

NORTH CAROLINA

16783

WAKE COUNTY

BEFORE THE
GRIEVANCE COMMITTEE
OF THE
NORTH CAROLINA STATE BAR
03G0957

IN THE MATTER OF

Peter A. Paul,
Attorney At Law

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REPRIMAND

On Thursday, October 21, 2004 the Grievance Committee of the North Carolina State Bar met and considered the grievances filed against you by Mr. and Mrs. T.

Pursuant to Section .0113(a) of the Discipline and Disability Rules 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, a reprimand, or a 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.

You were hired by T, Inc. to provide legal services as corporate counsel. T, Inc., was a closely-held corporation that was engaged in the business of developing real estate. The corporation had two owners, ML and ST, who each had a 50% ownership interest in the corporation. ML was the corporate president, and ST was corporate vice-president and secretary.

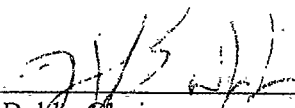
ML and ST began having business differences, and ML desired to dissolve the corporation. However, he was not able to reach an amicable dissolution agreement with ST. At ML's request, you prepared and recorded deeds transferring one-half of the property held by the T, Inc. to ML and his wife without the authority of the corporation or ST's knowledge or consent. This led to a lawsuit by ST and T, Inc. against ML and his wife. A member of your law firm represented ML and his wife in the litigation.

You are hereby reprimanded for violating the Revised Rules of Professional Conduct and causing harm or potential harm to your former client in two respects. First, you violated Rule 1.7 (a) of the Revised Rules of Professional Conduct by engaging in a concurrent conflict of interest when, as corporate attorney, you prepared and recorded deeds transferring T, Inc.'s property to ML and his wife. Second, you violated Rule 1.9 (a) when your law firm represented ML and his wife in the lawsuit that subsequently was filed by T, Inc. arising from the transfer of the property. This action involved a substantially related matter in which ML's and his wife's interests were materially adverse to the interest of your former client, T, Inc.

You are hereby reprimanded by the North Carolina State Bar for 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 the 7 day of June, 2004.



Henry Babb, Chair
Grievance Committee

HB/lr