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<b>State Bar Court of California</b> <b>Hearing Department Los Angeles</b> <b>ACTUAL SUSPENSION</b>		
<b>Counsel For The State Bar</b>  Erin McKeown Joyce Senior Trial Counsel 1149 South Hill Street Los Angeles, California 90015 (213) 765-1397  Bar # 149946	<b>Case Number(s):</b> 13-O-12516 13-O-14072 13-O-14107 13-O-14232 13-O-14316 13-O-14392 13-O-14394 13-O-14673 13-O-14826 13-O-14846 13-O-15033 13-O-15098 13-O-15160 13-O-15241 13-O-15424 13-O-15475 13-O-15627 13-O-15933 13-O-15935 13-O-16449 13-O-16880 13-O-17349	<b>For Court use only</b>   <div style="text-align: center;"> <b>FILED</b>  <b>JAN 10 2014</b> <i>P.B.</i>  <b>STATE BAR COURT</b>  <b>CLERK'S OFFICE</b>  <b>LOS ANGELES</b> </div> <div style="text-align: center;"> <small>kwiktag®</small>      152 145 330   </div>
<b>Counsel For Respondent</b>  Arthur Lewis Margolis Margolis & Margolis LLP 2000 Riverside Drive Los Angeles, California 90039 (323) 953-8996  Bar # 57703	Submitted to: <b>Settlement Judge</b>  STIPULATION RE FACTS, CONCLUSIONS OF LAW AND DISPOSITION AND ORDER APPROVING  <b>ACTUAL SUSPENSION</b> <input type="checkbox"/> PREVIOUS STIPULATION REJECTED	
<b>In the Matter of:</b> <b>PAUL CONG NGUYEN</b>  Bar # 204713  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 December 7, 1999.
- (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 22 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):
  - ☐ Until costs are paid in full, Respondent will remain actually suspended from the practice of law unless relief is obtained per rule 5.130, Rules of Procedure.
  - ☒ 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.
- (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.

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- (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 the Attachment to the Stipulation re Facts, Conclusions of Law and Disposition at pages 18 and 19.
- (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 the Attachment to the Stipulation re Facts, Conclusions of Law and Disposition at page 18.
- (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.

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- (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 Discipline - See "Facts Supporting Mitigating Circumstances" in the Attachment to the Stipulation re Facts, Conclusions of Law and Disposition at page 19.

Pre-Filing Stipulation - See "Facts Supporting Mitigating Circumstances" in the Attachment to the Stipulation re Facts, Conclusions of Law and Disposition at page 19.

Community Service - See "Facts Supporting Mitigating Circumstances" in the Attachment to the Stipulation re Facts, Conclusions of Law and Disposition at page 19.

**D. Discipline:**

- (1) ☒ **Stayed Suspension:**
- (a) ☒ Respondent must be suspended from the practice of law for a period of three 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:
- (b) ☒ The above-referenced suspension is stayed.
- (2) ☒ **Probation:**
- Respondent must be placed on probation for a period of three years, which will commence upon the effective date of the Supreme Court order in this matter. (See rule 9.18, California Rules of Court)
- (3) ☒ **Actual Suspension:**
- (a) ☒ Respondent must be actually suspended from the practice of law in the State of California for a period of two 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:

**E. Additional Conditions of Probation:**

- (1) ☐ If Respondent is actually suspended for two years or more, he/she must remain actually suspended until he/she proves to the State Bar Court his/her rehabilitation, fitness to practice, and learning and ability in the general law, pursuant to standard 1.4(c)(ii), Standards for Attorney Sanctions for Professional Misconduct.
- (2) ☒ During the probation period, Respondent must comply with the provisions of the State Bar Act and Rules of Professional Conduct.
- (3) ☒ 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.
- (4) ☒ 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.
- (5) ☒ 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.

- (6) ☐ 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.
- (7) ☒ 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.
- (8) ☒ 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 Ethics School, and passage of the test given at the end of that session.

☐ No Ethics School recommended. Reason: .

