

**DISTRICT OF COLUMBIA COURT OF APPEALS
BOARD ON PROFESSIONAL RESPONSIBILITY**

In the Matter of :
: **Board Docket No.**
WORKNEH CHURNET, ESQUIRE, :
: **Disciplinary Docket No. 2022-D063**
Respondent, :
:
:
A Member of the Bar of the District :
of Columbia Court of Appeals. :
Bar Number: 974538 :
Date of Admission: September 12, 2008 :
:

PETITION FOR NEGOTIATED DISCIPLINE

Disciplinary Counsel and Respondent Workneh Churnet agree to enter into a negotiated discipline pursuant to D.C. Bar Rule XI, § 12.1 and Board Rule 17. Churnet is the subject of the above-referenced investigation by Disciplinary Counsel pursuant to D.C. Bar Rule XI §§ 6(a)(2), 8(a), and Board Rule 2.1.

Churnet is an attorney admitted to practice before the District of Columbia Court of Appeals.

I. Statement of the Nature of the Matter

Disciplinary Counsel docketed this matter for investigation in March 2022, based on a notice that Churnet’s IOLTA at PNC Bank was overdrawn. On March 16, 2022, Automated Clearing House (ACH) payment for \$121.85 was debited from Churnet’s IOLTA. At the time, there was only \$100.59 in the IOLTA, and

the ACH payment overdrew the account by \$21.26.

As part of its investigation, Disciplinary Counsel subpoenaed and reviewed bank records relating to Churnet's trust account and operating accounts from March 2021 through May 2023, and subpoenaed Churnet's own records for the same period. Based on its review of the bank records, Churnet's own records, and the information Churnet provided during the investigation, Disciplinary Counsel determined that Churnet had commingled his funds with entrusted funds and failed to maintain complete records of entrusted funds for the period from March 2021 through May 2023.

II. Stipulation of Facts and Charges

The conduct and standards that Churnet stipulates to are as follows:

1. In July 2014, Churnet opened a PNC IOLTA ending in -4253. Churnet has been the sole signatory for that account since 2014. Churnet also maintains at least two PNC checking accounts: an interest-bearing personal checking account ending in -6157 and a business checking account ending in -7089.

2. During the relevant period, Churnet engaged in commingling when he deposited client and third-party funds in his personal checking account and business account, both of which contained his personal funds during the entire period.

a. On July 12, 2021, Churnet deposited a check for \$4,000 into his

personal checking account. The check was from Maryland Automobile Insurance Fund to pay for a settlement for his client Florent Kam. According to his fee agreement with Kam, Churnet's contingency fee was one-third of the settlement amount, or \$1,320, and \$2,000.00 was to be paid to health care providers. At the time of the deposit, the account balance was \$1,121.25, which included Churnet's Social Security benefits deposit on July 2, 2021.

b. On December 3, 2021, Churnet deposited a check for \$7,500 into his personal checking account. The check was from Elephant Auto Insurance to pay for a settlement for Churnet's client, Tewodros Muleta. Churnet never provided a fee agreement for Muleta's claim against Elephant Insurance; however, his other fee agreements with Muleta established a contingency fee of one-third the settlement amount, or \$2,475. At the time of the deposit, the account balance was \$5,641.62, which included a Social Security benefits deposit on the same day. On December 24, 2021, Churnet wrote a check for \$1,200 from his personal checking account to Washington Spine & Injury Center to satisfy some of Muleta's medical bills from the Elephant Insurance claim.

c. On March 9, 2023, Churnet deposited two checks, totaling \$14,279, into his business checking account. The checks were both from Allianz to pay for a settlement for Churnet's client, Genet Mamo. According to his fee agreement with Mamo, Churnet's contingency fee was one-third the settlement

amount, or \$4,712. At the time of the deposit, the account balance was \$831.98, which included Churnet's personal funds. On March 13, 2023, Churnet wrote a check to Mamo for \$6,650 from the business account. On April 14, 2023, Churnet wrote a check to Optimal CHIRO Practice & Rehab for \$2,500 from the business checking account.

3. Churnet also regularly made deposits and withdrawals, including cash deposits and withdrawals, from his trust account without keeping records sufficient to identify the corresponding client matter and/or the purpose of the transaction.

a. On September 27, 2021, Churnet withdrew \$4,000 from his IOLTA without identifying the corresponding client matter or the nature and purpose of the withdrawal. On the same day, Churnet deposited \$4,000 into his personal checking account, again without identifying the corresponding client matter or the nature and purpose of the deposit.

b. On December 16, 2021, Churnet withdrew \$4,000 from his IOLTA without identifying the corresponding client matter or the nature and purpose of the withdrawal. On the same day, Churnet deposited \$4,000 into his personal checking account ending, again without identifying the corresponding client matter or the nature and purpose of the deposit.

