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DISCIPLINARY BOARD

BEFORE THE
DISCIPLINARY BOARD
OF THE
WASHINGTON STATE BAR ASSOCIATION

In re

RONNIE M. RAE

Lawyer (Bar No. 34606).

Proceeding No. 13#00014

STIPULATION TO SUSPENSION AND
PROBATION

Under Rule 9.1 of the Rules for Enforcement of Lawyer Conduct (ELC), and following a settlement conference conducted under ELC 10.12(h), the following Stipulation to suspension, is entered into by the Office of Disciplinary Counsel (ODC) of the Washington State Bar Association (Association) through senior disciplinary counsel Kevin Bank, Respondent's Counsel Leland G. Ripley and Respondent lawyer Ronnie Rae.

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 and publicity attendant to further proceedings.

2 **I. ADMISSION TO PRACTICE**

3 1. Respondent was admitted to practice law in the State of Washington on January 21,
4 2004.

5 **II. STIPULATED FACTS**

6 2. Between 2010 and 2012, Respondent maintained two IOLTA trust accounts at Bank
7 of America, one ending in 7403 (account 7403) and the other ending in 6915 (account 6915).

8 3. In January 2012, Respondent closed account 6915.

9 4. On or about July 19, 2011, an overdraft occurred in account 7403.

10 5. As a result of the overdraft, the Association undertook an audit of both accounts.

11 6. The audit covered the period September 28, 2010 through April 30, 2012.

12 7. On October 3, 2011, the Association requested Respondent's trust account records
13 for the period April 1, 2011 through August 31, 2011.

14 8. On November 23, 2011, Respondent provided a partial response.

15 **Checkbook Register**

16 9. Respondent's November 23, 2011 response included a paper hand-written
17 checkbook register for account 7403.

18 10. The response also included a hand-written paper checkbook register for account
19 6915.

20 11. Both checkbook registers contained pages that were cut off on the right such that the
21 balances could not be seen.

22 12. On February 2, 2012, the Association requested that Respondent provide better
23 copies of his checkbook registers.

24 13. On or about February 29, 2012, Respondent sent a letter to the Association stating

1 that he had lost the records requested in the February 2, 2012 letter, but that he was now
2 keeping his records using a computer software system.

3 14. On March 13, 2012, the Association asked Respondent to provide his trust account
4 records for January and February 2012.

5 15. On or about April 18, 2012, Respondent provided a handwritten checkbook register
6 for the period January 17, 2012 through March 4, 2012 for account 7403.

7 16. The checkbook register did not include all transactions that occurred in account
8 7403.

9 17. The checkbook register did not show check numbers.

10 18. The checkbook register stated the amount of some transactions incorrectly.

11 19. The checkbook register did not always show the correct running balance in the
12 account.

13 20. On July 26, 2012, the Association asked Respondent to provide his updated
14 checkbook registers through the end of April, 2012.

15 21. On September 14, 2012, Respondent provided the Association with on-line access to
16 Quickbooks records for account 7403 for the period January 1, 2012 through April 30, 2012.

17 22. Respondent's checkbook register for account 7403, as entered into Quickbooks, was
18 not correct or complete.

19 23. The Quickbooks checkbook register did not have the correct beginning balance,
20 causing the running balance to be incorrect.

21 24. The ending balance in Respondent's Quickbooks checkbook register as of April
22 2012 was understated by \$3,610.33.

23 25. Instead of entering the name of the payor or payee in the Quickbooks checkbook
24

1 register, Respondent entered the name of the client.

2 ***Client Ledgers***

3 26. During the period April 1, 2011 through August 31, 2011, transactions occurred in
4 account 7403 and account 6915 for at least 11 clients.

5 27. Respondent provided only one client ledger with his November 23, 2011 response
6 to the Association's October 3, 2011 request for records for the period April 1, 2011 through
7 August 31, 2011.

8 28. The ledger contained no activity during the time period being reviewed and was
9 copied in a way that the balance could not be seen.

10 29. On March 13, 2012, the Association requested that Respondent provide his
11 complete client ledgers for the period January 1, 2012 through February 29, 2012.

