

1 STEPHEN J. STRAUSS, S.B. #129648  
1107 Fair Oaks Ave., #885  
2 South Pasadena, CA 91030

3 (323) 221-2286

4 Attorney for Respondent, Chad Thomas Pratt

**FILED**

JAN 06 2014

STATE BAR COURT  
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LOS ANGELES

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8 **THE STATE BAR COURT**  
9 **HEARING DEPARTMENT - LOS ANGELES**  
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11 In the Matter of

12 CHAD THOMAS PRATT

13 State Bar No. 149746

14 A Member of the State Bar  
15 \_\_\_\_\_  
16

CASE NOS.: 13-O-12312 RAH et al

RESPONSE TO NOTICE OF  
DISCIPLINARY CHARGES

Status Conf: January 22, 2014 4:00 p.m.

17 **TO ALL PARTIES AND THEIR ATTORNEYS AND COUNSEL OF RECORD:**

18 Respondent CHAD THOMAS PRATT, by and through his counsel, Stephen Strauss,  
19 hereby responds to the Notice of Disciplinary Charges (hereinafter NDC) filed on or about  
20 December 11, 2013, in the above referenced matter, as follows:

- 21 1. Admit
- 22 2. Admit in part, deny in part. Admit as to date and scope of services as to Tracy Torme.  
23 Denied in its entirety as to Robin Torme, aka Robin Hudson, who Respondent avers was  
24 never a client and never signed a fee agreement. Respondent further avers that Robin  
25 Hudson was neither a signatory nor a co-signer on the loan to the real property, nor did Robin  
26 Hudson possess a power of attorney to act on behalf of Tracy Torme. Respondent denies he  
27 intentionally, recklessly, or repeatedly failed to perform with competence. Respondent  
28 further denies he performed no services of value for Tracy Torme. Respondent denies he



1 wilfully violated Rule 3-110(A).

2 3. Admit in part, deny in part. Denied in its entirety as to Robin Torme aka Robin  
3 Hudson, who was never a client and never signed a fee agreement. Respondent avers Robin  
4 Hudson was neither a signatory nor a co-signer to the loan to the real property nor did she  
5 possess a power of attorney to act on behalf of Tracy Torme. Respondent denies that  
6 between on or about September 14, 2012 and on or about January 31, 2013, he received the  
7 sum of \$6,650.00, and avers any amounts paid were paid to RELC. Respondent avers  
8 monies were paid for both legal fees and a forensic audit to determine who the identity of the  
9 trustee who held the note to the property was so the trustee could be identified and named in  
10 the complaint prepared for Tracy Torme. Upon termination of the employment of RELC,  
11 Respondent denies he failed to render an "appropriate" accounting and avers he offered a  
12 partial refund, which was refused. Respondent denies he wilfully violated Rule 4-100(B)(3).

13 4. Denied in its entirety as to Robin Torme aka Robin Hudodn, who was never a client  
14 and never signed a fee agreement. Respondent avers that Robin Hudson was neither a  
15 signatory nor a co-signer to the loan to the real property nor did Robin Hudson possess a  
16 power of attorney to act on behalf of Tracy Torme. Respondent denies that between on or  
17 about September 14, 2012 and on or about January 31, 2013, he received the sum of  
18 \$6,650.00. Respondent avers RELC, rather than Respondent individually, was hired by  
19 Tracy Torme to prosecute a lawsuit against Mr. Torme's home mortgage lender and that all  
20 monies paid were paid to RELC. Respondent denies that he performed no services of value.  
21 Respondent avers that an RELC attorney personally met with Mr. Torme, drafted a well  
22 founded 23 page complaint with 9 causes of action, and spent untold hours reviewing tardy  
23 documentation and email excuses from Robin Torme while awaiting a signed verification or  
24 corrections from Tracy Torme. Respondent denies he wilfully violated Rule 3-700 (D)(2).

25 5. Admit in part, deny in part. Respondent denies that between in or July 2012 and  
26 August 2012, Steve Shefler was employed by RELC. Respondent admits that at the time Mr.  
27 Shefler was not authorized to practice law in California. Respondent denies he failed to  
28 adequately supervise Mr. Shefler. Respondent has no personal knowledge of the substance

1 of the first communication between Mr. Shefler and Mr. Rivera. Respondent therefore  
2 denies that Mr. Shefler offered any legal advice and avers that any such legal advice by a  
3 non-attorney would be against company policy. Respondent avers that Mr. Rivera did not  
4 pay RELC any monies until after he had spoken to an RELC attorney and confirmed his  
5 desire to proceed with a lawsuit, which call was recorded. Respondent further avers he  
6 personally reviewed both Mr. Rivera's intake information from non-attorney staff and the  
7 compliance call before signing a fee agreement on behalf of RELC with Mr. Rivera.  
8 Respondent denies he wilfully violated Rule 3-110(A).

