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	Bar Court of Californ	nia
	Hearing Department Los Angeles ACTUAL SUSPENSION	UBLIC MATTER
Counsel For The State Bar	Case Number(s):	For Court use only
Larry DeSha Deputy Trial Counsel 1149 S. Hill Street Los Angeles, CA 90015 (213) 765-1336 Bar # 117910	09-O-14691-RAH 10-O-02697-RAH	FILED JUL 12 2011 STATE BAR COURT CLERK'S OFFICE LOS ANGELES
In Pro Per Respondent Earl Wayne Husted III P.O. Box 2070 Valley Center, CA 92082 (760) 749-5858		
	Submitted to: Settlement Judge	
Bar # 99019	STIPULATION RE FACTS, CONCLUSIONS OF LAW AND DISPOSITION AND ORDER APPROVING	
In the Matter of: EARL WAYNE HUSTED III	ACTUAL SUSPENSION	
	PREVIOUS STIPULATION REJECTED	
Bar # 99019	kwiktag * 018 040 943	
A Member of the State Bar of Galifornia (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 December 1, 1981.
- (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 11 pages, not including the order.

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- (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: three 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 02-O-10856-RAH
  - (b) Date prior discipline effective September 25, 2004
  - (c) Rules of Professional Conduct/ State Bar Act violations: Rules 3-110(A) and -100(A); Business and Professions Code sections 6068(i) and 6068(m),
  - (d) Degree of prior discipline Stayed suspension for 16 months
  - (e) If Respondent has two or more incidents of prior discipline, use space provided below.

State Bar Court Case # 08-O-12311-RAP

Date prior discipline effective: October 29, 2009

Rules of Professional Conduct / State Bar Act violations: Business and Professions Code sections 6068(k) and 6103

Degree of prior discipline: Actual suspension for 60 days

(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.
- (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.
- (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:

#### **D. Discipline:**

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(1) X Stayed Suspension:

- (a) Respondent must be suspended from the practice of law for a period of two (2) years.
  - 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) $\square$ **Probation**:

Respondent must be placed on probation for a period of three (3) 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) $\square$ Actual Suspension:

- (a) Respondent must be actually suspended from the practice of law in the State of California for a period of one (1) 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:

# 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: Respondent successfully completed Ethics School on February 23, 2011 in connection with prior discipline.
- (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:

<u>(Do n</u>	ot write	above this line.)				
		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)		<b>Rule 9.20, California Rules of Court:</b> Respondent must comply with the requirements of rule <b>9.20</b> , 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)		<b>Conditional Rule 9.20, California Rules of Court:</b> If Respondent remains actually suspended for 90 days or more, he/she must comply with the requirements of rule <b>9.20</b> , 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)		<b>Credit for Interim Suspension [conviction referral cases only]:</b> 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:				

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# ATTACHMENT TO

# STIPULATION RE FACTS, CONCLUSIONS OF LAW AND DISPOSITION

# IN THE MATTER OF: EARL WAYNE HUSTED III CASE NOS.: 09-O-14691-RAH; 10-O-02697-RAH

#### WAIVER OF VARIANCE:

The parties waive any variance between the Notice of Disciplinary Charges filed on March 11, 2011 and the facts and/or conclusions of law contained in this stipulation. Additionally, the parties waive the issuance of an amended Notice of Disciplinary Charges. The parties further waive the right to the filing of a Notice of Disciplinary Charges and to a formal hearing on any charge not included in the pending Notice of Disciplinary Charges.

#### FACTS FOR CASE NO. 09-O-14691-RAH:

1. On December 15, 2007, Howard Hanafin ("Howard") hired Respondent to mitigate or eliminate estate taxes which would otherwise be due upon his death. They agreed to a fixed fee of \$15,000, with \$7,000 paid immediately and \$8,000 to be paid upon the completion of the services. Howard paid the \$7,000 and instructed Respondent to make any future contacts with his son, Garry Hanafin.

2. Also on December 15, 2007, Garry Hanafin ("Garry") hired Respondent to obtain the probate court's instructions for two trusts created by his mother. Garry was a cotrustee for one of the trusts and a beneficiary of the other. They agreed to a fixed fee of \$6,000, with half paid immediately and the final amount of \$3,000 due on or before the hearing date for the petition. Garry paid the first \$3,000.

