

State Bar Court of California
Hearing Department
Los Angeles



Counsel For The State Bar Larry DeSha Deputy Trial Counsel 1149 S. Hill Street Los Angeles, CA 90015 (213) 765-1336 Bar # 117910	Case Number (s) 09-O-17012-RAP 09-O-17600-RAP 10-O-02351-RAP	(for Court's use) FILED DEC 21 2010 STATE BAR COURT CLERK'S OFFICE LOS ANGELES
In Pro Per Respondent Michael L. Goolsby 3 Park Plaza; Ste. 1650 Irvine, CA 02614-8540 (949) 221-0490 Bar # 159660	PUBLIC MATTER	
In the Matter Of: MICHAEL L. GOOLSBY Bar # 159660 A Member of the State Bar of California (Respondent)		
Submitted to: Settlement Judge STIPULATION RE FACTS, CONCLUSIONS OF LAW AND DISPOSITION AND ORDER APPROVING ACTUAL SUSPENSION <input type="checkbox"/> PREVIOUS STIPULATION REJECTED		

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 4, 1992.
- (2) The parties agree to be bound by the factual stipulations contained herein even if conclusions of law or disposition are rejected or changed by the Supreme Court.
- (3) All investigations or proceedings listed by case number in the caption of this stipulation are entirely resolved by this stipulation and are deemed consolidated. Dismissed charge(s)/count(s) are listed under "Dismissals." The stipulation consists of 15 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 284, Rules of Procedure.
 - ☒ costs 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.
See Stipulation Attachment, page 14, for grounds for extension of time.
(hardship, special circumstances or other good cause per rule 284, Rules of Procedure)
 - ☐ costs waived in part as set forth in a separate attachment entitled "Partial Waiver of Costs"
 - ☐ costs entirely waived

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

- (1) ☐ **Prior record of discipline** [see standard 1.2(f)]
- (a) ☐ State Bar Court case # of prior case
 - (b) ☐ Date prior discipline effective
 - (c) ☐ Rules of Professional Conduct/ State Bar Act violations:
 - (d) ☐ Degree of prior discipline
 - (e) ☐ If Respondent has two or more incidents of prior discipline, use space provided below.
- (2) ☐ **Dishonesty:** Respondent's misconduct was surrounded by or followed by bad faith, dishonesty, concealment, overreaching or other violations of the State Bar Act or Rules of Professional Conduct.
- (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

Although the misconduct herein is serious, Respondent has had no prior record of discipline since being admitted to the practice of law on August 4, 1992.

D. Discipline:

(1) ☒ **Stayed Suspension:**

(a) ☒ Respondent must be suspended from the practice of law 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:

(b) ☒ The above-referenced suspension is stayed.

(2) ☒ **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) ☒ **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 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 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 321(a)(1) & (c), 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

A. Duty to Notify Individuals of Right to Mandatory Fee Arbitration

Within thirty (30) days after the effective date of discipline, respondent agrees to send a letter by certified mail, return receipt requested, to Frank Johnson ("Johnson") and agrees to therein offer to initiate, pay any costs and fees associated with the fee arbitration, and participate in binding fee arbitration with Johnson, upon the request of Johnson, regarding fees respondent received for representation of Johnson, unless respondent has previously sent such a written offer to Johnson. The letter shall include the address and phone number of the Office of Probation along with a statement that the Office of Probation will be monitoring his fee arbitration conditions and may be contacted by the individual.

B. Upon Individual's Consent to Mandatory Fee Arbitration, Duty to Initiate Fee Arbitration

Within forty (40) days after the effective date of discipline, respondent agrees to provide the Office of Probation with a copy of the letter offering to initiate and participate in fee arbitration with Frank Johnson ("Johnson") set forth above, along with a copy of the return receipt from the U.S. Postal Service, or other proof of mailing.

