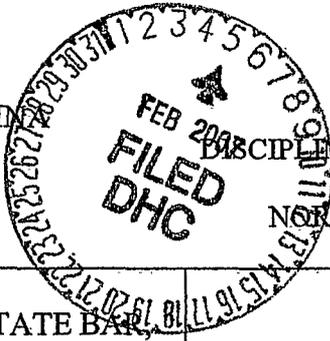


10654

STATE OF NORTH CAROLINA

WAKE COUNTY



BEFORE THE DISCIPLINARY HEARING COMMISSION OF THE NORTH CAROLINA STATE BAR 06 DHC 21

THE NORTH CAROLINA STATE BAR,

Plaintiff

v.

LAWRENCE U. DAVIDSON, III, Attorney,

Defendant

FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER OF DISCIPLINE

This matter was heard on January 25, 2007 before a hearing committee of the Disciplinary Hearing Commission composed of the Chair, Charles M. Davis, and members John M. May and Donald G. Willhoit. Jennifer A. Porter represented the Plaintiff, the North Carolina State Bar. Defendant, Lawrence U. Davidson, III, appeared pro se. Defendant was present initially but chose not to remain for the entire hearing. Based upon the pleadings, the stipulated facts, and the evidence introduced at the hearing, the hearing committee hereby finds by clear, cogent, and convincing evidence the following

FINDINGS OF FACT

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. Defendant, Lawrence U. Davidson, III, (hereinafter "Defendant"), was admitted to the North Carolina State Bar on March 19, 1983, 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 State of North Carolina State Bar and the laws of the State of North Carolina.
3. During the times relevant herein, Defendant actively engaged in the practice of law in the State of North Carolina and maintained a law office in Charlotte, Mecklenburg County, North Carolina.
4. In or about July 2001, Defendant established an attorney-client relationship with Ms. Lucille Morrison ("Ms. Morrison").

5. Defendant undertook to represent Ms. Morrison, who was a named defendant, in a civil action entitled, Estate of Thomas Graham, and Kay Frances Fox Taylor, Plaintiffs v. Lucille Morrison, John Hallman, and Ladd Morrison, Defendants, file no. 01 CVS 11809, Mecklenburg County Clerk of Superior Court (hereinafter the "Litigation"). The subject of the litigation concerned the validity of Ms. Morrison's purported ownership of real property located at 411 Sardis Road, Charlotte, NC (hereafter the "Sardis Road Property").

6. The initial fee agreement between Defendant and Ms. Morrison provided for an hourly rate of \$350.00.

7. At some point, when Ms. Morrison could no longer afford to pay the hourly rate, the initial fee arrangement was modified from an hourly rate to a contingent fee arrangement.

8. The contingent fee arrangement provided in part as follows:

As agreed and explained to you, my fee will be as follows: It will be contingent on the success of the outcome of the above entitled action. My fee is one third of the value of the properties encumbered by the litigation referenced above. Accordingly, a promissory note and deed of trust will be completed in the amount of \$251,448.18 for filing on the property at 433 Sardis Road. THIS IS A CONTINGENT FEE AGREEMENT, IF THIS CASE IS NOT DECIDED IN YOUR FAVOR, I WILL NOT BE PAID. (Emphasis in original).

9. Defendant's contingent fee was secured by a deed of trust, executed by Ms. Morrison, on certain property which was the subject of the Litigation, referred to in paragraph 5 above.

10. On November 9, 2001 the plaintiffs in the Litigation filed a motion for partial summary judgment. Defendants in that case, including Ms. Morrison, filed a motion for summary judgment on December 7, 2001.

11. On February 25, 2002, partial summary judgment was granted for the plaintiffs voiding deeds to Ms. Morrison, John Hallman and Ladd Morrison, on the basis that the power of attorney, by which the properties were conveyed, did not specifically authorize gifts. Ms. Morrison's motion for summary judgment was denied.

