State Bar Court of California **Hearing Department** PURLICHATUR Los Angeles **ACTUAL SUSPENSION** For Court use only Counsel For The State Bar Case Number(s): 10-O-05513 AGUSTIN HERNANDEZ Deputy Trial Counsel 1149 South Hill Street Los Angeles, CA 90015-2299 (213) 765-1713 MAY 1 1 2011 STATE BAR COURT Bar # 161625 CLERK'S OFFICE LOS ANGELES Counsel For Respondent ELLEN A. PANSKY 1010 Sycamore Ave., Suite 308 South Pasadena, CA 91030 (213) 626-7300 Submitted to: Assigned Judge STIPULATION RE FACTS, CONCLUSIONS OF LAW AND Bar # 77688 DISPOSITION AND ORDER APPROVING In the Matter of: GARY MICHAEL WALTERS **ACTUAL SUSPENSION**

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.

PREVIOUS STIPULATION REJECTED

A. Parties' Acknowledgments:

A Member of the State Bar of California

- (1) Respondent is a member of the State Bar of California, admitted June 14, 1988.
- (2) The parties agree to be bound by the factual stipulations contained herein even if conclusions of law or disposition are rejected or changed by the Supreme Court.
- (3) All investigations or proceedings listed by case number in the caption of this stipulation are entirely resolved by this stipulation and are deemed consolidated. Dismissed charge(s)/count(s) are listed under "Dismissals." The stipulation consists of 12 pages, not including the order.
- (4) A statement of acts or omissions acknowledged by Respondent as cause or causes for discipline is included under "Facts."

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Bar # 134769

(Respondent)

(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)				of Disciplinary Costs—Respondent acknowledges the provisions of Bus. & Prof. Code §§6086.10 & 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: (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. 						
В.	Pro	igra ofes e red	sic	ing Circumstances [for definition, see Standards for Attorney Sanctions for onal Misconduct, standard 1.2(b)]. Facts supporting aggravating circumstances red.			
1)		⊠ F	Prio	record of discipline [see standard 1.2(f)]			
	(8	a)	\boxtimes	State Bar Court case # of prior case 03-O-04643; 04-O-10086; 04-O-11972			
	(t	b)	\boxtimes	Date prior discipline effective January 2, 2005.			
	(0	c)	\boxtimes	Rules of Professional Conduct/ State Bar Act violations: Rule 4-100(A), Rules of Professional Conduct; Business and Professions Code §6068(a), 6125 and 6126(b).			
	(0	d) (\boxtimes	Degree of prior discipline One year stayed suspension, no actual suspension, and two years of probation.			
	(€	e) [\boxtimes	If Respondent has two or more incidents of prior discipline, use space provided below.			
				 (a) State Bar Court Case No. 06-PM-10722 (b) Discipline effective July 19, 2006. (c) Respondent's probation imposed in Case Nos. 03-O-04643; 04-O-10086; 04-O-11972 was revoked pursuant to Business and Professions Code § 6093 subds. (b) and (c), and (former) Rules of Procedure rule 560, et seq., for failing to comply with the terms and conditions of probation. (d) Respondent was actually suspended for one year which is the full period of stayed suspension in Case Nos. 03-O-04643; 04-O-10086; 04-O-11972. 			
2)				onesty: Respondent's misconduct was surrounded by or followed by bad faith, dishonesty, ealment, overreaching or other violations of the State Bar Act or Rules of Professional Conduct.			

(Do r	ot writ	e above this line.)				
(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.				
Add	itiona	al aggravating circumstances:				
		ating Circumstances [see standard 1.2(e)]. Facts supporting mitigating imstances 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)	\boxtimes	No Harm: Respondent did not harm the client or person who was the object of the misconduct. The funds at issue were entirely Respondent's personal funds. There were no client funds involved and there was no harm to any client. (See page 9.)				
(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.				

