

BEFORE THE SUPREME COURT COMMITTEE ON PROFESSIONAL CONDUCT
PANEL B

IN RE: **ROBERT D. TEAGUE**
Arkansas Bar ID #93126
CPC Docket No. 2010-104

FILED

DEC 20 2011

LESLIE W. STEEN
CLERK

FINDINGS AND ORDER

The formal charges of misconduct upon which this Findings and Order is based were developed from information provided to the Committee by Respondent Robert D. Teague, AR Bar #93126, and by Johnnie E. Rhoads in late 2009. The information related to the association of Mr. Teague and Ms. Rhoads for the practice of law as Rhoads & Teague, P.A. in Rogers, Arkansas, where they were equal shareholders in the corporation. On December 1, 2010, Respondent, through his authorized agent, was served with a formal complaint, supported by affidavits from Ms. Rhoads, Lindsey Gray, Lana Nease, and Melissa Bates.

The matter was submitted to Panel B for a ballot vote on April 15, 2011. The factual findings by the Panel in this matter:

1. In 1993, Respondent Robert D. Teague was licensed to practice law in Arkansas, and he began practice with the Rogers law firm of Boyer, Schrantz, Rhoads & Teague, PA. One of his law partners was Johnnie Rhoads.

2. Teague practiced at this firm until March 2009, when Ms. Rhoads and Teague formed Rhoads & Teague, PA, as equal partners or shareholders, and moved to new leased office space in Rogers.

3. According to Teague, in June-October 2009, he suffered from periods of anger,

depression, and excessive alcohol use, while dealing with financial stress.

4. On October 8, 2009, Teague's seventeen year old son Tyler Teague died in a firearm accident at a friend's house.

5. On July 20, 2009, firm client Karen Wooden issued her check #8005 for \$1,000 payable to Robert Teague, memoed for "Amanda Yager," to be credited to her account balance at the law firm. Teague deposited the check on September 21, 2009, into Teague's Regions Bank account #****5955 for Teague Development, Inc.. Teague did not report the check or the fee income to the law firm.

6. On July 21, 2009, firm client Karen Wooden issued her check #7989 for \$1,200 payable to Robert Teague, with no memo, to be credited to the Esteps' account balance at the law firm. Teague deposited the check on July 21, 2009, into Teague's personal Arvest Bank account #****3184. Teague did not report the check or the fee income to the law firm.

7. On July 23, 2009, firm client Don Barton issued his check #1079 for \$1,500 payable to Robert Teague, with no memo, to be credited to his account balance at the law firm for services related to a bankruptcy. Teague deposited the check on July 23, 2009, into Teague's Arvest Bank account. Teague did not report the check or the fee income to the law firm.

8. On August 25, 2009, firm client Amanda Copeland issued her check #3029 for \$1,000 payable to Robert Teague, with no memo, to be credited to her account balance at the law firm. Teague deposited the check on August 27, 2009, into Teague's Arvest Bank account. He did not report the check to the law firm.

9. On August 25, 2009, firm client James Burke Brackett issued his check #1169 for \$250 payable to Robert Teague, memoed "1/2 pymt," to be credited to his account balance at

the law firm. Teague deposited the check on August 26, 2009, into Teague's Arvest Bank account. Teague did not report the check or the fee income to the law firm.

10. On August 26, 2009, firm client Keith Eoff issued his check #9573 for \$500 payable to Robert Teague, with no memo, to be credited to his account balance at the law firm. Teague deposited the check on August 26, 2009, into Teague's Arvest Bank account. Teague did not report the check or the fee income to the law firm.

11. On September 24, 2009, firm client Amanda Copeland issued her check #3060 for \$100 payable to Robert Teague, with no memo, to be credited to her account balance at the law firm. Teague deposited the check on September 25, 2009, into Teague's Arvest Bank account. Teague did not report the check or the fee income to the law firm.

12. On October 29, 2009, Teague executed \$24,000 "demand," apparently unsecured, promissory note to Wil-Shar, Inc., a local Rogers business corporation which had been a client of Rhoads & Teague, and received \$24,000 in funds which he deposited on October 30, 2009, in his Teague Development, Inc. account at Arvest Bank.

13. On December 3, 2009, Teague delivered to Rhoads a \$4,000.00 cashier's check payable to Rhoads & Teague, PA, as further reimbursement by Teague to the firm for fee checks Teague had personally taken.

