

BEFORE THE SUPREME COURT COMMITTEE ON PROFESSIONAL CONDUCT

PANEL A

IN RE: PAUL E. REVELS

ARKANSAS BAR ID #91110

CPC Docket No. 2002-053

FINDINGS AND ORDER

The formal charges of misconduct upon which this Findings and Order is based arose from information developed by the Committee staff related to the representation of Carl Hunter, a minor, and others, by Respondent, and operation of Respondent's IOLTA trust account during 2000-2001. On June 3, 2002, Respondent, an attorney practicing in DeQueen, Arkansas, was served with a formal complaint. Respondent filed a timely response to the complaint, and supplemented his response with several letters. After a ballot vote by Committee Panel B, Respondent requested a *de novo* public hearing, which was conducted before Panel A on March 19, 2004.

The complaint related to Mr. Revels' IOLTA trust account, specifically to the personal injury matter of Carl Hunter. The information requested consisted of proof of the medical bills to be paid out of the settlement funds, which Mr. Revels represented to be approximately \$23,000; proof of the medical bills which had been paid out of the settlement proceeds; the settlement statement prepared demonstrating the amount of funds received, an itemization of the medical bills to be paid therefrom, a listing of the attorney's fee to be paid therefrom and the amount to be paid to the client, and the written fee agreement. Mr. Revels' response to that request arrived at the Office of the Executive Director on December 10, 2001. With the transmittal letter he provided what he asserted were all medical bills on Carl Hunter. He also provided copies of two (2) checks which he alleged were paid on behalf of Carl Hunter after approval by the Probate Judge, since Carl is a minor. In addition, he provided his settlement statement on this matter. No written fee agreement has been provided by Mr. Revels, even though this was a contingency fee matter. In addition to the documentation that he provided,

his trust account monthly summary bank statements were subpoenaed for the period April 2000 through October 12, 2001, along with the deposit slips and accompanying documents from February 2001 through October 12, 2001; and all canceled checks that were written on the IOLTA account for the period of February 2001 through October 12, 2001. From the information contained in those records the complaint against Mr. Revels, derives. The factual basis for the alleged violations of the Model Rules of Professional Conduct is more fully set below.

A detailed analysis of the documents from his IOLTA client trust account is offered to demonstrate violations of Arkansas Model Rule 1.15(a) which occurred each time his own property was commingled with that of his clients, each time the balance of the trust account fell below the amount required for any given client's funds held by him, and each time funds from this account were used to pay personal debts. The analysis also demonstrates violations of Arkansas Model Rule 8.4(c).

Trust account statements from February 2001 through October 12, 2001 show deposits of:

- | | | |
|-----|--|-----------------------------------|
| (1) | February 14, 2001 | \$1800.00 |
| | Insurance Settlement Payable to Raymond Burt and Claudia Burt and their attorney,
Paul E. Revels | |
| (2) | February 14, 2001 | \$4500.00 |
| | Personal Check from Jennifer Embry to Paul Revels | |
| (3) | February 20, 2001 | \$1000 cash in |
| (4) | February 20, 2001 | \$400 (no documentation provided) |
| (5) | February 20, 2001 | \$25,000.00 |
| | Bank One Money Order from Irene H. Germany | |
| (6) | March 1, 2001 | \$21,493.57 |
| | Bank of Lockesburg Cashier's Check made payable to the Grace Cross Estate, remitter Grace
Cross #501387 | |
| (7) | March 21, 2001 | \$10,000 |
| | Personal Check from Carlee A. Carver | |

