

IN RE: WALTER R. SNYDER

NO. BD-98-034

SUMMARY

This matter came before the Court on the respondent's affidavit of resignation pursuant to S.J.C. Rule 4:01§ 15.

On July 28, 1998, the respondent was temporarily suspended from the practice of law pending further disciplinary proceedings. On August 27, 1998, Bar Counsel filed a petition for discipline. On December 30, 1998, and prior to the hearing the petition for discipline, the respondent submitted his affidavit of resignation from the practice of law, admitting that sufficient evidence existed to warrant findings that the facts alleged by Bar Counsel could be proved, as follows.

Between 1995 and 1998, the respondent, assisted a client and business associate named Edward Paradis, Jr., and other business associates of Paradis, in a series of fraudulent investment schemes. Paradis, through an entity called C.P. Financial, solicited funds from individuals that allegedly were to be used to obtain letters of credit worth multiple times the money invested. None of the individuals and businesses that invested money in these ventures in fact received any profits and none even received a refund of the money invested.

The respondent gave legitimacy to the transactions by using his status as an attorney. The funds solicited were to be held by the respondent as escrow agent. As escrow agent, the respondent signed agreements stating that he would not disburse the funds until the terms of the agreement were met, i.e., the investor had received the promised letter of credit. However, instead of adhering to the terms of the agreement, the respondent, in each and every instance, disbursed the funds almost immediately upon receipt to himself, to Paradis, to members of the respondent's family, to members of Paradis's family, to pay personal expenses of both the respondent and Paradis, and to Swiss bank accounts held by both the respondent and Paradis.

The respondent actively participated, and was successful, in soliciting: \$50,000 from one investor in January 1995; \$999,960 from a second investor in February 1995; \$200,000 from a third investor in August 1996; \$200,000 from a fourth investor in February 1997; \$200,000 from a fifth investor in May 1997; and \$175,000 from a sixth investor in February 1998.

The respondent's use of the investors' funds, without prior knowledge and authorization, for the respondent's own purposes or those of third parties unrelated to the investors and in violation of the escrow agreements, constitutes intentional misappropriation of trust funds with the intent to deprive, at least temporarily, and with actual deprivation resulting, in violation of Canon One, Disciplinary Rules 1-102(A)(4), (6); Canon Seven, Disciplinary Rules 7-102(A)(7) and (8); and Canon Nine, Disciplinary Rules 9-102(A), (B)(3), (4), and (as to conduct after January 1, 1998) Mass. R. Prof. C. 1.15(a), (b); 4.1(a), 8.4(c), (h).

In addition to the above, the respondent also failed to comply with a court order. From September 26, 1997 through at least April 1998, the Securities and Exchange Commission (SEC) conducted a formal investigation of the respondent's and Paradis's activities as it related to the above matters. The investigation led to the SEC's filing an action against the respondent and Paradis in the United States District Court for Massachusetts on April 13, 1998, entitled Securities and Exchange Commission v. Edward J. Paradis, Jr., and Walter R. Snyder, Jr. On the same day, the Court entered a temporary restraining order, asset freeze and other emergency relief against the respondent. The Court held that the commission had "made a prima facie showing, in support of its motion, that Defendants Edward J. Paradis, Jr. ("Paradis") and Walter R. Snyder, Jr. ("Snyder") have, directly or indirectly, engaged in transactions, acts, practices and courses of business which constitute, or are about to constitute,

violation of section 10(b) of the Securities Exchange Act of 1934." The Court's order required the respondent to provide an accounting of his assets, to appear at a deposition, and to return funds to the United States that the respondent had deposited in personal account in a Swiss bank. The respondent failed to comply with the Court's order, in violation of Mass. R. Prof. C. 8.4(d).

In addition, the respondent was subpoenaed to testify by the SEC on February 2, 1998. He properly asserted his Fifth Amendment rights against self-incrimination when asked if he was currently involved in any transactions involving bank instruments. However, during this time, the respondent and Paradis were in fact still actively soliciting, and did obtain, funds from the sixth investor. The respondent's further solicitation of funds during the time that he knew that the SEC was investigating his conduct was in violation of Mass. R. Prof. C. 8.4(c) and (h).

On February 8, 1999, the Board of Bar Overseers voted to recommend that the affidavit of resignation be accepted, that an order of disbarment be entered, and that the affidavit not be impounded. The Court so ordered on March 25, 1999.

Please direct all questions to webmaster@massbbo.org.

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