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BEFORE THE
DISCIPLINARY BOARD
OF THE
WASHINGTON STATE BAR ASSOCIATION

In re
DANN DOUGLAS SHEFFIELD,
Lawyer (Bar No. 6815).

Proceeding No. 15#00052
STIPULATION TO 60 DAY SUSPENSION

Under Rule 9.1 of the Rules for Enforcement of Lawyer Conduct (ELC) the following Stipulation to 60 Day Suspension is entered into by the Office of Disciplinary Counsel (ODC) of the Washington State Bar Association (Association) through disciplinary counsel Francesca D'Angelo and Respondent lawyer Dann Douglas Sheffield.

Respondent understands that he is entitled under the ELC to a hearing, to present exhibits and witnesses on his behalf, and to have a hearing officer determine the facts, misconduct and sanction in this case. Respondent further understands that he is entitled under the ELC to appeal the outcome of a hearing to the Disciplinary Board, and, in certain cases, the Supreme Court. Respondent further understands that a hearing and appeal could result in an outcome more favorable or less favorable to him. Respondent chooses to resolve this proceeding now by entering into the following stipulation to facts, misconduct and sanction to

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1 avoid the risk, time, expense attendant to further proceedings.

2 **I. ADMISSION TO PRACTICE**

3 1. Respondent was admitted to practice law in the State of Washington on October 27,
4 1976.

5 **II. STIPULATED FACTS**

6 2. At all times relevant to this matter, Respondent was the principal attorney in the law
7 firm of Dann D. Sheffield and Associates with ultimate responsibility for overseeing the firm's
8 IOLTA trust account.

9 3. On or about August 29, 2013, drawn on Respondent's IOLTA trust account at Key
10 Bank was returned due to insufficient funds in Respondent's trust account ending in 0248.

11 4. Based on a notice of the returned check from Key Bank, ODC conducted an audit of
12 Respondent's trust account for the period January 1, 2012 through August 31, 2014.

13 5. During the time period from January 1, 2012 through August 31, 2014, Respondent
14 delegated management of his trust account to his non-lawyer bookkeeper, who was his wife.

15 6. All disbursements from the firm's IOLTA trust account and Respondent's business
16 and personal accounts were made by checks drawn by Respondent's bookkeeper/wife using his
17 electronic signature without any review by Respondent.

18 7. Respondent also delegated control of all of his law firm's financial affairs and all of
19 his personal financial affairs to his bookkeeper/wife.

20 8. Respondent did not supervise his bookkeeper/wife, review monthly bank statements,
21 or review other trust account records that the bookkeeper maintained.

22 9. Respondent believed that his bookkeeper/wife was handling client funds properly
23 and maintaining proper records for the trust account, and he relied on her assurances to that

1 effect. Respondent did not provide adequate supervision and review of his bookkeeper/wife's
2 work and the trust account records to ascertain that this was the case.

3 10. Respondent's firm did not have measures in effect to provide reasonable assurance
4 that his bookkeeper/wife's conduct was compatible with Respondent's professional obligations.

5 11. During the time period of the audit, Respondent failed to keep records as required by
6 RPC 1.15B:

7 a) A checkbook register was not maintained for Respondent's trust account.

8 b) Accurate client ledgers were not maintained for Respondent's individual clients with
9 funds in his trust account. Instead, disbursement worksheets were kept for each
10 client that contained information about client settlements and disbursements, but
11 they did not reflect all disbursements that were made.

12 c) Respondent's trust account checkbook register balance was not reconciled to his
13 trust account bank statements.

14 d) Respondent's trust account checkbook register was not reconciled to the combined
15 total of his client registers.

16 12. During the time period from January 1, 2012 through August 31, 2014, although he
17 had no knowledge of it, client funds in Respondent's trust account were mishandled in the
18 following manner:

19 a) Medical providers and insurers were not paid on 23 occasions.

20 b) Clients were not paid funds that were due to them for many months.

21 c) On ten occasions, funds were disbursed on behalf of clients who did not have any
22 funds in the trust account.

23 d) On at least 52 occasions, funds were disbursed on behalf of clients before any

1 deposit had been made to the trust account on behalf of the client, mostly for
2 Respondent's fees.

3 e) Funds were disbursed to Respondent to which he was not entitled, resulting in
4 shortages.

5 f) Funds were removed from the trust account for Respondent's personal and business
6 expenses, not identified to any client, resulting in shortages.

7 13. In or around September 2014, Respondent hired an outside accounting firm to handle
8 his trust account.

9 14. Respondent has removed his bookkeeper/wife from all involvement related to client
10 funds and the finances of his law firm.