12. Ms. Morrison appealed the summary judgment in favor of Plaintiffs in the Litigation to the North Carolina Court of Appeals.

13. On February 18, 2003, the North Carolina Court of Appeals rendered an opinion, reported at 156 N. C. App. 154, 576 S. E. 2d 355 (2003), reversing the trial court's order voiding the deeds to Ms. Morrison and remanding the case for a factual determination of whether the deeds were gifts or conveyances supported by valuable consideration. Defendant represented Ms. Morrison during the appeal to the Court of Appeals.

14. On remand to the trial court, the jury determined on April 3, 2003, that valuable consideration supported the conveyances to Ms. Morrison and judgment was entered on behalf of Ms. Morrison. Defendant represented Ms. Morrison during these proceedings in the trial court.

15. The plaintiffs appealed the jury verdict and the judgment entered by the trial court in favor of Ms. Morrison to the North Carolina Court of Appeals on about April 4, 2003.

16. On or about March 4, 2004, during the pendency of the second appeal in the North Carolina Court of Appeals, Ms. Morrison contracted to sell the Sardis Road Property, which was the subject of the Litigation and the appeal, to Lennar Carolina, Inc., (hereinafter "Lennar") for the price of \$894,760.00.

17. Prior to the signing of the contract of sale, Defendant reviewed some of the proposed contracts of sale to determine if the contract was in Ms. Morrison's best interest. Defendant had a personal interest in the sale of the Sardis Road Property because he would get paid on the closing of the property.

18. The closing for the Sardis Road Property took place on July 29, 2004. Adam Foodman (hereinafter "Foodman") was the closing attorney and settlement agent for the closing.

19. Prior to the closing, during the title search of the Sardis Road property on behalf of Lennar, Foodman found the deed of trust (attached hereto as Exhibit B) . . . executed in favor of Defendant and a Notice of Lis Pendens, filed on June 15, 2001, against Ms. Morrison and the Sardis Road Property.

20. Sometime after the title search disclosed the deed of trust to Defendant and the Notice of Lis Pendens, but before the closing on July 29, 2004, Foodman had communications with Defendant regarding the deed of trust, Lis Pendens, and the sale and closing of the Sardis Road property.

21. On May 6, 2004 Defendant wrote Foodman and stated, in part, that he represented Ms. Morrison and others in regards to three pieces of property, including the Sardis Road property which was to be the source of his attorney fees. Defendant further stated that "[T]he litigation was successful" and that "[T]he final bill for legal services rendered is \$330,473.61."

22. During telephone conversations prior to the closing Defendant misled Foodman about the status of the Sardis Road property litigation. Davidson led Foodman to believe that the Litigation was resolved, when in fact the case was on appeal to the North Carolina Court of Appeals.

23. On the occasions Defendant spoke to Foodman, prior to the closing, Defendant knew that the appeal was proceeding in the Court of Appeals, that the Court of Appeals would review the judgment of the trial court, and that the Court of Appeals could

reverse the trial court, thereby divesting Ms. Morrison of all interest in the Sardis Road property.

24. Defendant did not disclose to Foodman, prior to the closing that the Litigation concerning the Sardis Road property was on appeal to the North Carolina Court of Appeals and took no action to halt or delay the closing.

25. On July 29, 2004, the sale of the Sardis Road property from Ms. Morrison to Lennar was closed by Foodman. Shortly thereafter Defendant was paid \$330,473.61 out of the closing proceeds to pay off the deed of trust which secured his contingent attorney fee arrangement with Ms. Morrison.

26. Defendant received and accepted these funds knowing that the Litigation concerning the Sardis Road property had not been finally resolved and had not been finally decided in Ms. Morrison's favor.

27. Subsequent to the closing, the Litigation continued in the Court of Appeals regarding the Sardis Road property and was heard in the Court on October 12, 2004.

