State Bar Court of California Hearing Department Los Angeles STAYED SUSPENSION			
Counsel For The State Bar	Case Number(s): 12-O-14892	For Court use only	
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Los Angeles, CA 90015		JAN 1 4 2013	
(213)765-1336		STATE BAR COURT	
Bar # 267621		CLERK'S OFFICE LOS ANGELES	
Counsel For Respondent	-		
Arthur L. Margolis, Esq. Margolis & Margolis LLP 2000 Riverside Drive Los Angeles, CA 90039	PUBLIC	MATTER	
(323)953-8996	Submitted to: Settlement Ju	udge	
	STIPULATION RE FACTS, CONCLUSIONS OF LAW AND DISPOSITION AND ORDER APPROVING		
Bar # 57703			
In the Matter of:	STAYED SUSPENSION; NO ACTUAL SUSPENSION		
Annette L. Goudy	PREVIOUS STIPULATION REJECTED		
Bar # 152608 A Member of the State Bar of California	kwik 	tag * 152 143 865	
(Respondent)			

Note: All information required by this form and any additional information which cannot be provided in the space provided, must be set forth in an attachment to this stipulation under specific headings, e.g., "Facts," "Dismissals," "Conclusions of Law," "Supporting Authority," etc.

A. Parties' Acknowledgments:

- (1) Respondent is a member of the State Bar of California, admitted June 6, 1991.
- (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."
- (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):
 - Costs are added to membership fee for calendar year following effective date of discipline.
 - 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.

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 or a separate attachment entitled "Prior Discipline.
- (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) A Harm: Respondent's misconduct harmed significantly a client, the public or the administration of justice. See page 8.
- (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. See page 8.
- (8) **No aggravating circumstances** are involved.

Additional aggravating circumstances

None.

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.

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(13) **No mitigating circumstances** are involved.

Additional mitigating circumstances

See page 8.

D. Discipline:

- (1) \boxtimes Stayed Suspension:
 - (a) Respondent must be suspended from the practice of law 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:

The above-referenced suspension is stayed.

(2) \boxtimes **Probation**:

Respondent is 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.)

E. Additional Conditions of Probation:

- (1) During the probation period, Respondent must comply with the provisions of the State Bar Act and Rules of Professional Conduct.
- (2) 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.
- (3) 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.
- (4) 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.

(5) 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.

(Do	not	write	above	this	line.)

- (6) 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.
- (7) X 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 State Bar Ethics School, and passage of the test given at the end of that session.
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No Ethics School recommended. Reason:

- (8) 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.
- (9) The following conditions are attached hereto and incorporated:

Substance Abuse Conditions	Law Office Management Conditions
Medical Conditions	Financial Conditions

F. Other Conditions Negotiated by the Parties:

(1) Multistate Professional Responsibility Examination: Respondent must provide proof of passage of the Multistate Professional Responsibility Examination ("MPRE"), administered by the National Conference of Bar Examiners, to the Office of Probation within one year. 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) **Other Conditions:**

ATTACHMENT TO

STIPULATION RE FACTS, CONCLUSIONS OF LAW AND DISPOSITION

IN THE MATTER OF: Annette Lynn Goudy

CASE NUMBER(S): 12-O-14892

FACTS AND CONCLUSIONS OF LAW.

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

Case No. 12-O-14892 (Complainant: Anna Hernandez)

FACTS:

