

NORTH CAROLINA
WAKE COUNTY

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

THE NORTH CAROLINA STATE BAR,)
) Plaintiff)
) vs.)
PETER J. SPECKMAN, JR.,)
) Defendant)

FINDINGS OF FACT
AND
CONCLUSIONS OF LAW

This matter coming on to be heard and being heard on August 28, 1987 by a hearing committee composed of John G. Shaw, Chairman, Robert C. Bryan, and Emily W. Turner; with A. Root Edmonson representing the North Carolina State Bar and the Defendant not appearing; and based upon the admissions of the Defendant for his failure to file Answer or other pleading in this matter and the exhibits admitted into evidence, the hearing committee makes the following FINDINGS OF FACT and CONCLUSIONS OF LAW:

1. The Plaintiff, the North Carolina 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. The Defendant, Peter J. Speckman, Jr., was admitted to the North Carolina State Bar on December 9, 1980 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 Code of Professional Responsibility of the North Carolina State Bar and the laws of the State of North Carolina.
3. During all of the periods referred to herein, the Defendant was actively engaged in the practice of law in the State of North Carolina and maintained a law office in the City of Charlotte, Mecklenburg County, North Carolina.
4. The Complaint in this action was filed on November 21, 1986.

5. Summons and Notice was issued at 11:50 a.m. on November 21, 1986 by B. E. James, Secretary of the North Carolina State Bar.

6. Said Summons and Notice was returned unserved on January 7, 1987 by Sgt. R. H. Lee of the Mecklenburg County Sheriff's Department indicating that Defendant was in Dallas, Texas.

7. An Alias & Pluries Summons and Notice was issued at 11:30 a.m. on January 13, 1987 by B. E. James, Secretary of the North Carolina State Bar.

8. On or about February 20, 1987, said Alias & Pluries Summons and Notice was returned unserved by Deputy Constable Mike Hale indicating that the Defendant was not located at either of the addresses provided for the Defendant in the Dallas, Texas area.

9. Another Alias & Pluries Summons and Notice had been issued at 4:20 p.m. on February 19, 1987 by B. E. James, Secretary of the North Carolina State Bar.

10. Said Alias & Pluries Summons and Notice was returned unserved by Sgt. R. H. Lee of the Mecklenburg County Sheriff's Department on March 11, 1987 again indicating that the Defendant was in Texas.

11. A third Alias & Pluries Summons and Notice was issued at 11:00 a.m. on March 19, 1987 by B. E. James, Secretary of the North Carolina State Bar.

12. Said Alias & Pluries Summons and Notice was returned unserved by Deputy Constable Leon Tynes on a date subsequent to April 9, 1987 indicating that defendant could not be located in Dallas County, Texas.

13. A fourth Alias & Pluries Summons and Notice was issued at 10:00 a.m. on June 8, 1987 by B. E. James, Secretary of the North Carolina State Bar.

14. On June 15, 1987 two copies of said Alias & Pluries Summons and Notice and two copies of the Complaint in this matter were served on the Defendant personally at his office at Suite 225, 13301 East Freeway in Houston, Texas by Deputy Constable M. E. Schulte of Harris County, Texas.

15. The Defendant did not file an Answer or other pleading in this action.

16. The Secretary entered the default of the Defendant on July 16, 1987.

As pertains to the First Claim for Relief set out in the Complaint, the hearing committee makes the following FINDINGS OF FACT:

17. In December, 1982 Defendant was given a \$5,000 cashiers check by his client, Richard Meabon, for an investment in a business called Aviator Video Games whose principal investor was Harold Norton, another client of Defendant's.

18. Defendant failed to place this check into his trust account.

19. Defendant did not provide Meabon with any documentation or other evidence of these funds having been invested.

20. In February, 1983 Defendant represented Meabon in the recision of a distributorship agreement with Tar Heel Peanuts, Inc.

21. During the course of this representation, Defendant received a check on Meabon's behalf in the amount of \$8,676.59 which he deposited into his trust account at NCNB, account number 001556968, on February 22, 1983.

22. Defendant later advised Meabon that he had invested \$7,000 of his money held in trust in Tanglewood Waterslide, a business in which Defendant held a principal interest.

23. On March 23, 1983 Defendant wrote check number 140 on his trust account at NCNB, account number 001556968, in the sum of \$6,000 to James C. Schwab for the purchase of Schwab's general partnership interest in the waterslide.

24. The assignment of Schwab's general partnership interest in the waterslide was to Defendant and not to Richard Meabon. Meabon never received any evidence of an ownership interest in the waterslide, any K-1 partnership returns, or any income on his investment from Defendant.