28. On January 18, 2005, the North Carolina Court of Appeals filed an opinion, reported at 168 N. C. App. 63, 607 S. E. 2d 295 (2005), reversing the trial court's judgment in favor of Ms. Morrison and granting the Plaintiff's motion for judgment notwithstanding the jury verdict in favor of Ms. Morrison. The deed by which Ms. Morrison took title to the Sardis Road property, which she sold to Lennar, was set aside. The deed of trust in favor of Defendant executed by Ms. Morrison on the Sardis Road property to secure Defendant's contingent fee arrangement was also set aside.

29. Defendant ceased representation of Ms. Morrison following the decision of the North Carolina Court of Appeals and failed to return the contingency fee of \$330,473.61, which he collected from the sale of the Sardis Road Property.

30. On or about April 26, 2005, Defendant was sent a copy of the grievance made against him by the North Carolina State Bar in file number 05G0322. Defendant was asked to respond to this grievance.

31. After Defendant filed his initial response to the grievance, he was requested to provide further information to Counsel for the State Bar.

32. Upon Defendant's unsatisfactory response to Counsel's request for further information,

33. Counsel for the State Bar caused a subpoena to be issued and served on Defendant for his appearance and testimony and for the production of documents, in regards to grievance file number 05G0322, at the North Carolina State Bar on September 29, 2005 at 2:00 o'clock p.m.

34. Defendant did not appear at the North Carolina State Bar on September 29, 2005 as required by the subpoena.

35. On or about July 6, 2004, Defendant signed a written Agreement for Purchase and Sale of Real Property (hereinafter, "Contract") concerning the purchase of a tract of real property located adjacent to Poplar Tent Road in Cabarrus County, North Carolina by an entity named Ambassador Development, LLC.

36. Defendant signed the Contract on behalf of the sellers, who are listed on the Contract as "Leonidas Davidson Heirs" and referenced in the Contract as "Seller."

37. The Contract describes the property being sold as "All those contiguous acres, net of floodplain, located on Poplar Tent Road, Cabarrus County, NC, whose ownership is Leonidas Davidson Heirs and whose legal description is as follows: Parcel ID 4671752586, as shown on attached map" (hereinafter, the "Poplar Tent Road property").

38. The Contract describes the purchase price as "the sum of \$50,000 per acre net of floodplain as determined by final survey."

39. The Contract states in Section 5 that "Seller agrees to convey fee simple marketable title to the Property by general warranty deed, subject only to the exceptions hereinafter described. Seller represents and warrants that Seller is the fee simple owner of the Property, and at Closing, Seller shall deliver to Buyer good and marketable fee simple title to said Property, free and clear of all liens, encumbrances and defects of title other than zoning ordinances affecting the Property, utility easements of record serving the Property, taxes not yet due and payable, road rights-of-way of record and those other encumbrances, reservations, restrictions and easements and other exceptions set forth on Exhibit C attached hereto ("Permitted Exceptions")."

40. There was no Exhibit C attached to the Contract when it was executed.

41. No exceptions to the Seller's commitment to convey fee simple marketable title to the Poplar Tent Road property by general warranty deed as stated in Section 5 of the Contract and described above were identified in the Contract or in any exhibit attached to the Contract.

42. The Contract called for the Leonidas Davidson Heirs to convey a 100% fee simple ownership interest in the Poplar Tent Road property.

43. The Poplar Tent Road property was held by Defendant and at least 28 other heirs of Leonidas Davidson as tenants in common.

44. Defendant did not have authority to act on behalf of all of the other heirs with whom he owned the Poplar Tent Road property as tenants in common.

45. Defendant was authorized to act on behalf of only 18 of the other heirs regarding sale of the land held by the heirs as tenants in common (hereinafter, "the 18 heirs").

46. Defendant knew he was only authorized to act on behalf of 18 of the heirs regarding the sale of the Poplar Tent Road property when he signed the Contract on behalf of the Leonidas Davidson heirs.

