

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

ORIGINAL

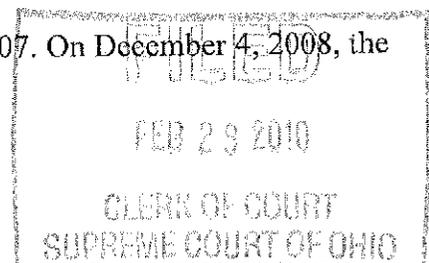
10-0341

In Re: :  
Complaint against : Case No. 09-027  
Douglas J. Ritson : Findings of Fact,  
Attorney Reg. No. 0060104 : Conclusions of Law and  
: Recommendation of the  
Respondent, : Board of Commissioners on  
Toledo Bar Association : Grievances and Discipline of  
: the Supreme Court of Ohio  
Relator. :  
:

This matter was heard on January 22, 2010, in Columbus, Ohio, before a panel consisting of Board members Martha Butler of Columbus, John Siegenthaler of Mansfield, and Judge Otho Eyster of Mount Vernon, Panel Chair. None of the panel members resides in the appellate district from which this matter arose or served on the probable cause panel that certified this matter. Attorneys Michael Bonfiglio and Jonathan B. Cherry represented Relator and the Respondent was present and represented by Attorney Geoffrey Stern.

Prior to the hearing the parties entered into the following stipulations:

1. The Toledo Bar Association, Relator, through its certified grievance committee, is authorized to file this Complaint pursuant to Gov Bar R.V (3)(C) and (4)(A).
2. Respondent, Douglas John Ritson, was admitted to the practice of law in the State of Ohio on November 16, 1992. His Supreme Court registration number is 0060104. Respondent placed his law license on inactive status on or about January 20, 2007. On December 4, 2008, the



Supreme Court suspended Respondent's license for an interim period. Respondent is subject to the Supreme Court Rules for the Government of the Bar of Ohio.

3. Beginning on approximately June 1, 1997, and continuing until some time in 2001, Respondent, with others executed a scheme to defraud real estate agents and real estate appraisers.

4. Beginning on approximately June 1, 1997, and continuing until some time in 2001, Respondent knowingly and fraudulently induced real estate agents and real estate appraisers to pay money to maintain membership in two companies, the American Real Estate Association (AREA) and the Noble Group (NOBLE), on the false representation that they would be covered by an errors and omissions insurance policy issued by Midwest Insurance Company. Midwest was an offshore entity created by Mark Haukedahl. Midwest was never licensed to provide insurance in the United States. There was no errors and omissions policy issued by Midwest.

5. In furtherance of the fraud outlined above, Respondent also did the following:

- a. Sent the new member, via fax transmission or mail, a certificate of membership that falsely stated the new member was covered by the Midwest errors and omissions insurance policy;
- b. Sent the new member, via fax transmission or mail, a certificate of insurance that falsely stated the new member was covered by the Midwest errors and omissions insurance policy;
- c. Sent to new members a monthly newsletter, entitled Association Bits and Pieces, which sometimes falsely identified Midwest as providing the

errors and omissions insurance coverage for members of AREA and NOBLE;

- d. To partially settle a member's claim or partially pay that member's attorney fees, Respondent disbursed funds from a bank account containing members' dues and transaction fees and falsely informed the members that the funds came from Midwest.

6. Respondent represented himself to be a Claims Administrator and in that capacity mailed letters and sent facsimile transmissions to AREA and NOBLE members relating to their claims for coverage under the nonexistent Midwest Errors and Omissions insurance policy in which he represented, directly and indirectly, that a Midwest Errors and Omissions insurance policy did exist and provided coverage for AREA and NOBLE members.

7. Respondent sent installment payments for members' attorney fees and settlements, and the funds to cover such checks came directly from dues and fees paid by AREA and NOBLE members instead of from Midwest Insurance Company or from any other insurance company.

8. As a result of the fraud of Respondent, and others, during the period from June 1997 through December 2001, AREA and NOBLE members paid membership dues and fees of \$3.7 million they would not have paid had they known no Errors and Omissions insurance policy existed.

9. On November 20, 2006, a criminal information was filed by the United States Attorney against Respondent alleging one count of conspiracy to commit mail fraud and wire fraud, a felony violation of Title 18, United States Code, Section 371.

10. On or about December 1, 2006, Respondent entered a plea of guilty to the information, pursuant to a plea agreement. On that date, Judge Jack Zouhary, United States District Judge, Northern District of Ohio, Western Division, accepted Respondent's plea of guilty to the information.

11. On October 21, 2008, Respondent was sentenced by the United States District Court, Northern District of Ohio, to one year and one day in prison plus three years of supervised release, and was ordered to make restitution in the amount of \$3,700,000.

12. The conduct of Respondent constitutes violations of the following disciplinary rules:

DR 1-102(A)(4), in that Respondent engaged in conduct involving dishonesty, fraud, deceit, misrepresentation; and

DR 1-102(A)(6), in that Respondent engaged in conduct that adversely reflects on his fitness to practice law.

13. Respondent has previously been disciplined. On February 27, 2002, Respondent was publicly reprimanded in *Toledo Bar Assn. v. Ritson*, 94 Ohio St. 3d 411, 2002 Ohio 1047.

