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STATE OF NORTH CAROLINA
COUNTY OF WAKE

BEFORE THE
GRIEVANCE COMMITTEE
OF THE
NORTH CAROLINA STATE BAR
89G0514 (II)

IN THE MATTER OF

JAMES D. COX,
ATTORNEY AT LAW

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REPRIMAND

On April 16, 1992, the Grievance Committee of the North Carolina State Bar met and considered the grievance filed against you by the North Carolina State Bar.

Pursuant to section 13(A) of article IX of the Rules and Regulations of the North Carolina State Bar, the Grievance Committee conducted a preliminary hearing. After considering the information available to it, including your response to the letter of notice, the Grievance Committee found probable cause. Probable cause is defined in the rules as "reasonable cause to believe that a member of the North Carolina State Bar is guilty of misconduct justifying disciplinary action."

The rules provide that after a finding of probable cause, the Grievance Committee may determine that the filing of a complaint and a hearing before the Disciplinary Hearing Commission are not required and the Grievance Committee may issue various levels of discipline depending upon the misconduct, the actual or potential injury caused, and any aggravating or mitigating factors. The Grievance Committee may issue an admonition, reprimand, or censure to the respondent attorney.

A reprimand is a written form of discipline more serious than an admonition issued in cases in which an attorney has violated one or more provisions of the Rules of Professional Conduct and has caused harm or potential harm to a client, the administration of justice, the profession, or a member of the public, but the misconduct does not require a censure.

The Grievance Committee was of the opinion that a censure is not required in this case and issues this reprimand to you. As chairman of the Grievance Committee of the North Carolina State Bar, it is now my duty to issue this reprimand and I am certain that you will understand fully the spirit in which this duty is performed.

In 1982, you drafted an irrevocable trust for Shelton and Betty Jean Ray. You were named trustee of the trust, along with Charles Bryant, a non-attorney who was a business partner of yours at the time. The Rays transferred \$55,000 into the trust and directed you and the other trustee to use part of the money to purchase life insurance and to invest the remaining sums.

It appears that Bryant exercised most of the control over the Rays' trust and that you did very little to supervise his activities, despite your fiduciary obligation to the Rays. Ultimately, Bryant permitted

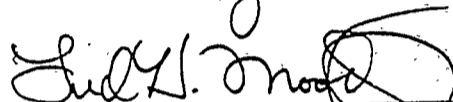
Mr. Ray's life insurance policy to lapse. Additionally, it appears that Bryant was purchasing life insurance policies more frequently than necessary, to generate additional commissions for himself.

As co-trustee of the Rays' irrevocable trust, you had an obligation to ensure that their interests were being protected. By failing to supervise the activities of your co-trustee, you violated this obligation and neglected a matter in violation of Rule 6(B)(3) of the Rules of Professional Conduct. Your misconduct caused substantial harm to the Rays, as Mr. Ray is now uninsurable.

You are hereby reprimanded by the North Carolina State Bar due to your professional misconduct. The Grievance Committee trusts that you will heed this reprimand, that it will be remembered by you, that it will be beneficial to you, and that you will never again allow yourself to depart from adherence to the high ethical standards of the legal profession.

In accordance with the policy adopted October 15, 1981 by the Council of the North Carolina State Bar regarding the taxing of the administrative and investigative costs to any attorney issued a reprimand by the Grievance Committee, the costs of this action in the amount of \$50.00 are hereby taxed to you.

Done and ordered, this 7 day of May, 1992.



Fred H. Moody, Jr., Chairman
The Grievance Committee
North Carolina State Bar