

FILED

Jan 26, 2023

Disciplinary
Board

Docket # 005

DISCIPLINARY BOARD
WASHINGTON STATE BAR ASSOCIATION

In re

JAYE LYNN SCHNEIDER,

Lawyer (Bar No. 13515).

Proceeding No. 22#00026

ODC File No. 19-01645

STIPULATION TO REPRIMAND

Under Rule 9.1 of the Washington Supreme Court's Rules for Enforcement of Lawyer Conduct (ELC), the following Stipulation to Reprimand is entered into by the Office of Disciplinary Counsel (ODC) of the Washington State Bar Association (Association) through Managing Disciplinary Counsel Francesca D'Angelo and Respondent lawyer Jaye Lynn Schneider.

Respondent understands that they are entitled under the ELC to a hearing, to present exhibits and witnesses on their behalf, and to have a hearing officer determine the facts, misconduct and sanction in this case. Respondent further understands that they are 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 them. Respondent chooses to resolve this proceeding

1 now by entering into the following stipulation to facts, misconduct, and sanction to avoid the risk,
2 time, and expense attendant to further proceedings.

3 I. ADMISSION TO PRACTICE

4 1. Respondent was admitted to practice law in the State of Washington on October
5 27, 1983.

6 II. STIPULATED FACTS

7 2. Since 1994, Respondent's law practice has consisted of commercial and complex
8 escrow services, mergers and acquisitions, and business formations.

9 3. In or around December 2015, Respondent was chosen for a random trust account
10 examination pursuant to ELC 15.1. At the time, Respondent maintained a Bank of America
11 IOLTA account #3015 for the deposit of third-party funds.

12 4. ODC's random examination found Respondent did not comply with RPC 1.15A
13 (Safeguarding Property) and RPC 1.15B (Required Trust Account Records) as follows:

- 14 a) Respondent's client ledgers did not contain a running balance after each
15 transaction.
- 16 b) Respondent's trust account records were not reconciled monthly.
- 17 c) Respondent's trust account records showed outstanding checks dating back many
18 years and old client ledger balances that were not distributed.
- 19 d) Respondent's records showed clients and/or escrow matters with negative ledgers
20 and outstanding deposits that never cleared the bank.

21 5. Respondent hired an accountant to assist with reconstructing and correcting the
22 records for IOLTA account #3015.

23 6. Respondent closed IOLTA account #3015 in January 2019.

24 7. In October 2016, Respondent opened IOLTA account #4434 at Bank of America
for the deposit of new client funds. However, Respondent's IOLTA account records revealed

1 that Respondent's recordkeeping practices continued to be out of compliance with RPC 1.15A
2 and RPC 1.15B.

3 8. A Review Committee of the Disciplinary Board ordered an investigation into
4 Respondent's trust account practices. As part of its investigation, ODC reviewed Respondent's
5 trust account records for the Bank of America account ending in #4434 for the period from
6 October 2016 through December 31, 2021 (review period).

7 9. During the review period, Respondent failed to properly handle trust account
8 #4434 as follows:

- 9 a) Respondent did not regularly reconcile the checkbook register to the bank
10 statements or reconcile the checkbook register balance to a total of all client ledger
11 balances.
- 12 b) Respondent did not record transactions contemporaneously.
- 13 c) Respondent's check register and client ledgers did not reflect the payor for the
14 funds received.
- 15 d) Between February 28, 2018 and September 3, 2020, Respondent issued 42 checks
16 totaling \$250,812.42, all of which were uncashed as of December 31, 2021.
- 17 e) Of the 42 uncashed checks from trust account #4434, 14 were payable to Schneider
18 law firm. Respondent did not cash these checks in order to ensure that there were
19 sufficient funds in the trust account to pay all outstanding checks and ledger
20 balances. Respondent asserts that the relevant transactions were not fully finalized
21 and Respondent wanted to ensure that there were sufficient funds in the trust
22 account to pay any additional amounts for those transactions. Respondent asserts
23 that after the transactions had finalized, Respondent forgot to cash the checks.
- 24 f) As of December 31, 2020, Respondent's reconstructed client ledgers showed 65
positive ledger balances totaling \$238,641.62. Many of these positive balances
were over one year old and were not disbursed as of November 30, 2021, with the
majority of such funds owed and payable to Respondent.
- g) Respondent hired an accountant to reconstruct and disburse funds from the trust
account. The reconstruction identified the ownership of all funds in the account,
and that the account was not short client funds. As of December 31, 2022,
Respondent has issued checks for all the funds that were held in the trust account,
although not all of the checks have cleared the account.

