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NORTH CAROLINA

WAKE COUNTY

BEFORE THE
DISCIPLINARY HEARING COMMISSION
OF THE
NORTH CAROLINA STATE BAR
08 DHC 13

THE NORTH CAROLINA STATE BAR, Plaintiff	)	
v.	)	COMPLAINT
KENYANN B. STANFORD, Attorney, Defendant	)	

Plaintiff, complaining of defendant, alleges and says:

1. Plaintiff, the North Carolina State Bar (hereinafter "State Bar"), is a body duly organized under the laws of North Carolina and is the proper party to bring this proceeding under the authority granted it in Chapter 84 of the General Statutes of North Carolina, and the Rules and Regulations of the North Carolina State Bar promulgated thereunder.

2. Defendant, Kenyann B. Stanford (hereinafter "Stanford" or "Defendant"), was admitted to the North Carolina State Bar on August 22, 1992 and is, and was at all times referred to herein, an Attorney at Law licensed to practice in North Carolina, subject to the rules, regulations, and Revised Rules of Professional Conduct of the North Carolina State Bar and the laws of the State of North Carolina.

Upon information and belief, the State Bar alleges:

3. During the times relevant herein, Stanford actively engaged in the practice of law in the State of North Carolina and maintained a law office in Raleigh, Wake County, North Carolina.

4. Defendant was an associate of and later a partner employed by the law firm of Bailey and Dixon ("the firm") from August 1992 until April 1, 2008, with the exception of a three month period between September and December 2005.

5. While she was a partner in the firm, the firm issued Defendant a credit card for making charges to the credit account of the firm for client- or business-related expenses only.

6. It was the policy of the firm to have each attorney making such client- or business-related purchases on a firm credit card submit an Expense Reimbursement Report identifying the nature of the purchase made and whether the item should properly be billed to a client or charged against firm expenses.

7. Between February 4, 2007 and October 30, 2007 Defendant used her firm credit card to pay for meals at the various restaurants in the varying amounts listed below:

Date	**Place of Business**	**Amount**
02-04-2007	Amante Gourmet Pizza	$ 58.52
02-12-2007	Amante Gourmet Pizza	$ 39.89
03-03-2007	Amante Gourmet Pizza	$ 53.73
05-06-2007	Torero's Mexican	$ 57.30
05-08-2007	Torero's Mexican	$ 49.01
05-13-2007	Amante Gourmet Pizza	$ 32.15
08-20-2007	Milton's Pizza and Pasta	$ 68.08
08-24-2007	Torero's Mexican	$ 68.52
09-27-2007	Milton's Pizza and Pasta	$ 60.27
10-07-2007	Rudino's Pizza and Grinders	$ 29.33
10-30-2007	Amante Gourmet Pizza	$ 38.55

8. On each of the dates listed above, Defendant had dined at the designated restaurant with her family.

9. Defendant prepared and submitted to the firm Expense Reimbursement Reports representing to the firm that the expenditures listed above were for meals provided to representatives of corporate clients and that the expenditures should be charged against firm expenses for marketing.

10. The meal charges were not related to business expenses of the firm or to any client of the firm and could not properly be charged to firm expenses or to any client of the firm.

11. Defendant knew that the Expense Reimbursement Reports she submitted, identifying the meal charges as expenditures on behalf of clients, were false.

12. By submitting false Expense Reimbursement Reports to the firm for her personal dining expenses, Defendant converted funds belonging to the firm to her own benefit.

13. When asked about the meal expenditures by the firm's managing partner, on or about January 23, 2008 Defendant represented that she had either dined with or provided food at seminars for representatives of corporate clients.

14. Defendant's January 23, 2008 representations to the managing partner about the dining expenses were false.

15. On May 14, 2007, Defendant used her firm credit card to purchase a gift item at Williams-Sonoma for $234.57.

16. The gift was shipped to the son of a representative of a corporate client with whom Defendant also had a personal friendship on the occasion of the son's wedding. Defendant designated that the gift card read that the gift was from Defendant, her husband and her children.

17. Defendant prepared and submitted to the firm an Expense Reimbursement Report dated June 4, 2007 representing to the firm that the gift expenditure listed above was for a client gift for the son of the representative of the corporate client and that the expenditure should be charged against firm expenses.

18. The gift charge was not related to business expenses of the firm or to any client of the firm and could not properly be charged to firm expenses or to any client of the firm.