12 30. Respondent provided four client ledgers in his April 18, 2012 response, which
13 showed activity between January 1 and April 13, 2012.

14 31. The client ledgers Respondent provided included ledgers for clients R2 and N¹.

15 32. The ledger for client R2 incorrectly states a balance of \$107.02 on January 17, 2012,
16 when the balance should be zero.

17 33. The ledger for client N incorrectly states a balance of \$7,303.78 on January 17,
18 2012, when the balance should be \$5,403.

19 34. Although funds were either deposited or disbursed from account 7403 on behalf of
20 clients A and R1 during the January-April 2012 time period, no client ledgers were provided for
21 clients A or R1.

22 35. The computerized Quickbooks records Respondent produced to the Association on
23

24 ¹ To protect the privacy clients who have not filed a grievance, we have abbreviated the clients' names

1 September 14, 2012 did not include any client ledgers.

2 ***Reconciliation of Trust Records***

3 36. Respondent did not reconcile on a monthly basis, the check register balance to the
4 bank statement balance or the check register balance to the combined total of all client ledgers,
5 for either account 7403 or account 6915.

6 ***Disbursements in excess of Client Funds in Account***

7 37. On March 9, 2011, Respondent deposited a \$1,500 check from Client H to account
8 6915.

9 38. On March 9, 2011, Client H's funds were the only funds in account 6915.

10 39. On March 9, 2011, Respondent wrote a check no. 1718 for \$500 to himself from
11 account 6915 with the notation "Client M2 fee" on the check.

12 40. Check No. 1718 was paid on March 9, 2011.

13 41. On April 28, 2011, Respondent issued a check no. 1739 to himself from account
14 6915 for \$1,000.25 with the notation "Client M2 fee" on the check.

15 42. Check no. 1739 was paid on May 2, 2011.

16 43. Respondent's check register for the time period states that check no. 1739 is related
17 to Clients M1 and M2.

18 44. On April 28, 2011, Client M1 had \$0.25 in account 6915.

19 45. On April 28, 2011 Client M2 had no funds in account 6915.

20 46. On April 28, 2011, the only funds in Respondent's account 6915 were \$0.25
21 belonging to Client M1 and \$1,000 belonging to Client H.

22 47. Respondent used the funds of Client H on behalf of clients M2 and/or M1.

23 48. Between October 2010 and June 2011, Respondent received L&I funds for Client
24

1 M3 twice monthly.

2 49. Respondent sometimes deposited Client M3's funds into account 6915, and other
3 times into account 7403.

4 50. Upon receiving the L&I funds for Client M3, Respondent would write checks to
5 himself for earned fees and issue the remainder to Client M3.

6 51. On November 20, 2010, Respondent issued a check for \$89.90 to himself and issued
7 a check for \$508.84 to Client M3, both from account 7403.

8 52. On November 20, 2010, Client M3's regular L&I deposit had not been made to
9 account 7403 and client M3 had no funds in the account.

10 53. Client M3's check cleared the bank because there were funds in account 7403
11 belonging to another client, Client R.

12 54. Because some of Client R's funds had been disbursed on behalf of Client M3 and
13 were no longer in account 7403, a check payable to Client R was returned NSF when Client R
14 tried to negotiate it on November 29, 2010.

15 55. On September 19, 2011, Respondent settled a personal injury claim for Client N.

16 56. After various disbursements, as of January 18, 2012, Client N had \$5,403 in account
17 7403.

18 57. On January 18, 2012, Respondent issued a check from account 7403 to Client N for
19 \$6,808.78.

20 58. On January 18, 2012, Respondent issued a check from account 7403 to himself for
21 \$495 with the memo "Client N reduced fee."

22 59. The January 18, 2012 disbursements for Client N exceeded the balance of funds for
23 client N in the account by \$1,900.78.

1 60. The funds of other clients in part funded the January 18, 2012 disbursements to
2 Client N and Respondent.

3 ***Cash Withdrawals***

4 61. On May 24, 2011, Respondent withdrew \$39,270 in cash from account 6915, and
5 converted the cash into a cashier's check, representing earned fees for two clients.

