ORIGINAL

(Do not write above this line.)

State Bar Court of California
Hearing Department
Los Angeles
ACTUAL SUSPENSION

Counsel For The State Bar	Case Number(s):	For Court use only
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In Pro Per Respondent **Jared M. Galanis** **749 S. Decker Avenue** **Baltimore, MD 21224** **(415) 271-3751** Bar # **238549**	**PUBLIC MATTER**	
In the Matter of: **JARED MORGAN GALANIS** Bar # **238549** A Member of the State Bar of California (Respondent)	Submitted to: **Assigned Judge** STIPULATION RE FACTS, CONCLUSIONS OF LAW AND DISPOSITION AND ORDER APPROVING **ACTUAL SUSPENSION** ☐ PREVIOUS STIPULATION REJECTED	

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 1, 2005**.

(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 **17** 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: (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 [Standards for Attorney Sanctions for Professional Misconduct, standards 1.2(h) & 1.5]. Facts supporting aggravating circumstances are required.

(1) ☐ **Prior record of discipline**
- (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) ☐ **Intentional/Bad Faith/Dishonesty:** Respondent's misconduct was dishonest, intentional, or surrounded by, or followed by bad faith.

(3) ☐ **Misrepresentation:** Respondent's misconduct was surrounded by, or followed by, misrepresentation.

(4) ☐ **Concealment:** Respondent's misconduct was surrounded by, or followed by, concealment.

(5) ☐ **Overreaching:** Respondent's misconduct was surrounded by, or followed by, overreaching.

(6) ☐ **Uncharged Violations:** Respondent's conduct involves uncharged violations of the Business and Professions Code, or the Rules of Professional Conduct.

(7) ☐ **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.

(8) ☐ **Harm:** Respondent's misconduct harmed significantly a client, the public, or the administration of justice.

(9) ☐ **Indifference:** Respondent demonstrated indifference toward rectification of or atonement for the consequences of his or her misconduct.

(10) ☐ **Candor/Lack of Cooperation:** Respondent displayed a lack of candor and cooperation to victims of his/her misconduct, or to the State Bar during disciplinary investigations or proceedings.

(11) ☐ **Multiple Acts:** Respondent's current misconduct evidences multiple acts of wrongdoing.

(12) ☐ **Pattern:** Respondent's current misconduct demonstrates a pattern of misconduct.

(13) ☐ **Restitution:** Respondent failed to make restitution.

(14) ☐ **Vulnerable Victim:** The victim(s) of Respondent's misconduct was/were highly vulnerable.

(15) ☒ **No aggravating circumstances** are involved.

Additional aggravating circumstances:

C. Mitigating Circumstances [see standards 1.2(i) & 1.6]. 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 likely to recur.

(2) ☐ **No Harm:** Respondent did not harm the client, the public, or the administration of justice.

(3) ☐ **Candor/Cooperation:** Respondent displayed spontaneous candor and cooperation with the victims of his/her misconduct or `to the State Bar during disciplinary investigations and proceedings.

(4) ☐ **Remorse:** Respondent promptly took objective steps demonstrating spontaneous 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 with a good faith belief that was honestly held and objectively reasonable.

(8) ☐ **Emotional/Physical Difficulties:** At the time of the stipulated act or acts of professional misconduct Respondent suffered extreme emotional difficulties or physical or mental 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 the difficulties or disabilities no longer pose a risk that Respondent will commit misconduct.

(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 extraordinarily 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. **See page 13.**

(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 - see page 13.

Pretrial Stipulation - see page 13.

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 fitness to practice and present learning and ability in the general law pursuant to standard 1.2(c)(1) 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 fitness to practice and present learning and ability in the general law pursuant to standard 1.2(c)(1), 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 present learning and ability in the general law, pursuant to standard 1.2(c)(1), 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: **See alternative condition of probation in section F(5) on page 6.**

(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:

☐ Substance Abuse Conditions ☐ Law Office Management Conditions

☐ Medical Conditions ☐ 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: **July 10, 2017**.