- (9) ☐ 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.
- (10) ☒ The following conditions are attached hereto and incorporated:
- |   |   |
|---|---|
| <input type="checkbox"/> Substance Abuse Conditions | <input type="checkbox"/> Law Office Management Conditions |
| <input type="checkbox"/> Medical Conditions         | <input checked="" type="checkbox"/> 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 during the period of actual suspension or within one year, whichever period is longer. **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) ☒ **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.
- (3) ☐ **Conditional Rule 9.20, California Rules of Court:** If Respondent remains actually suspended for 90 days or more, he/she 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 120 and 130 calendar days, respectively, after the effective date of the Supreme Court's Order in this matter.
- (4) ☐ **Credit for Interim Suspension [conviction referral cases only]:** Respondent will be credited for the period of his/her interim suspension toward the stipulated period of actual suspension. Date of commencement of interim suspension: .
- (5) ☐ **Other Conditions:**

In the Matter of:  
PAUL CONG NUGYEN

Case Number(s):  
13-O-12516, 13-O-14072, 13-O-14107  
13-O-14232, 13-O-14316, 13-O-14392  
13-O-14394, 13-O-14673, 13-O-14826  
13-O-14846, 13-O-15033, 13-O-15098  
13-O-15160, 13-O-15241, 13-O-15424  
13-O-15475, 13-O-15627, 13-O-15933  
13-O-15935, 13-O-16449, 13-O-16880  
13-O-17349

## Financial Conditions

### a. Restitution

- ☒ Respondent must pay restitution (including the principal amount, plus interest of 10% per annum) to the payee(s) listed below. If the Client Security Fund ("CSF") has reimbursed one or more of the payee(s) for all or any portion of the principal amount(s) listed below, Respondent must also pay restitution to CSF in the amount(s) paid, plus applicable interest and costs.

Payee	Principal Amount	Interest Accrues From
Carlton and Kendra Bargman	\$3,600	March 6, 2013
Carl and Mary Byrne	\$3,700	April 2, 2013
Vernon and Carol Girdy	\$3,700	December 17, 2012
David Gottwals*	\$3,700	February 28, 2013

- ☒ Respondent must pay above-referenced restitution and provide satisfactory proof of payment to the Office of Probation not later than (not applicable). Pursuant to the actual suspension provision on page 4, section D(3)(a)(ii), Respondent will remain suspended until he pays restitution in full.

\*Payees continued on page 21.

### b. Installment Restitution Payments

- ☐ Respondent must pay the above-referenced restitution on the payment schedule set forth below. Respondent must provide satisfactory proof of payment to the Office of Probation with each quarterly probation report, or as otherwise directed by the Office of Probation. No later than 30 days prior to the expiration of the period of probation (or period of reprobation), Respondent must make any necessary final payment(s) in order to complete the payment of restitution, including interest, in full.

Payee/CSF (as applicable)	Minimum Payment Amount	Payment Frequency

- ☐ 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.

### c. Client Funds Certificate

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- ☐ 1. If Respondent possesses client funds at any time during the period covered by a required quarterly report, Respondent must file with each required report a certificate from Respondent and/or a certified public accountant or other financial professional approved by the Office of Probation, certifying that:
- a. Respondent has maintained a bank account in a bank authorized to do business in the State of California, at a branch located within the State of California, and that such account is designated as a "Trust Account" or "Clients' Funds Account";

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b. Respondent has kept and maintained the following:

- i. A written ledger for each client on whose behalf funds are held that sets forth:
  1. the name of such client;
  2. the date, amount and source of all funds received on behalf of such client;
  3. the date, amount, payee and purpose of each disbursement made on behalf of such client; and,
  4. the current balance for such client.
- ii. a written journal for each client trust fund account that sets forth:
  1. the name of such account;
  2. the date, amount and client affected by each debit and credit; and,
  3. the current balance in such account.
- iii. all bank statements and cancelled checks for each client trust account; and,
- iv. each monthly reconciliation (balancing) of (i), (ii), and (iii), above, and if there are any differences between the monthly total balances reflected in (i), (ii), and (iii), above, the reasons for the differences.

c. Respondent has maintained a written journal of securities or other properties held for clients that specifies:

- i. each item of security and property held;
- ii. the person on whose behalf the security or property is held;
- iii. the date of receipt of the security or property;
- iv. the date of distribution of the security or property; and,
- v. the person to whom the security or property was distributed.

2. If Respondent does not possess any client funds, property or securities during the entire period covered by a report, Respondent must so state under penalty of perjury in the report filed with the Office of Probation for that reporting period. In this circumstance, Respondent need not file the accountant's certificate described above.
3. The requirements of this condition are in addition to those set forth in rule 4-100, Rules of Professional Conduct.

**d. Client Trust Accounting School**

- ☐ Within one (1) year of the effective date of the discipline herein, Respondent must supply to the Office of Probation satisfactory proof of attendance at a session of the Ethics School Client Trust Accounting School, within the same period of time, and passage of the test given at the end of that session.