25. On April 25, 1983 Defendant paid Meabon \$1,676.59 by check number 147 on his trust account at NCNB, account number 001556968, as the difference between the amount Meabon gave Defendant and the \$7,000 allegedly invested on Meabon's behalf.

26. Defendant has never accounted to Meabon for the \$7,000 which Meabon left with him as an investment in the waterslide.

27. Defendant appropriated Meabon's \$7,000 to his own use.

28. Defendant gave Meabon \$3,000 by check number 128 dated February 13, 1984 on his trust account at NCNB, account number 001591866, as a return on Meabon's investment with Harold Norton. Meabon also received a foosball machine and some video games.

29. Defendant did not have any funds belonging to Richard Meabon on deposit in his NCNB trust account number 01591866 at the time he wrote check number 128 mentioned above.

30. Defendant used funds belonging to other clients to pay Meabon the \$3,000 mentioned above.

31. Meabon subsequently sought counsel to seek an accounting from Defendant for his funds and to recover the funds.

32. By letter dated February 22, 1984 sent to Defendant, attorney Anthony L. Giordano made a demand for payment of \$9,000 from Defendant, plus interest, as the balance of funds held by Defendant on Meabon's behalf.

33. Defendant had a telephone conversation with Giordano on February 29, 1984 after he had received Giordano's demand letter. Defendant advised Giordano that he had never received Meabon's funds from Tar Heel Peanuts, Inc. because his client had picked the check up from them himself.

34. On June 20, 1985, Defendant wrote Richard P. Meabon check number 108 on his personal account at Republic Bank and Trust Company in the amount of \$4,000 as a partial return of Meabon's waterslide investment.

35. Check number 108 referred to above was twice returned for insufficient funds.

36. Meabon has received no further payments from Defendant.

37. Meabon has never received any benefits of ownership in the waterslide from Defendant.

BASED UPON the foregoing FINDINGS OF FACT pertaining to the First Claim for Relief set out in the Complaint, the hearing committee makes the following CONCLUSIONS OF LAW:

The conduct of Defendant, as set forth in paragraphs 17-37 constitutes grounds for discipline under North Carolina General Statute §84-28(b)(2) in that Defendant violated the Disciplinary Rules of the Code of Professional Responsibility as follows:

- (a) By failing to place Meabon's \$5,000 cashier's check into his trust account prior to its distribution, Defendant failed to preserve all funds of clients paid to a lawyer or law firm deposited in one or more bank accounts with no funds belonging to the lawyer or law firm deposited therein in violation of Disciplinary Rule 9-102(A).

- (b) By failing to account to Richard Meabon for the \$7,000 left with Defendant as an investment in the waterslide and by appropriating the \$7,000 to his own use, Defendant failed to maintain complete records of all funds, securities, and other properties of a client coming into the possession of the lawyer and render appropriate accounts to his client regarding them in violation of Disciplinary Rule 9-102(B)(3); engaged in illegal conduct involving moral turpitude in violation of Disciplinary Rule 1-102(A)(3); and engaged in conduct involving dishonesty, fraud, deceit, or misrepresentation in violation of Disciplinary Rule 1-102(A)(4).
- (c) By failing to provide Meabon with any evidence of his ownership benefits, or any return of his funds allegedly involved, Defendant has failed to promptly pay or deliver to the client as requested by the client the funds, securities, or other properties in the possession of the lawyer which the client is entitled to receive in violation of Disciplinary Rule 9-102(B)(4).
- (d) By using \$3,000 belonging to other clients to pay to Meabon, Defendant failed to preserve all funds of clients paid to a lawyer deposited in one or more bank accounts with no funds of the lawyer deposited therein in violation of Disciplinary Rule 9-102(A), engaged in illegal conduct involving moral turpitude in violation of Disciplinary Rule 1-102(A)(3); and engaged in conduct involving dishonesty, fraud, deceit, or misrepresentation in violation of Disciplinary Rule 1-102(A)(4).
- (e) By telling Anthony Giordano that he never received Meabon's funds from Tar Heel Peanuts, Inc., Defendant knowingly made a false statement of law or fact in violation of Disciplinary Rule 7-102(A)(5).
- (f) By writing Meabon check number 108 which was twice returned for insufficient funds, Defendant engaged in illegal conduct involving moral turpitude in violation of Disciplinary Rule 1-102(A)(3); and engaged in conduct involving dishonesty, fraud, deceit, or misrepresentation in violation of Disciplinary Rule 1-102(A)(4).

As pertains to the Second Claim for Relief as set out in the Complaint, the hearing committee makes the following FINDINGS OF FACT:

38. After the allegations contained in the First Claim for Relief were brought to the attention of the North Carolina State Bar, the Chairman of the Grievance Committee issued a Letter of Notice to Defendant pursuant to §12(3) of Article IX of the Rules and Regulations of the North Carolina State Bar and a Subpoena to Produce Documents or Objects pursuant to §12(5) of Article IX.

