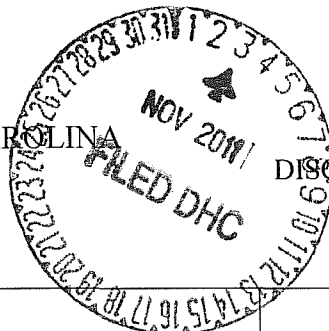


STATE OF NORTH CAROLINA

WAKE COUNTY



BEFORE THE
DISCIPLINARY HEARING COMMISSION
OF THE
NORTH CAROLINA STATE BAR
11 DHC 12

THE NORTH CAROLINA STATE BAR,

Plaintiff

v.

LEEANNE QUATTRUCCI, Attorney,

Defendant

FINDINGS OF FACT,
CONCLUSIONS OF LAW, AND
ORDER OF DISCIPLINE

THIS MATTER was heard on 9 September 2011 by a hearing panel of the Disciplinary Hearing Commission composed of C. Colon Willoughby, Jr., Chair, Walter E. Brock, Jr., and Patti Head. Plaintiff, the North Carolina State Bar, was represented by Carmen Hoyme Bannon. Defendant, LeeAnne Quattrucci., was represented by Alan M. Schneider.

Based upon the stipulation of the parties, the hearing panel hereby finds by clear, cogent and convincing evidence the following

FINDINGS OF FACT

1. Plaintiff, the North Carolina State Bar (hereafter "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 promulgated thereunder.

2. Defendant, LeeAnne Quattrucci (hereafter "Defendant" or "Quattrucci"), was admitted to the North Carolina State Bar on 31 March 2007 and is an Attorney at Law subject to the rules, regulations, and Rules of Professional Conduct of the North Carolina State Bar and the laws of the State of North Carolina.

3. During the relevant period referred to herein, Quattrucci was actively engaged in the practice of law in Wilmington, New Hanover County, North Carolina.

4. Quattrucci was properly served with process and received due notice of the hearing in this matter.

5. From April 2008 through February 2010, Quattrucci was employed as an associate attorney at Hager & Associates Law Office, P.C. (hereafter "Hager &

Associates” or “the firm”). Quattrucci was a full-time salaried employee and was compensated through the firm’s payroll.

6. Prior to her employment at Hager & Associates, Quattrucci had assisted attorney Bill Peregoy with several of his cases on a contract basis. One of the cases Quattrucci assisted with was Peregoy’s representation of Larry Richardson.

7. In the fall of 2008, Quattrucci met with Peregoy and Richardson. They agreed that Hager & Associates would take over Richardson’s case and Quattrucci would represent Richardson going forward.

8. Thereafter, Quattrucci provided Richardson with \$1,500.00 to use as a deposit against future fees billed by Hager & Associates. The \$1,500.00 was deposited into the firm’s trust account on or about 4 December 2008, and was used to pay for legal services provided to Richardson by the firm.

9. From May 2009 through February 2010, Quattrucci represented Timothy Chinn in a domestic case. Chinn’s representation agreement with Hager & Associates provided that payments for legal fees incurred in the domestic case would be deposited into the firm’s trust account. Pursuant to that agreement, Chinn deposited advance fees into the firm’s trust account to be billed against hourly.

10. In June 2009, Chinn was charged with two counts of violating a domestic violence protective order that had been entered before Quattrucci began representing him. Because Chinn’s criminal matter was beyond the scope of his original representation agreement with the firm, Quattrucci quoted him a separate flat fee of \$500.00 for representation in defending these criminal charges.

11. On 11 August 2009, Chinn’s mother wrote a check for \$250.00 payable to Quattrucci as partial payment of the \$500.00 fee for the criminal representation. Quattrucci did not remit this check to the firm or deposit it into any of the firm’s accounts. Instead, on 12 August 2009, Quattrucci deposited this check into her personal bank account.

12. On 24 August 2009, Chinn’s mother wrote another check for \$250.00 payable to Quattrucci for the balance of the \$500.00 fee for the criminal representation. Quattrucci did not remit this check to the firm or deposit it into any of the firm’s accounts. Instead, on 26 August 2009, Quattrucci deposited this check into her personal bank account.

