

VIRGINIA:

BEFORE THE VIRGINIA STATE BAR DISCIPLINARY BOARD

IN THE MATTER OF REGINALD ROBERT YANCEY

VSb DOCKET NO. 23-090-126593

**MEMORANDUM ORDER OF SUSPENSION**

**THIS MATTER** came on to be heard on September 28, 2023, before a panel of the Disciplinary Board consisting of David J. Gogal, 1<sup>st</sup> Vice Chair, Adam M. Carroll, Jennifer Royer, Dawn E. Boyce, and Martha J. Goodman, Lay member. The Virginia State Bar (the “VSB”) was represented by Edward Dillon, Esq., Deputy Bar Counsel (“Bar Counsel”). Reginald Robert Yancey (the “Respondent”) appeared in person and was represented by Andrew Scott Goldstein, Esq. The Chair polled the members of the Board Panel as to whether any of them had any personal or financial interest that may affect, or reasonably be perceived to affect, their ability to be impartial, to which inquiry each member responded in the negative. Beverly S. Horne, court reporter, from the firm of Chandler & Halasz, P.O. Box 9349, Richmond, VA 23227, (804)730-1222, after being duly sworn, reported the hearing and transcribed the proceedings.

All legal notices of the date and place were timely sent by the Clerk of the Disciplinary System (“Clerk”) in the manner prescribed by the Rules of the Supreme Court of Virginia, Part Six, Section IV, Paragraph 13-18 of the Rules of Court.

The matter came before the Board on the District Committee Determination for Certification (the “Certification”) by the Ninth District Committee pursuant to Part 6, Section IV, Paragraph 13-18 of the Rules of the Supreme Court of Virginia involving misconduct charges against the Respondent. Prior to the proceedings and at the final Pretrial Conference VSB Exhibits 1-50, were admitted into evidence by the Chair, without objection from the Respondent. Additionally, the parties entered into Stipulations of Fact and filed them with the Clerk on September 20, 2023.

At the onset of the proceedings, the parties advised the Board that an agreement had been reached, as follows: (i) VSB and Respondent stipulated to all facts and rule violations in the Certification, and (ii) agreed to make a joint sanction recommendation of a six (6) month suspension, but the ultimate sanction imposed would be the decision of the Board after hearing all evidence. Additionally, the VSB and Respondent advised that Respondent requests the suspension to begin at the end of October 2023, but the VSB did not join in that request. As a result of the foregoing, Respondent withdrew his proffered exhibits (1-5). The Board took a brief recess.

Upon returning from recess, the Board received and admitted (i) Respondent's Disciplinary Record as VSB Exhibit 51 and (ii) the Certification as a Joint Stipulation Exhibit 1.

### **MISCONDUCT**

The parties stipulated to the following facts and violations (*see* Joint Stipulation No. 1):

#### I. Stipulation of Facts

1. Respondent was licensed to practice law in the Commonwealth of Virginia in 1978, and, at all relevant times, has been licensed to practice law in the Commonwealth of Virginia.

2. Until March 2023, Respondent regularly practiced before the United States Bankruptcy Court for the Western District of Virginia (the “Bankruptcy Court”). Since January 2021, Respondent has filed more than 130 bankruptcy cases with the Bankruptcy Court.

3. In 2020, as described in more detail below, Respondent represented Ryland B. Rice (“Mr. Rice”) and Rice Timber Solutions, LLC (“Rice Timber”), a business owned by Mr. Rice, in bankruptcy cases (the “Rice Bankruptcies”) before the Bankruptcy Court.

4. Mr. Rice paid Respondent a total of \$30,000 in advanced legal fees for the Rice

Bankruptcies<sup>1</sup> in the following increments:

- a. \$3,000 on May 13, 2020;
- b. \$2,000 on May 22, 2020; and
- c. \$25,000<sup>2</sup> on June 26, 2020.

5. Respondent did not deposit the advanced legal fees received from Mr. Rice in a trust account.<sup>3</sup>

6. As set forth in more detail below, Respondent subsequently misrepresented to the Bankruptcy Court the amount of advanced legal fees he had received in connection with the Rice Bankruptcies and made inconsistent statements to the United States Trustee (the “U.S. Trustee” or the “U.S. Trustee’s Office”) and the Bankruptcy Court about the purpose of some of the fees paid by or on behalf of Mr. Rice.

7. In or about April 2022, the U.S. Trustee filed a Motion to Review Fees and an Amended Complaint Seeking Return of Fees and Sanctions against Respondent in the Rice Bankruptcies, requesting that the Bankruptcy Court compel Respondent to return legal fees and revoke Respondent's privilege to practice law before the Bankruptcy Court (the “Adversary Proceeding”).

8. In August 2022, Assistant U.S. Trustee Margaret K. Garber filed the instant bar complaint against Respondent with the VSB, alleging that Respondent violated multiple Rules of Professional Conduct in his representation of Mr. Rice and Rice Timber in the Rice Bankruptcies.

