



## **JURISDICTION**

4. This Court has jurisdiction over this motion pursuant to 28 U.S.C. §§ 157 and 1334, Fed. R. Bankr. P. 5005, and Local Rule 1070-1. This is a core proceeding. The petition commencing this Chapter 13 case was filed on September 11, 2002 (the “Petition Date”).

5. This motion arises under 11 U.S.C. § 1307. This motion is filed pursuant to Fed. R. Bankr. P. 9014 and Local Rule 9013-1.

## **THE PARTIES**

6. The Board is a body established by the Minnesota Supreme Court to oversee the Fund, which aids persons directly injured by the dishonest act of an attorney during an attorney-client relationship.

7. Stanley J. Leino (“Leino”) and Lynn H. Leino (together, the “Debtors”) are debtors in this Chapter 13 bankruptcy case. Leino is an attorney formerly licensed to practice law in the State of Minnesota.

## **LEINO’S PRE-PETITION CONDUCT AND THE BOARD’S CLAIM ARISING THEREFROM**

8. The Board possesses a claim against Leino arising from Leino’s conduct as an attorney. By order of the Minnesota Supreme Court dated April 28, 2000, Leino was suspended indefinitely from the practice of law, for a term of at least three years. *In re Disciplinary Action Against Leino*, 609 N.W.2d 616, 617 (Minn. 2000). The suspension was based upon a petition for discipline of the Office of Lawyers Professional Responsibility (“OLPR”) that alleged that Leino misappropriated client funds, fabricated and forged documents and made false statements under oath intended to conceal the misappropriation, submitted false police reports alleging that former clients, who had complained of his misconduct, burglarized his office and kidnapped him, and sent a threatening note to the district court judge presiding over his disciplinary hearing with

the intent of making it appear that his former clients had sent the note. *Id.* Leino admitted his conduct violated the Rules of Professional Conduct and stipulated to the discipline imposed. *Id.*

9. Following his suspension, however, Leino continued to practice law, made false statements to courts, clients and opposing counsel regarding the status of his license, adopted and used fictional identities to facilitate his ongoing practice, and made false statements in an affidavit and in an application for admission to the bar of another state. *In re Disciplinary Action Against Leino*, 638 N.W.2d 759 (Minn. 2002). As a result of this additional misconduct, Leino received an additional two-year suspension of his license to practice law, to run consecutively to his earlier suspension. *Id.* Leino may not petition for reinstatement prior to March 2, 2005. *Id.*

10. Several of Leino's clients were harmed by Leino's misconduct as an attorney and turned to the Fund and the Board for resolution of their claims. The Board reviewed the claims of Leino's former clients and paid out the claims as follows:

(a) *Joanne DeLong and Gloria Esaw Claims (\$3,614.55)*

In June 1998, Joanne DeLong ("DeLong") and Gloria Esaw ("Esaw") jointly retained Leino to represent them in an employment matter. On June 11, 1998, DeLong paid Leino \$2,000 and executed a retainer agreement and contingency agreement allowing the Leino 1/3 of any awards. Esaw also paid Leino a \$2,000, retainer with the same terms. On June 15, 1998, Leino deposited the \$4,000, into his personal account rather than his trust account. By June 22, 1998, Leino's personal account had fallen below \$4,000, and remained continuously below \$4,000, as late as December 31, 1998, at one point falling to a negative amount. Leino paid out \$385.45 in costs, but failed to refund the unearned funds in the amount of \$3,614.55. *Affidavit of Martin A. Cole ("Cole Aff.")*, filed concurrently herewith, at *Exhibits A-B*.

(b) *Richard Gates Claim (\$1,700)*

In March of 1999, Richard Gates (“Gates”) retained Leino to represent him in a child custody dispute. That matter was not completed when Leino was suspended in April of 2000. Leino informed Gates of his suspension, but falsely stated to Gates that he could continue to handle his case. Gates paid Leino \$1,700, which amount was not refunded after Leino was suspended. *Cole Aff. at Exhibit C.*

(c) *Debra J. Humphrey Claim (\$1,050)*

In June of 2000, Debra J. Humphrey (“Humphrey”) retained Leino to provide legal services. Leino did not inform Humphrey, opposing counsel, or the court of his suspension. Humphrey paid Leino \$1,050, for services through July of 2000. When Leino ceased to represent Humphrey her payment was not refunded. *Cole Aff. at Exhibit D.*