(5) ☒ **Other Conditions:**

As a further condition of probation, respondent must comply with all conditions of supervised release imposed in the underlying criminal matter and must so declare under penalty of perjury in connection with any quarterly report to be filed with the Office of Probation.

Because respondent currently resides outside of California, as a further condition of probation, 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 either: 1) a session of State Bar Ethics School and passage of the test given at the end of that session; or 2) six hours of participatory continuing legal education classes in legal ethcs given by a certified continuing legal education provider.

ATTACHMENT TO

STIPULATION RE FACTS, CONCLUSIONS OF LAW AND DISPOSITION

IN THE MATTER OF: JARED MORGAN GALANIS

CASE NUMBER: 17-C-00290-YDR

FACTS AND CONCLUSIONS OF LAW.

Respondent admits that the following facts are true and that the facts and circumstances surrounding the offense for which he was convicted involved moral turpitude.

Case No. 17-C-00290 (Conviction Proceedings)

PROCEDURAL BACKGROUND IN CONVICTION PROCEEDING:

1. This is a proceeding pursuant to sections 6101 and 6102 of the Business and Professions Code and rule 9.10 of the California Rules of Court.

2. On September 21, 2015, a federal grand jury filed a sealed indictment against respondent and six co-defendants, including respondent's father, two of respondent's brothers, and three others, in the United States District Court, Southern District of New York, case number 15 CR 00643. The sealed indictment charged nine felony counts:

- Conspiracy to commit securities fraud in violation of Title 18, United States Code, section 371, Title 15, United States Code, sections 78j(b) and 78ff, and Title 17, Code of Federal Regulations, section 240.10b-5 (Counts One and Eight);
- Securities fraud in violation of Title 15, United States Code, sections 78j(b) and 78ff, Title 17, Code of Federal Regulations, section 240.10b-5, and Title 18, United States Code, section 2 (Counts Two and Nine);
- Conspiracy to commit wire fraud in violation of Title 18, United States Code, sections 1343 and 1349 (Count Three);
- Wire fraud in violation of Title 18, United States Code, sections 1343 and 2 (Count Four); and
- Investment advisor fraud in violation of Title 15, United States Code, sections 80b-6 and 80b-17 and Title 18, United States Code, section 2 (Counts Five, Six and Seven).

Respondent was charged with all nine counts of the initial indictment.

3. On October 7, 2015, respondent was arraigned on the charges and plead not guilty.

4. On August 10, 2016, the grand jury filed a superseding indictment against respondent and three other co-defendants charging eight felony counts:

- Conspiracy to commit securities fraud in violation of Title 18, United States Code, section 371, Title 15, United States Code, sections 78j(b) and 78ff, and Title 17, Code of Federal Regulations, section 240.10b-5 (Counts One and Six);

- Securities fraud in violation of Title 15, United States Code, sections 78j(b) and 78ff, Title 17, Code of Federal Regulations, section 240.10b-5, and Title 18, United States Code, section 2 (Counts Two and Seven);
- Conspiracy to commit wire fraud in violation of Title 18, United States Code, sections 1343 and 1349 (Count Three);
- Wire fraud in violation of Title 18, United States Code, sections 1343 and 2 (Count Four);
- Investment advisor fraud in violation of Title 15, United States Code, sections 80b-6 and 80b-17 and Title 18, United States Code, section 2 (Count Five); and
- Misprision of a felony in violation of Title 18, United States Code, section 4 (Count Eight).

Respondent was charged with all eight counts of the superseding indictment.

5. On August 17, 2016, respondent was arraigned on the charges in the superseding indictment and plead not guilty.

6. On August 22, 2016, respondent plead guilty to count eight of the superseding indictment, misprision of a felony in violation of Title 18, United States Code, section 4, a felony. The court accepted respondent's plea the same day. The elements of the crime of misprision of a felony are: 1) the principal(s) committed and completed the felony alleged; 2) the defendant had full knowledge of that fact; 3) the defendant failed to notify the authorities; and 4) the defendant took an affirmative step to conceal the crime. (*United States v. Ciambrone* (9th Cir. 1984) 750 F.2d 1416.)

