

Trust Accounting, Auditing and Financial Analysis



Part III: Only the Strong Survive

Kelly Dillon, CFE

Investigative Examiner

MO Office of Chief Disciplinary Counsel

The fun.
The fraudulent.
The fruition.



*"Using your clients' money to landscape
your compound doesn't constitute a
'hedge fund.'"*

Intake: Where do they all come from?



Intake: Where do they all come from?

- * Missouri Supreme Court Rule 4-1.15 (adopted January 2010) requiring all Missouri lawyers to hold client trust accounts at approved financial institutions.
- * Probation and diversion random audits.
- * Complaints or reports from the public.

Intake: Where do they all come from?

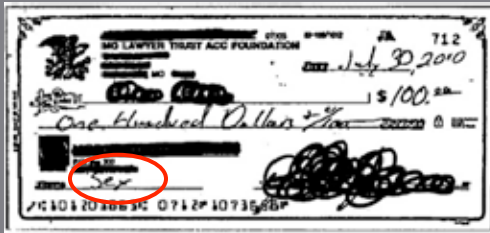
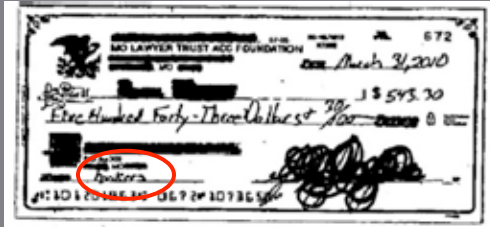


Request for information.

Determining timeframe by type of case.

Auditing more than the client trust account.

Joke's on you.

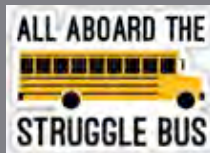


“Educational opportunities”

Trust accounting CLE's for MCLE credit offered at a discounted rate.

Self Audit for Lawyer Trust Accounting

How do you know they're paying attention?



Failure to cooperate.



Failure to cooperate.

OFFICE OF CHIEF DISCIPLINARY COUNSEL **OCDC**
SIXTH FLOOR OF MICHIGAN JUDICIAL CENTER
3127 AMERICAN SQUARE
JACKSON, MI 48616-1000
PHONE: (517) 487-7400
FAX: (517) 487-2200

Re: Account #, * Lawyers Trust Account


Dear Custodian of Records:

Our office is the office which investigates complaints about attorneys. We are conducting a confidential investigation. As a part of our investigation, we need to obtain copies of bank records for account number #, for which you are the custodian. The enclosed subpoena and attachment indicate the specific information we are requesting. Our request is for all information available to you at this time.

Although we have included the full range of necessary documents in our subpoena, it is acceptable for you to comply by only providing items numbered * on the enclosed attachment. Should we need more specific information at a later date, we will contact you with that request.

I have enclosed a subpoena along with a copy of the Financial Privacy notice to *. It is acceptable for you to comply with the subpoena by providing copies of the requested documents with a business records affidavit by mailing them to the above address to my attention. If we need to make other arrangements, please let me know.

Thank you for your assistance.

Sincerely,

Kelly Dillon, CFE
Investigative Examiner

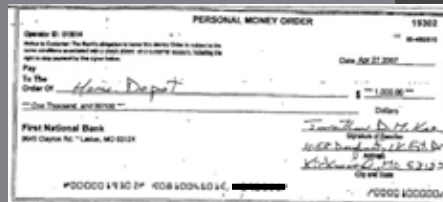
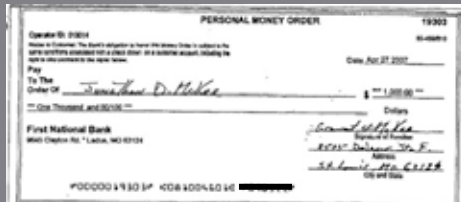
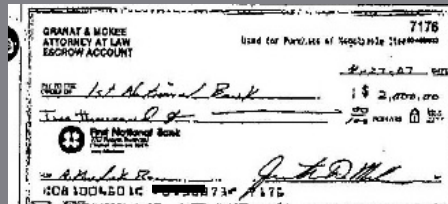
Enclosure