Respondent agrees to advise the Office of Probation, in writing, of any request to participate in fee arbitration made by any individual set forth above within fifteen (15) days after any such request or within sixty (60) days after the effective date of his discipline, whichever is later. Respondent agrees to provide the Office of Probation with any information requested to verify Respondent's compliance.

Respondent agrees to initiate fee arbitration within fourteen (14) days of any request, including making any payment required by the organization conducting the fee arbitration. Respondent agrees to fully and promptly participate in the fee arbitration as directed by the organization conducting the fee arbitration. Respondent will not be permitted to raise the statute of limitations as a defense to the fee arbitration with respect to any of the above individuals.

Respondent further agrees to accept binding arbitration on the arbitration request form. If the arbitration proceeds as non-binding, however, Respondent hereby agrees to abide by the arbitration award and foregoes the right to file an action seeking a trial de novo in court to vacate the award.

C. Duty to Comply with the Arbitration Award

Within thirty (30) days after issuance of any arbitration award or judgment or agreement reflected in a stipulated award issued pursuant to a fee arbitration matter, or within sixty (60) days after the effective date of discipline, whichever is later, Respondent agrees to provide a copy of said award, judgment or stipulated award to the Office of Probation.

Respondent agrees to abide by any award, judgment or stipulated award of any such fee arbitrator and agrees to provide proof thereof to the Office of Probation within thirty (30) days after compliance with any such award, judgment or stipulated award. If the award, judgment or stipulated award does not set forth a deadline for any payment, Respondent is to make full payment within thirty (30) days of the issuance of any such award, judgment or stipulated award.

To the extent that respondent has paid any fee arbitration award, judgment or stipulated award prior to the effective date of the Supreme Court's final disciplinary order in this proceeding, respondent will be given credit for such payment(s) provided satisfactory proof of such payment(s) is or has been shown to the Office of Probation.

D. Obligation to Pay Restitution to the Client Security Fund.

If the State Bar Client Security Fund has reimbursed Frank Johnson for all or any portion of any award, judgment or stipulated award pursuant to fee arbitration, respondent agrees to pay restitution to the Client Security Fund of the amount paid, plus applicable interest and costs, in accordance with Business and Professions Code section 6140.5. To the extent the Client Security Fund has paid only principal amounts, respondent will still be liable for interest payments to Frank Johnson. Any restitution to the Client Security Fund is enforceable as provided in Business and Professions Code section 6140.5, subdivision (c) and (d).

E. Waiver of Objections

If the fee arbitration proceeding results in an award to Frank Johnson, Respondent waives any objections related to the Office of the Chief Trial Counsel, Client Security Fund or State Bar Court notification to Johnson regarding assistance in obtaining restitution or payment from the Client Security Fund or from Respondent, at any time after the effective date of Respondent's discipline.

F. Effect of Failure to Comply with Fee Arbitration Conditions

Respondent understands that failure to strictly comply with these conditions regarding fee arbitration may constitute a violation of his probation. Respondent understands that failure to strictly comply with these conditions regarding fee arbitration may result in this Court ordering Respondent to pay back the full amount of attorneys' fees paid to Respondent by Frank Johnson plus 10% interest from the date Respondent received the fees.

In the Matter of

Case number(s):

MICHAEL L. GOOLSBY

09-O-17012-RAP; 09-O-17600-RAP; 10-O-02351

A Member of the State Bar

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
Cherish Keddington	\$2,745.00	April 22, 2009
Susan Hughes	\$8,985.00	May 28, 2009

- ☐ Respondent must pay above-referenced restitution and provide satisfactory proof of payment to the Office of Probation not later than

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
Cherish Keddington	\$1,000.00	Each calendar quarter or partial calendar quarter that probation is in effect.
Susan Hughes	\$1,000.00	Each calendar quarter or partial calendar quarter that probation is in effect.

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:

(Financial Conditions form approved by SBC Executive Committee 10/16/2000. Revised 12/16/2004; 12/13/2006.)

- a. 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.

