STATE BAR COURT OF CALIFORNIA HEARING DEPARTMENT – LOS ANGELES

In the Matter of)	Case Nos. 11-O-10368-LMA; 11-O-14801; 13-O-10664-LMA (13-O-11689)
IA COP DONG HUN CHANG)	(Consolidated.)
JACOB DONG HUN CHANG,)	
Member No. 174476,)	DECISION AND ORDER SEALING
)	CERTAIN DOCUMENTS
)	
A Member of the State Bar.		

I. Introduction¹

In this consolidated, original disciplinary proceeding, respondent **JACOB DONG HUN CHANG**² was accepted for participation in the State Bar Court's Alternative Discipline Program (ADP). On January 12, 2015, because respondent repeatedly failed to comply with the conditions of the ADP, the court filed an order to show cause (OSC) directing respondent to show cause why he should not be terminated from the ADP. (Rules Proc. of State Bar, rule 5.387.) On March 2, 2015, at a telephonic hearing on that OSC, the court terminated respondent's participation in the ADP and took the case under submission for decision. In light

¹ Unless otherwise indicated, all references to rules are to the State Bar Rules of Professional Conduct. Furthermore, all statutory references are to the Business and Professions Code unless otherwise indicated.

² Respondent was admitted to the practice of law in this state on December 12, 1994, and has been a member of the State Bar of California since that time. As noted *post*, he has one prior record of discipline.

of respondent's admitted misconduct, the court will recommend that respondent be placed on two years' stayed suspension and two years' probation on conditions, including a nine-month actual suspension. (See Rules Proc. of State Bar, rule 5.384.)

II. Pertinent Procedural History

Case Number 11-O-10368

In October 2010, respondent contacted the State Bar's Lawyers Assistance Program (LAP) for assistance with his mental health and substance abuse issues. Thereafter, on October 17, 2011, the Office of the Chief Trial Counsel of the State Bar of California (State Bar) filed the notice of disciplinary charges (NDC) in case number 11-O-10368. Respondent filed a response to that NDC on November 16, 2011.

Then, on December 16, 2011, respondent filed a motion to refer this proceeding to the ADP. The State Bar Court granted that motion and referred the proceeding to the ADP for evaluation on January 3, 2012.

On April 26, 2012, respondent submitted a Nexus Statement to the court. Respondent's Nexus Statement, which respondent executed under penalty of perjury, establishes the existence of a nexus between (1) respondent's mental health and substance abuse issues and (2) the misconduct in case number 11-O-10368.

In April 2012, the parties entered into a Stipulation Regarding Facts and Conclusions of Law in case number 11-O-10368 (case number 11-O-10368 Stipulation). The case number 11-O-10368 Stipulation sets forth the agreed-upon factual findings, legal conclusions, and mitigating and aggravating circumstances with respect to the misconduct charged in the NDC in case number 11-O-10368 and to the allegations of misconduct in State Bar investigation number 11-O-14801. In May 2012, the parties filed briefs on the issue of discipline with respect to the

misconduct charged in the NDC in case number 11-O-10368 and the misconduct alleged in investigation number 11-O-14801.

On July 27, 2012, respondent signed a LAP Participation Plan. On November 14, 2012, respondent executed the Contract and Waiver for Participation in the State Bar Court's ADP (Contract).

On November 16, 2012, the court lodged a Confidential Statement of Alternative Dispositions and Orders (Confidential Statement) formally advising the parties of (1) the discipline that the court will recommend to the Supreme Court if respondent successfully completes the ADP (the low) and (2) the discipline that the court will recommend if respondent fails to successfully complete the ADP (the high). Respondent agreed to those alternative dispositions. And, on November 16, 2012, the court accepted respondent for participation in the ADP and approved and filed the case number 11-O-10368 Stipulation.³ Respondent's period of participation in the ADP began on that same day.