39. The Letter of Notice and Subpoena to Produce Documents or Objects were served on Defendant by certified mail on June 17, 1985.

40. Defendant appeared at the North Carolina State Bar office on June 27, 1985 as directed by the subpoena but failed to produce any documents or objects as directed by the subpoena.

41. The Chairman of the Grievance Committee again issued a Subpoena to Produce Documents or Objects to Defendant for his appearance at the July, 1985 Grievance Committee meeting.

42. The second Subpoena to Produce Documents or Objects was served on Defendant by certified mail on July 18, 1985.

43. Defendant failed to produce any documents or objects as directed by the subpoena.

BASED UPON the foregoing FINDINGS OF FACT pertaining to the Second Claim for Relief as set out in the Complaint, the hearing committee makes the following CONCLUSIONS OF LAW:

The conduct of Defendant, as set forth in paragraphs 38-43 above, constitutes grounds for discipline as follows:

By failing to produce the documents or objects as directed by each of the subpoenas, Defendant failed to answer a formal inquiry issued by or in the name of the North Carolina State Bar in a disciplinary matter in violation of N.C.G.S. §84-28(b)(3).

As pertains to the Third Claim for Relief as set out in the Complaint, the hearing committee makes the following FINDINGS OF FACT:

44. Defendant represented Bryte Summitt in a domestic action against Tom B. Summitt in the District Court of Gaston County in October, 1983. A judgment was obtained in Ms. Summitt's behalf in the amount of \$100,000.00.

45. Defendant received the first \$20,000 payment on Ms. Summitt's judgment on or before October 11, 1983 from Tom B. Summitt.

46. Defendant opened a trust account at NCNB, account number 01591866, with the \$20,000 received from Tom B. Summitt on October 11, 1983.

47. On October 20, 1983, Defendant wrote Ms. Summitt an unnumbered check on his trust account at NCNB, account number 01591866, in the sum of \$2,500 as partial support.

48. On November 17, 1983, Defendant wrote check number 101 on his trust account at NCNB, account number 01591866, to himself in the sum of \$2,000 as a fee transfer for Summitt v. Summitt.

49. On November 22, 1984 Defendant wrote check number 102 on his trust account at NCNB, account number 01591866, to himself in the sum of \$1,000 as Summitt fees.

50. Defendant subsequently received an additional \$40,000 check from Tom B. Summitt as a partial payment on the property settlement judgment.

51. On January 6, 1984, Defendant deposited this \$40,000 check into his trust account, account number 01591866.

52. Defendant also received three additional checks from Tom B. Summitt as payments on the judgment. Check number 861 was for alimony in the amount of \$2,192.12. Check number 864 was partial payment in the property settlement in the amount of \$18,000. Check number 3831 was final payment of the property settlement in the amount of \$22,000.

53. Defendant deposited these checks into his trust account, account number 01591866, at NCNB on January 6, 1984.

54. Defendant also received check 862 from Tom B. Summitt as attorney's fee for Ms. Summitt in the sum of \$2,400.00.

55. On January 6, 1984 Defendant deposited check number 862 into his trust account at NCNB, account number 01591866.

56. On January 10, 1984 Defendant wrote check number 110 on his trust account at NCNB, account number 01591866, in the sum of \$704.12 to the City-County Tax Collector designated as Summitt taxes.

57. Defendant subsequently provided Ms. Summitt with a handwritten accounting of the use of her funds indicating that he had invested \$20,000 for her in a money market account, \$30,000 was in short term deposits, and \$50,000 was in long term (6 months) deposits.

58. On or before January 11, 1984, Defendant removed the \$2,400 previously deposited as attorney's fees.

59. On or before January 12, 1984, NCNB returned check number 864 to Defendant because it did not have Ms. Summitt's endorsement.

60. On January 20, 1984 Defendant redeposited check number 864 into his trust account at NCNB, account number 01591866.

61. On January 30, 1984, Defendant wrote check number 119 on his trust account at NCNB, account number 01591866, to Harold Norton in the sum of \$2,623.00 as a loan advance.

62. On February 2, 1984 Defendant wrote check number 123 on his trust account at NCNB, account number 01591866, to Guerette Investigations in the sum of \$860.10 for the Summitt investigaton.

63. On February 20, 1984 Defendant wrote check number 132 on his trust account at NCNB, account number 01591866, to Peter J. Speckman, Jr. Suite Account in the sum of \$700 designated as a transfer of the Summitt check in the wrong account.

