

VIRGINIA:

BEFORE THE VIRGINIA STATE BAR DISCIPLINARY BOARD

**IN THE MATTER OF
GORDON H. SHAPIRO**

**VSB DOCKET NOS. 22-080-124926;
23-080-127546; 23-080-127937**

**AGREED DISPOSITION MEMORANDUM ORDER
SIXTY MONTH SUSPENSION**

A panel of the Virginia State Bar Disciplinary Board (“Board”) heard this matter telephonically on April 24, 2024, upon the joint request of the parties for the Board to accept the Agreed Disposition signed by the parties and offered to the Board as provided by Part 6, Section IV, Paragraph 13-6.H of the Rules of the Supreme Court of Virginia. The panel consisted of Yvonne S. Gibney, Chair Designate; Alan S. Anderson; Carolyn V. Grady; Alexander Simon; and Reba H. Davis, Lay Member. The Chair polled the members of the panel as to whether any of them were aware of any personal or financial interest or bias which would preclude any of them from fairly hearing the matter to which each member responded in the negative.

Paulo E. Franco, Jr., Assistant Bar Counsel, represented the Virginia State Bar. Attorneys John E. Lichtenstein and Gregory L. Lyons represented the Respondent, Gordon H. Shapiro (“Respondent”), who was present. Attorney Paul D. Georgiadis, who also represents Respondent in this matter, did not participate in the hearing. Court Reporter Jennifer Thomas, Chandler and Halasz, P.O. Box 9349, Richmond, Virginia 23227, telephone (804) 730-1222, after being duly sworn, reported the hearing and transcribed the proceedings.

WHEREFORE, upon consideration of the Agreed Disposition, the Certification, Respondent’s Disciplinary Record, the arguments of the parties, and after due deliberation,

It is **ORDERED** that the Board accepts the Agreed Disposition, and the Respondent shall receive a Sixty Month Suspension, as set forth in the Agreed Disposition, which is attached and

incorporated in this Memorandum Order.

It is further **ORDERED** that the sanction is effective **April 24, 2024**.

It is further **ORDERED** that the Respondent must comply with the requirements of Part 6, Section IV, Paragraph 13-29 of the Rules of the Supreme Court of Virginia. The Respondent shall forthwith give notice by certified mail of the Suspension of his 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. The Respondent shall also make appropriate arrangements for the disposition of matters then in his care in conformity with the wishes of his clients. The 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. The 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 the Respondent is not handling any client matters on the effective date of the Suspension, he shall submit an affidavit to that effect within 60 days of the effective date of the Suspension to the Clerk of the Disciplinary System at the Virginia State Bar. The Board shall decide all issues concerning the adequacy of the notice and arrangements required herein. The burden of proof shall be on the Respondent to show compliance. If the 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.

The Clerk of the Disciplinary System shall assess costs pursuant to Part 6, Section IV, Paragraph 13-9.E of the Rules.

It is further **ORDERED** that an attested copy of this Order be mailed to the Respondent by electronic mail and by regular first-class and certified mail, return receipt requested, at his last address of record with the Virginia State Bar at 1609 Strawberry Mountain Dr., Roanoke, VA 24018, and a copy by electronic mail to John E. Lichtenstein, Gregory L. Lyons, and Paul D. Georgiadis, Respondent's counsel, and a copy by electronic mail to Paulo E. Franco, Jr., Assistant Bar Counsel

Entered this 24th day of April 2024

VIRGINIA STATE BAR DISCIPLINARY BOARD

Yvonne S. Gibney

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Gibney
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Yvonne S. Gibney
Chair Designate



VIRGINIA:

BEFORE THE VIRGINIA STATE BAR DISCIPLINARY BOARD

**IN THE MATTER OF
GORDON H. SHAPIRO**

VS **Docket Nos. 23-080-127937; 23-080-127546; 22-080-124926**

AGREED DISPOSITION
(SIXTY MONTH SUSPENSION)

Pursuant to the Rules of the Supreme Court of Virginia, Part 6, Section IV, Paragraph 13-6.H, the Virginia State Bar (VSB), by Paulo E. Franco, Jr., Assistant Bar Counsel, Gordon H. Shapiro, Respondent (“Respondent” or “Mr. Shapiro”), and Paul D. Georgiadis, Esquire and John E. Lichtenstein, Esquire, Respondent’s counsel, hereby enter into the following Agreed Disposition arising out of the referenced matter.

I. STIPULATIONS OF FACT

1. Mr. Shapiro was licensed to practice law in Virginia in 1968. He has practiced law in the Commonwealth of Virginia for approximately 56 years entirely in good standing and without any prior disciplinary record. At all relevant times, he has been licensed to practice law in Virginia. For those 56 years, Mr. Shapiro worked for law firms of varying sizes but had never previously administered a law firm trust account. In 2019, at approximately 76 years of age, he began to practice law as a solo practitioner.

2. In 2019, Respondent hired Amy Padgett to be his paralegal and office administrator and delegated responsibility for maintaining all of his firm’s bank accounts to her. Ms. Padgett had multiple personal references but no experience working in a law office prior to being hired by Respondent. From the time Respondent began practicing as a solo practitioner in 2019 until March of 2023, Ms. Padgett was the only employee of his law office.

