JUNE 29, 2010

STATE BAR COURT OF CALIFORNIA

HEARING DEPARTMENT – LOS ANGELES

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In the Matter of	
RICHARD ROGER HURLEY,	
Member No. 183440,	
A Member of the State Bar.	

Case No. 10-V-03643-RAP

(1) Decision Granting Petition For Relief From Actual Suspension; and

(2) Order Granting Extension Of Time To Pay Disciplinary Costs in S150594 and S153608

I. <u>INTRODUCTION</u>

The issue in this matter is whether **RICHARD ROGER HURLEY** (petitioner) has demonstrated, to the satisfaction of this court, his rehabilitation, present fitness to practice, and present learning and ability in the general law so that he may be relieved from his actual suspension from the practice of law. (Rules Proc. of State Bar, tit. IV, Stds. for Atty. Sanctions for Prof. Misconduct, std. $1.4(c)(ii).)^1$

For the reasons set forth in this decision, the court finds that petitioner has shown by a preponderance of evidence that he has satisfied the requirements of standard 1.4(c)(ii) and therefore, finds that his actual suspension should be terminated. Accordingly, the court **GRANTS** petitioner's petition to be relieved from his actual suspension from the practice of law.

¹All further references to standards are to this source.

II. PROCEDURAL HISTORY

The verified petition in this matter was filed on April 2, 2010. The Office of the Chief Trial Counsel of the State Bar of California, by deputy trial counsel Ashod Mooradian (State Bar), filed its response on May 17, 2010, arguing that petitioner has not shown his present rehabilitation, present fitness to practice law or present learning and ability in the general law. The parties filed a stipulation as to facts and admission of documents on June 15, 2010. The hearing was held on June 15, 2010. The matter was taken under submission at the conclusion of the hearing.

III. JURISDICTION

Petitioner was admitted to the practice of law in California on July 29, 1996, and at all times mentioned herein, has been a member of the State Bar of California.

IV. FINDINGS OF FACT

A. Stipulated Facts

The parties stipulated to the following facts:

1. Hurley I (S150594)

By order filed on May 25, 2007, case number S150594, State Bar Court case Nos. 00-O-13443 et al. (Hurley I), the Supreme Court suspended Richard Roger Hurley from the practice of law for a period of three years, stayed the execution of the suspension, and placed petitioner on probation for five years on conditions, which included his actual suspension for two years and until:

(a) he demonstrated his rehabilitation, fitness to practice, and learning and ability in the law pursuant to standard 1.4(c)(ii); and

(b) provided satisfactory proof to the Office of Probation that he has made restitution to:

(1) Shawn White in the amount of \$2,785.58, plus interest of ten percent per annum from March 1, 2001;

(2) Michael and Gayle Garrity in the amount of \$1,165.38, plus interest of ten percent (10%) per annum from August 16, 1999;

(3) Lillian Sonek in the amount of \$500, plus interest of ten percent (10%) per annum from April 1, 2001;

(4) Sonya McFadden in the amount of \$1,000, plus interest of ten percent (10%) per annum from August 1, 2002;

(5) Donald Wilder in the amount of \$1,100, plus interest of ten percent (10%) per annum from September 1, 1999; and

(6) Benita Davis in the amount of \$750, plus interest of ten percent (10%) per annum from July 1, 2002.

Also, the Supreme Court ordered that if the Client Security Fund (CSF) has already reimbursed any of the above-named individuals for all or any portion of their respective losses, respondent must make restitution to the CSF, during the period of his actual suspension, to the extent of any payment from the funds to any of the above-named individuals, plus applicable interest and costs, in accordance with Business and Professions Code section 6140.5.

Further, the Supreme Court ordered petitioner to comply with California Rules of Court, rule 9.20, and successfully pass the Multistate Professional Responsibility Exam (MPRE) during his period of actual suspension.

Finally, the Supreme Court ordered petitioner to comply with all other conditions of probation as specified in the January 4, 2007 decision of the State Bar Court's Hearing Department.

Among those conditions of probation was a condition that petitioner, within two years of the effective date of the Supreme Court's order, "...comply with any final fee arbitration award and/or resulting order that may be rendered with respect to Alvin Tate..." and substance abuse treatment and reporting requirements.

