

DEC 04 2017

STATE BAR COURT CLERK'S OFFICE
SAN FRANCISCO

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11 STATE BAR COURT

12 HEARING DEPARTMENT - SAN FRANCISCO

14 In the Matter of:) Case No. 14-O-01068 [15-O-13138]
15 WILLIAM J. REED,)
16 No. 49715,) NOTICE OF DISCIPLINARY CHARGES
17 A Member of the State Bar)

18 NOTICE - FAILURE TO RESPOND!

19 IF YOU FAIL TO FILE A WRITTEN ANSWER TO THIS NOTICE
20 WITHIN 20 DAYS AFTER SERVICE, OR IF YOU FAIL TO APPEAR AT
THE STATE BAR COURT TRIAL:

- 21 (1) YOUR DEFAULT WILL BE ENTERED;
22 (2) YOUR STATUS WILL BE CHANGED TO INACTIVE AND YOU
23 WILL NOT BE PERMITTED TO PRACTICE LAW;
24 (3) YOU WILL NOT BE PERMITTED TO PARTICIPATE FURTHER IN
25 THESE PROCEEDINGS UNLESS YOU MAKE A TIMELY MOTION
26 AND THE DEFAULT IS SET ASIDE, AND;
27 (4) YOU SHALL BE SUBJECT TO ADDITIONAL DISCIPLINE.
28 SPECIFICALLY, IF YOU FAIL TO TIMELY MOVE TO SET ASIDE
OR VACATE YOUR DEFAULT, THIS COURT WILL ENTER AN
ORDER RECOMMENDING YOUR DISBARMENT WITHOUT
FURTHER HEARING OR PROCEEDING. SEE RULE 5.80 ET SEQ.,
RULES OF PROCEDURE OF THE STATE BAR OF CALIFORNIA.

1 The State Bar of California alleges:

2 JURISDICTION

3 1. William J. Reed ("respondent") was admitted to the practice of law in the State of
4 California on June 24, 1971, was a member at all times pertinent to these charges, and is
5 currently a member of the State Bar of California.

6 COUNT ONE

7 Case No. 14-O-01068; 15-O-13138
8 Rules of Professional Conduct, rule 4-100(B)(1)
[Failure to Notify of Receipt of Client Funds]

9 2. On or about October 17, 2013, respondent received on behalf of respondent's clients,
10 John Stone, Elizabeth Stone, Kristin Turner, Herb Shuler, and Marlene Schuler, two settlement
11 checks from Pacific Gas & Electric: one made payable to respondent and Herb and Marlene
12 Shuler in the amount of \$200,000; and another made payable to respondent and John Stone,
13 Elizabeth Stone, Kristin Turner and Philip Turner in the amount of \$200,000. Respondent failed
14 to notify any of the clients of respondent's receipt of funds on the clients' behalf, in willful
15 violation of Rules of Professional Conduct, rule 4-100(B)(1).

16 COUNT TWO

17 Case No. 14-O-01068; 15-O-13138
18 Rules of Professional Conduct, rule 4-100(A)(2)
[Withdrawal of Disputed Client Funds]

19 3. On or about October 17, 2013, respondent deposited on behalf of respondent's clients
20 John Stone, Elizabeth Stone, Kristin Turner, Herb Shuler, and Marlene Schuler, two settlement
21 checks from Pacific Gas & Electric: one made payable to respondent and Herb and Marlene
22 Shuler in the amount of \$200,000; and another made payable to respondent and John Stone,
23 Elizabeth Stone, Kristin Turner and Philip Turner in the amount of \$200,000, in respondent's
24 CTA at Union Bank, account #00439XXXXX. On or about April 4, 2014, respondent withdrew
25 \$400,000 of those funds from respondent's CTA at a time when the clients disputed respondent's
26 right to receive those funds, in willful violation of the Rules of Professional Conduct, rule
27 4-100(A)(2).