**ATTACHMENT TO**

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

IN THE MATTER OF:

PAUL CONG NGUYEN

CASE NUMBERS:

13-O-12516, 13-O-14072, 13-O-14107, 13-O-14232,  
13-O-14316, 13-O-14392, 13-O-14394, 13-O-14673,  
13-O-14826, 13-O-14846, 13-O-15033, 13-O-15098,  
13-O-15160, 13-O-15241, 13-O-15424, 13-O-15475,  
13-O-15627, 13-O-15933, 13-O-15935, 13-O-16499,  
13-O-16880 and 13-O-17349

**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 Rules of Professional Conduct:

Case No. 13-O-12516 (Complainant: Misael Fernandez)

**FACTS:**

1. Respondent focused his practice of law in the area of loan modification from November 2011 until April 2013. Respondent closed his loan modification practice in April 2013.
2. On May 8, 2012, Misael Fernandez hired Respondent to perform residential mortgage loan modification legal services and paid Respondent \$3,700 in advanced attorney fees for those services.
3. Although Respondent performed legal services for Fernandez in the furtherance of obtaining a loan modification, Respondent was unsuccessful in obtaining a loan modification acceptable to his client.
4. After Fernandez submitted a complaint to the State Bar, Respondent refunded the \$3,700 paid by Fernandez.

**CONCLUSIONS OF LAW:**

5. By collecting an advanced fee to perform mortgage loan modification services on behalf of Fernandez in violation of Civil Code section 2944.7, Respondent willfully violated Business and Professions Code section 6106.3.

Case No. 13-O-14072 (Complainant: Carlton and Kendra Bargman)

**FACTS:**

6. On March 6, 2013, Carlton and Kendra Bargman hired Respondent to perform residential mortgage loan modification legal services and paid Respondent \$3,600 in advanced attorney fees for those services.

7. Although Respondent performed legal services for the Bargmans in the furtherance of obtaining a loan modification, Respondent was unsuccessful in obtaining a loan modification acceptable to his clients.

8. To date, Respondent has not refunded any part of the fee paid to him by the Bargmans.

CONCLUSIONS OF LAW:

9. By collecting an advanced fee to perform mortgage loan modification services on behalf of the Bargmans in violation of Civil Code section 2944.7, Respondent willfully violated Business and Professions Code section 6106.3.

Case No. 13-O-14107 (Complainants: Carl and Mary Byrne)

FACTS:

10. On April 2, 2103, Carl and Mary Byrne hired Respondent to perform residential mortgage loan modification legal services and paid Respondent \$3,700 in advanced attorney fees for those services.

11. Although Respondent performed legal services for the Byrnes in the furtherance of obtaining a loan modification, Respondent was unsuccessful in obtaining a loan modification acceptable to his clients.

12. To date, Respondent has not refunded any part of the fee paid to him by the Byrnes.

CONCLUSIONS OF LAW:

13. By collecting an advanced fee to perform mortgage loan modification services on behalf of the Byrnes in violation of Civil Code section 2944.7, Respondent willfully violated Business and Professions Code section 6106.3.

Case No. 13-O-14232 (Complainants: Vernon and Carol Girdy)

FACTS:

14. On December 17, 2012, Vernon and Carol Girdy hired Respondent to perform residential mortgage loan modification legal services and paid Respondent \$3,700 in advanced attorney fees for those services.

15. Although Respondent performed legal services for the Girdys in the furtherance of obtaining a loan modification, Respondent was unsuccessful in obtaining a loan modification acceptable to his clients.

16. To date, Respondent has not refunded any part of the fee paid to him by the Girdys.

CONCLUSIONS OF LAW:

17. By collecting an advanced fee to perform mortgage loan modification services on behalf of the Girdys in violation of Civil Code section 2944.7, Respondent willfully violated Business and Professions Code section 6106.3.

FACTS:

18. On February 28, 2013, David Gottwals hired Respondent to perform residential mortgage loan modification legal services and paid Respondent \$3,700 in advanced attorney fees for those services.

19. Although Respondent performed legal services for Gottwals in the furtherance of obtaining a loan modification, Respondent was unsuccessful in obtaining a loan modification acceptable to his client.

20. To date, Respondent has not refunded any part of the fee paid to him by Gottwals.

CONCLUSIONS OF LAW:

21. By collecting an advanced fee to perform mortgage loan modification services on behalf of Gottwal in violation of Civil Code section 2944.7, Respondent willfully violated Business and Professions Code section 6106.3.

