

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

In the Matter of:

CHARLES F. MORRISSEY,

Attorney-Respondent,

No. 6243531.

Commission No. 2024PR00063

COMPLAINT

Lea S. Gutierrez, Administrator of the Attorney Registration and Disciplinary Commission, by her attorney, Evette L. Ocasio, pursuant to Supreme Court Rule 753(b), complains of Respondent, Charles F. Morrissey, who was licensed to practice law in Illinois on November 6, 1997, and alleges that Respondent engaged in the following conduct which subjects Respondent to discipline pursuant to Supreme Court Rule 770:

ALLEGATIONS COMMON TO ALL COUNTS

1. At all times related to this complaint, Respondent was the principal attorney of the law firm Morrissey & Donahue, LLC in Chicago, Illinois.
2. From March 2014 to present, Respondent maintained and was the sole signatory on an IOLTA client trust account at JPMorgan Chase Bank, N.A. ("Chase Bank") ending with the digits 1945. That account was titled "Morrissey Law Group LLC DBA CHARLES F. MORRISSEY, ATTORNEY AT LAW IOLTA TRUST ACCOUNT" ("IOLTA Account") and was used by Respondent for the deposit and disbursement of funds of clients or third persons in Respondent's possession.

FILED
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ARDC Clerk

COUNT I

(Conversion of \$116,724.00 – St. George Personal Injury Matter)

3. On or about April 2, 2021, Carole St. George (“St. George”) was injured when she slipped and fell in a Wal-Mart store in New Lenox, Illinois.

4. On or about April 22, 2021, St. George and Respondent agreed that Respondent’s law firm, Morrissey & Donahue, LLC, would represent her in a personal injury action arising from her slip and fall. Respondent and St. George agreed that Respondent’s receipt of a fee would be contingent upon Respondent recovering a settlement or award on behalf of St. George, and that Respondent would receive an amount equal to 33.33% of any such recovery, plus all reasonable costs Respondent incurred pursuing St. George’s case.

5. On June 28, 2022, Respondent filed a personal injury complaint on behalf of St. George in the Circuit Court of Cook County. The Clerk of the Circuit Court docketed the matter as *Carole St. George v. Wal-Mart Stores, Inc.*, case number 2022L005784.

6. On September 18, 2023, the parties reached a settlement in the amount of \$175,000 in the St. George matter.

7. On September 29, 2023, the court entered an order dismissing St. George’s personal injury matter due to the settlement.

8. On October 6, 2023, Respondent received a settlement check made payable to Morrissey & Donahue LLC and Carole St. George in the amount of \$175,000.

9. On October 6, 2023, Respondent deposited the \$175,000 settlement check, referenced in paragraph 8, above, into his IOLTA Account.

10. Between October 6, 2023, and January 22, 2024, prior to making any disbursement of the settlement proceeds to St. George, Respondent drew the balance on his IOLTA Account to

\$1, as he made withdrawals in payment of his personal or business obligations. During that time, Respondent was required to maintain at least \$116,725 in his IOLTA Account for payment of the settlement proceeds to St. George and third-party lienholders.

11. As of January 22, 2024, Respondent used \$116,724 of the settlement proceeds from the St. George matter, which should have been remitted to St. George and third-party lienholders, for Respondent's own business and personal purposes.

12. At no time did St. George or any third-party authorize Respondent to use any portion of the \$116,724 for his own business and personal purposes.

13. By using \$116,724 of the settlement proceeds from St. George's personal injury matter for his own business and personal purposes without authority, Respondent engaged in the conversion of those funds.

14. At the time Respondent used \$116,724 of the settlement proceeds from St. George's personal injury matter, Respondent acted dishonestly because he knew that he was using those funds without authority.

15. Between January 24, 2024, and February 8, 2024, St. George and her adult children repeatedly called, texted, and emailed Respondent regarding the status of St. George's settlement proceeds.

16. On February 9, 2024, Respondent texted St. George's daughter and stated the following, in part:

I'm sorry Kim things are challenging at the office because I am literally doing everything myself and I can't afford to miss a Saturday in the office let alone being laid up Saturday-Tuesday and everyone was all over me. I also felt like crap and got too sensitive when you suggested [I] stole your mom's money because I wouldn't do that to her nor would I do it to you.

17. Respondent's statements that he had not stolen St. George's money and would never do that to her, as set forth in paragraph 16, above, were false because as of February 9, 2024, Respondent had already converted the settlement proceeds from St. George's personal injury matter for his own business and personal purposes, without authority.

18. Respondent knew his statements, as set forth in paragraph 16, above, were false when he made them.

19. On April 16, 2024, Respondent texted St. George's daughter a screenshot of the balance in his IOLTA Account which indicated he was presently holding \$194,292.99. Respondent further texted St. George's daughter and stated the following, in part:

Again, please let your mother know her settlement funds remain in escrow [screenshot] above – most of which relates to her settlement and a few other matters where we are holding smaller sums.

