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NORTH CAROLINA
COUNTY OF WAKE

BEFORE THE
DISCIPLINARY HEARING COMMISSION
OF THE
NORTH CAROLINA STATE BAR
88 DHC 5

IN THE MATTER OF)

STAFFORD R. PEEBLES,)
ATTORNEY AT LAW)

PUBLIC CENSURE

This Public Censure is delivered to you pursuant to Section 23 of the Rules of Discipline and Disbarment of the North Carolina State Bar and pursuant to a Consent Order of Discipline of a Hearing Committee of the Disciplinary Hearing Commission dated September 16, 1988, in the above-entitled proceeding, wherein you admitted certain violations of the Rules of Professional Conduct of the North Carolina State Bar as set forth below.

The fact that this Public Censure is not the most serious discipline provided for in North Carolina General Statutes Section 84-28 should not be taken by you to indicate that the North Carolina State Bar feels that your conduct in this matter was excusable or was less than a very serious and substantial violation of the Rules of Professional Conduct.

In 1986, you formed a company known as Consumer Auto Claims Service, for the purpose of negotiating and settling personal injury and property damage claims incurred by members of the public in automobile accidents. You were the sole owner of Consumer Auto Claims Service (hereafter CACS) throughout its operation from December, 1986, until June, 1987. You permitted a non-lawyer, David Cannady, to operate CACS as an independent business between December, 1986, and approximately March 3, 1987. Cannady was licensed as a "self employed insurance adjuster" by the North Carolina Department of Insurance. Between December, 1986, and March 3, 1987, Cannady negotiated and settled claims for property damage and personal injury for members of the public. You were aware of and encouraged these activities, which constituted the unauthorized practice of law.

Between December, 1986, and approximately March 3, 1987, Cannady sent letters to various insurance companies in which he represented himself as a "self employed insurance adjuster." During the same time period, you caused advertisements promoting CACS to be disseminated to the public. These advertisements failed to reveal the relationship between you and CACS.

On March, 3, 1987, you met with a representative of the North Carolina State Bar who informed you that Cannady's activities constituted the unauthorized practice of law. After this meeting, CACS was no longer operated independently of your law firm. In a letter to the North Carolina State Bar dated March 26, 1987, you described CACS as the "claims division" of your law firm. This statement was misleading, inasmuch as you had been asked to provide a full explanation of CACS' operations and because CACS became a part of your law firm only after March 3, 1987.

In a letter to the North Carolina State Bar dated April 13, 1987, you stated that Cannady operated CACS as your "employee." This statement was misleading because you had been asked for a full explanation of CACS' operations and because Cannady had operated CACS as an independent business prior to March 3, 1987. This statement was also misleading because you did not treat Cannady as your employee for tax purposes at any time and because you had allowed Cannady to hold himself out to the public as a "self employed insurance adjuster."

In a letter to the North Carolina State Bar dated July 29, 1987, you falsely stated that Cannady moved his offices to 102 South Cherry Street, Winston-Salem, North Carolina "within a few weeks" after March 3, 1987.

Finally, you failed to register the trade name, Consumer Auto Claims Service with the North Carolina State Bar.

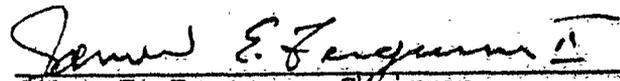
Your conduct was unprofessional. It violated not only the letter but the spirit of the Rules of Professional Conduct of the North Carolina State Bar. It was not such conduct as is expected of a member of the legal profession. It brings discredit upon you and tends to place the courts of the State and your fellow members of the Bar in disrepute in the eyes of the public. By your failure to deal forthrightly with the North Carolina State Bar and your violations of the Rules of Professional Conduct, you placed your privilege to serve the public as a lawyer in serious jeopardy.

The North Carolina State Bar is confident that this Public Censure will be heeded by you, that it will be remembered by you, and that it will be beneficial to you. We are confident that you will never again allow yourself to depart from strict adherence to the highest standards of the legal profession. Accordingly we sincerely trust that this Public Censure, instead of being a burden, will actually serve as a profitable reminder to weigh carefully your responsibility to the public, your clients, your fellow attorneys, and the courts, with the result that you will be known as a respected member of our profession whose word and conduct may be relied upon without question.

Pursuant to section 23 of the Rules of Disciplinary Procedure, it is ordered that a certified copy of this Public Censure be entered upon the judgment docket of the Superior Court of Forsyth County and also upon the minutes of the Supreme Court of North Carolina.

IT IS FURTHER ORDERED that the cost of this disciplinary action be paid by the Defendant, Stafford R. Peebles, attorney.

This the 19 day of October, 1988.


James E. Ferguson, Chairman
Disciplinary Hearing Committee
For the Committee