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<sup>1</sup> In a May 3, 2021 letter to the U.S. Trustee's Office, Respondent represented that some of these fees were payments for unspecified legal services that Respondent was providing to Mr. Rice's father and that Respondent would “be sending [Mr. Rice's father] an accounting and a refund.”

<sup>2</sup> According to Mr. Rice, the \$25,000 was paid with funds that Mr. Rice obtained from his father and Rice Timber and Land Solutions, a business entity owned by Mr. Rice's father.

<sup>3</sup> Respondent admitted, in his written response to the bar complaint, that “it does not appear that the funds in question were deposited into a trust account until May, 2021[.]”

9. Respondent later produced to the VSB bank statements<sup>4</sup> for his trust account at SunTrust Bank ending in 6487 (the "Trust Account") for the time period April 2020 to July 2022. The bank statements show that Respondent deposited \$22,293 in advanced legal fees received in connection with the Rice Bankruptcies into his Trust Account on May 12, 2021, increasing the balance of the Trust Account from \$33.92 to \$22,326.92.

10. Between January 1, 2021 and May 11, 2021 - the approximately four-month time period immediately preceding Respondent's deposit of \$22,293 in advanced legal fees received in connection with the Rice Bankruptcies into the Trust Account - the balance in Respondent's Trust Account totaled \$33.92. During that approximately four-month time period, Respondent filed more than 35 bankruptcy cases with the Bankruptcy Court.

11. Respondent represented to the Bankruptcy Court<sup>5</sup> in filings that he had received or agreed to receive the following amounts from the following six clients (the "First Six Clients") in regard to bankruptcy petitions filed with the Bankruptcy Court during that same approximately four-month time period:

- a. \$1,115.24 received from Keagen W. Sims on December 7, 2020 for a Chapter 7 bankruptcy petition filed on January 12, 2021 in Case No. 21-60035 with no balance due for a total of \$1,115.24;
- b. \$2,500.24 received from James D. Evans on February 5, 2021 for a Chapter 13 bankruptcy petition filed on February 10, 2021 in Case No. 21-50075 with a balance

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<sup>4</sup> The bank statements were produced in response to the bar complaint and a subpoena *duces tecum* issued by the VSB on August 12, 2022 (the "Rice Timber Subpoena").

<sup>5</sup> The "Disclosure of Compensation of Attorney for Debtor(s)" submitted to the Bankruptcy Court by Respondent states: "Pursuant to 11 U.S.C. § 329(a) and Fed. Bankr. P. 2016(b), I certify that I am the attorney for the above-named debtor(s) and that compensation paid to me within one year before the filing of the petition in bankruptcy, or agreed to be paid to me, for services rendered or to be rendered on behalf of the debtor(s) in contemplation of or in connection with the bankruptcy case is as follows ..."

due of \$1,499.76 to be paid by the trustee under the bankruptcy plan for a total of \$4,000;

- c. \$90.24 received from Manley L. Butler on February 15, 2021 and February 25, 2021 for a Chapter 13 bankruptcy petition filed on February 16, 2021 in Case No. 21-60178 with a balance due of \$3,909.76 to be paid by the trustee under the bankruptcy plan for a total of \$4,000;
- d. \$1,315.24 received from Paul J. Witt on March 1, 2020 for a Chapter 7 bankruptcy petition filed on March 2, 2021 in Case No. 21-60247 with no balance due for a total of \$1,315.24;
- e. \$87 received from Tanya L. Robinson on March 3, 2021 for a Chapter 13 bankruptcy petition filed on March 3, 2021 in Case No. 21-60249 with a balance due of \$3,913 to be paid by the trustee under the bankruptcy plan for a total of \$4,000; and
- f. \$1,215.24 received from Jasmine L. Humbles on April 14, 2021 for a Chapter 7 bankruptcy petition filed on April 16, 2021 in Case No. 21-60452 with no balance due for a total of \$1,215.24.

12. Respondent did not deposit the advanced legal fees received from each of the First Six Clients into his Trust Account and did not maintain receipts and disbursements journals or a client ledger for the advanced legal fees received from each of the First Six Clients as required by Rule of Professional Conduct 1.15(c).

13. Between May 12, 2021 and July 29, 2022 - the time period immediately following Respondent's deposit of \$22,293 in advanced legal fees received in connection with the Rice Bankruptcies into the Trust Account - Respondent made no further deposits into his Trust Account and made no withdrawals from his Trust Account. During this period, the balance of Respondent's Trust Account fluctuated between \$22,326.92 and \$22,328.82 based on periodic adjustments for interest.

14. Accordingly, between May 12, 2021 and July 29, 2022, there was only approximately \$33.92 in Respondent's Trust Account that was not the property of Mr. Rice, Rice Timber, Mr. Rice's father, and/or Rice Timber and Land Solutions. During this almost 14-month time period, Respondent filed more than 75 bankruptcy cases with the Bankruptcy Court.

