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STATE OF NORTH CAROLINA
COUNTY OF WAKE

BEFORE THE
GRIEVANCE COMMITTEE
OF THE
NORTH CAROLINA STATE BAR
90G 0663(IV)

IN THE MATTER OF

WILLIAM K. DIEHL, JR.
ATTORNEY AT LAW

PUBLIC REPRIMAND

On July 11, 1991, the Grievance Committee of the North Carolina State Bar met and considered the grievance filed against you.

Pursuant to Section 13(7) of Article IX of the Rules and Regulations of the North Carolina State Bar, the Grievance Committee, after considering the evidence, including your response to the Letter of Notice, found probable cause which is defined in the rules as "reasonable cause to believe that a member of the North Carolina State Bar is guilty of misconduct justifying disciplinary action."

The rules provide that after a finding of probable cause, the Grievance Committee may determine that the filing of a complaint and a hearing before the Disciplinary Hearing Commission are not required and the Grievance Committee may issue various levels of discipline depending upon the misconduct, the actual or potential injury caused, and any aggravating or mitigating factors. The Grievance Committee may issue a Reprimand, a Public Reprimand, or a Public Censure to the accused attorney.

The Grievance Committee was of the opinion that a complaint and hearing are not required in this case and issues this Public Reprimand to you. As chairman of the Grievance Committee of the North Carolina State Bar, it is now my duty to issue this Public Reprimand and I am certain that you will understand fully the spirit in which this duty is performed.

A Public Reprimand is a serious form of discipline imposed by the Grievance Committee. The Grievance Committee felt that your conduct warranted public discipline due to your violation of the Rules of Professional Conduct. The committee trusts that this misconduct will not recur.

You represented a client in his attempt to recoup his investment of \$250,000 in a company. You filed a lawsuit on behalf of the client against the company in December of 1988.

The client's wife was employed as a paralegal in your office at the time you agreed to represent him. One reason you agreed to represent the client was because the client's wife worked in your office. You were informed that your client's wife had given your client money which the client used in making his investment.

After you filed the lawsuit for your client, you and your client's wife began a personal, extramarital relationship. You did not disclose your relationship with your client's wife to her husband until your relationship ended with your client's wife. You believed that under the Rules of

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Professional Conduct you were required to make a disclosure to your client at that time.

Your conduct in this matter violates Rule 5.1(B) of the Rules of Professional Conduct. Rule 5.1(B) provides as follows: "A lawyer shall not represent a client if the representation of that client may be materially limited by the lawyer's responsibilities to another client or to a third person, or by the lawyer's own interest, ...".

An attorney's client is entitled to his lawyer's undivided loyalty and effort. Where there is an undisclosed affair between a client's wife and his attorney, the attorney-client relationship becomes tainted with the romantic relationship. Again, a client is entitled to have an attorney who is unencumbered by potential divided loyalties. Indeed, your client's distrust of your loyalties to him is indicated by his discharge of you and retaining other counsel when he learned that you had an affair with his wife.

You are hereby publicly reprimanded by the North Carolina State Bar due to your professional misconduct. The Grievance Committee trusts that you will ponder this Public Reprimand, recognize the error that you have made, and that you will never again allow yourself to depart from adherence to the high ethical standards of the legal profession. This Public Reprimand should serve as a strong reminder and inducement for you to weigh carefully in the future your responsibility to the public, your clients, your fellow attorneys and the courts to the end that you demean yourself as a respected member of the legal profession whose conduct may be relied upon without question.

This Public Reprimand will be maintained as a permanent record in the judgment book of the North Carolina State Bar. Since a complaint was made and professional misconduct has been found, the complainant will receive a copy of this Public Reprimand. A copy also is available to the public upon request.

Within 15 days after this Public Reprimand is served upon you, you may refuse this Public Reprimand and request that charges be filed. Such refusal and request must be addressed to the Grievance Committee and filed with the Secretary. If you do file such refusal and request, counsel shall thereafter be instructed to prepare and file a complaint against you with the Disciplinary Hearing Commission of the North Carolina State Bar. The Hearing before the Disciplinary Hearing Commission is public and all of its proceedings and its decision are public.

In accordance with the policy adopted October 15, 1981 by the Council of the North Carolina State Bar regarding the taxing of the administrative and investigative costs to any attorney issued a reprimand by the Grievance Committee, the costs of this action in the amount of \$50.00 are hereby taxed to you.

Done and ordered, this 9th day of August, 1991.

Robert J. Robinson
Robert J. Robinson, Chairman
The Grievance Committee
North Carolina State Bar