



STATE OF NORTH CAROLINA
WAKE COUNTY

BEFORE THE
DISCIPLINARY HEARING COMMISSION
OF THE
NORTH CAROLINA STATE BAR
14 DHC 11

THE NORTH CAROLINA STATE BAR,
Plaintiff

v.

LORI M. GLENN, Attorney,
Defendant

ORDER
OF DISCIPLINE

THIS MATTER was heard on August 22, 2014 before a Hearing Panel of the Disciplinary Hearing Commission composed of Ronald R. Davis, Chair, and members Beverly T. Beal and Randy A. Moreau, pursuant to North Carolina Administrative Code, Title 27, Chapter 1, Subchapter B, § .0114(h). Plaintiff was represented by Jennifer A. Porter. Defendant Lori M. Glenn (“Glenn”) appeared *pro se*.

Based upon the pleadings in this matter, the Hearing Panel previously granted Plaintiff’s Motion for Judgment on the Pleadings and entered findings of fact and conclusions of law based upon the pleadings. Those findings of fact and conclusions of law are repeated herein.

Based upon the pleadings and Defendant’s admissions, the Hearing Panel finds by clear, cogent, and convincing evidence the following:

Findings of Fact

1. Plaintiff, the North Carolina State Bar (“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 (Chapter 1 of Title 27 of the North Carolina Administrative Code).

2. Defendant, Lori M. Glenn (“Glenn”), was admitted to the North Carolina State Bar in 1988 and is, and was at all times referred to herein, an attorney at law licensed to practice in North Carolina, subject to the laws of the State of North Carolina, the Rules and Regulations of the North Carolina State Bar and the Rules of Professional Conduct.

3. Defendant was properly served with process and the matter came before the Hearing Panel with due notice to all parties.

4. During all or part of the relevant periods referred to herein, Glenn was engaged in the practice of law in the State of North Carolina and maintained a law office in Raleigh, Wake County, North Carolina.

5. Glenn was the closing attorney in various residential real estate closings from 2009 through 2012. In these closings she represented the buyer and the lender. In at least thirty of these closings, Glenn failed to timely disburse the title insurance premium shown on the HUD-1 Settlement Statement and failed to submit the final title opinion to obtain the title insurance policy for the owner and/or lender. Glenn failed to respond to inquiries from at least one lender concerning an outstanding policy.

6. Additionally, in several of these closings Glenn failed to make other disbursements shown on the applicable HUD-1 Settlement Statements.

7. In certain closings, including those involving clients P.A., H.A., L.B., C.C., T.D., N.H., T.H., R.K., D.L., J.M., L.T., N.V., and T.Y., Glenn's deposits and disbursements did not match the receipt of funds and disbursements shown on the HUD-1 Settlement Statements.

8. In certain closings, including those involving clients R.K., P.R., L.B., T.D., J.M., and N.V., Glenn failed to collect sufficient funds at closing to make all of the disbursements shown on the HUD-1 Settlement Statement for the closing or that she actually made for the closing. In the closings involving clients R.K. and P.R., this resulted in Glenn disbursing more from her trust account for the closings than she had collected for the closings. In the closings involving L.B., T.D., J.M., and N.V., this resulted in Glenn not having sufficient funds to complete disbursements for the closings.

9. Glenn maintained an attorney trust account from 2009 through 2012. Glenn failed to conduct quarterly reconciliations of her trust account from at least January 1, 2010 through November 1, 2012.

10. In November 2012, Glenn consented to an injunction which prohibited her from handling entrusted funds. Glenn arranged for another attorney to handle entrusted funds for her real estate clients, who submitted the title opinions to the title insurance company and handled all entrusted funds for closings for Glenn's clients after the entry of the injunction.

11. In about June 2013, Glenn was notified of title issues that needed to be resolved in three closings in order for the title insurance company to issue title policies. Glenn failed to timely address the issues and no title policies had been issued as of January 2014.

