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State Bar Court of California Hearing Department Los Angeles DISBARMENT		
Counsel For The State Bar Susan J. Jackson Deputy Trial Counsel 845 South Figueroa Street Los Angeles, Ca 90017 (213) 765-1498 Bar # 125042 In Pro Per Respondent Walter Steven Martinez 9600 19th St Apt 36	Case Number(s): 13-C-12046 14-O-01002	For Court use only FILED OCT 03 2014 STATE BAR COURT CLERK'S OFFICE LOS ANGELES
Alta Loma, CA 91737 (909) 851-3950		
	Submitted to: Settlement Judge	
Bar # <b>153163</b>	STIPULATION RE FACTS, CONCLUSIONS OF LAW AND DISPOSITION AND ORDER APPROVING; ORDER OF	
In the Matter of: WALTER STEVEN MARTINEZ	INVOLUNTARY INACTIVE ENROLLMENT	
Bar # 153163	PREVIOUS STIPULATION REJECTED	
A Member of the State Bar of California (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 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."



X



Disbarment

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- (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 to be awarded to the State Bar.

Costs are waived in part as set forth in a separate attachment entitled "Partial Waiver of Costs". Costs are entirely waived.

(9) ORDER OF INACTIVE ENROLLMENT: The parties are aware that if this stipulation is approved, the judge will issue an order of inactive enrollment under Business and Professions Code section 6007, subdivision (c)(4), and Rules of Procedure of the State Bar, rule 5.111(D)(1).

# B. Aggravating Circumstances [Standards for Attorney Sanctions for Professional Misconduct, standards 1.2(f) & 1.5]. Facts supporting aggravating circumstances are required.

- (1)  $\square$  Prior record of discipline
  - (a) X State Bar Court case # of prior case : 07-O-10246, 08-O-13647, 09-O-12770, 09-O-13230, 09-O-13603
  - (b) Date prior discipline effective : February 23, 2012
  - (c) Rules of Professional Conduct/ State Bar Act violations: See attachment, page 8.
  - (d) Degree of prior discipline Actual suspension: Five months; Stayed suspension: One year; Probation: Two years
  - (e) If respondent has two or more incidents of prior discipline, use space provided below:
- (2) Dishonesty: Respondent's misconduct was intentional, surrounded by, or followed by bad faith, dishonesty, concealment, overreaching or other violations of the State Bar Act or Rules of Professional Conduct.
- (3) Trust Violation: Trust funds or property were involved and respondent refused or was unable to account to the client or person who was the object of the misconduct for improper conduct toward said funds or property.
- (4) Harm: Respondent's misconduct harmed significantly a client, the public or the administration of justice. See attachment, 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 Atttachment to Stipulation. p. 8.
- (8) **Restitution:** Respondent failed to make restitution.
- (9) **No aggravating circumstances** are involved.

Additional aggravating circumstances:

Uncharged Misconduct: See Atttachment to Stipulation, p. 9

# C. Mitigating Circumstances [see standards 1.2(g) & 1.6]. 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, the public, or the administration of justice.
- (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 with a good faith belief that was honestly held and reasonable.
- (8) Emotional/Physical Difficulties: At the time of the stipulated act or acts of professional misconduct respondent suffered extreme emotional difficulties or physical or mental 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 the difficulties or disabilities no longer pose a risk that Respondent will commit misconduct.
- (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 extraordinarily 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 subsequent rehabilitation.
- (13) **No mitigating circumstances** are involved.

Additional mitigating circumstances:

Pretrial Stipulation. See Attachment to Stipulation, page 9.

# D. Discipline: Disbarment.

#### **E. Additional Requirements:**

- (1) **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.
- (2) Restitution: Respondent must make restitution to in the amount of \$ plus 10 percent interest per year from . If the Client Security Fund has reimbursed for all or any portion of the principal amount, respondent must pay restitution to CSF of the amount paid plus applicable interest and costs in accordance with Business and Professions Code section 6140.5. Respondent must pay the above restitution and furnish satisfactory proof of payment to the State Bar's Office of Probation in Los Angeles no later than days from the effective date of the Supreme Court order in this case.

(3) **Other**:

#### ATTACHMENT TO

#### STIPULATION RE FACTS, CONCLUSIONS OF LAW AND DISPOSITION

IN THE MATTER OF:

WALTER STEVEN MARTINEZ

CASE NUMBERS: 13-C-12046, 14-O-01002

#### FACTS AND CONCLUSIONS OF LAW.

Respondent admits that the following facts are true and that the facts and circumstances surrounding the offense for which he was convicted involved other misconduct warranting discipline.

