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State Bar Court of California
Hearing Department

Los Angeles
DISBARMENT

PUBLIC MATTER

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| <p>Counsel For The State Bar</p> <p>Abraham Bagheri Deputy Trial Counsel 845 S. Figueroa St. Los Angeles, CA 90017-2515 (213) 765-1216</p> <p>Bar # 294113</p> | <p>Case Number(s): 17-N-00172-CV</p> | <p>For Court use only</p> <p>FILED</p> <p>JUN 20 2017 P.B.</p> <p>STATE BAR COURT CLERK'S OFFICE LOS ANGELES</p> |
| <p>In Pro Per Respondent</p> <p>William Arthur Vallejos 2410 W Valley Blvd Alhambra, CA 91803 (626) 380-0333 (626) 833-6161</p> <p>Bar # 140110</p> | <p>Submitted to: Settlement Judge</p> <p>STIPULATION RE FACTS, CONCLUSIONS OF LAW AND DISPOSITION AND ORDER APPROVING; ORDER OF INVOLUNTARY INACTIVE ENROLLMENT</p> <p>DISBARMENT</p> <p><input type="checkbox"/> PREVIOUS STIPULATION REJECTED</p> | |
| <p>In the Matter of: WILLIAM ARTHUR VALLEJOS</p> <p>Bar # 140110</p> <p>A Member of the State Bar of California (Respondent)</p> | | |

Note: All information required by this form and any additional information which cannot be provided in the space provided, must be set forth in an attachment to this stipulation under specific headings, e.g., "Facts," "Dismissals," "Conclusions of Law," "Supporting Authority," etc.

A. Parties' Acknowledgments:

- (1) Respondent is a member of the State Bar of California, admitted **June 6, 1989**.
- (2) The parties agree to be bound by the factual stipulations contained herein even if conclusions of law or disposition are rejected or changed by the Supreme Court.
- (3) All investigations or proceedings listed by case number in the caption of this stipulation are resolved by this stipulation and are deemed consolidated. Dismissed charge(s)/count(s) are listed under "Dismissals." The stipulation consists of **(11)** pages, not including the order.
- (4) A statement of acts or omissions acknowledged by respondent as cause or causes for discipline is included under "Facts."

(Effective November 1, 2015)



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- (5) Conclusions of law, drawn from and specifically referring to the facts are also included under "Conclusions of Law."
- (6) The parties must include supporting authority for the recommended level of discipline under the heading "Supporting Authority."
- (7) No more than 30 days prior to the filing of this stipulation, respondent has been advised in writing of any pending investigation/proceeding not resolved by this stipulation, except for criminal investigations.
- (8) Payment of Disciplinary Costs—Respondent acknowledges the provisions of Bus. & Prof. Code §§6086.10 & 6140.7. (Check one option only):
- Costs to be awarded to the State Bar.
 - Costs are waived in part as set forth in a separate attachment entitled "Partial Waiver of Costs".
 - Costs are entirely waived.
- (9) ORDER OF INACTIVE ENROLLMENT:
The parties are aware that if this stipulation is approved, the judge will issue an order of inactive enrollment under Business and Professions Code section 6007, subdivision (c)(4), and Rules of Procedure of the State Bar, rule 5.111(D)(1).

B. Aggravating Circumstances [Standards for Attorney Sanctions for Professional Misconduct, standards 1.2(h) & 1.5]. Facts supporting aggravating circumstances are required.