9 6. Admit in part, deny in part. Respondent denies that between in or July 2012 and  
10 August 2012, Steve Shefler was employed by RELC. Respondent admits that at the time Mr.  
11 Shefler was not authorized to practice law in California. Respondent denies he aided Mr.  
12 Shefler in the unauthorized practice of law. Respondent denies he delegated the decision  
13 whether to accept Mr. Rivera as a client of RELC to Mr. Shefler. Respondent avers that he  
14 personally reviewed both the intake information from non-attorney staff and the recorded  
15 compliance call before accepting Mr. Rivera as a client and executing a fee agreement on  
16 behalf of RELC with him. Respondent avers that he alone determined fees to be charged and  
17 in this instance gave Mr. Rivera a discount of \$1,000.00. Respondent avers Mr. Rivera's  
18 second payment of September 3, 2012, was returned NSF and not made good until December  
19 3, 2012, so there was no duty to act prior to said payment being made in full. Respondent  
20 denies he wilfully permitted Mr. Shefler to create a litigation strategy. Respondent avers Mr.  
21 Rivera did not pay RELC any monies until after he had spoken to RELC attorney Susan  
22 Murphy and confirmed his desire to proceed with a lawsuit, which call was recorded.  
23 Respondent denies he wilfully violated Rule 1-300(A).

24 7. Denied in its entirety. Respondent denies he was employed or about August 3, 2012.  
25 Respondent avers that RELC was employed by Mr. Rivera by means of a employment  
26 agreement signed on July 23, 2012. Respondent avers RELC was employed to prosecute a  
27 lawsuit against Mr. Rivera's home mortgage lender. Respondent denies that he intentionally,  
28 recklessly, or repeatedly failed to perform with competence. Respondent denies he

1 performed no legal services of value and avers that Mr. Rivera is presently a named plaintiff  
2 with a lawsuit pending against his home mortgage lender brought by RELC on his behalf.  
3 Respondent denies he wilfully violated Rule 3-110(A).

4 8. Denied in its entirety. Respondent lacks personal knowledge of Mr. Rivera's alleged  
5 attempts to communicate directly with him during the time period alleged and therefore  
6 denies this allegation. Respondent avers any such calls by Mr. Rivera were not made to  
7 Respondent personally. Respondent denies he received any such calls as alleged.  
8 Respondent avers that there were numerous phone calls and email exchanges between Mr.  
9 Rivera and RELC during the period in question including but not limited to Mr. Rivera  
10 receiving, signing, and returning an executed verification to his complaint on March 1, 2013.  
11 Respondent denies he failed to keep his client informed of significant developments or  
12 respond to reasonable status inquiries made to him in wilful violation of Business and  
13 Professions Code § 6068(m).

14 9. Admit in part, deny in part. Respondent denies he received any payment from Mr.  
15 Rivera on or about September 3, 2012 as such funds were returned NSF. Respondent avers  
16 that he personally reviewed the intake information from non-attorney staff before accepting  
17 Mr. Rivera as a client and executing a fee agreement on behalf of RELC with him.  
18 Respondent further avers said amounts were paid to RELC, not Respondent individually as  
19 alleged. Respondent admits he failed to render an "inappropriate accounting" to his client  
20 upon termination as alleged in the NDC and therefore Respondent denies he wilfully violated  
21 Rule 4-100(B)(3).

22 10. Admit in part, deny in part. Respondent denies Mr. Rivera paid \$6,000.00.  
23 Respondent avers Mr. Rivera paid the amount of \$4,000.00. Respondent denies any monies  
24 were paid to him as alleged and avers all amounts paid were paid to RELC. Mr. Rivera's  
25 Respondent denies receiving any payment from Mr. Rivera on September 3, 2012, as his  
26 payment was returned NSF. Admit as to scope of services. Deny as to the recipient of funds.  
27 Respondent denies he performed no services of value and avers Mr. Rivera is presently a  
28 named Plaintiff in a pending lawsuit as the result of his efforts and that of RELC.

1 Respondent denies he failed to promptly refund any part of the monies paid by Mr. Rivera  
2 and avers that in fact Mr. Rivera was offered a partial refund of \$2,000.00 on March 25,  
3 2013, which was refused. This is refund was offered in addition to the \$1,000.00 initial  
4 discount Mr. Rivera received. Respondent denies he wilfully violated Rule 3-700(D)(2).