#### Case No. 13-C-12046 (Conviction Proceedings)

#### PROCEDURAL BACKGROUND IN CONVICTION PROCEEDING:

1. This is a proceeding pursuant to sections 6101 and 6102 of the Business and Professions Code and rule 9.10 of the California Rules of Court.

2. On March 19, 2013, a felony complaint was filed against Respondent in *People v. Walter Steven Martinez, et al.*, San Bernardino County Superior Court, Case No. FWV1300965. Respondent was charged with 43 counts of violating California Insurance Code section 750(a), unlawful offer or receipt of consideration for referral of clients (capping).

3. The felony complaint alleged that from March 2010 to February 2012, Respondent and the cappers engaged in the crime of capping by acting individually or through employees or agents, by engaging in the practice of processing, presenting, or negotiating claims, including claims under policies of insurance, and did offer, deliver, receive, or accept any rebate, refund, commission, or other consideration, whether in the form of money or otherwise, as compensation or inducement to or from any person for the referral or procurement of clients, cases, patients, or customers.

4. On November 14, 2013, Respondent pled nolo contendere to the charges and was thereby found guilty of 43 felony counts of capping in violation of California Insurance Code section 750(a). On December 19, 2013, Respondent was sentenced to 365 days in county jail, with credit for time served, and referred for electronic monitoring, three years' supervised probation with conditions, and payment of restitution of \$91,000, plus a ten percent administrative fee.

5. On May 22, 2014, the Review Department of the State Bar Court ordered Respondent be suspended from the practice of law effective June 22, 2014, pending final disposition of his State Bar proceeding.

6. On May 29, 2014, the Review Department issued an order referring the matter to the Hearing Department for a hearing and decision recommending the discipline to be imposed in the event that the Hearing Department finds that the facts and circumstances surrounding the offenses for which Respondent was convicted involved moral turpitude or other misconduct involving discipline.

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#### FACTS AND CIRCUMSTANCES SURROUNDING RESPONDENT'S CONVICTION:

7. Respondent's conviction was the result of an investigation by the California Department of Insurance ("DOI").

8. In 1999, Respondent opened his law office in Upland, California. Steven Coleman ("Coleman"), who was disbarred in California in 2004, worked in Respondent's law office from late 2006 to July 2011.

9. On September 28, 2011, the DOI initiated an investigation of Respondent based on information it received from Coleman.

10. From 2006 to February 2012, Respondent utilized approximately eight cappers to obtain cases for his law firm.

11. The cappers listened to traffic scanners to identify automobile accidents. Once the capper identified an accident from the scanner, the capper went to the accident scene. At the scene the capper met with the accident victims and referred them to Respondent for representation. Often, the cappers took the accident victims to Respondent's office. The accident victims retained Respondent's legal services. Based on this referral, Respondent paid the cappers a fee for the referral. The referral fee amount varied based on the type of case.

12. On February 17, 2012, the DOI executed a search warrant and seized Respondent's general business account. Bank records for the period from January 1, 2009 to February 14, 2012 revealed that Respondent paid capping fees to six cappers during that period totaling approximately \$95,000.

#### CONCLUSIONS OF LAW:

13. The facts and circumstances surrounding Respondent's above-described violations involved moral turpitude.

#### Case No. 14-O-01002 (State Bar Investigation)

14. Effective February 23, 2012, the California Supreme Court issued Order No. S198034 (the "Disciplinary Order") and ordered that Respondent be suspended from the practice of law for one year, that execution of the suspension be stayed, and that Respondent be placed on probation for two years with conditions, including the condition that Respondent be actually suspended for five months.

15. As a condition of probation, Respondent was ordered to submit written quarterly reports to the Office of Probation on October 10, 2013 and January 10, 2014. Respondent did not comply with this condition.

16. As a condition of probation, Respondent was ordered to pay restitution in the amount of \$6,225 plus interest of 10 percent per annum from September 23, 2008 to Ba Nguy ("Nguy") and provide proof of the restitution paid to the Office of Probation by December 31, 2013. Respondent did not comply with this condition.

17. As a condition of probation, Respondent was ordered to pay restitution in the amount of \$6,325 plus interest of 10 percent per annum from September 23, 2008 to Nga Lam ("Lam") and

provide proof of the restitution paid to the Office of Probation by December 31, 2013. Respondent did not comply with this condition.

18. As a condition of probation, Respondent was ordered to pay restitution in the amount of \$9,200 plus interest of 10 percent per annum from August 8, 2008 to Kim Dang ("Dang") and provide proof of the restitution paid to the Office of Probation by December 31, 2013. Respondent did not comply with this condition.