- | | | | |
|------|-----------------|-------------------|--|
| (8) | March 21, 2001 | \$150.00 | Personal Check from Barbara Harrison |
| (9) | April 18, 2001 | \$25,000.00 | Insurance Settlement Payable to Jason Parson, Paul E. Revels, his attorney and Wadley Regional Medical Center |
| (10) | May 30, 2001 | \$6,423.45 | First National Bank of DeQueen, Arkansas, cashier's check made payable to Paul Revels by the Dorothy Sisk Estate |
| (11) | July 13, 2001 | \$2500.00 | Personal Check from Sharron Slaton with notation rest. for Brent |
| (12) | July 13, 2001 | \$200.00 | Personal Check from Twila Wolford with notation attorney fee for Danny |
| (13) | July 16, 2001 | \$1250.00 cash in | |
| (14) | July 16, 2001 | \$600.00 | Personal Check from John Owen |
| (15) | July 17, 2001 | \$100.00 cash in | |
| (16) | July 19, 2001 | \$2382.79 | Wire Transfer from Avery Lea Studer / Education Fund |
| (17) | July 31, 2001 | \$500.00 | Personal Check from Lanette Whitt |
| (18) | August 20, 2001 | \$21.00 | Auditor of the State warrant made payable to Delwin D. Dellinger |
| (19) | August 20, 2001 | \$4575.00 | American Heritage Life Insurance Draft made payable to the Estate of Delwin Dellinger |
| (20) | August 20, 2001 | \$138.00 | |

United States Treasury Check made payable to Delwin D. Dellinger

- | | | | |
|------|--------------------|-------------|---|
| (21) | August 23, 2001 | \$55,000.00 | Insurance Settlement Payable to Chris Hunter, Father and next of kin to Carl Hunter, a Minor and Paul Revels (only) |
| (22) | September 28, 2001 | \$1,000.00 | Commerce Bank Personal Money Order from Brown |
| (23) | September 28, 2001 | \$ 200.00 | Financial Express Money Order from Brown |
| (24) | September 28, 2001 | \$ 300.00 | Financial Express Money Order from Brown |
| (25) | September 28, 2001 | \$321.44 | City of DeQueen Payroll Check payable to Paul Revels, as city attorney |
| (26) | September 28, 2001 | \$2500.00 | City of DeQueen quarterly "office expense" check payable to Paul Revels |

Several of the deposits are clearly client funds. Each of the personal injury settlement checks was correctly placed in his client trust account pursuant to the Arkansas Model Rules of Professional Conduct.

Following is a list of the deposits of personal funds, which establish the commingling violations:

- | | | | |
|-----|--------------------|------------------------------------|--|
| (1) | February 20, 2001 | \$1000 cash in | |
| (2) | February 20, 2001 | \$400 (office account check #2023) | |
| (3) | July 13, 2001 | \$200.00 | Personal Check from Twila Wolford with notation attorney fee for Danny |
| (4) | July 16, 2001 | \$1250.00 cash in | |
| (5) | July 17, 2001 | \$100.00 cash in | |
| (6) | September 28, 2001 | \$321.44 | City of DeQueen Payroll Check payable to Paul Revels (City Attorney) |

- (7) September 28, 2001 \$2500.00
City of DeQueen quarterly "office expense" check payable to Paul Revels

In addition to the deposits which were made involving commingling of funds, deposits were made involving funds belonging to both you and your clients. These were settlement checks from insurance companies. Following is a list of each settlement check deposit, along with a listing of each check written from the proceeds.

- (1) February 14, 2001 \$1800.00
Insurance Settlement Payable to Raymond Burt and Claudia Burt and their attorney,
Paul E. Revels

Check Number 1161 \$1600.00
Payable to Raymond and Claudia Burt
Written on February 20, 2001
Cleared Bank on February 20, 2001

There is no check written to Mr. Revels for his attorney's fee from this matter.