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- 1. In early June of 2008, Anna Hernandez ("Hernandez") hired Respondent to file a temporary conservatorship application and a permanent conservatorship application to obtain conservatorship of Hernandez's elderly and ill mother, Mary Lou Hernandez ("Hernandez's mother").
- 2. On June 5, 2008, Hernandez paid Respondent \$5,000 as advanced attorney's fees.
- 3. On June 25, 2008, Hernandez's mother passed away. One week later, Hernandez terminated Respondent's employment by telephone and requested that Respondent provide her with a refund of unearned fees and an accounting.
- 4. During Respondent's employment as Hernandez's attorney, Respondent did not file any conservatorship applications on behalf of Hernandez. Respondent did not earn any portion of the \$5,000 fees advanced by Hernandez.
- 5. In June 2012, having received no refund of any amount from Respondent, Hernandez filed a case in small claims court against Respondent seeking a money judgment for the return of the \$5,000 advanced fees.
- 6. In June 2012, Hernandez submitted a complaint about Respondent to the State Bar.
- 7. Respondent provided a refund of the \$5,000 in unearned fees to Hernandez in October 2012, more than four years after her employment terminated.
- 8. Respondent had an affirmative duty to provide Hernandez with an accounting. Respondent did not meet that duty, as she has not provided Hernandez with an accounting, to date.

CONCLUSIONS OF LAW:

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- 9. By not refunding to Hernandez any part of the \$5,000 unearned fees until over four years after Respondent's employment terminated, and not until after Hernandez filed a small claims case and submitted a State Bar complaint, Respondent failed to refund promptly any part of a fee paid in advance that has not been earned in willful violation of Rules of Professional Conduct, rule 3-700(D)(2).
- 10. By failing to provide Hernandez with an accounting of the fees advanced to Respondent by Hernandez, Respondent failed to render appropriate accounts to Hernandez regarding all funds coming into Respondent's possession in willful violation of Rules of Professional Conduct, rule 4-100(B)(3).

ADDITIONAL FACTS RE AGGRAVATING CIRCUMSTANCES.

Multiple Acts of Wrongdoing: Respondent's current misconduct evidences multiple acts of wrongdoing as described above, which have resulted in two distinct violations of the Rules of Professional Conduct and constitute an aggravating circumstance. (See Standard 1.2(b)(ii); *In the Matter of Valinoti* (Review Dept. 2002) 4 Cal. State Bar Ct. Rptr. 498, 555.)

Harm: Respondent received \$5,000 in advanced fees from Hernandez. Thereafter, Respondent did not file any conservatorship applications on behalf of Hernandez and did not provide a refund to Hernandez for four (4) years. Additionally, Hernandez was forced to file a small claims lawsuit and a State Bar complaint before Respondent provided the refund. Respondent's misconduct caused significant harm to her client, which constitutes an aggravating circumstance. (See Standard 1.2(b)(iv); *In the Matter of Bouyer* (Review Dept. 1991) 1 Cal. State Bar Ct. Rptr. 404, 417.)

ADDITIONAL FACTS RE MITIGATING CIRCUMSTANCES.

No Prior Record of Discipline: Although Respondent's current misconduct is serious, at the time of the misconduct, Respondent had more than seventeen (17) years of practice without discipline, which is entitled to significant mitigation. (See *In the Matter of Riordan* (Review Dept. 2007) 5 Cal. State Bar Ct. Rptr. 41, 49 [attorney with seventeen years of discipline-free practice entitled to mitigation despite serious misconduct].)

Cooperation with State Bar: Additionally, Respondent has cooperated with the State Bar by entering into a stipulated settlement for the matter described herein at an early stage without the need of a trial to resolve this matter. (*Silva-Vidor v. State Bar* (1989) 49 Ca.3d 1071, 1079 [mitigative credit given where attorney admitted facts and culpability in order to simplify the disciplinary proceedings].)

AUTHORITIES SUPPORTING DISCIPLINE.

The Standards for Attorney Sanctions for Professional Misconduct provide a "process of fixing discipline" pursuant to a set of written principles to "better discharge the purposes of attorney discipline as announced by the Supreme Court." (Rules Proc. of State Bar, tit. IV, Stds. for Atty. Sanctions for Prof. Misconduct, Introduction (all further references to standards are to this source).) The primary purposes of disciplinary proceedings and of the sanctions imposed are "the protection of the public, the courts and the legal profession; the maintenance of high professional standards by attorneys and the

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preservation of public confidence in the legal profession." (In re Morse (1995) 11 Cal.4th 184, 205; std 1.3.)