Based upon the foregoing findings of fact, the Hearing Panel enters the following:

Conclusions of Law

1. All parties are properly before the Hearing Panel and the Panel has jurisdiction over Defendant and the subject matter of this proceeding.
2. Defendant's conduct, as set out in the stipulated Findings of Fact above, constitutes grounds for discipline pursuant to N.C. Gen. Stat. § 84-28(b)(2) as follows:
 - (a) By failing to timely complete final title opinions and disburse title insurance premiums to obtain title policies for owners and/or lenders, by failing to complete disbursements to other third parties in certain closings, and by failing to address title issues raised by the title insurance company, Glenn failed to act with reasonable diligence and promptness in representing a client in violation of Rule 1.3 and failed to promptly disburse client funds in violation of Rule 1.15-2(m);
 - (b) By failing to respond to inquiries from a lender regarding an overdue title policy, Glenn failed to promptly comply with reasonable requests for information in violation of Rule 1.4(a)(4) and failed to keep a client reasonably informed about the status of the matter in violation of Rule 1.4(a)(3);
 - (c) By failing to conduct quarterly reconciliations of her trust accounts, Glenn failed to conduct requisite reconciliations in violation of Rule 1.15-3(d)(1); and
 - (d) By failing to collect and disburse funds in accordance with the HUD-1 Settlement Statements and by disbursing more for clients than she had deposited for those clients in the trust account, Glenn failed to properly maintain and disburse entrusted funds in violation of Rule 1.15-2(a), (j) and (m).

Based upon the evidence presented at the hearing, the Hearing Panel finds by clear, cogent, and convincing evidence the following:

Findings of Fact Regarding Discipline

1. Glenn was not tracking matters to ensure completion of all items.
2. Glenn felt overwhelmed when contacted by a lender about an outstanding policy and did not retrieve the file for the matter or respond to the lender.
3. Glenn did not realize how many title policies were outstanding from her closings until she participated in the investigation and audit by the State Bar.
4. Glenn has had a balance in her trust account in excess of \$300,000.00 for several years but cannot identify all funds in her trust account.

5. Conducting quarterly reconciliations of the trust account is the lynchpin of proper maintenance and protection of entrusted funds.

6. Had Glenn been conducting quarterly reconciliations, she would have seen balances remaining for various clients which would have signaled that work, such as obtaining the title policy, still needed to be done in the file.

7. Had Glenn been conducting quarterly reconciliations, she would have had to identify the funds in her trust account and would have maintained awareness of whose funds were in her trust account and the appropriate disbursement of those funds.

8. The lenders in the residential real estate transactions closed by Glenn were vulnerable clients in that it was solely through Glenn that the title insurance premium from the loan proceeds held by Glenn in her trust account could be disbursed to the title insurance company and the title policy obtained.

9. The title insurance companies are third parties affected by Glenn's failure to timely disburse title insurance premiums and complete final title opinions. Glenn's failure to pay the premium and provide the necessary final title opinion impedes the title insurance company's ability to issue title policies.

10. Glenn received a censure in 2009 for her handling of a real estate matter, including her failure to obtain the title policy in a timely manner.

11. Glenn was cooperative with the State Bar in its investigation.

12. There is no evidence of any dishonest or selfish motive on the part of Glenn.

13. While the State Bar's investigation was pending, Glenn consented to an injunction which prohibited her from handling entrusted funds. Glenn arranged for another attorney to handle entrusted funds for her real estate clients, who submitted the title opinions to the title insurance company and handled all entrusted funds for closings for Glenn's clients after the entry of the injunction. Despite this association with another attorney on her closings, however, Glenn continued to neglect title issues in certain closings, resulting in delay of the issuance of title insurance policies.

14. Glenn continues to experience personal life difficulties to which she attributes her prior and ongoing failures to diligently complete all tasks in real estate closings.

15. Glenn has expressed remorse and has made efforts to rectify the consequences of her conduct, including by drafting the final title opinions for the majority of the files for which policies are due.

16. Glenn has cured all deficits in her trust account identified by the State Bar caused by discrepancies between actual deposits and disbursements and those shown on the HUD-1 Settlement Statement.

17. The Hearing Panel has carefully considered all of the different forms of discipline available to it, including admonition, reprimand, censure, suspension, and disbarment, in considering the appropriate discipline to impose in this case.

Based on the findings of fact and conclusions of law above and the additional findings of fact regarding discipline, the Hearing Panel makes the following:

Conclusions With Respect To Discipline

1. The Hearing Panel has carefully considered all of the different forms of discipline available to it. In addition, the Hearing Panel has considered all of the factors enumerated in 27 N.C.A.C. 1B § .0114(w)(1) of the Rules and Regulations of the North Carolina State Bar and concludes the following factors warrant suspension of Defendant's license:

a. Intent of Defendant to commit acts where the harm or potential harm is foreseeable, to wit: failing to conduct quarterly reconciliations and thus failing to maintain awareness of whose funds were in her trust account and failing to recognize work remained to be done and premiums remained to be disbursed from closings;

b. Negative impact of Defendant's actions on client's or public's perception of the profession;

c. Impairment of the client's ability to achieve the goals of the representation, to wit: timely procurement of title insurance policies; and

d. Effect of Defendant's conduct on third parties.