1 10. Respondent intends to close Respondent's trust account as soon as practicable and
2 does not plan to continue to practice law or handle escrow matters.
3

4 III. STIPULATION TO MISCONDUCT

5 11. By failing to maintain complete and contemporaneous trust account records,
6 Respondent violated RPC 1.15A(h)(2) and RPC 1.15B(a).

7 12. By failing to reconcile Respondent's IOLTA account check register to the bank
8 statements and by failing to reconcile the check register to the client ledgers on a monthly basis,
9 Respondent violated RPC 1.15A(h)(6).

10 13. By failing to remove funds belonging to Respondent from the trust account,
11 Respondent violated RPC 1.15A(h)(1).

12 14. By failing to promptly pay or deliver to clients or third persons the funds that they
13 were entitled to receive, Respondent violated RPC 1.15A(f).

14 IV. PRIOR DISCIPLINE

15 15. Respondent has no prior discipline.

16 V. APPLICATION OF ABA STANDARDS

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

19 ***4.1 Failure to Preserve the Client's Property***

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

21 4.12 Suspension is generally appropriate when a lawyer knows or should know
that he is dealing improperly with client property and causes injury or
potential injury to a client.

22 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.
23

1 4.14 Admonition is generally appropriate when a lawyer is negligent in dealing
2 with client property and causes little or no actual or potential injury to a
3 client.

3 **7.0 Violations of Duties Owed as a Professional**

4 7.1 Disbarment is generally appropriate when a lawyer knowingly engages in
5 conduct that is a violation of a duty owed as a professional with the intent
6 to obtain a benefit for the lawyer or another, and causes serious or
7 potentially serious injury to a client, the public, or the legal system.

8 7.2 Suspension is generally appropriate when a lawyer knowingly engages in
9 conduct that is a violation of a duty owed as a professional and causes
10 injury or potential injury to a client, the public, or the legal system.

11 7.3 Reprimand is generally appropriate when a lawyer negligently engages in
12 conduct that is a violation of a duty owed as a professional and causes
13 injury or potential injury to a client, the public, or the legal system.

14 7.4 Admonition is generally appropriate when a lawyer engages in an isolated
15 instance of negligence that is a violation of a duty owed as a professional,
16 and causes little or no actual or potential injury to a client, the public, or
17 the legal system.

18 17. Respondent knew or should have known that Respondent was not dealing properly
19 with trust account funds.

20 18. Respondent's failure to maintain trust account records properly compromised
21 Respondent's ability to account for client and third-party funds.

22 19. There was potential injury from Respondent's failure to remove Respondent's own
23 funds, which could result in creditors gaining access to funds in the trust account.

24 20. The presumptive sanction is suspension.

25 21. The following aggravating factors apply under ABA Standard 9.22:

(c) pattern of misconduct;

(d) multiple offenses;

(i) substantial experience in the practice of law. Respondent was admitted to
practice on October 27, 1983.

26 22. The following mitigating factors apply under ABA Standard 9.32:

(a) absence of a prior disciplinary record;

(b) absence of a dishonest or selfish motive;

(c) personal or emotional problems (see Attachment A, filed under seal);

- 1 (h) physical disability (see attachment A, filed under seal);
2 (l) remorse.

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

5 24. A significant mitigating factor is the contribution this stipulation makes to the
6 efficient and effective operation of the lawyer discipline system considering the effect the
7 COVID-19 public health emergency has had on disciplinary resources and the orderly processing
8 of disciplinary matters.