Case No. 13-O-14392 (Complainant: Yanelys Gracia)

FACTS:

22. On February 14, 2013, Yanelys Gracia hired Respondent to perform residential mortgage loan modification legal services and paid Respondent \$3,500 in advanced attorney fees for those services.

23. Although Respondent performed legal services for Gracia in the furtherance of obtaining a loan modification, Respondent was unsuccessful in obtaining a loan modification acceptable to his client.

24. To date, Respondent has not refunded any part of the fee paid to him by Gracia.

CONCLUSIONS OF LAW:

25. By collecting an advanced fee to perform mortgage loan modification services on behalf of Gracia in violation of Civil Code section 2944.7, Respondent willfully violated Business and Professions Code section 6106.3.

Case No. 13-O-14394 (Complainants: John and Katherine Castro)

FACTS:

26. On March 26, 2013, John and Katherine Castro hired Respondent to perform residential mortgage loan modification legal services and paid Respondent \$3,200 in advanced attorney fees for those services.

27. Although Respondent performed legal services for the Castros in the furtherance of obtaining a loan modification, Respondent was unsuccessful in obtaining a loan modification acceptable to his clients.

28. To date, Respondent has not refunded any part of the fee paid to him by the Castros.

## CONCLUSIONS OF LAW:

29. By collecting an advanced fee to perform mortgage loan modification services on behalf of the Castros in violation of Civil Code section 2944.7, Respondent willfully violated Business and Professions Code section 6106.3.

### Case No. 13-O-14673 (Complainant: Dominique Garel)

#### FACTS:

30. On June 13, 2013, Dominique Garel hired Respondent to perform residential mortgage loan modification legal services and paid Respondent \$1,850 in advanced attorney fees for those services.

31. Although Respondent performed legal services for Garel in the furtherance of obtaining a loan modification, Respondent was unsuccessful in obtaining a loan modification acceptable to his client.

32. To date, Respondent has not refunded any part of the fee paid to him by Garel.

#### CONCLUSIONS OF LAW:

33. By collecting an advanced fee to perform mortgage loan modification services on behalf of Garel in violation of Civil Code section 2944.7, Respondent willfully violated Business and Professions Code section 6106.3.

### Case No. 13-O-14826 (Complainant: Dawood Gul)

#### FACTS:

34. On November 21, 2012, Dawood Gul hired Respondent to perform residential mortgage loan modification legal services and paid Respondent \$4,450 in advanced attorney fees for those services.

35. Although Respondent performed legal services for Gul in the furtherance of obtaining a loan modification, Respondent was unsuccessful in obtaining a loan modification acceptable to his client.

36. To date, Respondent has not refunded any part of the fee paid to him by Gul.

#### CONCLUSIONS OF LAW:

37. By collecting an advanced fee to perform mortgage loan modification services on behalf of Gul in violation of Civil Code section 2944.7, Respondent willfully violated Business and Professions Code section 6106.3.

### Case No. 13-O-14846 (Complainants: Ricky and Kimberly Gray)

#### FACTS:

38. On March 14, 2013, Ricky and Kimberly Gray hired Respondent to perform residential mortgage loan modification legal services and paid Respondent \$3,700 in advanced attorney fees for those services.

39. Although Respondent performed legal services for the Grays in the furtherance of obtaining a loan modification, Respondent was unsuccessful in obtaining a loan modification acceptable to his clients.

40. To date, Respondent has not refunded any part of the fee paid to him by the Grays.

CONCLUSIONS OF LAW:

41. By collecting an advanced fee to perform mortgage loan modification services on behalf of the Grays in violation of Civil Code section 2944.7, Respondent willfully violated Business and Professions Code section 6106.3.

Case No. 13-O-15033 (Complainants: Nancy Riley and Doreen Bishop)

FACTS:

42. On April 2, 2013, Nancy Riley and her daughter Doreen Bishop hired Respondent to perform residential mortgage loan modification legal services and paid Respondent \$4,500 in advanced attorney fees for those services.

43. Although Respondent performed legal services for Riley and Bishop in the furtherance of obtaining a loan modification, Respondent was unsuccessful in obtaining a loan modification acceptable to his clients.

44. To date, Respondent has not refunded any part of the fee paid to him by Riley and Bishop.

CONCLUSIONS OF LAW:

45. By collecting an advanced fee to perform mortgage loan modification services on behalf of Riley and Bishop in violation of Civil Code section 2944.7, Respondent willfully violated Business and Professions Code section 6106.3.