11 15. Respondent has reconciled his trust account, corrected the shortages in his account,
12 and paid all clients and third persons the funds due them.

13 16. Although not all client funds were maintained at all times in a trust account,
14 ultimately all clients and third persons received the funds to which they were entitled.

15 III. STIPULATION TO MISCONDUCT

16 17. By allowing his bookkeeper/wife funds in excess of the fees to which he was
17 entitled, Respondent negligently converted portions of his clients' settlement funds to his own
18 use, Respondent violated RPC 1.15A(b) and/or RPC 1.15A(f).

19 18. By allowing his bookkeeper/wife to disburse more funds on behalf of clients and/or
20 third persons that exceeded the funds the clients had on deposit, Respondent violated RPC
21 1.15A(h)(8).

22 19. By allowing his bookkeeper/wife to fail to promptly pay clients and/or third persons
23 funds which were due them from his clients' settlement funds held in trust, Respondent violated

1 RPC 1.15A(f)

2 20. By failing to maintain complete trust account records as required by RPC 1.15B,
3 Respondent violated RPC 1.15A(h)(2), RPC 1.15B(a)(1), and/or RPC 1.15B(a)(2).

4 21. By allowing his bookkeeper /wife to make disbursements to him for fees prior to
5 depositing the underlying client settlement checks to his trust account, Respondent violated
6 RPC 1.15A(h)(7).

7 22. By failing to supervise his bookkeeper/wife's management of his trust account and
8 by failing to make reasonable efforts to ensure that his firm had measures in effect to provide
9 reasonable assurance that his non-lawyer employee's conduct was compatible with his own
10 professional obligations, Respondent violated RPC 5.3.

11 IV. PRIOR DISCIPLINE

12 23. Respondent has no prior discipline.

13 V. APPLICATION OF ABA STANDARDS

14 24. The following American Bar Association Standards for Imposing Lawyer Sanctions
15 (1991 ed. & Feb. 1992 Supp.) apply to this case:

16 *4.1 Failure to Preserve the Client's Property*

17 Absent aggravating or mitigating circumstances, upon application of the
18 factors set out in 3.0, the following sanctions are generally appropriate in cases
19 involving the failure to preserve client property:

20 4.11 Disbarment is generally appropriate when a lawyer knowingly converts
21 client property and causes injury or potential injury to a client.

22 4.12 **Suspension is generally appropriate when a lawyer knows or should
23 know that he is dealing improperly with client property and causes
24 injury or potential injury to a client.**

4.13 Reprimand is generally appropriate when a lawyer is negligent in dealing
with client property and causes injury or potential injury to a client.

4.14 Admonition is generally appropriate when a lawyer is negligent in
dealing with client property and causes little or no actual or potential
injury to a client.

7.0 Violations of Duties Owed as a Professional

1 Absent aggravating or mitigating circumstances, upon application of the
2 factors set out in Standard 3.0, the following sanctions are generally appropriate
3 in cases involving false or misleading communication about the lawyer or the
4 lawyer's services, improper communication of fields of practice, improper
5 solicitation of professional employment from a prospective client, unreasonable
6 or improper fees, unauthorized practice of law, improper withdrawal from
7 representation, or failure to report professional misconduct.

8 7.1 Disbarment is generally appropriate when a lawyer knowingly engages in
9 conduct that is a violation of a duty owed as a professional with the intent
10 to obtain a benefit for the lawyer or another, and causes serious or
11 potentially serious injury to a client, the public, or the legal system.

12 7.2 **Suspension is generally appropriate when a lawyer knowingly
13 engages in conduct that is a violation of a duty owed as a professional
14 and causes injury or potential injury to a client, the public, or the
15 legal system.**

16 7.3 Reprimand is generally appropriate when a lawyer negligently engages in
17 conduct that is a violation of a duty owed as a professional and causes
18 injury or potential injury to a client, the public, or the legal system.

19 7.4 Admonition is generally appropriate when a lawyer engages in an
20 isolated instance of negligence that is a violation of a duty owed as a
21 professional, and causes little or no actual or potential injury to a client,
22 the public, or the legal system.

23 25. Respondent did not know, but should have known he was dealing improperly with
24 the funds in his trust account.

25 26. Respondent knew that he was not properly supervising his bookkeeper/wife's
26 management of his trust account.

27 27. There was actual injury to Respondent's clients and third persons during the periods
28 when their were funds converted.

29 28. The presumptive sanction is suspension.

30 29. The following aggravating factors apply under ABA Standard 9.22:

- 31 (d) multiple offenses;
32 (i) substantial experience in the practice of law [Respondent was admitted to
33 practice in 1976].