9 25. Based on the factors set forth above, the presumptive sanction should be mitigated
10 to reprimand.

11 VI. STIPULATED DISCIPLINE

12 26. The parties stipulate that Respondent shall receive a reprimand.

13 27. Respondent shall ensure that all funds are disbursed from Respondent's trust
14 account as required by RPC 1.15A and provide proof to ODC when the disbursements have
15 cleared the trust account.

16 28. Respondent will be subject to probation for a period of two years commencing
17 upon the approval of this stipulation, with periodic reviews under ELC 13.8 of Respondent's
18 trust account practices, and must comply with the specific probation terms set forth below:

- 19 a) Respondent shall carefully review and fully comply with RPC 1.15A and RPC 1.15B,
20 and shall carefully review the current version of the publication, Managing Client
21 Trust Accounts: Rules, Regulations, and Common Sense.
- 22 b) Respondent shall complete the WSBA continuing legal education course entitled,
23 "Basics of Trust Accounting" (March 2021), or an equivalent 1.0 credit on managing
24 trust accounts in Washington State and provide disciplinary counsel with a
declaration attesting to completion of the course within 10 days of completing the
course.

- 1 c) If Respondent maintains a trust account and/or handles client or third-party funds
2 during the probation period, Respondent shall utilize the services of an accountant,
3 bookkeeper, or attorney who has been trained in the RPC and is proficient with the
4 maintenance of trust account records to assist Respondent in complying with
5 Respondent's duties under RPC 1.15A and RPC 1.15B and with Respondent's
6 probation requirements. Respondent shall provide the name of the bookkeeper,
7 accountant, or attorney to ODC within 10 days of Respondent handling client or third-
8 party funds.
- 9 d) For all client matters, Respondent shall have a written fee agreement signed by the
10 client, which agreements are to be maintained for least seven years (see RPC
11 1.15B(a)(3)).
- 12 e) On a monthly basis, using ODC's form report entitled "Monthly Reconciliation and
13 Review Report," Respondent shall review the trust-account records detailed on the
14 form report, review the completed report, and sign and date the completed report
- 15 f) On a quarterly basis, Respondent shall provide ODC's audit staff with all trust-
16 account records for the time period to be reviewed by ODC's audit staff and
17 disciplinary counsel for compliance with the RPC:
- 18 i) Months 1 – 3. By no later than the 30th day of the fourth month after the
19 commencement of probation, Respondent shall provide the trust account
20 records from the date of commencement of probation to the end of the third
21 full month.
 - 22 ii) Months 4 – 6. By no later than the 30th day of the seventh month after the
23 commencement of probation, Respondent shall provide the trust account
24 records from the end of the previously provided quarter through the end of
month six.
 - iii) Months 7 – 9. By no later than the 30th day of the tenth month 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 nine.
 - iv) Months 10 – 12. By no later than the 30th day of the thirteenth month 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 twelve.
 - v) Months 13 – 15. By no later than the 30th day of the sixteenth month 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 fifteen.

