

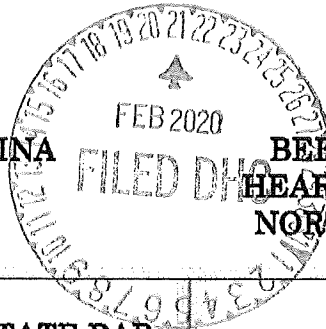
STATE OF NORTH CAROLINA

WAKE COUNTY

THE NORTH CAROLINA STATE BAR,
Plaintiff

v.

JOSEPH LEE LEVINSON, Attorney,
Defendant



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

ORDER OF DISBARMENT

This matter came before the undersigned Chair of the Disciplinary Hearing Commission pursuant to 27 N.C. Admin. Code § 1B.0121(d) upon an affidavit of surrender of law license executed by Joseph Lee Levinson on 20 February 2020 and filed with the DHC on 21 February 2020.

Based upon the pleadings and Defendant's affidavit, the undersigned makes the following:

FINDINGS OF FACT

1. 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 that authority granted it in Chapter 84 of the North Carolina General Statutes and the Rules and Regulations of the State Bar promulgated thereunder.

2. Defendant, Joseph Lee Levinson, was admitted to the North Carolina State Bar in 2004 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 of Regulations of the North Carolina State Bar, and the Rules of Professional Conduct.

3. On 5 July 2019 the State Bar filed a complaint against Defendant alleging that he committed violations of the Rules of Professional Conduct.

4. Defendant has indicated his consent to disbarment by filing an affidavit of surrender with the DHC. The affidavit meets all requirements set forth in 27. N.C. Admin. Code § 1B.0121(a)(1), (2), (3), & (4) and § 1B.0121(d).

Based upon the foregoing Findings of Fact, the undersigned makes the following

CONCLUSIONS OF LAW

1. 27. N.C. Admin. Code § 1B.0108(a) provides that the Chair of the DHC has the power and duty to enter orders disbarring members by consent.

2. Defendant has indicated his consent to disbarment by submitting an affidavit of surrender of law license. Defendant's affidavit meets all of the requirements set forth in 27 N.C. Admin. Code § 1B.0121(a)(1), (2), (3), & (4) and § 1B.0121(d) and the facts upon which the affidavit is predicated warrant Defendant's disbarment.

3. Defendant has admitted that the material facts and allegations upon which the State Bar's complaint is predicated are true. Accordingly, the misconduct alleged in the complaint has been established. The State Bar's complaint is incorporated herein by reference and attached hereto.

Based upon the foregoing Findings of Fact and Conclusions of Law, the undersigned Chair of the Disciplinary Hearing Commission enters the following

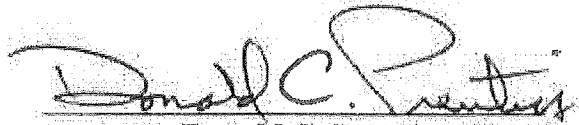
ORDER

1. The surrender of the license of Joseph Lee Levinson is hereby accepted.

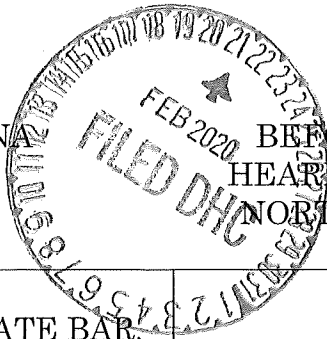
2. Joseph Lee Levinson is DISBARRED from the practice of law in North Carolina effective immediately upon entry of this order.

3. The costs of this action, including deposition costs and administrative fees, are taxed against Defendant.

This the 21 day of February, 2020.


Donald C. Prentiss, Chair
Disciplinary Hearing Commission

STATE OF NORTH CAROLINA
WAKE COUNTY



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

THE NORTH CAROLINA STATE BAR,
Plaintiff
v.

AFFIDAVIT OF SURRENDER
OF LAW LICENSE

JOSEPH LEE LEVINSON, Attorney,
Defendant

Joseph Lee Levinson, being first duly sworn, deposes and says as follows:

1. I desire to resign and hereby tender by license to practice law in North Carolina.
2. My resignation is freely and voluntarily rendered. It is not the result of coercion or duress. I am fully aware of the implication of submitting my resignation and have had the opportunity to discuss the evidence against me and possible defenses with counsel.
3. I am aware that there is a pending complaint against me in the Disciplinary Hearing Commission alleging that I violated the Rules of Professional Conduct.
4. I acknowledge that the material facts upon which the pending complaint is predicated are true.
5. I am submitting my resignation because I know that I cannot successfully defend against the pending disciplinary charges.

