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	Bar Court of Californ Hearing Department Los Angeles STAYED SUSPENSION	ia kwiktag * 152 146 957
Counsel For The State Bar	Case Number(s):	For Court use only
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1	13-0-12264	
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Los Angeles, CA 90015		FILED
(213) 765-1714		DEC 17 2013
Bar # 261592		STATE BAR COURT CLERK'S OFFICE
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Los Angeles, CA 90045		
(310) 642-6900	Submitted to: Settlement Ju	dge
	DISPOSITION AND ORDER	CONCLUSIONS OF LAW AND
Bar # 132699		Arriconice
In the Matter of:	4	
JOSEPH LYNN DE CLUE, JR.	STAYED SUSPENSION; NO	ACTUAL SUSPENSION
		N REJECTED
Bar # 163954		
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 April 6, 1993.
- (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: two (2) billing cycles immediately following the effective date of the Supreme Court order in this matter. (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) Harm: Respondent's misconduct harmed significantly a client, the public or the administration of justice. See stipulation, at page 9.
- (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 stipulation, at page 9.
- (8) **No aggravating circumstances** are involved.

Additional aggravating circumstances

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.

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

Additional mitigating circumstances

No prior record of discipline and pre-filing stipulation, see stipulation, at page 9.

D. Discipline:

(1) \boxtimes Stayed Suspension:

- (a) Respondent must be suspended from the practice of law for a period of two (2) years.
 - 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.) Subject to assertion of applicable privileges, Respondent must answer fully, promptly and truthfully any (6) \boxtimes 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. Within one (1) year of the effective date of the discipline herein, Respondent must provide to the Office of (7) 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. No Ethics School recommended. Reason: Respondent must comply with all conditions of probation imposed in the underlying criminal matter and (8) 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: Law Office Management Conditions Substance Abuse Conditions П **Financial Conditions Medical Conditions** П 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: JOSEPH LYNN DE CLUE, JR.

CASE NUMBERS: 13-O-11459-GES, 13-O-12264

FACTS AND CONCLUSIONS OF LAW.

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

Case No. 13-O-11459-GES (Complainants: Fernando and Marcielda Gomez)

FACTS:

1. On January 8, 2013, Fernando and Marcielda Gomez (collectively, the "Gomezes") met with Respondent's non-attorney staff member Carlos Serna ("Serna") at Respondent's office to hire Respondent to perform home mortgage loan modification services. Respondent was not present at the meeting.

2. At all times relevant hereto, Serna was Respondent's employee or agent. Serna's duties included client intake and receiving relevant financial information from clients.

3. Respondent failed to properly supervise Serna which resulted in Serna exceeding his client intake duties. As a result, at the initial January 8, 2013 meeting, Serna provided the Gomezes with Respondent's retainer agreement and persuaded them to hire Respondent to attempt to negotiate a home mortgage loan modification on their behalf. Serna also provided the Gomezes with legal advice by analyzing their financial information and stating that based on his evaluation of their financial information, the clients qualified for a loan modification.

4. In his retainer agreement with the Gomezes, Respondent charged them an initial retainer fee of \$3,000 as advanced fees for performance of the home mortgage loan modification services.

5. The Gomezes could not afford the initial retainer fee (\$3,000) for Respondent's loan modification services and accordingly the Gomezes agreed with Respondent's office that the Gomezes would attempt to obtain funding to pay Respondent's legal fees through a third party.

6. On January 16, 2013, Respondent's office submitted a qualified written request to the lender on behalf of the Gomezes and also sent a letter to the lender requesting to postpone or cancel the trustee sale of the Gomezes' home scheduled for January 22, 2013.

7. On January 21, 2013, the Gomezes learned through Serna that they failed to qualify for the financing through the third party. In the same conversation, Serna informed the Gomezes that they needed to make a payment of at least \$2,500 to Respondent's office by January 31, 2013. The Gomezes informed Serna that they could not afford the lump sum payment and terminated Respondent's services on that date.

