

**ORDER OF THE SUPREME COURT OF TEXAS**

**Misc Docket No. 97- 9029**

Appointment of a District Judge to Preside  
in a State Bar Disciplinary Action

The Supreme Court of Texas hereby appoints the Honorable William W. Harris, Judge of the 233rd District Court of Tarrant County, Texas, to preside in the Disciplinary Action styled:

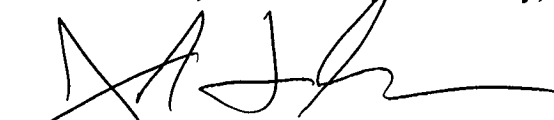
**The Commission for Lawyer Discipline v. George Connelly**

to be filed in a District Court of Harris County, Texas.

The Clerk of the Supreme Court shall promptly forward to the District Clerk of Harris County, Texas, a copy of this Order and of the Disciplinary Petition for filing and service pursuant to Rule 3.03, Texas Rules of Disciplinary Procedure.

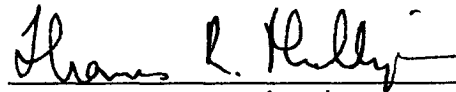
As ordered by the Supreme Court of Texas, in chambers,

with the Seal thereof affixed at the City  
of Austin, this 29th day of January, 1997.

  
JOHN T. ADAMS, CLERK  
SUPREME COURT OF TEXAS

This assignment, made by Misc. Docket No. 97-9029, is also an assignment by the Chief Justice of the Supreme Court pursuant to Texas Government Code §74.057.

Signed this 29 day of January, 1997.

A handwritten signature in cursive script, reading "Thomas R. Phillips", written over a horizontal line.

Thomas R. Phillips  
Chief Justice

NO. \_\_\_\_\_

THE STATE BAR OF TEXAS                   §           IN THE DISTRICT COURT OF  
  §  
VS   §           \_\_\_\_\_ COUNTY, TEXAS  
  §  
GEORGE WILLIAM CONNELLY               §           \_\_\_\_\_ JUDICIAL DISTRICT

DISCIPLINARY PETITION

TO THE HONORABLE JUDGE OF SAID COURT:

Petitioner, the COMMISSION FOR LAWYER DISCIPLINE, a committee of the State Bar of Texas, complains of the Respondent, GEORGE WILLIAM CONNELLY, as follows:

I.

Petitioner brings this disciplinary action pursuant to the State Bar Act, Tex. Gov't. Code Ann. §81.001 et seq. (Vernon 1988), and the State Bar Rules. The complaint that forms the basis of the Disciplinary Petition was filed after May 1, 1992.

II.

Respondent is an attorney licensed to practice law in Texas and is a member of the State Bar of Texas. Respondent is a resident of Harris County, Texas. An officer may serve citation on Respondent at his business address located at 1400 Citicorp Center, 1200 Smith Street, Houston, Harris County, Texas 77002.

III.

In or about 1992, Respondent, George William Connelly, was retained to represent Dr. Walter D. Gregory and Karen Gregory in a Chapter 11 bankruptcy in the United States Bankruptcy Court for Houston Division of the Southern District of Texas. The debtors, Dr. and Mrs. Gregory, filed a voluntary chapter 11 petition in the

bankruptcy court in Case No. 92-46330-H5-11 on or about July 24, 1992. By order dated February 9, 1994, the Court authorized the Gregorlys to sell their house, which they had claimed as their homestead. The sale of the property resulted in net proceeds of Forty-eight Thousand Seven Hundred Twenty-six Dollars and Nine Cents (\$48,726.09). Mr. and Mrs. Gregory deposited the money into a debtor-in-possession account.