(Do no	ot writ	e abov	e this line.)					
(9)		whic	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)			d Character: Respondent's good character is attested to by a wide range of references in the legal general communities who are aware of the full extent of his/her misconduct.					
(12)			abilitation: Considerable time has passed since the acts of professional misconduct occurred wed by convincing proof of subsequent rehabilitation.					
(13)		No r	nitigating circumstances are involved.					
Addi	tion	al mit	gating circumstances:					
	R	espo	ndent cooperated in these proceedings by entering into this stipulation.					
D. D	isci	iplin	•: •:					
(1)	⊠ St		Stayed Suspension:					
	(a)	\boxtimes	Respondent must be suspended from the practice of law for a period of two years.					
		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)	\boxtimes	The above-referenced suspension is stayed.					
(2)	\boxtimes	Probation:						
	Respondent must be placed on probation for a period of three years, which will commence upon the effect date of the Supreme Court order in this matter. (See rule 9.18, California Rules of Court)							
(3)	Actual Suspension:							
	(a)	\boxtimes	Respondent must be actually suspended from the practice of law in the State of California for a period of eighteen (18) 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:					

F	Addition	al Condition	s of Probation:
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(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 Misconductions.					
(2)	\boxtimes	During the probation period, Respondent must comply with the provisions of the State Bar Act and Rules 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					
(5)		promptly meet with the probation deputy as directed and upon request. 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.					
					ining the same information, is due no earlier than robation 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)	\boxtimes	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. Reaso	n:			
(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)	\boxtimes	The f	ollowing conditions are attached hereto a	nd inco	rporated:		
			Substance Abuse Conditions		Law Office Management Conditions		
			Medical Conditions	\boxtimes	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)	\boxtimes	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:
/// ///		

Attachment language (if any):

WAIVER OF VARIANCE BETWEEN NOTICE OF DISCIPLINARY CHARGES AND STIPULATED FACTS AND CONCLUSIONS OF LAW

The parties waive any variance between the Notice of Disciplinary Charges filed on January 21, 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.

ATTACHMENT TO STIPULATION RE FACTS, CONCLUSIONS OF LAW AND DISPOSITION

IN THE MATTER OF:

GARY MICHAEL WALTERS

CASE NUMBER:

10-O-05513

FACTS AND CONCLUSIONS OF LAW.

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

Case No. 10-O-05513 (Complainant: State Bar Investigation)

FACTS:

- 1. At all relevant times herein, Respondent maintained a client trust account at Union Bank, account no. xxxxxx7001 (hereinafter "CTA").
- 2. Between July 9, 2009 and October 25, 2009, Respondent issued checks drawn upon his CTA to pay for his personal and business expenses as follows:

Check No.:	Date Issued:	Amount:	Payee:
1524	07/09/09	\$10,000	Gary Walters
1525	08/11/09	\$2,000	Cash
1535	10/04/09	\$9,970	Bold Films
1512	10/25/09	\$1,000	Tyler Shields

- 3. These checks were drawn entirely upon Respondent's personal funds that he improperly maintained in his CTA.
- 4. On June 4, 2010, the State Bar opened an investigation regarding this matter (hereinafter "CTA matter").

- 5. On July 16, 2010, and August 31, 2010, a State Bar Investigator sent letters to Respondent regarding the CTA matter. The State Bar Investigator's letters requested that Respondent respond in writing to specified allegations of misconduct being investigated by the State Bar in the CTA matter. Respondent received the letters.
- 6. At no time did Respondent provide a written response to the allegations of misconduct in the CTA matter.

CONCLUSIONS OF LAW:

- 7. By maintaining personal funds in his CTA and issuing checks from his CTA to pay for his personal and business expenses, Respondent misused his CTA, in wilful violation of rule 4-100(A), Rules of Professional Conduct.
- 8. By not providing a written response to the investigator's letters regarding the allegations in the CTA matter or otherwise cooperate in the investigation of the CTA matter, Respondent failed to cooperate in a disciplinary investigation in wilful violation of Business and Professions Code, section 6068(i).

PENDING PROCEEDINGS.

The disclosure date referred to, on page 2, paragraph A(7), was April 15, 2011.

AUTHORITIES SUPPORTING DISCIPLINE.

Standards

Standard 1.3, Title IV, Standards for Attorney Sanctions for Professional Misconduct, provides that the primary purposes of the disciplinary system are: "the protection of the public, the courts and the legal profession; the maintenance of high professional standards by attorneys and the preservation of public confidence in the legal profession."

Standard 1.7(a) provides that if a member has a prior imposition of discipline, "the degree of discipline imposed in the current proceeding shall be greater than that imposed in the prior proceeding unless the prior discipline imposed was so remote in time to the current proceeding and the offense for which it was imposed was so minimal in severity that imposing greater discipline in the current proceeding would be manifestly unjust."

Standard 1.7(b) provides that "[i]f a member is found culpable of professional misconduct in any proceeding in which discipline may be imposed and the member has a record of two prior impositions of discipline as defined by Standard 1.2(f), the degree of discipline in the current proceeding shall be disbarment unless the most compelling mitigating circumstances clearly predominate."

