ORIGINAL

LOUISIANA ATTORNEY DISCIPLINARY BOARD

IN RE: CLINT L. PIERSON, JR.

DOCKET NUMBER: 21-DB-033

RECOMMENDATION TO THE LOUISIANA SUPREME COURT

INTRODUCTION

This attorney disciplinary matter arises out of formal charges filed by the Office of Disciplinary Counsel ("ODC") against Clint L. Pierson, Jr. ("Respondent" or "Pierson"), Louisiana Bar Roll Number 10997.[1] ODC alleges that Respondent violated the following Rules of Professional Conduct: 1.8(a), 2.1, 8.4(a), and 8.4(c).[2]

PROCEDURAL HISTORY

The formal charges were filed on June 8, 2021. Respondent answered the charges on July 6, 2021. The hearing of this matter was held on October 21, 2021 before Hearing Committee No. 15 ("the Committee").[3] Deputy Disciplinary Counsel Brianne Hemmans appeared on behalf of ODC. Respondent appeared with counsel, Leslie J. Schiff and Damon S. Manning.

On December 9. 2021, the Committee issued its report, finding that Respondent knowingly and intentionally violated Rules of Professional Conduct 1.8(a), 2.1, 8.4(a), and 8.4(c) in connection with his representation of Bridgette Kraus and Donna Verges. The Committee also found that Respondent knowingly violated Rule of Professional Conduct 1.8(a) in connection with his representation of Michael Saucier.

[1] Respondent was admitted to the practice of law in Louisiana on August 31, 1967. He is currently eligible to practice law.
[2] See Appendix "A," attached, for the text of these Rules.
[3] Members of the Committee included Donald C. Massey (Chair), Henry G. Terhoeve (Lawyer Member), and Robert S. Nelson (Public Member).

Respondent filed his objection to the Committee's report on December 22, 2021. ODC did not object to the Committee's report. ODC filed its pre-argument brief on February 8, 2022. Respondent's pre-argument brief was filed on February 9, 2022. ODC also filed a brief in reply to Respondent's pre-argument brief on February 23, 2022.

This matter was originally set for oral argument before Panel "B" of the Disciplinary Board on March 10, 2022, but was continued until May 26, 2022 upon the Board's own motion, due to a conflict of one of the panel members. On March 11, 2022, ODC filed a motion to reset Board argument to April 28, 2022. This motion was granted by Lori A. Waters, Chair of Panel "A," on March 22, 2022. Oral argument before Panel "C" of the Disciplinary Board was held on April 28, 2022.[4] Ms. Hemmans appeared on behalf of ODC. Mr. Schiff appeared on behalf of Respondent, who was also present.

FORMAL CHARGES

The formal charges brought against Respondent read, in pertinent part, as follows:

> On or about August 13, 2019, the Office of Disciplinary Counsel (hereinafter "ODC"), received a complaint from Bridgette Kraus (hereinafter sometimes referred to as "Complainant" or "Ms. Kraus"), which caused the matter to be opened as ODC investigative file number 0037878.
>
> On August 15, 2019, a copy of the complaint was forwarded to Respondent, via certified mail, to his primary address registered with the Louisiana State Bar Association. This address is also registered as Respondent's preferred mailing address. Respondent was directed to file a written response with the ODC. On or about September 19, 2019, the ODC received Respondent's initial response to the complaint. By letter dated October 1, 2019, the ODC sent a copy of the response to the Complainant requesting that she review it and provide any new information to the ODC within fifteen (15) days. On or about October 31, 2019, the ODC received a supplemental complaint. On December 5, 2019, Respondent submitted a supplemental response.

[4] Members of Panel "C" included Paula H. Clayton (Chair), Lori A. Waters (Lawyer Member substituting for Aldric C. "Ric" Poirier, Jr.), and Valerie S. Fields (Public Member).

In accordance with Rule XIX, Section 11, of the Louisiana Supreme Court Rules, the ODC has received permission to file formal charges against Respondent, thus establishing probable cause to believe that a violation or attempted violation of the Rules of Professional Conduct has occurred or that there are grounds for lawyer discipline.

COUNT I (The Bridgette Kraus Matter)

The ODC's investigation reveals that on or around March of 2015, Ms. Kraus hired the Respondent, after being married over twenty-one (21) years, to represent her in a divorce and ancillary matters before the 15th Judicial [District] Court. At this time, Ms. Kraus had two minor children and she was a homemaker. Although Ms. Kraus was referred to Respondent by one of her friends, which happens to be Respondent's daughter, prior to the representation, she had never met the Respondent.

On March 16, 2015, Respondent filed a *Petition for Divorce Pursuant to LA. Civ.* C. *Art. 102 Request for Incidental Relief Including Child Support and Custody* under docket number 2015-1288 in the 15th Judicial District Court.

On September 21, 2015, pursuant to the parties' stipulation, Ms. Kraus, while represented by Respondent, received a partial community property settlement check from her estranged husband in the amount of $804,155.52.

On September 21, 2015, Respondent met with her, which resulted in Ms. Kraus "loaning" a total of $500,000.57, the majority of her community property settlement, into a business venture, 1-40 Properties, LLC (later renamed "Prairie West Holdings, LLC") (collectively referred to as "The Business").

The Business was established in 2008 by the Respondent and three (3) other members for the purpose of acquiring approximately 170 acres south of l-40 in Oklahoma from the Archdiocese of Oklahoma. The stated purpose in so acquiring the parcel of land was to ultimately build an all-purpose retail center. Since its inception, the Respondent has always had an ownership interest in The Business, and on the date in question, September 21, 2015, he owned a 33.3% interest in The Business.

Ms. Kraus made the transfer of the $500,000.57 to the Respondent and/or The Business in two separate transactions.

The first transfer was in the form of a personal check, number 2457, made to the order of "Clint Pierson" and drawn from Ms. Kraus' Capitol [*sic*] One Account number ending in 1099, in the amount of $95.460.00 on September 21, 2015. Respondent endorsed the check to 1-40 Properties and according to the notations on the check, that transaction was processed on September 28, 2015.

According to the Respondent, the $95,460.00 was used to pay for operating expenses of The Business.

The second transfer was made by electronic funds transfer, the very next day, on September 22, 2015, in the amount of $404, 540.57. This transfer was made from Ms. Kraus' account number ending in 1099, directly into a Mid First Bank account number ending in 7409, which is believed to, at all pertinent times, [have] been under the ownership and control of the Archdiocese of Oklahoma. According to Respondent's testimony, which is corroborated by an email from the Respondent to the Archdiocese of Oklahoma, dated September 22, 2015, at 8:33 a.m., the electronic funds transfer, in the amount of $404,540.57, was for the purpose of satisfying an interest payment which was owed by The Business to the Archdiocese.