Finally, on November 16, 2012, the court filed an order enrolling respondent as an inactive member of the State Bar of California under section 6233. (Rules Proc. of State Bar, rule 5.384(E).) Thereafter, respondent was continuously enrolled inactive under that order for the next two months (i.e., until January 16, 2013). Because respondent's participation in the ADP was terminated for lack of compliance, respondent is not entitled to receive any credit for the two months that he was enrolled inactive under the court's November 16, 2012, order.

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³ When the court approved the case number 11-O-10368 Stipulation, investigation matter number 11-O-14801 became case number 11-O-14801, and case number 11-O-14801 was consolidated with case number 11-O-10368 for all purposes.

Case Number 13-O-10664

The State Bar filed the NDC in case number 13-O-10664 (which includes correlated case number 13-O-11689) on December 12, 2013. Respondent filed a response to that NDC on February 5, 2014.

On August 18, 2014, respondent submitted another Nexus Statement to the court. That August 18, 2014, Nexus Statement, which respondent executed under penalty of perjury, establishes the existence of a nexus between (1) respondent's mental health and substance abuse issues and (2) the misconduct in case number 13-O-10664.

In August 2014, the parties entered into a Stipulation Regarding Facts and Conclusions of Law in case number 13-O-10664 (case number 13-O-10664 Stipulation). That case number 13-O-10664 Stipulation sets forth the agreed-upon factual findings, legal conclusions, and mitigating and aggravating circumstances with respect to the charges set forth in the NDC in case number 13-O-10664.

In early September 2014, the parties filed briefs on the issue of discipline if case numbers 11-O-10368 and 13-O-10664 were consolidated. And, on September 26, 2014, the court filed an order amending the Confidential Statement to increase both the low and the high levels of discipline. Respondent agreed to the increased levels of discipline.

On September 26, 2104, respondent and respondent's counsel executed an Agreement Amending the Contract. That same day, the court approved the agreement.

On September 26, 2014, the court accepted the case number 13-O-10664 into the ADP and approved and filed the case number 13-O-10664 Stipulation.

On November 24, 2014, the court filed an order consolidating case numbers 11-O-10368 and 13-O-10664. In that same order, the court enrolled respondent as an inactive member of the State Bar of California under section 6233 effective from December 1, 2014, through January 30,

2015 (with respondent returning to active status on January 31, 2015). (Rules Proc. of State Bar, rule 5.384(E).) Because respondent's participation in the ADP was terminated for lack of compliance, respondent is not entitled to receive any credit for the two months that he was enrolled inactive under the court's November 24, 2014, order.

Because respondent was terminated from the ADP for lack of compliance, the court now issues this decision recommending that the high level of discipline set forth in the Confidential Statement as amended on September 26, 2014, be imposed on respondent.

III. Findings of Fact and Conclusions Of Law

The case number 11-O-10368 Stipulation and the case number 13-O-10664 Stipulation, including the court's orders approving them, are attached hereto and incorporated by reference as if they were fully set forth herein. As set forth *post*, the court finds that respondent is culpable on a total of 12 counts of misconduct involving 4 separate client matters.

Case Number 11-O-10368 (Zelaya Matter)

In the Zelaya matter, respondent (1) repeatedly failed to perform legal services with competence in willful violation of rule 3-110(A) by failing to perform any substantive legal services for the Zelayas during the first 17 months that he represented them; (2) engaged in acts involving moral turpitude in willful violation of section 6106 by repeatedly misrepresenting to his clients that their case was being actively litigated when respondent had not yet even filed their lawsuit; and (3) failed to promptly refund unearned fees paid in advance in willful violation of rule 3-700(D)(2) by failing to refund any portion of the unearned \$15,680 in advanced fees he collected from his clients.

The court rejects the parties' stipulated failure to account in violation of rule 4-100(B)(3), which is based on respondent's failure to account for \$15,680 in advanced fees. The stipulated facts establish that respondent did not earn any portion of the \$15,680 in advanced fees.

