

**BEFORE THE ARKANSAS SUPREME COURT  
COMMITTEE ON PROFESSIONAL CONDUCT  
PANEL B**

IN RE: JAMES W. STANLEY  
ARKANSAS BAR ID #75124  
CPC Docket No. 2007-024

**FINDINGS AND ORDER OF RECIPROCAL SUSPENSION**

The formal charges of misconduct upon which this Order is premised arose from the information provided by the Social Security Administration (SSA) and the Department of Veterans Affairs (VA). The information was received in the Office of Professional Conduct on June 2, 2006, and June 13, 2005, respectively.

The Committee on Professional Conduct (Committee) has been provided documentation from both the SSA and VA (copies of the letters attached hereto as Exhibit "A" and Exhibit "B"). As a result of those tribunals' determinations, James W. Stanley, an attorney practicing primarily in Little Rock, Arkansas, was suspended for five years on May 22, 2006, from practice before the SSA, and his accreditation to practice before the Department of Veteran Affairs was canceled on October 10, 2001.

The basis of Stanley's suspension before the SSA was its determination that he had (1) charged, collected, and retained fees in violation of SSA's rules; (2) deceived or knowingly misled his client about her benefits or other rights under the Social Security Act; and (3) knowingly made false or misleading statements of material fact concerning fee matters within SSA's jurisdiction. An SSA Administrative Law Judge (ALJ) held a hearing and issued a July 28, 2004, decision sustaining the charges against Stanley and suspending him from practice before SSA for a period of five years (copy attached hereto as Exhibit "C"). The Appeals Council entered a May 22, 2006, decision affirming the ALJ's decision and the five-year suspension following Stanley's appeal of the ALJ's decision (copy attached hereto as Exhibit "D"). Thereafter, on June 7, 2006, Stanley filed a Complaint in the United

States District Court Eastern District of Arkansas (Western Division). On February 14, 2007, in Case No. 4:06CV659JMM, *James W. Stanley, Jr. v. Jo Anne Barnhart, Commissioner, Social Security Administration*, the United States District Court - Eastern District of Arkansas (Western Division) granted SSA's Motion to Dismiss or in the Alternative Motion for Summary Judgment, in part determining that it did not have jurisdiction to review SSA's administrative decision to suspend Stanley's ability to practice before it for a five-year period (copy of Order attached hereto as Exhibit "E").

The basis for the cancellation of Stanley's VA accreditation following a hearing before a VA hearing officer was that Stanley had received illegal fees from four veterans for representation of them before the VA. The hearing officer found that Stanley received these fees as payment for representation services prior to the veterans receiving a first final decision from the Board of Veterans' Appeals on their respective claims. At the hearing, Stanley informed the VA that these payments were contributions by these veterans for the payment of disinterested third-party fees for other veterans or to charitable organizations chosen by him. The VA hearing officer determined, however, that Stanley's purported disinterested third-party-payment agreements were "meaningless documents meant only to circumvent the clear prohibition of the relevant law." Thereafter, the VA hearing officer determined that Stanley's accreditation should be suspended. Stanley appealed that determination and the VA General Counsel affirmed the decision of the VA hearing officer (copy attached hereto as Exhibit "F").

In so deciding, the VA General Counsel determined as follows:

You [Stanley] purported allocations of payments to the accounts of various veterans in arbitrary amounts based merely on the amount of funds available and bearing no relation to the services provided to the particular veteran is clearly a bookkeeping trick to disguise the true nature of the transactions. You were essentially paying yourself from funds provided by veterans in payment of fees they felt they owed you for services you had rendered to them. The

hearing officer described your allocation procedure as “a type of pyramid system, which allows ever increasing amounts to be collected and ‘allocated’ to any account in any amount arbitrarily chosen” by you. . . . In my view, such a system clearly does not fall within the contemplation of 38 C.F.R. § 20.609(d)(2).