5 11. Admit in part, deny in part. Respondent denies that between in or January, 2013 Chris  
6 Hiller was employed by RELC. Respondent admits that at the time Mr. Hiller was not  
7 authorized to practice law in California. Respondent denies he failed to adequately supervise  
8 Mr. Hiller. Respondent has no personal knowledge of the substance of the first  
9 communication between Mr. Hiller and Ms. Pickerell therefore denies that Mr. Hiller  
10 offered any legal advice or litigation strategy and avers that Ms. Pickerell did not pay RELC  
11 any monies until after she had spoken to RELC attorney Michael Paul and confirmed her  
12 desire to proceed with a lawsuit, which call was recorded. Respondent avers that he  
13 personally reviewed both the intake information from non-attorney staff and the recorded  
14 compliance call before accepting Ms. Pickerell as a client and executing a fee agreement with  
15 her. Respondent avers that he alone determined fees to be charged. Respondent denies he  
16 wilfully violated Rule 3-110(A).

17 12. Admit in part, deny in part. Respondent denies that between in or January, 2013 Chris  
18 Hiller was employed by RELC. Respondent admits that at the time Mr. Hiller was not  
19 authorized to practice law in California. Respondent denies he aided Mr. Hiller in the  
20 unauthorized practice of law. Respondent denies he delegated to Mr. Hiller the decision  
21 whether to accept Ms. Pickerell as a client of RELC. Respondent denies that Mr. Hiller give  
22 legal advice or created a litigation strategy and avers if Mr. Hiller he did so, it was against  
23 RELC company policy. Respondent further avers that there was a prior relationship between  
24 Mr. Hiller and Ms. Pickerell and/or Ms. Pickerell's boyfriend. Respondent avers Ms.  
25 Pickerell did not pay RELC any monies until after she had spoken to RELC attorney Michael  
26 Paul and confirmed her desire to proceed with a lawsuit, which call was recorded.  
27 Respondent avers that he personally reviewed both the intake information from non-attorney  
28 staff and the recorded compliance call before accepting Ms. Pickerell as a client and

1 executing a fee agreement with her. Respondent denies he wilfully violated Rule 1-300(A).  
2 13. Denied in its entirety. Respondent avers that on or about January 16, 2013 RELC was  
3 employed to prosecute a lawsuit against Ms. Pickerell's home mortgage lender, not  
4 Respondent individually as alleged. Respondent denies that either he intentionally,  
5 recklessly, or repeatedly failed to perform with competence and avers that attorney Susan  
6 Murphy prepared a 58 page complaint with 7 causes of action for Ms. Pickerell at the  
7 direction of, and under the supervision, of Respondent. Thereafter, Ms. Pickerell refused to  
8 sign a verification to the complaint and terminated the relationship. Respondent denies he  
9 wilfully violated Rule 3-110(A).

10 14. Admit in part, deny in part. Admit as to dates, amounts, and scope of legal service.  
11 Deny as to personal recipient of funds as alleged. Respondent denies he failed to render an  
12 "appropriate" accounting upon termination and avers he in fact waived the monthly  
13 maintenance fee pending receipt of the executed verification and also offered Ms. Pickerell a  
14 partial refund on March 18, 2013, which she refused. Respondent denies he wilfully violated  
15 Rule 4-100(B)(3).

16 15. Admit in part, deny in part. Admit as to dates, amounts, and scope of legal service.  
17 Deny as to personal recipient of funds as alleged. Respondent denies he performed no  
18 services of value. Respondent denies that none of the fee paid was earned. Respondent  
19 avers RELC attorney Susan Murphy prepared a 58 page complaint with 7 causes of action for  
20 Ms. Pickerell at the direction of and under the supervision of Respondent. Thereafter, Ms.  
21 Pickerell refused to sign a verification to the complaint necessary to file an equitable claim  
22 and thereafter terminated the attorney-client relationship. Respondent avers prior to  
23 termination he waived the monthly maintenance fee and following termination, on March 18,  
24 2013, Ms. Pickerell was offered a partial refund of fees paid. Ms. Pickerell refused to accept  
25 said refund and instead complained to the State Bar. Respondent denies he wilfully violated  
26 rule 3-700(D)(2).

#### 27 AFFIRMATIVE DEFENSES

28 16. First Affirmative Defense - No duty owed to Robin Torme aka Robin Hudson:

1 Complainant Robin Torme was never a client. She did not sign any employment  
2 agreement with Respondent or RELC. She neither signed nor co-signed the note to the real  
3 property in question. Robin Hudson did not hold a power of attorney to act for Tracy  
4 Torme. Robin Hudson was not an intended third party beneficiary of the employment  
5 agreement and therefore no legal or ethical duty was owed to her by Respondent.