Case No. 13-O-15098 (Complainant: Victor Morales)

FACTS:

46. On December 3, 2012, Victor Morales hired Respondent to perform residential mortgage loan modification legal services and paid Respondent \$5,250 in advanced attorney fees for those services.

47. Although Respondent performed legal services for Morales in the furtherance of obtaining a loan modification, Respondent was unsuccessful in obtaining a loan modification acceptable to his client.

48. To date, Respondent has not refunded any part of the fee paid to him by Morales.

CONCLUSIONS OF LAW:

49. By collecting an advanced fee to perform mortgage loan modification services on behalf of Morales in violation of Civil Code section 2944.7, Respondent willfully violated Business and Professions Code section 6106.3.

FACTS:

50. On November 13, 2012, Margie McManus hired Respondent to perform residential mortgage loan modification legal services and paid Respondent \$3,132 in advanced attorney fees for those services.

51. Although Respondent performed legal services for McManus in the furtherance of obtaining a loan modification, Respondent was unsuccessful in obtaining a loan modification acceptable to his client.

52. To date, Respondent has not refunded any part of the fee paid to him by McManus.

CONCLUSIONS OF LAW:

53. By collecting an advanced fee to perform mortgage loan modification services on behalf of McManus in violation of Civil Code section 2944.7, Respondent willfully violated Business and Professions Code section 6106.3.

Case No. 13-O-15241 (Complainant: Shannan Kenihan)

FACTS:

54. On February 23, 2013, Shannan Kenihan hired Respondent to perform residential mortgage loan modification legal services and paid Respondent \$4,500 in advanced attorney fees for those services.

55. Although Respondent performed legal services for Kenihan in the furtherance of obtaining a loan modification, Respondent was unsuccessful in obtaining a loan modification acceptable to his client.

56. To date, Respondent has not refunded any part of the fee paid to him by Kenihan.

CONCLUSIONS OF LAW:

57. By collecting an advanced fee to perform mortgage loan modification services on behalf of Kenihan in violation of Civil Code section 2944.7, Respondent willfully violated Business and Professions Code section 6106.3.

Case No. 13-O-15424 (Complainant: Detra Hardiman)

FACTS:

58. On May 13, 2013, Detra Hariman hired Respondent to perform residential mortgage loan modification legal services and paid Respondent \$2,850 in advanced attorney fees for those services.

59. Although Respondent performed legal services for Hardiman in the furtherance of obtaining a loan modification, Respondent was unsuccessful in obtaining a loan modification acceptable to his client.

60. To date, Respondent has not refunded any part of the fee paid to him by Hardiman.

CONCLUSIONS OF LAW:

61. By collecting an advanced fee to perform mortgage loan modification services on behalf of Hardiman in violation of Civil Code section 2944.7, Respondent willfully violated Business and Professions Code section 6106.3.

Case No. 13-O-15475 (Complainant: Stephanie Ruiz)

FACTS:

62. On November 20, 2013, Stephanie Ruiz hired Respondent to perform residential mortgage loan modification legal services for two properties and paid Respondent \$7,700 in advanced attorney fees for those services.

63. Although Respondent performed legal services for Ruiz in the furtherance of obtaining a loan modification, Respondent was unsuccessful in obtaining a loan modification acceptable to his client.

64. To date, Respondent has not refunded any part of the fee paid to him by Ruiz.

CONCLUSIONS OF LAW:

65. By collecting an advanced fee to perform mortgage loan modification services on behalf of Ruiz in violation of Civil Code section 2944.7, Respondent willfully violated Business and Professions Code section 6106.3.

Case No. 13-O-15627 (Complainant: Patricia Stephenson)

FACTS:

66. On March 25, 2013, Patricia Stephenson hired Respondent to perform residential mortgage loan modification legal services and paid Respondent \$2,775 in advanced attorney fees for those services.

67. Although Respondent performed legal services for Stephenson in the furtherance of obtaining a loan modification, Respondent was unsuccessful in obtaining a loan modification acceptable to his client.

68. To date, Respondent has not refunded any part of the fee paid to him by Stephenson.

CONCLUSIONS OF LAW:

69. By collecting an advanced fee to perform mortgage loan modification services on behalf of Stephenson in violation of Civil Code section 2944.7, Respondent willfully violated Business and Professions Code section 6106.3.