20. Respondent's statements that St. George's settlement funds remained in escrow and that the majority of the funds reflected in the \$194,292.99 IOLTA Account balance were related to St. George's personal injury matter, as set forth in paragraph 19, above, were false because Respondent had already converted the settlement proceeds from St. George's personal injury matter and the funds held in his IOLTA Account as of April 16, 2024, belonged to a separate client.

21. Respondent knew his statements, as set forth in paragraph 19, above, were false when he made them.

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

- a. failing to hold property of clients or third persons that is in the lawyer's possession in connection with a representation separate from the lawyer's own personal property, by conduct including, causing the balance of Respondent's client trust account ending in the digits 1945 to fall to \$1, thereby converting at least \$116,724 in funds belonging to

St. George and third-party lienholders for his own business and personal purposes, without authority, in violation of Rule 1.15(a) of the Illinois Rules of Professional Conduct (2010); and

- b. conduct including dishonesty, fraud, deceit, or misrepresentation, by conduct including knowingly using at least \$116,724 in funds belonging to St. George and third-party lienholders for his own business and personal purposes, without authority; by falsely stating that Respondent did not steal St. George's settlement proceeds and would never steal her settlement proceeds, as set forth in paragraph 16; and by falsely stating that Respondent was holding St. George's settlement proceeds in escrow and that the majority of the funds held in Respondent's IOLTA Account as of April 16, 2024, were related to St. George's personal injury matter, as set forth in paragraph 19, in violation of Rule 8.4(c) of the Illinois Rules of Professional Conduct (2010).

COUNT II

(Conversion of \$271,339.73 - 902 N. Ashland Real Estate)

23. At all times related to this complaint, Patrick Morgan ("Morgan") was the sole owner and member of the entity, 902 N. Ashland, LLC, which owned the property located at 902 N. Ashland in Chicago.

24. On or about February 26, 2024, Respondent and Morgan agreed that Respondent would represent 902 N. Ashland, LLC in the sale of the property located at 902 N. Ashland. Respondent and Morgan agreed that Respondent's fee for the sale of the property would be \$1,500.

25. On March 12, 2024, the real estate closing for the sale of 902 N. Ashland was finalized. Pursuant to the closing settlement agreement, the net proceeds of the sale in the amount of \$301,340.72 were directed to Respondent's IOLTA account. The real estate proceeds were issued to Respondent via a check made payable to "CHARLES MORRISSEY IOLTA ACCOUNT." On that date, the title company also issued a separate check in the amount of \$1,500 made payable to Charles F. Morrissey, representing Respondent's fee as the seller's attorney.

26. On March 12, 2024, Respondent deposited the net proceeds in the amount of \$301,340.72 from the sale of 902 N. Ashland into his IOLTA Account. On that date, Respondent texted Morgan a photo of the deposit receipt, which indicated the funds would be available on March 21, 2024.

27. On March 21, 2024, Respondent texted Morgan that he was unable to make it to a Chase Bank to transfer the proceeds of the sale to Morgan, but would do so the following morning.

28. Between March 22, 2024, and March 26, 2024, Morgan texted and called Respondent multiple times regarding the status of the real estate proceeds. Respondent did not respond to Morgan's communications.

29. Between March 28, 2024, and April 24, 2024, Respondent repeatedly texted Morgan that Chase Bank had put a hold on all of Respondent's accounts and that the bank was preventing him from delivering the real estate proceeds to Morgan.

30. Respondent's statements to Morgan beginning March 28, 2024, and continuing through April 24, 2024, that Chase Bank had put a hold on all of Respondent's accounts were false because no hold was placed on Respondent's accounts. Respondent knew those statements were false at the time he made them.

31. On May 14, 2024, Morgan and 902 N. Ashland, LLC filed a complaint for a permanent injunction against Respondent in the Circuit Court of Cook County. The Clerk of the Circuit Court docketed the matter as *902 N. Ashland, LLC, et al. v. Charles F. Morrissey, et al.*, case number 2024CH04532 ("the chancery proceeding").

32. On May 14, 2024, Morgan and 902 N. Ashland, LLC filed a motion for a temporary restraining order and preliminary injunction in the chancery proceeding, seeking to bar Respondent

and his law firm from disbursing funds belonging to Morgan and 902 N. Ashland LLC from Respondent's IOLTA Account.

33. Between March 12, 2024, and June 7, 2024, prior to making any disbursement of the real estate proceeds to Morgan, Respondent drew the balance on his IOLTA Account to \$30,000.99, as he made withdrawals in payment of his personal or business obligations. During that time, Respondent was required to maintain at least \$301,340.72 in his IOLTA Account, for payment of the real estate proceeds to Morgan on behalf of 902 N. Ashland, LLC.