ATTACHMENT TO SUBPOENA

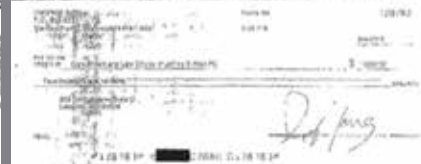
Please produce a true and accurate copy of the following documents relating to account number * for *, from * through the current date:

1. All original bank statements.
2. All original cancelled account checks (front and back).
3. All original account deposit slips and deposited items identifying the source(s) of funds.
4. All original wire transfer advices reflecting the receipt and/or disbursement of funds identifying the source(s) of funds.
5. All cashier's or bank checks issued with supporting documentation.
6. All signature cards.
7. Any and all correspondence with the bank in regard to this account.
8. Any and all other documents not specifically requested that reflect details of transactions in this account.

Red flags and creative documentation.



Red flags and creative documentation.



Red flags and creative documentation.

Summarizing your investigation.

I'D LOVE TO
EXPLAIN IT TO YOU,
BUT I DON'T HAVE ANY
CRAYONS

Summarizing your investigation.

A. Town

08.07.15	\$12,750	Deposit to Trust Payor: Indemnated Insurance
08.02.15	\$4,200.28	Payment to Town and Bonner Payment from Trust Check no. 2478 to L. Town

The Town settlement statement was provided by Bonner, along with a copy of the fee agreement and copy of settlement check. The statement reflects a medical lien for Blue Springs Chiropractic. A call to Lindsay, the office manager at Blue Spring Chiropractic (816.228.3842), revealed that the \$4,200.28 (~~\$4,200.28~~) in fact, the original lien was for \$8,000 and they were never notified that this lien should have been reduced due to the settlement amount. She is providing copies of their attempts to collect on this lien.

Bonner deposited the settlement funds to Trust, but the client and third party funds were depleted within ten days and Bonner had to transfer funds from his operating account to pay Trust.

B. Sims

08.30.15	\$14,500	Deposit to Trust Payor: American Family
08.25.15	\$4,742.50	Payment from Trust Check no. 2020 to N. Sims
10.30.15	\$1,204	Payment from Operating Check no. 3420 to NAB Clinic

The Sims settlement statement was provided by Bonner, along with a copy of the fee agreement and settlement check. The statement states a settlement amount of \$11,500, when the actual settlement amount was for \$14,500. The Sims settlement funds were depleted from trust within ten days to pay the Ash Hipsdale settlement.

The statement reflects medical liens for two providers, NAB Chiropractic (\$1,204) and Dr. Decker Chiropractic (\$2,492.50). Neither medical provider was paid from trust.

A call to Dr. Decker Chiropractic reveals that they remain unpaid. A request for records has been made and they will provide same.


A call to NAB Chiropractic reveals that they were paid on October 20th after lengthy collection efforts and a complaint to the KS disciplinary office. They are providing records. The payment was made from operating.

Summarizing your investigation.

AFFIDAVIT OF KELLY DILLON, CEE

CECILE BROWN, Kelly Dillon, and makes the following affidavit upon her oath and under the following:

