

FILED

WAKE COUNTY

2013 MAR 20 AM 10:41 IN THE GENERAL COURTS OF  
JUSTICE SUPERIOR COURT DIVISION

NORTH CAROLINA

WAKE COUNTY, C.S.C.

12 CVS 5984

THE NORTH CAROLINA STATE BAR,

BY \_\_\_\_\_

Petitioner

v.

LEON ROBERT COXE, III, Attorney,

Respondent

CONSENT ORDER OF  
DISBARMENT

THIS MATTER came on to be heard and was heard by the undersigned Judge of the Superior Court of Wake County. Petitioner, the North Carolina State Bar, was represented by Leonor Bailey Hodge. Alan M. Schneider represented Respondent, Leon Robert Coxe, III.

Based upon the Affidavit of Surrender of Law License submitted to the Court by Leon Robert Coxe, III and the consent of the parties, the court makes the following:

#### FINDINGS OF FACT

1. Coxe was licensed to practice law in North Carolina on 19 August 1978.
2. During all periods relevant hereto, Coxe was actively engaged in the practice of law and maintained law offices in Jacksonville and Sneads Ferry, Onslow County, North Carolina and Surf City, Pender and Onslow Counties, North Carolina.
3. In November 2007, Coxe held less money in one of his trust accounts ("Trust Account No. 1) than he was required to hold on behalf of his clients.
4. At the time Coxe was informed of the shortage in Trust Account No. 1, he held settlement proceeds in another trust account ("Trust Account 2") for the benefit of L. Smith, his legal assistant whom he also represented in a personal injury matter.
5. The money Coxe held in Trust Account No. 2 for Smith was entrusted funds. It was not fees or other funds to which Coxe was entitled.
6. In order to replace the missing money in Trust Account No. 1, Coxe, by his wife, asked Smith for permission to borrow \$150,000 of her settlement proceeds.

7. When Coxe asked Smith for permission to borrow a portion of her settlement proceeds, he knew that Smith was recovering from injuries she received in an accident, which injuries included a severe brain injury. Coxe did not consider whether Smith could fully understand the implications of making a loan to him or provide informed consent.
8. Coxe did not advise Smith to seek independent counsel before he asked her to borrow \$150,000.
9. After Coxe asked Smith to borrow a portion of her settlement proceeds, Coxe transferred \$150,000 of her settlement proceeds from Trust Account No. 2.
10. To date, Coxe has not returned these funds to Smith.
11. Coxe is unable to explain why he held \$150,000 less than he was required to hold in Trust Account No. 1.
12. From January 2008 through February 2009, entrusted funds in the amount of \$123,689 were misappropriated from Coxe's trust accounts.
13. The misappropriated funds were used to pay Coxe's employees' salaries, and Coxe's business and/or personal expenses.
14. The \$123,689 of misappropriated funds was not Coxe's fees or any other funds to which Coxe was entitled – it was entrusted funds.
15. Coxe had known since 2004 that his wife had previously mismanaged entrusted client funds held in his trust accounts.
16. Despite knowledge of his wife's previous mismanagement of entrusted funds and the knowledge that one of his trust accounts was \$150,000 short under his wife's management, Coxe continued to abdicate to his wife his responsibility to protect his clients' entrusted funds which resulted in additional misappropriations.
17. Coxe has indicated his consent to disbarment by filing an affidavit of surrender with the court.

#### CONCLUSIONS OF LAW

1. This court has jurisdiction over the Respondent and over the subject matter of this proceeding.
2. By seeking to borrow \$150,000 from Smith without her informed consent, without advising her in writing of the desirability of seeking the advice of independent counsel and without providing Smith the reasonable opportunity to seek such independent counsel, Coxe violated Rule 1.8(a).

3. By abdicating responsibility for his trust accounts to his wife, resulting in misappropriation of \$123,689 for Coxe's benefit, despite knowledge that his wife previously mismanaged entrusted funds and knowledge that one of his trust accounts was \$150,000 short under his wife's management, Coxe violated Rules 1.15-2(j), 5.3(b)(c) and 8.4(c).
4. Coxe's misconduct constitutes grounds for discipline pursuant to N.C. Gen. Stat. § 84-28(b)(2).

ORDER

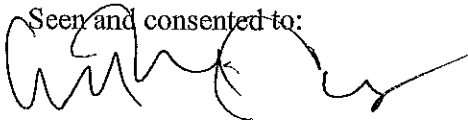
1. The surrender of the license of Leon Robert Coxe, III is hereby accepted.
2. Leon Robert Coxe, III is DISBARRED from the practice of law in North Carolina effective upon entry of this Order.
3. Leon Robert Coxe shall wind-down his law practice within 30 days of entry of this order in accordance with Subchapter B, Section .0117(e) of the Rules and Regulations of the North Carolina State Bar.
4. Leon Robert Coxe, III shall comply with the provisions of Subchapter B, Section .0124 of the Rules and Regulations of the North Carolina State Bar and shall surrender his law license and permanent membership card to the Secretary of the North Carolina State Bar along with the affidavit required by Subchapter B, Section .0124.
5. The costs and administrative fees of this action are taxed against Robert Leon Coxe, III.