3. During the COVID pandemic, because of his medical history, Mr. Shapiro was required to avoid in-person interaction as much as possible. During this time, prior to his awareness of Ms. Padgett's actions, he made the decision that he would retire within two years.

4. Respondent did not make reasonable efforts to put measures in place to ensure that Ms. Padgett's conduct was compatible with the Virginia Rules of Professional Conduct.

5. From 2019 through March of 2023, Respondent maintained an IOLTA trust account at First Citizens Bank ending in 7884 ("Trust Account").

6. From 2019 through March of 2023, Respondent also maintained an operating account at First Citizens Bank ending in 7892 ("Operating Account").

7. Respondent was the only person who had signatory authority on the Trust Account and Operating Account. Ms. Padgett never had any such authority.

8. Respondent delegated to Ms. Padgett his responsibilities under Rule 1.15 of the Virginia Rules of Professional Conduct related to maintaining the Trust Account. Respondent provided Ms. Padgett software tools for the execution of these duties and believed she was using them properly. During the time period from 2019 through March of 2023, he gave complete control over the Trust Account to Ms. Padgett and relied on Ms. Padgett to perform Trust Account reconciliations and maintain all books and records for the Trust Account

9. Had Respondent reviewed the Trust Account in accordance with the requirements of Rule 1.15 of the Virginia Rules of Professional Conduct, he would have discovered that Ms. Padgett was embezzling client funds from the Trust Account since at least the beginning of 2022, and that she routinely transferred funds, which included unearned advanced legal fees that were the property of Respondent's clients, from the Trust Account to pay for her own personal expenses and other items.

10. On October 13, 2022, Respondent learned through the VSB that Ms. Padgett had issued a refund check from the Trust Account (Check No. 1069) to his client, Tracy Pouzar, in the amount of \$3,000. Ms. Padgett did so without Respondent's knowledge or authorization. The check in question was signed by Ms. Padgett, using her own signature, despite her not having any authority to sign checks from the Trust Account. Despite learning in October 2022 that Ms. Padgett had issued a refund check from the Trust Account without his authorization, Respondent did not terminate Ms. Padgett's employment at that time or otherwise take any steps to restrict her access to the Trust Account.

11. From October 21, 2022 through December 16, 2022, four checks payable to Respondent or to cash, which represented his draws/salary and which were drawn on the Operating Account, were returned by First Citizens Bank due to insufficient funds. Those four checks were Check No. 1585 dated October 21, 2022, in the amount of \$5,000 payable to Respondent, Check No. 1760 dated November 1, 2022 in the amount of \$5,000 payable to Respondent, Check No. 1589 dated November 15, 2022, in the amount of \$5,000 payable to cash, and Check No. 1601 dated December 16, 2022 in the amount of \$5,000 payable to Respondent.

12. On December 22, 2022 First Citizens Bank reported to the VSB that two checks drawn from the Trust Account, Check No. 1127 in the amount of \$500 and Check No. 1128 in the amount of \$875, both payable to an entity named KGM, were returned for insufficient funds (the "Insufficient Funds Notice").

13. The VSB advised Respondent of the Insufficient Funds Notice on January 6, 2023.

14. At that time, Respondent learned that KMG is an entity known as Kiss My Grass that is/was owned in whole or in part by Ms. Padgett's husband, Ty Padgett.

15. Despite being aware of all of these problems and irregularities in the Trust Account and Operating Account, Respondent took no action to either terminate Ms. Padgett's employment or otherwise restrict her access to the Trust and Operating Accounts. He also did not contact First Citizens Bank to verify that client funds deposited in the Trust Account were safe and accounted for.

16. Respondent's inaction, in light of these problems and irregularities with his Trust Account and Operating Account, led the VSB to file a Petition for Receivership of his law firm pursuant to Virginia Code § 54.1-3936.B on February 9, 2023 detailing the embezzlement from the Trust Account by Ms. Padgett from August of 2022 through December of 2022.

17. Respondent did not contest the allegations in the Petition for Receivership and authorized his counsel to sign a consent order for the receivership ("Consent Order"), which was entered by the Circuit Court for the City of Roanoke on March 9, 2023. A copy of the Petition for Receivership (without Exhibits) and the Consent Order are attached collectively hereto as Exhibit A.

18. Despite being aware of the allegations in the Petition for Receivership, including the fact that bank statements that Ms. Padgett provided Respondent to give to the VSB had been forged by Ms. Padgett. Respondent did not terminate Ms. Padgett's employment until almost a month after Respondent consented to the receivership.

19. From January of 2023 through March of 2023, during which time Respondent was initially aware of irregularities with the Trust Account and later became aware of Ms. Padgett's embezzlement, there were deposits of client funds totaling \$33,456.11 into the Trust

Account. These client funds were jeopardized because Respondent did not terminate Ms. Padgett's employment or otherwise restrict her access to the Trust Account.

20. The balance in the Trust Account when the receiver took possession of Respondent's law practice on or about March 9, 2023 was \$606.13.