(d) *Cedrick Peters Claim (\$2,556.50)*

In March 2000, Cedrick Peters (“Peters”) retained Leino to represent him in a child custody matter and paid Leino \$2,556.50. Leino was under investigation at the time and stipulated to his suspension on April 11, 2000. Leino did not inform Peters or opposing counsel of his suspension in April of 2000. Instead, he continued to represent Peters until August of 2000, having filed court papers under a fictitious name. Peters was forced to retain new counsel and restart his legal proceedings. Leino failed to refund Peters’ money. *Cole Aff. at Exhibit E.*

(e) *Chad Swanson Claim (\$1,000)*

On September 12, 2000, Leino accepted \$1,000, from Chad Swanson (“Swanson”) as an advance fee in a child custody matter. Leino did not inform Swanson of his suspension. Although Leino was not licensed, he prepared and served motion papers on Swanson’s behalf and scheduled a hearing. Immediately prior to the hearing date, Leino told Swanson that the

hearing had been canceled and never communicated with Swanson again. Swanson retained another lawyer and paid an additional fee of at least \$1,000. Leino did not return the fee he originally obtained from Swanson. *Cole Aff.* at *Exhibit F*.

11. By compensating Leino's former clients for their losses, set forth above, and pursuant to Subrogation Agreements signed by each claimant, the Board obtained subrogated claims against Leino in the principal amount of \$9,921.06. In addition, as of the Petition Date, interest in the amount of \$570.69, had accrued. Thus, the Board's total pre-petition claim was \$10,491.75. *Cole Aff.* at ¶ 5.

### **THE DEBTORS' CHAPTER 13 PLAN**

12. The Debtors submitted a plan at the time they filed their petition, however, the Board objected to the plan on the ground that it was not proposed in good faith pursuant to 11 U.S.C. § 1325(a)(3). The Debtors responded to the Board's objection by amending the plan. The Debtors included in the amended plan a provision under which the Board's claim was classified as a nonpriority, unsecured claim pursuant to 11 U.S.C. § 1322(b)(5), in the amount of \$10,492, and agreed to pay directly to the Board the amount of \$70 per month. *See Preconfirmation Modified Chapter 13 Plan* dated February 3, 2003, at ¶ 8 (Docket No. 14). Correspondence from the Debtors' attorney confirmed this separate treatment of the Board's claim and Leino's understanding that claims provided for under § 1322(b)(5) are nondischargeable pursuant to 11 U.S.C. § 1328(a). *Affidavit of Jessica A. Palmer-Denig ("Palmer-Denig Aff.")*, filed concurrently herewith, at ¶ 3 and *Exhibit A*. On the basis of this new treatment, the Board withdrew its objection and the Debtors' amended plan was confirmed by this Court on March 6, 2003. *See Confirmation Order* dated March 6, 2003, (Docket No. 17).

## THE DEBTORS' POST-CONFIRMATION CONDUCT

13. The Debtors have failed to comply with the terms of their confirmed Chapter 13 plan. As set forth in the paragraph above, the plan obligates the Debtors to make a payment every month in the amount of \$70, directly to the Board. To date, the Board has received only two payments from the Debtors. *Palmer-Denig Aff.* at ¶ 4 and *Exhibit B*.

14. The Board has engaged in extensive efforts to obtain compliance with the plan. Having received no payments from the Debtors since the plan's inception, the Board contacted Leino by letter dated January 12, 2004, to remind him of his obligation under the Plan, and to note that the arrearage stood at \$770. *Id.* at ¶ 5 and *Exhibit C*. Leino responded by a letter dated January 27, 2004, which he sent by facsimile dated July 28, 2004, with a hard copy to follow, which stated that he had enclosed a check in the amount of \$70. *Id.* at ¶ 5 and *Exhibit D*. Neither the letter nor the check arrived, however. *Id.* at ¶ 5 and *Exhibit E*.

15. The Board sent a follow up letter dated February 10, 2004, in which it notified Leino that his correspondence had not been received. *Id.* at ¶ 5 and *Exhibit E*. Following this letter, Leino's correspondence and a check dated January 28, 2004, for \$70, arrived via an envelope postmarked February 13, 2004. *Id.* at ¶ 4 and *Exhibit B*, ¶ 5 and *Exhibit F*.