64. On February 20, 1984, Defendant wrote check number 133 on his trust account at NCNB, account number 01591866, to NCNB in the sum of \$20,000 to establish the money market account referred to in his handwritten accounting.

65. On February 29, 1984 Defendant wrote check number 140 on his trust account at NCNB, account number 01591866, to Harold O. Norton in the sum of \$26,870 as a loan to Norton from Ms. Summitt.

66. On or about March 7, 1984 Defendant wrote check number 139 on his trust account at NCNB, account number 01591866, to Ms. Summitt in the sum of \$1,109.88 as investment account interest.

67. On or before March 16, 1984 Defendant received a check on the account of Harold Norton in the amount of \$996.42 as trustee for Ms. Summitt representing interest on Ms. Summitt's loan to Norton.

68. On March 16, 1984 Defendant deposited Norton's check into his trust account at NCNB, account number 01591866.

69. On April 13, 1984 Defendant wrote check number 144 on his trust account at NCNB, account number 01591866, to Ms. Summitt in the sum of \$599.67 as interest account for March 1984.

70. On April 16, 1984 Defendant wrote check number 147 on his trust account at NCNB, account number 01591866, in the sum of \$550.00 to the Internal Revenue Service indicating that it was for Ms. Summitt.

71. On April 16, 1984 Defendant wrote check number 148 on his trust account at NCNB, account number 01591866, in the sum of \$50.00 to the N. C. Department of Revenue indicating that it was for Ms. Summitt.

72. On April 16, 1984 Defendant wrote check number 149 on his trust account at NCNB, account number 01591866, in the sum of \$200.00 to the Internal Revenue Service indicating that it was for Ms. Summitt.

73. On May 1, 1984 Defendant wrote check number 145 on his trust account at NCNB, account number 01591866, to Ms. Summitt in the sum of \$599.67 as interest account April 1984.

74. On July 12, 1984 Defendant wrote check number 179 on his trust account at NCNB, account number 01591866, to NCNB for a cashiers check for Ms. Summitt in the sum of \$385.42 as interest collection.

75. On August 16, 1984 Defendant wrote check number 202 on his trust account at NCNB, account number 01591866, in the sum of \$385.42 to cash for the purchase of a cashier's check for Ms. Summitt.

76. No other disbursements made from Defendant's trust account at NCNB, account number 01591866, were made to Ms. Summitt or on Ms. Summitt's behalf.

77. As early as November, 1983, Defendant's account balance dropped below the amount necessary for Defendant to have on hand to cover Defendant's obligations of Ms. Summitt.

78. Defendant appropriated the remainder of Ms. Summitt's funds from his trust account to his own use.

79. Defendant never recorded a deed of trust from Harold Norton in favor of Ms. Summitt to secure the loan referenced above.

80. The monthly interest payment checks from Harold Norton on Ms. Summitt's loan were made payable to Defendant, either individually or as trustee, from March 13, 1984 through May 20, 1985.

81. Defendant deposited four of Norton's checks into his personal or general office accounts. These checks were dated April 2, 1984, April 26, 1984, June 6, 1984, and November 20, 1984.

82. Norton's November 20, 1984 check #226 for \$966.42 was deposited in Defendant's office account at Wachovia, account #118119, on November 26, 1984.

83. Accused subsequently wrote a check to Ms. Summitt for \$966.42 on his Wachovia account which was returned for non-sufficient funds on December 20, 1984.

84. Defendant's check to Ms. Summitt was returned because Defendant had appropriated Ms. Summitt's funds to his own use.

85. At a date believed to be in September, 1984, Defendant wrote Ms. Summitt a check for \$25,000 on an account other than his NCNB trust account, number 01591866, which he represented to her as being the proceeds of a Certificate of Deposit which he had previously purchased on her behalf.

86. The check was returned to Ms. Summitt for insufficient funds.

87. On October 2, 1984, Defendant purchased a cashier's check for Ms. Summitt to cover his check returned for insufficient funds. This cashier's check was not purchased with the proceeds of a Certificate of Deposit.

88. The \$25,000 cashier's check was purchased by Defendant with a \$15,500 check, number 131, from his trust account at SNB, account #251-503647, and \$9,500 in cash.

89. Defendant subsequently presented Ms. Summitt with another cashier's check in the sum of \$25,000 which he represented to her as being the proceeds of another Certificate of Deposit which he had previously purchased on her behalf.