2. The Hearing Panel has considered all of the factors enumerated in 27 N.C.A.C. 1B § .0114(w)(2) of the Rules and Regulations of the North Carolina State Bar and concludes no factors are present in this instance that would warrant disbarment.

3. The Hearing Panel has considered all of the factors enumerated in 27 N.C.A.C. 1B § .0114(w)(3) of the Rules and Regulations of the North Carolina State Bar and concludes the following factors are applicable in this matter:

a. Prior discipline;

b. Absence of a dishonest or selfish motive;

c. Timely good faith efforts to make restitution or to rectify consequences of the misconduct;

d. A pattern of misconduct;

e. Multiple offenses;

- f. Effect of personal problems on Defendant's diligence;
- g. Full and free disclosure to the Hearing Panel and cooperative attitude toward the proceedings;
- h. Remorse;
- i. Vulnerability of Defendant's clients; and
- j. Defendant's substantial experience in the practice of law.

4. Defendant's conduct caused significant harm to her buyer and lender clients, whose funds were not properly maintained and disbursed and who did not receive the desired product of the intended disbursements (e.g. title policies).

5. Defendant's conduct caused potential significant harm to both her clients and to the title insurance companies. The absence of title policies could have been, or could be in the future, significantly harmful to the clients and the title insurance company if a title issue arose or arises before being remedied.

6. Defendant's failure to reconcile her trust account over the years has caused significant harm to clients, contributing to her inability to identify all client funds in her account and to determine and make appropriate disbursement of those funds.

7. Defendant's conduct, if continued or tolerated by the Bar, poses significant potential harm to future clients.

8. The Hearing Panel has considered issuing an admonition, reprimand or censure but concludes that such discipline would not be sufficient discipline because of the gravity of the harm and potential harm to the clients. The Panel further concludes that such discipline would fail to acknowledge the seriousness of the offenses committed by Defendant and send the wrong message to attorneys regarding the conduct expected of members of the Bar in this State.

9. This Hearing Panel has considered lesser alternatives and concludes that a suspension with the possibility for the suspension to be stayed upon compliance with certain conditions is necessary to ensure Defendant complies with necessary conditions to avoid significant harm or the potential for significant harm to clients.

10. For these reasons, this Hearing Panel finds that an order imposing discipline short of a suspension of Defendant's law license would not be appropriate.

Based upon the foregoing findings of fact and conclusions of law and the findings of fact and conclusion regarding discipline, the Hearing Panel enters the following:

Order of Discipline

1. Defendant, Lori M. Glenn, is hereby suspended from the practice of law for three years.

2. Defendant is taxed with the administrative fees and the costs of this action as assessed by the Secretary. Defendant shall be served with a statement of costs stating the costs assessed against Defendant. Defendant shall pay the costs within thirty days of service of the statement of costs upon her.

3. Defendant shall submit her license and membership card to the Secretary of the North Carolina State Bar no later than 30 days following service of this Order upon Defendant.

4. Defendant shall comply with the wind down provisions of 27 N.C.A.C. 1B § .0124 of the State Bar Discipline and Disability Rules. Defendant shall file an affidavit with the Secretary of the North Carolina State Bar within 10 days of the effective date of this Order, certifying she has complied with the wind down rule.

5. Within 15 days of the effective date of this Order Defendant shall provide the State Bar with an address and telephone number at which clients seeking return of files can communicate with Defendant and obtain such files, and Defendant shall promptly return all files to her clients upon request.

6. After no less than one year following the effective date of this order, Defendant may file a verified petition for a stay of the remaining period of the suspension. The remaining period of suspension may be stayed if Defendant establishes by clear, cogent, and convincing evidence that she has complied with the following conditions:

a. That Defendant has complied with paragraphs 2-5 of this section of this Order of Discipline;

b. That Defendant has been receiving mental health treatment or counseling on a routine basis for the six months immediately preceding the filing of her petition for a stay. Defendant shall sign an authorization consenting to the release of any medical records and information related to Defendant's treatment to the Office of Counsel, and Defendant shall not revoke that release. Defendant shall simultaneously provide a copy of such signed authorization to the Office of Counsel and her treatment provider. Defendant shall direct her treatment provider to provide the Office of Counsel with a written report detailing Defendant's treatment plan. All costs of mental health treatment shall be borne by Defendant;

c. That Defendant obtained a mental health evaluation within 60 days of the effective date of this order by a licensed and qualified psychiatrist or psychologist ("mental health professional") engaged by Defendant. The mental