13. Chinn was charged with two additional criminal offenses in November 2009. Quattrucci agreed to represent him in defending these charges for an additional flat fee of \$150.00.

14. On 22 January 2010, Chinn’s mother wrote a check for \$150.00 payable to Quattrucci as the fee for her representation of Chinn on these additional charges. Quattrucci did not remit this check to the firm or deposit it into any of the firm’s

accounts. Instead, on 27 January 2010, Quattrucci deposited this check into her personal bank account.

15. Quattrucci used the \$650.00 she received from Chinn's mother for her personal benefit.

16. Quattrucci worked on Chinn's criminal cases during regular business hours, including defending him at trial in January 2010.

17. All legal fees Quattrucci earned while she was employed as an associate attorney were property of Hager & Associates.

18. Quattrucci did not notify her supervising attorney, Virginia Hager, or any other representative of Hager & Associates, that she had received the three payments from Chinn's mother described above.

19. Quattrucci did not have permission from Hager or the firm to accept direct payment of the firm's fees from Chinn's mother, nor did she have permission to use those fees for her personal benefit.

20. In February 2010, Hager learned that Quattrucci had diverted Chinn's fees for her personal benefit.

21. Soon thereafter, Hager presented Quattrucci with a severance agreement setting forth various contractual terms associated with the termination of Quattrucci's employment with Hager & Associates.

22. One of the terms of the severance agreement was an "Agreement Not to Disclose" whereby—in exchange for Quattrucci's compliance with various terms—Hager agreed among other things "not to disclose the conduct resulting in [Quattrucci's] departure to . . . the North Carolina State Bar, or any other regulatory body."

Based upon the foregoing Findings of Fact and the stipulation of the parties, 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, LeeAnne Quattrucci, and the subject matter of this proceeding.

2. Quattrucci's conduct, as set out in the Findings of Fact above, constitutes grounds for discipline pursuant to N.C. Gen. Stat. § 84-28(b)(2) as follows:

- (a) By giving Richardson \$1,500.00 to be used as a deposit against future fees billed by the firm, Quattrucci provided financial assistance to a client in connection with pending or contemplated litigation in violation of Rule 1.8(e).

- (b) By depositing Chinn's fees into her personal account instead of delivering those fees to the firm, Quattrucci used entrusted property for personal benefit in violation of Rule 1.15-2(j).
- (c) By appropriating fees that were the property of the law firm to her own use and benefit instead of remitting them to the firm, Quattrucci committed a criminal act that reflects adversely on her honesty, trustworthiness, or fitness as a lawyer in violation of Rule 8.4(b) and engaged in conduct involving dishonesty, deceit, or misrepresentation in violation of Rule 8.4(c).
- (d) By entering into a contract that undermines the self-regulatory process by deterring the reporting of attorney misconduct, Quattrucci engaged in conduct prejudicial to the administration of justice in violation of Rule 8.4(d).

Based upon the foregoing Findings of Fact and Conclusions of Law, and the additional evidence regarding discipline presented at the hearing, the hearing panel hereby finds by clear, cogent, and convincing evidence the following additional

FINDINGS OF FACT REGARDING DISCIPLINE

1. The findings of fact in paragraphs 1 through 22 above are reincorporated as if fully set forth herein.
2. In order for the State Bar to fulfill its responsibility to regulate the legal profession, those who are aware of lawyer misconduct must feel free to report that misconduct to the State Bar.
3. Any contract, agreement, or other arrangement that dissuades reporting attorney misconduct to the State Bar is prejudicial to the administration of justice.
4. At the time of the misconduct at issue in this case, Quattrucci had been licensed to practice law for less than three years.
5. Quattrucci neither proposed nor drafted the severance agreement that contained an agreement for her employer not to report her misconduct to the State Bar.
6. Quattrucci lacked knowledge about some of the Rules of Professional Conduct applicable to her actions. While this does not excuse her violation of the Rules, it is relevant to her state of mind.
7. Quattrucci mistakenly believed that she could personally receive the fees paid by Chinn for representation in the criminal matters because the firm did not represent clients in criminal cases. Again, this mistaken belief does not excuse Quattrucci's violation of the Rules, but it is relevant to her state of mind at the time of the misconduct.

