FILE NO. C7-97-1350

STATE OF MINNESOTA

IN SUPREME COURT

In Re Petition for Disciplinary Action against WILLIAM C. PUGH, a Minnesota Attorney, Registration No. 195261.	**FINDINGS OF FACT, CONCLUSIONS OF LAW, AND RECOMMENDATION FOR DISCIPLINE**

The above-captioned matter was heard on July 12, 2005, by the undersigned acting as a referee appointed by the Minnesota Supreme Court. Julie E. Bennett, Assistant Director appeared on behalf of the Director of the Office of Lawyers Professional Responsibility (Director). Respondent, William C. Pugh, appeared and was *pro se*.

The hearing was conducted on the Director's July 25, 1997, petition for disciplinary action. The Director submitted nine (9) exhibits; respondent submitted seven (7) exhibits.

Based upon all the records, proceedings, exhibits, and the arguments of the parties, the referee now makes the following:

FINDINGS OF FACT

1. Respondent was admitted to practice law in Minnesota on October 28, 1988. Respondent is currently suspended from the practice of law in Minnesota pursuant to a Supreme Court order dated September 11, 1997.

2. Respondent owned and operated Sierra Title Company, a real estate closing business. As such, Sierra Title Company held funds and insurance premiums that belonged to buyers and sellers of real estate, lenders and a title insurer. The funds were supposed to be distributed to others as part of real estate transactions.

3. Respondent misappropriated funds Sierra Title Company held for others and used the funds to finance his business interests and to supplement his personal lifestyle.

4. As a result of respondent's misappropriation, respondent was indicted in Federal District Court on thirty-four (34) felony counts alleging mail fraud, interstate transportation of money obtained by fraud, wire fraud, money laundering, and concealment of material facts.

5. On June 30, 1997, a federal jury convicted respondent of thirty-three (33) felony counts including mail fraud, wire fraud, money laundering, interstate transportation of property obtained by fraud, foreign transportation of property obtained by fraud and concealment of material facts. A judgment in a criminal case was entered against respondent on November 6, 1997, and an amended judgment in a criminal case was entered against respondent on November 14, 1997.

6. All of the respondent's crimes involved dishonesty, fraud, deceit, misrepresentation, and reflect adversely on his fitness to practice law and his trustworthiness.

7. Respondent was sentenced to 78 months in federal prison and ordered to pay restitution in the amount of $1,245,000.00.

8. On appeal, the Eighth Circuit Court of Appeals upheld respondent's conviction on thirty-two (32) of the thirty-three (33) counts, the sentence, and the restitution order.

9. In the pre-hearing brief submitted in these proceedings, respondent admits he misappropriated the money for his own use. Respondent further admits no one induced him to take the money and he was not under any physical or mental impairment when he took the money.

10. To the extent respondent argues his actions were common business practice, this is an improper attempt to re-litigate the underlying conviction in

disregard of Rule 19, Rules on Lawyers Professional Responsibility (RLPR). A federal jury determined respondent's actions constituted a crime.

11. Respondent presented no character witnesses nor did he offer any evidence of mitigation.

CONCLUSIONS OF LAW

1. Respondent's conduct as evidenced by his criminal conviction violated Rules 8.4(b) and (c), MRPC, which make it professional misconduct to commit a criminal act that reflects adversely on the lawyer's honesty, trustworthiness or fitness as a lawyer in other respects, and to engage in conduct involving dishonesty, fraud, deceit or misrepresentation.

RECOMMENDATION FOR DISCIPLINE

Based on the foregoing the undersigned respectfully recommends:

1. That respondent, William C. Pugh be disbarred from the practice of law in the State of Minnesota.

2. That respondent, William C. Pugh pay to the Director $900 in costs, plus disbursements, pursuant to Rule 24, RLPR.

Dated: 8/12/05, 2005.

NORBERT P. SMITH
SUPREME COURT REFEREE