

BEFORE THE BOARD OF COMMISSIONERS  
ON  
GRIEVANCES AND DISCIPLINE  
OF  
THE SUPREME COURT OF OHIO

In Re: : **06-2331**

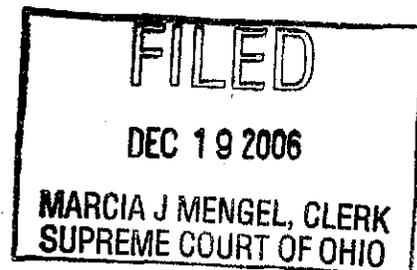
Complaint against : Case No. 05-066

Loren Jonathan Margolis : Findings of Fact,  
Attorney Reg. No. 0007957 : Conclusions of Law and  
: Recommendation of the  
Respondent, : Board of Commissioners on  
: Grievances and Discipline of  
Disciplinary Counsel : the Supreme Court of Ohio  
:  
Relator. :

**Introduction**

This matter was heard on August 10, 2006 at the Ohio Judicial Center in Columbus, Ohio pursuant to Gov. Bar R. V(6)(G). The hearing panel consisted of Teresa Proenza of Akron, the Honorable Thomas Bryant of Findlay and Paula Hicks-Hudson, Esq., Chair, of Toledo. None of the panel members was from the District from which the Complaint originated or served as members of the Probable Cause Panel that certified this matter to the Board.

The Relator was represented by Carol Costa, Esq., on behalf of the Disciplinary Counsel. The Respondent was present and represented by Richard Koblentz, Esq.



## **Procedural Background**

The initial Complaint in this matter was filed on July 26, 2005 with Respondent filing his answer on August 19, 2005. At the September 27, 2005 telephone pretrial the parties initially proposed disposing of this matter with a discipline by consent filing. After a discussion with the panel members, the proposed discipline by consent was rejected. The matter was continued until a date in the Spring of 2006 to ascertain whether the Respondent would still be incarcerated or released from the federal penal system.

The parties presented joint stipulations at the hearing on the August 10, 2006. The Relator presented its case through the stipulations and rested without calling any witnesses. Counsel for Respondent called two witnesses, Attorney William Doyle and the Respondent. By clear and convincing evidence, the panel adopts the stipulations containing the agreed facts of this case, and the violations of the disciplinary rules. The stipulations are attached to this panel report and incorporated by reference as Exhibit A.

## **Findings of Fact**

1. The Respondent was licensed to practice law on November 1, 1983. He was suspended beginning August 2, 2005 from the practice of law based upon his conviction of a felony.
2. The Respondent worked in a small boutique law firm from 1983 until the late 1989. He testified that he practiced primarily in the area of real estate.

3. Beginning in 1989, the Respondent began working for his father-in-law's scrap metal business, Weingold Company. He was not familiar with the business and learned how to sell and buy scrap metal from his father-in-law.
4. In March, 2000 the federal government conducted a raid on the business and charged the Respondent, along with others, on anti-trust violations.
5. At the hearing, the Respondent testified that his father-in-law did not tell him about any investigations or possible illegal activities by the company even though a subpoena had been served upon his father-in-law in 1997.
6. The Respondent conducted the day-to-day operations during the absences of his father-in-law.
7. The Federal Government filed charges against the Respondent, his father-in-law and two other companies with anti-trust violations alleging that the three companies engaged in conspiracy to maintain control of the scrap metal market and engaged in the practice of complimentary bidding.
8. A complimentary bid, according to Attorney Doyle's testimony, is a joint enterprise where the companies would buy and sell as customers and competitors that one of the three companies would get the bid to the exclusion of the other companies in the area who were in the scrap metal business.
9. The Respondent testified before the panel that his father-in-law did not tell him that the federal investigation began in 1997.

10. The Respondent cooperated with the federal government, assisting them in the prosecution of its case.
11. The Respondent stated that although he accepted a plea bargain, he did not believe that he had committed any crime prior to the government's investigation.

### **Conclusions of Law**

12. The Relator and Respondent stipulated that Respondent's conduct violated each of the following provisions:

DR 1-101-2(A)(4) conduct involving dishonesty, fraud, deceit or misrepresentation.

DR 1-102(A)(6) conduct adversely reflecting on the lawyer's fitness to practice law.

The Panel finds by clear and convincing evidence that the Respondent violated the above listed disciplinary rules.

