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ATTORNEY DISCIPLINE BOARD
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State of Michigan

Attorney Discipline Board

Grievance Administrator,
Michigan Attorney Grievance Commission,

Petitioner,

Case No. 17-76-GA

v

Sean Liles, P55377,

Respondent.

Formal Complaint

(Parties and Jurisdiction)

1. Petitioner, Grievance Administrator, is authorized by MCR 9.109(B)(6) to prosecute this Formal Complaint by the Attorney Grievance Commission, which is the prosecution arm of the Supreme Court for the discharge of its constitutional responsibility to supervise and discipline Michigan attorneys.

2. As a licensed Michigan attorney, Respondent is subject to the jurisdiction of the Supreme Court and the Attorney Discipline Board as set forth in MCR 9.104.

3. Michigan attorneys have a duty to conduct themselves personally and professionally at all times in conformity with the standards imposed on members of the bar as a condition of the privilege to practice law.

4. Respondent is a Michigan attorney who was licensed in 1998, and who resides or has his place of business in the County of Grand Traverse, State of Michigan.

(Factual Allegations)

5. On or about February 4, 2005, Respondent opened an Interest on Lawyer's Trust Account (IOLTA) with Bank One (now Chase Bank), account ending in 6634.

6. Respondent is the sole signatory to the Chase Bank IOLTA.

7. On or about June 19, 2008, Respondent incorporated the law firm entitled Michigan Legal Group, P.C.

8. Respondent is the President, Secretary, Treasurer, Director, and Resident Agent of Michigan Legal Group, P.C.

9. In January 2016, the IOLTA contained \$104.01. Other than an interest payment of one cent, which was transferred to the Michigan State Bar Foundation, there were no transactions in the IOLTA in January 2016.

10. On or about February 16, 2016, Respondent electronically transferred \$1,650 from his personal checking account held with Chase Bank (ending in 1757) to his IOLTA.

11. On or about February 16, 2016, Respondent electronically transferred \$1,225 from his business account held with Chase Bank (ending in 3167) to his IOLTA.

12. On or about February 16, 2016, Respondent made two separate electronic transfers to Ditech-Financial Mortgage in the amounts of \$1,613.11 and \$1,203.26 from the IOLTA.

13. Because the electronic transfers made to Ditech-Financial were "speedpay" transfers, two separate fees of \$12 each were charged to the funds held in the IOLTA.

14. Ditech-Financial Mortgage is the mortgage company for Respondent's residence.

15. In March 2016, the IOLTA contained \$139.09. Other than an interest payment of one cent, which was transferred to the Michigan State Bar Foundation, there were no transactions in the IOLTA in March 2016.

16. On or about April 6, 2016, Respondent electronically transferred \$100 from his IOLTA to his personal checking account.

17. On or about April 15, 2016, Respondent electronically transferred \$1,700 from his personal checking account to his IOLTA.

18. On or about April 15, 2016, Respondent electronically transferred \$1,613.11 from his IOLTA to Ditech-Financial Mortgage.

19. On or about May 16, 2016, Respondent electronically transferred \$2,500 from his personal checking account to his IOLTA and \$350 from his business account to his IOLTA.

20. On or about May 16, 2016, Respondent electronically transferred \$1,613.11 from his IOLTA to Ditech-Financial Mortgage.

21. On or about May 25, 2016, Respondent electronically transferred \$300 from his IOLTA to his personal checking account.

22. On or about May 27, 2016, Respondent electronically transferred, in two separate transfers, \$300 and \$100 from his IOLTA to his personal checking account.

23. On or about June 15, 2016, Respondent electronically transferred \$1,200 from his personal checking account to his IOLTA.

24. On or about June 15, 2016, Respondent electronically transferred \$1,650.08 from his IOLTA to Ditech-Financial Mortgage.

25. On or about July 15, 2016, Respondent electronically transferred \$1,700 from his personal checking account to his IOLTA.

26. On or about July 15, 2016, Respondent electronically transferred \$1,650.08 from his IOLTA to Ditech-Financial Mortgage.

27. On or about August 15, 2016, Respondent electronically transferred \$150 from his IOLTA to his personal checking account.

28. On or about August 16, 2016, a payment in the amount of \$1,650.08 from the IOLTA to Ditech-Financial Mortgage was attempted but was returned because there insufficient funds in the IOLTA to cover the payment.