7. On January 11, 2017, the court imposed judgment against respondent on count eight, sentenced respondent to imprisonment for 150 days followed by supervised release for one year, ordered respondent to pay a special assessment fee of $100, and dismissed all remaining counts in both the initial indictment and the superseding indictment. Thereafter, respondent's conviction became final.

8. At the January 11, 2017 sentencing hearing, the court deferred determination of restitution and scheduled a restitution hearing for April 12, 2017. However, the government never followed through with a restitution hearing as to respondent. If the government wanted to obtain a restitution order as to respondent, the government was required to present evidence at a restitution hearing and prove by the preponderance of the evidence that respondent's conduct caused harm and the actual amount of the losses sustained by the victims as a result of his conduct. The government did not do so, and respondent was never ordered to pay any restitution. In contrast, the government *did* pursue restitution orders against other convicted co-defendants who *were* ordered to pay restitution. Four of the six other co-defendants pled guilty to various charges involving conspiracy to commit securities fraud, securities fraud, wire fraud, and/or investment advisor fraud. One of the co-defendants was found guilty of conspiracy to commit securities fraud, securities fraud, conspiracy to commit wire fraud, and wire fraud after jury trial. The remaining co-defendant, a national of both Kosovo and Canada, has never been apprehended and remains at large. Three of the five convicted co-defendants were ordered to pay restitution, jointly and severally, in the amount of $19,038,650.53 and to forfeit their interest in that amount in any property, real or personal, that constitutes or is derived from proceeds traceable to the commission of the securities fraud offenses. One of the five convicted co-defendants was ordered to pay restitution in the amount of $37,032,337.43, with joint and several liability for the $19,038,650.53 that the other co-defendants were ordered to pay, and also was ordered to forfeit his interest in property obtained with proceeds from the commission of the offenses.

9. Because respondent was convicted of a felony, on June 15, 2017, the Review Department of the State Bar Court issued an order suspending respondent from the practice of law effective July 10, 2017 pending final disposition of the disciplinary proceeding pursuant to Business and Professions Code section 6102, ordering respondent to comply with rule 9.20 of the California Rules of Court, and referring the matter to the Hearing Department for a hearing and decision recommending the discipline to be imposed in the event that the Hearing Department finds that the facts and circumstances surrounding the offense for which respondent was convicted involved moral turpitude or other misconduct warranting discipline.

FACTS

Background

10. In the 1980s, respondent's father was charged with various felonies arising from allegations that he and others stole millions from a bank through fraudulent loans and millions from investors through tax shelter scams. He was convicted of several felonies and in September 1988 was sentenced to 27 years in prison.

11. As a result of an action commenced by the United States Securities and Exchange Commission ("SEC"), respondent's father was permanently barred from trading securities through any brokerage account other than in his own name or in the names of his wife or children.

12. In 2004, respondent's father was released from custody after serving 17 years and was paroled to live in the San Francisco area. He initially was allowed to live with respondent, who was a law student at the time. Respondent's mother was in Florida at the time, caring for a sick parent. Because respondent's father had no credit and needed a cell phone, he asked respondent to get a second phone on respondent's account. Respondent purchased a cell phone for his father and added his father to his wireless phone account. Thereafter, respondent paid the bill for his father's phone. Respondent's father had a separate phone number and used the cell phone purchased by respondent as his own. Respondent never had access to the phone for his own use.

13. Respondent was admitted to practice law in December 2005 and soon thereafter opened his own law firm, Sentinel Law, PC.

14. In 2006, respondent was assisting his father and mother to repair their credit. In order that he might assist in the matter, respondent's father asked that respondent allow him to use respondent's law firm email account. Respondent allowed his father access to his firm email account so that his father could help by drafting responses to creditors and credit bureaus. Any emails that his father drafted were to be reviewed, approved and sent by respondent.

15. Unbeknownst to respondent, his father set up a subfolder in respondent's server that was labeled as relating to his mother's credit. Respondent's father set up the email filter to route emails with certain email addresses, names or words to that folder. In this way, respondent's father hid certain messages from respondent.