47. Defendant did not have authority to convey fee simple marketable title by general warranty deed in the parcel of land identified in the Contract and referenced herein as the Poplar Tent Road property when he signed the Contract on behalf of the Leonidas Davidson heirs.

48. Defendant knew he did not have authority to convey fee simple marketable title by general warranty deed in the parcel of land identified in the Contract and referenced herein as the Poplar Tent Road property when he signed the Contract on behalf of the Leonidas Davidson heirs

49. Defendant did not disclose to Ambassador Development or any agent for Ambassador Development that he did not have authority to act on behalf of all of the other heirs with whom he held the Poplar Tent Road property as tenants in common.

50. Defendant did not disclose to Ambassador Development or any agent for Ambassador Development that he did not have authority to convey fee simple marketable title by general warranty deed in the parcel of land identified in the Contract and referenced herein as the Poplar Tent Road property prior to or at the time he signed the Contract on behalf of the Leonidas Davidson heirs.

51. On or about August 5, 2004, Defendant filed a Petition to Partition as a special proceeding before the Clerk of Court in Cabarrus County, North Carolina, assigned case number 04 SP 666 (hereinafter, "Petition").

52. The Poplar Tent Road property was one of two tracts of land Defendant alleged in his Petition that he and 28 other heirs of Leonidas Davidson owned as tenants in common and that he requested be partitioned.

53. Defendant proposed in his Petition that the Poplar Tent Road property be given to him and 18 other heirs and that the other tract of land be given to the remaining 10 heirs.

54. The 18 other heirs to whom Defendant proposed in his Petition that the Poplar Tent Road property be given, along with himself, were the same 18 heirs for whom Defendant was authorized to act regarding the sale of the Poplar Tent Road property (hereinafter the "18 heirs").

55. Without this Petition being granted and Defendant and the 18 heirs being given fee simple interest in the Poplar Tent Road property by the Clerk, Defendant and the 18 heirs could not convey fee simple marketable title by general warranty deed in the

parcel of land identified in the Contract and referenced herein as the Poplar Tent Road property to Ambassador Development.

56. The closing on the Poplar Tent Road property was scheduled for September 30, 2004.

57. Ambassador Development discovered the existence of the Petition shortly before the scheduled closing date of September 30, 2004.

58. Defendant did not notify Ambassador Development or any agent of Ambassador Development of his filing of the Petition, at the time he filed the Petition or at any time prior to discovery of the Petition by Ambassador Development.

59. Defendant did not notify Ambassador Development or any agent of Ambassador Development at any time prior to discovery of the Petition by Ambassador Development that Defendant and the 18 heirs could not convey fee simple marketable title by general warranty deed in the parcel of land identified in the Contract and referenced herein as the Poplar Tent Road property unless the Petition was granted and Defendant and the 18 heirs were given fee simple interest in the Poplar Tent Road property by the Clerk.

60. Defendant and the 18 heirs did not hold 100% fee simple interest in the Poplar Tent Road property on September 30, 2004.

61. Ambassador Development and the Leonidas Davidson Heirs did not close on the Poplar Tent Road property on or before September 30, 2004.

62. On March 24, 2005, Ambassador Development filed a lawsuit against Defendant and the 18 heirs in the Superior Court, Cabarrus County, North Carolina, assigned file number 05CVS00938 (hereinafter "Ambassador lawsuit").

63. The Ambassador lawsuit alleged that Defendant and the 18 heirs had engaged in breach of contract, fraud, and unfair and deceptive trade practices.

64. The Ambassador lawsuit sought damages it projected to be in excess of \$2,000,000.00 and punitive damages in an amount exceeding \$10,000.00 from Defendant and the 18 heirs.

65. Defendant filed an answer to the complaint in the Ambassador lawsuit on behalf of himself and the 18 heirs on May 3, 2005.

66. Defendant undertook to represent the 18 heirs in the Ambassador lawsuit.

67. The Ambassador lawsuit included allegations concerning the statements and representations made by Defendant in negotiating and entering into the Contract.