15. Respondent represented to the Bankruptcy Court<sup>6</sup> in filings that he had received the following amounts from the following six clients (the "Second Six Clients") in regard to bankruptcy petitions filed with the Bankruptcy Court during this approximately 14-month time period:

- a. \$40.24 received from Eric Stratton on June 25, 2021 and July 9, 2021 for a Chapter 13 bankruptcy petition filed on June 25, 2021 in Case No. 21-60728 with a balance due of \$3,959.76 to be paid by the trustee under the bankruptcy plan for a total of \$4,000;
- b. \$440.24 received from Janice W. Haley on October 29, 2021 for a Chapter 13 bankruptcy petition filed on October 29, 2021 in Case No. 21-61183 with a balance due of \$3,559.76 to be paid by the trustee under the bankruptcy plan for a total of \$4,000;
- c. \$1,115.48 received from David W. Davis on December 30, 2021 for a Chapter 7 bankruptcy petition filed on December 30, 2021 in Case No. 21-61375 with no balance due for a total of \$1,115.48;
- d. \$1,115.24 received from Katherine E. Sexton on May 9, 2022 for a Chapter 7 bankruptcy petition filed on May 9, 2022 in Case No. 22-60487 with no balance due for a total of \$1,115.24;

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<sup>6</sup> The "Disclosure of Compensation of Attorney for Debtor(s)" submitted to the Bankruptcy Court by Respondent states: "Pursuant to 11 U.S.C. § 329(a) and Fed. Bankr. P. 2016(b), I certify that I am the attorney for the above named debtor(s) and that compensation paid to me within one year before the filing of the petition in bankruptcy, or agreed to be paid to me, for services rendered or to be rendered on behalf of the debtor(s) in contemplation of or in connection with the bankruptcy case is as follows ..."

- e. \$1,000 received from Ralph Leon Hayes on July 19, 2022 for a Chapter 13 bankruptcy petition filed on July 13, 2022 in Case No. 22-60684 with a balance due of \$3,750 to be paid by the trustee under the bankruptcy plan for a total of \$4,750; and
- f. \$1,115.24 received from Leona W. Rowland on July 20, 2022 for a Chapter 7 bankruptcy petition filed on July 21, 2022 in Case No. 22-60723 with no balance due for a total of \$1,115.24.

16. Respondent did not deposit the advanced legal fees received from each of the Second Six Clients into his Trust Account and did not maintain receipts and disbursements journals or a client ledger for the advanced legal fees received from each of the Second Six Clients as required by Rule of Professional Conduct 1.15(c).

17. By Order Approving Settlement entered November 23, 2022, Consent Order Resolving Motion to Review Fees entered November 23, 2022, and Amended Order Approving Settlement entered November 30, 2022, the Bankruptcy Court approved a settlement between the U.S. Trustee and Respondent in the Adversary Proceeding, whereby, among other things, Respondent agreed to refund \$24,000 in advanced legal fees received in connection with the Rice Bankruptcies and resign from the bar of the Bankruptcy Court effective March 31, 2023.

**A. Mr. Rice's Chapter 13 Bankruptcy**

18. On or about May 13, 2020, Respondent entered into a Contract for Legal Representation (the "Representation Agreement") with Mr. Rice, whereby Respondent agreed to represent Mr. Rice in a Chapter 13 bankruptcy for an attorney's fee of \$4,000, with \$2,643.24 in attorney's fees to be paid upon execution of the Contract.

19. On or about May 13, 2020, Mr. Rice paid Respondent a fee of \$3,000 for the Chapter 13 bankruptcy and Respondent provided Mr. Rice with a receipt dated May 13, 2020 (the “May 13 Receipt”) and a memo line reading “Chapter 13 Bankruptcy[.]”

20. According to the Representation Agreement, \$2,643.24 of the \$3,000 fee paid by Mr. Rice was allocated to attorney's fees and the remaining \$356.76 was allocated to filing fees and other costs.

21. Respondent did not deposit the \$3,000 fee received from Mr. Rice in his Trust Account. The balance of the Trust Account throughout May 2020 was \$33.93.

22. Respondent also did not maintain receipts and disbursements journals or a client ledger for the \$3,000 fee received from Mr. Rice as required by Rule of Professional Conduct 1.15(c).<sup>7</sup>

23. On May 13, 2020, Respondent filed a Chapter 13 bankruptcy petition (the “Chapter 13 Petition”) on behalf of Mr. Rice with the Bankruptcy Court, commencing case number 20-60788.

24. On or about May 22, 2020, Mr. Rice paid Respondent an additional \$2,000. Respondent provided Mr. Rice with a receipt dated May 22, 2020 (the “May 22 Receipt”) with a memo line reading “[a]dvise re Chapter 11 + other repossessions[.]”