16. In April 2007, as a result of an action commenced by the SEC, respondent's brother JG was judicially-barred from serving as an officer or director of a publicly-traded company for a period of five years.

17. Unbeknownst to respondent, starting in about 2009, respondent's father, two of respondent's brothers, and others began engaging in the Gerova fraud scheme summarized below based on the criminal indictment eventually filed in federal court against respondent and six of the co-conspirators and the convictions ultimately obtained against five of the six co-conspirators.

The Gerova Scheme

18. From 2009 to 2011, respondent's father, two of respondent's brothers and others (collectively the "co-conspirators") engaged in a scheme to defraud the shareholders of a publicly-traded company called Gerova Financial Group, Ltd. ("Gerova") and the investing public by obtaining secret control over millions of shares of Gerova stock and then manipulating the market for the stock as they caused their secretly-held shares to be sold. As part of the scheme, the co-conspirators fraudulently generated demand for Gerova stock by bribing investment advisers to purchase for their client accounts the Gerova stock that was sold by the co-conspirators, thereby enabling the co-conspirators to make millions of dollars in illegal profits. The scheme was of the type commonly referred to as a "pump and dump" scheme.

19. As part of the scheme, respondent's brother JG obtained such control over Gerova so as to be able to cause Gerova to enter into transactions of his design, and for his benefit, including the issuance of Gerova stock. JG obtained this control without identifying himself as an officer or director of Gerova to avoid the bar imposed by the SEC in April 2007 that prohibited JG from holding such positions at publicly-traded companies.

20. Among other means and methods, JG, with the assistance of co-conspirator GH, who was the President of Gerova and the Chairman of Gerova's Board of Directors, caused more than five million shares of Gerova stock, which represented nearly half of the company's public float of stock and which was intended for JG's ultimate benefit, to be issued to and held in the name of co-conspirator YS, who was a national of both Kosovo and Canada and who served as a foreign nominee for JG. The co-conspirators understood that the purpose of the stock grant to YS was to disguise JG's ownership interest in the stock and to evade the SEC's regulations for issuing unregistered shares of stock.

21. At the same time, and as a further part of the scheme to defraud, respondent's father, brother DG and other co-conspirators, with the knowledge and approval of JG, opened and managed brokerage accounts in the name of YS (the "YS accounts"), effected the sale of Gerova stock from the YS accounts, and received and concealed the proceeds, knowing that this activity was designed to conceal from the investing public JG's ownership of and control over the Gerova stock.

22. JG and respondent's father also fraudulently induced investment advisers, including co-conspirator GH2 and others, to purchase shares of Gerova stock in the investment advisers' client accounts by offering compensation and/or other benefits to the respective investment adviser. By causing the purchase of Gerova stock at the time, quantity, and/or price of their choosing, JG and respondent's father were able to, among other things, effectuate the sale of large quantities of Gerova stock from the YS accounts that JG controlled while artificially maintaining the price of Gerova stock through coordinated match trading. Such coordinated trading served to manipulate the market for Gerova stock and deceive the investing public.

23. As a result of the Gerova scheme, the government alleged that the co-conspirators reaped nearly $20 million in profits.

24. In contrast, the government alleged that unsuspecting Gerova shareholders were left with a worthless investment. In March 2011, the New York Stock Exchange (NYSE) halted trading of Gerova stock, and in April 2011, Gerova asked the NYSE to delist its securities. By November 2, 2011, Gerova's stock price bottomed out at $0.00 per share.

Respondent's Conduct

25. In late 2011, respondent discovered that his father had impersonated respondent in emails and phone calls to conduct fraudulent activities relating to the Gerova securities fraud scheme summarized above. Respondent discovered his father's impersonation of him and his father's fraudulent activities when he was responding to a subpoena from the SEC requesting emails in connection with a separate investigation. He discovered the emails when searches were performed on his firm's email system that would gather communications responsive to the SEC's requests, which searches would run across any emails in the system, regardless of what folders or sub-folders the emails were in.

