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BEFORE THE DISCIPLINARY BOARD OF THE WASHINGTON STATE BAR ASSOCIATION

In re

THAO HOANG NGUYEN,

Lawyer (Bar No. 41882).

Proceeding No. 15#00017

ODC File No(s). 12-00896

STIPULATION TO REPRIMAND

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 Reprimand is entered into by the Office of Disciplinary Counsel (ODC) of the Washington State Bar Association (Association) through disciplinary counsel Marsha Matsumoto, Respondent's counsel Mark W. Muenster, and Respondent Thao Nguyen.

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

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insufficient funds caused a trust account overdraft in the amount of \$7,639.89. Check 1044 was dishonored by the bank.

6. On April 23, 2012, Respondent deposited a \$13,200 settlement check for client CT to his trust account. Respondent disbursed some or all of the funds deposited for CT before the deposit cleared the banking process. On April 26, 2012, the \$13,200 check was returned due to improper endorsement, causing a trust account overdraft in the amount of \$7,998.89.

Trust Account Records

- 7. During the period February 15, 2011 through October 31, 2012, Respondent did not maintain a contemporaneous check register for his trust account, did not maintain contemporaneous client ledgers for his trust account, did not reconcile a check register to the bank statements (bank reconciliation) for his trust account, and did not reconcile a check register to a combined total of client ledgers (client ledger reconciliation) for his trust account.
- 8. On June 12, 2012, ODC referred Respondent to the Association publication, "Managing Client Trust Accounts: Rules, Regulations, and Common Sense," and to continuing legal education courses on trust accounting. On September 28, 2012, ODC recommended that Respondent reconstruct his trust account records.
- 9. On November 12, 2012, Respondent submitted reconstructed records to ODC, but the reconstructed records did not comply with the requirements of RPC 1.15B.
- 10. During the period November 1, 2012 through March 31, 2014, Respondent did not maintain a contemporaneous check register for his trust account, did not maintain contemporaneous client ledgers for his trust account, did not prepare bank reconciliations, and did not prepare client ledger reconciliations.

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account for client ML.

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1	34	. Respondent did not provide QN or HL with a written accounting showing how
2	their settle	ement funds were actually disbursed.
3	Client CT	
4	35	On April 23, 2012, Respondent deposited \$13,200 and \$684.73 in settlement funds
5	to his trust	account for client CT.
6	36.	On April 23, 2012, Respondent disbursed \$4,769.12 to his law firm for fees and
7	costs.	
8	37.	On April 25, 2012, Respondent disbursed \$4,710 to CT.
9	38.	On April 25, 2012, Respondent provided CT with a settlement statement showing
10	that he wo	ald pay \$4,346.48 to State Farm Insurance (State Farm) from CT's settlement funds.
11	39.	On June 5, 2012, Respondent issued check 1126, in the amount of \$4,346.48,
12	payable to	his non-lawyer assistant, Ha To, to purchase a cashier's check to State Farm. After
. 13	this disbur	sement, there was \$59.13 remaining from CT's settlement in Respondent's trust
1.4	account.	
15	40.	The cashier's check to State Farm was purchased on July 3, 2012.
16	41.	During the period June 5, 2012 to July 3, 2012, Respondent's trust account was
17	short \$4,28	7.35 in client CT's funds.
18	Client DN	
19	42.	On March 22, 2012, Respondent provided client DN with a settlement statement
20	showing tha	at \$200 of DN's \$12,700 settlement would be disbursed for costs.
21	43.	On April 5, 2012, Respondent deposited DN's settlement to his trust account.
22	44.	Respondent did not pay \$200 in costs or deliver the funds to DN.
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1	f. Failure to provide clients with a written accounting or an accurate written
2	accounting after distributing their settlement funds, in violation of RPC 1.15A(e) and
3	RPC 1.4;
4	g. Failure to maintain trust account records on a contemporaneous basis, in
3	violation of RPC 1.15A(h)(2) and RPC 1.15B(a); and
6	h. Failure to reconcile his trust account, in violation of RPC 1.15A(h)(6) and RPC
7	1.15B(a)(8).
8	IV. PRIOR DISCIPLINE
9	55. Respondent does not have a record of prior discipline in Washington.
10	V. APPLICATION OF ABA STANDARDS
11	56. The following American Bar Association Standards for Imposing Lawyer Sanctions
12	(1991 ed. & Feb. 1992 Supp.) apply to this case:
13.	7.0 Violations of Duties Owed as a Professional
14	Absent aggravating or mitigating circumstances, upon application of the factors set out in Standard 3.0, the following sanctions are generally appropriate
15	in cases involving false or misleading communication about the lawyer or the lawyer's services, improper communication of fields of practice, improper
16	solicitation of professional employment from a prospective client, unreasonable or improper fees, unauthorized practice of law, improper withdrawal from
17	representation, or failure to report professional misconduct. 7.1 Disbarment is generally appropriate when a lawyer knowingly engages in
18	conduct that is a violation of a duty owed as a professional with the intent to obtain a benefit for the lawyer or another, and causes serious or
1:9	potentially serious injury to a client, the public, or the legal system. 7.2 Suspension is generally appropriate when a lawyer knowingly
20	engages in conduct that is a violation of a duty owed as a professional and causes injury or potential injury to a client, the public, or the
21	legal system. 7.3 Reprimand is generally appropriate when a lawyer negligently engages in
22	conduct that is a violation of a duty owed as a professional and causes injury or potential injury to a client, the public, or the legal system.
23	7.4 Admonition is generally appropriate when a lawyer engages in an isolated instance of negligence that is a violation of a duty owed as a
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professional, and causes little or no actual or potential injury to a client, the public, or the legal system.