Respondent did not earn any portion of the advanced fees during the first 17 months in which he represented the Zelayas because he did not perform any substantive legal service for them during that time. Nor did respondent earn any portion of the advanced fees when he finally filed a lawsuit for the Zelayas in October 2010, which was about 17 months after respondent was retained. Respondent cannot plausibly contend that, when the Zelayas retained him, they authorized him to file a lawsuit for them some 17 months later in October 2010. When the Zelayas retained respondent, they implicitly authorized respondent to file a lawsuit on their behalf. But that implicit authorization did not extend until October 2010; it extended only for a reasonable amount of time. Because respondent did not earn any portion of the \$15,680, there was nothing for which he could account. In other words, until respondent earned some portion of the advanced fees, there was nothing for which he could account. Thus, when respondent's employment was terminated, his duty was not to account for the \$15,680, but to refund it. Count three in case number 11-O-10368, which charges respondent with violating rule 4-100(B)(3), is DISMISSED with prejudice for want of proof.

Case Number 11-O-14801 (Adams Matter)

In the Adams matter, respondent (1) failed to account in willful violation of rule 4-100(B)(3) by failing to account for the \$11,000 in advanced fees he collected from his client Yvette Adams; (2) failed to promptly return the client's file in willful violation of rule 3-700(D)(1) by failing to return Adams's client file in accordance with her request; (3) failed to refund the unearned fees paid in advance in willful violation of rule 3-700(D)(2) by failing to refund the unearned portion of the \$11,000 in advanced fees he collected from Adams; and (4) failed to cooperate with a State Bar disciplinary investigation in willful violation of section 6068, subdivision (i) by failing to provide written responses to two investigation letters from the State Bar.

The Court rejects the parties' stipulated violation of rule 3-110(A) in the Adams matter, which is based on respondent's failure "to perform any substantive legal services of value" for Adams. Rule 3-110(A) does not refer to, much less require, that an attorney provide legal services of value. The fact that legal services lack value does not establish a rule 3-110(A) violation. (CF. Berk v. Twenty-Nine Palms Ranchos, Inc. (1962) 201 Cal.App.2d 625, 637 [A "client cannot escape full payment [in accordance with the terms of a fee agreement] merely because the attorney's services prove to be less valuable than the parties had in mind when they entered into the [fee agreement]."].) Neither value nor lack of value is relevant with respect to determining whether an attorney has intentionally, recklessly, or repeatedly failed to perform legal services competently in willful violation of rule 3-110(A). The stipulated violation of rule 3-110(A) in the Adams matter is DISMISSED with prejudice for want of proof.

Case Number 13-O-10664 (Roosen Matter)

In the Roosen matter, respondent (1) failed to adequately communicate in willful violation of section 6068, subdivision (m) by not responding to his client's reasonable status inquires and (2) failed to refund unearned fees paid in advance in willful violation of rule 3-700(D)(2) by failing to refund the \$5,000 in unearned fees that respondent collected from Roosen in advance.

The court rejects the parties' stipulated violation of rule 3-110(A) in the Roosen matter because it is based on respondent's failure to perform any legal services of value. Lack of value does not establish a rule 3-110(A) violation. Moreover, the court rejects the parties' stipulated violation of rule 4-100(B)(3) in the Roosen matter, which is based on respondent's failure to account for \$5,000 in advanced fees. The stipulated facts establish that respondent did not earn any portion of the \$5,000; thus, there was nothing for which respondent could account.

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Case Number 13-O-11689 (Kang Matter)

In the Kang matter, respondent (1) failed to competently perform legal services in willful violation of rule 3-100(A) by recklessly and repeatedly failing to cure the objections and deficiencies that the bankruptcy trustee identified in Kang's bankruptcy petition; (2) failed to account in willful violation of rule 4-100(B)(3) by not accounting for the \$2,500 in fees that he collected from his client in advance; and (3) failed to adequately communicate in willful violation of section 6068, subdivision (m) by not responding to his client's reasonable status inquires.