This discipline was the result of petitioner's misconduct in nine matters (eight client matters and one State Bar reportable matter) involving 15 counts of misconduct, namely, six counts of failure to perform legal services competently and abandonment (Rules Prof. Conduct, rule 3-110(A)), three counts of improper withdrawal from employment (Rules Prof. Conduct, rule 3-700(A)(2)), two counts of failure to maintain funds in client trust account (Rules Prof. Conduct, rule 3-700(A)(2)), two counts of failure to refund unearned fees (Rules Prof. Conduct, rule 3-700(D)(2)), one count of failure to promptly pay his client (Rules Prof. Conduct, rule 4-100(B)(4)) and one count of misappropriation of \$2,758.85 (Bus. & Prof. Code, § 6106).

In its decision, the State Bar Court acknowledged that at all times relevant to petitioner's misconduct in Hurley I, "...he was suffering from a subsequently diagnosed mental illness known as dual diagnosis chemical dependency and bi-polar disorder."

The Court further noted that while petitioner "...continued to accept clients and to practice law, his judgment and ability to maintain his law practice was adversely affected." Further, the Court stated that after petitioner's entry into Lawyer Assistance Program² (LAP) in June 2003 and subsequent acceptance into Alternative Discipline Program (ADP)³ in January 2004, petitioner had a very uneven record of compliance with LAP.

² LAP is a confidential, professional program offering assistance to California attorneys experiencing problems with substance use, depression, stress, or with their legal career. It offers long term structure, peer support, and an individualized recovery plan for substance abuse and mental health concerns.

³ It is the intent of the Legislature that the State Bar seek ways and means to identify and rehabilitate attorneys with impairment due to abuse of drugs or alcohol, or due to mental illness,

Between June 2003 and September 2006, there were 14 LAP reports that petitioner was not in compliance with the terms of his LAP Participation Agreement. Ultimately, this resulted in petitioner's participation in LAP being terminated on September 28, 2006, and then terminated from the ADP on November 1, 2006.

In aggravation, the Court found that petitioner's misconduct evidenced multiple acts of wrongdoing and significantly harmed seven clients.

In mitigation, petitioner displayed candor and cooperation in the proceeding in that he stipulated to facts and conclusions of law regarding his culpability.

The Court noted that despite the fact that petitioner had no prior record of discipline, it was not entitled to weight as a mitigating factor because the first misconduct was committed less than three years after his admission in May 1999.

Further, while acknowledging that petitioner made some efforts to pay restitution to various clients and had agreed to pay remaining restitution as a condition or probation, the timing of the restitution was questioned. The Court went on to conclude that petitioner's restitution made after the institution of disciplinary proceedings (or compelled as part of a fee arbitration) was entitled to only limited weight.

Finally, the Court stated that it would not consider petitioner's mental health and substance abuse problems as mitigating circumstances in this matter because "...as a result of [Petitioner's] termination from the ADP as a result of his termination from the LAP, [Petitioner] is not found to have undergone a meaningful and sustained period of rehabilitation from his substance abuse problem or to no longer suffer from his mental health problem."

affecting competency so that attorneys so afflicted may be treated and returned to the practice of law in a manner that will not endanger the public health and safety. (Bus. & Prof. Code, § 6230.) Consistent with the intent of the Legislature, the State Bar Court's Alternative Discipline Program was created. (Rules Proc. of State Bar, rule 800 et seq.)

2. Hurley II (S153608)

By order filed on September 9, 2007, case number S153608, State Bar Court case No. 05-O-04823 (Hurley II), the Supreme Court suspended petitioner from the practice of law for a period of three years, stayed the execution of the suspension, and placed petitioner on probation for five years on conditions, which included restitution to Mary Huffman in the amount of \$900, plus interest in the amount of ten percent (10%) per annum from September 1, 2005 and successful passage of the MPRE within one year of the effective date of discipline or October 2008.

This discipline was the result of a stipulation in which petitioner admitted that he failed to perform legal services with competence in violation of rule 3-110(A) of the Rules of Professional Conduct, failed to keep his client reasonably informed of significant developments in violation of Business and Professions Code section 6068, subdivision (m), and failed to promptly refund unearned fees and effectively abandoned his client in violation of rule 3-700(D)(2) of the Rules of Professional Conduct.