26. At no time had respondent's father previously disclosed to respondent that he was impersonating respondent or misusing respondent's email account or the cell phone that respondent had obtained for him.

27. When he discovered the emails in which his father had impersonated him, respondent confronted his father, who admitted that he had impersonated respondent. Respondent immediately terminated his father's access to his email account by changing the password. By that time, the cell phone line that his father had used had already been terminated. However, respondent learned that his father had impersonated respondent in calls made and received on the cell phone that respondent had purchased for his father.

28. Respondent produced to the SEC, without any redaction, the emails that were responsive to the SEC's subpoena, including emails in which his father had impersonated respondent. However, respondent did not disclose to the SEC that those emails were not authored by respondent but rather by his father.

29. At no time did respondent inform the SEC or any other authority of his father's impersonation of respondent or his father's fraudulent activity.

30. During the period in which his father and brother JG were engaged in the fraud scheme, respondent represented JG in various transactional matters, including some securities transactions in which the settlement funds related to the transactions were placed in respondent's client trust account and then distributed by respondent pursuant to instructions from JG. Respondent later learned that these funds were proceeds of the fraud scheme. However, at the time, respondent did not know about the fraud scheme and had no reason to believe that the funds were the product of his brother's criminal activity.

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Co-Defendants Convicted of Fraud

31. Investment advisor GH2 was convicted after he plead guilty on March 22, 2016 to counts 1, 2 and 5 of the initial indictment: conspiracy to commit securities fraud, securities fraud, and investment advisor fraud relating to the Gerova fraud scheme.

32. Respondent's father was convicted after he plead guilty on July 20, 2016 to counts one and two of the initial indictment: conspiracy to commit securities fraud and securities fraud relating to the Gerova fraud scheme.

33. Respondent's brother JG was convicted after he plead guilty on July 21, 2016 to counts 1, 2, 5 and 8 of the initial indictment: conspiracy to commit securities fraud, securities fraud, and investment advisor fraud relating to the Gerova fraud scheme, and conspiracy to commit securities fraud with respect to another fraud scheme.

34. On July 26, 2016, respondent's father provided information to the federal authorities regarding his impersonation of respondent to attempt to exonerate respondent of any wrongdoing in the Gerova fraud scheme to which he pled.

35. Respondent's brother DG was convicted after he plead guilty on August 15, 2016 to counts 1 and 2 of the superseding indictment: conspiracy to commit securities fraud and securities fraud relating to the Gerova fraud scheme.

36. On September 28, 2016, former President and Chairman of the Board of Gerova, GH, was convicted after a jury found him guilty on counts 1, 2, 3 and 4 of the superseding indictment: conspiracy to commit securities fraud, securities fraud, conspiracy to commit wire fraud, and wire fraud relating to the Gerova fraud scheme.

37. On August 14, 2017, respondent timely filed with the State Bar Court his affidavit of compliance with rule 9.20 of the California Rules of Court as ordered by the Review Department of the State Bar Court in its June 15, 2017 order.

38. Respondent voluntarily enrolled inactive in California on August 29, 2016.

CONCLUSIONS OF LAW:

39. The facts and circumstances surrounding the above-described violation involved moral turpitude. When respondent produced to the SEC the emails in which respondent's father had impersonated respondent, without disclosing to the SEC that the emails had not been authored by respondent but rather by his father, respondent failed to disclose material information to the SEC that was necessary in order for the emails produced to not be misleading. This was the affirmative act of concealment which constituted an element of the crime of misprision of a felony for which respondent was convicted. The California Supreme Court has held that omission/concealment of a material fact is as misleading as a false statement and that "no distinction can therefore be drawn among concealment, half-truth, and false statement of fact." (*Grove v. State Bar* (1965) 63 Cal.2d 312, 315, citing *Green v. State Bar* (1931) 213 Cal. 403, 405.) Creating a false impression by concealment constitutes an act of moral turpitude. (*Grove v. State Bar*, *supra*, at p. 315; *In the Matter of Wells* (Review Dept. 2006) 4 Cal. State Bar Ct. Rptr. 896, 910; *In the Matter of Wyrick* (Review Dept. 1992) 2 Cal. State Bar Ct. Rptr. 83, 91.)

