

BEFORE THE DISCIPLINARY BOARD OF THE
SUPREME COURT OF PENNSYLVANIA

In the Matter of : No. 401 , Disciplinary Docket
: No. 3 – Supreme Court
:
P. JULES PATT : No. 28 DB 1998 - Disciplinary Board
:
PETITION FOR REINSTATEMENT : Attorney Registration No. 10170
:
: (Blair County)

REPORT AND RECOMMENDATIONS OF
THE DISCIPLINARY BOARD OF THE
SUPREME COURT OF PENNSYLVANIA

TO THE HONORABLE CHIEF JUSTICE AND JUSTICES
OF THE SUPREME COURT OF PENNSYLVANIA:

Pursuant to Rule 218(c)(5) of the Pennsylvania Rules of Disciplinary Enforcement, The Disciplinary Board of the Supreme Court of Pennsylvania submits its findings and recommendations to your Honorable Court with respect to the above--captioned Petition for Reinstatement.

I. HISTORY OF PROCEEDINGS

Petitioner, P. Jules Patt, filed a Petition for Reinstatement to the Supreme Court of Pennsylvania on December 22, 2003. Petitioner was suspended for two years retroactive to March 25, 1998 by Order of the Supreme Court dated April 6, 1999, following

his conviction of nine counts of making false statements to a government agency.

A reinstatement hearing was held on June 18, 2004, before Hearing Committee 4.11 comprised of Chair Michael Alan Fetzner, Esquire and Members Karen Yvette Bonvalot, Esquire, and Matthew Frederick Burger, Esquire. Petitioner was represented by James J. West, Esquire.

The Hearing Committee filed a Report on September 3, 2004 and recommended that Petitioner be reinstated to the practice of law.

Office of Disciplinary Counsel did not file exceptions to the Report.

This matter was adjudicated by the Disciplinary Board at the meeting of November 17, 2004.

II. FINDINGS OF FACT

The Board makes the following findings of fact:

1. Petitioner is P. Jules Patt. He was born in 1943 and was admitted to practice law in Pennsylvania in 1971. He resides at 620 Allegheny Street, Hollidaysburg, Pennsylvania.

2. Petitioner's license to practice law was suspended for two years retroactive to March 25, 1998, by Order of the Supreme Court dated April 6, 1999.

3. On December 18, 1997, Petitioner entered a plea of guilty to nine counts of the offense of making false statements to the Farmer's Home Administration, an agency within the United States Department of Agriculture, in violation of 18 U.S.C. §1001.

4. Petitioner's conviction resulted from the following circumstances:

a. During the 1990's Petitioner developed 32 apartment projects throughout the Mid-Atlantic states, financed by the Farmer's Home Administration.

b. In 1991 the real estate market began collapsing, banks and savings and loans found themselves in financial difficulties throughout the country, and real estate values declined dramatically.

c. The Farmer's Home Administration projects required monthly reports on the use of rental income, including a designation of the amount of money that was left in various reserve accounts. These accounts were to be funded by 1% of the rental income.

d. Petitioner falsified these monthly reports by saying that there was money in the reserve accounts when, in fact, money was not there as it had been drawn and used for different purposes.

5. Petitioner was placed on home detention for a period of six months, with probation for a term of two years on each of the nine counts, to run concurrently. He was ordered to perform community service in the amount of 50 hours per year for each of the two years of probation. Petitioner was fined \$20,000 and ordered to pay a \$450 assessment.

6. The United States District Court Judge specifically found during the course of Petitioner's sentencing that Petitioner had accepted responsibility for his conduct and

there had been no loss to the United States Government or Department of Agriculture arising out of Petitioner's conduct.

7. Petitioner served his period of home detention, paid his fine and completed his community service by volunteering in a literacy program.

8. At the time Petitioner's real estate investments began collapsing, he was advised by his attorneys to seek bankruptcy protection, but Petitioner rejected this advice.

9. Petitioner went to each of the 16 to 20 banks involved and entered into workout arrangements with them. Petitioner was able to successfully restructure and settle debts with the various financial institutions involved.