In exchange for receiving the $500,000.57 "loan" from Ms. Kraus, on September 21, 2015, the Respondent and Carey L. Meredith, each purportedly in their respective capacity as "Manager" of Prairie West Holdings, LLC, executed an unsecured promissory note in favor of Ms. Kraus, in the amount of $500,000.00, together with interest at the rate of 10% per annum, payable on or before September 2016. The promissory note has an attorney fee provision of 15% if the note is not paid timely and legal assistance is necessary to collect on the note.

Respondent entered into a business transaction with his client, Ms. Kraus, on or about September 21, 2015.

It is undisputed, the promissory note was made, purportedly, by The Business, which the Respondent has always had an ownership interest in.

Neither the transaction, nor the terms on which the Respondent, purportedly on behalf of his business, acquired the $500,000.57 from Ms. Kraus were fair and reasonable to her. First, the promissory note used to effectuate the loan was unsecured. Second, according to Respondent, although The Business has debts, for all practical purposes, it has no assets sufficient to satisfy this obligation now, or at the time the Complainant entered into this business transaction. Notably, The Business is no longer active in Oklahoma or Louisiana.

The transactions and terms of the business transaction were not fully disclosed and transmitted in writing in a manner that [could] be reasonably understood by Ms. Kraus.

Ms. Kraus was not advised in writing, or otherwise, of the desirability of seeking independent legal counsel on the transaction, nor was she given a reasonable opportunity to seek such advice.

Ms. Kraus did not give informed consent, in writing, or otherwise, to the essential terms of the transaction, or the Respondent's role in the transaction. Although there is a written promissory note, according to Ms. Kraus, she did not understand the Respondent was not signing the note in his individual capacity, but

instead as a Manager of The Business. Respondent concedes this was never explained to her.

Respondent never advised Ms. Kraus that he was not representing her interests in this transaction. Respondent failed to exercise independent professional judgment in representing Ms. Kraus.

By failing to make the required disclosures to Ms. Kraus with regard to the transaction, as well as the status of The Business and its lack of assets to satisfy the obligation, Respondent engaged in conduct involving misrepresentations. Moreover, after the note matured, Respondent continued to assure Ms. Kraus that he and/or The Business would repay her.

At all pertinent times described above, Ms. Kraus was represented by the Respondent in the matter entitled *Bridgette Kraus v. Malcolm P. Kraus, III* before the 15th Judicial District Court, Lafayette Parish, under docket number 2011-1836-H3 c/w 2015-1288-H3. More specifically, it is undisputed that when Ms. Kraus made the $500,000.57 loan to The Business in exchange for the unsecured promissory note, the Respondent was her family attorney. He remained her attorney thereafter. To date, the Respondent has not formally withdrawn from the above referenced representation.

Ms. Kraus has not been able to collect any of the principal amount on the $500,000.00 promissory note. Ms. Kraus has been forced to expend further sums in order to file suit for the sums due. The suit on the promissory note is still pending.

COUNT II (The Donna Verges Matter)

In 1998, Respondent was retained by Donna Swisshelm Verges (Ms. Verges) to represent her in connection with her then-pending family matter against her ex-husband. On or about May 4, 1998, Respondent sought to enroll as additional counsel of record on behalf of Ms. Verges in *Wade T. Verges v. Donna Swisshelm Verges*, 22nd Judicial District Court, Parish of St. Tammany, docket number 94-11670. Ms. Verges' family matter turned out to be a very contentious and prolonged matter, wherein Respondent sought, in pertinent part, to obtain an increased child support award in favor of Ms. Verges, for her two minor children, one of which has Downs Syndrome and will need care and maintenance for the rest of her life. At the time Respondent commenced the representation of Ms. Verges, she was in a very vulnerable and desperate position after being thrown out of her home in [*sic*] the golf course by her husband and forced to live in a low-income housing apartment with her two children. The belief was that Ms. Verges' ex-husband, Wade Verges, had grossly underrepresented his income in prior court proceedings, thus resulting in a relatively low child support award in favor of Ms. Verges. During the course of the eighteen (18) year representation, Respondent was successful in advocating a much higher child support award in favor of Ms. Verges. On July 1, 2016, Respondent withdrew from Ms. Verges' representation after she obtained new counsel, Mark Mansfield.

On or about February 17, 2009, during the course of Respondent's representation of Ms. Verges, Respondent borrowed $5,000 from Ms. Verges. It wasn't until Ms. Verges made several requests for repayment that in, or around, August of 2016, over seven (7) years later, did Respondent repay the $5,000 loan to Ms. Verges.

Prior to receiving the loan from Ms. Verges, Respondent did not comply with Rule 1.8. Specifically, the transaction and the terms on which Respondent acquired the loan were neither fair nor reasonable, nor were they fully disclosed in writing. Respondent obtained a $5,000, seven (7)-year, unsecured loan from Ms. Verges, for which he paid no interest. By his own admission, Respondent did not advise Ms. Verges of the desirability of seeking counsel, in writing, or otherwise. Lastly, with the exception of the check that was written to transmit the funds to Respondent, there was no writing at all which disclosed the essential terms of the transaction or the Respondent's role in the transaction.

Respondent failed to exercise independent professional judgment and render candid advice in representing Ms. Verges.

COUNT III (The Michael Saucier Matter)

According to Respondent, he has represented Michael Saucier, and his business entity, Gulf States Real Estate Services, for approximately twenty (20) years, in various matters. That representation has been ongoing, including on November 13, 2020. During the course of the representation, on November 13, 2020, Michael Saucier made a $27,671.04 loan to Respondent, for the purpose of buying Respondent's wife a new vehicle. This loan was memorialized in a promissory note and secured through a mortgage/lien on the vehicle.

Prior to receiving the loan from Mr. Saucier, Respondent did not comply with Rule 1.8. Specifically, the transaction and the terms on which Respondent acquired the loan were neither fair nor reasonable. By his own admission, Respondent did not advise Mr. Saucier of the desirability of seeking counsel, in writing, or otherwise. Moreover, Mr. Saucier did not give informed consent, in writing, to the Respondent's role in the transaction.

Respondent failed to exercise independent professional judgment and render candid advise [*sic*] in representing Mr. Saucier.