Aggravation

Respondent has a prior record of discipline. (Rules Proc. of State Bar, tit. IV, Stds. for Atty. Sanctions for Prof. Misconduct, std. 1.5(a).)⁴ In 2011, the Supreme Court placed respondent on two years' stayed suspension and two years' probation with conditions, including a 60-day actual suspension in case number S191105 (State Bar Court case number 07-O-13888, etc.). In that prior proceeding, respondent was found culpable of violating section 6013 (obey court orders); section 6068, subdivision (o)(3) (report sanctions); rule 4-100(B)(4) (pay over client funds and property upon request); section 6068, subdivision (l) (keep agreements made in lieu of disciplinary prosecution); rule 3-110(A) (failure to perform); rule 3-700(D)(2) (refund unearned fees); and section 6068, subdivision (m) (adequately communicate with clients).

In the case number 13-O-10664 Stipulation, the parties improperly stipulated that case numbers 11-O-10368 and 11-O-14801 are a prior record of discipline. Accordingly, all references to case numbers 11-O-10368 and 11-O-14801 as being prior records of discipline in the case number 11-O-10368 Stipulation are STRICKEN from the record.

Respondent's misconduct involved multiple acts of misconduct. (Std. 1.5(b).)

⁴ All further references to standards (or stds.) are to this source.

Respondent failed to make restitution. (Std. 1.5(i).)

Mitigation

Respondent is entitled to mitigation for his candor and cooperation in stipulating to facts and conclusions of law. (Std. 1.6(e).)

Because respondent did not successfully complete the ADP, he will not receive mitigating credit for his participation in either the ADP or the LAP. Nor will he receive any mitigation credit for his mental health issues or his substance abuse issues because respondent failed to establish that he no longer suffers from them by competing the ADP and LAP.

IV. Discussion

The purpose of State Bar disciplinary proceedings is not to punish the attorney but, rather, to protect the public, preserve public confidence in the legal profession, and maintain the highest possible professional standards for attorneys. (*Chadwick v. State Bar* (1989) 49 Cal.3d 103, 111.)

After considering the Stipulation, scope of respondent's acts of misconduct, the aggravating and mitigating circumstances, the standards, the relevant case law, and respondent's declarations regarding the nexus between his mental health and substance abuse issues and his misconduct in this matter, the court had advised respondent and the State Bar of the low and high levels of discipline which would be recommended to the Supreme Court, depending on whether respondent successfully completed the ADP or was terminated from the ADP. The recommended discipline is set forth in the Confidential Statement as amended on September 26, 2014.

In determining the appropriate alternative discipline to impose or recommend if respondent successfully completed the ADP or was terminated from, or failed to successfully complete, the ADP, the court considered the disposition/discipline recommended by the parties,

as well as certain standards and case law. In particular, the court considered standards 1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7, 1.8(a), 2.2(b), 2.5(b), 2.7, 2.8(b), and 2.15 and *In the Matter of Lester* (1976) 17 Cal.3d 547; *In the Matter of Bach* (Review Dept. 1991) 1 Cal. State Bar Ct. Rptr. 631; and *In the Matter of Peterson* (Review Dept. 1990) 1 Cal. State Bar Ct. Rptr. 73.

Again, because respondent was terminated from the ADP, the court hereby recommends the high level of discipline to the Supreme Court.

V. Recommendations

Discipline

The court recommends that respondent JACOB DONG HUN CHANG, State Bar Number 174476, be suspended from the practice of law in California for two years, that execution of the two-year suspension be stayed, and that he be placed on probation for two years subject to the following conditions:

- 1. Respondent Jacob Dong Hun Chang is suspended from the practice of law for the first nine months of probation.
- 2. Respondent must comply with the provisions of the State Bar Act and the Rules of Professional Conduct of the State Bar of California.
- 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 if no office is maintained, as prescribed by section 6002.1 of the Business and Professions Code.
- 4. Within thirty (30) days after 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. 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. 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 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 thirty (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 the probation period.