- (2) April 18, 2001 \$25,000.00
Insurance Settlement Payable to Jason Parson, Paul E. Revels, his attorney and Wadley
Regional Medical Center

Check Number 1171 \$9,785.35
Payable to Wadley Hospital
Written on April 17, 2001
Cleared Bank on April 20, 2001

Temporary Check \$95.02
Payable to J.W. Hutton, Inc. (Memo Jason Parsons)
Written On June 3, 2001
Cleared Bank on June 20, 2001

There is no corresponding check written to Mr. Revels for his attorney's fee. There is no check ever written to his client, Jason Parson. The evidence available in his trust account records through October 12,

2001, since he failed to designate attorney's fee on any check written therefrom, shows the account balance should have been \$15,119.63 from June 20, 2001 through October 12, 2001. However from June 20, 2001, through August 22, 2001, the balance was far below the \$15,119.63. It only came above the minimum required amount on August 23, 2001, after he made the Carl Hunter deposit in the amount of \$55,000. The bank summary statements demonstrate the balance on each given day in his IOLTA trust account as follows:

(3)	August 23, 2001	\$55,000.00
	Insurance Settlement Payable to Chris Hunter, Father and next of kin to Carl Hunter, a Minor and Paul Revels (only)	
	Check Number 1148	\$7,269.00
	Parrish Equipment Supply Inc.	
	Date Written September 7, 2001	
	Date Cleared Bank September 11, 2001	
	Check Number 1149	\$1,757.65
	First State Bank of DeQueen	
	Date Written September 7, 2001	
	Date Cleared Bank September 7, 2001	

As with the other personal injury settlements placed in his IOLTA trust account, there is no check written to Mr. Revels for an attorney's fee in the Hunter matter. According to the summary statement that he provided to the Office of the Executive Director, there should have been a check payable to him in the amount of \$23,750 but there was not. At the hearing Mr. Revels stated he took a partial fee on the Hunter matter by debiting \$15,000 from his trust account on August 24, 2001, purchasing a cashier's check in that amount from his bank and then depositing that check in his office account. No copy of the cashier's check was made available.

He also asserted on the settlement sheet that he provided that Carl Hunter had \$18,938.05 in medical bills to be paid from this settlement. He provided medical bills to demonstrate that fact. The medical bills he submitted showed some of those medical bills were duplications and also bills for Carl's sister, Brandy, who was injured in the same incident and whose claim was settled before Carl's. He also asserted on his Carl Hunter

settlement statement that there was a balance due to his client of \$3285.30. No check payable to the Hunters in that amount was provided, either by Mr. Revels or his subpoenaed bank records. Following deposit of the \$55,000, then giving him credit for the \$23,750 that he asserted would be his attorney's fee (25%), and subtracting the amount paid to Parrish Equipment and First State Bank, there should have been present in his trust account a balance of \$22,223.35 until the medical bills were paid and the payment to his client in the amount of \$3285.30 was made. These funds did not belong to Mr. Revels but belonged to his client and third parties whose bills were outstanding. Beginning on September 13, 2001, his IOLTA trust account was below the required minimum balance. Following were the balances on the dates available from the subpoenaed records:

- (1) September 13, 2001 \$19,760.55 (\$2462.80 below the required balance)
- (2) September 14, 2001 \$19,260.55 (\$2962.80 below the required balance)
- (3) September 28, 2001 \$22,081.99 (\$141.36 below the required balance)
- (4) September 30, 2001 \$22,115.12 (\$108.23 below the required balance)
- (5) October 1, 2001 \$21,615.12 (\$608.23 below the required balance)
- (6) October 4, 2001 \$18,615.12 (\$3,608.23 below the required balance)
- (7) October 5, 2001 \$17,415.12 (\$4,808.23 below the required balance)
- (8) October 10, 2001 \$13,415.12 (\$8,803.23 below the required balance)

In addition to the matters related directly to client funds, there were also instances of insufficient balances in his IOLTA trust account. On June 21, 2000, the balance in his IOLTA client trust account was \$-147.73. The balance on July 2, 2000 was \$-142.40. There should never be a negative balance in an attorney trust account.