16. Following this exchange, the Debtors again failed to make the payments required by the plan. The Board sent a letter to Leino dated April 8, 2004, in which it requested payment of the monthly amount, noted the arrearage then stood at \$840, and indicated that if the failure to make timely payments continued the Board would move to dismiss the Debtors' bankruptcy case. *Id.* at ¶ 5 and *Exhibit G*. The Board received no response to this letter, and sent a follow-up letter on June 7, 2004. *Id.* at ¶ 5 and *Exhibit H*.

17. By letter dated July 7, 2004, which was sent by facsimile on July 10, 2004, with a hard copy to follow, Leino acknowledged receipt of the Board's letters of April 8, 2004, and June 7, 2004. *Id.* at ¶ 5 and *Exhibit I*. Leino stated that the reason for the delay in making payments pursuant to the plan was the elimination of his position on April 22, 2004. He indicated that he had regained employment on June 7, 2004. His letter purported to enclose a check in the amount of \$70. Again, however, neither the letter nor the check was received by the Board. *Id.* at ¶ 5 and *Exhibit J*.

18. On July 15, 2004, the Board sent another letter to Leino. *Id.* The Board noted that Leino had now twice sent correspondence by facsimile representing payment to be on its way, when in fact no payment had been sent. Further, the Board rejected Leino's explanation that a fairly recent period of unemployment lasting approximately six-weeks caused his inability to make payments, when such failure to make payments had been ongoing for more than a year. The Board specifically stated to Leino that his failure to make timely payments represented a material default with respect to a confirmed plan, constituting "cause" to convert or dismiss his bankruptcy case pursuant to 11 U.S.C. § 1307, and noted that it would move to convert or dismiss unless he contacted the Board regarding payment of the arrearage under the plan. On July 19, 2004, the Board received Leino's correspondence dated July 7, 2004, via an envelope postmarked July 16, 2004. *Id.* at ¶ 5 and *Exhibit K*. Enclosed was a check for \$70, dated July 12, 2004. *Id.* at ¶ 4 and *Exhibit B*, ¶ 5 and *Exhibit K*.

19. By letter dated July 21, 2004, the Board informed Leino that his much delayed payment did not constitute a cure of his material default. *Id.* at ¶ 5 and *Exhibit L*. The Board requested that Leino contact it to arrange for payment of his arrearage in the amount of \$1,050. To date, the Board has received no response from the Debtors. *Id.* at ¶ 6.

## **RELIEF SOUGHT BY THIS MOTION**

20. Pursuant to 11 U.S.C. § 1307(c)(6), on request of a party in interest, a case under Chapter 13 may be dismissed or converted “for cause,” including -- “material default by the debtor with respect to a term of a confirmed plan.”

21. The Board is a party in interest in this case due to its position as a creditor of Leino.

22. The Debtors’ ongoing failure to make monthly payments to the Board pursuant to their plan and from the very inception of the plan, resulting in a current arrearage of \$1,120, constitutes a material default with respect to a term of a confirmed plan, and therefore, “cause” to convert or dismiss.

23. The Debtors have been offered numerous opportunities to cure this default. Rather than make good faith efforts to cure, Leino has continued to evade his obligations by his failure to make timely payment and by sending misleading correspondence.

24. The Board requests that this Court dismiss the Debtors’ bankruptcy case, so that the Board may exercise judicial and administrative remedies available to it under State law to collect the debt owed to it by Leino.

25. While a determination of whether to dismiss the Debtors’ case or to convert it to a case under Chapter 7 is within the discretion of this Court, the Board requests dismissal. Leino’s conduct in this case represents a continuation of a pattern of dishonesty which began prior to the Petition Date and gave rise to the Board’s claim. Allowing Leino to obtain a discharge of his debts would frustrate the Bankruptcy Code’s policy of affording a fresh start to “honest” debtors.

26. This motion is supported by (1) the Board’s Memorandum in Support of Motion to Dismiss Chapter 13 Case Pursuant to 11 U.S.C. § 1307, which is incorporated herein by

reference; (2) Affidavits of Martin A. Cole and Jessica A. Palmer-Denig, and exhibits thereto; (3) such other matters which may be presented at the hearing on the motion or prior to the Court's decision; and (4) such other matters of which the Court may take notice.