6 ***Disbursement before Underlying Deposit Clears***

7 62. During 2011, Respondent did not have in effect an agreement with his bank to
8 personally guarantee all deposits to his IOLTA accounts without recourse to the accounts.

9 63. On October 6, 2011, Respondent made a deposit of \$9,474.21 into account 7403 on
10 behalf of Client A's restaurant.

11 64. Apart from this deposit, there were no other funds on behalf of Client A's restaurant
12 in account 7403.

13 65. Also on October 6, 2011, check no. 1156 for \$5,104.62, drawn on account 7403,
14 which was dated October 5, 2011 and payable to Respondent with the notation "A [REDACTED] 17% fee,"
15 cleared the bank.

16 66. On May 18, 2011, Respondent deposited a check for \$48,000 into account 6915 on
17 behalf of client B.

18 67. Apart from this deposit, there were no other funds on behalf of Client B in
19 Respondent's IOLTA account no. 6915.

20 68. The same day, Respondent's check no. 1747, drawn on account 6915 for \$18,656.72,
21 payable to Client B, cleared the bank.

22 ***Misrepresentations to the Association***

23 69. During the investigation of the trust account issues, between February 2012 and
24 September 2012, on at least two occasions, Respondent misrepresented the status of his trust

1 account records in statements to ODC.

2 **III. STIPULATION TO MISCONDUCT**

3 70. By failing to maintain complete and accurate trust-account records, Respondent
4 violated RPC 1.15A(h) and RPC 1.15B.

5 71. By failing to reconcile, on a monthly basis, for monies held in trust, the check
6 register balance to the bank statement balance and/or the check register balance to the combined
7 total of all client ledgers, Respondent violated RPC 1.15A(h)(6).

8 72. By making one or more cash withdrawals from trust, Respondent violated RPC
9 1.15A(h)(5).

10 73. By failing to wait for items deposited to trust to clear the banking system prior to
11 disbursing funds from trust, Respondent violated RPC 1.15A(h)(7).

12 74. By using funds of one client on behalf of another client, Respondent violated RPC
13 1.15A(h)(8).

14 75. By making misrepresentations to the Association during its investigation of the
15 grievance, Respondent violated RPC 8.1(a) and/or RPC 8.4(c).

16 **IV. PRIOR DISCIPLINE**

17 76. Respondent has no prior discipline.

18 **V. APPLICATION OF ABA STANDARDS**

19 77. The following American Bar Association Standards for Imposing Lawyer Sanctions
20 (1991 ed. & Feb. 1992 Supp.) apply to this case:

21 4.1 Failure to Preserve the Client's Property:

22 4.11 Disbarment is generally appropriate when a lawyer knowingly converts
client property and causes injury or potential injury to a client.

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

1 **injury or potential injury to a client.**

2 4.13 Reprimand is generally appropriate when a lawyer is negligent in dealing
3 with client property and causes injury or potential injury to a client.

4 4.14 Admonition is generally appropriate when a lawyer is negligent in
5 dealing with client property and causes little or no actual or potential
6 injury to a client.

7 7.0 Violations of Duties Owed as a Professional

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

13 7.2 Suspension is generally appropriate when a lawyer knowingly engages in
14 conduct that is a violation of a duty owed as a professional and causes
15 injury or potential injury to a client, the public, or the 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 78. Respondent knew or should have known that he was failing to maintain adequate
24 trust account records, failing to reconcile his trust account, failing to wait until deposits cleared
the banking system before disbursement, using one client's funds on behalf of another and making a
cash withdrawal from his trust account.

79. Respondent's failure to maintain his trust account in compliance with RPC caused
actual injury to the justice system. The administration of justice, including the disciplinary
process is harmed whenever a trust account is misused because trust accounts are essential to
the way lawyers conduct their client's business, and the more doubts the public have about how
they are managed, the more likely grievances will be filed, thus burdening the disciplinary
system. In addition, some of Respondent's clients were potentially harmed because, if

1 Respondent had become debilitated, they would not have been able to rely his records to
2 determine how much money they had in the account.