health professional Defendant engages to perform this evaluation shall be approved in advance by the North Carolina State Bar Office of Counsel. Prior to the evaluation, Defendant shall sign an authorization consenting to the release of all medical records and information related to Defendant's evaluation to the Office of Counsel, and Defendant shall not revoke that release. Defendant shall simultaneously provide a copy of such signed authorization to the Office of Counsel and the mental health professional. Defendant shall direct the evaluating mental health professional to provide a written report of such evaluation and recommended treatment, if any, to the Office of Counsel within ten (10) days of the completion of the evaluation. Such evaluation shall contain an opinion as to whether Defendant is suffering from a mental or physical condition which impairs her professional judgment, performance, or competence as an attorney. All expenses of such evaluation and report shall be borne by Defendant;

d. That within the 30 days immediately preceding Defendant's petition for a stay, the mental health professional who conducted the evaluation described in paragraph (c) above certifies, under oath, based on his or her independent and comprehensive evaluation of Defendant, that in his or her professional opinion: 1) Defendant does not currently have any mental, psychological, behavioral, cognitive, or emotional condition or disorder that impairs Defendant's ability to practice law, that impacts Defendant's ability or willingness to comply with the Rules of Professional Conduct, and/or that poses a risk of harm to the public if she engages in the practice of law; 2) Defendant is able to return to the practice of law; and 3) Defendant appreciates the significance of her prior failures to comply with the Rules of Professional Conduct and understands that, for the good of the legal profession and her clients, she must comply with the Rules of Professional Conduct upon her return to the practice of law. All expenses of such report, including any additional evaluation necessary to complete such report, shall be borne by Defendant;

e. That Defendant has identified the clients for whom all funds remaining in her trust account were deposited and/or are being held and the appropriate disposition of those funds;

f. That Defendant has completed eight hours of trust account continuing legal education (CLE) programs, including at least one that includes discussion of quarterly reconciliations of the trust account taught by Peter Bolac, Trust Account Compliance Counsel for The North Carolina State Bar;

g. That Defendant has responded to all letters of notice and requests for information from the N.C. State Bar by the deadline stated in the communication;

h. That Defendant has kept the State Bar Membership Department advised of her current physical home address;

i. That Defendant paid all outstanding membership fees, Client Security Fund assessments and fees or costs assessed by the DHC or the State Bar and

complied with and satisfied any outstanding CLE requirements imposed by the State Bar; and

j. That Defendant has not violated the Rules of Professional Conduct or the laws of the United States or any state.

7. If Defendant is granted a stay of her suspension, the stay of her suspension will remain in effect only if Defendant complies, and continues to comply, with the following conditions:

a. Within sixty (60) days of the order staying the remainder of the suspension, Defendant shall have completed the following: disbursed all identified client funds existing in her trust account that can appropriately be disbursed to the beneficial owner(s) of the funds; provided the State Bar with a list of any funds (by client and amount) that cannot yet appropriately be disbursed with the reason the funds cannot be disbursed and an estimated date of disbursement; and initiated any necessary and associated escheat procedures;

b. Within the first year of the stayed period of suspension, Defendant shall complete eight hours of CLE in the area of trust account management approved by the Office of Counsel of the State Bar. At least one such trust account management CLE session shall be taken within the thirty (30) days following the entry of the order granting the stay of the suspension and at least one such session shall be a trust account CLE program taught by Peter Bolac, Trust Account Compliance Counsel for The North Carolina State Bar. Defendant shall provide written proof of successful completion of the CLE courses to the State Bar within ten days of completing the courses. These eight hours are in addition to the continuing legal education requirements set out in 27 N.C.A.C. 1D § .1518;

c. Defendant shall continue receiving mental health treatment or counseling on a routine basis, in accordance with a treatment plan established by her mental health provider. Defendant shall sign an authorization consenting to the release of any medical records and information related to Defendant's treatment to the Office of Counsel, and Defendant shall not revoke that release. Defendant shall simultaneously provide a copy of such signed authorization to the Office of Counsel and her treatment provider. Defendant shall direct her treatment provider to provide the Office of Counsel with a written report detailing Defendant's treatment plan within 30 days of the entry of the order staying the remainder of Defendant's suspension. Defendant shall also direct her treatment provider to provide the Office of Counsel with quarterly written reports concerning Defendant's condition and compliance with the treatment plan. Such reports shall be received by the Office of Counsel each January 1, April 1, July 1 and October 1 for the time covered by this Order of Discipline. Defendant shall also comply with any and all requests from the Office of Counsel seeking updates on the status of her ongoing treatment within fifteen (15) days of receipt of such requests. All expenses of such treatment and reports shall be borne by Defendant;