19. Defendant knew that the Expense Reimbursement Report she submitted, identifying the gift as an expenditure on behalf of the firm, was false.

20. By submitting a false Expense Reimbursement Report to the firm for her personal gift expense, Defendant converted funds belonging to the firm to her own benefit.

21. When asked about the gift expenditure by the firm's managing partner, on or about January 23, 2008 Defendant represented that this was a gift sent on behalf of the firm and that Defendant had sent a separate, personal gift to the son.

22. Defendant's January 23, 2008 representation to the managing partner about the gift expense was false.

23. On or about July 24, 2007 Defendant purchased on her personal credit card an airline ticket to travel to and from Phoenix on September 28-30, 2007 for a personal trip.

24. Defendant prepared and submitted to the firm an Expense Reimbursement Report dated August 22, 2007 seeking reimbursement of $263.10 from the firm for the airfare to Phoenix and representing to the firm that the expenditure was for continuing legal education (hereafter "CLE") purposes, an expense regularly paid by the firm for its attorneys.

25. The firm reimbursed $263.10 to Defendant on or about August 24, 2007 in reliance on Defendant's representation that the expenses were business-related expenses.

26. When the firm's bookkeeper requested further information regarding the CLE program, Defendant informed the bookkeeper that the travel expenditure was for a meeting with representatives of a corporate client in Phoenix and that the expenditure should be charged against firm expenses for marketing.

27. The airfare expense was not related to any client of the firm or to a business expense of the firm and could not properly be charged to any client of the firm or to firm expenses.

28. Defendant knew that the August 22, 2007 Expense Reimbursement Report she submitted, identifying the $263.10 airfare expense as an expenditure for CLE, was false.

29. Defendant knew that her statement to the firm bookkeeper, identifying the $263.10 airfare expense as an expenditure related to a client, was false.

30. By submitting a false Expense Reimbursement Report to the firm for her personal travel expenses, and subsequently receiving reimbursement from the firm, Defendant obtained funds belonging to the firm to which she was not entitled.

31. When asked about the airfare expenditure by the firm's managing partner, on or about January 23, 2008 Defendant represented that she traveled to Phoenix to meet with a corporate client, that she intended to stay the entire weekend to visit with friends but returned early due to child-care issues, and that she personally paid for the hotel and change fee for the flight.

32. Defendant's January 23, 2008 representations to the managing partner about the Phoenix trip were false.

33. Defendant canceled her travel plans in August 2007 and did not meet with the corporate client. As of January 23, 2008, Defendant had not traveled to Phoenix on the airline ticket for which she sought and received reimbursement from the firm.

34. In response to Defendant's January 23, 2008 assertions about the Phoenix trip, the firm's managing partner requested Defendant to provide documentation of her trip to Phoenix.

35. Defendant did not correct her January 23, 2008 false statement to the managing partner; instead, in her email response on or about February 4, 2008, Defendant again misled the managing partner by implying that the trip had taken place by stating "As to the Phoenix/Scottsdale trip, I have nothing to give you there save the airfare itinerary/receipt that I attached to my reimbursement form in the first place, together with the $22,000+ in realized dollars we received from that client between September and December 2007."

36. On December 10, 2007, Defendant used her firm credit card to purchase electronic games equipment and accessories at Target totaling $468.98.

37. On December 11, 2007 Defendant used her firm credit card to purchase additional electronic games equipment and accessories totaling $354.37.

38. Defendant subsequently donated the electronic games equipment and accessories to a needy family identified by her church.

39. On December 11, 2008 Defendant requested that the firm consider donating Christmas gifts to the needy family identified by her church. The firm declined Defendant's request and communicated its decision to Defendant on December 13, 2008.

40. Defendant prepared and submitted to the firm an Expense Reimbursement Report dated December 17, 2007 representing to the firm that the $468.98 and the $354.37 expenditures at Target were for Christmas decorations for the office Christmas party.

41. The merchandise purchased at Target was not purchased for or utilized for business purposes of the firm and could not properly be charged to firm expenses.

42. Defendant knew that the December 17, 2007 Expense Reimbursement Report she submitted, identifying the $468.98 and the $354.37 expenditures at Target as expenditures on behalf of the firm, was false.

43. By submitting a false Expense Reimbursement Report to the firm for expenditures not related to business purposes, Defendant converted funds belonging to the firm to her own benefit.