From all of the above information documentation available, several instances of commingling were committed, since his clients' funds were so intermingled with funds of his that the client funds lost their separate identity and became available for use for Mr. Revels' personal expenses and many cash withdrawals. Based on the numerous instances of the account balance of his client trust account falling below the amount

owed to a client or on behalf of a client, acts of at least temporary conversion occurred during the time period specifically under examination, April 2, 2000, through October 12, 2001. Mr. Revels offered as his explanation for the trust account balances being below the amounts required to be there two deposits, \$5,200.00 on April 20, 2001, and \$4,828.10 on July 2, 2001, which he claimed were client funds that should have been placed in his trust account but were put into his office account by mistake. He claimed that proper crediting of these two deposits would have brought his trust account balance to or above the minimum required balances.

Upon consideration of the formal complaint and attached exhibit materials, the responses to it, other matters before it, the testimony of Mr. Revels at the hearing, and the Arkansas Model Rules of Professional Conduct, by a unanimous vote, Panel A of the Arkansas Supreme Court Committee on Professional Conduct finds:

A. Mr. Revels' conduct violated Model 1.15(a) in that he deposited funds which were his own property into his IOLTA trust account and commingled these personal funds with clients' funds. Model Rule 1.15(a) requires that all lawyers hold property of clients or third persons that is in a lawyer's possession in connection with a representation separate from the lawyer's own property.

B. Mr. Revels' conduct violated Model Rule 1.15(a) in that he failed to maintain the funds owing to the medical providers in the Carl Hunter matter, which belonged to his client until paid to the medical providers, in his IOLTA trust account after depositing the same therein on August 23, 2001. His IOLTA account had insufficient balances on more than one occasion demonstrating the failure to maintain client and third persons funds therein as required. Model Rule 1.15(a)(1) requires that funds of a client (in a lawyer's possession in connection with a representation) shall be deposited and maintained in one or more identifiable trust accounts in the state where the lawyer's office is situated, or elsewhere with the consent of the client or third person. The lawyer or law firm may not deposit funds belonging to the lawyer or law firm in any account designated as the trust account, other than the amount necessary to cover bank charges, or comply with the minimum balance required for the waiver of bank charges.

C. Mr. Revels' conduct violated Model Rule 8.4(c) in that the balances in his trust account subsequent to September 12, 2001, demonstrate acts of conversion on his part in connection with funds which were payable to the medical providers or Carl Hunter and to Carl Hunter. Model Rule 8.4(c) requires that a lawyer not engage in conduct involving dishonesty, fraud, deceit or misrepresentation.

The Panel vote on the sanctions to be assessed was not unanimous. A majority, consisting of members Trafford, Youngdahl, Virden and Chair Hodge voted for the sanction imposed here. Panel members Herr, Reeves, and Trammell (sitting as a substitute for Mr. Hout who was unable to attend) voted to impose a suspension of three (3) months.

WHEREFORE, it is the decision and order of the Arkansas Supreme Court Committee on Professional Conduct, acting through its authorized Panel A, that , Arkansas Bar ID# 91110, be, and hereby is, **reprimanded** for his conduct in this matter, fined \$2,500.00, and assessed costs of \$50.00.

The fine and 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 one-half within thirty (30) days of the date this Findings and Order is filed of record with the Clerk of the Arkansas Supreme Court and the balance within sixty days of the date of this filing of this Order.

In addition to the above sanctions, the Panel also directs and orders that Mr. Revels provide the Office of Professional Conduct copies of his IOLTA trust account records (monthly statements, cancelled checks and deposit slips, front and back as appropriate) for the period May 1, 2003, to present date, and the same materials each month hereafter for the next twelve (12) months. Failure to comply with these requirements may be the basis for additional or new disciplinary action by the Committee. Mr. Revels stated his acceptance of these conditions at the hearing, in lieu of the imposition of a different sanction.

ARKANSAS SUPREME COURT COMMITTEE ON
PROFESSIONAL CONDUCT - PANEL A

By: _____

Gwendolyn D. Hodge, Chair, Panel A

Date: _____