

PUBLIC MATTER

1 STATE BAR OF CALIFORNIA
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FILED

MAR 18 2015

STATE BAR COURT
CLERK'S OFFICE
LOS ANGELES

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STATE BAR COURT

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HEARING DEPARTMENT - LOS ANGELES

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In the Matter of:

) Case No. 14-O-04829

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PAUL ARTHUR JOHNSON,
No. 212950,

) NOTICE OF DISCIPLINARY CHARGES

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A Member of the State Bar

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NOTICE - FAILURE TO RESPOND!

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

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- 21 (1) YOUR DEFAULT WILL BE ENTERED;
- 22 (2) YOUR STATUS WILL BE CHANGED TO INACTIVE AND YOU
WILL NOT BE PERMITTED TO PRACTICE LAW;
- 23 (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;
- 24 (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
25 ORDER RECOMMENDING YOUR DISBARMENT WITHOUT
FURTHER HEARING OR PROCEEDING. SEE RULE 5.80 ET SEQ.,
26 RULES OF PROCEDURE OF THE STATE BAR OF CALIFORNIA.

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1 The State Bar of California alleges:

2 JURISDICTION

3 1. Paul Arthur Johnson ("respondent") was admitted to the practice of law in the State
4 of California on May 29, 2001, was a member at all times pertinent to these charges, and is
5 currently a member of the State Bar of California.

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7 COUNT ONE

8 Case No. 14-O-04829
9 Rules of Professional Conduct, rule 4-100(A)
[Failure to Maintain Client Funds in Trust Account]

10 2. On or about November 8, 2013, Michael Canonge entered in a "Private Loan
11 Agreement" ("contract") with an entity named Fire Dragon Ltd. Pursuant to the contract,
12 Mr. Canonge was to deliver \$65,000 to respondent's client trust account at J.P. Morgan Chase
13 Bank, account no. xxxxxxxxxxxx4533¹ ("respondent's client trust account"), in order to
14 accomplish the transaction related to the contract. On or about November 8, 2013, respondent
15 and Canonge entered into an Escrow Agreement in conjunction with the contract. Pursuant to
16 the Escrow Agreement, respondent was to act as an escrow with respect to the \$65,000, and
17 was to disburse the funds in accordance with the terms of the contract. At all times relevant
18 to the charges herein, respondent had actual knowledge of the terms of the contract and the
19 Escrow Agreement. On or about November 15, 2013, Mr. Canonge deposited \$65,000 into
20 respondent's client trust account pursuant to the contract. Between on or about November 15,
21 2013, and on or about December 31, 2013, respondent disbursed all of Mr. Canonge's \$65,000
22 without Mr. Canonge's authorization or consent. Respondent did not disburse Mr. Canonge's
23 funds in conformity with the contract, and thereby failed to maintain a balance of \$65,000 on
24 behalf of Mr. Canonge in respondent's client trust account, in willful violation of Rules of
25 Professional Conduct, rule 4-100(A).

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28 ¹ The full account number is omitted for privacy reasons.

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COUNT THREE

Case No. 14-O-04829
Rules of Professional Conduct, rule 4-100(B)(3)
[Failure to Render Accounts of Client Funds]

4. On or about November 8, 2013, Michael Canonge entered in a "Private Loan Agreement" ("contract") with an entity named Fire Dragon Ltd. Pursuant to the contract, Mr. Canonge was to deliver \$65,000 to respondent's client trust account at J.P. Morgan Chase Bank, account no. xxxxxxxxxxxx4533³ ("respondent's client trust account"), in order to accomplish the transaction related to the contract. On or about November 8, 2013, respondent and Canonge entered into an Escrow Agreement in conjunction with the contract. Pursuant to the Escrow Agreement, respondent was to act as an escrow with respect to the \$65,000, and was to disburse the funds in accordance with the terms of the contract. At all times relevant to the charges herein, respondent had actual knowledge of the terms of the contract and the Escrow Agreement. On or about November 15, 2013, Mr. Canonge deposited \$65,000 into respondent's client trust account pursuant to the contract. Respondent thereafter failed to render an appropriate accounting to Mr. Canonge regarding the \$65,000 following Mr. Canonge's December 16, 2013 written request, which respondent received, for a refund of the those funds, in willful violation of the Rules of Professional Conduct, rule 4-100(B)(3).

NOTICE - INACTIVE ENROLLMENT!

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

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³ The full account number is omitted for privacy reasons.

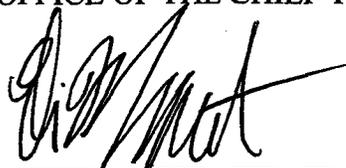
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NOTICE - COST ASSESSMENT!

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

Respectfully submitted,

THE STATE BAR OF CALIFORNIA
OFFICE OF THE CHIEF TRIAL COUNSEL



DATED: March 18, 2015

By: _____
Eli D. Morgenstern
Senior Trial Counsel

DECLARATION OF SERVICE

by

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

CASE NUMBER(s): 14-O-04829

I, the undersigned, am over the age of eighteen (18) years and not a party to the within action, whose business address and place of employment is the State Bar of California, 845 South Figueroa Street, Los Angeles, California 90017, declare that:

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

NOTICE OF DISCIPLINARY CHARGES

- By U.S. First-Class Mail: (CCP §§ 1013 and 1013(a))**
 - in accordance with the practice of the State Bar of California for collection and processing of mail, I deposited or placed for collection and mailing in the City and County of Los Angeles.
- By U.S. Certified Mail: (CCP §§ 1013 and 1013(a))**
 - I am readily familiar with the State Bar of California's practice for collection and processing of correspondence for collection and processing of mail, I deposited or placed for collection and mailing in the City and County of Los Angeles.
- By Overnight Delivery: (CCP §§ 1013(c) and 1013(d))**
 - I am readily familiar with the State Bar of California's practice for collection and processing of correspondence for overnight delivery by the United Parcel Service (UPS).
- By Fax Transmission: (CCP §§ 1013(e) and 1013(f))**
 Based on agreement of the parties to accept service by fax transmission, I faxed the documents to the persons at the fax numbers listed herein below. No error was reported by the fax machine that I used. The original record of the fax transmission is retained on file and available upon request.
- By Electronic Service: (CCP § 1010.6) to:**
 Based on a court order or an agreement of the parties to accept service by electronic transmission, I caused the documents to be sent to the person(s) at the electronic addresses listed herein below. I did not receive, within a reasonable time after the transmission, any electronic message or other indication that the transmission was unsuccessful.

- (for U.S. First-Class Mail) in a sealed envelope placed for collection and mailing at Los Angeles, addressed to: (see below)
- (for Certified Mail) in a sealed envelope placed for collection and mailing as certified mail, return receipt requested,
 Article No.: 9414 7266 9904 2010 0849 38 at Los Angeles, addressed to: (see below)
- (for Overnight Delivery) together with a copy of this declaration, in an envelope, or package designated by UPS,
 Tracking No.: _____ addressed to: (see below)

Person Served	Business-Residential Address	Fax Number	Courtesy Copy via US Mail to:
Paul A. Johnson	800 Wilshire Blvd Ste 450 Los Angeles, CA 90017	CC via electronic address:	

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

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

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

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

DATED: March 18, 2015

SIGNED: _____

Ana Bolosart-Nercessian
Declarant