The Office of Disciplinary Counsel submits that the above stated facts establish probable cause that:

1) with respect to Count I (The Bridgette Kraus Matter), Respondent, Clint Pierson, Jr., has violated Rule 1.8(a) (Conflict of Interest: Current Clients: Specific Rules); Rule 2.1(Advisor); Rule 8.4(a) (Violate or Attempt to Violate

the Rules); and Rule 8.4(c) (Misconduct involving Dishonesty, Fraud, Deceit or Misrepresentation) as indicated herein;

2) with respect to Count II (The Verges Matter), Respondent, Clint Pierson, Jr., has violated Rule 1.8(a) (Conflict of Interest: Current Clients: Specific Rules); Rule 2.1(Advisor); and Rule 8.4(a) (Violate or Attempt to Violate the Rules); and

3) with respect to Count III (The Saucier Matter), Respondent, Clint Pierson, Jr., has violated Rule 1.8(a) (Conflict of Interest: Current Clients: Specific Rules); Rule 2.1(Advisor); and Rule 8.4(a) (Violate or Attempt to Violate the Rules).

THE HEARING COMMITTEE'S REPORT

As stated above, the Committee issued its report on December 9, 2021. The Committee noted that ODC Exhibits 1-10, 11(a) (under seal), 11(b) (under seal), 12-26, 27(a), 27(b), 28(a), 28(b), 29(a), 29(b), 29(c), 30, and 31 and Respondent's Exhibits 1-3 were introduced into evidence at the hearing. The Committee also listed the following witnesses who testified at the hearing: 1) Clint L. Pierson, Jr., the respondent; 2) Donna Verges, former client of Respondent; 3) Michael J. Saucier, client and friend of Respondent; 4) Carey "Bucky" Meredith, Jr., associate of Respondent and investor in Prairie West Holdings, LLC; 5) Bridgette Kraus, former client of Respondent and the originator of the complaint; 6) Paul Mayronne, Covington attorney who had knowledge of Prairie West Holdings, LLC; 7) Mark Mansfield, Covington attorney who also represented Donna Verges; and 8) Susan Brown, CPA.

The Committee issued the following findings of fact and findings concerning the rule violations at issue:

FINDINGS OF FACT AND DISCUSSION OF RULES VIOLATED[5]

> This case presents serious issues and calls for a well deliberated recommendation. Even so, it is an "easy case." It is easy because the facts are clear, the Rules both in letter and spirit have plainly been violated in this case, and the clients and the legal profession have been harmed by the destruction of trust

[5] Only select footnotes found the Committee's report are cited in this Recommendation.

required of an attorney to his client. This has been proven with clear and convincing evidence by the ODC as required by *In re: Quaid*, 94-1316 (La.11/30/94), 646 So.2d 343 and *Louisiana State Bar Ass'n v. Boutall*, 597 So.2d 444 (La.1992). Indeed, the violations were proven beyond a reasonable doubt in this case.

In the context of stating the finding of the Committee, certain portions of the testimony and exhibits will be discussed. This should not be interpreted as meaning that the portions of the record that have not been cited were not considered. ALL evidence was considered and given the weight that it deserved while considering bias, credibility and common sense.

Clint Pierson has been a licensed attorney since 1967, with a practice based in Covington. While the governing rules for attorneys took a different form in 1967, nevertheless he has been charged with continuing education duties in ethics for many years. Additionally, there was a prior ODC complaint for failure to have a written contract, resulting in a diversion assistance program and attendance at Ethics School in 2010. Nevertheless, a lack of knowledge or appreciation of the requirements of the Rules do not impose a lesser duty on an attorney to follow them. The Rules are readily available, they are clear, they have a purpose, and all attorneys are mandated to follow them.

The Kraus Matter

In 2008 Pierson and others formed 1-40 Properties, LLC. In 2014 the name was changed to Prairie West Holdings, LLC. Pierson was a member, manager, and registered agent of the [*sic*] Prairie West. His law office was the domicile and mailing address for Prairie West. By 2015 there were 3 members of Prairie West, each with a 1/3 interest. Pierson was one of these three members.

Prairie West was formed to acquire and develop a 200-acre tract of land in Yukon, Oklahoma that was owned by the Catholic Diocese of Oklahoma City. While no contracts, financial records or documents pertaining to the venture were offered, the indications are that some money was spent to pursue development[.] [W]hile Prairie West never secured ownership to the property, but [*sic*] yet [*sic*] [Prairie West] had financial obligations to the Diocese that were required to be met. During this effort a portion of the property was sold at some point at a small profit to Prairie West. [fn 7: 5 acres were sold to Prairie West by the Diocese for $2.90 per square foot. They in turn sold this to a hospital that paid $5 per square foot for a $150,000 profit.] By the time of the Committee Hearing, Prairie West had filed suit in Oklahoma against the Diocese for breach of contract and unjust enrichment.

Pierson's testimony that in 2015 the venture was "alive and well" and that it should have been lucrative, strains credulity. These statements were unsupported by evidence. It had no income, no accounts receivable, owned no property, and had a bank account with a balance near zero. Prairie West in 2015 had a financial obligation with a "possible" right to complete a purchase agreement to acquire a tract of land,

that might "possibly" be developed and "possibly" make a profit. [fn 9: Prairie West had considered a “new urban development” concept for the property. At some point this was abandoned. An architect said there is nothing urban about Yukon, Oklahoma and “you’re going to lose your butt.” ODC Exhibit 10, Pierson Sworn Statement #1, page 48.]

Bridgette Kraus lived in Lafayette and knew Pierson's daughter who also lived in Lafayette. While she has a college degree (fashion merchandising) she was not experienced or sophisticated in finance, investments, or business. [fn 10: Pierson did not think Kraus was “into” investing financially in her marriage. ODC Exhibit 10, Pierson Sworn Statement #1, page 20.] During her 21-year marriage her husband handled all financial affairs and she was given an allowance for expenses. She retained Pierson in March 2015 and he filed a petition for divorce. Kraus was in an extraordinarily vulnerable state in 2015 due to the effects of her marriage and the divorce process.

Kraus received a partial community property settlement on September 21, 2015 in the amount of $804,155.52. She deposited this on the same day at 4:12 PM. Kraus was worried about keeping such a large sum of money in her account. Pierson testified he did not perceive Kraus to be nervous about having money, but said "She was more nervous about not having money…" She believed Pierson was good at investing. Within 24 hours Pierson said he had a deal with a development in Oklahoma. He advised Kraus she could be assured of a 10% return. As Kraus testified:

> And originally, he asked me for $300,000. And I said yes, okay because I trusted him. What a mistake.
>
> Then when we met for me to give him the money, he said well, could you do $500? [$500,000] And I said, sure. Because in my mind the more I give him, the more I'm going to make back and the more my money is safe because I trust him.

Pierson and Kraus met in Lafayette on September 21, 2015 along with Bucky Meredith. [fn 15: Meredith is from Mandeville and was a real estate broker and client of Pierson. He and Pierson have been friends for 40 years. He was a partial owner of Prairie West under the name of OKB, LLC.] Pierson had told Meredith he had a lady he represented in Lafayette who might be interested in investing. Pierson invited Meredith to describe the project. [fn 16: No notes or records were supplied of the meeting by Pierson.]