90. Defendant had never purchased any Certificates of Deposit on Ms. Summitt's behalf.

BASED UPON the foregoing FINDINGS OF FACT pertaining to the Third Claim for Relief as set out in the Complaint, the hearing committee makes the following CONCLUSIONS OF LAW:

That the conduct of Defendant, as set forth in paragraphs 44-90 above, constitutes grounds for discipline under N.C.G.S. §84-28(b)(2) in that Defendant violated the Disciplinary Rules of the Code of Professional Responsibility as follows:

- (a) By appropriating funds received on behalf of Ms. Bryte Summitt to his own use, Defendant engaged in illegal conduct involving moral turpitude in violation of Disciplinary Rule 1-102(A)(3) and engaged in conduct involving dishonesty, fraud, deceit, or misrepresentation in violation of Disciplinary Rule 1-102(A)(4).
- (b) By failing to preserve the funds received from Tom B. Summitt on Ms. Summitt's behalf in his trust account after deposit therein, Defendant failed to preserve all funds of a client paid to the lawyer

in one or more identifiable bank accounts maintained in the state with no funds belonging to the lawyer deposited therein in violation of Disciplinary Rule 9-102(A).

- (c) By failing to place the four interest payment checks identified as Exhibits 26 through 29 attached to the Complaint from Harold Norton which he received on Ms. Summitt's behalf into his trust account, Defendant failed to preserve all funds of a client paid to the lawyer in one or more identifiable bank accounts maintained in the state with no funds belonging to the lawyer deposited therein in violation of Disciplinary Rule 9-102(A).
- (d) Both by appropriating the proceeds of Norton's check number 226 to Ms. Summitt to his own use and by writing Ms. Summitt a worthless check for her interest payment, Defendant engaged in illegal conduct involving moral turpitude in violation of DR1-102(A)(3) and engaged in conduct involving dishonesty, fraud, deceit, or misrepresentation in violation of Disciplinary Rule 1-102(A)(4).
- (e) By failing to insure that Ms. Summitt's deed of trust from Harold Norton was properly recorded, Defendant neglected a legal matter entrusted to him in violation of Disciplinary Rule 6-101(A)(3).
- (f) By writing Ms. Summitt a \$25,000 check which was returned for insufficient funds, Defendant engaged in illegal conduct involving moral turpitude in violation of Disciplinary Rule 1-102(A)(3) and engaged in conduct involving dishonesty, fraud, deceit, or misrepresentation in violation of Disciplinary Rule 1-102(A)(4).
- (g) By representing to Ms. Summitt that a portion of her funds were invested in Certificates of Deposit when no Certificates of Deposit had been purchased on her behalf, Defendant engaged in conduct involving dishonesty, fraud, deceit, or misrepresentation in violation of Disciplinary Rule 1-102(A)(4); and knowingly made a false statement of law or fact in violation of Disciplinary Rule 7-102(A)(5).

As pertains to the Fourth Claim for Relief as set out in the Complaint, the hearing committee makes the following FINDINGS OF FACT:

91. After the allegations contained in the Third Claim for Relief were brought to the attention of the North Carolina State Bar, the Chairman of the Grievance Committee issued a Letter of Notice to Defendant pursuant to §12(3) of Article IX of the Rules and Regulations of the North Carolina State Bar and a Subpoena to Produce Documents or Objects pursuant to §12(5) of Article IX.

92. The Letter of Notice and Subpoena to Produce Documents or Objects were served on Defendant by certified mail on June 17, 1985.

93. Defendant appeared at the North Carolina State Bar office on June 27, 1985 as directed by the subpoena but failed to produce any documents or objects as directed by the subpoena. Defendant also provided no response to the Letter of Notice.

94. The Chairman of the Grievance Committee again issued a Subpoena to Produce Documents or Objects to Defendant for his appearance at the July, 1985 Grievance Committee meeting.

95. The second Subpoena to Produce Documents or Objects was served on Defendant by certified mail on July 18, 1985.

96. Defendant failed to produce any documents or objects as directed by the subpoena and failed to respond to the Letter of Notice.

BASED UPON the foregoing FINDINGS OF FACT pertaining to the Fourth Claim for Relief set out in the Complaint, the hearing committee makes the following CONCLUSIONS OF LAW:

The conduct of the Defendant, as set forth in paragraphs 91-96 constitutes grounds for discipline as follows:

- (a) By failing to respond to the Letter of Notice issued by the Chairman of the Grievance Committee, Defendant failed to answer a formal inquiry issued by or in the name of the North Carolina State Bar in a disciplinary matter in violation of N.C.G.S. §84-28(b)(3).
- (b) By failing to produce the documents or objects as directed by each of the subpoenas, Defendant failed to answer a formal inquiry issued by or in the name of the North Carolina State Bar in a disciplinary matter in violation of N.C.G.S. §84-28(b)(3).