- 6. Subject to assertion of applicable privileges, respondent must answer fully, promptly and truthfully any inquiries of the Office of Probation which are directed to respondent personally or in writing relating to whether respondent is complying or has complied with the probation conditions.
- 7. Within one (1) year after the effective date of the discipline herein, respondent must provide to the Office of Probation satisfactory proof of attendance at a session of the State Bar Ethics School and of passage of the test given at the end of that session. If respondent has already provided proof to the court of attendance at and passage of the test given at the end of Ethics School during his period of participation in the Alternative Discipline Program, respondent need not again comply with this condition. Otherwise, respondent must comply with this condition as set forth above.
- 8. Within one (1) year after the effective date of the discipline herein, respondent must provide to the Office of Probation satisfactory proof of attendance at a session of the State Bar Ethics School and of passage of the test given at the end of that session. If respondent has already provided proof to the court of attendance at and passage of the test given at the end of Ethics School during his period of participation in the Alternative Discipline Program, respondent need not again comply with this condition. Otherwise, respondent must comply with this condition as set forth above.
- 9. If respondent has not been terminated from the Lawyer Assistance Program (LAP), respondent must comply with all provisions and conditions of his Participation Plan/Agreement with the LAP and must provide the Office of Probation with certification of completion of the LAP. Respondent must immediately report any non-compliance with any provision(s) or condition(s) of his Participation Plan/Agreement to the Office of Probation. Respondent must provide an appropriate waiver authorizing the LAP to provide the Office of Probation and this court with information regarding the terms and conditions of respondent's participation in the LAP and of his compliance or non-compliance with LAP requirements. Revocation of the written waiver for release of LAP information is a violation of this condition. Respondent will be relieved of this condition upon providing to the Office of Probation satisfactory certification of completion of the LAP.

If respondent has been terminated from the LAP prior to his successful completion of the LAP, respondent must obtain an examination of his mental and physical condition with respect to his mental health and substance abuse issues pursuant to rule 5.68 of the Rules of Procedure of the State Bar of California from a qualified practitioner approved by the

Office of Probation⁵ and must comply with any treatment/monitoring plan recommended following such examination. The examination and any further help/treatment/monitoring recommended by the examining practitioner will be at respondent's own expense. The examination must be conducted no later than thirty (30) days after the effective date of the Supreme Court's final disciplinary order in this matter. Help/treatment/monitoring should commence immediately after said examination and, in any event, no later than thirty (30) days after said examination. With each quarterly report, respondent must furnish to the Office of Probation sufficient evidence, as specified by the Office of Probation, that he is so complying with this condition of probation.

Treatment/monitoring must continue for the period of probation or until a motion to modify this condition is granted and that ruling becomes final.

If the examining or treating practitioner determines that there has been a substantial change in respondent's condition, respondent or the State Bar's Office of Probation or the Office of the Chief Trial Counsel may file a motion for modification of this condition with the Hearing Department of the State Bar Court, pursuant to rule 5.300 of the Rules of Procedure. The motion must be supported by a written statement from the examining or treating practitioner, by affidavit or under penalty of perjury, in support of the proposed modification.

Upon the request of the Office of Probation, respondent must provide the Office of Probation with medical and confidentiality waivers and access to all of respondent's medical records necessary to monitor this probation condition. Revocation of any medical/confidentiality waiver is a violation of this condition. Any medical records obtained by the Office of Probation will be confidential and no information concerning them or their contents will be given to anyone except members of the Office of the Chief Trial Counsel, the Office of Probation, and the State Bar Court, who are directly involved with maintaining, enforcing or adjudicating this condition.

10. Respondent must pay restitution (including the principal amount, plus interest of 10% per annum) to the payees listed below. If the Client Security Fund (CSF) has reimbursed one or more of the payees 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.