- (1) **Prior record of discipline**
- (a) State Bar Court case # of prior case **15-O-11693, et al. See attachment to Stipulation, p. 7-8.**
 - (b) Date prior discipline effective **October 15, 2016.**
 - (c) Rules of Professional Conduct/ State Bar Act violations: **Civil Code section 2944.7 and Business and Professions Code section 6106.3; Rules of Professional Conduct, rule 1-400(D)(2), (3), and (4); Business and Professions Code section 6068(i).**
 - (d) Degree of prior discipline **One (1) year stayed suspension and two (2) years of probation with conditions including ninety (90) day actual suspension.**
 - (e) If respondent has two or more incidents of prior discipline, use space provided below:
- (2) **Intentional/Bad Faith/Dishonesty:** Respondent's misconduct was dishonest, intentional, or surrounded by, or followed by bad faith.
- (3) **Misrepresentation:** Respondent's misconduct was surrounded by, or followed by misrepresentation.
- (4) **Concealment:** Respondent's misconduct was surrounded by, or followed by concealment.
- (5) **Overreaching:** Respondent's misconduct was surrounded by, or followed by overreaching.
- (6) **Uncharged Violations:** Respondent's conduct involves uncharged violations of the Business and Professions Code or the Rules of Professional Conduct.

- (7) **Trust Violation:** Trust funds or property were involved and Respondent refused or was unable to account to the client or person who was the object of the misconduct for improper conduct toward said funds or property.
- (8) **Harm:** Respondent's misconduct harmed significantly a client, the public, or the administration of justice.
- (9) **Indifference:** Respondent demonstrated indifference toward rectification of or atonement for the consequences of his or her misconduct. **See attachment to Stipulation, p. 8.**
- (10) **Lack of Candor/Cooperation:** Respondent displayed a lack of candor and cooperation to victims of his/her misconduct, or to the State Bar during disciplinary investigations or proceedings.
- (11) **Multiple Acts:** Respondent's current misconduct evidences multiple acts of wrongdoing.
- (12) **Pattern:** Respondent's current misconduct demonstrates a pattern of misconduct.
- (13) **Restitution:** Respondent failed to make restitution.
- (14) **Vulnerable Victim:** The victim(s) of Respondent's misconduct was/were highly vulnerable.
- (15) **No aggravating circumstances** are involved.

Additional aggravating circumstances:

C. Mitigating Circumstances [see standards 1.2(i) & 1.6]. Facts supporting mitigating circumstances are required.

- (1) **No Prior Discipline:** Respondent has no prior record of discipline over many years of practice coupled with present misconduct which is not likely to recur.
- (2) **No Harm:** Respondent did not harm the client, the public, or the administration of justice.
- (3) **Candor/Cooperation:** Respondent displayed spontaneous candor and cooperation with the victims of his/her misconduct or to the State Bar during disciplinary investigations and proceedings.
- (4) **Remorse:** Respondent promptly took objective steps demonstrating spontaneous remorse and recognition of the wrongdoing, which steps were designed to timely atone for any consequences of his/her misconduct.
- (5) **Restitution:** Respondent paid \$ _____ on _____ in restitution to _____ without the threat or force of disciplinary, civil or criminal proceedings.
- (6) **Delay:** These disciplinary proceedings were excessively delayed. The delay is not attributable to respondent and the delay prejudiced him/her.
- (7) **Good Faith:** Respondent acted with a good faith belief that was honestly held and objectively reasonable.
- (8) **Emotional/Physical Difficulties:** At the time of the stipulated act or acts of professional misconduct respondent suffered extreme emotional difficulties or physical or mental disabilities which expert testimony would establish was directly responsible for the misconduct. The difficulties or disabilities were not the

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product of any illegal conduct by the member, such as illegal drug or substance abuse, and the difficulties or disabilities no longer pose a risk that Respondent will commit misconduct.

- (9) **Severe Financial Stress:** At the time of the misconduct, respondent suffered from severe financial stress which resulted from circumstances not reasonably foreseeable or which were beyond his/her control and which were directly responsible for the misconduct.
- (10) **Family Problems:** At the time of the misconduct, respondent suffered extreme difficulties in his/her personal life which were other than emotional or physical in nature.
- (11) **Good Character:** Respondent's extraordinarily good character is attested to by a wide range of references in the legal and general communities who are aware of the full extent of his/her misconduct.
- (12) **Rehabilitation:** Considerable time has passed since the acts of professional misconduct occurred followed by subsequent rehabilitation.
- (13) **No mitigating circumstances** are involved.