Case No. 13-O-15933 (Complainant: Lisa Perry)

FACTS:

70. On April 4, 2012, Lisa Perry hired Respondent to perform residential mortgage loan modification legal services and paid Respondent \$4,095 in advanced attorney fees for those services.



71. Although Respondent performed legal services for Perry in the furtherance of obtaining a loan modification, Respondent was unsuccessful in obtaining a loan modification acceptable to his client.

72. To date, Respondent has not refunded any part of the fee paid to him by Perry.

**CONCLUSIONS OF LAW:**

73. By collecting an advanced fee to perform mortgage loan modification services on behalf of Perry in violation of Civil Code section 2944.7, Respondent willfully violated Business and Professions Code section 6106.3.

Case No. 13-O-15935 (Complainant: Betty Edwards)

**FACTS:**

74. On May 14, 2013, Betty Edwards hired Respondent to perform residential mortgage loan modification legal services and paid Respondent \$2,700 in advanced attorney fees for those services.

75. Although Respondent performed legal services for Edwards in the furtherance of obtaining a loan modification, Respondent was unsuccessful in obtaining a loan modification acceptable to his client.

76. To date, Respondent has not refunded any part of the fee paid to him by Edwards.

**CONCLUSIONS OF LAW:**

77. By collecting an advanced fee to perform mortgage loan modification services on behalf of Edwards in violation of Civil Code section 2944.7, Respondent willfully violated Business and Professions Code section 6106.3.

Case No. 13-O-16449 (Complainant: Michael Speer)

**FACTS:**

78. On February 26, 2013, Michael Speer hired Respondent to perform residential mortgage loan modification legal services and paid Respondent \$3,504 in advanced attorney fees for those services.

79. Although Respondent performed legal services for Speer in the furtherance of obtaining a loan modification, Respondent was unsuccessful in obtaining a loan modification acceptable to his client.

80. To date, Respondent has not refunded any part of the fee paid to him by Speer.

**CONCLUSIONS OF LAW:**

81. By collecting an advanced fee to perform mortgage loan modification services on behalf of Speer in violation of Civil Code section 2944.7, Respondent willfully violated Business and Professions Code section 6106.3.

FACTS:

82. On March 26, 2012, Richard Questel hired Respondent to perform residential mortgage loan modification legal services and paid Respondent \$6,400 in advanced attorney fees for those services.

83. Although Respondent performed legal services for Questel in the furtherance of obtaining a loan modification, Respondent was unsuccessful in obtaining a loan modification acceptable to his client.

84. To date, Respondent has not refunded any part of the fee paid to him by Questel.

CONCLUSIONS OF LAW:

85. By collecting an advanced fee to perform mortgage loan modification services on behalf of Questel in violation of Civil Code section 2944.7, Respondent willfully violated Business and Professions Code section 6106.3.

Case No. 13-O-17349 (Complainant: Karen Creighton)

FACTS:

86. On March 25, 2013, Karen Creighton hired Respondent to perform residential mortgage loan modification legal services and paid Respondent \$3,500 in advanced attorney fees for those services.

87. Although Respondent performed legal services for Creighton in the furtherance of obtaining a loan modification, Respondent was unsuccessful in obtaining a loan modification acceptable to his client.

88. To date, Respondent has not refunded any part of the fee paid to him by Creighton.

CONCLUSIONS OF LAW:

89. By collecting an advanced fee to perform mortgage loan modification services on behalf of Creighton in violation of Civil Code section 2944.7, Respondent willfully violated Business and Professions Code section 6106.3.

**AGGRAVATING CIRCUMSTANCES**

**Multiple Acts of Misconduct (Std. 1.2(b)(ii)):** Respondent's misconduct in the 22 matters which comprise this stipulation evidence multiple acts of misconduct.

**Harm (Std. 1.2(b)(iv)):**

Respondent contracted with distressed homeowner clients he represented in loan modifications, and repeatedly collected upfront fees in violation of Civil Code section 2944.7. Most of the clients have been significantly harmed since they still have not received refunds of the advanced fees they should never have been charged in the first place. (See *In the Matter of Johnson* (Review Dept. 1995) 3 Cal. State Bar Ct. Rptr. 233 (failure to repay monies owed to the client was aggravating circumstance); see also, *In the Matter of Harney* (Review Dept. 1995) (failing to disclose potential applicability the statute

limiting fees in a medical malpractice case, which led Respondent to collect an excessive fee, was properly considered as harm to the client in aggravation under Standard 1.2(b)(iv))).