3. On December 21, 2007, Respondent filed a petition in probate court for instructions to the trustees of both trusts. The petition contained the instructions requested and had the attached written approvals of all trustees of both trusts. The probate court set a hearing for the petition for April 11, 2008. No interested parties filed any opposition to the petition.

4. On April 4, 2008, Garry sent Respondent the final payment of \$3,000.

5. On April 11, 2008, the probate court approved the petition for instructions, on condition that Respondent file the written consents from all eight remainder beneficiaries. In November 2008, Respondent obtained the last consent but did not submit the consents and an order for the court's signature until August 12, 2009, sixteen months after the court's conditional approval. The order was approved and filed on September 24, 2009.

6. In August 2008, Respondent requested the additional payment of \$8,000 for the tax mitigation matter, which Garry promptly paid. Respondent had then received the full payment of \$21,000 for both cases, but had not completed either of them.

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7. Respondent met with Garry on several occasions between August 2008 and March 2009. The tax mitigation matter was completed on March 25, 2009.

8. On June 3, 2009, Garry sent Respondent an e-mail requesting a status report on the trust instructions. On July 8, 2009, Garry sent Respondent a letter repeating the request for a status report. Respondent did not reply to either request until August 3, 2009.

9. Respondent sent Garry the probate court's instructions for the two trusts in late September 2009, completing the legal services for that case.

# CONCLUSIONS OF LAW FOR CASE NO. 09-O-14691-RAH:

10. Respondent failed to respond promptly to reasonable status inquiries made by Garry Hanafin on June 3, 2009 and July 8, 2009, and he thereby willfully violated section 6068(m) of the Business and Professions Code.

11. Respondent repeatedly or recklessly failed to perform legal services with competence by his failure to apply the diligence reasonably necessary for the completion of the trust instructions and the estate tax mitigation matters, and he thereby willfully violated rule 3-110(A) of the California Rules of Professional Conduct.

#### FACTS FOR CASE NO. 10-O-02697-RAH:

12. On September 29, 2009, the Supreme Court of California issued disciplinary order S175102, which imposed an actual suspension of Respondent for 60 days and until he paid disciplinary costs of \$11,107. The effective date of the suspension was October 29, 2009. Respondent did not pay the costs, and his actual suspension continued until March 9, 2010, when the State Bar Court granted him extra time to pay the costs.

13. During the week of January 25, 2010, while still suspended, Respondent met with a client and gave him legal advice concerning governance of a corporation for which the client was a director and major shareholder. Respondent agreed to represent the client at a telephonic board of directors meeting on February 3, 2010, for an agenda including the purchase of the client's shares of stock and changes of bylaws concerning the number of directors. Respondent did not inform the client of his actual suspension. (The client in this case is not identified because the client has not waived attorney/client privilege.)

14. On February 1, 2010, Respondent sent an e-mail to the corporation's attorney, identifying himself as the attorney for his client and stating his intention to participate in the telephonic board meeting. On February 2, 2010, the corporation's attorney informed Respondent's client that Respondent was an inactive member of the State Bar. That same day, the client asked for an explanation and Respondent stated that it was an oversight by the State Bar. Respondent made an inquiry to the State Bar that same day and was informed that he would remain suspended until his disciplinary costs were paid.

15. Respondent did no more work on the case, and he did not participate in the telephonic status conference on February 3, 2010. On February 10, 2010, Respondent filed a motion in State Bar Court for an extension of time to pay the disciplinary costs. On March 9, 2010, relief was granted and he was returned to active membership status.

16. On July 13, 2010, a State Bar investigator sent Respondent a letter requesting his written explanation to allegations that he had committed unauthorized practice of law while representing the client. The letter requested the written response no later than July 27, 2010. Respondent received the letter but did not reply.

17. On October 4, 2010, a State Bar investigator sent a second letter to Respondent, repeating the requests in the first letter, and requesting the written response no later than October 18, 2010. Respondent received the second letter but did not reply.

# CONCLUSIONS OF LAW FOR CASE NO. 10-O-02697-RAH:

18. Respondent engaged in the unauthorized practice of law in violation of section 6125 of the Business and Professions Code by (1) his meeting with the client, giving legal advice, and agreeing to represent the client in the corporate governance matter, during the week of January 25, 2010, and by (2) his sending the e-mail on February 1, 2010 in which he identified himself as the client's attorney and stated his intention to participate in the telephonic meeting of the board of directors On both occasions, Respondent held himself out as entitled to practice law, and he thereby violated section 6126 of the Business and Professions Code. His violations of sections 6125 and 6126 were failures to support the laws of the State of California, and he thereby willfully violated section 6068(a) of the Business and Professions Code.

