

PUBLIC MATTER

FILED

1 STATE BAR OF CALIFORNIA
 2 OFFICE OF THE CHIEF TRIAL COUNSEL
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 4 CHIEF TRIAL COUNSEL
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AUG 27 2014
 STATE BAR COURT
 CLERK'S OFFICE
 LOS ANGELES

STATE BAR COURT

HEARING DEPARTMENT - LOS ANGELES

11 In the Matter of:) Case No. 13-O-17015
 12 STEVEN MARK KLUGMAN,)
 13 No. 53902,) NOTICE OF DISCIPLINARY CHARGES
 14)
 15 A Member of the State Bar)

NOTICE - FAILURE TO RESPOND!

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

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

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1 The State Bar of California alleges:

2 JURISDICTION

3 1. Steven Mark Klugman ("respondent") was admitted to the practice of law in the State
4 of California on December 14, 1972, was a member at all times pertinent to these charges, and is
5 currently a member of the State Bar of California.

6 COUNT ONE

7 Case No. 13-O-17015
8 Rules of Professional Conduct, rule 4-100(A)
9 [Failure to Maintain Client Funds in Trust]

10 2. In or about April 2012, Adrienne Pearson and Carl Pearson were in proceedings
11 dealing with collection of arrearage child and spousal support. At all relevant times, Respondent
12 was an attorney for Carl in *Adrienne Pearson vs. Carl James Pearson*, Los Angeles Superior
13 Court, case no. SWD025769. On or about April 20, 2012, the court ordered Respondent to hold
14 funds that had been levied by the November 24, 2011 Writ of Execution on behalf of Adrienne
15 Pearson and Carl Pearson in his client trust account to prevent distributions. In or about October
16 2012, while acting as an escrow agent for the parties to the proceedings, including but not limited
17 to Adrienne Pearson and Carl Pearson, Respondent deposited funds covered by the April 20,
18 2012 order into his client trust account at Bank of Manhattan, account no. xxxxxx2360. On or
19 about February 6, 2013, Respondent withdrew \$11,872.63 of those funds from Respondent's
20 trust account at a time when the funds were still disputed and no court order had been issued
21 regarding final distribution. Respondent was required to maintain \$11,872.63 in his trust account
22 on behalf of the parties. Respondent failed to maintain the \$11,872.63 in entrusted funds in
23 Respondent's client trust account, in willful violation of Rules of Professional Conduct, rule 4-

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COUNT TWO

Case No. 13-O-17015
Business and Professions Code, section 6103
[Failure to Obey a Court Order]

3. Respondent disobeyed or violated an order of the court requiring Respondent to do or forbear an act connected with or in the course of Respondent's profession which Respondent ought in good faith to do or forbear by failing to comply with the April 20, 2012 Order staying distribution of funds levied by the November 24, 2011 Writ of Execution in *Adrienne Pearson vs. Carl James Pearson*, Los Angeles Superior Court, case no. SWD025769, in willful violation of Business and Professions Code, section 6103.

COUNT THREE

Case No. 13-O-117015
Business and Professions Code, section 6068(a)
[Failure to Comply With Laws – Breach of Fiduciary Duty]

4. In or around November 2012, while acting as an escrow agent for the parties to a collection of arrearage child and spousal support between Carl Pearson and Adrienne Pearson, Respondent deposited funds that had been ordered held by a April 20, 2012 Order, in *Adrienne Pearson vs. Carl James Pearson*, Los Angeles Superior Court, case no. SWD025769, in his client trust account at Bank of Manhattan, account no. xxxxxx2360. Pursuant to court order, Respondent agreed to hold the funds and act as the escrow agent to disburse the funds as ordered by the court. On or about February 6, 2013, Respondent without authority and without advising Mrs. Pearson disbursed \$11,872.63 to Mr. Pearson and thereafter failed to safeguard the funds entrusted to him as escrow agent, thereby breaching his fiduciary duties owed to Mrs. Pearson. By breaching his fiduciary duties owed to Mrs. Pearson, Respondent failed to support the Constitution and laws of the United States and of this state in willful violation of Business and Professions Code section 6068(a).

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NOTICE - INACTIVE ENROLLMENT!

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

NOTICE - COST ASSESSMENT!

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

15 Respectfully submitted,

16 THE STATE BAR OF CALIFORNIA
17 OFFICE OF THE CHIEF TRIAL COUNSEL

18 DATED: _____

8-27-14

19 By: _____



20 Elizabeth Stine
21 Deputy Trial Counsel

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DECLARATION OF SERVICE BY CERTIFIED MAIL

CASE NUMBER: 13-O-17015

I, the undersigned, over the age of eighteen (18) years, whose business address and place of employment is the State Bar of California, 845 South Figueroa Street, Los Angeles, California 90017, declare that I am not a party to the within action; that I am readily familiar with the State Bar of California's practice for collection and processing of correspondence for mailing with the United States Postal Service; that in the ordinary course of the State Bar of California's practice, correspondence collected and processed by the State Bar of California would be deposited with the United States Postal Service that same day; that I am aware that on motion of party served, service is presumed invalid if postal cancellation date or postage meter date on the envelope or package is more than one day after date of deposit for mailing contained in the affidavit; and that in accordance with the practice of the State Bar of California for collection and processing of mail, I deposited or placed for collection and mailing in the City and County of Los Angeles, on the date shown below, a true copy of the within

NOTICE OF DISCIPLINARY CHARGES

in a sealed envelope placed for collection and mailing as certified mail, return receipt requested, Article No.: 9414 7266 9904 2010 0923 15, at Los Angeles, on the date shown below, addressed to:

**Theodore A. Cohen
3550 Wilshire Blvd., Ste. 1280
Los Angeles, CA 90010**

in an inter-office mail facility regularly maintained by the State Bar of California addressed to:

N/A

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

DATED: August 27, 2014

Signed: 
Lupe Pacheco
Declarant