The very next day (delayed due to the late time of day) Kraus issued a wire transfer to the Archdiocese of Oklahoma City for $404,540.57. [fn 17: See ODC Exhibit 15, wire transfer from Capital One.] This was used to pay accrued interest that was due the Diocese by Prairie West. Kraus was the sole source of the interest that was due. The LLC had no money at the time to pay the interest. On September 21, 2015 Kraus also wrote a check to Clint Pierson for $95,460.00. [fn 18: See

ODC Exhibit 14. This check was endorsed to I-40 Properties, LLC.] This portion was used for expenses/capital.

In exchange for the $500,000 paid Kraus was given a promissory note. The payor is Prairie West Holdings, LLC. The payee is Bridgette Kraus. The stated amount is $500,000. It is dated September 21, 2015. Interest is 10% **per annum.** The note is payable on or before September 2016. It is signed below "Prairie West Holdings, LLC" by Clint Pierson, Manager [fn 20: Meredith was not personally a member of the LLC and suggests he should have signed as OKB.] and Carey L. Meredith, Manager. There is uncertainty as to whether Pierson or Meredith prepared the note. [fn 22: By this time the total investment by Pierson in Prairie West was $25,000, plus $25,000 in expenses according to his testimony at the hearing. In his sworn statement he said his expenses were $100,000. ODC Exhibit 10, Pierson Sworn Statement #1, page 94-95.]

Since the note is mostly typewritten it is clear Pierson went to the meeting with Kraus anticipating receiving some of her money. The $500,000 amount was not typewritten, but rather was handwritten.

Kraus did not know Pierson was involved in the venture. She thought he was the attorney for the venture. She thought she was loaning the money to Meredith and Pierson. She did not know about limited liability companies. She thought it was Pierson's company. She thought the reference to "manager" meant that Pierson was in charge of and ran the company.

At the time of the loan Pierson felt like he was acting in his capacity as Kraus' divorce attorney, but not about advising her on the transaction. Pierson did not disclose to Kraus that he was not her attorney as it relates to the transaction. He testified "[O]bviously, I'm prejudiced because I was invested in it, a lot of time and some money."

The signing in an individual capacity versus representative capacity by Pierson and Meredith was not explained to Kraus. The note is unsecured. This concept of security was not explained. Pierson did not tell Kraus that Prairie West had no assets. Pierson did not tell Kraus he was not acting as her attorney in the transaction. There was no personal guarantee by Pierson or Meredith. Kraus was not provided a risk assessment.

Kraus was led to believe the investment was guaranteed. She was assured she could not get 10% elsewhere. She did not understand the concept of a secured loan. She did not understand there were no assets in the event of a default. Kraus was explicit that she made the loan since Pierson was her attorney—"I trusted him."

> You have to understand too, I am very naïve. I'm 56 years old, and I'm still a little naive about finances. I mean, I've had to grow up a lot through divorce. And at that point in time, I was extremely depressed, extremely anxiety ridden, scared to death,

> and for me to trust somebody with this kind of money I didn't trust myself with, that was putting a lot of trust in someone, one of my best friends' fathers who she recommended as my attorney. So why wouldn't I trust him? He was just like my dad, you know? He was always very friendly, very nice. We had great conversations. And the sad part is I needed this money.

The Rule provides as follows:

> **Rule 1.8. Conflict of Interest: Current Clients: Specific Rules**
>
> (a) A lawyer shall not enter into a business transaction with a client or knowingly acquire an ownership, possessory, security or other pecuniary interest adverse to a client unless: (1) the transaction and terms on which the lawyer acquires the interest are fair and reasonable to the client and are fully disclosed and transmitted in writing in a manner that can be reasonably understood by the client; (2) the client is advised in writing of the desirability of seeking and is given a reasonable opportunity to seek the advice of independent legal counsel on the transaction; and (3) the client gives informed consent, in a writing signed by the client, to the essential terms of the transaction and the lawyer's role in the transaction, including whether the lawyer is representing the client in the transaction.

It is **undisputed** that Pierson in **ALL** respects violated Rule 1.8. This was a business transaction with a client and an interest was secured adverse to the client. The terms were not fully disclosed and transmitted in writing so as to be reasonably understood by Kraus. Kraus was not advised of the desirability of or given a reasonably [*sic*]opportunity to secure independent counsel. Kraus did not give written informed consent to the terms of the transaction and Pierson's role in the transaction. Pierson did not advise Kraus that he was not acting as her attorney in the transaction.

The Committee has no difficulty in also concluding that the type of transaction at issue is one contemplated under Rule 1.8 based on the clear wording of the Rule. Even as to "fair" transactions, the lawyer still must obtain the client's written consent to the transaction after the client has received a written, understandable description of the terms of the deal and has had a reasonable opportunity to seek advice from another lawyer.

The potential for a conflict that is rooted in the attorney's self-interest is so severe that the extensive provisions of Rule 1.8 (cited partially above) is devoted almost entirely to prohibitions and restrictions aimed at preventing such conflicts. The reason for the rules is clear. Just as an attorney's loyalty

may be pulled in different directions by clients' divergent interests, an attorney's loyalty can be sorely tested when his own self-interest runs counter to the interests of his client. [fn 30: The jurisprudence is replete with cases involving loans to attorneys from their clients. See the cases cited in the Sanctions section of this decision. The fact that funds from Kraus were ultimately directed to Prairie West is a distinction without a difference.]

Prairie West was in need of money. Pierson flimflammed Bridgette Kraus, his vulnerable and financially unsophisticated client, into providing the much-needed money. [fn 31: In that Meredith is not a lawyer and his actions are not subjected to the authority of the attorney-discipline process, the Committee supplies no opinion on his actions.] An independent lawyer would not have had difficulty in advising against such an investment. Kraus stated she put her trust in her best friend's father and her attorney.

Kraus has never been repaid her $500,000 principal. She was paid $50,000 on November 3, 2016. Since Prairie West had no income stream, it logically follows that this interest payment came from the money Kraus loaned to the LLC that did not originally go to the Diocese. Their deal with the Diocese was protected and that was all that mattered.

Kraus called Pierson many times saying she needed money. Pierson would say he would get her the money and he never did. She could not afford insurance and liens were placed on her property. She had to sell her condominium to be able to pay her bills. She had to spend a lot less. Her kids saw her sad and devastated.