34 30. The following mitigating factors apply under ABA Standard 9.32:

- (a) absence of a prior disciplinary record;

- 1 (d) timely good faith effort to make restitution or to rectify the consequences
of the misconduct.
- 2 (e) full and free disclosure to the disciplinary board or cooperative attitude
toward proceedings;
- 3 (l) remorse.

4 31. It is an additional mitigating factor that Respondent has agreed to resolve this matter
5 at an early stage of the proceedings.

6 32. On balance the aggravating and mitigating factors do not require a departure from
7 the presumptive sanction. The mitigating factors justify a shorter suspension than the minimum
8 presumptive sanction of six months. ABA Standard 2.3.

9 VI. STIPULATED DISCIPLINE

10 33. The parties stipulate that Respondent shall receive a 60 day suspension for his
11 conduct.

12 34. Respondent will be subject to probation for a period of two years commencing upon
13 Respondent's reinstatement to the practice of law, with periodic reviews under ELC 13.8 of his
14 trust account practices, and shall comply with the specific probation terms set forth below:

- 15 a) Respondent will not allow his wife to have any role related to client funds or the
16 finances of his law firm.
- 17 b) Respondent shall carefully review and fully comply with RPC 1.15A and RPC
18 1.15B, and shall carefully review the current version of the publication, Managing
19 Client Trust Accounts: Rules, Regulations, and Common Sense.
- 20 c) For all client matters, Respondent shall have a written fee agreement signed by the
21 client, which agreements are to be maintained for least seven years (see RPC
22 1.15B(a)(3)).
- 23 d) On a quarterly basis, Respondent shall provide ODC's audit staff with all trust-
account records for the time period to be reviewed by ODC's audit staff and
disciplinary counsel for compliance with the RPC:
 - i) Months 1 – 3. By no later than the 30th day of the fourth month after the
commencement of probation, Respondent shall provide the trust account

1 records from the date of his/her reinstatement to the end of the third full
2 month.

3 ii) Months 4 – 6. By no later than the 30th day of the seventh month after the
4 commencement of probation, Respondent shall provide the trust account
5 records from the end of the previously provided quarter through the end of
6 month six.

7 iii) Months 7 – 9. By no later than the 30th day of the tenth month after the
8 commencement of probation, Respondent shall provide the trust account
9 records from the end of the previously provided quarter through the end of
10 month nine.

11 iv) Months 10 – 12. By no later than the 30th day of the thirteenth month after
12 the commencement of probation, Respondent shall provide the trust
13 account records from the end of the previously provided quarter through
14 the end of month twelve.

15 v) Months 13– 15. By no later than the 30th day of the sixteenth month after
16 the commencement of probation, Respondent shall provide the trust
17 account records from the end of the previously provided quarter through
18 the end of month fifteen.

19 vi) Months 16 – 18. By no later than the 30th day of the nineteenth month after
20 the commencement of probation, Respondent shall provide the trust
21 account records from the end of the previously provided quarter through
22 the end of month eighteen.

23 vii) Months 19 – 21. By no later than the 30th day of the twenty-second month
24 after the commencement of probation, Respondent shall provide the trust
account records from the end of the previously provided quarter through
the end of month twenty-one.

The trust account records Respondent provides to ODC for each quarterly review of
his trust account will include: (a) a complete checkbook register for his/her trust
account covering the period being reviewed, (b) complete individual client ledger
records for any client with funds in Respondent's trust account during all or part of
the period being reviewed, as well as for Respondent's own funds in the account (if
any), (c) copies of all trust-account bank statements, deposit slips, and cancelled
checks covering the period being reviewed, (d) copies of all trust account client
ledger reconciliations for the period being reviewed, and (e) copies of
reconciliations of Respondent's trust account check register covering the period
being reviewed. The ODC's Audit Manager or designee will review Respondent's
trust account records for each period.

- 1 e) On the same quarterly time schedule set forth in the preceding paragraph,
2 Respondent will provide ODC's Audit Manager or designee with copies of any and
3 all fee agreements entered into within the time period at issue.
- 4 f) The ODC's Audit Manager or designee may request additional financial or client
5 records if needed to verify Respondent's compliance with RPC 1.15A and/or 1.15B.
6 Within twenty days of a request from ODC's Audit Manager or designee for
7 additional records needed to verify Respondent's compliance with RPC 1.15A
8 and/or RPC 1.15B, Respondent will provide ODC's Audit Manager or designee the
9 additional records requested.
- 10 g) Respondent will reimburse the Association for time spent by ODC's Audit Manager
11 or designee in reviewing and reporting on Respondent's records to determine
12 his/her compliance with RPC 1.15A and RPC 1.15B, at the rate of \$85 per hour.
13 Respondent will make payment within thirty days of each written invoice setting
14 forth the auditor's time and payment due.