As pertains to the Fifth Claim for Relief as set out in the Complaint, the hearing committee makes the following FINDINGS OF FACT:

97. In 1983, Floyd D. Young retained Defendant to represent him and his corporation, F.D.Y., Inc. in legal matters as his services were needed.

98. On January 27, 1984, F.D.Y., Inc. issued check number 1100 to Floyd D. Young in the sum of \$7,500 as a loan to Young for his purchase of a share in Slide-A-Ride No. 10, Tanglewood Park (hereinafter the waterslide).

99. Defendant induced his client, Floyd D. Young, to give him the check for \$7,500 allegedly to purchase a 22.5% general partnership interest in the waterslide from Jim Schwab.

100. Defendant knew that Jim Schwab had no interest in the waterslide since Defendant had purchased Schwab's interest on March 23, 1983 as alleged in the First Claim for Relief. Defendant had no intent to purchase an interest in the waterslide for Young when he induced Young to give him the check.

101. Defendant deposited Young's check into his trust account at NCNB, account number 01591866, on January 27, 1984.

102. On or about January 30, 1984, Defendant wrote check number 122 on said trust account in the sum of \$1,000 to Peter J. Speckman, Jr. and designated the purpose of said check to be for "Young land deal."

103. On February 3, 1984, Defendant wrote check number 124 on said trust account in the sum of \$3,500 to Peter J. Speckman, Jr. and designated the purpose of said check as: "to Reg Acct -FDY." The stamped endorsement on the back of the check indicates it was for deposit only into the general account of Peter J. Speckman, Jr., attorney.

104. On February 3, 1984, Defendant deposited check number 124 from his trust account into his general account at NCNB, account number 001556794.

105. Accused wrote no other checks from his trust account designated for Young or his corporation.

106. Young did not authorize Defendant to disburse any of his funds to himself or to anyone other than Jim Schwab for the purchase of Schwab's partnership interest in the waterslide.

107. Accused appropriated Young's \$7,500 to his own use.

108. Young eventually hired other counsel, Melvin Watt, to seek an accounting from Defendant for Young's \$7,500, and either documentation showing Young's partnership interest or return of the \$7,500.

109. Defendant told Watt in an October 7, 1985 telephone conversation that he had purchased a partnership interest for

Young and would send Watt a K-1 partnership return which he had prepared for Young's 1984 tax return.

110. Defendant never provided Young or his attorney with any documents evidencing an ownership interest in the waterslide, never accounted to Young for the use of his \$7,500, and never returned Young's \$7,500 even after demand.

BASED UPON foregoing FINDINGS OF FACT pertaining to the Fifth Claim for Relief set out in the Complaint, the hearing committee makes the following CONCLUSIONS OF LAW:

The conduct of Defendant, as set forth in paragraphs 97-110 constituted grounds for discipline under N.C.G.S. §84-28(b)(2) in that Defendant violated the Disciplinary Rule of the Code of Professional Responsibility as follows:

- (a) By representing to Floyd D. Young that Young was purchasing James Schwab's interest in Slide-A-Ride No. 10, Tanglewood Park when Young delivered \$7,500 to Defendant, knowing that Schwab owned no interest in the waterslide and without the intent to purchase an interest in the waterslide for Young, Defendant engaged in illegal conduct involving moral turpitude in violation of Disciplinary Rule 1-102(A)(3); engaged in conduct involving dishonesty, fraud, deceit, or misrepresentation in violation of Disciplinary Rule 1-102(A)(4); knowingly made a false statement of law or fact in violation of Disciplinary Rule 7-102(A)(5).
- (b) By appropriating the funds he received from Young to be invested in the waterslide to his own use, Defendant engaged in illegal conduct involving moral turpitude in violation of Disciplinary Rule 1-102(A)(3) and engaged in conduct involving dishonesty, fraud, deceit, or misrepresentation in violation of Disciplinary Rule 1-102(A)(4).
- (c) By telling Young's attorney, Melvin Watt, that he had prepared a K-1 partnership return for Young on his waterslide investment and would send it to Watt knowing such to be untrue, Defendant knowingly made a false statement of law or fact in violation of Disciplinary Rule 7-102(A)(5).
- (d) By failing to account for or return Young's \$7,500 given to him for an investment in the waterslide or provide any documentation of an ownership interest in the waterslide, even on demand, Defendant failed to maintain complete records of all funds, securities, or other properties of a client coming into the possession of the lawyer

and render appropriate accounts to his client regarding them in violation of Disciplinary Rule 9-102(B)(3) [Disciplinary Rule 9-102(B)(4) for conduct occurring after January 1, 1985] and failed to promptly pay or deliver to the client or to third persons as directed by the client the funds, securities, or properties belonging to the client to which the client is entitled in the possession of the lawyer in violation of Disciplinary Rule 9-102(B)(4) [9-102(B)(5) for conduct occurring after January 1, 1985.]

