

FILE NO. _____

STATE OF MINNESOTA

IN SUPREME COURT

In Re Petition for Disciplinary Action
against KARL MATTHEW RANUM,
an Attorney at Law of the
State of Minnesota.

**PETITION FOR REVOCATION
OF PROBATION AND FOR
FURTHER DISCIPLINARY ACTION**

TO THE SUPREME COURT OF THE STATE OF MINNESOTA:

Upon the approval of a Lawyers Professional Responsibility (LPRB) Board Panel Chair, the Director of the Office of Lawyers Professional Responsibility, hereinafter Director, files this petition pursuant to Rules 10(d) and 12(a), Rules on Lawyers Professional Responsibility. The Director alleges the following unprofessional conduct warranting public discipline:

DISCIPLINARY HISTORY

1. Karl Matthew Ranum, hereinafter respondent, was admitted to practice law in Minnesota on May 12, 1988. Respondent currently practices law in Stillwater, Minnesota.

2. Respondent's disciplinary history consists of a two-year private probation approved on September 5, 1997, for failing to timely carry out the duties of special guardian and failing to timely follow court orders in violation of Rule 1.3, Minnesota Rules of Professional Conduct (MRPC). Respondent also failed to respond to the notice of investigation in the matter for four months in violation of Rule 8.1(a)(3), MRPC. Respondent remains on probation at this time.

FIRST COUNT
Museus Matter - Misrepresentation

1. Respondent represented Johanna Museus' interests in a conservatorship action brought by her daughter. Attorney Steven Brand represented Johanna's daughter and attorney Jeanne M. Anderson represented Johanna's son, John Museus. John strongly opposed the conservatorship petition

2. At a hearing on September 23, 1997, at which Anderson was not present, respondent falsely told the court that he had just spoken with Anderson and that she agreed with the recommendation of a court visitor that the court appoint an interim conservator. In fact, respondent had not spoken with Anderson about the recommendation. The court appointed the interim conservator and continued the matter.

3. In response to a complaint filed by John Museus, respondent submitted a letter to the Director that accurately described the events of September 23, 1997, and respondent's unsuccessful attempts to contact Anderson by telephone that morning. After reviewing transcript of the hearing, respondent recanted his earlier statements and stated that he must have spoken to Anderson. In fact, respondent's initial version of the facts was closer to the truth. His later statements to the Director were false.

4. Respondent's conduct violated Rules 3.3(a)(1), 4.1, 8.1(a)(1), 8.4(c) and 8.4(d), MRPC.

SECOND COUNT
Neglect of Meyer Matter

5. Respondent represented James Meyer in a divorce from his wife, Sandra, who was not represented by counsel. On December 18, 1996, the parties signed a marital termination agreement (MTA). Respondent submitted the proposed findings and the MTA to the court but omitted certain financial information, which caused several months of delay.

6. The judgment and decree was signed by the presiding judge and filed on June 6, 1997. The judgment and decree specified that respondent was responsible for drafting a qualified domestic relations order (QDRO) to allow the distribution of James' retirement benefits to Sandra and that respondent would not be released as attorney of record until he completed the QDRO.

7. Respondent did not send his first draft of the QDRO to James' employer until November 1997. The employer required changes in the document, which respondent completed in February 1998. The final QDRO was filed with the court on March 19, 1998.

8. Respondent's conduct in failing to complete the QDRO in a timely manner violated Rules 1.3 and 3.2, MRPC.

THIRD COUNT
Failure to File Tax Returns

9. Respondent failed to file his federal income tax returns on time for the years 1993 through 1997, although required by law to do so.

10. Respondent failed to file his state income tax returns on time for the years 1993 through 1997, although required by law to do so.

11. Respondent's trust account books and records indicate he had sufficient income to file tax returns during this period.

12. As of the date of this petition, respondent had not filed any of the delinquent returns.

13. Respondent's conduct violated Rules 8.4(b) and (d), MRPC, and the holding in *In re Bunker*, 294 N.W.2d 199 (Minn. 1972).

FOURTH COUNT
Practicing When CLE Suspended

14. Respondent failed to comply with Supreme Court Rules for Continuing Education, Rule 3, that he submit proof of attendance at 45 hours of approved Continuing Legal Education (CLE) prior to June 30, 1997. On February 10, 1998, the Supreme Court issued an order that placed respondent on restricted status. Respondent continued to practice law during the time he was placed on restricted status. Respondent was reinstated to active status as an attorney licensed to practice law on March 13, 1998.

15. Respondent's conduct in failing to properly complete required CLE and continuing to practice while on suspended status violated Rules 5.5(a) and 8.4(d), MRPC.

FIFTH COUNT
Misuse of Trust Account and Failure to Cooperate

16. During the period from at least January 1, 1996, to the present, respondent maintained Firststar Bank trust account no. 5135510.

17. On March 2, 1998, pursuant to Rule 1.15(i) through (n), MRPC, the Director's Office received notice of a February 27, 1998, overdraft on respondent's trust account. In responding to the overdraft, respondent stated that from at least December 7, 1993, through April 1997, respondent used his trust account as his sole operating account and maintained no other business or personal checking accounts. Respondent routinely deposited both client and non-client funds in the account and issued checks for litigation fees and costs, office supplies and costs, food and other personal sundries. The Director's Office thereafter audited respondent's trust account for the period January 1, 1996, through June 30, 1999, and revealed the deficiencies described below.

18. From at least January 1, 1996, through November 30, 1998, respondent failed to maintain client subsidiary ledgers, a properly annotated check register, trial

balances, bank statement reconciliations or any other books and records sufficient to distinguish earned fees from unearned client retainers. Respondent failed to annotate his trust account checks to identify client matters for costs or fee disbursements. The deposits to which these checks corresponded were not readily discernible. Respondent also allowed non-lawyer employees to sign trust account checks.

19. Respondent falsely certified on his annual attorney registration statements filed from 1993 through 1997 that he maintained the trust account books and records required by the MRPC and LPRB Opinion 9.

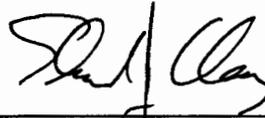
20. At the time the overdraft occurred, respondent should have held funds in his trust account for clients Torgerson (\$100) and Smrt (\$132). Respondent cured the shortage by depositing earned fees to his trust account within a few days of the overdraft.

21. Between March 23, 1998, and October 21, 1998, the Director repeatedly asked respondent to prepare subsidiary ledgers for the client funds in his trust account and to trace uncashed checks identified by respondent. Respondent did not provide the subsidiary ledgers until October 28, 1998. As of the date of this petition, respondent has failed to complete tracing all of the uncashed checks.

22. Respondent's conduct in failing to maintain the required trust account books and records violated Rules 1.15 and 8.1(a)(3), MRPC, and LPRB Opinion 9.

WHEREFORE, the Director respectfully prays for an order of this Court disbarring or suspending respondent or imposing otherwise appropriate discipline, 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: February 2, 2000.



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