## MITIGATING CIRCUMSTANCES

**No Prior Discipline:** Respondent has no prior record of discipline. Respondent was admitted to the practice of law in 1999, over 12 years before the onset of the misconduct. Even where the underlying conduct is deemed serious, an attorney's lengthy period of discipline free practice should be afforded mitigating weight. (See *In the Matter of Conner* (Review Dept. 2008) 5 Cal. State Bar Ct. Rptr. 93, 106. (Review Department gave mitigating credit for over 12 years of discipline free practice despite seriousness of misconduct.)

**Pre-filing Stipulation:** Respondent met with the State Bar trial counsel, admitted his misconduct, and entered this stipulation fully resolving these matters at this early stage. Respondent's cooperation has saved the State Bar significant resources and time. Respondent's stipulation to the facts, culpability, and discipline is a mitigating circumstance. (See *In the Matter of Spaith* (Review Dept. 1996) 3 Cal. State Bar Ct. Rptr. 511, 521; *Silva-Vidor v. State Bar* (1989) 49 Cal.3d 1071, 1079 (where mitigating credit was given for entering into a stipulation as to facts and culpability).)

**Community Service:** Respondent has provided evidence of volunteering many hours of community service at his church, for which he is entitled to mitigation. (See *In the Matter of Fonte* (Review Dept. 1994) 2 Cal. State Bar Ct. Rptr. 752 [Respondent's long service to the Bar and for his community entitled to substantial mitigation]).

## 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 of Procedure of State Bar, title IV, Standards for Attorney Sanctions for Professional 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 preservation of public confidence in the legal profession." (*In re Morse* (1995) 11 Cal.4th 184, 205; standard 1.3.)

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.)

The gravamen of Respondent's misconduct is his repeated violations of Business and Professions Code section 6106.3 – collecting advanced fees for loan modification services. Respondent admits to committing multiple acts of professional misconduct, 22 violations of Business and Professions Code section 6106.3.

Standard 2.10 applies to Respondent's violations of Business and Professions Code section 6106.3. Under Standard 2.10, which provides the level of discipline range for offenses involving a violation of the Business and Professions Code or Rule of Professional Conduct not specified in any other standard, "[c]ulpability of a member of a violation of an provision of the Business and Professions Code not

specified in these standards or of a wilful violation of any Rule of Professional Conduct not specified in these standards shall result in reproof or suspension according to the gravity of the offense or the harm, if any, to the victim, with due regard to the purposes of imposing discipline set forth in standard 1.3.”

In considering the extent of the misconduct, Respondent’s misconduct spanned much of the time period he operated his loan modification practice from March 2012 until April 2013. Respondent’s misconduct is serious. Respondent has repeatedly violated Business and Professions Code section 6106.3 by accepting advanced fees for loan modification services in violation of Civil Code section 2944.7.

In considering the degree of harm to the clients, only one of Respondent’s clients has received a refund. The rest are still waiting for repayment of the advanced fees Respondent collected in violation of the prohibition against collecting advanced fees. The extent of misconduct is great and the harm to the clients has been significant.

The aggravating and mitigating circumstances must also be considered. In aggravation are Respondent’s commission of multiple acts of misconduct, and, again, the harm to the clients.

In mitigation, Respondent has fully cooperated with the State Bar to resolve these matters with a stipulation. Further, even though the misconduct here is serious, before all the misconduct considered here began, Respondent had no record of discipline in over 12 years of practice. As an additional factor in mitigation, Respondent established he has engaged in substantial community service through his church.

In the Review Department case, *In the Matter of Taylor* (Review Dept. 2012) 5 Cal. State Bar Ct. Rptr. 221, the respondent attorney was found culpable of violating Civil Code section 2944.7 and collecting illegal and unconscionable fees in eight client matters, and was suspended for six months. In *Taylor*, the respondent attorney had not paid full refunds to any of the clients. He was found to have engaged in multiple acts of misconduct, causing significant harm to his clients and displaying indifference toward rectification or atonement for his misconduct. Here, Respondent collected advanced fees in violation of Business and Professions Code section 6106.3 in 22 client matters (significantly more cases than in *Taylor*). However, unlike the attorney in *Taylor*, Respondent closed down his loan modification practice in April 2013.

Following Standard 2.10 and considering the totality of the misconduct considered in these matters, particularly in light of the extent of the misconduct and degree of harm to the clients, and considering the aggravating and mitigating circumstances, the appropriate level of discipline is two years’ actual suspension, and until Respondent pays full restitution and makes an affirmative showing of rehabilitation and present fitness as required by Standard 1.4(c)(ii).