The direct loss from the non-payment of the note through the date of hearing $500,000 principal and $305,255 interest, less $15,000, for a total of $790,255. [fn 34: While unclear[,] the note appears to be subject to the following calculation for annual interest due: 2017 $50,000; 2018 $55,000 [550,000 X 10%]; 2019 $60,500 [(500,000+50,000+55,000) X 10%]; 2020 $66,550 [(500,000+50,000+55,000+ 60,500) X 10%] and 2021 $73,205 [500,000+50,000+55,000+60,500+66,550) X 10%]. Kraus received a net amount of $15,000 ($25,000 less attorneys fees of $10,000) per the Committee hearing transcript page 193.] [fn 35: Kraus filed suit on the note, however the suit has not advanced. ODC Exhibit 19 and 20 suit in 2017 by Kraus on promissory note against Prairie West, Pierson and Meredith. Kraus testified this was “completed” since there was no ability to collect.]

Pierson's actions/inactions also violated his duty as an advisor required under Rule 2.1. The facts cited above show that he acted with self-interest, not independent professional judgment accompanied by candid advice. The need for Prairie West to pay the interest on the obligation with the Diocese was the overriding concern in his actions with Kraus.

Moreover, Pierson's actions/inactions violated Rule 8.4 (a) and (c). He committed professional misconduct by violating the Rules and engaged in conduct

that involved dishonesty, fraud, deceit and misrepresentation. This is manifested through his failure to be candid in his dealings with Kraus. She was coaxed into a bad deal and thereafter assured her she would be paid.

The violations of Rule 2.1 and Rule 8.4 go hand in hand with the violations of Rule 1.8.

The Verges Matter

Donna Verges did not file a complaint. The ODC found her through investigation. Pierson likewise represented Verges in a contentious divorce, custody, and community property proceeding. [fn 36: ODC Exhibit 22, 23 [s]hows [*sic*] Pierson became counsel for Verges May 1998 and withdrew June 2016.] She knew Pierson's wife from church and school.

Verges loaned Pierson $5,000. He called her one day in 2009 and asked to borrow $10,000. She said she could not afford this, and Pierson then suggested $5,000. She did not know why Pierson wanted the money. [fn 37: Pierson suggested it was due to economic and hard times. ODC 20, Pierson Sworn Statement #2, page 27.] He said he would pay her back, perhaps the next month. Verges wrote Pierson a check. There was no promissory note or other writing which reflected the agreement or the terms thereof. It was unsecured. There were no disclosures of financial ability to repay.

It is also undisputed in the Verges matter that Pierson did not comply with the provision of Rule 1.8. An independent lawyer would have advised against the transaction if Pierson's financial status had been investigated. At a minimum a written agreement would have been prepared with terms of repayment and interest as well as penalties for late payment.

Verges sought repayment for many years. In 2016 she was finally paid $5,000. No interest was paid. Curiously after her divorce settlement in 2007 or 2008 Pierson told Verges he had an "investment deal" and suggested an investment of $100,000. Verges refused.

The testimony of Verges captures the foundation for Rule 1.8 when asked why she thought it was a good idea to loan money to Pierson:

> Your relationship with — an [*sic*] I don't know if it's different for a man, but for a woman, I mean, if you're - - I think for anybody, if you're fighting what you consider Goliath, and you have somebody who's representing you and your children and fighting for your interest, there comes, I think a dependency there, perhaps. I mean, you rely on him.

> And I think psychologically, at least for me, I know I would think, okay, if I don't do this, are they still going to fight for me?
>
> …
>
> So I think, you know, you become dependent on that person because that's the person on the frontline fighting for you and your children. And not that it would ever be the case, but I know with me, if you tell somebody no, are they going to not be your advocate as well? Will they have resentment? I mean, those kind of things went through my mind.
>
> So I don't loan money to anybody, except do you help your kids, that was my train of thought.

This impression from a clients' perspective should serve as a fundamental reason for any lawyer to completely understand why it is not wise to go beyond providing legal advice to a client and violate the trust that is necessary in the attorney-client relationship. The client does not know better—the lawyer MUST know better.

Pierson's actions/inactions in dealing with Verges also violated his duty as an advisor required under Rule 2.1. He acted with self-interest, not independent professional judgment accompanied by candid advice. His needs were his overriding concern. These actions/inactions also violated Rule[s] 8.4 (a) and (c). He committed professional misconduct by violating the Rules and engaged in conduct that involved dishonesty, fraud, deceit and misrepresentation. This is manifested through his failure to be candid in his dealings with Verges. He promised to repay her the loan and did not do so. The loan for a month became a loan for years without payment of interest. She was coaxed into a bad deal and thereafter he assured her she would be paid.

The Saucier Matter

Michael Saucier owns a real estate and construction business in Covington. Pierson has represented him and his companies for many years in multiple matters. During a time in which Pierson was representing Saucier, Pierson asked Saucier to loan him money to purchase a vehicle for his wife. Saucier complied. The loan was for $27,671.04. A detailed promissory note was issue [*sic*] on November 13, 2020. The loan was secured by the Toyota Avalon that was purchased. [fn 39: See ODC Exhibit 24 [,] 11/13/20 note to Michael Saucier for $27,671.04[,] [s]ecured by mortgage on 2017 Toyota Avalon and ODC Exhibit 25[,] [t]itle to Avalon with Saucier listed [as] a lienholder.]

In connection with the Saucier loan, it is once again undisputed that Pierson did not comply with the provision of Rule 1.8(a). He should have complied. This was easily accomplished. What distinguishes Saucier from Verges and Kraus is that he appears to be a sophisticated businessman and was not in a vulnerable position.

Saucier knew how to protect himself through the note and lien. Despite the fact it was suggested Saucier was more a friend than a client, nevertheless Saucier required the lien. This friendship (and perhaps since Pierson knew Saucier was business savvy) is perhaps the reason that Pierson indeed repaid the loan in a timely fashion.

In the case of Saucier, Pierson violated Rule 1.8 (a). Saucier was not advised of the desirability of seeking independent counsel and Saucier did not give the requisite informed consent. Lawyers and clients can be friends too. It is the fact that part of the relationship is that of attorney-client however, that requires the Rule to be followed so that there is no misunderstanding as to the hat that the lawyer is wearing when it comes to the transaction.

Saucier in this case has not been damaged. He was repaid. It is not clear that there was an effort to take advantage of him through the attorney-client relationship, though it is certainly that relationship that at times caused Saucier and Pierson to be in contact. The Committee does not in the Saucier matter find a violation of Rule 2.1 or Rule 8.4(a) or (c) though arguments can be made to the contrary.