19. As a condition of probation, Respondent was ordered to pay restitution in the amount of \$10,300 plus interest of 10 percent per annum from August 8, 2008 to Huy Dang ("Dang") and provide proof of the restitution paid to the Office of Probation by December 31, 2013. Respondent did not comply with this condition.

CONCLUSIONS OF LAW:

20. By failing to submit the quarterly reports to the Office of Probation by October 10, 2013 and January 10, 2014 and to pay restitution in full to Nguy, Lam, Kim Dang, and Huy Dang, and provide proof of the restitution paid to the Office of Probation by December 31, 2013, Respondent failed to comply with conditions attached to his disciplinary probation, in willful violation of Business and Professions Code section 6068(k).

#### AGGRAVATING CIRCUMSTANCES.

**Prior discipline** (Std. 1.5(a)): In case numbers 07-O-10246, 08-O-13647, 09-O-12770, 09-O-13230, 09-O-13603, Respondent stipulated to five months actual suspension, one year stayed suspension, and two years' probation, effective February 23, 2012. The misconduct involved five cases and fourteen acts of misconduct. The misconduct outlined in the stipulation occurred between 2005 and 2009. In March 2007, the Orange County District Attorney began an undercover investigation of Respondent's Westminster Office and revealed that non-attorneys were essentially running the office. On February 2, 2009, the Superior Court assumed jurisdiction over Respondent's Westminster office, seized the client files, froze the bank accounts and shut down the law office. On September 19, 2011, Respondent stipulated to failing to supervise by allowing his non-attorney staff to engage in the unauthorized practice of law, in violation of Rule 1-300(A) (five violations); failing to supervise his employees which allowed them to mishandle client funds, in violation of Business & Professions Code section 6106 (five violations); failing to perform legal services with competence by failing to pay his clients' bills for services rendered by their chiropractor, in violation of Rule 3-110(A) ( one violation); and failing to deposit his clients' settlement funds into his client trust account, in wilful violation of Rule 4-100(A) (three violations).

**Multiple Acts of Misconduct** (Std. 1.5(b)): Respondent was charged with and pled guilty to 43 counts of capping and failed to comply with multiple probation conditions.

**Harm** (Std. 1.5(f)): Respondent's criminal acts caused significant harm to the administration of justice and to the public. The California Department of Insurance expended significant resources conducting the investigation. Further, the clients in Respondent's prior discipline have not received full restitution as ordered by the court.

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#### Additional Aggravating Circumstances:

Uncharged Misconduct: Coleman worked for Respondent from 2006 to 2011. Since Coleman was disbarred in 2004, Respondent was required to comply with Rules of Professional Conduct, rule 1-311 by providing written notice of Coleman's employment to the State Bar and to clients on whose matters Coleman would be working. Respondent did not provide written notice to the State Bar.

#### MITIGATING CIRCUMSTANCES.

#### Additional Mitigating Circumstances:

**Pretrial Stipulation**: Respondent has entered into a stipulation as to facts and culpability. This avoids the need for a trial and use of the court's time and resources. (*Silva-Vidor v. State Bar* (1989) 49 Cal.3d 1071, 1079.[where mitigative credit was given for entering into a stipulation as to facts and culpability)

#### **AUTHORITIES SUPPORTING DISCIPLINE.**

The Standards for Attorney Sanctions for Professional Misconduct "set forth a means for determining the appropriate disciplinary sanction in a particular case and to ensure consistency across cases dealing with similar misconduct and surrounding circumstances." (Rules Proc. of State Bar, tit. IV, Stds. for Atty. Sanctions for Prof. Misconduct, std. 1.1. All further references to Standards are to this source.) The Standards help fulfill the primary purposes of discipline, which include: protection of the public, the courts and the legal profession; maintenance of the highest professional standards; and preservation of public confidence in the legal profession. (See std. 1.1; *In re Morse* (1995) 11 Cal.4th 184, 205.)

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.) If a recommendation is at the high end or low end of a Standard, an explanation must be given as to how the recommendation was reached. (Std. 1.1.) "Any disciplinary recommendation that deviates from the Standards must include clear reasons for the departure." (Std. 1.1; *Blair v. State Bar* (1989) 49 Cal.3d 762, 776, fn. 5.)

In determining whether to impose a sanction greater or less than that specified in a given standard, in addition to the factors set forth in the specific standard, consideration is to be given to the primary purposes of discipline; the balancing of all aggravating and mitigating circumstances; the type of misconduct at issue; whether the client, public, legal system or profession was harmed; and the member's willingness and ability to conform to ethical responsibilities in the future. (Stds. 1.7(b) and (c).)