Additional mitigating circumstances:

Pretrial stipulation; see attachment to Stipulation at p.8.

D. Discipline: Disbarment.

E. Additional Requirements:

- (1) **Rule 9.20, California Rules of Court:** Respondent must comply with the requirements of rule 9.20, California Rules of Court, and perform the acts specified in subdivisions (a) and (c) of that rule within 30 and 40 calendar days, respectively, after the effective date of the Supreme Court's Order in this matter.

- (2) **Restitution:** Respondent must make restitution to _____ in the amount of \$ _____ plus 10 percent interest per year from _____. If the Client Security Fund has reimbursed _____ for all or any portion of the principal amount, respondent must pay restitution to CSF of the amount paid plus applicable interest and costs in accordance with Business and Professions Code section 6140.5. Respondent must pay the above restitution and furnish satisfactory proof of payment to the State Bar's Office of Probation in Los Angeles no later than _____ days from the effective date of the Supreme Court order in this case.

- (3) **Other:**

8. Respondent failed to file a 9.20 affidavit with the State Bar Court on or before November 24, 2016.

9. On December 5, 2016, the Office of Probation sent respondent a letter informing respondent that his rule 9.20 affidavit was due on November 24, 2016 and that failure to file the declaration may be referred to the Office of Chief Trial Counsel for additional discipline.

10. Respondent received the Office of Probation's December 5, 2016 letter.

11. On January 10, 2017, respondent submitted a quarterly report due January 10, 2017 in which he stated that he had complied with all provisions of the State Bar Act, Rules of Professional Conduct, and all conditions of probation except California Rules of Court, rule 9.20.

12. On April 18, 2017, 145 days after the date on which respondent's rule 9.20 affidavit was due, respondent filed a noncompliant rule 9.20 affidavit.

13. On April 19, 2017, the Office of Probation rejected respondent's rule 9.20 affidavit for the following reasons: respondent checked both boxes for question 4 on his 9.20 affidavit despite being instructed to check one box per question; respondent did not check any box for question 3; and respondent did not include an address on his declaration for future communications.

14. On April 19, 2017, the Office of Probation mailed a letter to respondent's official State Bar membership address indicating that respondent's rule 9.20 affidavit filed on April 18, 2017 was noncompliant for the aforementioned reasons.

15. To date, respondent has not filed a compliant rule 9.20 affidavit.

CONCLUSIONS OF LAW:

16. By failing to file with the clerk of the State Bar Court an affidavit showing that he had fully complied with California Rules of Court, rule 9.20, as required by subdivision (c) of rule 9.20, within the time prescribed by Supreme Court Order number S235225, respondent willfully violated California Rules of Court, rule 9.20.

AGGRAVATING CIRCUMSTANCES.

Prior Record of Discipline (Std. 1.5(a)): Case Numbers 15-O-11693 (15-O-11783; 15-O-11816); 15-O-13125 (15-O-13479; 15-O-13595; 15-O-13793); 15-O-15437, (S235225): Respondent has one prior imposition of discipline. In State Bar Court case number 15-O-11693, et al., effective October 15, 2016, the California Supreme Court ordered that respondent be suspended from the practice of law for one (1) year, that execution of suspension be stayed, and that respondent be placed on probation for two (2) years, subject to the conditions of probation recommended by the Hearing Department of the State Bar Court in its May 4, 2016 Order regarding Stipulation, including the conditions that respondent be actually suspended for ninety (90) days and that respondent make restitution in the amount of \$7,500, within one year from the effective date of the discipline. Respondent's misconduct consisted of eight violations of Business and Professions Code section 6106.3 (illegal advanced fees/mortgage loan modifications: violation of Civil Code section 2944.7), two violations of Rules of Professional Conduct, rule 1-400(D) (2), (3), and (4) (improper advertising), and four violations of Business and Professions

Code section 6068(i) (failure to cooperate in a disciplinary investigation). Respondent's misconduct occurred between August 2013 through October 2015. Respondent's multiple acts of misconduct (Std. 1.5(b)) were aggravating factors. Respondent received mitigation credit for his more than 23 years of discipline-free practice (Std. 1.6 (a)).