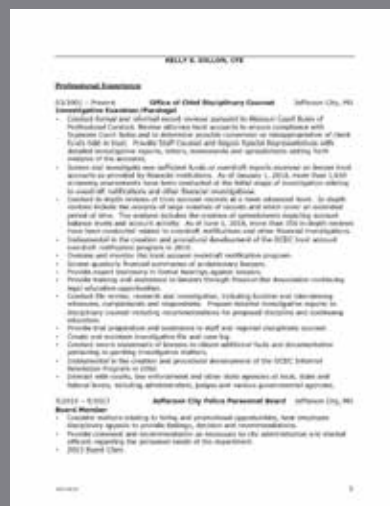
1. My name is Kelly Dillon. I am over 18 years of age, and am employed by the Office of Chief Disciplinary Counsel (OCDC) as an Investigative Examiner.
2. In the report of Region XV Special Representative Kevin J. Stapp, I began my financial investigation of Attorney Jeffrey Allen in March of 2017, in response to a complaint received by the OCDC alleging the misappropriation of funds by Attorney Allen.
3. During the course of that investigation, I obtained bank statements, cancelled checks, deposit slips and deposited items pertaining to both the client trust account and the operating account and some client billing records from Attorney Allen to conduct the audit. The billing records received from Attorney Allen were incomplete and not sufficient to meet the recordkeeping requirements of Missouri Supreme Court Rule 4-1.03(f).
4. The investigation, as it pertained to the subpoenaed file, was completed and an information was filed on September 25, 2017. That matter, DRP-17-628, was heard on May 10, 2018.
5. One week prior to the hearing, I received an anonymous phone call advising me that some of the records produced by Mr. Allen were deleted. This



Who made you the expert?



Who made you the expert?



- Professional experience
 - Current position
 - Prior work experience
 - Volunteer experience
 - Professional memberships

Education

- Postsecondary
- Certifications
- Continuing education

Training to others

- In person
- Articles

Providing testimony.



Providing testimony.

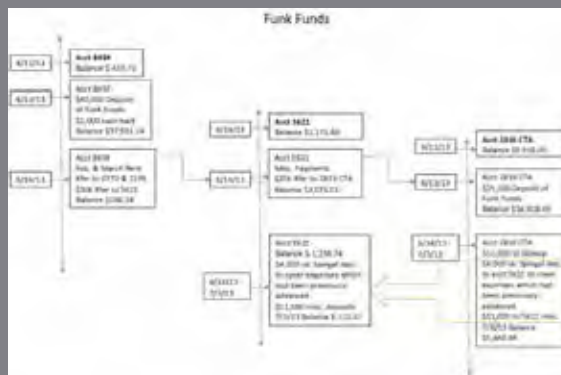
⇒ Know your case.

Providing testimony.

- Know your case.
- Know your exhibits.

Providing testimony.

- Know your case.
- Know your exhibits.
- Use demonstrative exhibits.



Providing testimony.

- Know your case.
- Know your exhibits.
- Use demonstrative exhibits.

⇒ Have confidence in yourself.

Providing testimony.

- Know your case.
- Know your exhibits.
- Use demonstrative exhibits.
- Have confidence in yourself.

⇒ Communicate with the hearing panel.

Former St. Louis mayor admits mishandling legal fees [stltoday.com] State investigator Kelly Dillon testified she “spent more time on this case than on any other in my (13year) career, more than 1,000 hours.

Jim Wirken gets sentenced to 13 months in prison, probably not long enough [thepitchkc] He served as president of the Kansas City Metropolitan Bar Assn. And was named to the executive council of the National Conference of Bar Presidents. “There were a couple of l’s that needed dotting and t’s that needed crossing, and I didn’t do it.”

‘Girls Gone Wild’ lawyer indicted for mail fraud [Missouri Lawyers Weekly] ...Evans defrauded clients of “in excess of between \$70,000 and \$120,000.”

Unionville estate case has attorney disbarred [dailyiowegioan.com] He told investigators in November he could respond to a subpoena in Jefferson City because he fractured a hip. A investigator visited Chillicothe earlier this month – without advance notice – for a meeting on the case. “Ms. Dillon observed no indication that Mr. Washburn was recovering from a hip fracture.”

Joplin attorney Dan Whitworth sentenced to prison [joplinglobe.com]

University City lawyer gets 5 years for embezzling over \$495,000 [stltoday.com] McKee pleaded guilty March 21 to a federal mail fraud charge and admitted that on “man occasions’ between 2007 and 2011, he kept over \$495,000 in settlement money that should have gone to 87 clients.

“Dillon’s work in this matter was thorough and of the highest quality. She is commended for the service she provided to the Court.”
“The panel in general finds Ms. Dillon’s testimony to be specific, analytic, candid and accurate.”