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Although not binding, the standards are entitled to "great weight" and should be followed "whenever possible" in determining level of discipline. (*In re Silverton* (2005) 36 Cal.4th 81, 92, quoting *In re Brown* (1995) 12 Cal.4th 205, 220 and *In re Young* (1989) 49 Cal.3d 257, 267, fn. 11.) Adherence to the standards in the great majority of cases serves the valuable purpose of eliminating disparity and assuring consistency, that is, the imposition of similar attorney discipline for instances of similar attorney misconduct. (*In re Naney* (1990) 51 Cal.3d 186, 190.) Any discipline recommendation different from that set forth in the applicable standards should clearly explain the reasons for the deviation. (*Blair v. State Bar* (1989) 49 Cal.3d 762, 776, fn. 5.)

Respondent admits to committing two acts of professional misconduct. Standard 1.6 (a) requires that where a Respondent acknowledges two or more acts of misconduct, and different sanctions are prescribed by the standards that apply to those acts, the sanction imposed shall be the more or most severe prescribed in the applicable standards.

The most severe sanction applicable to Respondent's misconduct is found in standard 2.2(b), which applies to Respondent's violation of Rules of Professional Conduct, rule 4-100(B)(3) for failure to render an appropriate accounting.

Standard 2.2(b) provides that culpability 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 willful 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. Here, Respondent failed to provide Hernandez with an appropriate accounting of the \$5,000 in advanced fees.

Notwithstanding, it does not appear to have been the intent of the drafters of the Standards to apply standard 2.2(b) to misconduct wholly unrelated to entrusted client funds. In *In the Matter of Fonte* (Review Dept. 1994) 2 Cal. State Bar Ct. Rptr. 752, the Review Department for the first time applied Rule 4-100(B)(3) to require an attorney to account for advanced fees. Standard 2.2(b) predates *Fonte*'s extension of rule 4-100(B)(3) to encompass advanced fees. Accordingly, the focus, here, should be on the gravamen of Respondent's misconduct, which is her failure to promptly refund \$5,000 in unearned fees.

Standard 2.10 applies to Respondent's failure to promptly refund unearned fees in violation of Rules of Professional Conduct, rule 3-700(D)(2). Standard 2.10 provides that culpability of a member of a violation of any provision of the Business and Professions Code or any Rule of Professional Conduct not otherwise specified in the standards shall result in reproval or suspension according to the gravity of the offense or harm, if any, to the victim, with due regard to the purposes of imposing discipline set forth in standard 1.3. The extent of Respondent's misconduct includes a failure to provide a refund over four (4) years. As described above, Hernandez was financially harmed by Respondent's delayed refund of unearned fees. Therefore, neither private reproval nor public reproval would be sufficient discipline in this case.

While standard 2.10 calls for a range of discipline consisting of reproval to suspension, standard 2.2(b) requires a three-month actual suspension. Under the current circumstances, there is a compelling

justification and reason to deviate from standard 2.2(b) and impose lesser discipline. (See *In re Silverton, supra,* 36 Cal.4th at p.92.) Standard 1.6(b)(ii) states that a "lesser degree of sanction...shall be imposed or recommended" if mitigating circumstances are present and the purposes of imposing sanctions in standard 1.3 will still be properly fulfilled in light of the balance between aggravating and mitigating circumstances. As stated above, the essence of Respondent's misconduct is her failure to promptly refund the \$5,000 in unearned fees.

In cases involving an attorney's failure to refund unearned fees where no substantial mitigation was found, courts have ordered actual suspension. (*See, e.g., In the Matter of Copren* (Review Dept. 2005) 4 Cal. State Bar Ct. Rptr. 861 [60 days actual suspension where attorney failed to refund unearned fee and perform in one client matter, but no substantial mitigation]; *Bach v. State Bar* (1991) 52 Cal.3d 1201 [30 days actual suspension where attorney failed to refund unearned fees, failed to perform, failed to communicate, and failed to cooperate in State Bar investigation, and 20 years no prior discipline]; *Matthew v. State Bar* (1989) 49 Cal.3d 784 [60 days actual suspension where respondent abandoned two clients and failed to refund unearned fees to them, and failed to perform legal services with competence for third client, but there was no substantial mitigation].