21. On April 11, 2024, Ms. Padgett pled guilty to felony charges in the Circuit Court of the City of Roanoke. Ms. Padgett is currently awaiting sentencing, and a hearing is scheduled for July 30, 2024. A copy of her written plea agreement that was accepted by the Court is attached as Exhibit B.

22. Respondent has at all times cooperated with the VSB in its investigation of the misconduct charges and has cooperated fully with the appointed receiver to determine the amount of funds that are due and owing to his former clients.

23. Respondent is aware from information provided by the receiver that the sum of funds lost by his former clients as a result of Ms. Padgett's embezzlement and his failure to terminate her employment or otherwise restrict her access to the Trust Account may exceed \$50,000. The receiver has further indicated that the total amount of Ms. Padgett's embezzlement from the Shapiro Law Firm is approximately \$450,000.

II. NATURE OF MISCONDUCT

Such conduct by Respondent constitutes misconduct in violation of the following provisions of the Rules of Professional Conduct:

Ms. Padgett's conduct as aforesaid would be a violation of Rules of Professional Conduct 1.15(b)(3), 1.15(b)5), 1.15(c)(1), 1.15(c)(2), 1.15(c)(3), 1.15(c)(4), 1.15(d)(2), 1.15(d)(3)(i-iii), 1.15(d)(4), 8.4 (a) and 8.4(b) had Respondent engaged in such conduct. Because Respondent knew or should have known of her actions after being advised by the VSB of the problems and irregularities in the Trust Account, because he failed to undertake reasonable inquiries, such as reconciling his trust account and/or calling his bank to verify the account balances in the Trust Account, and because he failed to take any remedial action to avoid the consequences of Ms.

Padgett's activities, Respondent is responsible for Ms. Padgett's misconduct. See Rule 5.3 (c)(2).

By keeping Ms. Padgett employed when he was made aware of her misconduct, including but not limited to her issuing unauthorized checks and her actions leading to the return of Trust Account checks for insufficient funds, by not taking proper measures to ensure the safety of his client's funds, by abdicating his responsibilities and obligations for the Trust Account, including not keeping proper records, not performing the required reconciliations, such that she was able to provide forged bank statements to the VSB and to convert client funds, Respondent violated (or attempted to violate – See Rule 8.4 (a)) Rule 1.15 as follows.

RULE 1.15 Safekeeping Property

(b) Specific Duties. A lawyer shall:

* * *

(3) maintain complete records of all funds, securities, and other properties of a client coming into the possession of the lawyer and render appropriate accountings to the client regarding them;

* * *

(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.

(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.

(3) In the case of funds or property held by a lawyer as a fiduciary, the required books and records shall include an annual summary of all receipts and disbursements and changes in assets comparable in detail to an accounting that would be required of a court supervised fiduciary in the same or similar capacity; including all source documents sufficient to substantiate the annual summary.

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

(d) Required Trust Accounting Procedures. In addition to the requirements set forth in Rule 1.15 (a) through (c), the following minimum trust accounting procedures are applicable to all trust accounts.

* * *

(2) Deposits. All trust funds received shall be deposited intact. Mixed trust and non-trust funds shall be deposited intact into the trust fund and the non-trust portion shall be withdrawn upon the clearing of the mixed fund deposit instrument. All such deposits should include a detailed deposit slip or record that sufficiently identifies each item.

(3) The following reconciliations must be made monthly and approved by a lawyer in the law firm:

(i) reconciliation of the client ledger balance for each client, other person, or entity on whose behalf money is held in trust;

(ii) reconciliation of the trust account balance, adjusting the ending bank statement balance by adding any deposits not shown on the statement and subtracting any checks or disbursements not shown on the statement. This adjusted balance must equal the balance in the checkbook or transaction register; and

(iii) reconciliation of the trust account balance ((d)(3)(ii)) and the client ledger balance ((d)(3)(i)). The trust account balance must equal the client ledger balance.

(4) The purpose of all receipts and disbursements of trust funds reported in the trust journals and ledgers shall be fully explained and supported by adequate records.

* * * *

By not putting appropriate measures in place to ensure that Ms. Padgett's conduct while working for Respondent was compatible with the Virginia Rules of Professional Conduct, by failing to take remedial measures when he knew or should have known of Ms. Padgett's conduct and by virtue of having direct supervisory authority over Ms. Padgett, and because he knew or should have known of the conduct at a time when its consequences could have been avoided or mitigated failed to take reasonable remedial action, pursuant to Rule 5.3 (c)(2), by keeping Ms. Padgett employed and not securing the Trust Account, and by allowing further deposits of advanced legal fees received from clients into the Trust Account after he was made aware of Ms. Padgett's misconduct, Respondent violated (or attempted to violate –See Rule 8.4 (a)) Rule 5.3(c)(2) as follows.