c. On January 14, 2022, Churnet withdrew \$4,750 from his IOLTA without identifying the corresponding client matter or the nature and purpose of the withdrawal.

d. On April 26, 2022, Churnet withdrew \$2,000 from his IOLTA without identifying the corresponding client matter or the nature and purpose of the transaction.

e. On June 21, 2022, Churnet withdrew \$12,748.34 from his IOLTA, bringing the balance of the account to \$0.00. At the time, the account held settlement funds for clients Teowdros Muleta and Yezihalem Mesfen and there is no record that Churnet disbursed any funds to either client before withdrawing the entire account balance. On the same day he withdrew the funds from his IOLTA, Churnet deposited \$12,748.34 into his business checking account.

f. On February 24, 2023, Churnet withdrew \$2,015 from his IOLTA without identifying the corresponding client matter or the nature and purpose of the transaction. On the same day, he deposited \$2,015 into his business checking account, again without identifying the corresponding client matter or the nature and purpose of the transaction.

4. Churnet failed to keep and maintain a general ledger reflecting the funds deposited in and withdrawn from the trust account. Churnet also failed to keep and

maintain individual client ledgers reflecting the money he received on behalf of the client and how he had handled the client's funds.

5. Churnet did have records for some of the client matters including retainer agreements, invoices to clients, and receipts and checks for client expenses. The records Churnet kept and maintained for other clients were not complete and prevented Disciplinary Counsel from auditing his handling of entrusted funds, even with the additional information that Churnet provided during the investigation. Many of the records Churnet provided over the course of the investigation were contradictory, included incorrect information, dates, and/or client names, or were not signed by the clients when necessary. For example, on June 22, 2022, Churnet provided a settlement sheet for Muleta's Traveler's Insurance settlement. On March 14, 2023, he provided another settlement sheet for the same case; however, the new settlement sheet had different amounts listed to be paid to the health care providers and the client and to be kept by Churnet. Additionally, the second settlement sheet was allegedly signed by the client while the first one was not.

6. Churnet states that he paid most clients' settlement amounts with cash that he kept at his office or on his person; however, during the investigation Churnet never produced any receipts or other documentation reflecting payments of cash to his clients. After Disciplinary Counsel filed charges, Churnet produced affidavits from several clients stating that Churnet went to the bank with them to cash or

deposit their settlement checks then disbursed their portion of the settlement funds to them in cash. Given these affidavits, it would be difficult for Disciplinary Counsel to prove that Churnet engaged in misappropriation of client funds.

7. Disciplinary Counsel also could not prove that any client or third party was prejudiced or harmed by Churnet's handling of entrusted funds and failure to maintain complete records of those funds.

8. Churnet's stipulated conduct violated Rule 1.15(a) of the D.C. Rules of Professional Conduct because he engaged in commingling and failed to keep and maintain complete records of entrusted funds.

III. Statement of Promises

9. Disciplinary Counsel has not made any promises regarding the underlying matter other than to recommend a 90-day suspension with 60 days stayed in favor of one year's supervised probation with conditions as part of this negotiated disposition.

IV. The Agreed-Upon Sanction

A. Agreed Sanction

10. Churnet and Disciplinary Counsel have agreed that the appropriate sanction for the stipulated misconduct in violation of Rule 1.15(a) is a suspension from the practice of law for ninety (90) days, with all but thirty (30) days stayed on the condition that Churnet be placed on supervised probation for a period of one

year.

11. During the period of probation, Churnet shall comply with the following terms:

a. He shall meet with and obtain an assessment from the District of Columbia's Practice Management Advisory Service and comply with and implement any recommendations of PMAS, including the supervision of his practice by a monitor for a period of one year.

b. Churnet will execute a waiver allowing the assigned practice monitor to communicate directly with the Office of Disciplinary Counsel regarding his compliance. The assigned practice monitor will conduct a full assessment of Churnet's practices, including but not limited to reviewing financial records, client files, engagement letters, and supervision and training of staff. The assigned practice monitor shall take steps to ensure that Churnet is aware of and has taken steps to comply with his obligations under Rule 1.15(a), including maintaining complete records relating to client funds, and that Churnet complies with all of the practice monitor's recommendations.

c. Churnet must be in full compliance with the practice monitor's requirements for a period of twelve consecutive months. After the practice monitor determines that Churnet has been in full compliance for twelve consecutive months, Churnet must sign an acknowledgement that he is in compliance with the practice

monitor's requirements and file the signed acknowledgement with the Office of Disciplinary Counsel. This must be accomplished no later than two years after the date of the Court's final order.

d. Churnet shall not be found to have engaged in any unethical conduct before the probationary period expires.

e. During the one-year probation, Churnet shall inform all clients, in writing, that he is serving a term of probation.

13. If Churnet fails to comply with the terms of his probation, his probation may be revoked and he may be required to serve the remaining 60-day suspension previously stayed herein, consecutively with any other discipline or suspension that may be imposed in the event of a finding that he engaged in further unethical conduct.