Indifference (Std. 1.5(k)): Even after respondent received numerous reminder letters and emails from the Office of Probation, which reminded respondent to file a 9.20 declaration with the State Bar Court by November 24, 2016 and to review the instructions on how to comply with the probation terms of his disciplinary order, respondent still failed to file his 9.20 declaration. Respondent's failure to comply with his prior disciplinary order after several reminders demonstrates respondent's indifference and his unwillingness or inability to comply with disciplinary orders.

MITIGATING CIRCUMSTANCES.

Additional Mitigating Circumstances:

Pretrial Stipulation: While the facts of this matter are easily provable, respondent has cooperated with the State Bar by entering into this pretrial stipulation as to facts and conclusions of law, thereby obviating the need for a trial and saving State Bar resources. (*Silva-Vidor v. State Bar* (1989) 49 Cal.3d 1071, 1079 [where mitigating credit was given for entering into a stipulation as to facts and culpability].)

AUTHORITIES SUPPORTING DISCIPLINE.

The Standards for Attorney Sanctions for Professional Misconduct "set forth a means for determining the appropriate disciplinary sanction in a particular case and to ensure consistency across cases dealing with similar misconduct and surrounding circumstances." (Rules Proc. of State Bar, tit. IV, Stds. for Atty. Sanctions for Prof. Misconduct, Std. 1.1. All further references to Standards are to this source.) The Standards help fulfill the primary purposes of discipline, which include: protection of the public, the courts and the legal profession; maintenance of the highest professional standards; and preservation of public confidence in the legal profession. (See Std. 1.1; *In re Morse* (1995) 11 Cal.4th 184, 205.)

Although not binding, the Standards are entitled to "great weight" and should be followed "whenever possible" in determining level of discipline. (*In re Silvertan* (2005) 36 Cal.4th 81, 92, quoting *In re Brown* (1995) 12 Cal.4th 205, 220 and *In re Young* (1989) 49 Cal.3d 257, 267, fn. 11.) Adherence to the Standards in the great majority of cases serves the valuable purpose of eliminating disparity and assuring consistency, that is, the imposition of similar attorney discipline for instances of similar attorney misconduct. (*In re Naney* (1990) 51 Cal.3d 186, 190.) If a recommendation is at the high end or low end of a Standard, an explanation must be given as to how the recommendation was reached. (Std. 1.1.) "Any disciplinary recommendation that deviates from the Standards must include clear reasons for the departure." (Std. 1.1; *Blair v. State Bar* (1989) 49 Cal.3d 762, 776, fn. 5.)

In determining whether to impose a sanction greater or less than that specified in a given Standard, in addition to the factors set forth in the specific Standard, consideration is to be given to the primary purposes of discipline; the balancing of all aggravating and mitigating circumstances; the type of misconduct at issue; whether the client, public, legal system or profession was harmed; and the member's willingness and ability to conform to ethical responsibilities in the future. (Stds. 1.7(b) and (c).)

Rule 9.20(d) states, "... A suspended member's willful failure to comply with the provisions of this rule is a cause for disbarment or suspension and for revocation of any pending probation. Additionally, such failure may be punished as a contempt or a crime." The fact that the legislature considers noncompliance with rule 9.20 a potential crime, as well as an act of professional misconduct, confirms the serious nature of 9.20 violations. To date, respondent has not filed a compliant rule 9.20 affidavit.

Standard 1.8(a) provides that if respondent has a record of one prior discipline, the discipline imposed for the current misconduct must be greater than the previous discipline unless the prior discipline was remote in time and the offense was of minimal severity. Here, respondent has one prior record of discipline in which a 90-day actual suspension was imposed. Respondent's prior record of discipline is not remote because it became effective October 15, 2016, a little over a month before respondent committed a subsequent violation. Therefore, disbarment is in line with the Standards.