27. If testimony is necessary to any facts relevant to this motion, the Board reserves the right to have its representatives testify as to the matters presented herein.

WHEREFORE, the Board prays that this Court enter an order (1) dismissing the Debtors' Chapter 13 bankruptcy case; and (2) granting such other and further relief as the Court deems just under the circumstances.

Dated: September 2, 2004

Respectfully submitted,

MIKE HATCH  
Attorney General  
State of Minnesota

/e/ Jessica A. Palmer-Denig  
JESSICA A. PALMER-DENIG  
Assistant Attorney General  
Atty. Reg. No. 0298281

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ATTORNEYS FOR MINNESOTA CLIENT  
SECURITY BOARD

AG: #1259922-v1

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MINNESOTA

In re:	)	Case No. 02-82932-NCD
	)	
STANLEY J. LEINO and	)	Chapter 13
LYNN H. LEINO,	)	
	)	
Debtors.	)	<b>MEMORANDUM OF LAW</b>
	)	<b>IN SUPPORT OF MOTION TO</b>
	)	<b>DISMISS CHAPTER 13 CASE</b>
	)	<b>PURSUANT TO 11 U.S.C. § 1307</b>
_____	)	

**INTRODUCTION**

The Minnesota Client Security Board (the “Board”), on behalf of the Minnesota Client Security Fund (the “Fund”), submits this Memorandum of Law in support of its Motion to Dismiss (the “Motion”) the Chapter 13 bankruptcy case of Stanley J. Leino (“Leino”) and Lynn H. Leino (together, the “Debtors”) filed on September 11, 2002 (the “Petition Date”). The Board requests that this Court dismiss the Debtors’ bankruptcy case “for cause” due to the Debtors’ material default with respect to a confirmed plan pursuant to 11 U.S.C. § 1307(c)(6).

**FACTS**

The Board is a body established by the Minnesota Supreme Court to oversee the Fund, which aids persons directly injured by the dishonest act of an attorney during an attorney-client relationship. The Board’s claim against the Debtors arose from Leino’s misconduct as an attorney, the details of which are set forth with particularity in the Motion and in two disciplinary opinions of the Minnesota Supreme Court. *See Motion* at ¶¶ 8-10; *In re Disciplinary Action Against Leino*, 609 N.W.2d 616 (Minn. 2000); *In re Disciplinary Action Against Leino*, 638 M.W.2d 759 (Minn. 2002). Several of Leino’s former clients who were harmed by Leino’s dishonest activities filed claims for compensation from the Fund. The Board reviewed the claims of Leino’s former clients and paid out a number of the claims, becoming subrogated to the claimants’ rights to recover from

Leino pursuant to Subrogation Agreements. *Affidavit of Martin A. Cole* (“*Cole Aff.*”) at ¶¶ 2-3. In total, the Board paid \$9,921.06, in claims prior to the Petition Date. In addition, as of the Petition Date, interest in the amount of \$570.69, had accrued. Thus, the Board’s total pre-petition claim was \$10,491.75. *Cole Aff.* at ¶ 5.

The Debtors’ confirmed Chapter 13 plan, which was proposed in response to an objection by the Board, classified the Board’s claim as a nonpriority, unsecured claim pursuant to 11 U.S.C. § 1322(b)(5), in the amount of \$10,492, and the Debtors agreed to pay directly to the Board the amount of \$70 per month. *See Preconfirmation Modified Chapter 13 Plan* dated February 3, 2003, at ¶ 8 (Docket No. 14). Correspondence from the Debtors’ attorney confirmed this separate treatment of the Board’s claim and Leino’s understanding that claims provided for under § 1322(b)(5) are nondischargeable pursuant to 11 U.S.C. § 1328(a). *Affidavit of Jessica A. Palmer-Denig* (“*Palmer-Denig Aff.*”) at ¶ 3 and *Exhibit A*.

Throughout the post-confirmation period, however, the Debtors have failed to comply with the terms of the confirmed Chapter 13 plan. To date, the Board has received only two payments pursuant to the plan. *Palmer-Denig Aff.* at ¶ 4 and *Exhibit B*. Both payments were received only after extensive efforts to collect by the Board. *See Motion* at ¶¶ 14-19. The Board has offered the Debtors numerous opportunities to cure this default. Rather than doing so, Leino has engaged in subterfuge by sending misleading correspondence representing payment to be on its way, when in fact no payment has been sent. *Palmer-Denig Aff.* at ¶ 5 and *Exhibits D, E, I, J*. Leino’s arrearage under his plan now stands at \$1,120, and the Debtors have not responded to the most recent entreaties from the Board that they cure the default.