34. As of June 7, 2024, Respondent used \$271,339.73 of the real estate proceeds from the sale of 902 N. Ashland, which should have been remitted to Morgan on behalf of 902 N. Ashland, LLC, for Respondent's own business and personal purposes.

35. At no time did Morgan authorize Respondent to use any portion of the \$271,339.73 in real estate proceeds for Respondent's own business and personal purposes.

36. By using \$271,339.73 of the 902 N. Ashland real estate proceeds for his own business and personal purposes without authority, Respondent engaged in the conversion of those funds.

37. At the time Respondent used \$271,339.73 of the real estate proceeds owed to Morgan on behalf of 902 N. Ashland, LLC, Respondent acted dishonestly because he knew that he was using those funds for his own purposes without authority from Morgan.

38. On June 5, 2024, Respondent appeared in the chancery proceeding for the hearing on the motion for temporary restraining order and preliminary injunction.

39. At the June 5, 2024, hearing, the following exchanges were had regarding the status of the real estate proceeds from the sale of 902 N. Ashland:

Court: Okay. Where is the funds now?

Respondent: In the IOLTA.

Plaintiffs' Counsel: I didn't hear that. What did you say?

Respondent: In the Morrissey Law Group IOLTA Account.

[. . .]

Plaintiffs' Counsel: Now, what I just heard, if I heard it correctly, is that all the money we are seeking is in the account; is that correct, Mr. Morrissey?

Respondent: Yes.

[. . .]

Court: So the \$301,340.72, that full amount is in your IOLTA?

Respondent: Yes. More than that is in the IOLTA account, Judge.

40. Respondent's statements to the court that the full amount of the real estate proceeds from the sale of 902 N. Ashland remained in his IOLTA Account, as set forth in paragraph 39, above, were false because Respondent had converted at least \$271,339.73 of the real estate proceeds from his IOLTA Account as of June 5, 2024.

41. Respondent knew his statements, as set forth in paragraph 39, above, were false when he made them.

42. On June 7, 2024, the court granted the motion for a temporary restraining order, in part, and ordered that Respondent be enjoined until further order of court from taking any action to transfer, modify, encumber, or otherwise disburse in any way the amount of \$301,340.72 held in Respondent's IOLTA Account, reflecting the proceeds of the sale of 902 N. Ashland. The court further ordered Respondent to answer the complaint or otherwise plead by July 3, 2024, and continued the matter for further status hearing set on July 11, 2024.

43. On July 11, 2024, Respondent failed to appear in the chancery proceeding and failed to file an answer to the complaint in the matter. The court ordered that Respondent be held in default and scheduled a prove up hearing to establish the plaintiffs' damages for August 21, 2024.

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

- a. failing to hold property of clients or third persons that is in the lawyer's possession in connection with a representation separate from the lawyer's own personal property, by conduct including, causing the balance of Respondent's client trust account ending in the digits 1945 to fall to \$30,000.99, thereby converting at least \$271,339.73 in funds belonging to Morgan and 902 N. Ashland, LLC, in violation of Rule 1.15(a) of the Illinois Rules of Professional Conduct (2010);
- b. knowingly making a false statement of fact to a tribunal by making false statements to the court on June 5, 2024, that the full amount of the real estate proceeds from the sale of 902 N. Ashland was being held in Respondent's client trust account, in violation of Rule 3.3(a)(1) of the Illinois Rules of Professional Conduct (2010);
- c. knowingly disobeying an obligation under the rules of a tribunal, by conduct including, failing to answer the complaint and failing to appear at the scheduled hearing on July 11, 2024, in case number 2024CH04532, in violation of Rule 3.4(a) of the Illinois Rules of Professional Conduct (2010); and
- d. conduct including dishonesty, fraud, deceit, or misrepresentation, by conduct including knowingly using at least \$271,339.73 in funds belonging to Morgan and 902 N. Ashland, LLC for his own business and personal purposes, without authority; by making false statements to the court on June 5, 2024, that the full amount of the real estate proceeds from the sale of 902 N. Ashland was being held in Respondent's client trust account; and by making false statements to Morgan between March 28, 2024, and April 24, 2024, that Chase Bank had put a hold on Respondent's

client trust account, in violation of Rule 8.4(c) of the Illinois Rules of Professional Conduct (2010).

WHEREFORE, the Administrator respectfully 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 a recommendation for such discipline as is warranted.

Respectfully submitted,

Lea S. Gutierrez, Administrator
Attorney Registration and
Disciplinary Commission

By: /s/ *Evette L. Ocasio*
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