### **Aggravation and Mitigation**

#### **MITIGATION:**

The Relator and Respondent stipulated to the following mitigating factors listed in BCGD Proc. Reg. Sec.10(B)(2):

13. The Respondent has no prior disciplinary record.
14. He cooperated during the disciplinary proceedings.

15. He received other penalties and sanctions having been sentenced to 10 months including five months of home confinement with electronic monitoring and payment of \$ 700,000 in fines plus court costs.
16. Respondent was suspended from the practice of law on an interim basis on August 2, 2005.
17. The Respondent is married and the father of 3 children.
18. The Respondent submitted several letters from customers in support.

#### **AGGRAVATION**

19. Although the parties did not discuss any aggravating factors, the Panel found that the Respondent did not accept responsibility for his actions in the anti-trust activities.
20. The panel was not persuaded by the Respondent's statement that he was trying to explain his actions and not make any excuses.
21. The panel did not believe the Respondent or his lawyer's statements of innocence, in light of his responses to questions about his entering the scrap metal business and his lack of awareness of the unfairness of the bidding process. The respondent's demeanor and attitude while on the witness stand showed a condescending attitude when he attempted to have the panel believe that he was naïve and duped into his actions by his father-in-law and his desire to keep his wife and her family happy. On

the contrary, Respondent had been a practicing attorney for several years and held a real estate license since college.

22. Further, the Respondent was not forthcoming in his response to questions regarding his income. The Respondent initially stated that his salary was only \$25,000 per year, whereas upon examination by the panel he admitted he got bonuses for around \$200,000 per year.

23. In fact, the Panel did not believe the Respondent's statements that he did not know that his actions were illegal.

#### **Recommended Sanction**

21. The parties recommended the proposed sanction of two years suspension, retroactively applied to August 2, 2005, the effective date of the felony suspension.

A review of a recent case decided by the Ohio Supreme Court on August 2, 2006 supports the Panel's recommended sanction. Cincinnati Bar Association v. Hennekes, 110 Ohio St. 3d 108, 2006-Ohio-3669, imposed a two-year sanction without any retroactive application. In Hennekes, at ¶ 13 the Court restated its position from Cleveland Bar Assn. v. Stein (1972), 29 Ohio St. 2d 77, 81. "One of the fundamental tenets of the professional responsibility of a lawyer is that he should maintain a degree of personal and professional integrity that meets the highest standard. The integrity of the profession can be maintained only if the conduct of the individual attorney is above reproach. He should refrain from any illegal conduct. Anything short of this lessens

public confidence in the legal profession—because obedience to the law exemplifies respect for the law.”

The Panel found that the Respondent should have known that the process by which his company and other companies obtained bids was illegal regardless of the nuances of anti-trust law. The Panel was not persuaded by the letters submitted on behalf of the Respondent. Nor did the Panel find that the Respondent acknowledged his role in the illegal business practices of the company,

The Panel recommends that the Respondent be suspended from the practice of law for two years with no credit for time served.

#### **BOARD RECOMMENDATION**

Pursuant to Gov. Bar Rule V(6)(L), the Board of Commissioners on Grievances and Discipline of the Supreme Court of Ohio considered this matter on November 30, 2006. The Board adopted the Findings of Fact, Conclusions of Law and Recommendation of the Panel and recommends that the Respondent, Loren Jonathan Margolis, be suspended from the practice in the State of Ohio for two years with no credit for time served. The Board further recommends that the cost of these proceedings be taxed to the Respondent in any disciplinary order entered, so that execution may issue.

**Pursuant to the order of the Board of Commissioners on Grievances and Discipline of The Supreme Court of Ohio, I hereby certify the foregoing Findings of Fact, Conclusions of Law, and Recommendations as those of the Board.**



**JONATHAN W. MARSHALL, Secretary  
Board of Commissioners on  
Grievances and Discipline of  
The Supreme Court of Ohio**

**BEFORE THE BOARD OF COMMISSIONERS  
ON GRIEVANCES AND DISCIPLINE  
OF THE SUPREME COURT OF OHIO**

**Loren Jonathan Margolis, Esq.**  
3920 E. 91st Street  
Cleveland, OH 44105

**BOARD NO. 05-066**

**Attorney Registration No. (0007957)**

**Respondent**

**AGREED  
STIPULATIONS**

v.

**DISCIPLINARY COUNSEL**  
250 Civic Center Drive, Suite 325  
Columbus, Ohio 43215-7411

**Relator**

**AGREED STIPULATIONS**

Relator, Disciplinary Counsel, and respondent, Loren Jonathan Margolis, do hereby stipulate to the admission of the following facts, violations of the Code of Professional Responsibility, mitigating factors, and to the admissibility and authenticity of the attached exhibits.