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COUNT THREE

Case No. 14-O-01068; 15-O-13138
Rules of Professional Conduct, rule 4-100(A)
[Failure to Maintain Client Funds in Trust Account]

4. On or about October 17, 2013, respondent received on behalf of respondent's clients, John Stone, Elizabeth Stone, Kristin Turner, Herb Shuler, and Marlene Schuler, two settlement checks from Pacific Gas & Electric: one made payable to respondent and Herb and Marlene Shuler in the amount of \$200,000; and another made payable to respondent and John Stone, Elizabeth Stone, Kristin Turner and Philip Turner in the amount of \$200,000. On or about November 1, 2013, respondent deposited the \$400,000 into respondent's client trust account ("CTA") at Union Bank, account #00439XXXXX, on behalf of the clients. Of this sum, the clients were entitled to \$400,000. Respondent failed to maintain a balance of \$400,000 on behalf of the clients in respondent's CTA, in willful violation of Rules of Professional Conduct, rule 4-100(A).

COUNT FOUR

Case No. 14-O-01068; 15-O-13138
Rules of Professional Conduct, rule 3-700(A)(2)
[Improper Withdrawal from Employment]

5. Respondent failed, upon termination of employment, to take reasonable steps to avoid reasonably foreseeable prejudice to respondent's clients, John Stone, Elizabeth Stone, Kristin Turner, Herb Shuler, and Marlene Schuler, by constructively terminating respondent's employment after October 17, 2013, by failing to take any action on the clients' behalf after receiving settlement checks on the clients' behalf on October 17, 2013, including not notifying the clients of his receipt of the settlement checks, not cooperating with opposing counsel for Pacific Gas & Electric in dismissing the clients' settled lawsuit against Pacific Gas & Electric and failing to appear at a related motion hearing on November 14, 2013, and failing to inform the clients that respondent was withdrawing from employment, in willful violation of Rules of Professional Conduct, rule 3-700(A)(2).

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COUNT FIVE

Case No. 14-O-01068; 15-O-13138
Rules of Professional Conduct, rule 3-700(D)(1)
[Failure to Release File]

6. Respondent failed to release promptly, after termination of respondent's employment on or about October 17, 2013, to respondent's clients, John Stone, Elizabeth Stone, Kristin Turner, Herb Shuler, and Marlene Schuler, all of the clients' papers and property following the clients' requests for the clients' files on or about December 1, 2013, in willful violation of Rules of Professional Conduct, rule 3-700(D)(1).

COUNT SIX

Case No. 14-O-01068; 15-O-13138
Rules of Professional Conduct, rule 4-100(B)(3)
[Failure to Render Accounts of Client Funds]

7. On or about October 17, 2013, respondent received on behalf of respondent's clients, John Stone, Elizabeth Stone, Kristin Turner, Herb Shuler, and Marlene Schuler, two settlement checks from Pacific Gas & Electric: one made payable to respondent and Herb and Marlene Shuler in the amount of \$200,000; and another made payable to respondent and John Stone, Elizabeth Stone, Kristin Turner and Philip Turner in the amount of \$200,000. Respondent thereafter failed to render an appropriate accounting to the clients regarding those funds following the termination of respondent's employment on or about October 17, 2013, in willful violation of the Rules of Professional Conduct, rule 4-100(B)(3).

COUNT SEVEN

Case No. 14-O-01068; 15-O-13138
Business and Professions Code, section 6106
[Moral Turpitude - Misappropriation]

8. On or about October 17, 2013, respondent received on behalf of respondent's clients, John Stone, Elizabeth Stone, Kristin Turner, Herb Shuler, and Marlene Schuler, two settlement checks from Pacific Gas & Electric: one made payable to respondent and Herb and Marlene Shuler in the amount of \$200,000; and another made payable to respondent and John Stone, Elizabeth Stone, Kristin Turner and Philip Turner in the amount of \$200,000.

