

PUBLIC MATTER

1 STATE BAR OF CALIFORNIA
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FILED

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STATE BAR COURT
CLERK'S OFFICE
LOS ANGELES

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STATE BAR COURT

HEARING DEPARTMENT - LOS ANGELES

In the Matter of:) Case No. 13-O-10876
MICHAEL D. WAKS,)
No. 106452,) NOTICE OF DISCIPLINARY CHARGES
A Member of the State Bar)

NOTICE - FAILURE TO RESPOND!

IF YOU FAIL TO FILE A WRITTEN ANSWER TO THIS NOTICE WITHIN 20 DAYS AFTER SERVICE, OR IF YOU FAIL TO APPEAR AT THE STATE BAR COURT TRIAL:

- (1) YOUR DEFAULT WILL BE ENTERED;**
- (2) YOUR STATUS WILL BE CHANGED TO INACTIVE AND YOU WILL NOT BE PERMITTED TO PRACTICE LAW;**
- (3) YOU WILL NOT BE PERMITTED TO PARTICIPATE FURTHER IN THESE PROCEEDINGS UNLESS YOU MAKE A TIMELY MOTION AND THE DEFAULT IS SET ASIDE, AND;**
- (4) YOU SHALL BE SUBJECT TO ADDITIONAL DISCIPLINE. SPECIFICALLY, IF YOU FAIL TO TIMELY MOVE TO SET ASIDE OR VACATE YOUR DEFAULT, THIS COURT WILL ENTER AN ORDER RECOMMENDING YOUR DISBARMENT WITHOUT FURTHER HEARING OR PROCEEDING. SEE RULE 5.80 ET SEQ., RULES OF PROCEDURE OF THE STATE BAR OF CALIFORNIA.**



1 The State Bar of California alleges:

2 JURISDICTION

3 1. MICHAEL D. WAKS ("Respondent") was admitted to the practice of law in the State
4 of California on December 3, 1982, was a member at all times pertinent to these charges, and is
5 currently a member of the State Bar of California.

6 COUNT ONE

7 Case No. 13-O-10876
8 Rules of Professional Conduct, rule 3-310(B)(3)
9 [Conflict - Relationship with an Interested Person or Entity]

10 2. On or about January 11, 2011, respondent accepted representation of a client,
11 Gregory Velardez ("Velardez"), in his personal injury matter. On or about April 22, 2011,
12 respondent had Velardez sign two documents, an Authorization to Set Up Lien and a Factoring
13 Agreement for medical services, that assigned the client's medical lien to Medical Finance, LLC,
14 a company in which respondent had an ownership and financial interest, without providing
15 written disclosure to the client that respondent had a financial interest in, or relationship with
16 another person or entity, specifically Medical Finance, LLC, respondent knew or reasonably
17 should have known would be affected substantially by the resolution of the matter in that the
18 amount of Velardez' expected recovery in the personal injury matter would be affected by the
19 amount of the lien, in willful violation of the Rules of Professional Conduct, rule 3-310(B)(3).

20 COUNT TWO

21 Case No. 13-O-10876
22 Rules of Professional Conduct, rule 3-310(B)(4)
23 [Conflict - Interest in Subject Matter]

24 3. On or about January 11, 2011, respondent accepted representation of a client,
25 Gregory Velardez ("Velardez"), in his personal injury matter. On or about April 22, 2011,
26 respondent had Velardez sign two documents, an Authorization to Set Up Lien and a Factoring
27 Agreement for medical services, that assigned the client's medical lien to Medical Finance, LLC,
28 a company in which respondent had an ownership and financial interest, without providing
written disclosure to the client that respondent had a financial interest in the subject matter of the

1 representation, specifically respondent owned, managed and financed Medical Finance, LLC, in
2 willful violation of the Rules of Professional Conduct, rule 3-310(B)(4).