14. Respondent's motive in his misconduct was personal gain by dishonest activity.

15. Respondent's misconduct in this case extended over several years, thus constituting a pattern of misconduct.

16. Respondent voluntarily left the criminal enterprise on May 31, 2001.

17. Respondent cooperated with federal authorities in their investigation and prosecution of Respondent's co-conspirators.

18. Respondent has cooperated in the disciplinary process.

### CONCLUSIONS OF LAW

The panel accepted the stipulations of the parties and found Respondent's conduct violated DR 1-102(A)(4), engaging in conduct involving dishonesty, fraud, deceit, misrepresentation; and DR 1-102(A)(6), engaging in conduct that adversely reflects on the lawyer's fitness to practice law.

The complaint in this matter contained an additional allegation, a violation of DR 1-102(A)(3), in that Respondent engaged in illegal conduct involving moral turpitude. Relator offered no evidence outside the stipulations and did not address this allegation. The panel can not find by clear and convincing evidence a violation of DR 1-102(A)(3) on the stipulations alone and this allegation is dismissed.

### AGGRAVATION AND MITIGATION

Having found violations of DR 1-102(A)(4), conduct involving dishonesty, fraud, deceit, misrepresentation; and DR 1-102(A)(6), conduct that adversely reflects on the lawyer's fitness to practice law, the panel considered the guidelines for imposing lawyer sanctions found in BCGD Proc. Reg. 10(B).

Respondent has previously been disciplined, *Toledo Bar Assn. v. Ritson, supra*, for violations of DR 2-103(A) (a lawyer should not recommend his professional representation to a non-lawyer who has not sought his advice); DR 1-102(A)(5) (a lawyer shall not engage in conduct prejudicial to the administration of justice); DR 1-102(A)(6) (a lawyer should not engage in conduct that adversely reflects on his fitness to practice law); and DR 6-101(A)(2) (a lawyer should not handle a legal matter without adequate preparation).

Respondent acted with a dishonest or selfish motive in that his conduct was for personal gain.

Respondent engaged in a pattern of misconduct by participating in the criminal conduct over a period of 4 ½ years. In so doing, the Respondent committed multiple offenses.

Respondent's misconduct resulted in harm to the victims in the amount of \$3,700,000.00. Respondent is under a federal court order to make restitution in the amount of \$3,700,000.00 and has not done so.

In mitigation, Respondent has cooperated with the disciplinary process and did cooperate with the federal authorities in the investigation and prosecution of Respondent's co-conspirators.

Respondent offered the fact that he voluntarily left the criminal enterprise on May 31, 2001, in mitigation. It should be noted that Respondent knew the criminal enterprise continued after he left and he did not come forward about the criminal activity until sometime in 2004 or 2005 when questioned by the FBI.

#### SANCTION

Relator recommends a sanction of an indefinite suspension. At the conclusion of Relator's case, the panel was provided with a copy of the case of *Disciplinary Counsel vs. Ulinski*, 106 Ohio St. 3d 53, 2005 Ohio 3673. Relator argues the facts in *Ulinski* and the present case are similar but Respondent's conduct does not warrant disbarment primarily because he did not use his law office to mishandle victims' funds, as Ulinski did. Relator further points out that although Respondent prepared documents, the "...documents were not themselves fraudulent."

Respondent requests a sanction of not greater than a two-year suspension with credit for time served. Respondent argues in his brief regarding sanction that his "...misconduct was not perpetrated through the abuse of the attorney-client relations." Although Respondent participated with others to execute a scheme to defraud real estate agents and appraisers by forming an

unlicensed insurance company that paid claims from members' dues, he insists it was not a Ponzi scheme.

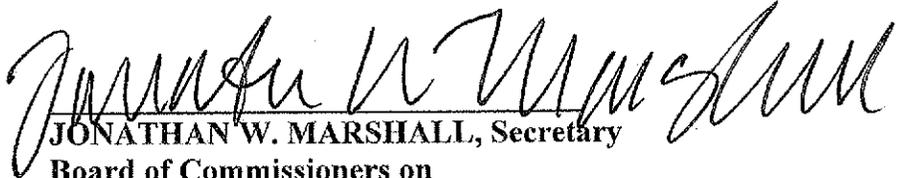
The panel finds Respondent knew he was entering into a fraudulent enterprise in 1997, actively participated in the enterprise for 4 ½ years receiving up to \$60,000.00 per year for his role. Respondent knew the fraudulent enterprise was continuing after he left but did not come forward until confronted by the FBI. As a result of the scheme, approximately 3000 victims lost \$3,700,000.00. While neither side mentioned it in their closing argument, the prior disciplinary sanction can not be overlooked.

In view of the similarities to the *Ulinski* case and Respondent's prior disciplinary sanction, the panel feels the proper sanction in this matter is that Respondent be indefinitely suspended from the practice of law with no credit for the interim suspension that began on December 4, 2008.

#### **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 February 5, 2010. The Board adopted the Findings of Fact and Conclusions of Law of the Panel. It recommends, however, that the Respondent, Douglas Ritson, be permanently disbarred from the practice of law in the State of Ohio based on his lengthy pattern of criminal conduct over 4 ½ years in which thousands of victims lost close to 4 million dollars. The Board further recommends that the cost of these proceedings be taxed to 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**