Rule 5.3 Responsibilities Regarding Nonlawyer Assistants

With respect to a nonlawyer employed or retained by or associated with a lawyer:

(a) a partner or a lawyer who individually or together with other lawyers possesses managerial authority in a law firm shall make reasonable efforts to ensure that the firm has in effect measures giving reasonable assurance that the person's conduct is compatible with the professional obligations of the lawyer;

(b) a lawyer having direct supervisory authority over the nonlawyer shall make reasonable efforts to ensure that the person's conduct is compatible with the professional obligations of the lawyer; and

(c) a lawyer shall be responsible for conduct of such a person that would be a violation of the Rules of Professional Conduct if engaged in by a lawyer if:

(1) the lawyer orders or, with the knowledge of the specific conduct, ratifies the conduct involved; or

(2) the lawyer is a partner or has managerial authority in the law firm in which the person is employed, or has direct supervisory authority over the person, and knows or should have known of the conduct at a time when its consequences can be avoided or mitigated but fails to take reasonable remedial action.

* * * *

Mr. Shapiro's responsibility under this Rule of Professional Conduct stems from his duty to supervise Ms. Padgett while under his managerial authority. Because Ms. Padgett's conduct in taking client funds and converting them for her own use before being earned would have been misconduct under Rule 8.4 (b) had Respondent done so, and because Respondent knew or should have known of the Misconduct had he taken reasonable precautions to secure his client's funds, by keeping Ms. Padgett employed when he was made aware that Padgett has written a check to a client on the Trust Account without authority or permission from Respondent, by allowing her continued access to the Trust Account after learning that two checks payable to an entity owned by her husband were returned for insufficient funds and that checks were stolen from her, Respondent is responsible for Padgett's violations of Rule 8.4 by operation of Rule 5.3 (c)(2) as follows.

Rule 8.4 Misconduct

It is professional misconduct for a lawyer to:

- (a) violate or attempt to violate the Rules of Professional Conduct, knowingly assist or induce another to do so, or do so through the acts of another;
- (b) commit a criminal or deliberately wrongful act that reflects adversely on the lawyer's honesty, trustworthiness or fitness to practice law.

* * * *

III. PROPOSED DISPOSITION

Accordingly, Assistant Bar Counsel, Respondent, and Respondent's Counsel tender to the Disciplinary Board for its approval the Agreed Disposition of a sixty month suspension of Respondent's license to practice law. Assistant Bar Counsel, Respondent and Respondent's Counsel agree that the effective date for the sanction shall be the date of entry of the Disciplinary Board Order approving this Agreed Disposition.

Any request for Respondent's reinstatement is subject to the procedures and requirements set forth in the Rules of Supreme Court of Virginia, Part 6, Section IV, Paragraph 13-25.D.

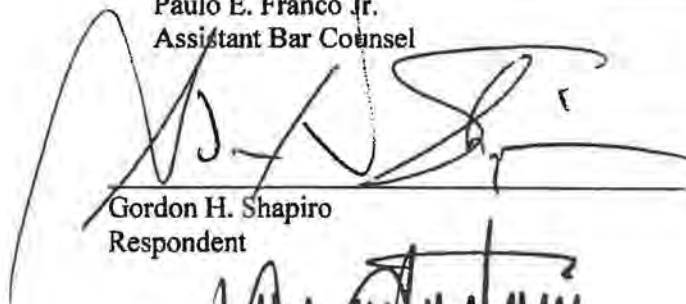
If the Agreed Disposition is approved, the Clerk of the Disciplinary System shall assess costs pursuant to ¶ 13-9.E of the Rules.

THE VIRGINIA STATE BAR

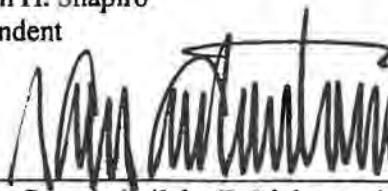


By: _____

Paulo E. Franco Jr.
Assistant Bar Counsel



Gordon H. Shapiro
Respondent



Paul D. Georgiadis/John E. Lichtenstein
Respondent's Counsel

If the Agreed Disposition is approved, the Clerk of the Disciplinary System shall assess costs pursuant to ¶ 13-9.E of the Rules.

THE VIRGINIA STATE BAR

By:
Paulo E. Franco Jr.
Assistant Bar Counsel

Gordon H. Shapiro
Respondent

John E. Lichtenstein
Respondent's Counsel



Paul D. Georgiadis
Respondent's Counsel

TO BE FILED UNDER SEAL PURSUANT TO
VA. CODE ANN. § 54.1-3936.B

VIRGINIA:

IN THE CIRCUIT COURT FOR THE CITY OF ROANOKE

IN RE: GORDON H. SHAPIRO
VSB DOCKET NO. 23-080-128152

Case No. _____

Serve: Gordon H. Shapiro
209 Mountain Road, SW
Roanoke, Virginia 24002

Shapiro Law Firm, P.C.
Serve: Gordon H. Shapiro, R/A
209 Mountain Road, SW
Roanoke, Virginia 24002

PETITION FOR THE APPOINTMENT OF A RECEIVER IN PROCEEDINGS
PENDING DISCIPLINARY ACTION

The Virginia State Bar ("VSB"), by bar counsel, respectfully petitions the Court to appoint a receiver in this matter pursuant to Va. Code § 54.1-3936.B, as amended, and in support of its petition, states as follows:

THE PARTIES

1. The Respondent was admitted to practice law in the Commonwealth of Virginia in 1968.
2. Respondent presently maintains his law office at 209 Mountain Avenue, SW, in the City of Roanoke, Virginia.
3. Respondent is a solo practitioner with a general practice. Respondent's sole employee is his office assistant, Amy Padgett.
4. Respondent operates his practice under the legal name Shapiro Law Firm, P.C. ("Firm"). Pursuant to records of the Virginia State Corporation Commission ("SCC") Respondent is the registered agent for the firm. See Exhibit A.