4.1 Failure to Preserve the Client's Property

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

- 4.11 Disbarment is generally appropriate when a lawyer knowingly converts client property and causes injury or potential injury to a client.
- 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.
- 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.
- 57. Respondent knew that he was failing to adequately supervise his non-lawyer assistants. He signed blank trust account checks, gave his assistants access to conduct transactions online, and delegated all trust account recordkeeping responsibilities to his assistants without adequate training, review, or supervision. Respondent's conduct caused actual and potential injury. He abdicated his responsibility to safeguard client property, which allowed client funds to be misappropriated, client and third party payments to be delayed, and recordkeeping to be so deficient it was impossible to track client funds.
- 58. Respondent should have known that he was failing to maintain trust account records and failing to reconcile his trust account. As to the other trust account violations, Respondent's conduct was, at least, negligent. Respondent's conduct caused actual and potential harm in that client funds were not safeguarded in a trust account, clients and third parties did not promptly receive funds they were entitled to receive, clients did not receive complete or accurate accountings, and Respondent was unable to accurately account for the funds entrusted to him.
 - 59. The presumptive sanction is suspension under ABA Standard 7.2 and ABA

1	Standard 4.12.	
2	60. The following aggravating factor applies under ABA Standard 9.22:	
3	(d) multiple offenses	
4	61. The following mitigating factors apply under ABA Standard 9.32:	
5	(a) absence of a prior disciplinary record; (b) absence of a dishonest motive;	
6	(f) inexperience in the practice of law (Respondent was admitted to practice	
7	law in Washington in November 2009); (1) remorse.	
8	62. It is an additional mitigating factor that Respondent has taken and is taking	
9	corrective measures to reconstruct his trust account records, to cure shortages in his trust	
10	account, and to deliver funds to clients and third parties who are entitled to receive funds.	
11	63. Based on the factors set forth above, the presumptive sanction of suspension should	
12	be mitigated to a reprimand.	
13	VI. STIPULATED DISCIPLINE	
14	64. The parties stipulate that Respondent shall receive a reprimand for his conduct.	
15	65. Respondent will be subject to probation for a period of two years commencing upon	
16	final approval of this stipulation, with periodic reviews under ELC 13.8 of his trust account	
	practices, and shall comply with the specific probation terms set forth below:	
17	practices, and shall comply with the specific probation terms set forth below:	
17	a) Respondent shall carefully review and fully comply with RPC 1.15A and RPC	
18	 a) Respondent shall carefully review and fully comply with RPC 1.15A and RPC 1.15B, and shall carefully review the current version of the publication, <u>Managing Client Trust Accounts</u>: <u>Rules. Regulations. and Common Sense</u>. b) For all client matters, Respondent shall have a written fee agreement signed by the 	
18	a) Respondent shall carefully review and fully comply with RPC 1.15A and RPC 1.15B, and shall carefully review the current version of the publication, Managing Client Trust Accounts: Rules, Regulations, and Common Sense.	
18	 a) Respondent shall carefully review and fully comply with RPC 1.15A and RPC 1.15B, and shall carefully review the current version of the publication, Managing Client Trust Accounts: Rules, Regulations, and Common Sense. b) For all client matters, Respondent shall have a written fee agreement signed by the client, which agreements are to be maintained for least seven years (see RPC 1.15B(a)(3)). c) On a quarterly basis, Respondent shall provide ODC's audit staff with all trust- 	
18 19 20 21	 a) Respondent shall carefully review and fully comply with RPC 1.15A and RPC 1.15B, and shall carefully review the current version of the publication, Managing Client Trust Accounts: Rules. Regulations. and Common Sense. b) For all client matters, Respondent shall have a written fee agreement signed by the client, which agreements are to be maintained for least seven years (see RPC 1.15B(a)(3)). 	

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 records from the date of his reinstatement to the end of the third full months.

Commencement of probation

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- ii) Months 4 6. By no later than the 30th day of the seventh 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 six.
- iii) Months 7 9. By no later than the 30^{th} 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 lifteen.
- vi) Months 16 18. By no later than the 30th day of the nineteenth 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 eighteen.
- vii) Months 19-21. By no later than the 30^{th} day of the twenty-second 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 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 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.

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Officer, unless disclosure is restricted by order or rule of law.

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