

BEFORE THE HEARING BOARD  
OF THE  
ILLINOIS ATTORNEY REGISTRATION  
AND  
DISCIPLINARY COMMISSION

In the Matter of:

CHARLES ROBERT SCANLON,

Attorney-Respondent,

No. 6200483

Commission No. 2023PR00005

COMPLAINT

Jerome Larkin, Administrator of the Attorney Registration and Disciplinary Commission, by his attorney, David B. Collins, pursuant to Supreme Court Rule 753(b), complains of Respondent, Charles Robert Scanlon, who was licensed to practice law in the State of Illinois on May 12, 1989, and alleges that Respondent has engaged in the following conduct, which subjects him to discipline pursuant to Supreme Court Rule 770:

COUNT I  
*(Conversion of Settlement Funds)*

1. At all times alleged in this complaint, Respondent was a sole practitioner with a practice located in St. Louis, Missouri that concentrated in the representation of claimants in Illinois workers' compensation and personal injury matters. In operating that practice, Respondent maintained and was the sole signatory on a client trust account at Jefferson Bank & Trust Company/First Mid Bank & Trust ("Jefferson/First Mid"), ending in the four digits of 5120, which was entitled "Charles R. Scanlon, Attorney at Law, Trust Account" ("trust account 5120"). Respondent used trust account 5120 as the depository of funds belonging presently or potentially to the firm's clients, to third parties (including lienholders), and/or to himself.

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2. On October 26, 2013, Victor Betancourt was seriously injured when he fell from a structure he was working on at premises owned by Michael Pederson located in O'Fallon, Illinois.

3. Pursuant to an attorney representation agreement, Respondent and Mr. Betancourt agreed that Respondent would represent Mr. Betancourt in his personal injury claim. Respondent was to receive one-third of any proceeds recovered as a result of his representation, plus reimbursement of his costs.

4. On October 26, 2015, Respondent filed a lawsuit on behalf of Mr. Betancourt in the Circuit Court of St. Clair County, Illinois, case number 15 L 605, "*Victor Betancourt, Plaintiff v. Michael Pederson and Menard, Incorporated, a Corporation, Defendants.*"

5. On November 7, 2018, Mr. Betancourt voluntarily dismissed, without prejudice, all counts against defendant Menard, Incorporated, leaving Mr. Pederson as the sole defendant.

6. The parties subsequently agreed to try to resolve the case through mediation.

7. As Mr. Betancourt's medical expenses had been paid by the State of Illinois ("State"), the State had a lien upon any proceeds recovered as a result of the lawsuit. In preparation for the mediation, Respondent attempted to ascertain from the State the amount it would accept in satisfaction of its lien. Respondent did not receive the amount the State would accept in satisfaction of its lien and proceeded to mediation without that information.

8. The mediation was held in September of 2019. As a result of the mediation, the parties agreed that Mr. Pederson's insurance carrier, United States Automobile Association ("USAA"), would pay Mr. Betancourt a total of \$150,000 in exchange for his execution of a Release of All Claims and a dismissal, with prejudice, of Mr. Pederson from the lawsuit.

9. On October 2, 2019, Respondent met with Mr. Betancourt and obtained his signature upon a Release of All Claims supplied to him by counsel representing Mr. Pederson.

Respondent forwarded the executed Release of All Claims to counsel representing Mr. Pederson, indicating that he would send an executed stipulation for dismissal of the lawsuit upon receipt of USAA's settlement check.

10. In early October of 2019, Respondent received two checks: one check was USAA check number 0026578021, in the amount of \$145,000 and the other check was USAA check number 0026561896, in the amount of \$5,000. Both checks were made payable to "Charles R. Scanlon Attorney at Law and Victor M. Betancourt."

11. Shortly after receiving the checks, Respondent met with Mr. Betancourt to have him endorse the two settlement checks. Mr. Betancourt endorsed the checks, as did Respondent.

12. On October 8, 2019, Respondent deposited USAA check number 0026561896, in the amount of \$5,000, into trust account 5120. On October 9, 2019, Respondent deposited USAA check number 0026578021, in the amount of \$145,000, into trust account 5120.

13. On October 9, 2019, the balance of trust account 5120 was \$150,016.73. Of the \$150,000 settlement proceeds, Respondent was only entitled to his attorney's fee of \$50,000, plus reimbursement of his costs. The remainder of the settlement proceeds were due to Mr. Betancourt and the State.

14. By letter dated October 17, 2019, the State notified Respondent that the lien amount was \$176,443.

15. At no time alleged in this complaint has Respondent paid either Mr. Betancourt or the State any of the proceeds from the settlement.

16. Between October 9, 2019 and October 31, 2022, Respondent engaged in over 100 transactions involving trust account 5120, consisting of checks written to himself, checks written

to Jefferson/First Mid for cash and/or cashier's checks, and checks to others. These transactions were for Respondent's own personal and business purposes.

17. At no time alleged in this complaint did either Mr. Betancourt or the State authorize Respondent to use their portions of the settlement proceeds from trust account 5120.

18. As of October 31, 2022, Respondent had drawn the balance in trust account 5120 to \$10,770.18.

19. As of October 31, 2022, Respondent had, without authority from Mr. Betancourt or the State, used for his own business or personal purposes \$89,229.82 (\$100,000 – \$10,770.18) of funds belonging to Mr. Betancourt and the State. Respondent's use of those funds constitutes conversion.

20. At the time Respondent used the funds due to Mr. Betancourt and the State, Respondent acted dishonestly, because he knew that he was using those funds for his own purposes without authority.

21. By reason of the conduct described above, Respondent has engaged in the following misconduct:

- a. failure to hold property of clients or third persons that is in a lawyer's possession in connection with a representation separate from the lawyer's own property, by conduct including: (1) failing to hold funds belonging to Mr. Betancourt and the State, separate from Respondent's own property, and (2) converting \$89,229.82 of settlement funds belonging to Mr. Betancourt and the State, to Respondent's own use and business purposes causing the balance in his client trust account to fall below the amount then belonging to Mr. Betancourt and the State, in violation of Rule 1.15(a) of the Illinois Rules of Professional Conduct (2010); and
- b. conduct involving dishonesty, fraud, deceit or misrepresentation, by knowingly converting

\$89,229.82 of settlement funds belonging to Mr. Betancourt and the State, to Respondent's own use and business purposes without authority, in violation of Rule 8.4(c) of the Illinois Rules of Professional Conduct (2010).

WHEREFORE, the Administrator requests that this matter be assigned to a panel of the hearing board, that a hearing be held, and that the panel make findings of fact, conclusions of fact and law, and recommendation for such discipline as is warranted.

Respectfully submitted,  
Jerome Larkin, Administrator  
Attorney Registration Disciplinary Commission

By: /s/ David B. Collins  
David B. Collins

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