In Hurley II, petitioner represented a criminal defendant and advised her that she did not need to appear for her arraignment. However, petitioner also did not appear and a bench warrant was issued. Then, petitioner appeared at four subsequent pre-trial hearings but not at the fifth hearing and again a bench warrant was issued for his client, who had returned to her home state of Missouri. Petitioner did not tell his client about the arrest warrant and in fact told her there was nothing to worry about. The client eventually learned about the bench warrant, which disqualified her from sitting for a nursing board examination. In the meantime, petitioner moved to Florida and when the client located him, petitioner assured her he would resolve all outstanding issues, including having the warrant recalled. However, at that time, petitioner was suspended from practice and arranged for another attorney to represent his client. The other

- 6 -

attorney resolved the case. Finally, the client sought a refund of her fee, but petitioner did not return her money as requested.

Petitioner has also been enrolled inactive and not eligible to practice law on seven occasions:

- Between September 1, 2001 and October 15, 2001, petitioner was suspended due to his failure to comply with his MCLE obligations.
- 2. Between August 19, 2002 and June 23, 2003, petitioner was suspended due to his failure to meet his child/family support obligations.
- 3. Between September 16, 2002 and July 23, 2003, a period nearly concurrent with petitioner's second non-discipline suspension, petitioner was suspended due to his failure to pay his Bar membership fees.
- 4. Between December 15, 2004 and August 18, 2005, petitioner was again suspended due to his failure to meet his child/family support obligations.
- 5. Between August 22, 2005 and October 28, 2005, a period that begins just after the end of petitioner's fourth non-disciplinary suspension, petitioner was again suspended due to his failure to meet his child/family support obligations.
- Between August 21, 2006 and August 28, 2006, petitioner was again suspended due to his failure to meet his child/family support obligations.
- Between October 7, 2006 and May 25, 2007, petitioner was suspended pursuant to Business and Professions Code section 6233 upon petitioner's termination from ADP.

Petitioner has attended at least three 12-step program meetings weekly since May 2007 through the time of the filing of the Petition.

Petitioner has undergone four counseling treatment sessions per month since May 2007 through the time of the filing of the Petition.

Petitioner has timely filed his quarterly reports since May 2007 through the time of the filing of the Petition.

Between June 2007 (the first reporting period) through August 2008, petitioner failed to file monthly reports, under a separate cover, of his compliance with his 12-step meeting condition, except that petitioner reported proof of monthly attendance at 12-step meetings in the quarterly reports filed between June 2007 and August 2008.

The condition requiring monthly reporting, under a separate cover, petitioner's compliance with his 12-step meeting attendance was both in the Court's decision in Hurley I and on the Office of Probation's Quarterly Report form prepared for petitioner.

Since August 2008 through the time of the filing of the Petition, petitioner has been fully compliant with his monthly reporting obligations to the Office of Probation.

Since October 10, 2008 through the time of the filing of the Petition, petitioner has been fully compliant with his quarterly reporting obligations to the Office of Probation.

Since June 2007 through the time of the filing of the Petition, petitioner has not reported any drug screening test that was positive for a prohibited or illegal substance.

Petitioner has attached to the Petition proof of completion of 30.25 hours of MCLE.

Within one year of the effective date of the Supreme Court's disciplinary order in Hurley I, petitioner provided to the Office of Probation satisfactory proof of his attendance at a session of the State Bar's Ethics School on May 8, 2008 and of his passage of the test given at the conclusion of that session.

Petitioner took and passed the MPRE on March 9, 2009.

Petitioner timely complied with California Rules of Court, rule 9.20, in Hurley I. As of June 11, 2010, petitioner has reimbursed CSF in full for their prior payouts to Lillian Sonek, Sonya McFadden and Donald Wilder.

B. Additional Findings of Facts

Petitioner acknowledges that he has considered himself an alcoholic since sometime in 1990. He entered a 28-day in-patient program for treatment. Upon completion of the program, petitioner returned to his home and continued to attend Alcoholics Anonymous (AA) meetings and acquired an AA sponsor. He remained sober until sometime in 1994. Believing that he no longer had a problem with alcohol, he started to drink alcohol again. Petitioner now realizes he was in denial concerning his ability to handle alcohol.

Two years after petitioner was admitted to the practice of law, he began using methamphetamines in 1998. Petitioner believed that using meth enhanced his power of thinking and that he had found the secret of the fountain of youth. By 1999 petitioner was a chronic user of meth, using it daily and consuming alcohol to balance the highs and lows of his addiction.