6 17. Second Affirmative Defense: Contributory Fault -Torme

7 Respondent properly delegated to Marilyn S. Yee (SB # 96249) the task of  
8 drafting and preparing the lawsuit for Tracy Torme. Ms. Yee properly, diligently, and under  
9 the supervision of Mr. Pratt, timely prepared a 23 page complaint with 9 causes of action  
10 within one month of Tracy Torme retaining RELC. Any delay in filing the lawsuit or  
11 correcting any inaccuracies was caused by the intervention of Robin Torme aka Robin  
12 Hudson who repeatedly failed to provide promised supporting documentation and/or the  
13 failure of Tracy Torme to sign a verification to the complaint. Any failure to timely perform  
14 was thus attributable, at least in part, to the failure of the complaining witness to timely  
15 cooperate with counsel as a condition of employment. Complainants' own fault was a  
16 substantial factor in causing the violations complained of.

17 18. Third Affirmative Defense- Contributory Fault- Pickerell

18 Within 60 days of signing an employment agreement with RELC, attorney Tala Rezai  
19 had drafted and provided to Ms. Pickerell a 58 page complaint that contained at least one  
20 equitable claim requiring Ms. Pickerell to sign a verification. Thereafter, Ms. Pickerell  
21 failed to sign the verification and then decided she did not want to file a lawsuit after all and  
22 fired RELC. When offered a partial refund, Ms. Pickerell refused. Any failure to timely  
23 perform was thus attributable, at least in part, to the failure of the complaining witness to  
24 timely cooperate with counsel as a condition of employment. Complainants' own fault was a  
25 substantial factor in causing the violations complained of.

26 19. Fourth Affirmative Defense - Count Eight Fails to Give Adequate Notice of the  
27 Charges Alleged and Violates State and Federal Due Process Requirements of Notice

28 Paragraph 9 of the NDC states in pertinent part:

1 "Respondent thereafter failed to render inappropriate accounting to the client regarding those  
2 funds upon termination of Respondent's employment on March 9, 2013, in wilful violation  
3 of the Rules of Professional Conduct, rule 4-100(B)(3)."

4 This is gibberish that forces Respondent to guess at its intended meaning. Count  
5 Eight as written is thus a violation of Respondent's due process right to notice under State  
6 and Federal law, California Business & Professions Code §6085, and the State Bar Act itself.

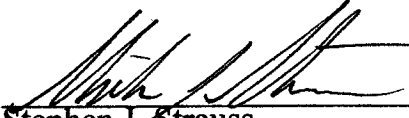
7 20. Fifth Affirmative Defense: Count Eight Fails to State a Disciplinable Offense:

8 Count Eight, as written, fails to state a disciplinable offense against Respondent as it is not  
9 unethical or improper under the State Bar Act to fail to give a client an "inappropriate  
10 accounting". In fact, providing an "inappropriate accounting" to a client could itself be  
11 deemed a wilful violation.

12 **MITIGATION**

13 20. In the event Respondent is found culpable of any misconduct at the time of trial,  
14 Respondent will present evidence in mitigation showing Respondent resigned as owner of  
15 RELC, relinquished all control over said entity, and was no longer associated in any way with  
16 said entity within approximately 45 days of being informed by State Bar Senior Trial Counsel  
17 Eli Morgenstern, that the State Bar considered RELC's operation to be in violation of the  
18 provisions of the State Bar Act.

19 Dated: January 6, 2014.

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22 Stephen J. Strauss  
23 Counsel for Respondent, Chad Thomas Pratt  
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1 STEPHEN J. STRAUSS, S.B. #129648  
1107 Fair Oaks Ave., #885  
2 South Pasadena, CA 91030  
(323) 221-2286  
3  
4

5 **PROOF OF SERVICE BY MAIL**  
6

7 STATE OF CALIFORNIA )  
8 COUNTY OF LOS ANGELES )  
9

10 I am a resident of the county aforesaid. I am over the age of eighteen years and not a party to  
11 the within-entitled action. My business address is 1107 Fair Oaks Ave., #885 South  
Pasadena, CA 91030.

12 On January 6, 2014, in the matter of CHAD THOMAS PRATT, CASE NOS.: 13-O-  
13 12312 RAH et al

14 I served on all interested parties in said action placing a true and correct copy of the

15 **RESPONSE TO NOTICE OF DISCIPLINARY CHARGES**

16 in a sealed envelope and placed the envelope in the United States mail, postage prepaid at  
17 Los Angeles, California addressed as follows:

18 Eli Morgenstern, Senior Trial Counsel  
19 The State Bar of California  
845 S. Figueroa Street  
Los Angeles, CA 90017

20 EXECUTED on January 6, 2014 at Los Angeles, California.  
21 I declare under penalty of perjury that the foregoing is true and correct.  
22

23   
24 Stephen Strauss  
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