

FILE NO. _____

STATE OF MINNESOTA

IN SUPREME COURT

In Re Petition for Disciplinary Action
against KAREN K. RENSHAW,
a Minnesota Attorney,
Registration No. 221983.

**PETITION FOR
DISCIPLINARY ACTION**

TO THE SUPREME COURT OF THE STATE OF MINNESOTA:

Upon the approval of a Lawyers Professional Responsibility 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 (RLPR). The Director alleges:

The above-named attorney, hereinafter respondent, was admitted to practice law in Minnesota on October 25, 1991. Respondent currently practices law in Minnetonka, Minnesota.

Respondent has committed the following unprofessional conduct warranting public discipline:

FIRST COUNT

Olde Towne Title Matter

1. As of October 2002, respondent operated a law firm, and also was part owner and operator of a real estate closing company known as Olde Towne Title.
2. On October 21, 2002, respondent, on behalf of Olde Towne Title, handled a mortgage refinance closing for DH and EP. The DH/EP refinance involved a first mortgage and a \$30,000 second mortgage. National City Mortgage (NCM) was the lender on both mortgages.

3. On October 25, 2002, NCM wire transferred the \$30,000 second mortgage proceeds into respondent's law office operating account. Respondent received oral confirmation of the wire transfer on October 25, 2002, and received written confirmation on October 29, 2002.

4. On or about October 28, 2002, respondent received NCM's certified check for \$30,000, also for the DH/EP second mortgage proceeds. Respondent deposited the certified check into her law office business account.

5. NCM remitted either the wire transfer or the certified check to respondent in error. In any event, respondent erroneously received an extra \$30,000 in second mortgage proceeds from NCM. Respondent made no effort to refund the duplicate payment to NCM.

6. In July 2003 an NCM loan officer contacted respondent and informed her that an audit had discovered the duplicate second mortgage payment. At that time, the balance in respondent's law office business account was less than \$30,000.

7. During the period from October 2002 through July 2003, respondent used all of the duplicate second mortgage payment for business or personal expenses. Respondent's conduct constituted misappropriation.

8. Later in July 2003, respondent borrowed \$30,000 from friends and repaid the full amount to NCM.

9. In October 2004 respondent was criminally charged in Dakota County with one count of theft. Criminal proceedings are still pending.

10. Respondent's conduct in misappropriating the duplicate NCM second mortgage payment violated Rules 1.15(a), (c) and (h), and 8.4(c), Minnesota Rules of Professional Conduct (MRPC).

SECOND COUNT

Failure to Cooperate

11. On September 25, 2003, after receiving a complaint alleging the misconduct described above, the Director sent a notice of investigation to respondent.

The notice requested respondent's response to the complaint within 14 days.
Respondent failed to respond.

12. On October 21, 2003, a lawyer from the Director's Office telephoned respondent concerning her failure to respond. Respondent stated that she would provide her response "by the end of this week."

13. On October 27, 2003, respondent faxed a letter to the Director in which she explained her delay and requested a further extension in which to respond to November 14, 2003. The Director granted the extension.

14. By letter dated November 18, 2003, respondent provided the Director with a substantive response to the complaint.

15. On December 19, 2003, the Director wrote to respondent to request clarification of, and additional documents and information relating to, her November 18 response. Respondent failed to respond.

16. The Director wrote to respondent on January 30, February 17, and March 11, 2004, to request her response to the Director's December 19, 2003, letter. Respondent failed to respond to any of the Director's letters.

17. In the March 11, 2004, letter to respondent, she also was requested to meet with the Director's representative at the Director's Office on March 24, 2004. Respondent did not contact the Director to request a rescheduling of the meeting or otherwise contact the Director. Respondent did not appear for the March 24 meeting.

18. Later on March 24, 2004, a lawyer in the Director's Office telephoned respondent at her office, leaving a message with respondent's receptionist. Respondent failed to return the call.

19. On April 7, 2004, the Director issued charges of unprofessional conduct against respondent. Respondent appeared for the subsequent pre-hearing meeting and has cooperated with the Director since that time.

20. Respondent's conduct in failing to cooperate with the Director's investigation violated Rule 8.1(a)(3), MRPC, and Rule 25, RLPR.

WHEREFORE, the Director respectfully prays for an order of this Court disbarring respondent or suspending her from the practice of law, 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: May 12, 2005.



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