This the 20th day of February, 2020.

Joseph Lee Levinson

I Lavanya Sharad Hospeti, Notary Public of Johnston County, North Carolina, certify that Joseph Lee Levinson personally appeared before me this day, was sworn, attested that the foregoing affidavit is true and accurate and of his own personal knowledge, and executed the foregoing Affidavit.

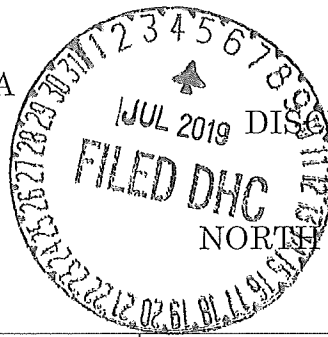
This the 20th day of February, 2020.

Notary Public
(Print Name) Lavanya Hospeti
My Commission Expires: 08-06-2024



STATE OF NORTH CAROLINA

WAKE COUNTY



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

THE NORTH CAROLINA STATE BAR,

Plaintiff

v.

JOSEPH LEE LEVINSON, Attorney,

Defendant

COMPLAINT

Plaintiff, complaining of Defendant, alleges and says:

1. 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 (Chapter 1 of Title 27 of the North Carolina Administrative Code).

2. Defendant, Joseph Lee Levinson, was admitted to the North Carolina State Bar in 2004, 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. Pursuant to an order of interim suspension entered by the DHC, Levinson has been suspended from the practice of law in North Carolina since February 2016.

3. During all or part of the relevant periods referred to herein, Defendant was engaged in the practice of law in the State of North Carolina and maintained a law office in Johnston County, North Carolina.

4. From approximately 2005 through 2010, Jotham Walker Pruitt, Aubrey Manasseh Pruitt, and Dustin Garrett Fisher engaged in a criminal enterprise in which they sold marijuana that they grew indoors in houses in Orange County, North Carolina. (This criminal enterprise is referred to hereafter as the "marijuana growing operation" and these three persons collectively are referred to as "the principals in the marijuana growing operation").

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5. Jotham Walker Pruitt (hereafter "Pruitt") was Levinson's friend and former college roommate.

6. Levinson assisted Pruitt in acquiring some of the houses used in the marijuana growing operation (hereinafter "grow houses") and recruited two investors (M.L. & J.J.) to help finance the marijuana growing operation.

7. Levinson and Pruitt agreed that M.L. and J.J. would each invest \$25,000.00 in the drug operation to cover expenses and the costs of purchasing the grow houses, and would both receive a hundred percent return on their investment from the proceeds of the drug operation.

8. At the direction of Levinson, Pruitt met with M.L. and J.J. in December 2005 and collected \$25,000.00 in cash from each investor. Levinson received approximately \$10,000.00 of the funds provided by M.L. and J.J. and used it for personal benefit. The remainder of the investment money was used to cover costs and expenses of the drug operation.

9. On several occasions beginning in or about January 2006, at Levinson's request, Pruitt delivered cash from the proceeds of the drug operation to Levinson at Levinson's home or another pre-determined meeting place.

10. On one or more occasions, Pruitt delivered marijuana grown, produced, and manufactured at the grow houses to Levinson if cash proceeds from the drug operation were not available at the time that Levinson requested Pruitt provide him with cash from the drug operation.

11. Levinson, Pruitt, and the other principals in the marijuana growing operation agreed that Pruitt would obtain mortgage financing to purchase the properties located at 1414 Laurel Lane, 6557 New Sharon Church Road, and 2622 Miller Road for use as grow houses.

12. Levinson was aware that the houses would be used for illegal and improper purposes as part of an illegal drug operation, and that the mortgage funding would be obtained through false pretenses, promises, and representations.

13. To obtain mortgage financing for purchase of properties as "grow houses," Levinson and Pruitt concealed from Countrywide Bank, N.A., SunTrust Bank, N.A., and Washington Mutual Bank, N.A. (through its subsidiary Long Beach Mortgage Company) (collectively, "the mortgage lenders"), the fact that the houses were intended to be used as marijuana "grow houses."