#### LEGAL ANALYSIS

Pursuant to 11 U.S.C. § 1307(c)(6), on request of a party in interest, and after notice and a hearing, a case under Chapter 13 may be dismissed or converted, whichever is in the best interests

of the creditors and estate, “for cause,” including -- a debtor’s “material default by the debtor with respect to a term of a confirmed plan.” Once “cause” has been established, the decision whether dismissal or conversion is more appropriate is left to the discretion of the bankruptcy court.<sup>1</sup> *In re Vincente*, 260 B.R. 354, 361 (Bankr. E.D. Pa. 2001). The failure of a debtor to make payments pursuant to a plan, however, justifies dismissal of such debtor’s bankruptcy case. *In re White*, 126 B.R. 542, 546 (Bankr. N.D. Ill. 1991).

The Board is a party in interest in this case due to its status as a creditor of Leino, and pursuant to the plan under which the Debtors agreed to make payments directly to the Board. It cannot be disputed that the Debtors have defaulted with respect to the term of the plan regarding the payments due to the Board, given that the Board has received only two payments during the last approximately 18 months, despite extensive efforts by the Board to gain compliance. The only remaining issue for this Court is the determination whether the Debtors’ default is “material.”

In deciding whether a default is material, bankruptcy courts have looked to the facts underlying the default to determine whether it resulted from intentional acts of the debtor or was caused by factors beyond the debtor’s control. *In re Faaland*, 37 B.R. 407, 409 (Bankr. D. N.D. 1984). If the default results from circumstances beyond the control of the debtor and has been remedied, a court may find that the default is not material. *White*, 126 B.R. at 546. When a debtor has intentionally or negligently failed to comply with the terms of a confirmed plan, however, the court is justified in declaring the default material and ordering dismissal or conversion of the case. *In re Jarvis*, 24 B.R. 46, 47 (Bankr. D. Vt. 1982).

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<sup>1</sup> A motion to dismiss or convert a bankruptcy case begins a contested matter and may be decided on the basis of affidavits submitted by the parties. *Blaise v. Wolinsky (In re Blaise)*, 219 B.R. 946, 949 (B.A.P. 2d Cir. 1998). In determining whether to dismiss or convert, a bankruptcy court need not provide an exhaustive discussion of its reasoning. *In re Vincente*, 260 B.R. 354, 361 (Bankr. E.D. Pa. 2001).

Courts analyzing § 1307(c)(6) have considered a debtor's efforts to cure a default relevant to determining whether such default is material, noting that the mutuality of interests between claimants and debtors in Chapter 13 cases most often prompts common efforts to cure defaults rather than insistence on conversion or dismissal. *Faaland*, 37 B.R. at 409. For instance, in *Jarvis*, the court concluded that the debtors' default was the result of one of the debtors having been laid off from work three times post-confirmation, and noted that the debtors had sent several checks for installments due in an effort to begin effecting a cure. 24 B.R. at 47. Under those circumstances, the debtors were exercising their "best efforts to comply" with the terms of their confirmed plan, and the default was held not material. *Id.* Similarly, in *Faaland*, the debtors missed two payments due to unseasonable summer weather which affected their income. 37 B.R. at 409. The debtors had already made approximately one-half of the payments due under their plan, an amount totaling almost \$40,000, and represented that with minor modifications allowed under their plan, the plan could be completed in full. *Id.* The court determined that the debtors in that case were using their best efforts to consummate the plan and should be allowed to continue to do so. *Id.*

Conversely, where a debtor's efforts to consummate a cure are unsuccessful and when a plan cannot be modified to make it feasible for completion, dismissal or conversion is appropriate. *White*, 126 B.R. at 546. In *White*, the court dismissed the debtors' bankruptcy case because they failed to make plan payments sufficient to allow distributions of a certain percentage to creditors in accordance with their plan and had exceeded the five-year limitation imposed by 11 U.S.C. § 1322(c), making modification impossible. *Id.* at 547. *See also In re Hubbard*, 259 B.R. 186 (Bankr. N.D. Ala. 2000) (dismissal ordered when debtor failed to cure plan payment default despite repeated opportunities and warnings from court); *In re Cummins*, 266 B.R. 852 (Bankr. N.D. Iowa 2001) (dismissal warranted when debtors failed to make payments pursuant to plan and modification of plan was impractical).