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

Standard 2.6(a) provides that Respondent's violation of Business and Professions Code, section 6068(i) shall result in suspension or disbarment "depending on the gravity of the offense or the harm, if any, to the victim, with due regard to the purposes of imposing discipline set forth in standard 1.3."

Case Law

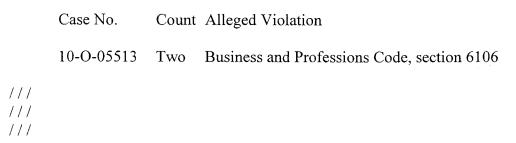
The Supreme Court has emphasized the importance of the standards and has held that great weight should be given to the application of the standards in determining the appropriate level of discipline. (In re Silverton (2005) 36 Cal. 4th 81.) The standards must be followed unless there is a compelling reason justifying a deviation from the standards. (In the Matter of Bouyer (Review Dept. 1991) 1 Cal. State Bar Ct. Rptr. 404.) The Supreme Court has held that unless it has "grave doubts as to the propriety of the recommended discipline," it will uphold the application of the standards. In re Silverton, supra, 36 Cal. 4th at p. 91-92.

Case law supports an actual suspension of at least three months as provided for in standard 2.2(b) for misusing a client trust account. (In the Matter of Doran (Review Dept. 1998) 3 Cal. State Bar Ct. Rptr. 871; In the Matter of Koehler (Review Dept. 1991) 1 Cal. State Bar Ctr. Rptr. 615.)

In this case, Respondent's two prior impositions of discipline are a significant factor in aggravation. Although standard 1.7(b) provides for disbarment when an attorney has two prior impositions of discipline, in this matter, disbarment is not necessary to for the protection of the public. Respondent is entitled to mitigation as discussed above on pages 3 and 4. The funds at issue were entirely Respondent's personal funds. There were no client funds involved and there was no harm to any client. Nonetheless, substantial discipline is still warranted. A two year stayed suspension with eighteen (18) months of actual suspension and three years of probation are sufficient to protect the public, the courts and the legal profession.

DISMISSALS.

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



<u>(Dc</u>	o not write above this line.)				
1	n the Matter of: GARY MICHAEL WALTERS		Case Number(s): 10-O-05513		
Fi	nancial Conditions				
a.	Restitution				
	Respondent must pay restitution payee(s) listed below. If the Coor any portion of the principal amount(s) paid, plus applicable	lient Security Fund ("amount(s) listed below	CSF") has i	reimbursed one or more of t	he payee(s) for all
	Payee	Principal Amount		Interest Accrues From	
b.	Respondent must pay above-r Probation not later than Installment Restitution Payment Respondent must pay the above must provide satisfactory proof as otherwise directed by the Oprobation (or period of reprovathe payment of restitution, inclusive Payee/CSF (as applicable)	s ve-referenced restitut f of payment to the Of ffice of Probation. No I), Respondent must	ion on the p ffice of Prot o later than make any r	payment schedule set forth loation with each quarterly pr 30 days prior to the expirati	pelow. Respondent obation report, or on of the period of
c.	☐ If Respondent fails to pay any the remaining balance is due a			or as may be modified by th	e State Bar Court,
	public accountant or of a. Respondent has m California, at a bra	ust file with each requither financial professionaintained a bank acc	ired report onal approv count in a ba e State of C	g the period covered by a re a certificate from Responde yed by the Office of Probation ank authorized to do busine california, and that such acco	nt and/or a certified on, certifying that: ss in the State of

- 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.

In the Matter of:

GARY MICHAEL WALTERS

Case number(s):
10-O-05513

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.

Date Respondent's Signature

Respondent's Dounsel Signature

Deputy Trial Counsel's Signature

GARY M. WALTERS

Print Name

ELLEN A. PANSKY

Print Name

AGUSTIN HERNANDEZ

Print Name

RICHARD A. PLATEL

Judge of the State Bar Court

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Date

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 May 11, 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:

ELLEN ANNE PANSKY PANSKY MARKLE HAM LLP 1010 SYCAMORE AVE UNIT 308 SOUTH PASADENA, CA 91030

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

Agustin Hernandez, Enforcement, Los Angeles

I hereby certify that the foregoing is true and correct. Executed in May 11, 2011.

Executed in the Angeles

California, on

Johnnie Lee Smith. Case Administrator

State Bar Court