Joint Exhibit
A

5. Respondent made Padgett responsible for paralegal duties and administrative tasks, including but not limited to, administering, and maintaining the Firm's financial accounts, including the Firm's trust account.

6. Respondent maintains an interest on lawyer trust account (IOLTA) trust account with First Citizens Bank, ending in account number 7884 ("Trust Account").

7. According to the First Citizen's Bank Records, Respondent is the only person at the Firm with signature authority on the Trust Account.

8. At all times relevant, Padgett has had access to the Firm's Trust Account bank statements, check books as well as the checkbooks and account statements for the Firm's operating accounts.

9. Julia L. McAfee is an attorney licensed to practice law in the Commonwealth of Virginia and is active and in good standing.

10. Ms. McAfee is a discrete and competent attorney who has agreed to serve as a Receiver of Respondent's law practice should this Court grant the relief requested herein. She has both the ability and capacity to successfully discharge the duties of this appointment. In addition to holding a law license, Ms. McAfee is a certified public accountant. She has previously handled receiverships for the VSB.

BASIS FOR RELIEF REQUESTED

11. The VSB has reason to believe that Respondent is engaging in activity which is either unlawful and/or in violation of the Virginia Rules of Professional Conduct which has and/or will result in the loss of property of one or more of Respondent's clients.

12. The allegations of Misconduct set forth herein are based on the Affidavit of Mark E. McHugh, Investigator for the VSB assigned to investigate the matters alleged in this Petition in addition to other information the VSB obtained in the investigation of the allegations against Respondent. A copy of the Affidavit is attached as Exhibit B.

13. On October 3, 2022, Investigator McHugh interviewed Padgett concerning, among other things, an email that Respondent sent to a client. Respondent was not present for that interview. The copy of the email that was provided in response to a VSB subpoena duces tecum did not refer to a refund that was issued to the client, but another copy of the email obtained by the VSB did refer to such a refund. Redacted copies of the emails in question are attached as Exhibit C.¹

14. Padgett told Investigator McHugh that Respondent had authorized a refund to the client.

15. Padgett further told Investigator McHugh that she had signatory authority on the Trust Account up to \$10,000.00.

16. On October 13, 2022, Investigator McHugh interviewed both Respondent and Padgett.

17. Investigator McHugh showed Respondent the email correspondence regarding the client refund in Exhibit C that Padgett stated he had authorized.

18. Respondent told Investigator McHugh he could not recall seeing the email, acknowledged he was unaware of the refund, and denied having authorized a refund to the client in question.

19. Respondent also told Investigator McHugh that he was the only person with signature authority on the Trust Account.

20. During the October 13, 2022 interview, Padgett was unable to produce a copy of the refund check referenced in the emails in Exhibit C when Investigator McHugh requested a copy of it.

21. Investigator McHugh and Respondent thereafter went to a local branch of First Citizens Bank, who were able to provide a copy of the refund check in question. A redacted copy of the check is attached as Exhibit D.

¹ The emails have been redacted to conceal client names.

22. When Respondent examined Check No. 1069 drawn against the Trust Account in the amount of \$3,000.00, he admitted that the signature on the check was not his.

23. Investigator McHugh conducted a review of the Trust Account records and discovered that Respondent had not been keeping them in accordance with the Requirements of Rule 1.15.

24. Investigator McHugh's review of the Trust Account records revealed that Respondent was not keeping the required cash receipts and disbursements journals. Respondent also told Investigator McHugh that he was not keeping proper client subsidiary ledgers, was not performing the required reconciliations, and was comingling earned fees in the Trust Account by not promptly withdrawing them after having been earned.

25. Despite having the knowledge that Padgett had issued an unauthorized refund and written a check on the Trust Account without his knowledge, he did not terminate her services.

26. On December 22, 2022, First Citizens Bank forwarded to the VSB correspondence advising that check number 1127 in the amount of \$500.00 and check number 1128 in the amount of \$875.00 drawn on the Trust Account had been presented for payment against insufficient funds. A redacted copy of the notice is attached as Exhibit E.

27. The payee on check number 1127 and check number 1128 is an entity known as Kiss My Grass, LLC ("KMG").

28. The VSB discovered through a search of social media that KMG is an entity that runs a landscaping service in the Roanoke, Virginia area. See Exhibit F.

29. A review of the records of the Virginia State Corporation Commission revealed that an entity known as KMG was organized as a limited liability company in the Commonwealth of Virginia in 2017. It was terminated for non-payment of annual

fees in 2021 and is therefore no longer in good standing. See SCC Records attached as Exhibit G.