10. Insofar as the Farmer's Home Administration was concerned, Petitioner eventually sold those projects to other individuals and lost his own investment of \$2.7 million. However, through these sales he arranged that the Government be fully reimbursed for any losses that might have occurred.

11. During the course of the workout years, the businesses overseen by Petitioner went from 1,000 employees to 300 full-time employees. Today, his real estate development business is much smaller, but better controlled.

12. Petitioner expressed sincere remorse for what he had done, and described the situation as the worst experience of his life.

13. Petitioner has resolved that he will never again engage in something so wrong, and that money will never be so important to him that he will not be honest in the future.

14. Petitioner had taken remedial steps to see that similar matters do not occur again. He established an accounting system whereby an outside CPA audits all books at the end of the year. In addition, there are monthly reviews with inside accountants and outside accountants, and operational controls set in place that were not present previously.

15. Because of the way Petitioner handled his financial problems, banks in the area still continue to do business with him. In two recent borrowings, he refinanced the Atherton Hotel in State College, Pennsylvania for \$6.5 million and received a \$4 million loan for refinancing and expanding facilities at Raystown Lake.

16. Agencies of the federal government that are aware of his criminal conviction now deal with Petitioner, including the Army Corps of Engineers, which recently renewed the land lease on the Raystown Lake resort development. The Housing and Urban Development office has indicated it would accept an application from Petitioner's company for future fundings.

17. Petitioner has been very active in his community during his suspension. He set up a scholarship fund for Altoona high school students, contributed time and money to youth sports organizations, and served on the United Way Board. He has served as president of his synagogue.

18. Petitioner has been involved in the Hollidaysburg Main Street redevelopment program, in that he sponsored and coordinated a trip for all county fourth grade children to educate them about the railroad history of the Altoona area.

19. Three character witnesses testified on behalf of Petitioner.

20. Larry Robbins owns Altoona-based Robbins Capital and Financing, Incorporated, and has known Petitioner since 1984. Mr. Robbins is aware of the details of Petitioner's conviction as well as his charitable works for the community. Mr. Robbins believes that Petitioner is morally qualified to be a member of the bar and supports his reinstatement.

21. Suzanne Egan Glenn owns an advertising agency in Altoona and has known Petitioner for 50 years. She described Petitioner as being devastated by his conviction. She is of the opinion that Petitioner is well-liked and well-respected in the community and she supports his reinstatement to the bar.

22. Daniel Milliron is an attorney in the Altoona area and a former Common Pleas Judge in Blair County. He has known Petitioner since 1980 and believes that Petitioner has always enjoyed a good reputation for truth, honesty and reliability. Attorney Milliron feels that people in the community recognize that Petitioner made a mistake but still hold him in good regard.

23. Numerous letters were introduced at the hearing from members of Petitioner's community. The letters were supportive of Petitioner's reinstatement to the practice of law.

24. Petitioner fulfilled his Continuing Legal Education courses and read numerous real estate periodicals relevant to his work.

25. If reinstated, Petitioner intends to use his law degree in his real estate business as well as in counseling of small business managers.

III. CONCLUSIONS OF LAW

1. Petitioner has demonstrated by clear and convincing evidence that he has the moral qualifications, competency, and learning in the law required for admission to practice law in this Commonwealth.

2. Petitioner has demonstrated by clear and convincing evidence that his resumption of the practice of law within the Commonwealth of Pennsylvania will be neither detrimental to the integrity and standing of the bar or the administration of justice nor subversive of the public interest.

IV. DISCUSSION

This matter is before the Disciplinary Board on a Petition for Reinstatement filed by P. Jules Patt. By Order of the Supreme Court of Pennsylvania dated April 6, 1999, Petitioner was suspended from the practice of law for two years retroactive to March 25, 1998.

Pursuant to Rule 218(a), Pa.R.D.E., an attorney who is suspended for a period exceeding one year may not resume the practice of law until reinstated by the Supreme Court of Pennsylvania. In order for Petitioner to gain reinstatement, he has the burden of proving by clear and convincing evidence that he possesses the moral

qualifications, competency and learning in the law required for admission to practice law in this Commonwealth. In addition, Petitioner has the burden of demonstrating that his resumption of the practice of law will not be detrimental to the integrity and standing of the bar or administration of justice, nor subversive of the public interest. Rule 218(c)(3)(i), Pa.R.D.E.