- 1 vi) Months 16 – 18. By no later than the 30th day of the nineteenth month after
2 the commencement of probation, Respondent shall provide the trust account
3 records from the end of the previously provided quarter through the end of
4 month eighteen.
- 5 vii) Months 19 – 21. By no later than the 30th day of the twenty-second month
6 after the commencement of probation, Respondent shall provide the trust
7 account records from the end of the previously provided quarter through the
8 end of month twenty-one.
- 9 g) The trust account records Respondent provides to ODC for each quarterly review of
10 the trust account will include: (a) copies of each completed “Monthly Reconciliation
11 and Review Report” referenced in sub-paragraph(c) above, (b) a complete checkbook
12 register for the trust account covering the period being reviewed, (c) complete
13 individual client ledger records for any client with funds in Respondent’s trust
14 account during all or part of the period being reviewed, as well as for Respondent’s
15 own funds in the account (if any), and (d) copies of all trust-account bank statements,
16 deposit slips, and cancelled checks covering the period being reviewed. ODC’s Audit
17 Manager or designee will review Respondent’s trust account records for each period.
18 If Respondent does not have a trust account, Respondent shall provide a declaration
19 on a quarterly basis stating that Respondent is not handling client or third-party funds
20 and does not maintain a trust account.
- 21 h) On the same quarterly time schedule set forth in the preceding paragraph, Respondent
22 will provide ODC’s Audit Manager or designee with copies of any and all fee
23 agreements entered into within the time period at issue.
- 24 i) ODC’s Audit Manager or designee may request additional financial or client records
if needed to verify Respondent’s compliance with RPC 1.15A and/or 1.15B. Within
twenty days of a request from ODC’s Audit Manager or designee for additional
records needed to verify Respondent’s compliance with RPC 1.15A and/or RPC
1.15B, Respondent will provide ODC’s Audit Manager or designee the additional
records requested.
- j) Respondent will reimburse the Association for time spent by ODC’s Audit Manager
or designee in reviewing and reporting on Respondent’s records to determine
Respondent’s compliance with RPC 1.15A and RPC 1.15B, at the rate of \$85 per
hour. Respondent will make payment within thirty days of each written invoice
setting forth the auditor’s time and payment due.

VII. RESTITUTION

29. No restitution is required by this stipulation.

1 **VIII. COSTS AND EXPENSES**

2 30. In light of Respondent’s willingness to resolve this matter by stipulation at an early
3 stage of the proceedings, Respondent shall pay attorney fees and administrative costs of \$750 in
4 accordance with ELC 13.9(i). The Association will seek a money judgment under ELC 13.9(l) if
5 these costs are not paid within 30 days of approval of this stipulation.

6 **IX. VOLUNTARY AGREEMENT**

7 31. Respondent states that prior to entering into this Stipulation Respondent had an
8 opportunity to consult independent legal counsel regarding this Stipulation, that Respondent is
9 entering into this Stipulation voluntarily, and that no promises or threats have been made by ODC,
10 the Association, nor by any representative thereof, to induce the Respondent to enter into this
11 Stipulation except as provided herein.

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

14 **X. LIMITATIONS**

15 33. This Stipulation is a compromise agreement intended to resolve this matter in
16 accordance with the purposes of lawyer discipline while avoiding further proceedings and the
17 expenditure of additional resources by the Respondent and ODC. Both the Respondent lawyer
18 and ODC acknowledge that the result after further proceedings in this matter might differ from
19 the result agreed to herein.

20 34. This Stipulation is not binding upon ODC or the respondent as a statement of all
21 existing facts relating to the professional conduct of the respondent lawyer, and any additional
22 existing facts may be proven in any subsequent disciplinary proceedings.

23 35. This Stipulation results from the consideration of various factors by both parties,

1 including the benefits to both by promptly resolving this matter without the time and expense of
2 hearings, Disciplinary Board appeals, and Supreme Court appeals or petitions for review. As
3 such, approval of this Stipulation will not constitute precedent in determining the appropriate
4 sanction to be imposed in other cases; but, if approved, this Stipulation will be admissible in
5 subsequent proceedings against Respondent to the same extent as any other approved Stipulation.

6 36. Under ELC 9.1(d)(4), the Disciplinary Board reviews a stipulation based solely on
7 the record agreed to by the parties. Under ELC 3.1(b), all documents that form the record before
8 the Board for its review become public information on approval of the Stipulation by the Board,
9 unless disclosure is restricted by order or rule of law.

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

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

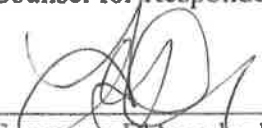
1 WHEREFORE the undersigned being fully advised, adopt and agree to this Stipulation to
2 Reprimand as set forth above.

3 
4 Jaye Lynn Schneider, Bar No. 13515
5 Respondent

Dated: 1/23/23

6 
7 Anne I. Seidel, Bar No. 22742
8 Counsel for Respondent

Dated: 1/24/23

9 
10 Francesca D'Angelo, Bar No. 22979
11 Managing Disciplinary Counsel

Dated: 1/24/2023