8. On January 29, 2013, unbeknownst to Respondent and without any encouragement by Respondent, Serna went to the Gomezes' home uninvited, began banging on their door and demanded payment from the Gomezes. The Gomezes informed Serna that they could not make the lump sum payment. Serna continued to yell at them stating that Respondent would sue the Gomezes if they failed to make the \$2,500 payment to Respondent within two days. After learning about Serna's actions, Respondent subsequently took remedial action against Serna for his actions at the Gomezes' home.

9. On February 7, 2013, Respondent sent the Gomezes a letter reiterating a request for payment of \$2,970 purportedly owed by the Gomezes to Respondent.

10. On February 20, 2013, Respondent filed a complaint against the Gomezes in Riverside County Small Claims Court for the fees purportedly owed to him under the retainer agreement. After a hearing on the matter, the Court entered a judgment in favor of Respondent, which the Gomezes appealed and ultimately won.

CONCLUSIONS OF LAW:

11. By failing to properly supervise Serna in signing up the Gomezes as clients on his behalf and providing legal advice regarding the Gomezes' candidacy for a loan modification, Respondent intentionally, recklessly, or repeatedly failed to perform with competence by failing to supervise an employee, in willful violation of Rules of Professional Conduct, rule 3-110(A).

12. By agreeing to negotiate a home mortgage loan modification for a fee for the Gomezes and demanding \$3,000 from them prior to fully performing each and every service he contracted to perform or represented that he would perform, in violation of subsection (a)(1) of section 2944.7 of the Civil Code, Respondent willfully violated Business and Professions Code section 6106.3.

Case No. 13-O-12264 (Complainant: Rodolfo Guzman)

FACTS:

13. On September 22, 2012, Rodolfo Guzman ("Guzman") hired Respondent to perform home mortgage loan modification services and paid Respondent \$3,000 in advanced fees. At the time, Guzman's home was scheduled to be sold at a trustee sale on October 17, 2012.

14. On October 16, 2012, Respondent's office submitted a qualified written request to the lender on behalf of Guzman and also sent a letter to the lender requesting to postpone or cancel the trustee sale. The sale was postponed.

15. On October 25, 2012, Guzman paid Respondent another \$500 as a monthly fee for Respondent's legal services before all of the contemplated home mortgage loan modification services had been performed by Respondent.

16. Respondent made a full refund to Guzman of the \$3,500 illegal fee on August 12, 2013.

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CONCLUSIONS OF LAW:

17. By negotiating, arranging or offering to perform a home mortgage loan modification for a fee paid by a borrower, and demanding, charging, collecting and receiving at least \$3,500 from Guzman prior to fully performing each and every service he contracted to perform or represented that he would perform, in violation of subsection (a)(1) of section 2944.7 of the Civil Code, Respondent willfully violated Business and Professions Code section 6106.3.

AGGRAVATING CIRCUMSTANCES.

Harm (Std. 1.2(b)(iv)): Respondent's misconduct has caused significant harm to the Gomezes, because in addition to exposing them to the harassment caused by Respondent's employee, Carlos Serna, he also pursued a small claims court action to recover an illegal fee from them, which then required them to pursue an appeal and incur additional filing fees.

Multiple Acts of Misconduct (Std. 1.2(b)(ii)): Respondent's misconduct evidences three distinct State Bar Act and/or Rules of Professional Conduct violations, which can be considered serious aggravation. (See e.g., In the Matter of Valinoti (Review Dept. 2002) 4 Cal. State Bar Ct. Rptr. 498. 555.)

MITIGATING CIRCUMSTANCES.

No Prior Discipline: Respondent has no prior record of discipline since being admitted to practice law in 1993. Although the current misconduct is serious, Respondent's nineteen-year discipline-free record at the time of the misconduct herein is entitled to significant mitigation. (*Friedman v. State Bar* (1990) 50 Cal.3d 235, 245 [20 years of discipline-free is "highly significant"]; *Hawes v. State Bar* (1990) 51 Cal.3d 587, 596 [more than 10 years of discipline-free entitled to significant mitigation].)