As pertains to the Sixth Claim for Relief set out in the Complaint, the hearing committee makes the following FINDINGS OF FACT:

111. On or about March 16, 1985, Defendant borrowed \$8,000.00 from F.D.Y., Inc. which he promised to repay, with interest at 15% per annum, on or before March 25, 1985. Defendant did so without adequate disclosure of his financial condition and his ability to repay the loan.

112. Defendant prepared a note which he filled out and executed, including the method of repayment contained on the back of the note, and delivered it to Young. The note contained no provision for attorney fees and was not secured.

113. On March 29, 1985, Defendant wrote check number 0460 on his general office account at NCNB, account number 0015566794, to F.D.Y., Inc. in the sum of \$8,000.00 designated as: "Return payment for monies lent."

114. Defendant presented his check number 0460 to Young along with one of his own deposit slips on his NCNB account and a bill for attorney fees in the sum of \$4553. Defendant instructed Young to write a check to Defendant for legal fees incurred by Young and his corporation and deposit it into his NCNB account with the deposit slip he was providing.

115. Young wrote his check number 1430 to Defendant in the sum of \$4553 on April 4, 1985 (erroneously dated April 5, 1985) and on April 4, 1986 deposited it into Defendant's NCNB account as directed.

116. Defendant's check numbered 0460 was returned to Young for non-sufficient funds.

117. NCNB sent defendant a notice that check number 0460 was returned for non-sufficient funds on April 4, 1985. Said notice indicated that the balance in Defendant's account at the time the check was presented to NCNB for payment was \$5,364.53 even after crediting Defendant's account with the deposit of Young's check.

118. At the time Defendant wrote and delivered check number 04660 he knew that he did not have sufficient funds on deposit in NCNB account number 001556794 or credit with NCNB with which to pay the check upon presentation.

119. Defendant knew that he was exchanging a worthless \$8,000 check for Young's \$4,554 check when he handled the transaction in the manner described above rather than presenting Young with a check for \$3,447 which would represent the loan repayment less the fees owed by Young and his corporation.

120. On April 29, 1985, Defendant wrote four checks on his NCNB account number 001556794 to FDY, Inc. each in the amount of \$2,000 as "partial loan repayments." Defendant told Young that he would let him know when he could deposit any of these checks.

121. Defendant never advised Young that his account had sufficient funds for Young to deposit any of these checks. Defendant never repaid any of the loan to Young or his corporation.

BASED UPON the foregoing FINDINGS OF FACT pertaining to the Sixth Claim for Relief set out in the Complaint, the hearing committee makes the following CONCLUSIONS OF LAW:

The conduct of Defendant, as set forth in paragraphs 111-121 constitutes grounds for discipline under North Carolina General Statute §84-28(b)(2) in that Defendant violated the Disciplinary Rules of the Code of Professional Responsibility as follows:

- (a) By borrowing money from his client, FDY, Inc., without providing the client adequate disclosure of his ability to repay, without security for the loan, and without a provision for attorney fees in case of Defendant's default, Defendant entered into a business transaction with a client in which they had differing interests and where the client expected the lawyer to exercise his professional judgment for the protection of the client without full disclosure to the client in violation of Disciplinary Rule 5-104(A).
- (b) By giving Young check number 0460 in the sum of \$8,000.00 when he knew that he did not have sufficient funds in his account or credit with the bank to pay the check, Defendant engaged in violation of Disciplinary Rule 1-102(A)(3) and engaged in conduct involving dishonesty, fraud, deceit or misrepresentation in violation of Disciplinary Rule 1-102(A)(4).
- (c) By inducing Young to write him a check for fees in the sum of \$4,553 in exchange for his worthless \$8,000 check rather than simply writing Young a

check for the \$3,447 difference, Defendant engaged in illegal conduct involving moral turpitude in violation of Disciplinary Rule 1-102(A)(3) and engaged in conduct involving dishonesty, fraud, deceit or misrepresentation in violation of Disciplinary Rule 1-102(A)(4).

- (d) By borrowing money from his client without adequate disclosure to the client about his financial condition and his ability to repay the loan, without adequate security for the loan or a provision for attorney fees upon default, and without repayment of the loan, Defendant prejudiced or damaged his client during the course of the professional relationship in violation of Disciplinary Rule 7-101(A)(3).

As pertains to the Seventh Claim for Relief set out in the Complaint, the hearing committee makes the following FINDINGS OF FACT:

122. After the allegations contained in the Fifth and Sixth Claims for Relief were brought to the attention of the North Carolina State Bar, the Chairman of the Grievance Committee issued a Letter of Notice to defendant pursuant to §12(3) of Article IX of the Rules and Regulations of the North Carolina State Bar.