3 80. The presumptive sanction for the trust account violations is suspension under
4 standard 4.12.

5 81. Respondent knew or should have known his misrepresentations to ODC were
6 incorrect and were made to evade responsibility for his deficient trust account practices.

7 82. Respondent's misrepresentations to ODC caused actual, serious injury to the
8 disciplinary process. He jeopardized the reputation and perception of the profession and
9 harmed the legal system by requiring expenditure of scarce disciplinary resources.

10 83. The presumptive sanction for the misrepresentations is disbarment under standard
11 7.1.

12 84. The following aggravating factors apply under ABA Standard 9.22:

- 13 (i) substantial experience in the practice of law (Respondent was admitted to
14 practice law in Washington in 2004).

15 85. The following mitigating factors apply under ABA Standard 9.32

- 16 (a) absence of a prior disciplinary record;
17 (c) personal or emotional problems (including being a victim of domestic
18 violence and being stalked and threatened with severe bodily harm by an
19 ex-client for some of the period when the misconduct occurred);
20 (l) remorse.

21 86. On balance, the mitigating factors outweigh the aggravating factors. Based on the
22 factors set forth above, the presumptive sanction should be mitigated to a 21 month suspension.

23 VI. STIPULATED DISCIPLINE

24 87. The parties stipulate that Respondent shall receive a 21 month suspension for his
conduct. Respondent's reinstatement is conditioned upon repayment of costs and expenses.

1 88. Respondent's reinstatement is further conditioned upon a showing of psychological
2 fitness to practice evidenced by a period of at least 12 months in a continuous therapeutic
3 relationship with a licensed mental health counselor of at least masters level or above, to be
4 arranged by Respondent directly or through the WSBA lawyer's assistance program.

5 89. Respondent will be subject to probation for a period of two years commencing upon
6 Respondent's reinstatement to the practice of law, with periodic reviews under ELC 13.8 of
7 his/her trust account practices, and shall comply with the specific probation terms set forth
8 below:

- 9 a) Respondent shall carefully review and fully comply with RPC 1.15A and RPC
10 1.15B, and shall carefully review the current version of the publication, Managing
Client Trust Accounts: Rules, Regulations, and Common Sense.
- 11 b) For all client matters, Respondent shall have a written fee agreement signed by the
12 client, which agreements are to be maintained for least seven years (see RPC
1.15B(a)(3)).
- 13 c) On a quarterly basis, Respondent shall provide ODC's audit staff with all trust-
14 account records for the time period to be reviewed by ODC's audit staff and
disciplinary counsel for compliance with the RPC:
- 15 i) Months 1 – 3. By no later than the 30th day of the fourth month after the
16 commencement of probation, Respondent shall provide the trust account
records from the date of his/her reinstatement to the end of the third full
17 month.
- 18 ii) Months 4 – 6. By no later than the 30th day of the seventh month after the
19 commencement of probation, Respondent shall provide the trust account
records from the end of the previously provided quarter through the end of
20 month six.
- 21 iii) Months 7 – 9. By no later than the 30th day of the tenth month after the
22 commencement of probation, Respondent shall provide the trust account
records from the end of the previously provided quarter through the end of
23 month nine.
- 24 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.

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

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

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

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

24 d) On the same quarterly time schedule set forth in the preceding paragraph,
Respondent will provide ODC's Audit Manager or designee with copies of any and
all fee agreements entered into within the time period at issue.

e) The 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.

f) 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
his/her 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.

g) During the period of probation, Respondent's practice shall be supervised by a
practice monitor. The practice monitor must be a WSBA member with no record of

1 public discipline and who is not the subject of a pending public disciplinary
2 proceeding.