In 1999, his addictions caused a court to hold him in contempt for being late for an appearance. In October 1999 petitioner entered the Cornerstone Treatment Center in Tustin, California for 30 days in-patient treatment and then relocated to a halfway house for 15 days but was kicked out for not following the rules.

By November 1999 petitioner resumed taking meth and drinking alcohol. He also relocated to Anaheim. Petitioner was convinced that he could use meth and drink alcohol and still function properly. Petitioner continued to represent clients until the summer of 2002.

In 2002 petitioner contracted with a San Francisco law firm to handle their litigation cases. He was terminated after two weeks.

In June 2002 petitioner called the State Bar of California for help. He had no money, and was homeless. The State Bar put petitioner in contact with the Other Bar.⁴ He contacted the

⁴ The Other Bar is a network of recovering lawyers and judges throughout the state, dedicated to assisting others within the profession who are suffering from alcohol and substance abuse problems.

Other Bar and someone from the organization met him that day and took him to the Helen Vine Detox Center in Marin County. Petitioner stayed for five days. Afterwards, petitioner entered as an in-patient, the Serendity Knolls Residential Center for 120 days of treatment. At the end of his treatment, petitioner next moved to a sober living house in San Rafael and found work helping an attorney. While living in the sober living house, petitioner was able to save money and buy a car. He then relocated to the East Bay area.

In May 2004 petitioner's father died. Petitioner had been sober from June 2002 to May 2004, but relapsed after the death of his father and lost contact with his sponsor, and stopped going to AA meetings, which eventually led to his termination from the LAP.

Petitioner was treated at the Health Care Connection in Florida for 10 months. His sister paid \$25,000 for his treatment. By the summer of 2005, petitioner was out of treatment and moved into a shared apartment. Petitioner found work in an attorney's office.

In October 2006 petitioner resumed drinking alcohol and taking meth with a vengeance, trying to self-destruct.

On April 20, 2007, petitioner took his last drink and last hit of meth. Petitioner was taken to the hospital that day and had almost died from complication of his drug use. Upon release from the hospital, petitioner entered a sober living house for two weeks and went to AA and Other Bar meetings every day. Next, petitioner entered an in-patient program in San Diego named Optimum Health for three weeks. During that time, petitioner attended three AA meetings a day.

Over the next 90 days, petitioner acted as a voluntary missionary and attended three AA meetings a day

Between July 2007 and June 2010, petitioner has attended on average five AA meetings per week. Petitioner believes he is now a different person. He now attends AA meetings and

- 10 -

works on his 12-Step Program; he has a support system in place, all of them sober and non-drug takers; and he is in a three-year relationship with a woman who does not drink or do drugs. Petitioner has changed everything about his life and freely acknowledges that he is an alcoholic. Alcohol nearly killed him and destroyed almost everything of his.

Petitioner understands that his actions have harmed his clients and that his addictions had caused him to distort his value system and to exercise poor decisions.

Petitioner sponsors other alcoholics and supports them through their 12-Step Programs. Petitioner's plan to remain sober includes regularly attending meetings and meetings with his support group; regularly calling his AA sponsor; and helping new people in the AA program.

Petitioner acknowledges that he should have sent proof of his AA meeting attendance on a monthly basis as called for under his probation terms in Hurley I instead of sending the information with his quarterly reports. It was petitioner who discovered the error and notified his assigned probation deputy. Thereafter, petitioner sent the information every month, as required. The court finds that petitioner's initial failure to send monthly proof of attending AA meetings to the Office of Probation to be a minor violation of his probationary terms. Most importantly, petitioner was attending the AA meetings and had sent proofs attached to his quarterly reports.

Petitioner acknowledges owing back taxes to the Internal Revenue Service (IRS) and the Franchise Tax Board (FTB). Records indicate petitioner owes the FTB over \$95,000 and owes the IRS about \$24,000. Petitioner acknowledges owing back taxes for a number of prior years but disputes the amounts. As of June 10, 2010, petitioner has entered into agreement with the IRS to begin making monthly installment payment of \$100 for his 2003 federal tax indebtedness starting in July 2010. There is currently no federal tax lien filed against petitioner. Also as of June 10, 2010, the FTB has notified petitioner that tax liens for the years 2003 and 2005 are being released. In addition, petitioner has entered into an agreement with the FTB that shows

that petitioner is complying and recently filed for tax years 1999 and 2005 and will be filing additional returns by June 30, 2010. Petitioner's tax problems were not part of Hurley I and Hurley II.