Nor do I think that diversion of some of the veterans’ payments to charitable organizations changes the nature of the payments to charitable organizations changes the nature of the payments to other than a payment of attorneys fees to you in return for services rendered to the payor. [X veteran’s] payment went into an account controlled by you, and you determined, in your sole discretion, to contribute a portion of the funds to charities of your own choosing, with which you were affiliated. This represented a use by you of your own funds for your own purposes. Further, the fact that [Y veteran] made his payment directly to the Arkansas Fund for Veterans does not change the essential nature of the transaction. [Z veteran] was seeking to pay you attorney fees that he understood he owed, and you, through an intermediary, directed that the payment be made to a charity you choose, with which you were affiliated. You received the benefit of the payment, regardless of the fact that the payment did not pass through your hands. . . .

Stanley appealed the cancellation of his accreditation, which remains pending. Notwithstanding cancellation of his VA accreditation, the VA notified the Committee on December 8, 2005, that Stanley has actively sought to continue representation of claimants before it (copy attached as Exhibit “G”). Collectively attached as Exhibit “H” are letters from the VA to Stanley that reiterate the fact that his accreditation had been cancelled. In a letter dated April 21, 2005, Stanley challenged the VA’s decision to return his fee agreements (copy attached as Exhibit “I”). The VA’s response to Stanley’s April 21, 2005, letter is attached as Exhibit “J”. In that letter, the VA informed Stanley that his accreditation had been suspended, and therefore, he could not appear on behalf of any claimant in any capacity before the Department.

Pursuant to Section 14.A of the Procedures of the Arkansas Supreme Court Regulating Professional Conduct of Attorneys at Law, the suspension of any person from the practice of law in any other state shall operate as a suspension of such person from the practice of law in this State under any license issued to such person by the Arkansas Supreme Court prior to his or her suspension in such

other state. Upon presentation of a certified order or other proper document of a tribunal or corresponding disciplinary authority of another jurisdiction evidencing suspension, the Committee by summary proceedings shall cause a like sanction to be imposed and shall notify the Clerk of such action. Notice of the Committee's action shall be sent to the attorney's mailing address of record with the Clerk. Section 14.B of the Procedures of the Arkansas Supreme Court Regulating Professional Conduct of Attorneys at Law.

Upon consideration of the documentation provided by the SSA, VA, and the Procedures of the Arkansas Supreme Court Regulating the Professional Conduct of Attorneys at Law, the Committee on Professional Conduct, Panel B, finds:

1. That Mr. Stanley was suspended for a period of five (5) years from the practice of law before the SSA effective May 22, 2006.

2. That Mr. Stanley's accreditation to practice before the VA was cancelled effective October 10, 2001.

3. That Mr. Stanley was licensed to practice law in the State of Arkansas on September 8, 1975, which is prior to the date of his suspension from SSA and accreditation cancellation with the VA.

4. That pursuant to the mandate of Section 14 of the Procedures of the Arkansas Supreme Court Regulating Professional Conduct of Attorneys at Law, the Committee is imposing a like suspension of five (5) years on Mr. Stanley's license to practice law in the State of Arkansas effective as of the date this Findings and Order is filed with the Clerk of the Arkansas Supreme Court.

WHEREFORE, it is the decision and order of the Arkansas Supreme Court Committee on Professional Conduct, through Panel B, that JAMES W. STANLEY, Arkansas Bar ID #75124 be, and

hereby is, RECIPROCALLY SUSPENDED for a period of FIVE (5) YEARS. The suspension shall be effective as of the date this Order is filed with the Clerk of the Arkansas Supreme Court. Mr. Stanley shall not be reinstated to the practice of law in Arkansas until a Petition for Reinstatement has been granted by a Panel of the Committee on Professional Conduct.

ARKANSAS SUPREME COURT COMMITTEE  
ON PROFESSIONAL CONDUCT

By: \_\_\_\_\_  
Henry Hodges, Chair, Panel B

Date: \_\_\_\_\_