Pre-filing Stipulation: While some of the facts in this matter are easily provable, Respondent has cooperated with the State Bar by entering into the instant stipulation fully resolving the matter at an early stage in the proceedings prior to the filing of disciplinary charges and without the necessity of a trial, thereby saving State Bar 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 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." (*See*, Introduction to the Standards, Rules Proc. of State Bar, Title IV, Stds. for Prof. Misconduct). 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 preservation of public confidence in the legal profession. (*In re Morse* (1995) 11 Cal.4th 184, 206, *see also* std 1.3).

Although not binding, the standards 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).

Standard 1.6 provides that if two or more acts of professional misconduct are found or acknowledged in a single disciplinary proceeding, and different sanctions are prescribed by the standards for said acts, the sanction imposed shall be the more or most severe of the different applicable standards. Standard 2.10 is the applicable standard here.

Standard 2.10 provides that culpability of an attorney of a violation of any provision of the Business and Professions Code or Rules of Professional Conduct not otherwise specified in the standards shall result in reproval or suspension depending upon the gravity of the offense or the harm to the victim with due regard to the purposes of imposing discipline set forth in standard 1.3. The gravity of Respondent's misconduct here is significant as demonstrated by the risk posed to the public and future clients by charging and collecting illegal fees from clients, including \$3,500 received from Guzman, as it shows a disregard for the law or failure to appreciate its consequences. Of equal concern is Respondent's failure to supervise a non-attorney employee in signing up clients and providing legal advice to clients without his knowledge. Accordingly, some degree of suspension for Respondent's misconduct is appropriate under the circumstances to protect the public, the courts and the legal profession; maintain high professional standards by attorneys and to preserve public confidence in the legal profession. Taking into consideration Respondent's lengthy record without any prior discipline, a two (2) year stayed suspension and a two (2) year probation with conditions is appropriate discipline.

Case law also supports the imposition of some period of suspension. In the Matter of Taylor (Review Dept. 2012) 5 Cal. State Bar. Ct. Rptr. 221 is the only published decision regarding collection of illegal fees in violation of Civil Code, section 2944.7(a) (i.e., Senate Bill 94). In Taylor, the Review Department imposed a two (2) year stayed suspension and a two (2) year probation with conditions including a six (6) month actual suspension and until payment of restitution of approximately \$14,350 of the \$30,100 illegally collected from eight clients as upfront fees for home mortgage loan modification services. At the time of the misconduct, Taylor arguably lacked any clear case law by which to guide him as to the meaning and import of Civil Code, section 2944.7(a). Nonetheless, Taylor repaid some of the illegal fees he collected from his clients prior to the disciplinary proceedings, whereas here Respondent filed a small claims court action to pursue fees and made no refund of any portion of the illegal fees until after the disciplinary proceedings were initiated against him and nearly nine months after the Taylor decision was published. With that said, Taylor's misconduct also involved more clients and more restitution. Moreover, he had only approximately four years of discipline-free practice prior to his misconduct compared to Respondent's nineteen years of discipline-free practice and unlike Respondent, Taylor lacked any insight into his misconduct as the Court found in aggravation. Accordingly, while Respondent's misconduct is serious, it is not as egregious as that of the attorney in Taylor and therefore warrants a lesser period of suspension than in Taylor.

COSTS OF DISCIPLINARY PROCEEDINGS.

Respondent acknowledges that the Office of the Chief Trial Counsel has informed Respondent that as of November 18, 2013, the prosecution costs in this matter are approximately \$4,026.99. 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

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

 (Do not write above this line.)

 In the Matter of:

 JOSEPH LYNN DE CLUE, JR.

 Case number(s):

 13-O-11459-GES, 13-O-12264

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.

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In the Matter of: JOSEPH LYNN DE CLUE, JR. Case Number(s): 13-O-11459-GES, 13-O-12264

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.)

CEMIJER 16, 2013

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 December 17, 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:

EDWARD O. LEAR CENTURY LAW GROUP LLP 5200 W CENTURY BLVD #345 LOS ANGELES, CA 90045

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

ANUND KUMAR, Enforcement, Los Angeles

I hereby certify that the foregoing is true and correct. Executed in Los Angeles, California, on December 17, 2013.

arpenter

Angela Carpenter Case Administrator State Bar Court