ATTACHMENT TO
STIPULATION RE FACTS, CONCLUSIONS OF LAW AND DISPOSITION

IN THE MATTER OF: MICHAEL L. GOOLSBY
CASE NOS.: 09-O-17012-RAP; 09-O-17600-RAP; 10-O-02351-RAP

WAIVER OF VARIANCE:

The parties waive any variance between the Notice of Disciplinary Charges filed on June 9, 2010 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-17012-RAP:

1. On April 22, 2009, Michael and Cherish Keddington ("the Keddingtons") hired Respondent to represent them in "a negotiating and counseling capacity" to attempt to obtain modifications to the first and second mortgage loans on their home in Utah. They signed a document entitled "Attorney-Client Fee Contract" for those loan modification services, and they paid Respondent the agreed fixed fee of \$2,745.00.
2. Respondent has never been licensed to practice law in the state of Utah.
3. Rule 14-802(a) of the Utah Supreme Court Rules of Professional Practice allows the practice of law in Utah only by "persons who are active, licensed members of the [Utah] Bar in good standing." The practice of law under the rule includes "negotiating legal rights and responsibilities on behalf of another person."
4. In May 2009, Respondent or his agents provided the Keddingtons with legal advice which included (1) instructions to Cherish Keddington to sign her last name on all documents as "Chamberlain", which was the name used in the loan documents and deed, (2) instructions on how to compose a hardship letter, including instruction to write it by hand, and (3) instructions on filling out a financial statement, with an example to follow. The Keddingtons followed the advice given to them by Respondent or his agents.
5. In May 2009, Respondent submitted loan modification packages to the two lenders, with requests for modification of the two loans based upon the submitted financial information. The lender for the first mortgage denied modification on grounds of insufficient financial documentation. The lender for the second mortgage offered a modification which the Keddingtons did not accept.
6. On February 5, 2010, Cherish Keddington sent Respondent a letter demanding a refund of all unearned fees. Respondent did not reply, and he has never refunded anything.

CONCLUSIONS OF LAW FOR CASE NO. 09-O-17012-RAP:

7. The loan modification advice provided to the Keddingtons and the submission of the two loan modification packages to the two lenders constituted the unauthorized practice of law in Utah, in violation of rule 14-802 of the Utah Supreme Court Rules of Professional Practice.
8. Respondent engaged in the unauthorized practice of law in the State of Utah, in violation of Utah's rule 14-802, and thereby willfully violated rule 1-300(B) of the California Rules of Professional Conduct.
9. Respondent entered into an agreement for, charged, and collected an illegal fee of \$2,745.00 for services which constituted the unauthorized practice of law in Utah, in willful violation of rule 4-200(A) of the California Rules of Professional Conduct.

FACTS FOR CASE NO. 09-O-17600-RAP:

10. On March 31, 2009, Robert and Susan Hughes ("the Hugheses") hired Respondent to represent them in "a negotiating and counseling capacity" to attempt to obtain modifications to the first mortgage loans on three real estate parcels they owned in Hawaii. The properties were their home and two rental properties. The Hugheses signed three separate documents entitled "Attorney-Client Fee Contract" for the three loan modification services, each of which stated a fixed fee of \$2,995.00, for a total fee of \$8,985.00 for the three loans. The Hugheses paid Respondent \$4,492.50 on April 3, 2009 and paid him another \$4,485.00 on May 28, 2009, for total payments of \$8,977.50.
11. Respondent has never been licensed to practice law in the state of Hawaii.
12. Rule 5.5 of the Hawaii Rules of Professional Conduct prohibits the practice of law in Hawaii by persons who are not members of the Hawaii bar. The practice of law under the rule includes "the giving of advice, the preparation of any document or the rendition of any service to a third party affecting the legal rights ... of such party, where such advice, drafting, or rendition of service requires the use of any degree of legal knowledge, skill, or advocacy."
13. In July 2009, Respondent or his agents provided the Hugheses with legal advice which included (1) instructions on how to compose a hardship letter, including instruction to write it by hand, and (2) instructions on filling out a financial statement, with an example to follow. The Hugheses followed the advice given to them by Respondent or his agents.
14. In July and August 2009, Respondent submitted loan modification packages to the three lenders, with requests for modification of each loan based upon the submitted financial information, and consistently interacted with the lenders and the Hugheses during the process with the lenders.
15. On January 21, 2010, Susan Hughes sent Respondent a letter demanding a refund of \$8,985.00. Respondent did not reply, and he has never refunded anything.

