

Case Nos.: OBC15-1073; OBC15-1197;
OBC15-1231; OBC15-1314; OBC15-1329;
OBC15-1333; OBC15-1334; OBC15-1343;
OBC15-1350; OBC15-1351; OBC15-1352;
OBC15-1353; OBC15-1446; OBC15-1501;
OBC15-1502; OBC16-0004; OBC16-0273.
(17 matters)



FILED

JAN 10 2018

STATE BAR OF NEVADA

BY: *Sonia Del Rio*
OFFICE OF BAR COUNSEL

**STATE BAR OF NEVADA
SOUTHERN NEVADA DISCIPLINARY BOARD**

STATE BAR OF NEVADA,

Complainant,

vs.

KEEN L. ELLSWORTH, ESQ.,

Nevada Bar No. 4981,

Respondent.

PUBLIC REPRIMAND

Keen L. Ellsworth, Esq.
c/o Gentile Cristalli Miller Armeni Savarese
Dominic P. Gentile, Esq.
Mark S. Dzarnoski, Esq.
410 South Rampart Blvd., Suite 420
Las Vegas, NV 89145

STATEMENT OF FACTS

In or about early May 2015 you consulted with a potential new client ("client") regarding the creation of a corporate structure and asset protection plan that would manufacture and sell products that the client claimed he had created and to protect his assets. At that meeting the client claimed to have developed 3D technologies. The representations of client regarding his rights to the intellectual property and products were false, although you did not know of the falsity of those representations at the time they were made.

1 Within a matter of days of the initial consultation, your client showed you some products that
2 he claimed he owned the intellectual property rights to. You thought the products the client
3 demonstrated for you were "truly amazing." Your client further informed you that he had the
4 intellectual property rights to the products and that he already had customers ready to purchase
5 those products.

6 Your client informed you that he had an investor who would provide money to develop
7 and sell the products. You knew the potential investor that your client had identified. Based upon
8 your knowledge of the proposed investor, you formed the opinion that the investment money was
9 not likely to come from that source and informed your client of that opinion and then discussed the
10 concept of a reverse merger with your client.

11 You informed your client that you "had no significant experience with reverse mergers"
12 but could find someone who had such experience to assist.

13 You introduced a consultant to your client as a person experienced with reverse mergers
14 who would be retained by your law firm to assist your client with the reverse merger process and
15 in obtaining funding through that process. The Legal Services Agreement ("Agreement") between
16 you and your client allowed you to retain consultants to assist you in the representation. You
17 informed your client that certain fees payable to consultant would be paid from the retainer.

18 According to the Agreement, the \$80,000 fee for the representation would be paid to you
19 from the funds obtained from investors in the reverse merger. The Agreement also required your
20 client to pay you 20% of all issued and outstanding shares of stock in the publicly traded company
21 as part of your fee.

22 As to the issuance of equity to you as part of your fee, you failed to advise your client in
23 writing of the desirability of seeking the advice of independent legal counsel the fairness of the
24 transaction or give your client a reasonable opportunity to seek the advice of independent legal
25 counsel. Nor did you obtain an express informed consent or waiver, in a writing signed by your
client, of the essential terms of the equity transaction and your role in the transaction.

1 On June 19, 2015, you filed documents with the Nevada Secretary of State causing the
2 formation of a Nevada corporation which was to be your client's private company to be merged
3 with a public company.

4 Consultant informed your client that he ("consultant") would run the concepts by his
5 contacts at a stock brokerage company to determine whether there was a market for the company.
6 Consultant told your client that there was a strong demand for the company's product and that, the
7 reverse merger could be completed within a few weeks if your client worked fast.

8 You sent an email dated May 12, 2015, to your client, containing a draft of directions for
9 investors to submit funds to your trust account to purchase shares in the public company.

10 Sometime after work had begun on the reverse merger, you and consultant began to have
11 concerns that your client did not actually own the intellectual property or have purchase orders in
12 place that he had represented that he had. Your client eventually admitted that he did not own all
13 of the intellectual property/technology, but that he could get license agreements for the technology
14 that he did not own. Your client, however, never provided you with license agreements or patents
15 to confirm that he owned any of the technology, nor any purchase orders to confirm that he had
16 customers ready to buy his products.

17 On the morning of July 2, 2015, you met with your client and expressed your concerns
18 that, because your client had raised money based on false representations, he had committed fraud.
19 As such, you advised your client that you could no longer represent him and followed up with a
20 letter. Shortly thereafter, consultant resigned as client's consultant for the reverse merger.

21 The grievants, with the exception of your client, were potential investors in the reverse
22 merger who provided non-refundable funds for the purchase of shares in the public company.

23 Your client never paid you any fee personally nor did your client deposit any money into
24 your trust account for investment or any other purposes.

25 You represented your client from on or about May 18, 2015 to July 2, 2015.

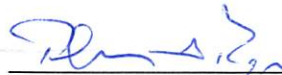
You never received any equity in any public company pursuant to the Agreement;
however, based upon the foregoing, you violated RPC 1.8(a) by entering into the Agreement
which sought an equity interest in your client's proposed public company as a fee without advising

1 your client, in writing, of the desirability of seeking advice of independent counsel and by failing
2 to obtain informed consent and/or a waiver, in writing, from your client regarding the equity
3 transaction. According you are hereby **PUBLICLY REPRIMANDED.**

4 Dated this 9th day of January, 2018.

6 SOUTHERN NEVADA DISCIPLINARY BOARD

8 By: _____



9 Thomas G. Ryan, Esq.
10 FORMAL HEARING PANEL CHAIR
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