 in legal fees. On May 30, 2008, Mr. and Mrs. House paid another \$1,070 to Respondent in legal fees.

10. On July 20, 2007, Respondent's office filed the patent application on behalf of Mr. and Mrs. House.

11. Due to Respondent's office's failure to respond to all correspondence from the USPTO, the application filed on behalf of Mr. and Mrs. House was abandoned by the USPTO on September 4, 2009.

12. In an effort to revive the patent, Respondent's office filed a new application for a patent on behalf of Mr. and Mrs. House on May 4, 2010.

CONCLUSIONS OF LAW

By failing to respond to all the correspondence from the USPTO and causing Mr. and Mrs. House application for a patent to be abandoned, Respondent intentionally, recklessly, or repeatedly failed to perform in willful violation of rule 3-110(A) of the Rules of Professional Conduct.

Case Number 10-O-05954

STATEMENT OF FACTS

13. On April 28, 2008, Gabriel Durante employed Respondent to file an application and secure a patent on his behalf. On that same date, Mr. Durante paid Respondent \$3,000 in advanced legal fees.

14. On October 30, 2008, Respondent's office filed the patent application on behalf of Mr. Durante with the USPTO. On March 5, 2009, the USPTO forwarded a letter to Respondent's office regarding the allowance of the patent and the request for issuance fee by June 5, 2009.

15. On May 13, 2009, Respondent's office forwarded a letter to Mr. Durante regarding his patent being allowed and the necessity of the issuance fee being paid by June 5, 2009.

16. On June 2, 2009, Mr. Durante presented a cashier's check to Respondent's office for \$980, covering legal fees and the issuance fee. The cashier's check was cashed on June 2, 2009.

17. On June 29, 2009, USPTO forwarded a letter to Respondent's office regarding abandonment of the application due to failure to submit the issuance fee.

18. After learning about the abandonment of his application, Mr. Durante corresponded with USPTO himself and on April 19, 2010, paid the \$430 issuance directly to USPTO. Mr. Durante then requested the \$430 back from Respondent's office that was never received by the USPTO. To date, Respondent has not refunded the \$430 to Mr. Durante.

CONCLUSIONS OF LAW

By failing to forward the issuance fee paid to Respondent's office to the USPTO and causing Mr. Durante's application to be abandoned, Respondent intentionally, recklessly, or repeatedly failed to perform with competence in willful violation of rule 3-110(A) of the Rules of Professional Conduct.

By not forwarding the issuance fee to the USPTO and allowing Mr. Foor's patent application to be abandoned, and by failing to refund Mr. Foor's \$430, Respondent willfully violated rule 3-700(D)(2) of the Rules of Professional Conduct.

PENDING PROCEEDINGS.

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

COSTS OF DISCIPLINARY PROCEEDINGS.

Respondent acknowledges that the Office of the Chief Trial Counsel has informed respondent that as of December 17, 2010, the prosecution costs in this matter are \$8173. 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.

FACTORS IN MITIGATION

Respondent has been practicing law for 26 years with no record of prior discipline.

Respondent has fully recognized her wrongdoing and by entering into this stipulation has fully demonstrated her remorse.

Respondent has displayed candor and cooperation with the State Bar throughout these investigations and in resolving this matter without trial.

Respondent has provided many letters of reference regarding her good character by a wide range of people in the general community.

If Respondent were to testify to mitigation, she would so state:

"It is my position that the RMR Group is in breach of the contract for not maintaining the required reporting systems, failing to provide the required refunds, and not complying with the required guidelines regarding client contact provided by my office – including contacting clients THROUGH my office period.

I had to leave California for 5 months to attend to my father during his cancer treatments in 2007. This set me back financially in a significant way. In fall 2007, I fell and splintered my wrist, requiring surgery and medical payments of more than \$35,000. The result of no marketing, slowing economy, and medical bills in 2007/2008 is that we lost our home to foreclosure in August 2008.

November 2008 (while I was trying to work out the systems with the RMR Group), my office was in the evacuation zone for the Yorba Linda fire storm (Nov. 15). We had to move very quickly – to an Anaheim office.

My husband, a patent agent and PhD Chemist, was laid off from Chevron in 2000. After several years trying to get another job, he enrolled in law school (2004) and graduated in 2009. He has yet to pass the Bar, and so except for the occasional patent client, he does not have a job.

I laid off all staff in August 2009 and then relocated my office in January 2010 because I could not afford the Anaheim office. I have no staff now. Business is extremely slow in the transactional law field – there is a very strong "self-help" industry that is adversely affecting what I do.

I am under a towering load of debt, somewhere in the neighborhood of \$430,000. I am trying to work out settlements and am considering bankruptcy in addition to dissolution of my corporation, Shippey Law PC."

FACTORS IN AGGRAVATION

Respondent's clients were harmed by the above described misconduct. Most, if not all of the loan modification clients who hired Respondent to assist them with their home loan modification did so because they were financially distressed. Thus, the loss of the use of the money they paid to Respondent for services that were not performed, causes harm to Respondent's clients.

AUTHORITIES SUPPORTING DISCIPLINE.

Standards

Standard 1.3 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."

Standard 2.4(b) provides that culpability of a member for failing to perform shall result in reproof or suspension depending upon the extent of the misconduct and the degree of harm to the client.