8. When Hager confronted Quattrucci about the fees she had received directly from Chinn, Quattrucci readily admitted her misconduct and agreed that Hager should deduct \$650.00 from her paycheck to reimburse the firm.

9. Quattrucci was forthcoming with the hearing panel in this matter and expressed profound remorse for her misconduct.

10. Quattrucci presented substantial uncontroverted evidence of her excellent reputation among members of the New Hanover County bar. Several witnesses, including the Chief District Court Judge in District 5, testified regarding their opinion of Quattrucci's character and opined that the conduct at issue in this case was an aberration. They also indicated that many people in the court system were aware of Quattrucci's misconduct and continued to support Quattrucci.

11. More than a dozen of Quattrucci's professional colleagues attended the disciplinary hearing to support her, and Quattrucci presented letters from more than three dozen members of her community attesting to her excellent character.

12. During the few years she has been practicing law, Quattrucci has distinguished herself as a zealous and effective advocate, and as a lawyer who is committed to serving indigent and disadvantaged people.

Based upon the foregoing Findings of Fact, Conclusions of Law, and additional Findings of Fact Regarding Discipline, and upon consideration of the factors set forth in 27 N.C. Admin. Code Chapter 1, Subchapter B, § .0114(w), the hearing panel hereby enters the following additional

CONCLUSIONS OF LAW REGARDING DISCIPLINE

1. The hearing panel considered all of the factors enumerated in 27 N.C.A.C. 1B § .0114(w) of the Rules and Regulations of the North Carolina State Bar and finds the following factors are present in this case:

- (a) Intent of the defendant to cause the resulting harm and/or intent of the defendant to commit acts where potential harm is foreseeable;
- (b) Negative impact of the defendant's actions on the public's perception of the profession;
- (c) Negative impact of the defendant's actions on the administration of justice;
- (d) Effect of the defendant's actions on third parties;
- (e) Acts of dishonesty;
- (f) Misappropriation of assets to which the defendant was not entitled;

- (g) A pattern of misconduct and multiple offenses;
- (h) Timely good faith efforts to rectify the consequences of the misconduct;
- (i) Full and free disclosure to the hearing panel and cooperative attitude toward the proceedings;
- (j) Remorse;
- (k) Good character and reputation; and
- (l) Inexperience in the practice of law.

2. A lawyer who misappropriates funds has committed a most serious disciplinary violation regardless of whether the victim is the lawyer's employer, partner, law firm, client or third party. Dishonest conduct by a lawyer is not mitigated by virtue of the fact that the victim may be the lawyer's partner or law firm. Nonetheless, there are mitigating circumstances in this case that outweigh the aggravating circumstances in such a way as to make this case distinguishable from the line of cases that have held that misappropriation of funds presumptively subjects a lawyer to disbarment.

3. Under other circumstances, the misconduct in this case would warrant more severe discipline. However, the hearing panel finds and concludes that the unique circumstances of this case justify a downward departure from what would otherwise be more severe discipline. The factors that particularly warrant a downward departure are:

- (a) Defendant's inexperience, willingness to learn from her mistakes, and complete cooperation with the State Bar's regulatory process;
- (b) Defendant's excellent reputation;
- (c) Defendant's service to her community and commitment to providing legal services to disadvantaged populations;
- (d) Defendant's continued support from the bench and bar;
- (e) The fact that this was an aberration from Defendant's otherwise honest course of conduct; and
- (f) Defendant's sincere remorse and appreciation of the wrongfulness of her conduct.

4. Notwithstanding these significant mitigating circumstances, any sanction less than suspension would fail to acknowledge the seriousness of the offenses committed by Defendant, would not adequately protect the public, and would send the wrong message to attorneys and the public regarding the conduct expected of members of the Bar.

5. In light of the seriousness of Defendant's misconduct, the hearing panel finds and concludes that the public and the profession will only be adequately protected by imposing a period of active suspension of Defendant's law license.

6. Defendant should be allowed the opportunity to apply for a stay of a portion of the suspension imposed by this Order upon compliance with certain conditions designed to ensure protection of the public and to ensure Defendant's compliance with the Rules of Professional Conduct.