123. The Letter of Notice was sent to Defendant by certified mail on March 19, 1986. The Letter of Notice was returned unclaimed by the United States Post Office on or about April 8, 1986.

124. The Letter of Notice was personally served upon Defendant by H. J. Harmon, investigator for the North Carolina State Bar, on May 8, 1986.

125. Defendant failed to respond to the Letter of Notice.

BASED UPON the foregoing FINDINGS OF FACT pertaining to the Seventh Claim for Relief set out in the Complaint, the hearing committee makes the following CONCLUSIONS OF LAW:

The conduct of Defendant, as set forth in paragraphs 122-125 above, constitutes grounds for discipline as follows:

By failing to respond to the Letter of Notice issued by the Chairman of the Grievance Committee, Defendant failed to answer a formal inquiry issued by or in the name of the North Carolina State Bar in a disciplinary matter in violation of N.C.G.S. §84-28(b)(3).

As pertains to the Eighth Claim for Relief set out in the Complaint, the hearing committee makes the following FINDINGS OF FACT:

126. On or about November 13, 1985 Susan L. White filed a grievance against Defendant alleging neglect.

127. After Ms. White's allegations were brought to the attention of the North Carolina State Bar, the Chairman of the Grievance Committee issued a Letter of Notice to Defendant pursuant to §12(3) of Article IX of the Rules and Regulations of the North Carolina State Bar.

128. The Letter of Notice was sent to Defendant by certified mail on March 19, 1986 in the same envelope as the Letter of Notice mentioned in the Seventh Claim for Relief and was likewise returned unclaimed.

129. The Letter of Notice was personally served upon Defendant by H. J. Harmon, investigator for the North Carolina State Bar, on May 8, 1986.

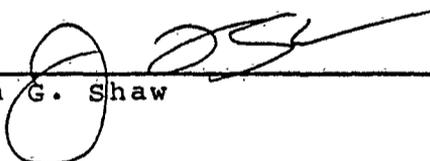
130. Defendant failed to respond to the Letter of Notice.

BASED UPON the foregoing FINDINGS OF FACT pertaining to the Eighth Claim for Relief set out in the Complaint, the hearing committee makes the following CONCLUSIONS OF LAW:

The conduct of Defendant, as set forth in paragraphs 126-130 above, constitutes grounds for discipline as follows:

By failing to respond to the Letter of Notice issued by the Chairman of the Grievance Committee, Defendant failed to answer a formal inquiry issued by or in the name of the North Carolina State Bar in a disciplinary matter in violation of N.C.G.S. §84-28(b)(3).

Signed with the full knowledge and consent of the other members of the hearing committee this the 28 day of August, 1987.



John G. Shaw

NORTH CAROLINA

WAKE COUNTY

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

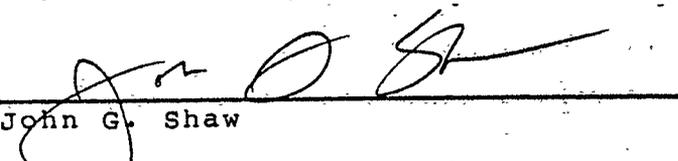
THE NORTH CAROLINA STATE BAR,)
Plaintiff)
vs.)
PETER J. SPECKMAN, JR.,)
Defendant)

ORDER OF DISCIPLINE

This matter coming on to be heard and being heard on August 28, 1987 before a hearing committee composed of John G. Shaw, Chairman, Robert C. Bryan, and Emily W. Turner; and based upon the FINDINGS OF FACT and CONCLUSIONS OF LAW entered by the hearing committee of even date herewith except the findings and conclusions pertaining to the Fifth Claim for Relief which have previously been considered by a Judge of the Mecklenburg County Superior Court; and further based upon the evidence and arguments presented in the second phase of the hearing, the hearing committee enters the following ORDER OF DISCIPLINE:

- 1). The Defendant, Peter J. Speckman, Jr., is hereby DISBARRED from the practice of law in North Carolina.
- 2). The Defendant, Peter J. Speckman, Jr., shall forthwith surrender his license and permanent membership card to the Secretary of the North Carolina State Bar.
- 3). The Defendant, Peter J. Speckman, Jr., shall comply with the provisions of §24 of Article IX of the Rules and Regulations of the North Carolina State Bar.
- 4). The Defendant, Peter J. Speckman, Jr., is hereby taxed with the costs of this action.

Signed by the undersigned Chairman with the full accord and consent of the other members of the hearing committee this the 28th day of August, 1987.



John G. Shaw