Standard 2.10 provides that any violation of the Business and Professions Code and the Rules of Professional Conduct not specified in these standards shall result in reproof or suspension according to the gravity of the offense or the harm, if any, to the victim.

The parties submit that the stipulated discipline in this matter complies with the Standards both specifically and with regard to the general purposes and goals of the disciplinary process.

Given the aggravating and mitigating circumstances present in this case, a six month suspension, along with the probationary conditions set forth herein, is consistent with the Standards.

Finally, the parties submit that given Respondent's recognition of wrongdoing, along with her conduct in attempting to rectify the harm, the stipulated discipline and probationary conditions in this matter are sufficient to assure that Respondent will conform his future conduct to ethical standards and, therefore, protect the public, courts and profession. This is consistent with Standard 1.3.

STATE BAR ETHICS AND CLIENT TRUST ACCOUNT SCHOOLS

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

FINANCIAL CONDITIONS, RESTITUTION.

Within two years from the effective date of discipline in this matter, respondent must make restitution to the clients listed below or the Client Security Fund if it has paid, in the principal amount next to each client's name plus interest at the rate of 10% per annum from the date each client paid Respondent, and furnish satisfactory evidence of restitution to the Office of Probation. Respondent shall include, in each quarterly report required herein, satisfactory evidence of all restitution payments made by him or her during that reporting period.

Rosalind de Salinas	\$1,900	interest from date:	2/10/09
Vilma Moline	\$3,144	interest from date:	11/10/08
Juan Manzano	\$6,000	interest from date:	11/27/08
Vernon Rodgers	\$1,700	interest from date:	12/23/08
Ismael R. Rojo	\$2,500	interest from date:	1/29/09
Audie Murphy	\$2,800	interest from date:	1/12/09
Joel Perez	\$3,295	interest from date:	12/10/08
Kevin Foor	\$2,000	interest from date:	6/27/05
Kevin Foor	\$3,925	interest from date:	9/05
Kevin & Beth House	\$2,000	interest from date:	5/7/07
Gabriel Durante	\$ 430	interest from date:	6/2/09

FINANCIAL CONDITIONS, RESTITUTION.

Respondent waives any objection to payment by the State Bar Client Security Fund upon a claim for the principal amount of restitution set forth herein.

(Do not write above this line.)

In the Matter of:
KARLA C. SHIPPEY, 113107

Case number(s):
09-O-13111, et al

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.

2-22-2011
Date


Respondent's Signature

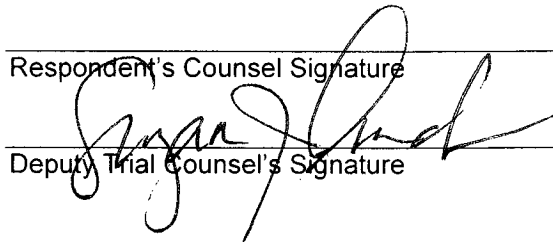
KARLA C. SHIPPEY
Print Name

Date

Respondent's Counsel Signature

Print Name

2/23/11
Date


Deputy Trial Counsel's Signature

SUZAN J. ANDERSON
Print Name

(Do not write above this line.)

In the Matter of:
KARLA C. SHIPPEY, 113107

Case Number(s):
09-O-13111, et al

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.
- ☐ All Hearing dates are vacated.

PAGE 2 - SECTION A. (8) - INSERT AFTER WORD "CYCLES" -
(2012, 2013)

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.)**

Date

03-09-11

Judge of the State Bar Court

RICHARD A. PLATEL

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 March 10, 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:

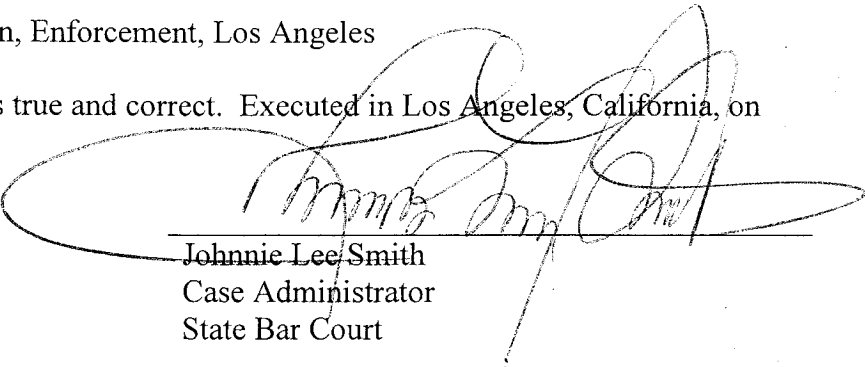
- ☒ by first-class mail, with postage thereon fully prepaid, through the United States Postal Service at Los Angeles, California, addressed as follows:

KARLA C. SHIPPEY
SHIPPEY LAW PC
1111 E COMMONWEALTH AVE STE B
FULLERTON, CA 92831

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

Suzan J. Anderson, Enforcement, Los Angeles

I hereby certify that the foregoing is true and correct. Executed in Los Angeles, California, on March 10, 2011.



Johnnie Lee Smith
Case Administrator
State Bar Court