In Bach v. State Bar (1991) 52 Cal.3d 1201, the court found that the attorney was culpable of failing to perform, failing to refund unearned fees, and failing to cooperate with a State Bar investigation. In particular, the attorney was retained and paid \$3,000 in advanced fees to file a dissolution petition. For two and a half years, the attorney failed to communicate with his client, perform any work for his client, or refund unearned fees to his client. The court determined that a 30-day actual suspension was an appropriate level of discipline, finding in mitigation his lack of prior record of discipline for twenty years, but finding in aggravation the attorney's "feckless suggestion" to the court that additional mitigating factors existed and his "lack of insight into the deficiencies of his professional behavior." (*Id.* at 1208.)

While Respondent's misconduct here concerned a failure to refund a greater amount of unearned fees than in *Bach*, the extent of Respondent's misconduct is less. Respondent has been more cooperative and responsive than Bach was in so far as she has cooperated with the State Bar by agreeing to stipulate to the discipline at an early stage in the disciplinary proceedings, and she has already refunded Hernandez in full. Additionally, whereas in *Bach* the only mitigating factor was a record of no prior discipline, here Respondent has several mitigating that factors equal or outweigh any aggravating factors. Therefore, the instant discipline for Respondent's misconduct should be less severe than in *Bach*.

Accordingly, an eighteen-month stayed suspension, with two years of probation, and no actual suspension, is an appropriate level of discipline for Respondent's misconduct described herein.

PENDING PROCEEDINGS.

The disclosure date referred to, on page 2, paragraph A(7), was December 20, 2012.

COSTS OF DISCIPLINARY PROCEEDINGS.

Respondent acknowledges that the Office of the Chief Trial Counsel has informed Respondent that as of November 17, 2012, the prosecution costs in this matter are approximately \$2,865.

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.

EXCLUSION FROM MCLE CREDIT

Pursuant to rule 3201, Respondent may <u>not</u> receive MCLE credit for completion of State Bar Ethics School. (Rules Proc. of State Bar, rule 3201.)

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In the Matter of: Annette L. Goudy	Case number(s): 12-O-14892	

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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 Facts, Conclusions of Law, and Disposition.

December 2 (, 2012	())	- Aurotta I. Gauda	
	- Hunger	Annette L. Goudy	
Date	Respondent's Signature	Print Name	
December 25, 2012	arthur Maryalis	Arthur L. Margolis, Esq.	
Date	Respondent's Counsel Signature	Print Name	
December 26, 2012	n.m. denazat	Nada M. Alnajafi	
Date	Deputy Trial Counsel's Signature	Print Name	

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In the Matter of: Annette Lynn Goudy Case Number(s): 12-O-14892

STAYED SUSPENSION ORDER

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

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

The parties are bound by the stipulation as approved unless: 1) a motion to withdraw or modify the stipulation, filed within 15 days after service of this order, is granted; or 2) this court modifies or further modifies the approved stipulation. (See rule 5.58(E) & (F), Rules of Procedure.) The effective date of this disposition is the effective date of the Supreme Court order herein, normally 30 days after file date. (See rule 9.18(a), California Rules of Court.)

<u>'- 11 - 13</u>

Date

GEORGE E: SCOTT, JUDGE PRO TEM Judge of the State Bar Court



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 January 14, 2013, 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:

ARTHUR MARGOLIS MARGOLIS & MARGOLIS LLP 2000 RIVERSIDE DRIVE LOS ANGELES, CA 90039

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

NADA ALNAJAFI, Enforcement, Los Angeles

I hereby certify that the foregoing is true and correct. Executed in Los Angeles, California, on January 14, 2013.

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Angela Cacpenter Case Administrator State Bar Court