68. In light of the allegations concerning statements and representations made by Defendant in the course of negotiating and entering into the Contract, Defendant was likely to be a necessary witness in the Ambassador lawsuit.

69. Defendant served as counsel for the 18 heirs until removed by order of the Court filed January 23, 2006.

70. Defendant and the 18 heirs were at risk in the Ambassador lawsuit of being found to have engaged in breach of contract, fraud, and/or unfair and deceptive trade practices.

71. Defendant and the 18 heirs were exposed in the Ambassador lawsuit to a substantial risk of a large award of monetary damages, including possible punitive and/or treble damages, against each and all of them, jointly and severally.

72. The liability and exposure for damages of the 18 heirs mainly arose from the statements and representations made by Defendant purportedly on their behalf during the negotiation and execution of the Contract.

73. It was in Defendant's personal interests to implicate the 18 heirs in any wrongdoing for which he might be found liable in order to spread any financial loss among the group.

74. It was in Defendant's personal interests to avoid having the 18 heirs raise defenses based on lack of authority and/or to bring cross claims against him based on lack of authority to act as he did on their behalf.

75. The personal interests of Defendant were of such a nature that they would materially limit his representation of the 18 heirs.

76. The 18 heirs did not each give informed consent, confirmed in writing, to representation in the Ambassador lawsuit by Defendant with Defendant's existing personal interests.

77. In the answer Defendant filed to Ambassador Development's complaint, Defendant admitted on behalf of the 18 heirs that "all actions taken by Davidson as complained of herein were taken by Davidson with the actual and apparent authority of the remaining Defendants."

78. Defendant did not inform at least some, if not all, of the 18 heirs of potential defenses they may have had in the Ambassador lawsuit, including but not limited to defenses based on the extent of the authority Defendant had to act on their behalf.

79. Davidson did not raise any defenses or make any cross claims on behalf of any of the 18 heirs based on the extent of the authority Defendant had to act on behalf of such heirs.

80. Defendant did not inform at least some, if not all, of the 18 heirs of Ambassador Development filing a motion for summary judgment in the case.

81. Defendant did not inform at least some, if not all, of the 18 heirs of the potential effect that an order granting Ambassador Development's motion for summary judgment would have on the case generally and in terms of their liability and exposure to money damages.

82. Defendant did not inform at least some, if not all, of the 18 heirs of the date of the hearing on Ambassador Development's motion for summary judgment.

83. Defendant did not inform at least some, if not all, of the 18 heirs that the Court had entered an order granting partial summary judgment in favor of Ambassador Development.

84. Defendant did not inform at least some, if not all, of the 18 heirs of the effect of the entry of partial summary judgment in favor of Ambassador Development, on the case generally and/or in terms of their liability and exposure to money damages.

Based upon the foregoing Findings of Fact, the hearing committee enters the following

CONCLUSIONS OF LAW

1. All the parties are properly before the hearing committee and the committee has jurisdiction over the Defendant, Lawrence U. Davidson, III, and the subject matter.
2. The Defendant's conduct, as set out in the Findings of Fact above, constitutes grounds for discipline pursuant to N.C. Gen. Stat. §§ 84-28(b)(2) as follows:
 - a. By collecting his contingency fee in the amount of \$330,473.61, prior to the successful outcome of the Sardis Road litigation (2001 CVS 11809) in favor of Ms. Morrison, Defendant collected a clearly excessive fee in violation of Rule 1.5(a);
 - b. By failing to refund the unearned \$330,473.61, Defendant failed, at the termination of the representation, to refund a fee that was not earned in violation of Rule 1.16(d);
 - c. By entering into a contingent fee arrangement with Ms. Morrison for the amount of \$251,448.18 and actually collecting \$330,473.61, but failing to

set out in writing how the actual fee was to be determined, Defendant did not clearly state the method by which the fee was to be determined in violation of Rule 1.5(c);