<u>Payee</u>	Principal Amount	Interest Accrues
<u>From</u>		
Agustin Antonio Zelaya	\$15,680	July 6, 2010
Yvette Adams	\$11,000	October 1, 2010
Andrew Roosen	\$5,000	March 9, 2011

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, respondent must make any necessary final payment(s) in order to complete the payment of restitution, including interest, in full.

⁵ Approval may not be unreasonably denied.

Payee/CSF (as applicable)	Minimum Payment Amount	Payment Frequency
Agustin Antonio Zelaya	\$300	monthly
Yvette Adams	\$300	monthly
Andrew Roosen	\$300	monthly

Payment must be received or postmarked by the 20th of each month commencing the month after the effective date of the discipline in this matter.

Any restitution to the CSF is enforceable as provided in Business and Professions Code section 6140.5, subdivision (c) and (d). To the extent the CSF has paid only the principal amount, respondent will still be liable for interest payments to Agustin Antonio Zelaya, Yvette Adams, and Andrew Roosen as set forth above.

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

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.

- 11. Within one year after 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 Client Trust Accounting School, and passage of the test given at the end of that session. If respondent has already provided proof to the court of attendance at and passage of the test given at the end of Ethics School Client Trust Accounting School during his period of participation in the Alternative Discipline Program, respondent need not again comply with this condition. Otherwise, respondent must comply with this condition as set forth above.
- 12. The probation period will commence on the effective date of the Supreme Court order in this matter. (See Cal. Rules of Court, rule 9.18.) At the expiration of the period of probation, if Jacob Dong Hun Chang has complied with all conditions of probation, the two-year stayed suspension will be satisfied and that suspension will be terminated.

Multistate Professional Responsibility Examination

It is further recommended that Jacob Dong Hun Chang be ordered to take and pass the Multistate Professional Responsibility Examination (MPRE) within one year after the effective date of the Supreme Court order in this matter and to provide satisfactory proof of such passage to the State Bar's Office of Probation in Los Angeles within the same period.⁶ Failure to pass

⁶ If respondent has already provided proof to the court of taking and passing the MPRE during his period of participation in the Alternative Discipline Program, respondent need not

the MPRE within the specified time may result, without further hearing, in respondent's suspension until passage. (*Segretti v. State Bar* (1976) 15 Cal.3d 878, 891, fn. 8; but see Cal. Rules of Court, rule 9.10(b); Rules Proc. of State Bar, rules 5.161(A)(2), 5.162(A)&(E).)

California Rules of Court, Rule 9.20

It is further recommended that respondent Jacob Dong Hun Chang be ordered to comply with California Rules of Court, rule 9.20 and to perform the acts specified in subdivisions (a) and (c) of that rule within thirty (30) and forty (40) calendar days, respectively, after the effective date of the Supreme Court order in this matter.

Costs

It is further recommended that costs be awarded to the State Bar in accordance with Business and Professions Code section 6086.10 and that the costs be enforceable both as provided in Business and Professions Code section 6140.7 and as a money judgment.

VI. Order Sealing Certain Documents

The court directs a court case administrator to file this Decision and Order Sealing Certain Documents. Thereafter, pursuant to rule 5.388(C) of the Rules of Procedure of the State Bar of California, all other documents not previously filed in this matter are ordered sealed under rule 5.12 of the Rules of Procedure.

It is further ordered that protected and sealed material will only be disclosed to: (1) parties to the proceeding and their counsel; (2) personnel of the Supreme Court, the State Bar Court and independent audiotape transcribers; and (3) personnel of the Office of Probation when necessary for their duties. Protected material will be marked and maintained by all authorized individuals in a manner calculated to prevent improper disclosures. All persons to whom

again comply with this requirement. Otherwise, respondent must comply with this requirement as set forth above.

protected	l material	is disclosed	will be given	a copy of	this order s	sealing the d	locuments l	by the
person m	aking the	disclosure.						

IT IS SO ORDERED.

Dated: May ____, 2015 **LUCY ARMENDARIZ**

Judge of the State Bar Court