Based upon the foregoing Findings of Fact, Conclusions of Law, and additional Findings of Fact and Conclusions of Law Regarding Discipline, the hearing panel hereby enters the following

ORDER OF DISCIPLINE

1. The license of Defendant, LeeAnne Quattrucci, is hereby suspended for three years. This order of suspension shall be effective on November 8, 2011.

2. Six months from the effective date of this Order, Defendant may apply for a stay of the remaining period of suspension imposed by this Order upon filing a petition with the Secretary of the North Carolina State Bar demonstrating by clear, cogent, and convincing evidence that, in addition to complying with the general provisions for reinstatement listed in 27 N.C.A.C. 1B § .0125 of the North Carolina State Bar Discipline & Disability Rules, Defendant has complied with the following conditions:

- (a) Paid the applicable costs and administrative fees of this action, including deposition costs, prior to petitioning for reinstatement;
- (b) During the period of suspension, completed six hours of continuing legal education that were accredited by the North Carolina State Bar CLE Department as ethics education;
- (c) Provided the North Carolina State Bar with a physical and/or mailing address which shall not be a post office box address and kept this address of record with the North Carolina State Bar current. Defendant shall accept all certified mail from the North Carolina State Bar and respond to all letters of notice and requests for information from the North Carolina State Bar by the deadlines stated in the communication;
- (d) Did not violate the laws of any state or of the United States; and
- (e) Did not violate any provision of the Rules of Professional Conduct.

3. Defendant may file a petition seeking a stay of the remaining suspension and demonstrating compliance with the above requirements up to 30 days prior to the end of the 6 month period but shall not be reinstated until the end of the 6 month period.

4. If Defendant successfully seeks a stay of the suspension of her law license pursuant to this Order, any stay will continue in force only as long as Defendant complies with the following conditions:

- (a) During the period of the stay, Defendant shall take an additional two (2) hours of accredited ethics CLE each year, over and above the general annual requirements for CLE.
- (b) Defendant shall keep her address of record current with the State Bar and respond to all letters of notice and requests for information from the State Bar by the deadline stated in the communication;
- (c) Defendant shall timely comply with her State Bar membership and continuing legal education requirements and pay all fees and costs assessed by the applicable deadline;
- (d) Defendant shall participate fully and timely in the fee dispute program when notified of any petitions for resolution of disputed fees;
- (e) Defendant shall not violate the laws of any state or of the United States; and
- (f) Defendant shall not violate any provision of the Rules of Professional Conduct.

5. If Defendant fails to comply with any one or more of the conditions stated in Paragraph 4 above, then the stay of the suspension of her law license may be lifted as provided in 27 N.C.A.C. 1B § .0114(x) of the North Carolina State Bar Discipline and Disability Rules. If the stay granted herein is lifted or the suspension of Defendant's license is activated for any reason, before a subsequent stay of the suspension can be entered Defendant must show by clear, cogent, and convincing evidence that she has complied with each of the conditions referenced in Paragraph 2.

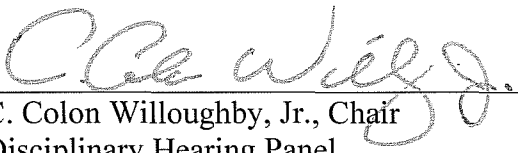
6. If Defendant does not seek a stay of the active portion of the suspension of her law license or if some part of the suspension is stayed and thereafter the stay is revoked, Defendant must provide in her application for reinstatement clear, cogent, and convincing evidence of the following:

- (a) Compliance with the general provisions for reinstatement listed in 27 N.C.A.C. 1B § .0125 of the North Carolina State Bar Discipline & Disability Rules; and
- (b) Compliance with the conditions set out in Paragraphs 2 (a) – (e) above.

7. The Secretary of the North Carolina State Bar shall serve upon Defendant a statement of costs. Defendant must pay the costs of this action prior to petitioning for reinstatement or within six months of service of the statement of costs, whichever is earlier.

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

3 Signed by the Chair with the consent of the other hearing panel members, this the day of November, 2011.


C. Colon Willoughby, Jr., Chair
Disciplinary Hearing Panel