29. On or about August 19, 2016, Respondent electronically transferred \$1,700 from his personal checking account to his IOLTA.

30. On or about August 22, 2016, Respondent electronically transferred \$1,650.08 from his IOLTA to Ditech-Financial Mortgage.

31. On or about August 25, 2016, the Grievance Administrator received notice from Chase Bank about the August 16, 2016 attempted payment from Respondent's IOLTA that was not paid because of insufficient funds.

32. On or about August 29, 2016, Respondent electronically transferred \$50 from his IOLTA to his personal checking account.

33. On or about September 15, 2016, a Grievance Administrator's Request for Investigation was mailed to Respondent regarding the IOLTA overdraft notice from Chase Bank.

34. On or about September 29, 2016, Respondent electronically transferred \$50 from his IOLTA to his personal checking account.

35. Other than interest payments of one cent, which were transferred to the Michigan State Bar Foundation, there were no transactions in the IOLTA from October 2016 through January 2017.

36. On or about October 11, 2016, Respondent's answer to the request for investigation was received by the Grievance Administrator.

37. Respondent's answer states in relevant part:

Specifically, the payee, Ditech-Financial Mortgage, is the mortgage company for my residence. The source of the funds is from my personal account at Chase bank. Each month I pay my mortgage online through Ditech's website. Because it is an electronic payment, I do not have copies of a returned check. Recently I decided to use the "remember this account for next month" link. I did not realize I had accidentally input the Chase IOLTA Account instead of my personal account. I transferred funds from my personal account to cover the payment. In August I thought I had fixed my mistake. I expected the mortgage payment to come out of my personal account. Obviously, it did not. I have since corrected the problem.

38. Respondent's answer contains false statements and/or fails to fully and fairly explain the cause of the overdraft given Respondent's continuous deposits of money from his personal or business accounts to his IOLTA in amounts sufficient to cover the subsequent electronic transfers of money from his IOLTA to Ditech-Financial Mortgage, as described above.

39. On or about April 13, 2017, an inquiry letter was mailed to Respondent asking, among other things, the approximate date on which he began using his IOLTA to make online mortgage payments to Ditech-Financial Mortgage.

40. On or about May 11, 2017, the Grievance Administrator received Respondent's response to the inquiry letter in which Respondent stated in relevant part: "Upon review of the banking records it appears the first incident occurred in February of 2016. Please note it was not my intent to use the [IOLTA] account in this manner. (I was/am an idiot with mobile ap[p]s.)"

41. Respondent's response in paragraph 40 is false for the reason that the bank records show that Respondent intentionally and/or knowingly transferred funds from his personal

or business accounts to his IOLTA to then make payments to Ditech-Financial Mortgage from the IOLTA for six months of 2016.

(Grounds for Discipline)


42. By reason of the conduct described above in the Formal Complaint, Respondent has committed the following misconduct and is subject to discipline under MCR 9.104 as follows:

- a) deposited his own funds in a client trust account in an amount more than reasonably necessary to pay financial institution service charges or fees or to obtain a waiver of service charges or fees, in violation of MRPC 1.15(f);
- b) failed to provide a full and fair explanation of the cause of the overdraft and how it was corrected, in violation of MRPC 1.15A(f);
- c) in connection with a disciplinary matter, knowingly made a false statement of material fact, in violation of MRPC 8.1(a);
- d) engaged in conduct involving dishonesty, fraud, deceit, or misrepresentation, in violation of MRPC 8.4(b);
- e) violated or attempted to violate the Rules of Professional Conduct, in violation of MRPC 8.4(a);

- f) engaged in conduct that exposes the legal profession to obloquy, contempt, censure, or reproach, in violation of MCR 9.104(2);
- g) engaged in conduct that is contrary to justice, ethics, honesty, or good morals, in violation of MCR 9.104(3);
- h) knowingly misrepresented facts and/or circumstances surrounding a request for investigation, in violation of MCR 9.104(6);
- i) made a misrepresentation in his answer to the request for investigation, in violation of MCR 9.113(A); and,
- j) failed to fully and fairly disclose all facts and circumstances pertaining to the alleged misconduct in his answer to the request for investigation, in violation of MCR 9.113(A).

Wherefore, Respondent should be subjected to such discipline as may be warranted by the facts or circumstances of such misconduct.

Dated: July 11, 2017



Alan M. Gershel (P29652)
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