14. In mid-November 2009, Teague engaged in a transaction with Robin Brown, owner of Karat Carat, a jewelry store, by which Teague acquired a ladies' ring valued by Brown at \$2,465.00 retail, in exchange for a credit of \$1,175.00 on the account of Karat Carat with Rhoads & Teague, PA. Teague issued a personal check (Arvest #1907) dated January 2, 2010, for \$1,175.00 to Robin Brown, memoed "Heather ring." Brown's Affidavit, executed

February 3, 2010, explaining that the ring purchase was to have been a “personal gift” by Teague, who was to have been invoiced personally. No copy of any invoice for the ring and the \$1,175.00 from Brown/Karat Carat to Teague has ever been provided to the office of Professional Conduct by Brown or Teague.

15. On November 4, 2009, the law firm mailed its statement to the Eoffs. On November 11, 2009, client Joy Eoff contacted the law firm’s office manager, Ms. Lindsey Gray, about a \$500 payment made but not shown on the Eoff account. That same day, Ms. Eoff produced at the law firm her negotiated \$500 check #9573 dated 8-26-09.

16. Rhoads confronted Teague about the Eoff check. On November 11, 2009, Teague gave his personal check #1847 for \$500 on Arvest Bank to the law firm, to be credited to the Eoff account.

17. Ms. Rhoads then had other firm clients contacted about their billings, and discovered other instances of checks being made payable to Teague, delivered to Teague, being deposited by Teague, and not getting to the law firm to be credited to the client’s account there.

18. On November 11, 2009, Rhoads confronted Teague about his conversion of client funds that belonged to the law firm.

19. On November 16, 2009, Rhoads tendered his check for \$1,850.00 to partially restore firm funds he had taken, and that Ms. Rhoads knew about by that date.

20. On November 17, 2009, Teague and Rhoads split the law firm by Rhoads basically denying Teague access to the firm premises.

21. On November 20, 2009, Teague wrote the Committee/OPC, self-reporting his

actions in misappropriating client funds that were intended for the Rhoads & Teague, P.A. law firm.

22. An OPC file was opened as #T2009-794.

23. On November 24, 2009, Teague left for Rhoads an unsigned promissory note, with the amount blank, to the law firm to repay what Teague owed the firm. No copy of this Promissory Note has been provided by anyone to the Office of Professional Conduct.

24. On December 3, 2009, Teague gave Rhoads his check for \$4,000 to credit against what he owed to the law firm.

25. By letter dated December 4, 2009, Ms. Rhoads reported the matter to the Committee/OPC.

26. During this time period, Teague owned a business entity named Teague Development, LLC, whose major asset was a residential rental property which rented for \$1,100 per month.

27. Teague Development has a checking account, #****5955, at Regional Bank. Its bank statements from February-October 2009, show the account was often overdrawn until the \$24,000 loan proceeds from Wil-Bar were deposited on October 30, 2009.

28. There were a number of transactions and deposits between the Teague Development Regions account and the Metropolitan account during these months, including cash deposits into the Metropolitan account.

29. Teague made a \$50,000 loan or line of credit from Metropolitan National Bank at some date on or before November 21, 2008. The unpaid loan balance on November 23, 2009, was shown as being \$49,242.98.

30. After negotiation, on February 2, 2010, David Nixon, attorney for Teague, sent Rhoads \$17,140 (Teague's number) per Nixon's accounting, to settle the matter of the fees taken by Teague personally that belonged to the law firm.

31. By a Partnership Dissolution Agreement executed in mid-March 2010, Teague and Rhoads resolved all remaining issues between them from their law firm partnership.

Upon consideration of the formal complaint and attached exhibit materials, the response to it, and other matters before it, and the Arkansas Rules of Professional Conduct, Panel B of the Arkansas Supreme Court Committee on Professional Conduct finds:

A. The conduct of Robert D. Teague, as set forth in the attached Exhibits, violated Rule 8.4(c), to wit:

1. On July 20, 2009, Teague received \$1,000, intended to be applied to her account, by check #8005 from Karen Wooden, a client of the law firm of Rhoads & Teague, P.A., and instead of delivering the check or funds to the law firm, Teague converted the funds to his personal use by depositing the check into his personal or business checking account. He did not deliver the funds to the law firm until the law firm and the client had discovered the conversion and determined the funds had not been paid to the law firm and credited to the client's account there. This conversion of funds to personal use by Teague was conduct involving dishonesty, fraud, deceit or misrepresentation toward both the client and the law firm.

2. On July 21, 2009, Teague received \$1,200, intended to be applied to her account, by check #7989 from Karen Wooden, a client of the law firm of Rhoads & Teague, P.A., and instead of delivering the check or funds to the law firm, Teague converted the funds

to his personal use by depositing the check into his personal or business checking account. He did not deliver the funds to the law firm until the law firm and the client had discovered the conversion and determined the funds had not been paid to the law firm and credited to the client's account there. This conversion of funds to personal use by Teague was conduct involving dishonesty, fraud, deceit or misrepresentation toward both the client and the law firm.

