

**IN RE: LAWRENCE F. SCOFIELD**

**NO. BD- 2017-008**

**S.J.C. Judgment of Disbarment entered by Justice Lowy on March 7, 2017, with an effective date of April 6, 2017.<sup>1</sup>**

**SUMMARY<sup>2</sup>**

On March 7, 2017, the Supreme Judicial Court for Suffolk County entered an order of disbarment of the respondent, Lawrence F. Scofield, effective April 6, 2017. The respondent was disbarred for the intentional misuse of client funds with deprivation resulting to clients, failing as a partner and supervisor of the firm's CFO and accounting department to put in place procedures or make reasonable efforts to ensure that the firm's conduct was compatible with the respondent's professional obligations, failing to obtain his clients' consent after consultation to a factoring agreement that materially limited his representation of his clients, and disclosing confidential client information to the factor.

The respondent became a member of the Massachusetts bar on December 18, 1973. In 2008, the respondent joined Steven Ablitt's law firm as an associate. In 2010, the respondent became an equity partner with Ablitt to form Ablitt Scofield, P.C. The firm specialized in default services for banks and other mortgage lenders and maintained IOLTA accounts at Citizens Bank.

In February 2011, the respondent discovered that the firm's chief financial officer was using funds from the firm's IOLTA accounts to pay operating expenses of the firm. The respondent fired the CFO, and in the same month, hired a new chief executive officer (CEO). The new CEO conducted an examination of the firm's accounts and informed the respondent that the firm had a \$4 million operating deficit and that the IOLTA accounts were missing approximately \$2 million. Thereafter the respondent failed to audit the IOLTA accounts to determine exactly how much was missing, and he failed to inform clients of the shortage. During this time period, however, the respondent authorized substantial salary increases and bonuses to himself and others in the firm.

The respondent allowed the new CEO to operate the accounting department without restriction or supervision. The respondent failed to supervise the CEO's use of the accounts under his control, which included not only the firm's IOLTA and operating accounts, but also accounts associated with separate businesses that were either owned or controlled by Ablitt.

The respondent provided the CEO with a stamp of his signature to sign checks, including IOLTA checks, which the CEO used without oversight from the respondent. The respondent did not review IOLTA account bank statements, and he failed to ensure that the CEO and his staff maintained individual client ledgers, performed three-way reconciliations of the IOLTA accounts at least every sixty days, and segregated trust funds from operating funds.

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<sup>1</sup> The complete order of the Court is available by contacting the Clerk of the Supreme Judicial Court for Suffolk County.

<sup>2</sup> Compiled by the Board of Bar Overseers based on the record filed with the Supreme Judicial Court.

By failing to put in place appropriate procedures or to make reasonable efforts to ensure that the conduct of the CEO and the accounting staff was compatible with the respondent's professional obligation, the respondent violated Mass. R. Prof. C. 5.3 (a). By failing to make reasonable efforts to ensure that the conduct of nonlawyer staff under his control was compatible with the respondent's professional obligations, the respondent violated Mass. R. Prof. C. 5.3(b). By failing to maintain individual client ledgers and failing to perform three-way reconciliations, the respondent violated Mass. R. Prof. C. 1.15 (f)(1)(C) and (f)(1)(E).

By the fall of 2012, the respondent was fully aware that the firm was having difficulty paying basic overhead costs and making payroll. Within a year after being hired, the CEO started to cover shortfalls in the operating account with client funds from the IOLTA accounts. He often directed members of the accounting department to transfer funds from the IOLTA accounts and business accounts into the firm's operating account to make payroll and to act as a float for other firm expenses. The respondent knew, or was willfully blind to the fact, that the CEO was misusing client funds to fund the firm's payroll. By permitting the commingling of client funds with operating funds and the intentional misuse of client funds, the respondent violated Mass. R. Prof. C. 1.15(b) and 8.4(c).

In November 2012, the respondent agreed to enter into a factoring agreement with a New York business to sell the firm's accounts receivables to the factor in exchange for advances of a percentage of the accounts due. By the terms of the contract with the factor, the respondent agreed to and actually did disseminate, without consent, clients' confidential information to the factor. The respondent's representation of these clients was materially limited by his responsibilities to the factor under the factoring agreement. By disclosing client confidential information to the factor, the respondent violated Mass. R. Prof. C. 1.6(a). By failing to obtain the consent after consultation of the firm's lender clients to the factoring agreement where his representation of the clients was materially limited by his responsibility to the factor and by his own interests, the respondent violated Mass. R. Prof. C. 1.7(b). By using the lender clients' confidential information to the disadvantage of the clients and to his own advantage, the respondent violated Mass. R. Prof. C. 1.8(b).

In August 2013, a new partner in the firm discovered that there was a deficit in the balance the firm should have been holding in its IOLTA accounts. The CEO admitted that he had been using IOLTA funds to cover firm expenses, but the respondent declined to terminate the CEO's employment. By June 2014, the firm had misused all or most of its client funds. In June 2014, the firm closed. By failing to terminate the CEO and thus ratifying his misuse of client funds, under Mass. R. Prof. C. 5.3(c)(1) and (2), the respondent became responsible for the CEO's intentional misuse of client funds.

On September 6, 2016, bar counsel filed a petition for discipline against the respondent alleging the misconduct described above. The respondent failed to file an answer to the petition for discipline and was defaulted. On December 12, 2016, the Board of Bar Overseers voted to disbar the respondent from the practice of law. On February 20, 2017, the respondent was served with notice directing him to appear before a single justice of the Supreme Judicial Court on February 27, 2017. On February 27, 2017, the respondent failed to appear, and the single justice (Lowy, J.) issued an order disbaring the respondent from the practice of law, effective April 6, 2017.