The Gregorlys filed a Motion to voluntarily dismiss their case, which the Court granted on May 24, 1994. Despite the fact that the case was dismissed, the Court retained jurisdiction over certain matters, including the disbursement of the \$48,726.09. The Court retained this jurisdiction pursuant to the request of Mr. and Mrs. Gregory. Respondent and Ruth Selek represented Mr. and Mrs. Gregory at the hearing on the Motion to Dismiss. Ms. Selek informed the court that the funds were in a debtor-in-possession account. The Court directed the Respondent and Ms. Selek to segregate the funds in an account created by counsel for the Gregorlys with Respondent and/or Ms. Selek as sole signatory on the account. The Court instructed that neither Dr. nor Mrs. Gregory were to be signatories on that account. Ms. Selek suggested to the Court that its order of dismissal refer to the account as an attorney retainer/estate fund account. The order of dismissal provided that the Court, upon agreement of all parties, retained jurisdiction over various matters until their conclusion, including litigation against Champions Healthcare Corp. and HCA Health Services of Texas, Inc., and the disposition of the funds totalling

Forty Thousand Seven Hundred Twenty-six Dollars and Nine Cents (\$48,726.09) obtained from the sale of the Gregorys' homestead, and to be held in an attorney retainer/estate fund account.

Dr. Gregory failed to turn the funds over to Respondent during the summer of 1994, despite repeated requests from Respondent for Dr. Gregory to do so. Between May and September 1994, Dr. Gregory spent all but Five Thousand Six Hundred Seventy-six Dollars and Eighty-four Cents (\$5,676.84) of the funds that were ordered to be placed and safeguarded in the attorney retainer/estate fund. During this period of time, Respondent took over as lead counsel for the estate.

Dr. Gregory sent Respondent a check in the amount of Five Thousand Six Hundred Seventy-six Dollars and Eighty-four Cents (\$5,676.84) on or about October 11, 1994. This check represented the remainder of the estate funds. Respondent was, therefore, aware of Dr. Gregory's misappropriation of the estate funds in October 1994. Respondent appeared as counsel for Dr. Gregory in Bankruptcy Court on several adversarial proceedings against Champion Healthcare Corp. and HCA Health Services of Texas, Inc., but failed to inform the Court of the misappropriation of the funds by his client. Respondent did not inform the Bankruptcy Court of the misappropriation until one and one-half years later upon the filing for approval of the distribution of the funds. Respondent was present in the Bankruptcy Court on or about August 18, 1994, October 13, 1994, and November 10, 1994 and failed to inform the Court of his client's misappropriation of the funds the client had

been directed to keep in an attorney retainer/estate account.

Respondent, George William Connelly, admitted to the Bankruptcy Court that he began asking his client, Dr. Walter Gregory, for the funds for the attorney/estate account on or about June 2, 1994, and that his client replied that he would send Respondent the funds right away. Respondent then reminded his client about the funds on or about June 14, 1994 and during the course of the summer of 1994. Respondent learned the majority of the funds were missing in or about September 1994, and instructed his client to immediately send him the remaining funds and to restore the missing funds. The estate settled its adversarial proceedings against Champion Healthcare Corp. and HCA Health Services of Texas, Inc. on or about June 28, 1995. Respondent neither informed the Court that the funds were gone, nor sought to withdraw as counsel for Dr. Gregory.

#### IV.

By his conduct in failing to inform the Bankruptcy Court of the misappropriation of estate funds by his client, Walter Gregory, Respondent committed professional misconduct in violation of Rules 3.03(a)(2) [a lawyer shall not knowingly fail to disclose a fact to a tribunal when disclosure is necessary to avoid assisting a criminal or fraudulent act]; and 8.04(a)(3) [a lawyer shall not engage in conduct involving dishonesty, deceit, fraud, or misrepresentation] of the Texas Disciplinary Rules of Professional Conduct and of Part 1.06(Q) of the Texas Rules of Disciplinary Procedure.

V.

The complaint that forms the basis of this cause of action was brought to the attention of the Office of the General Counsel of the State Bar of Texas by a complaint initiated by the State Bar of Texas on or about on or about March 15, 1996.

