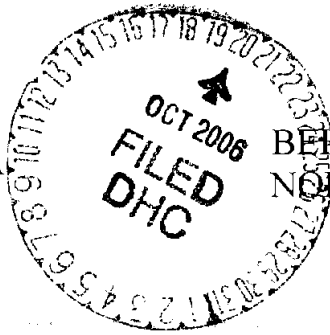


NORTH CAROLINA
WAKE COUNTY



BEFORE THE COUNCIL OF THE
NORTH CAROLINA STATE BAR

06 BCS 8

IN THE MATTER OF THE TENDER
OF SURRENDER OF LICENSE OF

ORDER OF DISBARMENT

KATHERINE MCDIARMID

THIS MATTER coming on to be heard and being heard by the Council of the North Carolina State Bar pursuant to Section .0017 of Subchapter B of the Rules and Regulations of the North Carolina State Bar upon an affidavit of tender of license executed by Katherine McDiarmid and filed in the offices of the North Carolina State Bar on October 13, 2006.

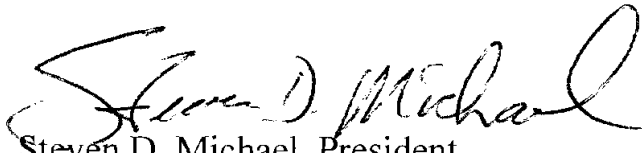
Based upon the affidavit of tender of license, the Council finds that Katherine McDiarmid misappropriated approximately \$10,000 from the trust account of her former law firm Johnson, Peddrick, McDiarmid, Connors and Kantlehner, PLLC on or about November 17, 2004. Katherine McDiarmid endorsed a trust account check issued for the benefit of a beneficiary of an estate that was a client of the firm. Katherine McDiarmid deposited the check into an account of another client of the firm, Chase, who was not entitled to receive funds from the estate and over whose account Katherine McDiarmid had a valid power of attorney. Katherine McDiarmid then withdrew the misappropriated funds from the Chase account. When the misappropriation was discovered, McDiarmid refunded the full amount to the successor law firm's trust account.

The Council also finds that Katherine McDiarmid has waived her right to notice of this hearing and the right to be heard before the Council. The Council concludes that the conduct of Katherine McDiarmid constitutes grounds for discipline under N.C. Gen. Stat. §84-28(b)(2) in that Katherine McDiarmid violated Rules 1.15-2(a), (j), and (m); 8.1(a); and 8.4(a), (b), and (c) of the Revised Rules of Professional Conduct and that the Council may enter an order of discipline accordingly.

WHEREFORE, upon motion duly made and seconded, the Council of the North Carolina State Bar enters the following order:

1. The tender of surrender of license of Katherine McDiarmid is hereby accepted.
2. Katherine McDiarmid is hereby DISBARRED from the practice of law in North Carolina.
3. Katherine McDiarmid will comply with the provisions of Subchapter B, Section .0024 of the Rules and Regulations of the North Carolina State Bar and will surrender her license and permanent registration card to the Secretary of the North Carolina State Bar along with the affidavit required by Subchapter B, Section .0024.
4. The costs of this action are taxed against Katherine McDiarmid.

Done and Ordered, this the 20th day of October, 2006.

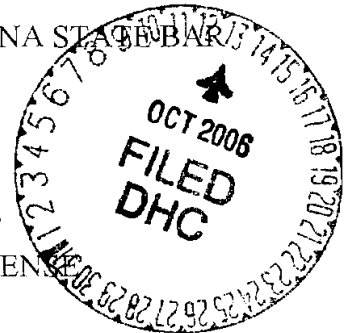


Steven D. Michael, President
The North Carolina State Bar

NORTH CAROLINA
WAKE COUNTY

BEFORE THE COUNCIL
OF
THE NORTH CAROLINA STATE BAR

06 BLS 8



In re: Katherine B. McDiarmid)
Attorney at Law)
_____)

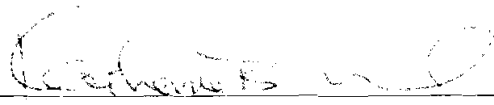
AFFIDAVIT OF
SURRENDER OF LICENSE

Katherine B. McDiarmid, first being duly sworn, deposes and says as follows:

1. I am presently a member in good standing of the North Carolina State Bar.
2. I desire to resign and hereby tender my license to practice law in North Carolina pursuant to the provisions of 27 N.C. Admin. Code Chapter 1, Subchapter B. Section .0117 of the North Carolina State Bar Discipline & Disability Rules.
3. My resignation is freely and voluntarily rendered. It is not the result of coercion or duress. I am fully aware of the implications of submitting my resignation and have discussed these with my attorney, James B. Maxwell.
4. I am aware that there is presently pending an investigation by The North Carolina State Bar regarding allegations that I misappropriated approximately \$10,000 from the Trust Account of my former firm, Johnson, Peddrick, McDiarmid, Connors & Kantlehner, PLLC, on or about November 17, 2004 when I endorsed a Trust Account check of the firm intended for the benefit of a beneficiary of an estate that was a client of the firm and deposited the check into an account of another client of the firm who was not entitled to receive funds from the estate and over whose account, I had a valid power of attorney. These funds were then withdrawn from that account by me.
5. I acknowledge that the material facts upon which the investigation of The North Carolina State Bar are true and that my actions in November, 2004 did constitute a misappropriation of client funds in violation of Rule 1.15(2). Upon discovery of the misappropriation by the successor firm of Peddrick, Johnson & McDonald in June, 2006, I refunded the full amount in question (\$10,628.56).
6. I am submitting my resignation because I know that, if disciplinary charges were predicated upon the misconduct under investigation, I could not successfully defend against them.
7. I am aware that, in accordance with Discipline and Disbarment Rule .0117(e), I will not be considered as an active member of the State Bar upon submission of my resignation, that I may not undertake any new legal matters, and that I must fully wind down my practice within 30 days of submitting this affidavit of surrender even though it may be more than 30 days before the next

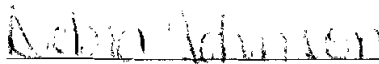
meeting of the Council at which the Council may take action on my surrender.

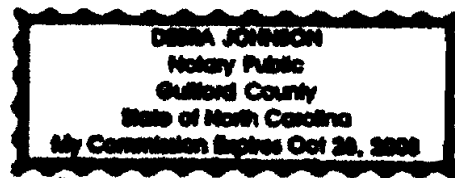
This the 4 day of ~~Sept~~^{Sept}, 2006.


Katherine B. McDiarmid

Sworn to and subscribed before me

This the 4th day of Sept., 2006.


Notary Public



My Commission expires: 10-28-2008