CONCLUSIONS OF LAW FOR CASE NO. 09-O-17600-RAP:

16. The loan modification advice provided to the Hugheses and the submission of the loan modification packages to the three lenders constituted the unauthorized practice of law in Hawaii, in violation of rule 5.5 of the Hawaii Rules of Professional Conduct.
17. Respondent engaged in the unauthorized practice of law in the State of Hawaii, in violation of rule 5.5 of the Hawaii Rules of Professional Conduct, and thereby willfully violated rule 1-300(B) of the California Rules of Professional Conduct.
18. Respondent entered into an agreement for, charged, and collected an illegal fee of \$8,977.50 for services which constituted the unauthorized practice of law in Hawaii, in willful violation of rule 4-200(A) of the California Rules of Professional Conduct.

FACTS FOR CASE NO. 10-O-02351: (UNFILED MATTER)

19. On May 1, 2009, Frank Johnson ("Johnson"), a California resident, received a telephone call from an employee of Modification Services Inc. ("MSI"), who offered to provide loan modification services to Johnson for the first trust deed on Johnson's home. Johnson agreed to hire MSI for that purpose, but then was informed that the actual contract would be with Respondent. The telephone solicitation from MSI was unsolicited, and Johnson had no prior professional or family relationship with Respondent. Respondent had agreed to accept employment from those clients solicited by MSI.
20. Acting on instructions from MSI, Johnson wired \$2,000.00 to Respondent's general account on May 4, 2009 and wired an additional \$1,500.00 on June 4, 2009. After receiving the full \$3,500.00, Respondent sent Johnson a document entitled "Attorney-Client Fee Contract" for loan modification services, which Johnson signed and returned on June 9, 2009. The contract stated that Respondent would "represent Client in a negotiating and counseling capacity only with regard to a potential residential loan modification for Client's real property," but the contract had no entries on the lines provided for name of client, location of property, and the amount of the fee.
21. On November 23, 2009, Johnson sent a letter to MSI demanding a full refund of his \$3,500.00. Respondent agreed to a business model with MSI, and due to his failure to supervise he was not aware of the request. Neither MSI nor Respondent responded to Johnson's letter. Respondent did not refund any of the money, and he did not provide Johnson with an accounting.

CONCLUSIONS OF LAW FOR CASE NO. 10-O-02351: (UNFILED MATTER)

22. By authorizing telephone solicitation of prospective clients for professional employment, where he had no prior family or professional relationship with those prospective clients, Respondent willfully violated rule 1-400(C) of the California Rules of Professional Conduct.

23. By failing to respond to Johnson's request for a refund and failing to provide Johnson with an accounting, Respondent willfully failed to render an appropriate account to Johnson regarding Johnson's funds, in violation of rule 4-100(B)(3) of the California Rules of Professional Conduct.

DISMISSALS:

The State Bar respectfully requests the Court to dismiss the following alleged violations in the interests of justice:

<u>Case No.</u>	<u>Count</u>	<u>Alleged Violation</u>
09-O-17012-RAP	Three	Rule 4-100(B)(4)
09-O-17600-RAP	Six	Rule 4-100(B)(4)

SUPPORTING AUTHORITY:

Standard 2.6(d) requires that the discipline imposed for the unauthorized practice of law in California under section 6068(k) of the Business and Professions Code shall be "disbarment or suspension depending upon the gravity of the offense or harm, if any, to the victim, with due regard to the purpose of imposing discipline."