B. Relevant Precedent

14. The range of sanction for violations of Rule 1.15(a) involving commingling and a failure to maintain complete records ranges from a Board reprimand to suspension. *See, e.g., In re Edwards*, 278 A.3d 1171 (D.C. 2022) (two-year suspension with fitness requirement for commingling funds, failing to maintain adequate records of client funds, and making reckless misrepresentation for failing to disclose lawyer's prior discipline on a court form; lawyer had prior public censure for similar misconduct); *In re Botty-Van Den Bruele*, 277 A.3d 1269 (D.C. 2022)

(Court approved negotiated discipline against attorney who failed to communicate fee, failed to maintain complete financial records, and failed to treat advances of unearned fees as client property, for which the negotiated sanction was 60-day suspension with all but 30-days stayed and probation with conditions); *In re Salgado*, 207 A.3d 168 (D.C. 2019) (thirty-day suspension with requirement that attorney demonstrate fitness for engaging in extended period of inadequate record keeping and comingling personal funds with entrusted funds); *In re Mott*, 886 A.2d 535 (D.C. 2005) (censure for failing to deposit client funds in a designated escrow account, failing to adequately safeguard client funds, and failing to keep appropriate records); *In re Clower*, 831 A.2d 1030 (D.C. 2003) (censure for failing to maintain complete records and failing to promptly notify and pay a third party from settlement funds; lawyer did not engage in commingling); *In re Graham*, 795 A.2d 51 (D.C. 2002) (censure for three instances of commingling when lawyer deposited client funds into his operating account and in one case failed to timely deliver funds to a third party); *In re Iglehart*, 759 A.2d 203 (D.C. 2000) (30-day suspension for commingling funds in trust account and failing to maintain adequate trust account records); *In re Ukwu*, 712 A.2d 502 (D.C. 1998) (thirty-day suspension, stayed in favor of one-year probation subject to practice management conditions, for failure to maintain records and comingling clients' funds with his own); *In re Goldberg*, 721 A.2d 627 (D.C. 1998) (censure for commingling law firm operating funds with

the firm's escrow funds for brief period); *In re Teitelbaum*, 686 A.2d 1037 (D.C. 1996) (censure for single instance of commingling when lawyer deposited settlement check into non-escrow checking account; lawyer had prior Informal Admonition); *In re Parsons*, 678 A.2d 1022 (D.C. 1996) (censure for commingling; lawyer had prior discipline); *In re Millstein*, 667 A.2d 1355 (D.C. 1995) (censure for single instance of commingling when lawyer deposited settlement check into operating account); *In re Ross*, 658 A.2d 209 (D.C. 1995) (30-day suspension for depositing settlement check into operating account and failing to promptly pay a medical provider); *In re Ingram*, 584 A.2d 602 (D.C. 1991) (censure for depositing settlement check into lawyer's personal bank account and failing to promptly notify and pay client); *see also In re Canty*, BDN 310-02 Order (BPR Dec. 31, 2013) (Board reprimand for commingling and failure to maintain complete records); *In re Jones*, BDN 486-94 Order (BPR June 18, 1997) (reprimand for commingling for period of two and a half months; no finding that lawyer failed to maintain complete records); *In re Curtis*, BDN 366-95 Order (BPR Oct. 11, 1996) (reprimand for isolated commingling involving entrusted funds received on behalf of clients who were lawyer's relatives).

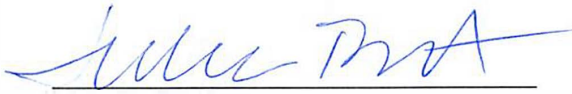
15. A 90-day suspension with all but 30 days stayed in favor of one-year probation is justified in this case because it is within the range of sanctions. While a public censure or shorter suspension (*i.e.*, 30 days) are more typical in

commingling and record-keeping cases, a longer suspension is warranted in this case because Churnet's misconduct was not isolated. Instead, it went on for a number of years and related to many different client matters. Additionally, in a 2019 letter to Disciplinary Counsel, Churnet affirmatively stated that he was aware of the requirements of *In re Mance* but he continued to violate the rules related to advance fees. Although one client provided an affidavit after charges were filed stating that she agreed the flat fees could be treated as earned upon receipt, his fee agreements did not state that and Churnet did not provide anything in writing to confirm that his clients received notice of the risks or alternatives. In light of these aggravating factors, a lengthier suspensory sanction is justified.

C. Mitigating Circumstances

16. The sanction also takes into account the mitigating factors, which include: (a) Churnet has no prior discipline; (b) Churnet has taken full responsibility for his misconduct and has demonstrated remorse; and (c) Churnet has fully cooperated with Disciplinary Counsel, including meeting with Disciplinary Counsel, and providing written responses, bank statements, and client records.

Respectfully submitted,



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Workneh Churnet
Respondent



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