25. Respondent did not deposit the \$2,000 in his Trust Account. Throughout May

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<sup>7</sup> Respondent later testified under oath in a Rule 2004 examination conducted by the U.S. Trustee's Office on March 11, 2022 (the “Rule 2004 Exam”) that he did not maintain any trust account records for the \$3,000 received from Mr. Rice other than the Contract and the May 13 Receipt. Respondent also did not produce any trust account records to the VSB in response to the Rice Timber Subpoena.



2020, the balance of the Trust Account was \$33.93.

26. Respondent also did not maintain receipts and disbursements journals or a client ledger for the \$2,000 received from Mr. Rice as required by Rule of Professional Conduct 1.15(c).

27. On June 9, 2020, Respondent filed schedules, disclosures, and the fee disclosure certification (the “June 9, 2020 Filing”) with the Bankruptcy Court in Mr. Rice’s Chapter 13 bankruptcy.

28. Respondent certified in the June 9, 2020 Filing that, as of May 22, 2020, he had agreed to accept \$4,000 in attorney’s fees for Mr. Rice’s Chapter 13 bankruptcy; that he had already received \$2,634.24 in attorney’s fees from Mr. Rice for the Chapter 13 bankruptcy; and that \$1,356.76 in attorney’s fees remained due and owing to Respondent for the Chapter 13 bankruptcy. Consistent with the May 22 Receipt, Respondent did not represent in the June 9, 2020 Filing that any portion of the \$2,000 received from Mr. Rice on May 22, 2020 constituted attorney’s fees for Mr. Rice’s Chapter 13 bankruptcy.<sup>8</sup>

29. Nevertheless, almost one year later in a letter dated May 3, 2021<sup>9</sup> (the “May 3, 2021 Letter”), Respondent represented to the U.S. Trustee’s Office that he had applied \$1,356.76 of the \$2,000 that Mr. Rice paid to him on May 22, 2020 toward Mr. Rice’s Chapter 13 bankruptcy and that the remaining \$643.24 of the \$2,000 was for “[o]ffice advise

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<sup>8</sup> Had \$1,356.76 of the \$2,000 been applied to Mr. Rice’s Chapter 13 bankruptcy, the June 9, 2020 Filing would have reflected that \$0 in attorney’s fees remained due and owing to Respondent for the Chapter 13 bankruptcy.

<sup>9</sup> The May 3, 2021 letter was in response to a request by the U.S. Trustee’s Office for more information regarding fees paid to Respondent in the Chapter 11 bankruptcy filed by Respondent on behalf of Rice Timber.

concerning possible chapter 11 filing.”

30. Respondent's statement in the May 3, 2021 Letter that \$1,356.76 of the \$2,000 had been applied to the “[b]alance” owed to Respondent by Mr. Rice for the Chapter 13 bankruptcy conflicts with the May 22 Receipt and the June 9, 2020 Filing with the Bankruptcy Court.

31. Respondent later contradicted himself under oath in the Rule 2004 Exam, then stating that Mr. Rice paid him the entirety of the \$2,000 on May 22, 2020 for legal advice provided on that day: “He came in for advice. I gave him legal advice. My charges for that day were \$2,000 for my advice, and he paid it, and I gave him a receipt.”

32. By Order entered July 1, 2020, the Bankruptcy Court dismissed Mr. Rice’s Chapter 13 bankruptcy case.

**B. The Rice Timber Chapter 11 and 7 Bankruptcies**

33. On or about May 22, 2020, Mr. Rice paid Respondent an additional \$2,000 for “[a]dvise re Chapter 11 + other repossessions[.]”<sup>10</sup>

34. Respondent later requested that Mr. Rice pay him an additional \$25,000 in cash to represent Rice Timber in a Chapter 11 bankruptcy. Mr. Rice told Respondent that he did not have \$25,000 in cash but that he would obtain the funds from his father.

35. On or about June 26, 2020 - after obtaining \$25,000 in cash from his father and Rice Timber and Land Solutions, a business entity owned by Mr. Rice’s father - Mr. Rice

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<sup>10</sup> Respondent would later state in the May 3, 2021 Letter to the U.S. Trustee's Office that only \$643.24 of this \$2,000 fee pertained to Rice Timber's Chapter 11 bankruptcy.

paid Respondent \$25,000 in cash to represent Rice Timber in a Chapter 11 bankruptcy.

36. Respondent did not deposit the \$25,000 or any portion thereof in his Trust Account. The balance in the Trust Account throughout June 2020 and July 2020 was \$33.93.

37. Respondent later stated under oath in his Rule 2004 examination that he received \$5,000 in cash and a \$20,000 check from Mr. Rice.

38. Respondent did not maintain receipts and disbursements journals or a client ledger for the \$25,000 received from Mr. Rice as required by Rule of Professional Conduct 1.15(c).<sup>11</sup> Respondent stated under oath, when asked in his Rule 2004 examination if he created a client ledger as required by Rule of Professional Conduct 1.15 for the \$20,000 paid by check: "I believe I said I don't think I did. But in case I'm wrong, I'll plead the Fifth Amendment."