- d. By reviewing the contracts of sale for the Sardis Road Property on Ms. Morrison's behalf, while having a personal interest in the sale of the property, Defendant engaged in a conflict of interest in violation of Rule 1.7;
- e. By failing to disclose to Foodman, prior to the July 29, 2004 closing on the Sardis Road property, that the litigation concerning said property was on appeal to the North Carolina Court of Appeals, Defendant made a false statement of a material fact by knowingly omitting to tell Foodman of the appeal in violation of Rule 4.1 and engaged in conduct involving dishonesty, fraud, deceit and misrepresentation in violation of Rule 8.4(c);
- f. By representing to Foodman that "[T]he litigation was successful" and that his contingent attorney fees were owed, Defendant made false statements of a material fact in violation of Rule 4.1 and engaged in conduct involving dishonesty, fraud, deceit and misrepresentation in violation of Rule 8.4(c);
- g. By failing to respond to a lawful demand for information from a disciplinary authority, pursuant to a subpoena, Defendant violated Rule 8.1(b) and also violated N.C. Gen. Stat. § 84-28(b)(3);
- h. By negotiating to sell the Poplar Tent Road property to Ambassador Development without specifying that he only had authority to act on behalf of some of the heirs who owned the Poplar Tent Road property and could only convey their limited undivided interest in the land, Defendant misrepresented to Ambassador Development that he had authority to convey 100% fee simple interest in the Poplar Tent Road property and could convey fee simple marketable title to the Poplar Tent Road property, thereby making a false statement of a material fact in violation of Rule 4.1 and engaging in conduct involving dishonesty, fraud, deceit and misrepresentation in violation of Rule 8.4(c);
- i. By entering into a contract to convey fee simple marketable title to the Poplar Tent Road property by general warranty deed without limitation or exception to Ambassador Development, Defendant misrepresented to Ambassador Development that he had authority to convey 100% fee simple interest in the Poplar Tent Road property and could convey fee simple marketable title of the Poplar Tent Road property, thereby making a false statement of a material fact in violation of Rule 4.1 and engaging in conduct involving dishonesty, fraud, deceit and misrepresentation in violation of Rule 8.4(c);

- j. By representing the 18 heirs in the Ambassador lawsuit, from the filing of an answer on their behalf until removed by order of the Court, in a case in which his prior statements and representations were at issue, Defendant acted as an advocate in litigation in which he was likely to be a necessary witness in violation of Rule 3.7;
- k. By representing the 18 heirs in the Ambassador lawsuit in which his personal interests conflicted with the interests of some or all of the 18 heirs without having obtained informed consent, confirmed in writing, to such representation from each such heir, Defendant engaged in representation that may be materially limited by his personal interests in violation of Rule 1.7; and
- l. By failing to advise some or all of the 18 heirs of their potential liability, of their potential defenses based on the extent of the authority Defendant had to act on their behalf, and/or of significant events in the case such as the filing, hearing, and result of Ambassador Development's motion for summary judgment, Defendant failed to keep his clients reasonably informed about the status of the matter and failed to explain matters to the extent reasonably necessary to permit his clients to make informed decisions about the representation in violation of Rule 1.4.

Based upon the foregoing Findings of Fact and Conclusions of Law and upon the evidence and arguments presented at the hearing concerning appropriate discipline, the hearing committee hereby finds by clear, cogent, and convincing evidence the following additional

FINDINGS OF FACT REGARDING DISCIPLINE

1. Defendant's misconduct is aggravated by the following factors:
 - a. Prior disciplinary offenses. Defendant was disciplined by order dated July 18, 1989 for making misrepresentations of fact to third parties and to the State Bar, engaging in conduct prejudicial to the administration of justice, engaging in offensive tactics, taking action merely to harass or maliciously injure another, handling a legal matter without adequate preparation, and neglecting a legal matter. Defendant's law license was suspended for 6 months, such suspension stayed for 1 year upon compliance with the conditions stated in the order;
 - b. Dishonest or selfish motive;
 - c. A pattern of misconduct;
 - d. Multiple offenses;