Done and Ordered this 20 day of March, 2013.

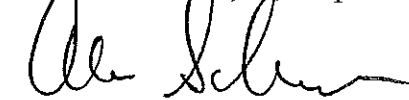


\_\_\_\_\_  
Superior Court Judge Presiding

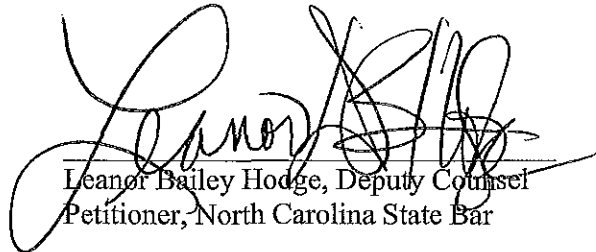
Seen and consented to:



\_\_\_\_\_  
Leon Robert Coxe, III, Respondent



\_\_\_\_\_  
Alan M. Schneider  
Counsel for Respondent



\_\_\_\_\_  
Leonor Bailey Hodge, Deputy Counsel  
Petitioner, North Carolina State Bar

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v.

LEON ROBERT COXE, III, Attorney,

Respondent

AFFIDAVIT OF SURRENDER  
OF LAW LICENSE

Leon Robert Coxe, III, being first duly sworn, deposes and says:

1. I desire to resign and hereby tender my license to practice law in North Carolina pursuant to the provisions of 27 N.C. Admin. Code Chapter 1, Subchapter B, Section .0117 of the N.C. State Bar Discipline & Disability Rules.
2. My resignation is freely and voluntarily rendered. It is not the result of coercion or duress. I am fully aware of the implications of submitting my resignation. I affirm that I have had the opportunity to consult an attorney before filing this Affidavit.
3. I am aware that there is a pending investigation against me regarding the following allegations:
  - a. In November 2007, I held less money in one of my trust accounts (Trust Account No. 1) than I was required to hold on behalf of my clients. At the time I was informed of the shortage, I was holding money in another trust account (Trust Account No. 2) for the benefit of L. Smith, my legal assistant, who I also represented in a personal injury matter. This money was personal injury settlement proceeds belonging to Smith. It was entrusted funds. The money I held in Trust Account No. 2 for Smith was not fees or other funds to which I was entitled. In order to replace the missing money in Trust Account No. 1, I asked Smith to borrow \$150,000 of her settlement proceeds. When I, through my wife, asked Smith for permission to borrow a portion of her settlement proceeds, I knew that Smith was recovering from injuries she received in an accident, which injuries included a severe brain injury. When I asked Smith's permission to borrow the funds, I did not consider whether she could fully understand the implications of making a loan to me or provide informed consent. Further, I did not advise Smith to seek independent counsel before I asked her to borrow these funds. After I asked Smith to borrow a portion of her settlement proceeds, I transferred \$150,000 of her settlement proceeds from Trust Account No.2 to Trust Account No. 1. I am unable to explain why I held \$150,000 less than I was


required to hold in Trust Account No. 1. To date, I have not returned these funds to Smith.

b. From January 2008 through February 2009, entrusted client funds in the amount of \$123,689 were misappropriated from my trust accounts. These misappropriated funds were used to pay my employee salaries, business and/or personal expenses. This \$123,689 was not my fees or any other funds to which I was entitled – it was entrusted client funds. I had known since 2004 that my wife had previously mismanaged entrusted client funds held in these accounts. Despite this knowledge and the knowledge that one of my trust accounts was \$150,000 short under my wife’s management, I continued to abdicate to my wife my responsibility to protect my clients’ entrusted funds which resulted in additional misappropriations.

4. I acknowledge that the material facts upon which the investigation is predicated are true.

5. I am submitting my resignation because I know that if disciplinary charges were predicated upon the misconduct under investigation, I could not successfully defend against them.


This the 1 day of March, 2013.

  
Leon Robert Coxe, III

I, Matthew C. Coxe, Notary Public of the County of Onslow, State of North Carolina, certify that Leon Robert Coxe, III personally appeared before me this day, was sworn, and acknowledged the due execution of the foregoing Affidavit.

Sworn to and subscribed before me

This the 1<sup>st</sup> day of March, 2013.

  
Notary Public

My Commission Expires: July 19, 2017