Standard 2.10(a) requires that the discipline imposed for a violation of any provision of the Business and Professions Code not specified elsewhere in the standards or a violation of any Rule of Professional Conduct not specified in the standards shall result in reproof or suspension according to the gravity of the offense or the harm, if any, to the victim, with due regard to the purposes of imposing discipline.

PENDING PROCEEDINGS:

The disclosure date referred to on page 2, paragraph A.(7), was December 2, 2010.

COSTS:

Respondent acknowledges that the Office of the Chief Trial Counsel has informed Respondent that as of December 1, 2010, the costs in this matter are \$4,892.00. 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.

Respondent has been given three membership fee billing cycles to pay the costs because he will be making restitution of \$11,730.00 plus interest to two clients during the two years of probation.

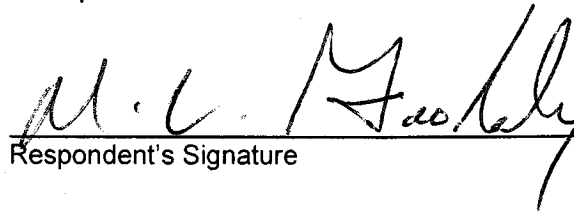
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In the Matter of MICHAEL L. GOOLSBY	Case number(s): 09-O-17012-RAP; 09-O-17600-RAP; 10-O-02351
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SIGNATURE OF THE PARTIES

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

December 3, 2010
Date


Respondent's Signature

Michael L. Goolsby
Print Name

Date

Respondent's Counsel Signature

Print Name

December 3, 2010
Date


Deputy Trial Counsel's Signature

Larry DeSha
Print Name

(Do not write above this line.)

In the Matter Of MICHAEL L. GOOLSBY	Case Number(s): 09-O-17012-RAP; 09-O-17600-RAP; 10-O-02351-RAP
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ORDER

Finding the stipulation to be fair to the parties and that it adequately protects the public, IT IS ORDERED that the requested dismissal of counts/charges, if any, is GRANTED without prejudice, and:

- ☒ The stipulated facts and disposition are APPROVED and the DISCIPLINE RECOMMENDED to the Supreme Court.
- ☐ The stipulated facts and disposition are APPROVED AS MODIFIED as set forth below, and the DISCIPLINE IS RECOMMENDED to the Supreme Court.
- ☒ All Hearing dates are vacated.

The parties are bound by the stipulation as approved unless: 1) a motion to withdraw or modify the stipulation, filed within 15 days after service of this order, is granted; or 2) this court modifies or further modifies the approved stipulation. (See rule 135(b), Rules of Procedure.) **The effective date of this disposition is the effective date of the Supreme Court order herein, normally 30 days after file date. (See rule 9.18(a), California Rules of Court.)**

12-3-10

Date



Judge of the State Bar Court

CERTIFICATE OF SERVICE

[Rule 62(b), Rules Proc.; Code Civ. Proc., § 1013a(4)]

I am a Case Administrator of the State Bar Court of California. I am over the age of eighteen and not a party to the within proceeding. Pursuant to standard court practice, in the City and County of Los Angeles, on December 21, 2010, 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:

MICHAEL L GOOLSBY
LANZA & GOOLSBY
3 PARK PLZ #1650
IRVINE CA 92614

☐ 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:

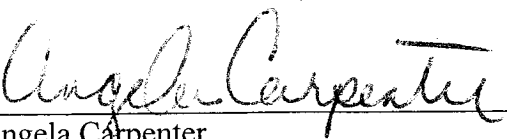
☐ by fax transmission, at fax number . No error was reported by the fax machine that I used.

☐ 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:

LARRY DESHA, Enforcement, Los Angeles

I hereby certify that the foregoing is true and correct. Executed in Los Angeles, California, on December 21, 2010.


Angela Carpenter
Case Administrator
State Bar Court