A reinstatement proceeding is a searching inquiry into a lawyer's present professional and moral fitness to resume the practice of law. The object of concern is not solely the transgressions which gave rise to the lawyer's suspension, but rather the nature and extent of the rehabilitation efforts that the lawyer has made since the time the sanction was imposed, and the degree of success achieved in the rehabilitative process. Philadelphia News, Inc. v. Disciplinary Board of the Supreme Court, 363 A.2d 779 (Pa. 1976).

Petitioner was convicted of nine counts of making false statements to the Farmer's Home Administration, in violation of 18 U.S.C. §1001. He served a six month period of home detention and two years of probation. He fulfilled 100 hours of community service and paid a fine of \$20,000.

During his suspension Petitioner continued his work as a real estate developer. He did not engage in the practice of law while under suspension. Petitioner kept apprised of the current law through his reading of various periodicals relevant to the real estate field. Although Petitioner suffered financial setbacks wherein he accumulated a large amount of debt, he was able to work out agreements with various banks to resolve

the debts, and was able to avoid declaring personal bankruptcy. Petitioner sold his interest in the Farmer's Home Administration properties and removed himself from that business. The new owners of those properties assumed the mortgage payments and agreed to invest in the capital improvement of the property and develop a plan for the funding of the reserve accounts, thereby eliminating any actual loss to the government.

Despite Petitioner's criminal conviction, banks in Petitioner's community still continue to do business with him. In two recent borrowings, he refinanced a hotel in State College and received a \$4 million loan for refinancing and expanding Raystown Lake facilities. The Army Corps of Engineers recently renewed the land lease for 400 acres on Raystown Lake for resort development. The Office of Housing and Urban Development has indicated their willingness to accept an application from Petitioner's company for future funding.

Petitioner has always been involved in his community and continued to do so during his suspension, by setting up a scholarship fund for high school students, coordinating a field trip for fourth grade students, serving as president of his synagogue, and contributing time and money to youth sports organizations.

Three character witnesses testified credibly to Petitioner's good reputation in the community for honesty and truthfulness, even after Petitioner's criminal conviction became known in that community. These witnesses wholeheartedly support Petitioner's efforts at reinstatement. Numerous character letters also support Petitioner's reinstatement to the bar.

Petitioner expressed sincere remorse for his misconduct and his firm belief that he will never engage in such conduct in the future. He has made changes in the way he does business in order to eliminate any possibility of unethical behavior. Petitioner plans to remain in the real estate business and use his law license as it relates to that field.

Petitioner presented conclusive evidence that he has rehabilitated himself and is fit to practice law. Petitioner met with clear and convincing evidence his burden of proving that he is morally qualified, competent and learned in the law. Furthermore, the Board finds that Petitioner's readmission will not be detrimental to the bar or the public. For these reasons the Board recommends that Petitioner be reinstated to the practice of law.

V. RECOMMENDATION

The Disciplinary Board of the Supreme Court of Pennsylvania unanimously recommends that Petitioner, P. Jules Patt, be reinstated to the practice of law.

The Board further recommends that, pursuant to Rule 218(e), Pa.R.D.E., Petitioner be directed to pay the necessary expenses incurred in the investigation and processing of the Petition for Reinstatement.

Respectfully submitted,

THE DISCIPLINARY BOARD OF THE
SUPREME COURT OF PENNSYLVANIA

By: _____
Marc S. Raspanti, Board Member

Date: February 2, 2005

Board Member Nordenberg did not participate in the November 17, 2004 adjudication.

PER CURIAM:

AND NOW, this 27th day of April, 2005, upon consideration of the Report and Recommendations of the Disciplinary Board dated February 2, 2005, the Petition for Reinstatement is GRANTED.

Pursuant to Rule 218(e), Pa.R.D.E., petitioner is directed to pay the expenses incurred by the Board in the investigation and processing of the Petition for Reinstatement.