39. On June 26, 2020, Respondent filed a Chapter 11 bankruptcy petition on behalf Rice Timber with the Bankruptcy Court, commencing case number 20-60947.

40. On July 27, 2020, Respondent filed the schedules, statements, and fee disclosure certification (the "July 27, 2020 Filing") on behalf of Rice Timber with the Bankruptcy Court. On Form 207, Respondent disclosed that, on June 26, 2020, he had received \$2,000 in connection with Rice Timber's Chapter 11 bankruptcy proceeding when he had actually received \$25,000 on June 26, 2020.<sup>12</sup>

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<sup>11</sup> Respondent did not produce any trust account records to the VSB for the \$25,000 received from Mr. Rice in response to the Rice Timber Subpoena.

<sup>12</sup> In a June 15, 2021 bankruptcy filing, Mr. Rice's father- Ryland F. Rice - disclosed to the Bankruptcy Court that he had paid \$25,010 to Respondent "toward attorney's fees of bankruptcy of Rice Timber Solutions, LLC (son/son's corporation)" within the past two years.

41. On the fee disclosure certification, Respondent represented to the Bankruptcy Court that he had “agreed to accept” \$2,000 for Rice Timber’s Chapter 11 bankruptcy case and that the “Balance Due” was \$2,000 when he had actually received \$25,000 on June 26, 2020.

42. On August 12, 2020, upon motion of the U.S. Trustee's Office, the Bankruptcy Court converted Rice Timber's Chapter 11 bankruptcy to a Chapter 7 bankruptcy.

43. By letter sent April 23, 2021<sup>13</sup> to Respondent, the U.S. Trustee's Office inquired about the attorney’s fees paid to Respondent for Rice Timber's Chapter 11 bankruptcy and disclosed to Respondent that the U.S. Trustee’s Office had received “an allegation” that Respondent had agreed to represent Rice Timber in the Chapter 11 bankruptcy for \$25,000 and that it had received copies of checks totaling \$25,010 that Respondent negotiated before filing the Chapter 11 bankruptcy for Rice Timber.

44. In the May 3, 2021 Letter responding to the U.S. Trustee’s inquiry, Respondent stated that \$643.24 of the \$2,000 payment received from Mr. Rice on May 22, 2020 was for “[o]ffice advise concerning possible chapter 11 filing[.]” Respondent characterized the remaining \$1,356.76 received from Mr. Rice on May 22, 2020 as “[b]alance of chapter 13 attorney fees, Case # 20-60788.”

45. Respondent also stated, in the May 3, 2021 Letter, that he received a \$1,717 filing fee and \$3,283 in attorney's fees for Rice Timber's Chapter 11 bankruptcy. He also stated: “I have been doing some work for Ryland F. Rice [Mr. Rice's father] and I will be

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<sup>13</sup> The date on the letter is erroneously shown as April 23, 2020 instead of April 23, 2021.

sending him an accounting and a refund.”

46. Despite his representation to the U.S. Trustee that he was sending a refund to Mr. Rice's father, the balance in the Trust Account on May 3, 2021 totaled only \$33.92 and no refund was made to Mr. Rice's father or anyone else until after the Bankruptcy Court ordered it in November 2022.

47. By letter to Respondent dated May 5, 2021, Mr. Rice requested a refund of \$28,000 of the \$30,000 that had been paid to Respondent for the Rice Bankruptcies.

48. On May 6, 2021,<sup>14</sup> Respondent emailed Mr. Rice a proposed "Final Resolution of Matters between Ryland B. Rice and Reginald R. Yancey, Attorney," (the "Proposal") in which Respondent acknowledged receiving \$28,000 from Mr. Rice and proposed a refund of \$23,283 to Mr. Rice.<sup>14</sup>

49. Later in the day on May 6, 2021, Respondent emailed Mr. Rice a corrected Proposal (the "Corrected Proposal"), in which he acknowledged receiving \$27,000 from Mr. Rice and proposed a refund of \$22,293 to Mr. Rice.

50. Both the Proposal and the Corrected Proposal indicated that the refund be made to Mr. Rice despite the fact that \$25,000 of the funds provided to Respondent came from Mr. Rice's father and/or Rice Timber and Land Solutions rather than from Mr. Rice.

51. On May 6, 2021, when Respondent made the Proposal and Corrected Proposal to Mr. Rice, the balance in Respondent's Trust Account was \$33.92.

52. On May 12, 2021, after the U.S. Trustee had made inquiry about Respondent's

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<sup>14</sup> Although the Proposal was emailed on May 6, 2021, the transmittal letter from Respondent to Mr. Rice is dated May 12, 2021.

fees and after Mr. Rice had demanded a refund, Respondent deposited \$22,293 - the amount of the refund offered to Mr. Rice in the Corrected Proposal - into his Trust Account.

53. The Consent Order Resolving Motion to Review Fees entered by the Bankruptcy Court on November 23, 2022 required Respondent to refund \$1,000 to Mr. Rice.