14. Levinson knowingly submitted false statements to the mortgage lenders for the purpose of inducing the banks to issue mortgage financing for properties that Levinson knew were to be used as “grow houses” in an illegal drug operation.

15. Levinson obtained funds from the mortgage lenders by means of materially false and fraudulent pretenses, representations, and promises to induce and obtain mortgage financing for properties that Levinson knew would be used as illegal marijuana “grow houses.”

1414 Laurel Lane

16. In December 2005, Levinson and Pruitt prepared and submitted a “Uniform Residential Loan Application” to Washington Mutual Bank, N.A., through its subsidiary Long Beach Mortgage Company, (hereafter “Long Beach”) to obtain mortgage financing in the amount of \$315,200.00 to purchase a house at 1414 Laurel Lane, Hillsborough, North Carolina.

17. The loan application contained material misstatements of fact intended to influence Long Beach to provide mortgage financing, including the false representations that (a) the property would be used for legal purposes and (b) that the property would be used as Pruitt’s primary residence.

18. In December 2005, Levinson and Pruitt also prepared and submitted a second “Uniform Residential Loan Application” to Long Beach to obtain a second mortgage loan in the amount of \$78,800.00 to purchase the house at 1414 Laurel Lane.

19. This second application also contained material misstatements of fact intended to influence Long Beach to provide mortgage financing, including the false representations that (a) the property would be used for legal purposes and (b) the property would be used as Pruitt’s primary residence.

20. On or about 20 December 2005, Levinson served as the closing attorney for Pruitt’s purchase of the property located at 1414 Laurel Lane, knowing that the closing documents contained multiple fraudulent and false representations to induce Long Beach to extend mortgage financing, and to conceal the true intention of Levinson and the principals of the marijuana growing operation to use the property as an illegal “grow house.” For example, in connection with the closing Levinson submitted the following documents to Long Beach:

- (a) A Borrower’s Certification in which Pruitt falsely certified that he had not made any misrepresentations in the loan applications;

- (b) An Occupancy Affidavit in which Pruitt falsely certified that he intended to occupy the property as his primary residence during the 12 month period immediately following the loan closing; and
- (c) A Deed of Trust prepared by Levinson which falsely indicated that Pruitt would occupy the 1414 Laurel Lane property as his primary residence.

21. As the closing attorney for this residential real estate transaction, Levinson represented not only the buyer of the property, but also Long Beach as the mortgage lender.

22. Levinson filed or directed employees of his law office to file a warranty deed and two deeds of trust in favor of Long Beach in the office of the Register of Deeds for Orange County, North Carolina, as to the property located at 1414 Laurel Lane, knowing that the filed documents were part of a mortgage loan transaction induced by materially fraudulent statements, pretenses, and misrepresentations.

6557 New Sharon Church Road

23. In March 2006, Levinson and Pruitt prepared and submitted a “Uniform Residential Loan Application” to SunTrust Bank, N.A. (“SunTrust”), to obtain mortgage financing in the amount of \$180,000.00 to purchase a residence at 6557 New Sharon Church Road, Rougemount, North Carolina.

24. The loan application contained material misstatements of fact intended to influence SunTrust to provide mortgage financing, including the false representations that (a) the property would be used for legal purposes, (b) the property would be used as an investment property, and (c) the other property Pruitt owned (1414 Laurel Lane) was his primary residence.

25. Also in March 2006, Levinson and Jotham Walker Pruitt prepared and submitted a second “Uniform Residential Loan Application” to SunTrust to obtain a second mortgage loan in the amount of \$45,000.00 to fund the purchase of 6557 New Sharon Church Road.

26. The second loan application contained the same material misstatements of fact intended to influence SunTrust to provide mortgage financing that were contained in the first loan application.

27. On or about 14 March 2006, Levinson served as the closing attorney for Pruitt’s purchase of the property located at 6557 New Sharon Church Road, knowing that the closing documents contained multiple fraudulent and false representations to induce SunTrust to extend mortgage financing, and to conceal the true intention

of Levinson and others to use the property as a "grow house" in an illegal drug operation. For example, in connection with the closing Levinson submitted the following documents to SunTrust:

- (a) A Borrower's Certification in which Pruitt falsely certified that he had not made any misrepresentations in the loan applications; and
- (b) Occupancy Affidavits in which Pruitt falsely certified that the property was an investment property.

28. As the closing attorney for this residential real estate transaction, Levinson represented not only the buyer of the property, but also SunTrust as the mortgage lender. He was required to follow SunTrust's instructions in conducting the closing.