Case law on violations of rule 9.20 is clear and supports disbarment. (*Bercovich v. State Bar* (1990) 50 Cal.3d 116, 131 ["disbarment is generally the appropriate sanction for willful violation of rule 955 [now rule 9.20]"]; quoted in *In the Matter of Grueneich* (Review Dept. 1993) 2 Cal. State Bar Ct. Rptr. 439, 442; and in *In the Matter of Barbero* (Review Dept. 1993) 2 Cal. State Bar Ct. Rptr. 322, 332.) Accordingly, disbarment is consistently imposed by the Supreme Court as the sanction for noncompliance with rule 9.20. (See *Lydon v. State Bar* (1988) 45 Cal.3d 1181, 1188; *Powers v. State Bar* (1988) 44 Cal.3d 337, 342.)

Furthermore, a court order requiring a suspended attorney to comply with California Rules of Court, rule 9.20 is of particular importance. The requirements imposed on a suspended attorney by rule 9.20 serve a critical public protection function as explained by the California Supreme Court:

In every case, [rule 9.20 – former rule 955] performs the **critical prophylactic function** of ensuring that all concerned parties -- including clients, co-counsel, opposing counsel or adverse parties, and any tribunal in which litigation is pending -- learn about an attorney's discipline. [Citation omitted] It also keeps this court apprised of the location of attorneys who are subject to our disciplinary authority. Thus, a wilful violation of this rule is, by definition, deserving of strong disciplinary measures. (*Lydon v. State Bar*, (1988) 45 Cal. 3d 1181, 1187, emphasis added.)

An attorney's unwillingness or inability to comply with the conditions of probation imposed on him or her by a Supreme Court order demonstrates a lapse of character and a disrespect for the legal system that directly relate to an attorney's fitness to practice law and serve as an officer of the court. (*In re Kelley* (1990) 52 Cal.3d 487, 495; and *In the Matter of Tiernan* (Review Dept. 1996) 3 Cal. State Bar Ct. Rptr. 523.) Similarly, respondent's failure to submit a rule 9.20 declaration in compliance with the Supreme Court Order demonstrates a lapse of character and a disrespect for the legal system that directly relate to respondent's fitness to practice law and serve as an officer of the court.

In *In the Matter of Esau* (2007) 5 Cal. State Bar Rptr. 131, the Review Department disbarred the attorney for failing to comply with rule 9.20. Esau was 104 days late filing his required rule 9.20 affidavit and presented mitigation at trial that the Review Department deemed to be non-compelling. The Review Department stated "[i]ndeed, the finding that respondent willfully violated a court order requiring his compliance with rule 9.20 is sufficient grounds for disbarment when, as here, the evidence in mitigation is not compelling." (*Id.* at 133.) The Court noted that "the decisional law has been weighted towards disbarment for violations of rule 9.20. (*Id.* at 138.) The Court further noted that recent cases that "resulted in discipline of less than disbarment involved significant evidence in mitigation and/or substantial compliance with rule 9.20[.]" (*Id.*)

Here, as in *Esau*, there is no significant evidence in mitigation, nor is there substantial compliance with rule 9.20. Respondent has committed a more severe violation than the attorney in *Esau* because respondent filed an untimely noncompliant affidavit 145 days late.

To date, respondent has not filed a compliant rule 9.20 affidavit.

Therefore, in order to protect the public, the courts and the legal profession, to maintain the highest professional standards, to preserve public confidence in the legal profession, and in consideration of the foregoing aggravating circumstances, the State Bar recommends that respondent be disbarred.

COSTS OF DISCIPLINARY PROCEEDINGS.

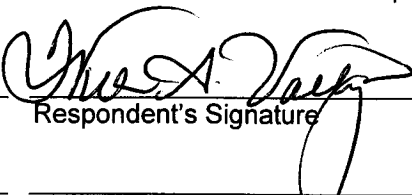

Respondent acknowledges that the Office of Chief Trial Counsel has informed respondent that as of May 26, 2017, the discipline costs in this matter are \$2,673. Respondent further acknowledges that should this stipulation be rejected or should relief from the stipulation be granted, the costs in this matter may increase due to the cost of further proceedings.