30. Exhibit G lists a Ty Padgett as the registered agent for KMG. Exhibit F contains a listing for KMG identifying Ty Padgett as the owner of KMG as well as a picture of Ty and Amy Padgett, along with whom are believed to be their three children. Investigator McHugh recognized Padgett in the picture.

31. Investigator McHugh contacted Respondent on January 6, 2023 about the notice from First Citizens Bank, and Respondent told Investigator that he had no knowledge of the checks in question.

32. After conferring with Padgett, Respondent called Investigator McHugh the following Monday and advised him that he did authorize Padgett to take the two checks in question to allow her to make payments to one of the Firm's clients.

33. Respondent advised Investigator McHugh that he filed a report with the Roanoke City Police. Investigator McHugh retrieved the report and noted the Respondent reported that the checks in question were stolen from Padgett's vehicle at her residence on or about October 20, 2022.

34. Investigator McHugh met again with Respondent and Padgett on January 13, 2023 and requested that they produce copies of bank statements from the Trust Account from August of 2022 through December of 2022.

35. Copies of the Trust Account records that they provided are attached as H.

36. In connection with the VSB's investigation into these matters, it issued a subpoena duces tecum to First Citizens requesting all records and bank statements for the Trust Account for 2020 through 2022.

37. On January 31, 2023, the VSB received First Citizens Bank's response to the subpoena, and copies of the documents it produced are attached as Exhibit I.

38. Investigator McHugh compared the bank statements that Padgett and Respondent provided on January 13, 2023 and the records provided by the bank.

39. Investigator McHugh discovered that the balances contained in documents Respondent provided did not match those produced by the bank.

40. In response to a previous VSB subpoena, Respondent and Padgett produced a Trust Account statement for April of 2022. The April 2022 statement that they provided has no ending balance, but the Your Accounts At A Glance box shows a balance of \$75,170.78. The balance at the end of April 2022, as reflected in the actual April 2022 statement provided by First Citizens Bank in Exhibit I, shows a balance of \$45,048.78. The April 2022 statement Respondent and Padgett provided deleted two internet transfers on April 22 and 26, 2022 totaling \$25,000.00. See Exhibit J.

41. The statement that Respondent provided for the month of December 2022 showed what appears to be an erroneous ending balance of \$57,640.92.² See Exhibit K.

42. The December 2022 bank statement for the Trust Account that was produced by the bank shows the ending balance for the account to be \$0.02. See Exhibit L.

43. Investigator McHugh reviewed the statements provided by Respondent and those provided by First Citizens Bank and detailed discrepancies he found in them in an email to undersigned counsel on February 1, 2023. See Exhibit M.

44. Despite the discrepancies in Respondent's records, Respondent has received tens of thousands of dollars in client and other funds that have been deposited into the Trust Account in 2022 and January of 2023. See Exhibit N. The records provided by First Citizens Bank show that Respondent has not properly accounted for them, and it appears that the statements that Padgett and Respondent provided to Investigator McHugh may be designed to conceal defalcations.

² Adding the total deposits to the beginning balance, and then subtracting out all the debits to the account, the actual ending balance according to the December 2022 statement Respondent provided should be \$56,140.92, not \$57,640.92. Additionally, the ending balance on the October statement Respondent provided is \$27,334.32. The beginning balance for the November statement Respondent provided is \$56,241.32. However, there is no corresponding deposit to explain the discrepancy. See Exhibits H and I.

45. Upon information and belief, Padgett is still employed by Respondent and Shapiro Law Firm, P.C.

46. Without the relief requested in this Petition, the VSB submits that client funds have been, are, and will be in jeopardy of loss.

47. If the bar's petition for appointment of a receiver is granted, the bar requests this Court enter an order enjoining Respondent, Padgett or anyone not authorized by this order from withdrawing any funds from Respondent's Trust Account and other Firm accounts, as well as prohibiting the sale, disposition, or liquidation of any assets of Respondent's or the Firm's law practice without court approval.

48. If the VSB's petition for appointment of a receiver is granted, the VSB further requests this Court enter and order to appoint Julia L. McAfee as receiver ("Receiver") and order Ms. McAfee to do the following in her capacity as Receiver for Gordon H. Shapiro, Esquire and/or Shapiro Law Firm, P.C. :

- a. Prepare and file with the Virginia State Bar an inventory of all case files under the Respondent's control;
- b. Notify all of Respondent's clients of the receiver's appointment and take whatever action is indicated to protect the clients' interests;
- c. Identify and take control of all bank accounts (trust and operating accounts) over which Respondent had signatory authority;
- d. Prepare and submit an accounting of receipts and disbursements and account balances of all funds under receiver's control;
- e. Attempt to collect any accounts receivable related to Respondent's law practice;
- f. Identify and attempt to recover any assets wrongfully diverted from Respondent's law practice;
- g. Terminate Respondent's law practice;
- h. Reduce to cash all assets of Respondent's law practice;