Petitioner has not paid the discipline costs as ordered in Hurley I (\$6,443.98 plus interest), and Hurley II (\$3,654 plus interest). Respondent testified he did not have the resources to pay the costs. Petitioner has recently filed a motion in State Bar Court requesting a waiver of costs or an extended time to pay the costs. Failure to pay discipline costs does not bar a suspended attorney from being returned as an active member of the State Bar where the attorney has not been administratively suspended for failure to pay such costs as part of the attorney's next annual bill for membership fees. (See *In the Matter of Acuna* (Review Dept. 1996) 3 Cal. State Bar Ct. Rptr. 495.)

Petitioner has completed his restitution requirements to his clients and to the CSF. On June 14, 2010, petitioner purchased a cashier's check in the amount of \$900, made payable to Mary Huffman, his former client in Hurley II. Petitioner has been unable to locate Huffman and has asked the Office of Probation for any information regarding where petitioner may send the check.

Petitioner sent the CSF four cashier's checks totaling \$4,000 to complete his restitution requirements a few days before the hearing in this matter. Petitioner used \$1,500 of his own money and borrowed the rest from friends and family. Although the court notes the payments were made just days before the hearing, petitioner has finally completed his restitution requirements in Hurley I and Hurley II.

- 12 -

C. Rehabilitation and Fitness to Practice Law

As noted above, petitioner has suffered from addictions and alcohol and meth that have, as he testified, nearly killed him and destroyed his life. Also noted were petitioner's efforts to overcome his addictions.

By way of declaration, Robert Price, Ph.D., a licensed psychotherapist for 35 years, testified as petitioner's treating mental health provider. Dr. Price started treating petitioner in June 2008. Dr. Price diagnosed petitioner as suffering from alcohol addiction and showing signs of dysthymia. Petitioner was receptive to treatment. Petitioner has made significant decisions and lifestyle changes. Over the past 35 months that he has treated petitioner, Dr. Price has observed petitioner developing character traits in which he is more honest, more willing to apply self-scrutiny, willing to ask for help, and willing to take suggestions and advice from others. Petitioner is more capable of having fun and relaxing now, which indicates he has replaced former chemical pleasures with more normal sober in life pleasures.

Petitioner is now in full sustained remission and is not disabled by alcohol dependency or drug use. Finally, Dr. Price finds that petitioner has done an outstanding job in his recovery and has accomplished what is necessary in terms of embracing the path to recovery. Petitioner has a good prognosis for continued sobriety.

In addition, petitioner filed 17 declarations from character witnesses of which 14 were submitted by current members of the State Bar. All of the declarants spoke very highly of petitioner's dedication to sobriety and his continued involvement with the Other Bar. They also were all impressed with petitioner's willingness to examine the reasons he faced the disciplinary problems and his commitment to correcting the errors he made, in order to avoid repeating them in the future. All who knew petitioner from the start of his Other Bar participation agreed that petitioner had dramatically matured during this period of introspection and has taken

- 13 -

responsibility for his actions and has shown remorse. They were all aware, by varying degrees, of petitioner's misconduct. Many were aware of petitioner's legal ability and attest to his legal acumen and knowledge. All urged that petitioner be returned to as an active member of the State Bar. (Rules Proc. of State Bar, rules 631 and 636.)

Petitioner has attended courses dealing with his mental health issues and personal life issues at the Optimum Health Institute; Breakthrough: Falling Awake Workshop; and Landmark Education

D. Present Learning and Ability in the General Law

Almost all of the 14 attorneys who submitted declarations in support of petitioner's return to active membership in the State Bar praised petitioner's legal acumen, knowledge, and trial abilities.

In a supplemental declaration filed on June 11, 2010, attorney Lawrence J. LaRocca, attached a copy of a brief of appellees that was prepared by petitioner under his supervision. Petitioner performed all of the legal research and writing that went into the brief. LaRocca reviewed the final draft prepared by petitioner and it was not necessary to make any substantive revisions as petitioner's work was very good.

