

FILED

OCT 16 2012

STATE BAR OF NEVADA

1 Case Number: N10-20-332

2 STATE BAR OF NEVADA

3 NORTHERN NEVADA DISCIPLINARY BOARD

4 STATE BAR OF NEVADA,)
 5)
 6 Complainant,)
 7 vs.)
 8)
 9 RODNEY SUMPTER, ESQ.)
 STATE BAR NO. 899,)
 Respondent.)

10 PUBLIC REPRIMAND

11 TO: Rodney Sumpter, Esq.
12 139 Vassar Street
13 Reno, NV 89502

14 Your client, Bob Jarman ("Jarman") was experiencing financial hardships, including
15 the foreclosure on his home. You claim that the various real estate transactions involving him
16 came about in the following manner:

17 Jarman inherited two properties from a long-time partner, Wilber Finch, who died while
18 the two gentlemen resided in Canada. Jarman wished to further develop the properties and
19 secured financing from some private investors; these private investors were placed on the
20 deeds to the properties on March 2, 2007. The investors eventually failed to make the
21 mortgage payments sending the property into foreclosure.

22 After the private investors were placed on the deed, they borrowed against the
23 property's equity and paid Jarman a portion of the proceeds. Jarman then placed \$20,000 in
24 a trust account with your office, intending the money to be used for future land development
25 and associated fees. When the bank foreclosed on the property, Jarman, then faced with

1 eviction, approached you asking if he could use your credit to purchase the property back
2 from the bank.

3 On August 8, 2008, two deeds and corresponding deeds of trust were recorded
4 placing you exclusively on the titles of both your residence the adjoining property where Mary
5 Adams ("Adams") resided. In order to satisfy your ability to assume the obligation, Jarman
6 advised you that he had secured a third person of appropriate age (Adams) to obtain a
7 reverse mortgage so that after the property was reacquired, the reverse mortgage would be
8 put in place. You were to take out a loan which would then be satisfied by the proceeds from
9 the reverse mortgage.

10 Because the reverse mortgage required Adams to be on the title of her residence, you
11 caused her name to be added to the deed on January 16, 2009. As a condition, you
12 requested a deed to re-convey the property in the event of a default or a failure by Adams to
13 perform.

14 The transaction involved you obtaining a loan, which you did for \$90,000, secured by
15 the two properties. On August 8, 2008, the transaction was consummated through an
16 escrow account at Ticor Title and your office paid closing costs from the monies held in trust
17 for Jarman at his request.

18 Jarman then asked you to prepare a deed in which Adams would appear as a joint
19 tenant for her property. This was accomplished on January 16, 2009; however, Adams was
20 unable to secure the reverse mortgage that was the motivation for all of the real estate
21 transactions.

22 The \$90,000 loan that you obtained for the benefit of Jarman was to be paid off by
23 August 8, 2009, with the proceeds from the reverse mortgage that was never obtained. A
24 one-year extension was granted by the lender for \$90,975, a copy of which was included with
25 Jarman and Adams' grievance.

1 Jarman provided several responses requesting that the Bar demand you relinquish
2 the properties to them and replenish the \$20,000 in trust money. Jarman maintains that you
3 were never instructed to take legal fees out of the trust money and should have held that
4 money for your client's future rental/mortgage payments and living expenses.

5 You paid your law firm from the trust account for legal fees and costs which were
6 incurred as a result of the various real estate transactions including fees to defend the instant
7 Bar Complaint.

8 Rule of Professional Conduct ("RPC") 1.8(a) provides:

9 A lawyer shall not enter into a business transaction with a client or
10 knowingly acquire an ownership, possessory, security or other pecuniary
interest adverse to a client unless:

11 (1) The transaction and terms on which the lawyer acquires the interest are
12 fair and reasonable to the client and are fully disclosed and transmitted in
writing in a manner that can be reasonably understood by the client;

13 (2) The client is advised in writing of the desirability of seeking and is given
a reasonable opportunity to seek the advice of independent legal counsel on
the transaction; and

14 (3) The client gives informed consent, in a writing signed by the client, to
15 the essential terms of the transaction and the lawyer's role in the transaction,
including whether the lawyer is representing the client in the transaction.

16 You violated this rule in that there were no written disclosures or agreements with
17 Jarman or Adams satisfying any of the requirements in RPC 1.8. You further violated RPC
18 1.5 by charging an unreasonable fee, by failing to account to Jarman for the fees charged
19 and for billing Jarman for fees you incurred in defending the State Bar action.

20 In light of the forgoing, you have violated Rule of Professional Conduct ("RPC") 1.8 (a)
21 (Conflict of Interest: Current Clients; Specific Rules) and RPC 1.5 (b) (Fees).

22 Dated this 10TH day of October, 2012.

23
24 By: 

25 Julien G. Sourwine, Esq.
Formal Hearing Panel Chair
Northern Nevada Disciplinary Board