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SUPREME COURT OF NEW JERSEY

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September 28, 2010

VIA CERTIFIED MAIL, R.R.R & REGULAR MAIL

Douglas B. Hanna
c/o Michael D. Schottland, Esq.
Lomurro Davison Eastman & Munoz, PA
100 Willowbrook Road, Bldg 1
Freehold, New Jersey 07728

RE: In the Matter of Douglas B. Hanna
Docket No. DRB 10-191
District Docket No. XIV-08-611E
LETTER OF ADMONITION

Dear Mr. Hanna:

The Disciplinary Review Board reviewed the motion for discipline by consent (reprimand or such lesser discipline as the Board deems warranted), filed by the Office of Attorney Ethics in the above matter, pursuant to R. 1:20-10. Following a review of the record, the Board determined to grant the motion and to impose an admonition.

Specifically, in December 2004, you hired a bookkeeper, who recommended that your firm purchase a QuickBooks program to convert the firm's manual financial recordkeeping system into a digital format. At her recommendation, you also retained an

accountant to review your books on a quarterly basis. The accountant's review included the monthly bank reconciliations performed by the bookkeeper. Periodically, you checked with the bookkeeper to insure that you maintained sufficient funds in your business account to pay for the firm's bills.

In June 2008, when you learned that the bookkeeper was using the firm's credit card for her own benefit, you terminated her employment and hired a new bookkeeper. The new bookkeeper discovered that the prior bookkeeper had created a system to convert trust funds for her own use. She embezzled at least \$76,000 in trust funds.

Your failure to properly supervise your bookkeeper and to assure that your accounting practices were sufficient to prevent the misappropriation of trust funds violated RPC 5.3 (a) and (b) and RPC 1.15(a). You also permitted a non-lawyer to sign trust account checks and failed to maintain appropriate client ledger books and checkbooks with running balances, violations of R. 1:21-6 and RPC 1.15(d).

The Board found that, even though your intent was to improve your recordkeeping practices, you improperly delegated your accounting responsibilities to your bookkeeper, who then converted funds from your trust account. "[I]t is well-established that an attorney has the ultimate responsibility for maintaining proper trust accounts An attorney cannot avoid [] responsibility by claiming reliance on his or her staff." In re Barker, 115 N.J. 35-36 (1989).

In determining that an admonition was adequate discipline, the Board considered your otherwise unblemished record of almost forty years.

Your conduct adversely reflected not only upon you as an attorney, but also upon all members of the bar. Accordingly, the Board has directed the issuance of this admonition to you. R.1:20-15(f)(4).

A permanent record of this occurrence has been filed with the Clerk of the Supreme Court and the Board's office. Should you become the subject of any further discipline, it will be taken into consideration.


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The Board has also directed that the costs of the disciplinary proceedings be assessed against you. An invoice of costs will be forwarded under separate cover.

Very truly yours,


By Julianne K. DeCore
Chief Counsel

JKD/

c: Chief Justice Stuart Rabner
Associate Justices
Louis Pashman, Chair
Disciplinary Review Board
Mark Neary, Clerk
Supreme Court of New Jersey
Gail G. Haney, Deputy Clerk
Supreme Court of New Jersey (w/ethics history)
Charles Centinaro, Director
Office of Attorney Ethics
Christina Blunda Kennedy, Deputy Ethics Counsel
Office of Attorney Ethics