3. On July 23, 2009, Teague received \$1,500, intended to be applied to his account, by check #1079 from Don Barton d/b/a Barton Electric, a client of the law firm of Rhoads & Teague, P.A., and instead of delivering the check or funds to the law firm, Teague converted the funds to his personal use by depositing the check into his personal or business checking account. He did not deliver the funds to the law firm until the law firm and the client had discovered the conversion and determined the funds had not been paid to the law firm and credited to the client's account there. This conversion of funds to personal use by Teague was conduct involving dishonesty, fraud, deceit or misrepresentation toward both the client and the law firm.

4. On August 25, 2009, Teague received \$1,000, intended to be applied to her account, by check #3029 from Amanda Copeland, a client of the law firm of Rhoads & Teague, P.A., and instead of delivering the check or funds to the law firm, Teague converted the funds to his personal use by depositing the check into his personal or business checking account. He did not deliver the funds to the law firm until the law firm and the client had discovered the conversion and determined the funds had not been paid to the law firm and credited to the client's account there. This conversion of funds to personal use by Teague was

conduct involving dishonesty, fraud, deceit or misrepresentation toward both the client and the law firm.

5. On August 25, 2009, Teague received \$250, intended to be applied to his account, by check #1169 from James Burke Brackett, a client of the law firm of Rhoads & Teague, P.A., and instead of delivering the check or funds to the law firm, Teague converted the funds to his personal use by depositing the check into his personal or business checking account. He did not deliver the funds to the law firm until the law firm and the client had discovered the conversion and determined the funds had not been paid to the law firm and credited to the client's account there. This conversion of funds to personal use by Teague was conduct involving dishonesty, fraud, deceit or misrepresentation toward both the client and the law firm.

6. On August 26, 2009, Teague received \$500, intended to be applied to their account, by check #9573 from Keith or Joy Eoff, a client of the law firm of Rhoads & Teague, P.A., and instead of delivering the check or funds to the law firm, Teague converted the funds to his personal use by depositing the check into his personal or business checking account. He did not deliver the funds to the law firm until the law firm and the client had discovered the conversion and determined the funds had not been paid to the law firm and credited to the client's account there. This conversion of funds to personal use by Teague was conduct involving dishonesty, fraud, deceit or misrepresentation toward both the client and the law firm.

7. On September 24, 2009, Teague received \$100, intended to be applied to her account, by check #3060 from Amanda Copeland, a client of the law firm of Rhoads &

Teague, P.A., and instead of delivering the check or funds to the law firm, Teague converted the funds to his personal use by depositing the check into his personal or business checking account. He did not deliver the funds to the law firm until the law firm and the client had discovered the conversion and determined the funds had not been paid to the law firm and credited to the client's account there. This conversion of funds to personal use by Teague was conduct involving dishonesty, fraud, deceit or misrepresentation toward both the client and the law firm.

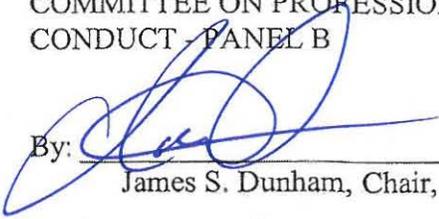
8. By his settlement with Ms. Rhoads for \$17,140 in early February 2010, plus earlier payments of \$500.00, \$1,850.00, and \$4,000.00, Robert Teague acknowledged he had diverted, converted, misappropriated, and taken as his own \$23,490.00 in client payments on accounts that were the property of the law firm of Rhoads & Teague, P.A., without permission or authority to take said fees as his own separate property, conduct involving dishonesty, fraud, deceit or misrepresentation by Teague.

Arkansas Rule 8.4(c) provides that it is professional misconduct for a lawyer to engage in conduct involving dishonesty, fraud, deceit or misrepresentation.

WHEREFORE, it is the decision and order of the Arkansas Supreme Court Committee on Professional Conduct, acting through its authorized Panel B, that the Arkansas law license of **ROBERT D. TEAGUE**, Arkansas Bar ID# 93126, be, and hereby is, **SUSPENDED FOR TWELVE (12) MONTHS** for his conduct in this matter. The suspension shall become effective on the date this Findings and Order is filed of record with the Clerk of the Arkansas Supreme Court. The \$50.00 case costs assessed herein shall be payable by cashier's check or money order payable to the "Clerk, Arkansas Supreme Court" delivered to the Office of

Professional Conduct with thirty (30) days of the date this Findings and Order is filed of record with the Clerk of the Arkansas Supreme Court.

ARKANSAS SUPREME COURT
COMMITTEE ON PROFESSIONAL
CONDUCT - PANEL B

By: 

James S. Dunham, Chair, Panel B

Date: April 27, 2011