ADDITIONAL FACTS RE MITIGATING CIRCUMSTANCES.

No Prior Discipline: Respondent was admitted to practice law in California in December 2005 and has no prior record of discipline. Although mitigation credit is available for lack of prior discipline even where misconduct is serious as in this case (*In the Matter of Riordan* (Review Dept. 2007) 5 Cal. State Bar Ct. Rptr. 41, 49), respondent is entitled to only slight weight in mitigation for his lack of discipline since he had only been in practice approximately six years prior to the misconduct herein in late 2011. (*Canon v. State Bar* (1990) 51 Cal.3d 1103, 1115.)

Extraordinary Good Character (Std. 1.6(f)): Respondent has presented evidence of his extraordinary good character attested to by a wide range of references in the legal and general communities, who are aware of the full extent of his misconduct.

Pretrial Stipulation: By entering into this stipulation, respondent has acknowledged his misconduct and is entitled to mitigation for recognition of wrongdoing and saving the State Bar significant resources and time. (*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]; *In the Matter of Spaith* (Review Dept. 1996) 3 Cal. State Bar Ct. Rptr. 511, 521 [where the attorney's stipulation to facts and culpability was held to be a mitigating circumstance].)

AUTHORITIES SUPPORTING DISCIPLINE.

The Standards for Attorney Sanctions for Professional Misconduct "set forth a means for determining the appropriate disciplinary sanction in a particular case and to ensure consistency across cases dealing with similar misconduct and surrounding circumstances." (Rules Proc. of State Bar, tit. IV, Stds. for Atty. Sanctions for Prof. Misconduct, std. 1.1. All further references to standards are to this source.) The standards help fulfill the primary purposes of discipline, which include: protection of the public, the courts and the legal profession; maintenance of the highest professional standards; and preservation of public confidence in the legal profession. (See std. 1.1; *In re Morse* (1995) 11 Cal.4th 184, 205.)

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.) If a recommendation is at the high end or low end of a standard, an explanation must be given as to how the recommendation was reached. (Std. 1.1.) "Any disciplinary recommendation that deviates from the Standards must include clear reasons for the departure." (Std. 1.1; *Blair v. State Bar* (1989) 49 Cal.3d 762, 776, fn. 5.)

In determining whether to impose a sanction greater or less than that specified in a given standard, in addition to the factors set forth in the specific standard, consideration is to be given to the primary purposes of discipline; the balancing of all aggravating and mitigating circumstances; the type of misconduct at issue; whether the client, public, legal system or profession was harmed; and the member's willingness and ability to conform to ethical responsibilities in the future. (Stds. 1.7(b) and (c).)

Standard 2.15(b) is applicable to this case and provides that disbarment is the presumed sanction for final conviction of a felony in which the facts and circumstances surrounding the offense involve moral

turpitude, unless the most compelling mitigating circumstances clearly predominate, in which case actual suspension of at least two years is appropriate.

In this case, although respondent is entitled to only slight mitigation for approximately six years of discipline-free practice prior to the misconduct at issue herein, he is entitled to significant mitigation for his good character and for cooperating with the State Bar in entering into a comprehensive stipulation to resolve the matter, thereby demonstrating recognition of wrongdoing and saving the State Bar significant resources and time.

Respondent's mitigating circumstances clearly predominate as there are no aggravating circumstances; though the mitigation is not of the "most compelling" type required by Standard 2.15(b) to avoid disbarment as the presumed sanction. However, the particular facts and circumstances surrounding respondent's offense coupled with the mitigating circumstances demonstrate that a deviation from the presumed level of discipline suggested by Standard 2.15(b) is appropriate in light of the primary purposes of discipline. In this case, respondent did not participate in or benefit from the securities fraud conspiracy. Throughout the majority of the duration of the conspiracy, he was unaware of its existence and did not know that his father was impersonating him to perpetuate fraud. When he discovered that his father and brothers were involved in criminal activity, he was placed in a position in which he was required to choose between his loyalty to his family members and his duty to report their felonious conduct. He has acknowledged that he made the wrong choice in failing to report and concealing the conspiracy and has expressed deep regret for the decision he made and the crime he committed. He has acknowledged that he put the good of his family before the good of others and that he is ashamed that he did not exhibit the good judgment and good character that he knows he is capable of and that he spent years cultivating prior to the misconduct herein.