10 VII. RESTITUTION

11 35. Restitution is not required under this stipulation. Respondent has repaid the
12 shortages in the account and has paid all clients and third parties the funds due them.

13 VIII. COSTS AND EXPENSES

14 36. In light of Respondent's willingness to resolve this matter by stipulation at an early
15 stage of the proceedings, Respondent shall pay attorney fees and administrative costs of \$1,000
16 in accordance with ELC 13.9(i). Respondent shall pay audit costs to the Association in the
17 amount of \$6,991.25. The Association will seek a money judgment under ELC 13.9(f) if these
18 costs are not paid within 30 days of approval of this stipulation.

19 IX. VOLUNTARY AGREEMENT

20 37. Respondent states that prior to entering into this Stipulation he had an opportunity to
21 consult independent legal counsel regarding this Stipulation, that Respondent is entering into
22 this Stipulation voluntarily, and that no promises or threats have been made by ODC, the
23 Association, nor by any representative thereof, to induce the Respondent to enter into this

1 Stipulation except as provided herein.

2 38. Once fully executed, this stipulation is a contract governed by the legal principles
3 applicable to contracts, and may not be unilaterally revoked or modified by either party.

4 X. LIMITATIONS

5 39. This Stipulation is a compromise agreement intended to resolve this matter in
6 accordance with the purposes of lawyer discipline while avoiding further proceedings and the
7 expenditure of additional resources by the Respondent and ODC. Both the Respondent lawyer
8 and ODC acknowledge that the result after further proceedings in this matter might differ from
9 the result agreed to herein.

10 40. This Stipulation is not binding upon ODC or the Respondent as a statement of all
11 existing facts relating to the professional conduct of the respondent lawyer, and any additional
12 existing facts may be proven in any subsequent disciplinary proceedings.

13 41. This Stipulation results from the consideration of various factors by both parties,
14 including the benefits to both by promptly resolving this matter without the time and expense of
15 hearings, Disciplinary Board appeals, and Supreme Court appeals or petitions for review. As
16 such, approval of this Stipulation will not constitute precedent in determining the appropriate
17 sanction to be imposed in other cases; but, if approved, this Stipulation will be admissible in
18 subsequent proceedings against Respondent to the same extent as any other approved
19 Stipulation.

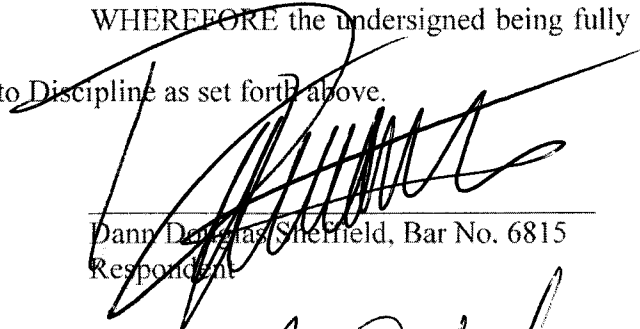
20 42. Under Disciplinary Board policy, in addition to the Stipulation, the Disciplinary
21 Board shall have available to it for consideration all documents that the parties agree to submit
22 to the Disciplinary Board, and all public documents. Under ELC 3.1(b), all documents that
23 form the record before the Board for its review become public information on approval of the

1 Stipulation by the Board, unless disclosure is restricted by order or rule of law.

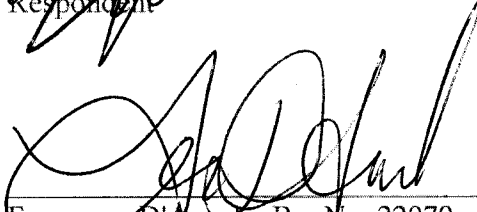
2 43. If this Stipulation is approved by the Disciplinary Board and Supreme Court, it will
3 be followed by the disciplinary action agreed to in this Stipulation. All notices required in the
4 Rules for Enforcement of Lawyer Conduct will be made.

5 44. If this Stipulation is not approved by the Disciplinary Board and Supreme Court, this
6 Stipulation will have no force or effect, and neither it nor the fact of its execution will be
7 admissible as evidence in the pending disciplinary proceeding, in any subsequent disciplinary
8 proceeding, or in any civil or criminal action.

9 WHEREFORE the undersigned being fully advised, adopt and agree to this Stipulation
10 to Discipline as set forth above.

11 
12 Dann DeGuzas Sheffield, Bar No. 6815
13 Respondent

Dated: Nov. 13, 2015

14 
15 Francesca D'Angelo, Bar No. 22979
16 Disciplinary Counsel

Dated: Nov. 18, 2015