54. The Order Approving Settlement and Amended Order Approving Settlement entered by the Bankruptcy Court in the Adversary Proceeding on November 23, 2022 and November 30, 2022, respectively, required Respondent to refund \$16,800 to Rice Timber and Land Solutions care of Richard C. Maxwell, counsel for the company, and \$7,200 to Rice Timber care of Hannah W. Rutman, chapter 7 trustee.

55. Respondent, through counsel, subsequently certified to the Bankruptcy Court that he had complied with the refunds required by the Order Approving Settlement, the Consent Order Resolving Motion to Review Fees, and the Amended Order Approving Settlement.

## II. Stipulations of Violation

Based upon the Respondent's stipulation of facts as set forth in paragraphs 1-55 above and the exhibits marked and received by the Board, the Board finds by clear and convincing evidence that Respondent violated the following Rules of Professional Conduct:

### **RULE 1.15 Safekeeping Property**

#### (a) Depositing Funds.

(1) All funds received or held by a lawyer or law firm on behalf of a client or a third party, or held by a lawyer as a fiduciary, other than reimbursement of advances for costs and expenses shall be deposited in one or more identifiable trust accounts; all other property held on behalf of a client should be placed in a safe deposit box or other place of safekeeping as soon as practicable.

**RULE 1.15 Safekeeping Property**

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(c) Record-Keeping Requirements. A lawyer shall, at a minimum, maintain the following books and records demonstrating compliance with this Rule:

(1) Receipts and disbursements journals for each trust account. These journals shall include, at a minimum: identification of the client or matter; date and amount of the transaction; name of the payor or payee; manner in which the funds were received, disbursed, or transferred; and current balance. A checkbook or transaction register may be used in lieu of separate receipts and disbursements journals as long as the above information is included.

(2) A client ledger with a separate record for each client, other person, or entity from whom money has been received in trust. Each entry shall include, at a minimum: identification of the client or matter; date and amount of the transaction; name of the payor or payee; source of funds received or purpose of the disbursement; and current balance.

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(4) All records subject to this Rule shall be preserved for at least five calendar years after termination of the representation or fiduciary responsibility.

**RULE 8.4 Misconduct**

It is professional misconduct for a lawyer to:

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(c) engage in conduct involving dishonesty, fraud, deceit or misrepresentation which reflects adversely on the lawyer's fitness to practice law[.]

**RULE 1.15 Safekeeping Property**

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(b) Specific Duties. A lawyer shall:

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(5) not disburse funds or use property of a client or of a third party with a valid lien or assignment without their consent or convert funds or property of a client or third party, except as directed by a tribunal.

**RULE 1.15 Safekeeping Property**

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(b) Specific Duties. A lawyer shall:

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(4) promptly pay or deliver to the client or another as requested by such person the funds, securities, or other properties in the possession of the lawyer that such person is entitled to receive; and

**RULE 8.4 Misconduct**

It is professional misconduct for a lawyer to:

.....  
(b) commit a criminal or deliberately wrongful act that reflects adversely on the lawyer’s honesty, trustworthiness or fitness to practice law;

**RULE 3.3 Candor Toward The Tribunal**

(a) A lawyer shall not knowingly:

(1) make a false statement of fact or law to a tribunal;

**RULE 8.4 Misconduct**

It is professional misconduct for a lawyer to:

.....

(c) engage in conduct involving dishonesty, fraud, deceit or misrepresentation which reflects adversely on the lawyer’s fitness to practice law;

**IMPOSITION OF SANCTION**

In the sanction phase of the hearing, both parties waived opening statements. The Board then received further evidence and argument as to the appropriate sanction to be imposed based upon the finding of the Rule violations cited above as well as any evidence of aggravating and mitigating factors. The Board received a certification of Respondent’s prior disciplinary record, which was marked and entered into evidence as VSB Exhibit 51, without objection. The Board heard testimony from the following witnesses, who were sworn under



oath: (i) Margaret K. Garber, Esq., Complainant and Asst. U.S. Trustee, (ii) W. Joel Charboneau, Esq., Trial Attorney for the U.S. Trustee, and (iii) Respondent, all who appeared in person.

Margaret K. Garber, Esq. (“Garber”) testified that, in her role as Asst. U.S. Trustee, she is familiar with Respondent and his practice. She testified that Respondent has a bankruptcy practice and files mostly Chapter 7 and 13 actions for consumer clients. She was aware of a Chapter 11 bankruptcy that Respondent filed sometime ago, but recalled it was a small one and that Respondent is not known to the Trustee’s Office as a lawyer who regularly handles Chapter 11 bankruptcy proceedings. She provided a general description of the differences between Chapter 7, 11, and 13 bankruptcy proceedings and how a lawyer’s representation of clients and calculation of attorney’s fees in Chapter 11 proceedings are evaluated by the Court and the U.S. Trustee’s Office.