The unique and unfortunate situation that respondent found himself in was caused by the criminal activities of his father and brothers, who implicated respondent in a fraud scheme without his knowledge. Given the specific facts and circumstances surrounding respondent's offense, it is unlikely that respondent's misconduct would recur. The fact that respondent practiced law for approximately six years without incident prior to the misconduct herein and for more than four and three-quarters years without incident after the misconduct and before enrolling inactive also suggests that respondent's criminal conduct was aberrational and is unlikely to recur. (*In the Matter of Crane and DePew* (Review Dept. 1990) 1 Cal. State Bar Ct. Rptr. 139.)

Further, although the victims of the securities fraud scheme perpetrated by respondent's father, brothers and others suffered significant harm in light of the fact that their losses totaled in the tens of millions of dollars, none of the harm was attributable to respondent. As set forth above, respondent did not participate in the scheme to defraud and did not benefit from the scheme in any way. Moreover, the timing of respondent's discovery of the scheme was such that he could not have prevented the harm to the victims. The superseding indictment alleged that the conspiracy to engage in the scheme to defraud Gerova shareholders and the investing public and the affirmative acts taken in furtherance of the fraud were committed from in or about 2009 up to and including in or about 2011. The last affirmative act alleged in the superseding indictment occurred in February 2011. In March 2011, the NYSE halted trading of Gerova's stock. In April 2011, Gerova asked the NYSE to delist its securities. Respondent did not discover that his father, brothers and others participated in the securities fraud scheme until late 2011, when he was responding to the SEC subpoena in an unrelated matter. Accordingly, even if respondent had notified authorities of the scheme to defraud as soon as he discovered it, by that time it was too late to prevent harm to Gerova shareholders or to the investing public, as the harm had already occurred.

The nature of respondent's crime and the facts and circumstances surrounding its commission coupled with the mitigating circumstances and lack of aggravating circumstances support deviation from disbarment as the presumed level of discipline suggested by Standard 2.15(b), particularly because respondent's misconduct appears to have been aberrational and there is no evidence to suggest that he currently poses a threat to the public, the courts or the legal profession. Nevertheless, conviction of a felony involving moral turpitude in the facts and circumstances surrounding its commission is a serious matter, and significant actual suspension is still necessary and appropriate in order to maintain public confidence in and integrity in the legal profession. Accordingly, the significant actual suspension suggested by Standard 2.15(b) when compelling mitigating circumstances clearly predominate is appropriate in this case. Discipline consisting of a two-year actual suspension and until proof satisfactory to the State Bar Court of respondent's rehabilitation, fitness to practice, and current learning and ability in the general law is appropriate to accomplish the goals of attorney discipline.

