

FILE NO. _____

STATE OF MINNESOTA

IN SUPREME COURT

In Re Petition for Disciplinary Action
against MICHAEL S. MARGULIES,
a Minnesota Attorney,
Registration No. 67519.

**PETITION FOR
DISCIPLINARY ACTION**

TO THE SUPREME COURT OF THE STATE OF MINNESOTA:

The Director of the Office of Lawyers Professional Responsibility, hereinafter Director, files this petition upon the parties' agreement pursuant to Rules 10(a) and 12(a), Rules on Lawyers Professional Responsibility. The Director alleges:

The above-named attorney, hereinafter respondent, was admitted to practice law in Minnesota on September 29, 1978. Respondent currently practices law in Minneapolis, Minnesota.

Respondent has committed the following unprofessional conduct warranting public discipline:

FIRST COUNT

1. From 1984 through March 2010 respondent was a partner at a law firm in Minneapolis practicing in real estate and construction law.
2. From at least 2003 and continuing through to 2010 respondent has engaged in an extensive pattern of misappropriation of client and law firm funds.
3. During the period involved, respondent misappropriated at least \$1,000,000 from clients and from the law firm with which he was employed.

4. The firm with which respondent was formerly associated has paid back the funds misappropriated from the clients or is in the process of paying them back.

5. Respondent's conduct violated Rules 1.15, 8.4(b), and 8.4(c), Minnesota Rules of Professional Conduct (MRPC).

WHEREFORE, the Director respectfully prays for an order of this Court disbarring respondent, awarding costs and disbursements pursuant to the Rules on Lawyers Professional Responsibility, and for such other, further or different relief as may be just and proper.

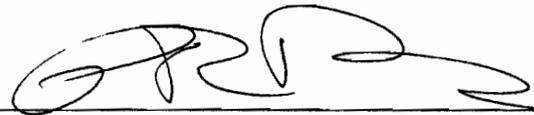
Dated: April 8, 2010.



MARTIN A. COLE
DIRECTOR OF THE OFFICE OF LAWYERS
PROFESSIONAL RESPONSIBILITY

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and



PATRICK R. BURNS
FIRST ASSISTANT DIRECTOR
Attorney No. 134004