- i. Determine the nature and amount of all creditors' claims, including clients, of Respondent's law practice;
- j. Prepare and file with this Court a report of such assets and claims, and propose a distribution to creditors; and
- k. Take all other necessary and proper actions pursuant to Code §54.1-3936.B, as amended, to protect the interests of Respondent's clients.
- l. If it appears in the joint opinions and discretion of the Receiver and the VSB to be necessary, the Receiver shall:
 - a. Attempt to collect any accounts receivable relating to Respondent's law practice; and
 - b. Identify and attempt to recover any assets wrongfully diverted from Respondent's law practice, or assets acquired with funds wrongfully diverted from the practice; and
 - c. Terminate the law practice; and
 - d. Reduce to cash all assets of Shapiro Law Firm, P.C. and Respondent's assets related to his law practice; and
- m. The Receiver shall enter, inspect, and copy, as necessary, all client records, papers, files, computer entries or any other data of Respondent's law practice wherever located. The Receiver is authorized to enter the offices, premises, or storage facilities of Respondent, wherein the files, equipment, and other property of the law practice of Respondent may be stored or maintained, for the purposes of carrying out any of the duties prescribed by § 54.1-3936.B of the Virginia Code. Any agent, guardian or other representative of Respondent is hereby directed to permit the Receiver access to the said premises and to any facility under her control or direction wherein the said files, equipment and property may be or hereafter may be located or relocated and is further directed to turn over to the Receiver all files and property belonging to any clients of Respondent.

49. Pursuant to Va. Code § 54.1-3936.E., upon proper application to this Court, the Receiver shall be entitled to recover an award of her reasonable fees, costs, and expenses. If there are not sufficient non-trust funds to pay the award, then the VSB shall pay the shortfall to the extent the VSB has funds available. The VSB shall have a claim

against Respondent for any amounts paid the Receiver for her reasonable fees, costs, and expenses.

50. Pursuant to Va. Code Ann. § 54.1-3936, the VSB requests that papers filed with the Court be unsealed upon entry of an Order granting the relief requested herein.

WHEREFORE, for the foregoing reasons, pursuant to Virginia Code §54.1-3936.B, the Virginia State Bar respectfully petitions this honorable Court enter an injunction prohibiting further withdrawals from Respondent's accounts and the sale, transfer, or liquidation of Firm assets, and to appoint Julia L. McAfee as receiver for Gordon H. Shapiro and the Shapiro Law Firm, P.C. who shall have all the powers and duties specified in the statute and to award such other relief as circumstances require and the law permits.

VIRGINIA STATE BAR

By: _____


Of Counsel

Paulo E. Franco, Jr.
Assistant Bar Counsel
(VSB No. 30298)
The Virginia State Bar
1111 East Main Street, 7th Floor
Richmond, Virginia 23219
(804) 775-9404 (o)
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3-9-2023
VIRGINIA:

IN THE CIRCUIT COURT FOR THE CITY OF ROANOKE

**IN RE: GORDON H. SHAPIRO
VSB DOCKET NO. 23-080-128152**

Case No. CL23-280

**CONSENT ORDER FOR THE APPOINTMENT OF A RECEIVER IN
PROCEEDINGS PENDING DISCIPLINARY ACTION**

THIS MATTER came before the Honorable Anne F. Reed, Judge Designate of the Circuit Court for the City of Roanoke, by Order of the Supreme Court dated February 16, 2023, upon the Petition of the Virginia State Bar (“VSB”) to appoint a receiver in this matter pursuant to Va. Code § 54.1-3936.B (“Petition”); and it

APPEARING to the Court that Gordon H. Shapiro was served with the Notice of Hearing and the Petition both personally and as the duly appointed and authorized agent of Shapiro Law Firm, P.C. (“Firm”) (collectively Respondent”) on February 27, 2023; and it

FURTHER APPEARING to the Court pursuant to the matters alleged in the Petition, including the affidavit of VSB Investigator Mark McHugh, the consent of the Respondent, as evidenced by his endorsement and the endorsement of his counsel that the relief requested is proper and appropriate, it is therefore

ORDERED that the VSB’s Petition for Receivership be and the same is hereby **GRANTED**; and it is

FURTHER ORDERED Julia A. McAfee, a discreet and competent attorney having previously managed receiverships for the Virginia State Bar, be, and hereby is, appointed receiver (“Receiver”) to receive all funds or property belonging to or subject to the control of the Respondent, such appointment to be effective immediately and to continue until further Order of this Court. The Receiver, upon application to this Court, shall be entitled to recover any costs incurred and to receive a reasonable fee for services

rendered, said costs and fees to be fixed by this Court and judgment entered therefore against the Respondent. The Receiver shall not be required to post bond with corporate surety at this time because the value of law practice or law office assets of the Respondent cannot be ascertained at this time. Upon determination that the law office or law practice assets of the Respondent are greater than \$10,000, the Receiver shall so inform the court forthwith and ask this Court for direction as to whether an appropriate surety bond be set, and if so, how much; and it is

FURTHER ORDERED that Ms. McAfee shall do the following in her capacity as Receiver for Respondent :