Overview

As the trier of fact, the Committee is called upon to make credibility decisions of the witnesses. In reality the salient facts that gave rise to the charges and findings are not in reasonable dispute. Certainly, there were no clear denials by Pierson. The key client-witnesses Kraus, Verges and Saucier were genuine and believable in their testimony. As it relates to the Respondent Pierson, he acknowledged non-compliance with the Rules. Pierson often spoke in generalities and failed to provide documentation that one would anticipate would exist and allow more specific factual testimony. [fn 40: This will be discussed further as it relates to the sanction where this was more of a concern.] In many respects he did not appear to take the charges against him very seriously.

The Committee determined that Respondent violated Rules 1.8(a), 2.1, 8.4(a), and 8.4(c) as to Count I (Kraus matter), Rules 1.8(a), 2.1, 8.4(a), and 8.4(c) as to Count II (Verges matter), and Rule 1.8(a) as to Count III (Saucier matter). After reviewing the Rule XIX, Section 10(C) factors, the ABA's *Standards for Imposing Lawyer Sanctions*, and applicable case law, the Committee recommended that Respondent be disbarred. The Committee also recommended that Respondent pay restitution to Ms. Kraus and Ms. Verges and that they be referred to the LSBA's Client Assistance Fund for possible recovery. The Committee further recommended that

Respondent be assessed with all costs and expenses of these proceedings pursuant to Rule XIX, Section 10.1.

ANALYSIS OF THE RECORD BEFORE THE BOARD

I. Standard of Review

The powers and duties of the Disciplinary Board are defined in Section 2 of Rule XIX. Rule XIX, Section 2(G)(2)(a) states that the Board is "to perform appellate review functions, consisting of review of the findings of fact, conclusions of law, and recommendations of hearing committees with respect to formal charges … and prepare and forward to the court its own findings, if any, and recommendations." Inasmuch as the Board is serving in an appellate capacity, the standard of review applied to findings of fact is that of "manifest error." *Arceneaux v. Domingue*, 365 So. 2d 1330 (La. 1978); *Rosell v. ESCO*, 549 So. 2d 840 (La. 1989). The Board conducts a *de novo* review of the hearing committee's application of the Rules of Professional Conduct. *In re Hill*, 90-DB-004, Recommendation of the Louisiana Attorney Disciplinary Board (1/22/92).

A. The Manifest Error Inquiry

The factual findings of the Committee are not manifestly erroneous and are adopted by the Board.

B. *De Novo* Review

As explained above, the Committee determined that Respondent violated Rules 1.8(a), 2.1, 8.4(a), and 8.4(c) as to Count I (Kraus matter), Rules 1.8(a), 2.1, 8.4(a), and 8.4(c) as to Count II (Verges matter), and Rule 1.8(a) as to Count III (Saucier matter). The Committee's findings and reasons therefor are correct and are adopted by the Board, except in the following instances.

In Count II (Verges matter), the Committee found that Respondent violated Rule 8.4(c). ODC did not allege a Rule 8.4(c) violation as to this count, and the Board will not find this violation in connection with the count.[6] Further, in connection with Count III, the Board also finds that a Rule 8.4(a) violation is present. Rule 8.4(a) provides that it is professional misconduct for a lawyer to "violate or attempt to violate the Rules of Professional Conduct, knowingly assist or induce another to do so, or do so through the acts of another." By violating Rule 1.8(a) in Count III, Respondent also violated Rule 8.4(a).

II. The Appropriate Sanction

A. The Rule XIX, Section 10(C) Factors

Louisiana Supreme Court Rule XIX, Section 10(C) states that when imposing a sanction after a finding of lawyer misconduct, the Board or Court shall consider the following factors:

(1) Whether the lawyer has violated a duty owed to a client, to the public, to the legal system, or to the profession;

(2) Whether the lawyer acted intentionally, knowingly, or negligently;

(3) The amount of the actual or potential injury caused by the lawyer's misconduct; and

(4) The existence of any aggravating or mitigating factors.

Here, Respondent has violated duties owed to his clients and to the profession. His conduct was intentional. His actions caused actual and potential injury. The amount of actual injury to Ms. Kraus, Ms. Verges and the legal profession was great. In the case of Ms. Kraus, the direct loss from the non-payment of the note is $500,000 in principal, plus interest at the rate of 10% per

[6] *See In re Ruffalo,* 390 U.S. 544, 550, 88 S.Ct. 1222, 20 L.Ed.2d 117 (1968) (a lawyer facing discipline is "entitled to procedural due process, which includes fair notice of the charge"); *In re Keys*, 567 So.2d 588, 591 (La. 1990) *citing Ruffalo,* 390 U.S. 544; *Selling v. Radford*, 243 U.S. 46, 37 S.Ct. 377, 61 L.Ed. 585 (1917) (in a bar disciplinary proceeding, due process requires that an attorney be given notice of the misconduct for which the disciplinary authority seeks to sanction him, as well as an opportunity to explain his conduct or defend against the charges of misconduct).

annum, which continues to accrue. Ms. Kraus has only received a net repayment of $15,000, and there is little potential for her to be repaid the balance. She had to sell assets to survive financially, forego other investment opportunities, and her damages continue to accrue. As to Ms. Verges, Respondent kept her money from 2009 until 2016, when he finally repaid her the money he had borrowed. He never offered to repay her and never paid any interest on the $5,000 loan, despite having her money for seven years. Mr. Saucier appears to have sustained no actual damages.

Respondent's actions also caused potential injury to the profession. As noted by the Committee "[a]n action by one lawyer that causes other clients to distrust their lawyer is damage to all lawyers." Hrg. Comm. Rpt., p. 21.

Aggravating factors include a prior disciplinary offense (diversion in 2010 based upon a violation of Rule 1.5(c)--failure to obtain a written contract in a contingency fee matter), dishonest or selfish motive, a pattern of misconduct, multiple offenses, refusal to acknowledge the wrongful nature of the conduct, vulnerability of victims, substantial experience in the practice of law, and indifference to making restitution. No mitigating factors are present.

B. The ABA Standards and Case Law

The Committee correctly relied upon Standard 4.31 of the ABA's *Standards for Imposing Lawyer Sanctions* in determining that disbarment is the baseline sanction in this matter. This standard provides, in pertinent part, that disbarment is generally appropriate when a lawyer, without the informed consent of the client, "engages in representation of a client knowing that the lawyer's interests are adverse to the client's, with the intent to benefit the lawyer or another, and causes serious or potentially serious injury to the client." Here, without the informed consent of Ms. Kraus and Ms. Verges, Respondent engaged in representation of these clients, knowing that his interests were adverse to their interests, and with the intent to benefit himself (and in the case

of Ms. Kraus, also to benefit Prairie West). As discussed earlier, he also caused serious injury to his clients.