1 misrepresentation through gross negligence is a lesser included offense of intentional
2 misrepresentation.

3 COUNT NINE

4 Case No. 14-O-01068; 15-O-13138
5 Business and Professions Code, section 6068(i)
6 [Failure to Cooperate in State Bar Investigation]

7 14. Respondent failed to cooperate and participate in disciplinary investigations pending
8 against respondent by failing to provide substantive responses at an investigation deposition on
9 June 23, 2016, which respondent attended, regarding allegations of misconduct being
10 investigated in case nos. 14-O-01068 and 15-O-13138, in willful violation of Business and
11 Professions Code, section 6068(i).

12 NOTICE - INACTIVE ENROLLMENT!

13 **YOU ARE HEREBY FURTHER NOTIFIED THAT IF THE STATE BAR
14 COURT FINDS, PURSUANT TO BUSINESS AND PROFESSIONS CODE
15 SECTION 6007(c), THAT YOUR CONDUCT POSES A SUBSTANTIAL
16 THREAT OF HARM TO THE INTERESTS OF YOUR CLIENTS OR TO
17 THE PUBLIC, YOU MAY BE INVOLUNTARILY ENROLLED AS AN
18 INACTIVE MEMBER OF THE STATE BAR. YOUR INACTIVE
19 ENROLLMENT WOULD BE IN ADDITION TO ANY DISCIPLINE
20 RECOMMENDED BY THE COURT.**

21 NOTICE - COST ASSESSMENT!

22 **IN THE EVENT THESE PROCEDURES RESULT IN PUBLIC
23 DISCIPLINE, YOU MAY BE SUBJECT TO THE PAYMENT OF COSTS
24 INCURRED BY THE STATE BAR IN THE INVESTIGATION, HEARING
25 AND REVIEW OF THIS MATTER PURSUANT TO BUSINESS AND
26 PROFESSIONS CODE SECTION 6086.10.**

27 Respectfully submitted,

28 THE STATE BAR OF CALIFORNIA
OFFICE OF CHIEF TRIAL COUNSEL

DATED: December 7, 2017

By: Sherrie B. McLetchie
Sherrie B. McLetchie
Senior Trial Counsel

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DECLARATION OF SERVICE BY CERTIFIED AND REGULAR MAIL

RE: REED
CASE NO: 14-O-01068 [15-O-13138]

I, the undersigned, over the age of eighteen (18) years, whose business address and place of employment is the State Bar of California, 180 Howard Street, San Francisco, California 94105, declare that I am not a party to the within action; that I am readily familiar with the State Bar of California's practice for collection and processing of correspondence for mailing with the United States Postal Service; that in the ordinary course of the State Bar of California's practice, correspondence collected and processed by the State Bar of California would be deposited with the United States Postal Service that same day; that I am aware that on motion of party served, service is presumed invalid if postal cancellation date or postage meter date on the envelope or package is more than one day after date of deposit for mailing contained in the affidavit; and that in accordance with the practice of the State Bar of California for collection and processing of mail, I deposited or placed for collection and mailing in the City and County of San Francisco, on the date shown below, a true copy of the within

NOTICE OF DISCIPLINARY CHARGES

in a sealed envelope placed for collection and mailing as *certified mail*, return receipt requested, and in an additional sealed envelope as *regular mail*, at San Francisco, on the date shown below, addressed to:

Article No. 9414 7266 9904 2112 6633 83

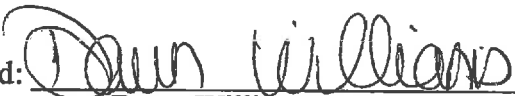
William James Reed
PO Box 112
Danville, CA 94526-0112

in an inter-office mail facility regularly maintained by the State Bar of California addressed to:

N/A

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed at San Francisco, California, on the date shown below.

DATED: December 4, 2017

Signed: 
Dawn Williams
Declarant