Imposition of a two-year actual suspension will be sufficient to protect the public, the courts and the legal profession under Standard 1.3, and falls squarely within the Standards for discipline in these matters.

## FINANCIAL CONDITIONS

These financial conditions are continued from the Financial Conditions form (pages 7, 8 and 9). Respondent must pay the following restitution on the same terms as set forth on the Financial Conditions page 7 to the following payees, in addition to the four payees listed on page 7:

Payee	Principal Amount	Interest Accrues From
Yanelys Gracia	\$3,500	February 14, 2013
John and Katherine Castro	\$3,200	March 26, 2013
Dominique Garel	\$1,850	June 13, 2013
Dawood Gul	\$4,450	November 21, 2012
Ricky and Kimberly Gray	\$3,700	March 14, 2013
Nancy Riley and Doreen Bishop	\$4,500	April 2, 2013
Victor Morales	\$5,250	December 3, 2012
Margie McManus	\$3,132	November 13, 2012
Shannan Kenihan	\$4,500	February 23, 2013
Detra Hardiman	\$2,850	May 13, 2013
Stephanie Ruiz	\$7,700	November 20, 2013
Patricia Stephenson	\$2,775	March 25, 2013
Lisa Perry	\$4,095	April 4, 2012
Betty Edwards	\$2,700	May 14, 2013
Michael Speer	\$3,504	February 26, 2013
Richard Questel	\$6,400	March 26, 2012
Karen Creighton	\$3,500	March 25, 2013

## EXCLUSION FROM MCLE CREDIT

Pursuant to Rule of Procedure 3201, Respondent may not receive MCLE credit for completion of State Bar Ethics School.

(Do not write above this line.)

In the Matter of:  
PAUL CONGO NGUYEN

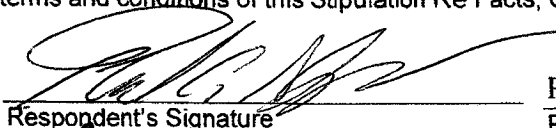
Case number(s):

13-O-12516, 13-O-14072, 13-O-14107, 13-O-14232,  
13-O-14316, 13-O-14392, 13-O-14394, 13-O-14673,  
13-O-14826, 13-O-14846, 13-O-15033, 13-O-15098,  
13-O-15160, 13-O-15241, 13-O-15424, 13-O-15475,  
13-O-15627, 13-O-15933, 13-O-15935, 13-O-16449,  
13-O-16880, 13-O-17349

### SIGNATURE OF THE PARTIES

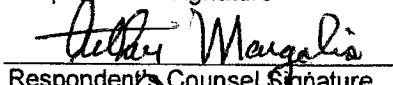
By their signatures below, the parties and their counsel, as applicable, signify their agreement with each of the recitations and each of the terms and conditions of this Stipulation Re Facts, Conclusions of Law, and Disposition.

12-6-13  
Date

  
Respondent's Signature

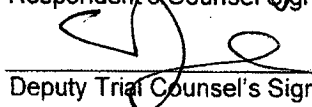
Paul Congo Nguyen  
Print Name

12/12/13  
Date

  
Respondent's Counsel Signature

Arthur Lewis Margolis  
Print Name

12-16-13  
Date

  
Deputy Trial Counsel's Signature

Erin McKeown Joyce  
Print Name

(Do not write above this line.)

In the Matter of:  
PAUL CONGO NGUYEN

Case Number(s):  
13-O12516 et al.

### ACTUAL 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.
1. On page 4 of the stipulation, the "X" in the box next to paragraph D.(1)(a)(ii) is deleted.
  2. On page 11 of the stipulation, numbered paragraph 10, "April 2, 2103" is deleted, and in its place is inserted "April 2, 2013".
  3. On page 12 of the stipulation, numbered paragraph 21, "Gottwal" is deleted, and in its place is inserted "Gottwals".
  4. On page 15 of the stipulation, numbered paragraph 58, "Hariman" is deleted, and in its place is inserted "Hardiman".

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.)**

1-10-14  
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 10, 2014, 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 LEWIS MARGOLIS  
MARGOLIS & MARGOLIS LLP  
2000 RIVERSIDE DR  
LOS ANGELES, CA 90039**

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

**Erin M. Joyce, Enforcement, Los Angeles**

I hereby certify that the foregoing is true and correct. Executed in Los Angeles, California, on January 10, 2014.



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Paul Barona  
Case Administrator  
State Bar Court