d. Each month Defendant shall provide the Office of Counsel of the State Bar with the three-way reconciliation described in the State Bar Lawyer's Trust Account Handbook for all trust accounts maintained by her. Defendant shall provide the three-way reconciliation report, client ledgers for all clients with funds in the trust account(s) during that month, ledger for any personal funds maintained in the trust account(s) for bank or credit card fees, her trust account ledger, and the bank statements, cancelled checks, and deposit slips for each month. These documents are due on the 15th day of the following month – for example, the three-way reconciliation for the month of January is due on February 15;

e. Each month Defendant shall provide the Office of Counsel of the State Bar with a list of clients for whom Defendant collected funds for title insurance premiums but for whom Defendant has not submitted the final title opinion and premium to the title insurance company. The list shall contain the name of the client, the date of the closing, the reason why the final title opinion and premium has not been submitted, and an estimated date for completion. This list is due on the same day each month as the three-way quarterly reconciliation required in the above paragraph;

f. Each quarter, Defendant shall have a CPA audit her trust accounts. Defendant will be responsible for any associated costs. This audit shall assess whether Defendant has in her trust account the client funds she should be maintaining for her clients at that time, as well as Defendant's compliance with Rule 1.15-2 and Rule 1.15-3. The CPA's audit shall include addressing the items on the Accountant Checklist for Probation Cases which will be provided by the State Bar to Defendant. The quarterly audit reports from the CPA are due no later than 30 days after the end of the quarter – for example, the CPA audit for the first quarter of the calendar year (January, February, and March) is due on April 30;

g. If either the monthly three-way reconciliation report or the CPA audit reveals any deviation from Defendant's obligations under Rule 1.15-2 or Rule 1.15-3, Defendant shall take remedial action within 10 days of the date of the three-way reconciliation report or the CPA audit and shall provide documentation showing the remedial action to the State Bar within 2 days of the date of the remedial action;

h. Defendant shall comply with any requests from the Office of Counsel to provide any information regarding her trust accounts or to sign and provide any release or authorization to allow the Office of Counsel to obtain information directly from any bank in which Defendant maintains a trust account, by the deadline stated in the request;

i. Defendant shall keep the North Carolina State Bar Membership Department advised of her current physical business address (not a Post Office box), telephone number, and e-mail address and shall notify the Bar of any change in address, telephone number, or e-mail address within ten (10) days of such change;

j. Defendant shall accept all certified mail from the State Bar sent to the address on record with the Membership Department of the North Carolina State Bar;

k. Defendant shall respond to all letters of notice and requests for information from the North Carolina State Bar by the deadline stated therein with full and complete responses and all requested documentation;

l. Defendant will timely comply with the State Bar continuing legal education requirements and will pay all fees and costs assessed by the applicable deadline;

m. Defendant will pay all membership, Client Security Fund, and any other related dues, fees, and/or costs by the applicable deadline;

n. Defendant will not violate any of the Rules of Professional Conduct in effect during the period of the stay;

o. Defendant will not violate any laws of the State of North Carolina or of the United States during the period of the stay; and

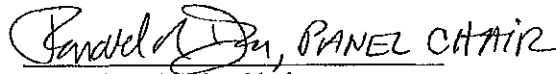
p. Defendant shall pay the costs of this proceeding as assessed by the Secretary within thirty days after the statement of costs was served upon her.

8. If an order staying any period of the suspension imposed by this Order is entered and Defendant fails to comply with any one or more of the conditions set out in this Order of Discipline, then the stay of the suspension of her law license may be lifted as provided in § .0114(x) of the North Carolina State Bar Discipline and Disability Rules.

9. If Defendant does not seek a stay of the active portion of the suspension of her law license or if some part of the suspension is stayed and thereafter the stay is revoked, Defendant must comply with the conditions set out in paragraph 6 of this section as well as the requirements of 27 N.C. Admin. Code 1B, § .0125(b) in order to be reinstated from this suspension to active status.

10. The Disciplinary Hearing Commission will retain jurisdiction of this matter pursuant to 27 N.C. Admin. Code Chapter 1, Subchapter B, § .0114(x) of the North Carolina State Bar Discipline and Disability Rules throughout the period of any stayed suspension.

Signed by the Chair with the consent of the other hearing panel members, this the 26th day of AUGUST 2014.


Ronald R. Davis, Chair
Disciplinary Hearing Panel