29. In connection with the 6557 New Sharon Church Road transaction, SunTrust sent Levinson Master Closing Instructions setting forth the actions he was required to take as the settlement agent. The Master Closing Instructions included the following instructions:

- (a) "Lender is relying on Settlement Agent to communicate any material fact. Settlement Agent has a duty to provide precise and correct information that might affect Lender's decision to make the loan."
- (b) "If Settlement Agent has reason to believe there is a fraud or scheme related to the transaction, Settlement Agent shall suspend loan closing and immediately contact Lender."
- (c) "Information related to the Borrower . . . or property may be a material inducement to Lender for making the loan. If Settlement Agent knows any party to the transaction made a material misstatement or discovers a falsehood, Settlement Agent shall suspend the closing and immediately contact the Lender."

30. Levinson certified to SunTrust that he closed the loan for the 6557 Sharon Church Road property in accordance with the Master Closing Instructions and in compliance with all of the conditions outlined in the instructions. This certification was false.

31. Levinson filed, or directed employees of his law office to file, a warranty deed and two deeds of trust in favor of SunTrust as to the property located at 6557 New Sharon Church Road, knowing that these documents were part of a mortgage loan transaction induced by materially fraudulent statements, pretenses, and misrepresentations.

2622 Miller Road

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32. On or about 1 January 2007, Levinson gave Pruitt a sample lease agreement to use as a template in the preparation of fraudulent residential leases to provide to Countrywide Bank, N.A. ("Countrywide"), to falsely induce the bank to extend mortgage financing for the purchase of residential property located at 2622 Miller Road Hillsborough, North Carolina.

33. Levinson counseled Pruitt to create false residential leases for his existing properties to induce Countrywide to provide mortgage funding for the 2622 Miller Road property and to conceal that Pruitt's existing properties were being used as "grow houses."

34. Pruitt used the lease provided by Levinson as a template to produce false and fraudulent leases for 1414 Laurel Lane, 6557 New Sharon Church Road, and a third property, to falsely show Countrywide that these properties had tenants, that income existed to pay the mortgage loan on 2622 Miller Road, and to conceal the fact that such properties were being used as "grow houses."

35. Pruitt provided these false leases to Countrywide with the knowledge, agreement, and consent of Levinson for the purpose of inducing the bank to extend mortgage financing for the purchase of the property at 2622 Miller Road.

False Statements

36. On or about 16 May 2012, Levinson was interviewed by Special Agents of the IRS-CI who were investigating the marijuana growing operation. Levinson falsely stated to the federal agents that he had no knowledge of any business in which Pruitt would receive cash and that he had no knowledge of the business of Aubrey Manasseh Pruitt.

Criminal Conduct

37. Levinson's acts described above constitute mortgage fraud under the North Carolina Residential Mortgage Fraud Act (N.C. Gen. Stat. § 14-112.10 et seq.). Pursuant to § 14-112.15, residential mortgage fraud is a Class H felony.

38. Levinson's actions and false statements in cooperation with Pruitt to obtain mortgage financing for the transactions described above constituted conspiracy to commit bank fraud and conspiracy to submit false loan applications. Such false statements and conspiracies are criminal acts under 18 U.S.C. §§ 371, 1014, 1344, & 1349.

39. Levinson's knowingly false statements to IRS Special Agents investigating the marijuana growing operation were materially false, fictitious, or

fraudulent representations to federal authorities, a criminal act under 18 U.S.C. § 1001(a)(2).

40. Levinson was indicted for various federal criminal offenses in connection with his participation in the marijuana growing operation. *United States v. Levinson et al.* (M.D.N.C. file no. 1:15CR413-1).

41. On 8 January 2016, Levinson pled guilty to conspiracy to obtain money in the custody of a bank by false pretenses in violation of 18 U.S.C. § 371 and 1014. He was sentenced to 15 months imprisonment followed by two years of probation and ordered to pay restitution.