Standard 2.11 provides that disbarment is appropriate for final conviction of a felony in which the facts and circumstances surrounding the offense involve moral turpitude, unless the most compelling

mitigating circumstance clearly predominate, in which case actual suspension of at least two years is appropriate.

Here, the facts and circumstances surrounding Respondent's conviction involved moral turpitude and there are no compelling mitigating circumstances that clearly predominate. Respondent was convicted of 43 counts of capping, in violation of Insurance Code section 750(a), a felony. Respondent's engaged in this scheme for at least five years. During his operation, Respondent's cappers listened to traffic scanners for accidents, went to the scenes and referred the accident victims to Respondent's office. Respondent also misused his client trust account to pay cappers, totaling at least \$95,000. Respondent's involvement in capping was pervasive, and his law practice was built entirely on illegal payments to third parties for cases. Respondent's conduct clearly involved corruption, and thus violated statute precluding acts of moral turpitude, dishonesty or corruption. "[D]isbarments, and not suspensions, have been the rule rather than the exception in cases of serious crimes involving moral turpitude . . ." (*In re Crooks* (1990) 51 Cal.3d 1090, 1101.)

In fact, as further evidence of Respondent's scheme, at the time the Orange County District Attorney's office was investigating his Westminster office and State Bar assumed jurisdiction over the Westminster office, Respondent was in the midst of his capping arrangement in his Upland office. Further, during the time period, he entered into a stipulation he owed restitution to his former clients. However, instead of paying them, he continued to pay significant amounts to his cappers.

Based on the facts and circumstances surrounding Respondent's conviction, his probation violations, and the aggravating factors, disbarment is necessary to protect the public, the court and the legal profession, to maintain the highest professional standards, and to preserve public confidence in the legal profession.

#### COSTS OF DISCIPLINARY PROCEEDINGS.

Respondent acknowledges that the Office of the Chief Trial Counsel has informed Respondent that as of September 9, 2014, the prosecution costs in this matter are \$8,241.00. Respondent further acknowledges that should this stipulation be rejected or should relief from the stipulation be granted, the costs in this matter may increase due to the cost of further proceedings.

## RESTITUTION

Respondent must make restitution, including the principal amount, plus interest of ten percent per annum, to the payees listed below. If the Client Security Fund ("CSF") has reimbursed one or more of the payees listed below for all or any portion of the principal amounts listed below, Respondent must also pay restitution to CSF in the amounts paid, plus applicable interest and costs in accordance with Business and Professions Code section 6140.5. Respondent must pay the above restitution and furnish satisfactory proof of payment to the State Bar's Office of Probation in Los Angeles no later than 30 days from the effective date of the Supreme Court order in this case.

Respondent will receive credit for any payment that he or she has provided or will provide, upon submission of satisfactory proof of payment to the Office of Probation.

# PAYEE PRINCIPAL DATE FROM WHICH AMOUNT INTEREST ACCRUES

Ba Nguy Nga Lam Kim Dang Huy Dang \$ 6,225 \$ 6,325 \$ 9,200 \$ 10,300 September 23, 2008 September 23, 2008 August 8, 2008 August 8, 2008

In the Matter of:	Case number(s):	
WALTER STEVEN MARTINEZ	13-C-12046, 14-O-01002	

# 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.

Walter Steven Martinez Respondent's Signature Print Name **Respondent's Counsel Signature** Print Name Date 9/23 Susan J. Jackson Date **Deputy Trial Opunsel's Signature** Print Name

In the Matter of: WALTER STEVEN MARTINEZ Case Number(s): 13-C-12046, 14-O-01002

#### **DISBARMENT 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.)

Respondent is ordered transferred to involuntary inactive status pursuant to Business and Professions Code section 6007, subdivision (c)(4). Respondent's inactive enrollment will be effective three (3) calendar days after this order is served by mail and will terminate upon the effective date of the Supreme Court's order imposing discipline herein, or as provided for by rule 5.111(D)(2) of the Rules of Procedure of the State Bar of California, or as otherwise ordered by the Supreme Court pursuant to its plenary jurisdiction.

CTOBER 3, 2014

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 October 3, 2014, I deposited a true copy of the following document(s):

#### STIPULATION RE FACTS, CONCLUSIONS OF LAW AND DISPOSITION AND ORDER APPROVING; ORDER OF INVOLUNTARY INACTIVE ENROLLMENT

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:

WALTER S. MARTINEZ 9600 19TH ST APT 36 ALTA LOMA, CA 91737

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

#### SUSAN JACKSON, Enforcement, Los Angeles

I hereby certify that the foregoing is true and correct. Executed in Dos Angeles, California, on October 3, 2014.

Johnnie Lee Smith

Case Administrator State Bar Court