**PRAYER**

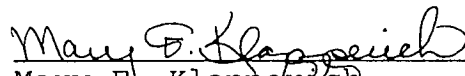
WHEREFORE, PREMISES CONSIDERED, Petitioner the COMMISSION FOR LAWYER DISCIPLINE respectfully prays that this Court discipline Respondent GEORGE WILLIAM CONNELLY by disbarment, suspension or reprimand as the facts shall warrant, and that the Petitioner have all other relief to which it may show itself to be justly entitled, including costs of court and attorney's fees.

Respectfully submitted,

Steven W. Young  
General Counsel

Mary F. Klapperich  
Assistant General Counsel

Office of the General Counsel  
STATE BAR OF TEXAS  
1111 Fannin, Suite 1370  
Houston, Texas 77002  
(713) 759-6931  
Fax No. (713) 752-2158

  
\_\_\_\_\_  
Mary F. Klapperich  
State Bar Card No. 11550700

# STATE BAR OF TEXAS



Office of the General Counsel

December 27, 1996

Mr. John T. Adams, Clerk  
Supreme Court of Texas  
P.O. Box 12248  
Austin, Texas 78711

**Re: Commission for Lawyer Discipline v. George Connelly**

Dear Mr. Adams:

Enclosed please find an original and two (2) copies of a Disciplinary Petition being filed by the Commission for Lawyer Discipline against George Connelly. Mr. Connelly is a resident of Harris County, Texas. Request is hereby made that the Court appoint an active District Judge who does not reside in the Administrative Judicial Region in which Respondent resides to preside in this case. Upon appointment, request is hereby made that you notify the Respondent at the address shown below and the undersigned of the identity and address of the judge assigned:

Mr. George Connelly  
1400 Citicorp Center  
1200 Smith Street  
Houston, Texas 77002

As a practical matter, I would respectfully suggest that you inquire with the judge to be appointed as to whether he or she will be able to comply with the 180 day deadline by which the case must be set for trial set forth in Section 3.07 of the Texas Rules of Disciplinary Procedure. If not, I would respectfully request that an alternate appointment be made.

Once a trial judge has been appointed, please forward the original and two (2) copies of the Disciplinary Petition, the filing fee check, also enclosed herewith, and the Court's appointing order to the District Clerk of Harris County, Texas, with the request that the suit be filed, citation be issued, and the citation, alone with a file-stamped copy of the petition, be returned to the undersigned.



Mr. John T. Adams, Clerk  
Supreme Court of Texas  
December 27, 1996  
Page 2

---

I have enclosed a pre-addressed envelope for your use in transmitting the above reference documents, to the District Clerk of Harris County, Texas, and a return envelope to be sent to the District Clerk of Harris County, Texas, for the Clerk's use in returning a file-stamped copy of the petition to the undersigned.

If you have any questions, please contact me. Thank you for your assistance.

Very truly yours,

*Mary F. Klapperich / gcp*

Mary F. Klapperich  
Assistant General Counsel

MFK/gcp  
enclosures



THE SUPREME COURT OF TEXAS

CHIEF JUSTICE  
THOMAS R. PHILLIPS

POST OFFICE BOX 12248      AUSTIN, TEXAS 78711

TEL: (512) 463-1312

FAX: (512) 463-1365

CLERK  
JOHN T. ADAMS

EXECUTIVE ASST  
WILLIAM L. WILLIS

ADMINISTRATIVE ASST  
NADINE SCHNEIDER

JUSTICES  
RAUL A. GONZALEZ  
NATHAN L. HECHT  
JOHN CORNYN  
CRAIG ENOCH  
ROSE SPECTOR  
PRISCILLA R. OWEN  
JAMES A. BAKER  
GREG ABBOTT

February 4, 1997

Ms. Mary F. Klapperich  
Assistant General Counsel, State Bar of Texas  
1111 Fannin, Suite 1370  
Houston, Texas 77002