**STIPULATED FACTS**

1. Respondent, Loren Jonathan Margolis, was admitted to the practice of law in the State of Ohio on November 1, 1983. Respondent is subject to the Code of Professional Responsibility and the Supreme Court Rules for the Government of the Bar of Ohio.

2. On January 15, 2004 respondent was indicted in the United State District Court, Northern Division. *U.S. v. Margolis*, Case No. 1:04 CR 00030. Respondent was charged with two counts of violating the Sherman Antitrust Act, 15 U.S.C. § 1.
3. At all relevant times, respondent was an employee of M. Weingold & Co. (Weingold). Weingold was a scrap metal processing company and also engaged in the business of buying and selling scrap metal. The business was owned by respondent's father-in-law, who was also indicted in the same matter as respondent.
4. Respondent was a salesman for Weingold, and his job duties included purchasing scrap metal.
5. The criminal charges alleged that respondent engaged in a conspiracy to suppress and restrain competition by rigging bids for the purchase of scrap metal in Northeastern Ohio.
6. On March 1, 2005 respondent entered into a plea agreement in which he pled guilty to the two federal felony offenses charged in the indictment.
7. On April 11, 2005, respondent self-reported his misconduct to relator through a letter forwarded from his counsel.
8. On May 11, 2005, respondent was sentenced. The court imposed a sentence of ten months in the custody of the United States Bureau of Prisons, with five months to be served in prison, and the remaining five months to be served in home confinement with electronic monitoring. Respondent was ordered to pay a \$700,000 fine and a \$200 special assessment. The court also imposed a sentence of a one-year supervised release.

9. On August 2, 2005, respondent's license to practice law was suspended by the Supreme Court of Ohio pursuant to Gov. Bar R.V(5)(A)(4) due to respondent's conviction of the federal felony offenses. *In re Margolis*, Supreme Court Case No. 05-1064.
10. Respondent completed his period of incarceration on December 23, 2005.
11. Respondent has paid all fines and assessments ordered by the court.
12. On June 5, 2006, the court granted respondent's motion to terminate the supervised release.
13. Respondent's misconduct did not involve the practice of law, nor were any legal clients affected.
14. Respondent is a licensed real estate agent in the state of Ohio.
15. On June 9, 2006 the Ohio Real Estate Commission issued an order that respondent be publicly reprimanded due to his federal felony convictions.
16. Respondent admits that his conduct violates the Code of Professional Responsibility, specifically, DR 1-102 (A)(4), (conduct involving dishonesty, deceit, fraud, or misrepresentation); and DR 1-102(A)(6), (conduct adversely reflecting on the lawyer's fitness to practice law).

#### MITIGATION

Relator and respondent stipulate to the following mitigating factors as listed in BCGD Proc. Reg. Sec. 10(B)(2):

- a. absence of a prior disciplinary record;
- d. cooperative attitude toward the proceedings
- f. imposition of other penalties or sanctions

**STIPULATED EXHIBITS****Joint Exhibits**

1. *U.S. v. Margolis*, indictment
2. *U.S. v. Margolis*, plea agreement
3. Correspondence from respondent's counsel of April 11, 2005
4. Transcript of May 11, 2005 sentencing hearing
5. *In re Margolis*, Ohio Supreme Court Case No. 05-1064
6. Order terminating supervised release
7. Receipts for payment of fines
8. June 9, 2006 order of the Ohio Real Estate Commission
9. Agreed Stipulations

**RESPONDENT'S EXHIBIT**

- A. Ninety-two character letters

**RECOMMENDED SANCTION**

Relator and respondent stipulate that the appropriate sanction based upon the stipulations and exhibits is a two-year actual suspension from the practice of law in the state of Ohio.

Respondent requests that the date of the suspension be August 2, 2005, the date his interim felony suspension began. Relator defers to the panel for a recommendation on this issue.

**CONCLUSION**

The above are stipulated to and entered into by agreement by the undersigned parties on this 3<sup>rd</sup> <sup>August</sup> day of ~~July~~, 2006.

*Jonathan E. Coughlan (by LB)*

Jonathan E. Coughlan (0026424)  
Disciplinary Counsel

*Carol Costa*

Carol A. Costa (0046556)  
Assistant Disciplinary Counsel

*Richard S. Koblentz*

Richard S. Koblentz (0002677)  
Counsel for Respondent

*Loren Jonathan Margolis*

Loren Jonathan Margolis (0007957)  
Respondent