In March 2009, petitioner took and passed the MPRE. In addition, petitioner has obtained 30.25 hours of MCLE credits. Eight of the 30.25 hours are for a course entitled "Prevention, Detection and Treatment for Substance Abuse." The remaining courses are either general in nature or legal ethics.

V. <u>DISCUSSION</u>

Standard 1.4(c)(ii) provides, in relevant part, that normally actual suspension imposed for two years or more shall require proof satisfactory to the State Bar Court of the attorney's

- 14 -

rehabilitation, present fitness to practice and present learning and ability in the general law before he or she will be relieved of the actual suspension.

In this proceeding, petitioner has the burden of proving by a preponderance of the evidence that he has satisfied the conditions of standard 1.4(c)(ii). The court looks to the nature of the underlying misconduct as well as the aggravating and mitigating circumstances surrounding it to determine the point from which to measure petitioner's rehabilitation, present learning and ability in the general law, and present fitness to practice before being relieved from his actual suspension. (*In the Matter of Murphy* (Review Dept. 1997) 3 Cal. State Bar Ct. Rptr. 571, 578.)

To establish rehabilitation, the hearing department must first consider the prior misconduct from which petitioner seeks to show rehabilitation. The amount of evidence of rehabilitation varies according to the seriousness of the misconduct at issue. Second, the court must examine petitioner's actions since the imposition of his discipline to determine whether his actions, in light of the prior misconduct, sufficiently demonstrate rehabilitation by a preponderance of the evidence. (*In the Matter of Murphy, supra*, 3 Cal. State Bar Ct. Rptr. at p. 581.)

Petitioner must show strict compliance with the terms of probation in the underlying disciplinary matter; exemplary conduct from the time of the imposition of the prior discipline; and must demonstrate "that the conduct evidencing rehabilitation is such that the court may make a determination that the conduct leading to the discipline ... is not likely to be repeated." (*In the Matter of Murphy, supra*, 3 Cal. State Bar Ct. Rptr. at p. 581.)

In this case, petitioner has made substantial gains in his rehabilitation process. He has recognized his misconduct and taken steps to learn strategies to prevent such misconduct from recurring. Petitioner has recognized his problems, and for the past three years has been working

- 15 -

toward their resolution. The fact that petitioner understands his professional responsibilities and has a proper attitude towards his prior misconduct is evidence of rehabilitation. (*In the Matter of Brown* (Review Dept. 1993) 2 Cal. State Bar Ct. Rptr. 309, 317.) Petitioner has established by a preponderance of the evidence his rehabilitation, present fitness to practice law, and present learning and ability in the general law.

VI. <u>CONCLUSION</u>

Based on the foregoing, the court finds that petitioner has satisfied the requirements of standard 1.4(c)(ii) and has demonstrated, by a preponderance of the evidence and to the satisfaction of the court, that he is rehabilitated, that he is presently fit to practice law and that he possesses present learning and ability in the general law.

Accordingly, the petition to be relieved from actual suspension is hereby **GRANTED**. It is further ordered that petitioner's actual suspension from the practice of law in the State of California is hereby terminated and he is entitled to resume the practice of law in this state upon the payment of all applicable State Bar fees.

VII. ORDER GRANTING RESPONDENT'S MOTION FOR EXTENSION OF TIME TO PAY DISCIPLINARY COSTS

Petitioner requests for relief from or extension of time to pay disciplinary costs in Hurley I (Supreme Court case No. S150594) and Hurley II (Supreme Court case No. S153608).

In view of petitioner's financial hardship and good cause appearing, the court hereby **GRANTS** his motion for extension of time to pay disciplinary costs.

The court **ORDERS** that respondent's time during which to pay the disciplinary costs in Supreme Court case Nos. S150594 and S153608 be extended to three equal installments: onethird of said costs be paid with membership fees for the years 2011, 2012 and 2013. It is further ordered that if respondent fails to pay any installment within the time provided herein or as may be modified by the State Bar Court pursuant to Business and Professions Code section 6086.10, subdivision (c), the remaining balance of the costs is due and enforceable both as provided in Business and Professions Code section 6140.7 and as a money judgment.

IT IS SO ORDERED.

Dated: June 28, 2010.

RICHARD A. PLATEL Judge of the State Bar Court