Similarly, Respondent's conduct also warrants disbarment as a baseline sanction under Standard 4.61. This Standard provides that "disbarment is generally appropriate when a lawyer knowingly deceives a client with the intent to benefit a lawyer or another, and causes serious injury or potentially serious injury to a client." In Ms. Kraus' matter, he intentionally engaged in deceit with the intent of benefitting himself and Prairie West. By doing so, he caused serious injury to his client.

Standard 5.11(b) is also applicable. This Standard provides that disbarment is generally appropriate when "a lawyer engages in any . . . intentional conduct [other than serious criminal conduct described in Standard 5.11(a)] involving dishonesty, fraud, deceit, or misrepresentation that seriously adversely reflects on the lawyer's fitness to practice." Respondent's intentional deceitfulness and misrepresentation in connection with the Kraus matter seriously adversely reflects on his fitness to practice law.

Moreover, Standard 7.1 provides that "disbarment is generally appropriate when a lawyer knowingly engages in conduct that is a violation of a duty owed as professional with the intent to obtain a benefit for the lawyer or another, and causes serious or potentially serious injury to a client, the public, or the legal system." Respondents' actions in connection with the Kraus and Verges matters were violations of duties he owed as a professional, with the intent to obtain a benefit for himself. As described above, his actions caused serious harm to these individuals.

Disciplinary cases that involve similar misconduct also support the imposition of disbarment. The case of *In re Wilty*, 2001-2983 (La. 2/8/02), 808 So.2d 322 is a consent disbarment matter involving four separate instances of misconduct. In one of the counts, Mr. Wilty borrowed $2,000 from a client without the issuance of a promissory note, interest rate, or security. He later

acknowledged that the terms of the loan were "unreasonable, unfair, and not in the best interest of the client." Additionally, he admitted he violated Rule 1.8 by failing to advise the client to seek review of the arrangement by outside counsel or obtain a written waiver of conflict. Other charges included neglect of client matters, failure to communicate with clients, engaging in the unauthorized practice of law, and failure to cooperate with the disciplinary investigation. *Id*., 2001-2983, p. 6, 808 So. 2d at 325-26.

In the case of *In re Letellier*, 1998-2646 (La. 9/8/99), 742 So.2d 544, the respondent was charged with numerous violations of the Rules of Professional Conduct, including Rule 1.8, which was described by the Court as "conflict of interest: prohibited transactions." Mr. Letellier represented Hollis H. Derby, an elderly man with a history of mental health issues, for approximately ten years. The respondent obtained a general power of attorney that allowed him to act for, and on behalf of, Mr. Derby, from September 21, 1987 until Mr. Derby's demise in 1997. On November 10, 1987, the respondent perfected a settlement agreement in which Moran Development Corporation paid Mr. Derby $150,000 on a defaulted note and agreed to pay Mr. Derby monthly installments of $860.52 over a sixty-month period. Respondent invoiced the settlement amount of $192,500, however, and billed Mr. Derby a 10% fee, or $19,250, based upon that figure.

A few months prior to obtaining power of attorney on behalf of Mr. Derby, the respondent formed Doro, Inc., and personally secured funding for the company. The respondent held a 100% ownership of Doro, Inc., but later transferred ownership to his bookkeeper. He acted as president, secretary-treasurer, and sole director of Doro, Inc., and until 1995, was the registered agent for the corporation. On September 22, 1988, the respondent loaned $31,000 of Derby's funds to Doro, Inc., payable ten years later, with no interest or security. Additional loans under identical terms were issued on September 7, 1989, for $10,000; on January 16, 1990, for $27,000; and on January 15, 1991, for $15,000. During the period of 1988 through 1993, the respondent earned $10,800 in fees for managing Mr. Derby's finances.

The Court rejected the argument that the respondent was acting under the power of attorney, and not as legal counsel for Mr. Derby. The Court also stated:

> In the instant case, ODC has proven by clear and convincing evidence that Respondent commingled Derby's funds with his own funds. He failed to maintain a proper trust accounting. *In addition, the loan transactions between Doro, Inc. and Derby were not fair and reasonable to the client because a significant amount of Derby's funds were used to make unsecured, interest-free loans to a corporation in which Respondent retained a significant interest. Respondent intentionally exploited his attorney-client relationship with Derby by entering into business transactions on terms that were unfair and unreasonable and on which Derby did not have the benefit of a review by independent counsel.*
>
> Furthermore, Respondent failed to cooperate with the ODC investigation of the matter involving Mr. Derby, failed to appear pursuant to a subpoena, provided misleading and false statements to the ODC regarding his knowledge of, involvement with, and business purposes of Doro, Inc. (emphasis added).

Id., 1998-2646, p. 5, 742 So.2d at 547. The Court disbarred the respondent.

In *In re Gross*, 2003-2268 (La. 11/21/03), 860 So.2d 1105, the respondent borrowed $25,000 from his client without complying with the safeguards afforded the client by the Rules of Professional Conduct. In particular, the respondent failed to reduce to writing the terms of the loan transaction and failed to advise the client that, prior to entering into the agreement, she was entitled to seek the advice of independent counsel in the transaction. The respondent did not repay the loan to the client, and as of the date of the formal charges -- some fifteen years later -- had not repaid one penny of the loan. The Court found that the respondent's conduct violated Rules of Professional Conduct 1.8(a), 8.4(a), and 8.4(c). The respondent had a prior history of misconduct for similar behavior, including entering into improper business transactions with two clients and misleading a third party, among other things. The Court disbarred the respondent, noting:

> *Respondent has demonstrated a pattern and practice of entering into improper business transactions with his clients. The baseline sanction for this misconduct is clearly disbarment.* There are no mitigating factors present in this case; however, significant aggravating factors exist, the most serious of which are respondent's prior disciplinary offenses, substantial experience in the practice of law, and indifference to making restitution. Under these circumstances, there is no reason

> to deviate from the baseline sanction. Respondent must be disbarred. (emphasis added).

Id., 2003-2268, p.5, 860 So.2d at 1108.

The case of *In re Baggette,* 2009-1091 (La. 10/20/09), 26 So.3d 98, is also instructive. *Baggette* involved a Rule 1.8(a) violation. The respondent in *Baggette* purchased the assets of two successions from his clients/relatives. The clients were elderly and the assets were subject to an estate tax lien of approximately $8.5 million. To make the purchase, the attorney borrowed $600,000 from one of the clients, giving a note drawn on his closely-held corporation for the loan. The Court found that the attorney failed to disclose the terms of the transaction in writing to his client, from whom he borrowed the money, failed to afford the client the opportunity to seek independent counsel to review the terms of the transaction, and failed to obtain her consent to the transaction in writing. Most significantly, at the time he purchased the succession interest from the client, he did not believe that the estate tax lien of $8.5 million would actually be enforced by the IRS, and it ultimately was not enforced. In fact, the succession eventually collected a tax refund of $172,328.22. By that time, the succession assets were owned by the attorney's corporation, making him the person entitled to the refund. By the time of the Supreme Court's opinion, the heirs of the client had sued the attorney to obtain return of the assets of the succession taken from the client by the attorney without fully informing her of the likelihood (and eventual reality) that the taxes would be abated and a refund would be paid, all of which had redounded to the attorney's benefit. The Supreme Court disbarred the respondent on finding a single violation of Rule 1.8(a).