Mr. George Connelly  
1400 Citicorp Center  
1200 Smith Street  
Houston, Texas 77002

Dear Ms. Klapperich and Mr. Connelly:

Pursuant to Rule 3.02 of the Texas Rules of Disciplinary Procedure, I hereby notify you that the Supreme Court of Texas has appointed the Honorable William W. Harris, Judge of the 233<sup>rd</sup> District Court of Fort Worth, Texas to preside in

Commission for Lawyer Discipline v. George Connelly

Sincerely,

SIGNED

John T. Adams  
Clerk



THE SUPREME COURT OF TEXAS

CHIEF JUSTICE  
THOMAS R. PHILLIPS

POST OFFICE BOX 12248 AUSTIN, TEXAS 78711

TEL: (512) 463-1312

FAX: (512) 463-1365

CLERK  
JOHN T. ADAMS

EXECUTIVE ASS'T  
WILLIAM L. WILLIS

ADMINISTRATIVE ASS'T  
NADINE SCHNEIDER

JUSTICES  
RAUL A. GONZALEZ  
NATHAN L. HECHT  
JOHN CORNYN  
CRAIG ENOCH  
ROSE SPECTOR  
PRISCILLA R. OWEN  
JAMES A. BAKER  
GREG ABBOTT

February 4, 1997

The Honorable Charles Bacarisse  
District Clerk of Harris County  
P.O. Box 4651  
Houston, Texas 77210

Dear Mr. Bacarisse:

Pursuant to Rule 3.03 of the Texas Rules of Disciplinary Procedure, I am sending for filing State Bar of Texas Disciplinary Action styled: The Commission for Lawyer Discipline v. George Connelly, and a copy of the Supreme Court's order appointing the Honorable William W. Harris, Judge of the 233<sup>rd</sup> District Court of Fort Worth, Texas, to preside in this Disciplinary Action.

Sincerely,

SIGNED

John T. Adams  
Clerk

cc: Hon. William W. Harris  
Mr. George Connelly  
Ms. Mary F. Klapperich



THE SUPREME COURT OF TEXAS

CHIEF JUSTICE  
THOMAS R. PHILLIPS

POST OFFICE BOX 12248      AUSTIN, TEXAS 78711

TEL: (512) 463-1312

FAX: (512) 463-1365

CLERK  
JOHN T. ADAMS

EXECUTIVE ASS'T  
WILLIAM L. WILLIS

ADMINISTRATIVE ASS'T  
NADINE SCHNEIDER

JUSTICES  
RAUL A. GONZALEZ  
NATHAN L. HECHT  
JOHN CORNYN  
CRAIG ENOCH  
ROSE SPECTOR  
PRISCILLA R. OWEN  
JAMES A. BAKER  
GREG ABBOTT

February 4, 1997

Honorable William W. Harris  
Judge, 233<sup>rd</sup> District Court  
Civil Courts Building  
100 North Houston Street  
Fort Worth, Texas 76196

Dear Judge Harris:

We enclose for your information a copy of the order of assignment, a copy of the Disciplinary Action, a copy of the notification letter to Ms. Klapperich and Mr. Connelly, and a copy of the letter to the District Clerk of Harris County.

It is recommended that, six to eight weeks after receipt of this letter, you contact the Harris County District Court Administrative Office (713-755-7593) to find out the district court to which this disciplinary case has been assigned. We then recommend that, either before or immediately after you set the case for trial, you again contact the Harris County District Court Administrative Office (713-755-6593) to reserve a courtroom, provide for a court reporter, etc. Finally, you should contact the Presiding Judge of the Administrative Judicial Region into which you have been assigned (713-471-3911) to obtain information on lodging, allowable expenses, and claims forms for your expenses incident to presiding over this disciplinary case.

Sincerely,

SIGNED

John T. Adams  
Clerk