Legal research failed to disclose any disciplinary cases in California involving a conviction for misprision of a felony. A review of cases in other jurisdictions in which courts have considered the appropriate sanction for an attorney convicted of misprision of a felony provides some guidance and additional support for the significant actual suspension recommended herein. The courts in other jurisdictions have imposed discipline ranging from six months' actual suspension to disbarment, with disbarment typically, but not always, reserved for cases in which the facts and circumstances surrounding the conviction demonstrate that the attorney not only failed to report and concealed the underlying crime but also participated in the underlying crime. All cases treated a conviction for misprision of a felony as serious misconduct. (See, *Atty. Griev. Comm'n v. Wingerter* (Md.Ct.App. 2007) 929 A.2d 47 [disbarment for conviction of misprision of a felony where facts found included dishonest, fraudulent and deceitful conduct by the attorney over a four-year period while employed as in-house counsel for an immigration firm, during which time the attorney knew of conspiracy to commit immigration fraud]; *State ex rel. Okla. Bar Ass'n v. Golden* (Okla. 2008) 201 P.3d 862 [disbarment where the attorney actively participated in client's health care fraud scheme by concealing the client's fraudulent transactions]; *State ex rel. Counsel for Discipline of the Neb. Supreme Court v. Boose* (Neb. 2009) 759 N.W.2d 110 [disbarment in reciprocal discipline proceeding in Nebraska after the attorney was suspended for three years in Florida, where the attorney became aware that a former client who was a public official had failed to disclose his financial interest in real property and misused his public position to leverage the sale of the property for his own personal gain but did not report the public official's self-dealing]; *In re Calonge* (N.Y. App. Div. 2008) 52 A.D. 3d 1111 [two-year suspension where the attorney wrote and mailed a letter to the United States Citizenship and Immigration Services for the purpose of concealing a fraudulent certification of employment that had previously been submitted to the agency]; *Iowa Supreme Court Atty. Disciplinary Bd. V. Bieber* (Iowa 2012) 824 N.W.2d 514 [indefinite suspension with no possibility of reinstatement for at least six months where facts found included deceit/dishonesty by the attorney who knowingly assisted his client in defrauding the buyer's lender in a real estate transaction, but the court found important mitigating circumstances including the attorney's 25 years in practice with no prior discipline; record of community service; acknowledgement of wrongdoing and expression of remorse, payment of criminal restitution; cooperation; good character; and absence of motivation for personal financial gain]; *In re Discipline of Russell* (S.D. 1992) 493 N.W.2d 715 [one-year suspension for state court conviction of misprision of a felony, a misdemeanor, with six months stayed where attorney assisted known fugitives from Florida in fleeing from authorities by lending money, furnishing a car, and providing his credit cards to them]; *Office of Disciplinary Counsel v. Longo* (Ohio 2002) 761 N.E.2d 1042 [disbarment where attorney transferred $70,000 to his partner with knowledge that the partner intended to purchase marijuana out of state]; *In re Fronk* (N.Y. App. Div. 1997) 238 A.D.2d 83 [two- year suspension where attorney failed to

report that an individual was utilizing a communications facility to distribute cocaine]; and *In re Fishman* (N.Y. App. Div. 2005) 22 A.D.3d 100 [one-year suspension where attorney acted to assist others in hiding a crime and failed to report the illegal acts but demonstrated substantial mitigation, including that he derived no profit from his wrongdoing and had no prior record of discipline].

COSTS OF DISCIPLINARY PROCEEDINGS.

Respondent acknowledges that the Office of Chief Trial Counsel has informed respondent that as of December 19, 2017, the discipline costs in this matter are $5,730.50. 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 MINIMUM CONTINUING LEGAL EDUCATION ("MCLE") CREDIT

Respondent may not receive MCLE credit for completion of State Bar Ethics School and/or any other continuing legal educational course(s) taken in lieu of Ethics School to be ordered as a condition of probation. (Rules Proc. of State Bar, rule 3201.)

In the Matter of: **JARED MORGAN GALANIS**	Case number(s): **17-C-00290-YDR**

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.

12/19/2017		Jared M. Galanis
Date	Respondent's Signature	Print Name
~~12/~~		
Date	Respondent's Counsel Signature	Print Name
12/20/17		Kristin L. Ritsema
Date	Senior Trial Counsel's Signature	Print Name

(Do not write above this line.)

In the Matter of: **JARED MORGAN GALANIS**	Case Number(s): **17-C-00290**

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.

On page 6 of the Stipulation, at paragraph F.(5), second paragraph, line 6, "in Maryland" is inserted after "provider".

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.)**

January 17, 2018
Date

YVETTE D. ROLAND
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 18, 2018, 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:

JARED M. GALANIS
749 S DECKER AVE
BALTIMORE, MD 21224 - 3946

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

Kristin L. Ritsema, Enforcement, Los Angeles

I hereby certify that the foregoing is true and correct. Executed in Los Angeles, California, on January 18, 2018.

Angela Carpenter
Case Administrator
State Bar Court