Garber testified that the Trustee’s Office received correspondence from an attorney representing Mr. Ryland F. Rice that included copies of two checks (VSB Exhibit 22) paid over to Respondent that did not match the Statement of Financial Affairs or the Attorney Fee Disclosure filed by Respondent in the Rice Bankruptcies. In response to receiving this information, a letter was sent to Respondent (VSB Exhibit 26) seeking to clarify the fee issue and discrepancy in the filings. In response (VSB Exhibit 27), Respondent indicated the funds were applied to various cases and a refund would be issued to Mr. Ryland F. Rice for work performed for him along with an accounting. Based on what the U.S. Trustee’s Office believed to be misrepresentations to the Court on Respondent’s disclosures, a Rule 2004 Examination was conducted, during which Respondent claimed that the \$2,000 fee he received was “fully earned” on the date it was paid based on the advice he gave to Mr. Rice. According to Garber,

this testimony constituted yet another contradiction related to the legal fees. Garber testified that an Adversary Proceeding was filed against Respondent and was ultimately settled (*see* VSB Exhibit 45). The settlement required, among other things, Respondent to resign from the United States Bankruptcy Court for the Western District of Virginia for one year and make restitution. Garber testified that the settlement was entered based, in part, on Respondent's representations that he was going to wind down his practice due to health reasons and would transition cases to his daughter, who is licensed in Virginia and admitted before the Bankruptcy Court. Regarding restitution, Garber testified, and the record shows (VSB Exhibit 29), that Mr. Rice requested a refund in May of 2021, but the refund was not paid for approximately 18 months.<sup>15</sup> Finally, Garber testified that during the Rule 2004 Examination, the Respondent claimed to suffer from health issues that began in January of 2022, which affected his ability to remember information sought during the Rule 2004 Examination.

Garber testified that, in filing false fee disclosure forms and the statement of financial affairs, which are prepared by the lawyer, but signed by the client under penalty of perjury, Respondent exposed his client to a claim of perjury.

In response to questions from Respondent's counsel, Garber affirmed that, in her complaint to the VSB (VSB Exhibit 5, fn. 12) she reported that "[Respondent]'s March 11, 2022, testimony strongly indicates he may be impaired due to several instances of claimed memory loss."

In response to questions from the Board, Garber testified that, had the \$25,000 fee been properly disclosed, it would have set off "alarms" and been discovered sooner due to internal

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<sup>15</sup> In a proffer, Respondent's counsel explained that, due to the pendency of the Rice Bankruptcies and Mr. Ryland F. Rice's own bankruptcy proceeding, Respondent could not just pay over the funds to either Mr. Rice and, instead, had to wait to do it through a process that was not explained through testimony. This proffer was not contested by the VSB, but no other evidence was offered in this regard.

review and safeguards in place at the U.S. Trustee's Office.

W. Joel Charboneau, Esq. ("Charboneau") testified that he is a trial attorney with the U.S. Trustee's Office. In that role, he investigates fraud and abuse in the Bankruptcy Court system, including misconduct by attorneys appearing before the Court. He investigated Respondent's conduct in the Rice Bankruptcies due to concerns about inconsistencies in Respondent's filings related to the Statement of Financial Affairs and the calculation of Respondent's fees. (*See* VSB Exhibits 26-28). Due to a perceived failure to supply sufficient information in response to written correspondence questioning Respondent's filings, Charboneau conducted the Rule 2004 Examination on March 11, 2022. (*See* VSB Exhibit 37.) Charboneau testified that Respondent was evasive and made multiple inconsistent statements during the 2004 Examination causing, at one point, Charboneau to ask, "how many times can you make a mistake before it's intentional...?" He further testified that Respondent claimed medical issues caused his memory issues and mistakes for the first time in February 2022, nearly two years after Respondent filed the subject disclosures with the bankruptcy court.

Respondent then testified that he is a solo practitioner and 99% of his practice is consumer bankruptcy cases. He very rarely files Chapter 11 cases. He recalled being "somewhat" familiar with the Rice Bankruptcies. He testified he received between \$25,000 and \$30,000 and did not put that money into a trust account. He stated that he apologized if he made a mistake. He testified he offered a report to the VSB about his health issues, but he did not want that report to be in "Virginia Lawyer's Weekly." He stated that because Bar Counsel could not guarantee his medical records would not be reported in the "Virginia Lawyer's Weekly," he did not want to present that evidence at the hearing. He indicated he

first saw his family doctor related to memory issues in May of 2022, and was referred to a local neurologist, who then referred him to a neurologist at the University of Virginia, who diagnosed him with "dementia." Respondent testified that he has been symptomatic for around two years. He testified he plans to retire to South Carolina where he has a home. As for his practice, Respondent initially requested leave to finish an estate case, a divorce case, and a misdemeanor assault and battery case that were pending, but during the hearing, Respondent agreed to transfer those cases to his daughter, a licensed Virginia attorney who resides in South Carolina, and to take a "medical retirement."