3 **NOTICE - INACTIVE ENROLLMENT!**

4 **YOU ARE HEREBY FURTHER NOTIFIED THAT IF THE STATE BAR**
5 **COURT FINDS, PURSUANT TO BUSINESS AND PROFESSIONS CODE**
6 **SECTION 6007(c), THAT YOUR CONDUCT POSES A SUBSTANTIAL**
7 **THREAT OF HARM TO THE INTERESTS OF YOUR CLIENTS OR TO**
8 **THE PUBLIC, YOU MAY BE INVOLUNTARILY ENROLLED AS AN**
9 **INACTIVE MEMBER OF THE STATE BAR. YOUR INACTIVE**
10 **ENROLLMENT WOULD BE IN ADDITION TO ANY DISCIPLINE**
11 **RECOMMENDED BY THE COURT.**

12 **NOTICE - COST ASSESSMENT!**

13 **IN THE EVENT THESE PROCEDURES RESULT IN PUBLIC**
14 **DISCIPLINE, YOU MAY BE SUBJECT TO THE PAYMENT OF COSTS**
15 **INCURRED BY THE STATE BAR IN THE INVESTIGATION, HEARING**
16 **AND REVIEW OF THIS MATTER PURSUANT TO BUSINESS AND**
17 **PROFESSIONS CODE SECTION 6086.10.**

18 Respectfully submitted,

19 THE STATE BAR OF CALIFORNIA
20 OFFICE OF THE CHIEF TRIAL COUNSEL

21 DATED: December 11, 2013

22 By: 

23 TREVA R. STEWART
24 Deputy Trial Counsel
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DECLARATION OF SERVICE

by

U.S. FIRST-CLASS MAIL / U.S. CERTIFIED MAIL / OVERNIGHT DELIVERY / FACSIMILE-ELECTRONIC TRANSMISSION

CASE NUMBER(s): 13-O-10876

I, the undersigned, am over the age of eighteen (18) years and not a party to the within action, whose business address and place of employment is the State Bar of California, 180 Howard Street, San Francisco, California 94105, declare that:

- on the date shown below, I caused to be served a true copy of the within document described as follows:

NOTICE OF DISCIPLINARY CHARGES

[X] By U.S. First-Class Mail: (CCP §§ 1013 and 1013(a)) in accordance with the practice of the State Bar of California for collection and processing of mail, I deposited or placed for collection and mailing in the City and County of San Francisco. [X] By U.S. Certified Mail: (CCP §§ 1013 and 1013(a))

[] By Overnight Delivery: (CCP §§ 1013(c) and 1013(d)) I am readily familiar with the State Bar of California's practice for collection and processing of correspondence for overnight delivery by the United Parcel Service ("UPS").

[] By Fax Transmission: (CCP §§ 1013(e) and 1013(f)) Based on agreement of the parties to accept service by fax transmission, I faxed the documents to the persons at the fax numbers listed herein below. No error was reported by the fax machine that I used. The original record of the fax transmission is retained on file and available upon request.

[] By Electronic Service: (CCP § 1010.6) Based on a court order or an agreement of the parties to accept service by electronic transmission, I caused the documents to be sent to the person(s) at the electronic addresses listed herein below. I did not receive, within a reasonable time after the transmission, any electronic message or other indication that the transmission was unsuccessful.

[X] (for U.S. First-Class Mail) in a sealed envelope placed for collection and mailing at San Francisco, addressed to: (see below)

[X] (for Certified Mail) in a sealed envelope placed for collection and mailing as certified mail, return receipt requested, Article No.: 7196 9008 9111 2123 6691 at San Francisco, addressed to: (see below)

[] (for Overnight Delivery) together with a copy of this declaration, in an envelope, or package designated by UPS, Tracking No.: addressed to: (see below)

Table with 4 columns: Person Served, Business-Residential Address, Fax Number, Courtesy Copy via Email to. Row 1: Arthur L. Margolis, Margolis & Margolis LLP, 2000 Riverside Dr, Los Angeles CA 90039, Electronic Address.

[] via inter-office mail regularly processed and maintained by the State Bar of California addressed to:

N/A

I am readily familiar with the State Bar of California's practice for collection and processing of correspondence for mailing with the United States Postal Service, and overnight delivery by the United Parcel Service ("UPS"). In the ordinary course of the State Bar of California's practice, correspondence collected and processed by the State Bar of California would be deposited with the United States Postal Service that same day, and for overnight delivery, deposited with delivery fees paid or provided for, with UPS that same day.

I am aware that on motion of the party served, service is presumed invalid if postal cancellation date or postage meter date on the envelope or package is more than one day after date of deposit for mailing contained in the affidavit.

I declare under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct. Executed at San Francisco, California, on the date shown below.

DATED: December 11, 2013

SIGNED:

[Signature] Anna Rea Dungo Declarant