44. When asked about the Target expenditures by the firm's managing partner, on or about January 23, 2008 Defendant represented that she made a purchase of items totaling $790.42 for the firm's Christmas party at Sam's Club warehouse store on the same date as the initial Target purchase, that she used her personal debit card for those purchases because Sam's Club did not accept the type of credit card used by the firm (Visa), and that she submitted to the firm for payment the Target purchases in exchange for the firm expenses charged on her personal debit card at Sam's Club. Defendant further stated that she believed she had attached a copy of the Sam's Club receipt to the reimbursement report, but that she could not now locate a copy of it.

45. Defendant's January 23, 2008 representations to the managing partner about the Target and Sam's Club purchases were false.

46. Defendant did not purchase any items at Sam's Club on the day of the Target purchases, nor did she ever have a receipt for any such purchases on any other day.

47. In response to Defendant's January 23, 2008 assertions about the Target and Sam's Club purchases, the firm's managing partner requested Defendant to obtain from Sam's Club a receipt or other documentation of her purchases at Sam's Club on her personal debit card.

48. Defendant did not correct her January 23, 2008 false statement to the managing partner; instead, in her email response on or about January 24, 2008, Defendant again falsely asserted to the managing partner that she recalled having a Sam's Club receipt and stapling it to her reimbursement report.

49. In support of Defendant's false representations to the managing partner on January 23 and 24, 2008, Defendant provided to the firm a computer generated list of charges made in December and represented to the managing partner that the document was a portion of her personal bank statement.

50. Among the charges listed was $790.42 from Sam's Club #6570 in Raleigh on December 10.

51. Defendant fabricated the portion of the personal bank statement listing the $790.42 charge at Sam's Club to make it appear she had made a charge on her personal debit card when no such charge ever occurred.

52. On December 21, 2007, Defendant used her firm credit card to pay shipping charges in the amount of $143.01 to the UPS Store.

53. The name and address to which the above referenced package was shipped is the name and address of Defendant's sister.

54. Defendant prepared and submitted to the firm an Expense Reimbursement Report dated January 28, 2008 representing to the firm that the expenditure was for the return of materials to a client.

55. The UPS shipping expense was not related to any client of the firm or to a business expense of the firm and could not properly be charged to any client of the firm or to firm expenses.

56. Defendant knew that the January 28, 2008 Expense Reimbursement Report she submitted, identifying the $143.01 UPS shipping expense as an expenditure on behalf of a client, was false.

57. By submitting a false Expense Reimbursement Report to the firm for her personal shipping expenses, Defendant converted funds belonging to the firm to her own benefit.

THEREFORE, the State Bar alleges that Stanford's foregoing actions constitute grounds for discipline pursuant to N.C.G.S. §84-28(b)(2) in that Stanford violated one or more of the Revised Rules of Professional Conduct in effect at the time of the actions as follows:

a. By obtaining funds belonging to the firm to which she was not entitled and converting funds belonging to the firm for her own benefit, Defendant committed criminal acts that reflect adversely on her honesty, trustworthiness or fitness as a lawyer in other respects in violation of Rule 8.4(b), and engaged in conduct involving dishonesty, fraud, deceit or misrepresentation in violation of Rule 8.4(c); and

b. By making false statements to the firm regarding her use of the firm's credit card and by falsifying her personal bank statement to support her false assertions, Defendant engaged in conduct involving dishonesty, fraud, deceit, or misrepresentation in violation of Rule 8.4(c).

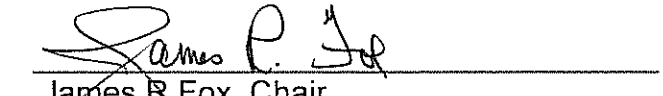
WHEREFORE, the State Bar prays that

1. Disciplinary action be taken against Defendant in accordance with N.C.G.S. §84-28 (c) and 27 N.C.A.C. 1B §.0114 as the evidence on hearing may warrant,

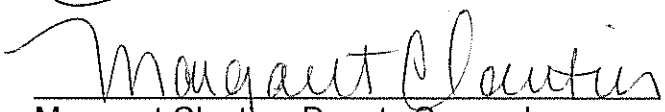
2. Defendant be taxed with the costs permitted by law in connection with this proceeding, and

3. For such other and further relief as is appropriate.

This the 21st day of ~~June~~ July, 2008.



James R Fox, Chair
Grievance Committee



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