- e. Bad faith obstruction of the disciplinary proceedings by intentionally failing to comply with rules or orders of the disciplinary agency;
 - f. Refusal to acknowledge the wrongful nature of his conduct;
 - g. Vulnerability of victim, his client Lucille Morrison;
 - h. Substantial experience in the practice of law; and
 - i. Indifference to making restitution.
2. Defendant's misconduct is mitigated by the following factor:
 - a. Remoteness of prior offense.
 3. The aggravating factors substantially outweigh the mitigating factors.
 4. Defendant's conduct has resulted in significant harm to his clients. Due to his conflicts of interest, Defendant failed to act in his clients' best interests and harmed his clients. In order to receive his fee for representing Ms. Morrison, he allowed her to sell her property while litigation on the property was still ongoing. As a result of his misrepresentation to Adam Foodman, the closing on the Sardis Road property occurred while litigation on that land was still pending. As a consequence of the ultimately unsuccessful outcome of that litigation, Ms. Morrison was divested of title in that land and sued by Investor's Title. Additionally, Defendant's conflict of interest in representing his co-defendants in the lawsuit by Ambassador Development led to his admission on their behalf that they had authorized his misrepresentations and led to his failure to assert defenses or claims based on lack of authority, both of which significantly harmed their interests in that lawsuit.
 5. Defendant's conduct resulted in significant harm and potential significant harm to the profession. The legal profession is entrusted with the privilege of self-regulation. The State Bar can only regulate the profession if its members respond to inquiries of the State Bar and otherwise participate in this self-regulation. Defendant's failure to participate in this self-regulation by failing to comply with the State Bar's request for information and failing to comply with the State Bar subpoena jeopardizes the profession's ability to remain self-regulating. Furthermore, Defendant's dishonesty with his fellow attorney, Mr. Foodman, also constitutes harm to the profession. Attorneys have a duty to deal honestly with each other. When attorneys do not do so they engender distrust among fellow lawyers, thereby harming the profession as a whole.
 6. Defendant's conduct has resulted in harm to members of the public, including Lennar Carolina, Inc. and Ambassador Development, LLC. These

companies sought to conduct business in standard commercial transactions and have been significantly harmed by Defendant's dishonesty and the consequences thereof on those respective transactions.

7. The hearing committee has considered lesser sanctions and finds that disbarment is the only appropriate discipline in this case. The hearing committee finds that disbarment is the only sanction that can adequately serve to protect the public from future transgressions by this attorney given the clear demonstration of knowing and intentional misrepresentations, the pattern of misrepresentations and conflict of interest, and his failure to acknowledge the wrongfulness of his misconduct. Furthermore, entry of an order imposing lesser discipline than disbarment would fail to acknowledge the seriousness of the offenses committed by Defendant and would send the wrong message to attorneys regarding the conduct expected of members of the Bar in this State.

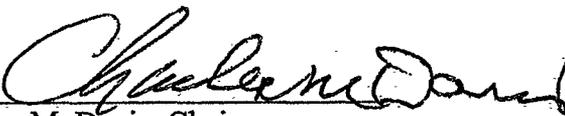
Based upon the foregoing Findings of Fact, Conclusions of Law, and Findings of Fact Regarding Discipline, the hearing committee hereby enters the following

ORDER OF DISCIPLINE

1. The Defendant, Lawrence U. Davidson, III, is hereby DISBARRED from the practice of law in North Carolina.

2. The costs of this action are taxed to Defendant, including costs of the depositions taken in this case as follows: court reporter costs; videographer and videotaping costs; transcription costs; shipping, handling, and transmittal costs; and witness costs. Defendant must pay the costs within 30 days of service of the statement of costs by the Secretary.

Signed by the Chair with the consent of the other hearing committee members, this the 5th day of February 2007.



Charles M. Davis, Chair
Disciplinary Hearing Committee