19. Respondent failed to cooperate and participate in a disciplinary investigation when he failed to respond to the State Bar's letters of July 13, 2010 and October 4, 2010, and he thereby willfully violated section 6068(i) of the Business and Professions Code.

#### **DISMISSALS:**

The State Bar respectfully requests the Court to dismiss Count Three in case no. 09-O-14691-RAH, which alleges a violation of rule 3-700(D)(1) of the Rules of Professional Conduct, and further requests dismissal of Count Five in case no. 10-O-02697-RAH, which alleges a violation of section 6106 of the Business and Professions Code. These dismissals are requested in the interests of justice.

#### **SUPPORTING AUTHORITY:**

#### Standards

Standard 1.7(a) requires that a second imposition of discipline shall be of greater degree than the first, with exceptions not applicable here.

Standard 1.7(b) requires disbarment for a third imposition of discipline unless the most compelling mitigating circumstances clearly predominate.

Standard 2.4(b) requires a reproval or suspension for willfully failing to perform services in an individual matter not demonstrating a pattern of misconduct, or for wilfully failing to communicate with a client, depending upon the extent of the misconduct and the degree of harm to the client.

The standards are not binding upon the court and should not be followed in a talismanic fashion. See discussion in *In re Silverton* (2005) 36 Cal.4th. 81, 91-92.

# Case Law

In *In the Matter of Layton* (Review Dept. 1993) 2 Cal. State Bar Ct. Rptr. 366, attorney Layton was the executor and attorney for executor of a decedent's estate. After the death of the testator, Layton moved without any appreciable delay and had the estate ready to settle within five months. He then delayed for one year in distributing the personal property, and then delayed another four years in selling the real property, distributing the proceeds, and closing the estate.

The Review Department found Layton culpable of one count of failing to perform legal services with competence, by his delay of five years to perform legal services which should have been completed in one year, and by his failure to keep the beneficiaries properly informed.

There were no mitigating factors and there were three aggravating factors. There was prior discipline of an actual suspension of 30 days for failure to perform in a probate case, for which Layton was removed as executor and attorney for executor. There was significant harm to the 12 beneficiaries, who had to wait an extra four years to get their inheritance, and there was indifference toward rectification and atonement.

The Review Department recommended an actual suspension of six months. The most significant factor in increasing the discipline beyond 60 days was the fact that both disciplines were for very similar cases. Layton exhibited "a disturbing lack of insight into the misconduct which in turn causes concern that he will repeat his misdeeds." *Id.*, at 380.

Respondent here has a similar "disturbing lack of insight" due to the similarity of failure to perform legal services in his first and third episodes of misconduct. An increase of the actual suspension to one year is warranted here because this is Respondent's third imposition of discipline, following a stayed suspension for 16 months and an actual suspension for 60 days.

#### **PENDING PROCEEDINGS:**

The disclosure date referred to on page 2, paragraph A.(7), was June 24, 2011.

#### COSTS:

Respondent acknowledges that the Office of the Chief Trial Counsel has informed Respondent that as of June 24, 2011, the costs in this matter are \$4,161.00. 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.

0-14691-RAH; 10-O-02697-RAH
,
OF THE PARTIES
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June <b>28</b> , 2011		Earl Wayne Husted III
Date	Respondent's Signature	Print Name
Date July	Respondent's Counsel Signature	Print Name
June , 2011 Date	Deputy Tria/Counsel's Signature	Larry DeSha Print Name

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In the Matter of:

Case Number(s):

EARL WAYNE HUSTED III

09-O-14691-RAH; 10-O-02697-RAH

# 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:



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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.)

07-12-11

Date

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 July 12, 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:

EARL WAYNE HUSTED, III ESQ PO BOX 2070 VALLEY CENTER, CA 92082

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

Larry DeSha, Enforcement, Los Angeles

I hereby certify that the foregoing is true and correct. Executed in Los Angeles, California, on July 12, 2011.

Julieta E. Gonzales

Julieta E. Gonzales Case Administrator State Bar Court