- 3 h) No later than 30 days after probation begins, Respondent shall provide to the
4 Probation Administrator, in writing, the name and contact information of a proposed
5 practice monitor, who must be approved by the Probation Administrator. If
6 Respondent fails to propose a practice monitor, or if the Probation Administrator
7 does not approve the proposed practice monitor, the Probation Administrator will
8 request that a practice monitor be appointed by the Chair of the Disciplinary Board.
9 See ELC 13.8(a)(2). Respondent shall cooperate with the appointed practice
10 monitor.
- 11 i) Respondent shall provide the practice monitor with a list of his current clients and
12 ascertain that the practice monitor does not have a conflict of interest.
- 13 j) The practice monitor must agree to be bound by the requirements of RPC 1.6,
14 prohibiting disclosure of client confidences and secrets, to the same extent as
15 Respondent and his staff.
- 16 k) During the period of probation, Respondent shall meet with the practice monitor at
17 least once every two months. At each meeting, the practice monitor will discuss
18 and review Respondent's office procedures and practices to assure that Respondent
19 and his staff are complying with the RPC. If necessary, the practice monitor will
20 review individual client files to determine if appropriate procedures are being
21 instituted and followed.
- 22 l) If the practice monitor believes that Respondent is not complying with any of his
23 ethical duties under the RPC or if Respondent fails to attend a bi-monthly meeting,
24 the practice monitor shall promptly report that to the Probation Administrator.
- m) Respondent shall be responsible for paying any and all fees, costs and/or expenses
charged by the practice monitor for supervision.

18 VII. RESTITUTION

19 90. No restitution is required.

20 VIII. COSTS AND EXPENSES

21 91. Respondent shall pay attorney fees of \$1,500 and administrative costs of \$3,346.55
22 in accordance with ELC 13.9(i). The Association will seek a money judgment under ELC
23 13.9(l) if these costs are not paid within 30 days of approval of this stipulation. Respondent's
24

1 reinstatement from suspension is conditioned on payment of these costs and expenses.

2 **IX. VOLUNTARY AGREEMENT**

3 92. Respondent states that prior to entering into this Stipulation he has consulted
4 independent legal counsel regarding this Stipulation, that Respondent is entering into this
5 Stipulation voluntarily, and that no promises or threats have been made by ODC, the
6 Association, nor by any representative thereof, to induce the Respondent to enter into this
7 Stipulation except as provided herein.

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

10 **X. LIMITATIONS**

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

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

19 96. This Stipulation results from the consideration of various factors by both parties,
20 including the benefits to both by promptly resolving this matter without the time and expense of
21 hearings, Disciplinary Board appeals, and Supreme Court appeals or petitions for review. As
22 such, approval of this Stipulation will not constitute precedent in determining the appropriate
23 sanction to be imposed in other cases; but, if approved, this Stipulation will be admissible in
24

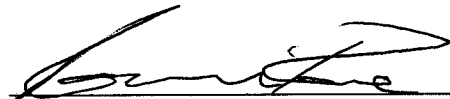
1 subsequent proceedings against Respondent to the same extent as any other approved
2 Stipulation.

3 97. Under Disciplinary Board policy, in addition to the Stipulation, the Disciplinary
4 Board shall have available to it for consideration all documents that the parties agree to submit
5 to the Disciplinary Board, and all public documents. Under ELC 3.1(b), all documents that
6 form the record before the Board for its review become public information on approval of the
7 Stipulation by the Board, unless disclosure is restricted by order or rule of law.

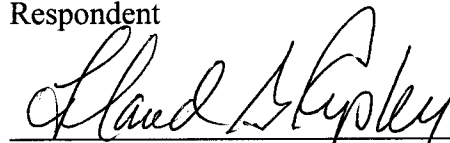
8 98. If this Stipulation is approved by the Disciplinary Board and Supreme Court, it will
9 be followed by the disciplinary action agreed to in this Stipulation. All notices required in the
10 Rules for Enforcement of Lawyer Conduct will be made.

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


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

17 
18 _____
19 Ronnie M. Rae, Bar No. 34606
20 Respondent

Dated: 8/6/14

21 
22 _____
23 Leland G. Ripley, Bar No. ~~6266~~
24 Counsel for Respondent

Dated: 8/6/14

25 
26 _____
27 Kevin Bank, Bar No. 28935
28 Senior Disciplinary Counsel

Dated: August 6, 2014