THEREFORE, Plaintiff alleges that Defendant's foregoing actions constitute grounds for discipline pursuant to N.C. Gen. Stat. §§ 84-28(b)(1) and (b)(2) in that:

1. Defendant is subject to discipline pursuant to N.C. Gen. Stat. § 84-28(b)(1) due to his conviction for conspiracy to commit bank fraud, a criminal act showing professional unfitness.
2. Defendant violated the Rules of Professional Conduct in effect at the time of the conduct as follows:

(a) By recruiting investors to subsidize the marijuana growing operation and help fund Pruitt's acquisition of the "grow houses," Levinson knowingly assisted a client in conduct Levinson knew was criminal in violation of Rule 1.2(d);

(b) By representing both the borrower and the lender in the 1414 Laurel Lane transaction when he knew that the borrower was misleading the lender, Levinson engaged in a conflict of interest in violation of Rule 1.7(a);

(c) By knowingly submitting false information to Long Beach in connection with the 1414 Laurel Lane transaction, Levinson engaged in conduct involving dishonesty, deceit, and misrepresentation in violation of Rule 8.4(c), committed a criminal act reflecting adversely on his honesty, trustworthiness and fitness as a lawyer in violation of Rule 8.4(b), and intentionally prejudiced his client during the course of the professional relationship in violation of Rule 8.4(g);

(d) By failing to disclose to Long Beach information he knew would be pertinent to the lender's decision to make the mortgage loan, Levinson failed to promptly inform his client of a circumstance with respect to which the client's informed consent was required in violation of Rule 1.4(a) and failed to explain a matter to the extent reasonably necessary to permit his client to

make informed decisions regarding the representation in violation of Rule 1.4(b);

(e) By representing both the borrower and the lender in the 6557 New Sharon Church Road transaction when he knew that the borrower was misleading the lender, Levinson engaged in a conflict of interest in violation of Rule 1.7(a);

(f) By knowingly submitting false information to SunTrust in connection with the 6557 New Sharon Church Road transaction, Levinson engaged in conduct involving dishonesty, deceit, and misrepresentation in violation of Rule 8.4(c), committed a criminal act reflecting adversely on his honesty, trustworthiness and fitness as a lawyer in violation of Rule 8.4(b), and intentionally prejudiced his client during the course of the professional relationship in violation of Rule 8.4(g);

(g) By failing to disclose to SunTrust information he knew would be pertinent to the lender's decision to make the mortgage loan, Levinson failed to promptly inform his client of a circumstance with respect to which the client's informed consent was required in violation of Rule 1.4(a) and failed to explain a matter to the extent reasonably necessary to permit his client to make informed decisions regarding the representation in violation of Rule 1.4(b);

(h) By falsely certifying to SunTrust that he closed the loan in accordance with the lender's closing instructions, Levinson knowingly made a false statement of material fact to a third party in violation of Rule 4.1 and engaged in conduct involving dishonesty, deceit, and misrepresentation in violation of Rule 8.4(c);

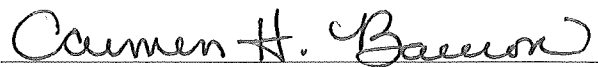
(i) By advising Pruitt to provide fabricated lease agreements for his existing properties in an effort to induce Countrywide to make a mortgage loan on a new property and by providing a template to assist in this scheme, Levinson engaged in conduct involving dishonesty, fraud, deceit, and misrepresentation in violation of Rule 8.4(c) and knowingly counseled and assisted a client in conduct Levinson knew was criminal or fraudulent in violation of Rule 1.2(d); and

(j) By making knowingly false statements to federal agents investigating the marijuana growing operation, Levinson engaged in conduct involving dishonesty, deceit, and misrepresentation in violation of Rule 8.4(c) and committed a criminal act reflecting adversely on his honesty, trustworthiness and fitness as a lawyer in violation of Rule 8.4(b).

WHEREFORE, Plaintiff prays that:

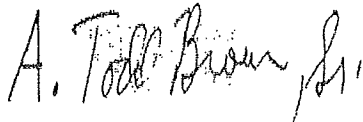
- (1) Disciplinary action be taken against Defendant in accordance with N.C. Gen. Stat. § 84-28 as the evidence on hearing may warrant;
- (2) Defendant be taxed with the administrative fees and costs permitted by law in connection with this proceeding; and
- (3) For such other and further relief as is appropriate.

This the 5TH day of July, 2019.



Carmen Hoyme Bannon, Deputy Counsel
State Bar No. 33998
The North Carolina State Bar
P.O. Box 25908
Raleigh, NC 27611
919-828-4620
Attorney for Plaintiff

Signed pursuant to 27 N.C. Admin. Code 1B.0113(n) and 1B.0105(a)(10).



A. Todd Brown, Chair
Grievance Committee