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| In the Matter of: WILLIAM ARTHUR VALLEJOS | Case number(s): 17-N-00172 |
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SIGNATURE OF THE PARTIES

By their signatures below, the parties and their counsel, as applicable, signify their agreement with each of the recitations and each of the terms and conditions of this Stipulation Re Facts, Conclusions of Law, and Disposition.

| | | |
|-------------------------|--|--|
| <u>6.13.17</u> Date |  Respondent's Signature | <u>William Arthur Vallejos</u> Print Name |
| <u> </u> Date | <u> </u> Respondent's Counsel Signature | <u> </u> Print Name |
| <u>6-13-17</u> Date |  Deputy Trial Counselor's Signature | <u>Abraham M. Bagheri</u> Print Name |

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| In the Matter of: WILLIAM ARTHUR VALLEJOS | Case Number(s): 17-N-00172 |
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DISBARMENT ORDER

Finding the stipulation to be fair to the parties and that it adequately protects the public, IT IS ORDERED that the requested dismissal of counts/charges, if any, is GRANTED without prejudice, and:

- The stipulated facts and disposition are APPROVED and the DISCIPLINE RECOMMENDED to the Supreme Court.
- The stipulated facts and disposition are APPROVED AS MODIFIED as set forth below, and the DISCIPLINE IS RECOMMENDED to the Supreme Court.
- All Hearing dates are vacated.

The parties are bound by the stipulation as approved unless: 1) a motion to withdraw or modify the stipulation, filed within 15 days after service of this order, is granted; or 2) this court modifies or further modifies the approved stipulation. (See rule 5.58(E) & (F), Rules of Procedure.) **The effective date of this disposition is the effective date of the Supreme Court order herein, normally 30 days after file date. (See rule 9.18(a), California Rules of Court.)**

Respondent William Arthur Vallejos is ordered transferred to involuntary inactive status pursuant to Business and Professions Code section 6007, subdivision (c)(4). Respondent's inactive enrollment will be effective three (3) calendar days after this order is served by mail and will terminate upon the effective date of the Supreme Court's order imposing discipline herein, or as provided for by rule 5.111(D)(2) of the Rules of Procedure of the State Bar of California, or as otherwise ordered by the Supreme Court pursuant to its plenary jurisdiction.

6/20/17
Date


DONALD F. MILES
Judge of the State Bar Court

CERTIFICATE OF SERVICE

[Rules Proc. of State Bar; Rule 5.27(B); Code Civ. Proc., § 1013a(4)]

I am a Case Administrator of the State Bar Court of California. I am over the age of eighteen and not a party to the within proceeding. Pursuant to standard court practice, in the City and County of Los Angeles, on June 20, 2017, I deposited a true copy of the following document(s):

STIPULATION RE FACTS, CONCLUSIONS OF LAW AND DISPOSITION AND ORDER APPROVING; ORDER OF INVOLUNTARY INACTIVE ENROLLMENT

in a sealed envelope for collection and mailing on that date as follows:

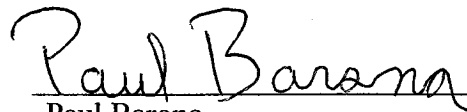
- by first-class mail, with postage thereon fully prepaid, through the United States Postal Service at Los Angeles, California, addressed as follows:

**WILLIAM A. VALLEJOS
LAW OFFICES OF WILLIAM A VALLEJOS
2410 W VALLEY BLVD
ALHAMBRA, CA 91803 - 1932**

- by interoffice mail through a facility regularly maintained by the State Bar of California addressed as follows:

ABRAHIM M. BAGHERI, Enforcement, Los Angeles

I hereby certify that the foregoing is true and correct. Executed in Los Angeles, California, on June 20, 2017.



Paul Barona
Case Administrator
State Bar Court