Similar to the respondents in *Wilty, Letellier, Gross* and *Baggette*, Respondent failed to comply with the requirements of Rule 1.8(a) when he entered into a business transaction with his clients, Ms. Kraus, Ms. Verges, and Mr. Saucier. As in *Gross*, Respondent has demonstrated a

pattern and practice of entering into improper business transactions with his clients. Further, there are no mitigating factors present in this case; however, significant aggravating factors exist. Under these circumstances, there is no reason to deviate from the baseline sanction of disbarment.

In closing, the Board finds it necessary to also address the recent case of *In re Bennett*, 2021-1198 (La. 3/25/22), 339 So.3d 565. In *Bennett*, the respondent admitted that he engaged in dishonest conduct and conduct constituting a conflict of interest, in violation of Rules 1.7(a), 1.8(a), 8.4(a), 8.4(b), and 8.4(c). Respondent's misconduct stemmed from representing a client where there existed a concurrent conflict of interest, engaging in a prohibited business transaction involving a real estate matter with a client, filing documents with the Secretary of State to reinstate (and later dissolve) an insurance agency and create a limited liability company under false pretenses, and entering into a loan transaction through a limited liability company with a client without first advising her to seek the advice of independent counsel. The Court noted that the respondent caused actual harm to his clients and a third party and that numerous aggravating factors were present. Only two mitigating factors were present -- no prior disciplinary history and the fact that the respondent had made substantial efforts to make his clients whole.[7] The Court concluded that a three-year suspension should be imposed upon the respondent, instead of disbarment, apparently based largely upon these mitigating factors. *See* Concurrence of Justice Crichton. *Id.*, 2021-1198, p. 7 (La. 3/25/22), 339 So.3d 573-74.

While many of the same rule violations as seen in *Bennett* are found in the instant matter (Rules 1.8(a), 8.4(a), and 8.4(c)), the mitigating factors of lack of a prior disciplinary history and substantial efforts to make restitution are not present. In fact, the aggravating factors in this matter

[7] It appears from the Court's opinion that the respondent had settled a civil suit brought against him by one client for $42,030. As to a second client, he prepared a "replacement" hand note which contained terms more favorable to the client than those contained in an original note. The "replacement" hand note was in the amount of $87,284, plus interest, while the original hand note was for $55,000.

include a prior disciplinary offense and indifference to making restitution. After considering *Bennett*, the Board will not deviate from the baseline sanction of disbarment and will recommend that Respondent be disbarred in this matter.

CONCLUSION

The Board adopts the findings of fact of the Committee and its findings that Respondent violated Rules 1.8(a), 2.1, 8.4(a), and 8.4(c) as to Count I (Kraus matter), Rules 1.8(a), 2.1, and 8.4(a) as to Count II (Verges matter), and Rule 1.8(a) as to Count III (Saucier matter). The Board declines to adopt the Committee's finding that Respondent violated Rule 8.4(c) as to Count II (Verges matter), as this rule violation was not charged in this count. The Board also finds that Respondent violated Rule 8.4(a) as to Count III (Saucier matter). The Board further recommends that:

1. Respondent be disbarred;

2. Respondent be ordered to make restitution to Ms. Kraus in the principal amount of $500,000, plus interest owed under the terms of the September 21, 2015 promissory note through the date of payment, subject to a credit of $15,000;

3. Respondent be ordered to make restitution to Ms. Verges in the amount of $1,416.13 (legal interest on $5,000 from July 1, 2009 to July 1, 2016);

4. ODC be ordered to refer Ms. Kraus and Ms. Verges to the LSBA's Client Assistance Fund; and

5. Respondent be assessed with all costs and expenses of this proceeding pursuant to Rule XIX, Section 10.1.

RECOMMENDATION

The Board recommends that Respondent, Clint L. Pierson, Jr., be disbarred from the practice of law. The Board further recommends that:

1. Respondent be ordered to make restitution to Bridgette Kraus in the principal amount of $500,000, plus interest owed under the terms of the September 21, 2015 promissory note through the date of payment, subject to a credit of $15,000;

2. Respondent be ordered to make restitution to Donna Verges in the amount of $1,416.13 (legal interest on $5,000 from July 1, 2009 to July 1, 2016);

3. ODC be ordered to refer Ms. Kraus and Ms. Verges to the LSBA's Client Assistance Fund; and

4. Respondent be assessed with all costs and expenses of this proceeding pursuant to Rule XIX, Section 10.1.

LOUISIANA ATTORNEY DISCIPLINARY BOARD

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Todd S. Clemons
Susan P. DesOrmeaux
Valerie S. Fields
Brian D. Landry
M. Todd Richard
Lori A. Waters

By DocuSigned by: Lori Waters 1865TEC42928485...
Paula H. Clayton
FOR THE ADJUDICATIVE COMMITTEE

Aldric C. Poirier, Jr. - Recused.

APPENDIX "A"

Rule 1.8. Conflict of Interest: Current Clients: Specific Rules

(a) A lawyer shall not enter into a business transaction with a client or knowingly acquire an ownership, possessory, security or other pecuniary interest adverse to a client unless; (1) the transaction and terms on which the lawyer acquires the interest are fair and reasonable to the client and are fully disclosed and transmitted in writing in a manner that can be reasonably understood by the client; (2) the client is advised in writing of the desirability of seeking and is given a reasonable opportunity to seek the advice of independent legal counsel on the transaction; and (3) the client gives informed consent, in a writing signed by the client, to the essential terms of the transaction and the lawyer's role in the transaction, including whether the lawyer is representing the client in the transaction.

Rule 2.1. Advisor

In representing a client, a lawyer shall exercise independent profession judgment and render candid advice. In rendering advice, a lawyer may refer not only to law but to other considerations such as moral, economic, social and political factors, that may be relevant to the client's situation.

Rule 8.4. Misconduct

It is professional misconduct for a lawyer to:
(a) Violate or attempt to violate the Rules of Professional Conduct, knowingly assist or induce another to do so, or do so through the acts of another;

(c) Engage in conduct involving dishonesty, fraud, deceit or misrepresentation.