On cross examination by Bar Counsel, Respondent was given an opportunity to acknowledge the wrongfulness of his actions and equivocated. Respondent apologized and further testified that he accepted the consequences because of his medical condition and his decision to retire but did not acknowledge the serious nature of the misconduct to which he had stipulated.

The Board considered the foregoing evidence, the exhibits received in evidence, including Respondent's disciplinary record (VSB Exhibit 51) showing no disciplinary history, the Joint Stipulation, the parties' joint recommendation of a six (6) month suspension, and Respondent's request that any suspension begin at the end of October to allow him to transition his active cases.

The Board considered and found the following aggravating factors in this case: (1) Respondent acted with a dishonest or selfish motive when he took fees in excess of what was reported on financial statements and fee disclosures filed with the Bankruptcy Court; (2) Respondent engaged in a pattern of misconduct by committing the same rule violations involving multiple clients in the Rice Bankruptcies, the First Six Cases, and the Second Six

Cases; (3) Respondent committed multiple offenses involving multiple Rule violations over a period of at least two years; (4) Respondent apologized, but he did not acknowledge the serious and wrongful nature of the misconduct, which was supported by the evidence and to which he has stipulated; and (5) . Respondent's substantial experience in the practice of law, and in particular his specialization in bankruptcy.

In mitigation, the Board considered and found the following mitigating factors: (1) Respondent's absence of a prior disciplinary record and lack of prior malpractice cases; and (2) Respondent's willingness to stipulate to substantial facts prior to the hearing and all of the facts and rule violations at the hearing demonstrates a cooperative attitude towards these proceedings. Additionally, the Board considered but did not give substantial weight to the following: (1) Respondent's payment of restitution because restitution was paid so long after Respondent promised to provide a refund; (2) Respondent's agreed settlement in the Adversary Proceeding resulting in his one-year retirement from the Bankruptcy Court in the Western District of Virginia because that sanction was not sufficient to meet the wrongfulness of his admitted conduct and did not take the violations related to the First Six Clients and the Second Six Clients into consideration; and (3) Respondent's demonstration of remorse because he was unwilling to acknowledge the wrongfulness of his actions when provided the opportunity to do so by Bar Counsel. Finally, the Board considered Respondent's proffer that he would pursue a medical retirement.

After receiving the foregoing evidence, the Board recessed to deliberate what sanction to impose upon its findings of misconduct by Respondent. After due deliberation, the Board reconvened to announce the sanction imposed.

The Chair announced the sanction as SUSPENSION for ONE YEAR AND ONE DAY, effective September 28, 2023 (the "Suspension").

Accordingly, it is ORDERED that the license of Respondent, Reginald Robert Yancey, Esq., be and hereby is suspended, effective September 28, 2023, for a period of one year and one day.

It is further ORDERED that, as directed in the Board's September 28, 2023, Summary Order in this matter, Respondent must comply with the requirements of Part 6, Section IV, Paragraph 13-29 of the Rules of the Supreme Court of Virginia. Respondent shall forthwith give notice by certified mail, of the Suspension of Respondent's license to practice law in the Commonwealth of Virginia, to all clients for whom he is currently handling matters and to all opposing attorneys and presiding judges in pending litigation. Respondent shall also make appropriate arrangements for the disposition of matters then in his care in conformity with the wishes of his clients. Respondent shall give such notice immediately and in no event later than 14 days of the effective date of the Suspension, and make such arrangements as are required herein as soon as is practicable and in no event later than 45 days of the effective date of the Suspension. Respondent shall also furnish proof to the Clerk of the Disciplinary System of the Virginia State Bar within 60 days of the effective date of the Suspension that such notices have been timely given and such arrangements have been made for the disposition of matters.

It is further ORDERED that if Respondent is not handling any client matters on the effective date of the Suspension, Respondent shall submit an affidavit to that effect to the Clerk of the Disciplinary System at the Virginia State Bar within 60 days of the effective day of the Suspension. The Board shall decide all issues concerning the adequacy of the notice and arrangements required herein. The burden of proof shall be on Respondent to show compliance.

If Respondent fails to show compliance, the Board may impose a sanction of revocation or additional suspension for failure to comply with the requirements of subparagraph 13-29.

It is further ORDERED that pursuant to Part 6, Section IV, Paragraph 13-9.E of the Rules of the Supreme Court of Virginia, the Clerk of the Disciplinary System shall assess all costs against Respondent.

It is further ORDERED that the Clerk of the Disciplinary System shall mail an attested copy of this order to Respondent by certified mail, return receipt requested, and by regular first-class mail to his address of record with the Virginia State Bar and a copy by electronic mail to Andrew S. Goldstein, Respondent's Counsel, and to Edward Dillon, Deputy Bar Counsel.

ENTERED this 18<sup>th</sup> day of October, 2023.

VIRGINIA STATE BAR DISCIPLINARY BOARD



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David J. Gogal Chair