- a. Prepare and file with the Virginia State Bar an inventory of all case files under the Respondent's control;
- b. Notify all of Respondent's clients of the receiver's appointment and take whatever action is indicated to protect the clients' interests;
- c. Identify and take control of all bank accounts (trust and operating accounts) over which Respondent had signatory authority;
- d. Prepare and submit an accounting of receipts and disbursements and account balances of all funds under receiver's control;
- e. Attempt to collect any accounts receivable related to Respondent's and the Firm's law practice;
- f. Identify and attempt to recover any assets wrongfully diverted from Respondent's and law practice;
- g. Terminate Respondent's law practice;
- h. Reduce to cash all assets of Respondent's law practice;
- i. Determine the nature and amount of all creditors' claims, including clients, of Respondent's law practice;
- j. Prepare and file with this Court a report of such assets and claims, and propose a distribution to creditors; and

- k. Take all other necessary and proper actions pursuant to Code §54.1-3936.B, as amended, to protect the interests of Respondent's clients.
- l. If it appears in the joint opinions and discretion of the Receiver and the VSB to be necessary, the Receiver shall:
 - a. Attempt to collect any accounts receivable relating to Respondent's law practice; and
 - b. Identify and attempt to recover any assets wrongfully diverted from Respondent's law practice, or assets acquired with funds wrongfully diverted from the practice; and
 - c. Terminate the law practice; and
 - d. Reduce to cash all assets of Shapiro Law Firm, P.C. and Respondent's assets related to his law practice; and
- m. The Receiver shall enter, inspect, and copy, as necessary, all client records, papers, files, computer entries or any other data of Respondent's law practice wherever located. The Receiver is authorized to enter the offices, premises, or storage facilities of Respondent, wherein the files, equipment, and other property of the law practice of Respondent may be stored or maintained, for the purposes of carrying out any of the duties prescribed by § 54.1-3936.B of the Virginia Code. Any agent, guardian or other representative of Respondent is hereby directed to permit the Receiver access to the said premises and to any facility under her control or direction wherein the said files, equipment and property may be or hereafter may be located or relocated and is further directed to turn over to the Receiver all files and property belonging to any clients of Respondent.

IT IS HEREBY FURTHER ORDERED that Respondent, their employees, agents, representatives or anyone acting on their behalf, or anyone else not authorized by this order shall be enjoined from withdrawing any funds from Respondent's trust account(s) and other Firm accounts, as well as prohibiting the sale, disposition, or liquidation of any assets of Respondent's law practice without prior approval of this Court; and it is

FURTHER ORDERED that Respondent shall not move, destroy or in any manner alter any records, papers, files, computer entries or any other data located in Respondent's law office as referenced above, or at any other location; and it is

FURTHER ORDERED that this file and all of the papers herein are hereby unsealed; and it is

FURTHER ORDERED that the Receiver shall file a written preliminary report of her actions on or before the 7th day of July, 2023 at 1:00 ~~a.m.~~/p.m., post a surety bond as may be directed by the Court and appear at the Circuit Court for the City of Roanoke, Virginia before Judge Reed as this Court may direct; and it is

FURTHER ORDERED that pursuant to Va. Code § 54.1-3936.E., upon proper application to this Court, the Receiver shall be entitled to recover an award of her reasonable fees, costs, and expenses. If there are not sufficient non-trust funds to pay the award, then the VSB shall pay the shortfall to the extent the VSB has funds available. The VSB shall have a claim against Respondent for any amounts paid the Receiver for her reasonable fees, costs, and expenses; and it is

FURTHER ORDERED that the Clerk of the Court shall send a copy *teste* of this order to the Receiver, Counsel for the Virginia State Bar and Mr. Shapiro.

ENTERED this 7th day of March, 2023



The Hon. Anne F. Reed
Judge

PRESENTED:



Paulo E. Franco, Jr. (VSB No. 30298)
Assistant Bar Counsel
Virginia State Bar
1111 East Main Street, Suite 700
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(804) 814-2270 (C)
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SEEN AND AGREED:


Gordon H. Shapiro, Esquire

SHAPIRO LAW FIRM, P.C.

By: 
Gordon H. Shapiro



Paul D. Georgiadis, Esquire
The Law Office of Paul D. Georgiadis, PLC
2060 Buford Road
Richmond, Virginia 23235-3409
(804) 270-1154
pdglex@pdglex.com
Counsel for Gordon H. Shapiro, Esquire and Shapiro Law Firm, P.C.

CIRCUIT COURT

AFR ✓

Received Order From

OW JCC
DBC CND

On MAR - 9 2023

By *Nancy In*
Deputy Clerk
City of Roanoke

Regarding the decree or order to which
this stamp is affixed, I certify that on

3-10, 2023

I delivered a certified copy to:


franco@vsb.org, pdglexe pdglex.com

Nancy In
Deputy Clerk Circuit Court, City of Roanoke

and the Commonwealth further agree that all actions taken by the Defendant during her employment with Shapiro Law Firm, P.C. may be presented to and considered by the Court in order to determine sentencing and owed restitution.


The Commonwealth and the Defendant both agree to fully cooperate with the preparation of the presentence report.

This document constitutes the entire agreement of the parties herein.


C. Ryan Hupp, Esq.
Asst. Commonwealth's Attorney

April 11, 2024


Amy Johnson Padgett
Defendant


Steven Milani, Esq.
Counsel for Defendant

Accepted

Michelle A. Am
judge desis note