The Debtors' default in this case is material and, therefore, cause exists to convert or dismiss pursuant to 11 U.S.C. § 1307. The Debtors have made only two payments pursuant to the plan. The current arrearage stands at \$1,120. The plan payout was proposed to extend over a period not to exceed 56 months, and the total amount to be paid to the Board under the plan was \$3,920. Thus, the arrearage constitutes more than one-fourth of the total promised payment to the Board. Modification of the Debtors' plan to remedy so large a deficiency is unlikely. Further, the Debtors have failed to make any attempt to cure this default, despite repeated requests by the Board. Rather than negotiate with the Board in good faith regarding the default, Leino has engaged in disingenuous ploys in an attempt to evade the promises he made to the Board in the plan. Leino has twice represented to the Board that payment is on its way, when in fact no payment has been sent. In addition, Leino has attempted to explain his failure to make payments by claiming that he recently suffered a period of unemployment. A relatively recent and brief period of alleged unemployment does not justify the failure to comply with this plan since its inception. Leino's conduct cannot be other than intentional and represents a continuation of the pattern of dishonesty evidenced during his tenure as an attorney, which conduct led to his suspension from the practice of law and gave rise to the very claim the Board now asserts.

Finally, dismissal, rather than conversion is warranted in this case. Allowing Leino to use the Bankruptcy Code as a shield and eventually obtain a discharge while continuing this conduct would frustrate the underlying policy of bankruptcy law to offer the "honest" debtor a fresh start. "[B]ankruptcy law is not only an ameliorative right of the debtor; it is also a remedy of the creditor." *Boston Univ. v. Mehta (In re Mehta)*, 310 F.3d 308, 311 (3d Cir. 2002). As a creditor, the Board is entitled to rely on the Debtors' responsibility to make payments pursuant to their plan. *In re Davis*, 64 B.R. 358, 360 (Bankr. S.D. N.Y. 1986). The Debtors' near total failure to comply with the plan and Leino's subterfuge in response to the Board's attempts to obtain compliance make

dismissal, rather than conversion, the appropriate remedy in this case. The Board, having been held at bay for nearly two years, requests that this Court dismiss the Debtors' bankruptcy case so that the Board may exercise judicial and administrative remedies available to it under State law to collect the debt owed by Leino.

### CONCLUSION

The Board requests that this Court dismiss the Debtors' bankruptcy case pursuant to 11 U.S.C. § 1307(c)(6) due to the Debtors' ongoing and material default with respect to a term of their confirmed plan. Rather than work in good faith with the Board to cure the default, Leino has engaged in evasive and disingenuous attempts to avoid fulfilling the promises in the plan. Leino's conduct merits a departure from the Bankruptcy Code's policy of affording debtors a fresh start, and justifies dismissal, rather than conversion, of the Debtors' bankruptcy case.

Dated: September 2, 2004

Respectfully submitted,

MIKE HATCH  
Attorney General  
State of Minnesota

/e/ Jessica A. Palmer-Denig  
JESSICA A. PALMER-DENIG  
Assistant Attorney General  
Atty. Reg. No. 0298281

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ATTORNEYS FOR MINNESOTA CLIENT  
SECURITY BOARD

UNITED STATES BANKRUPTCY COURT

DISTRICT OF MINNESOTA

In re: ) Case No. 02-82932-NCD  
)  
)  
STANLEY J. LEINO and ) Chapter 13  
LYNN H. LEINO, )  
)  
) **AFFIDAVIT OF MARTIN A. COLE**  
Debtors. )  
\_\_\_\_\_ )

STATE OF MINNESOTA )  
) ss.  
COUNTY OF RAMSEY )

MARTIN A. COLE, deposes and states as follows:

1. I am the Assistant Director of the Minnesota Client Security Board (the "Board"). The matters set forth herein are a matter of my personal knowledge and if called I could testify competently thereto.

2. Attached hereto as *Exhibits A-F* respectively, are true and correct copies of the claims and Subrogation Agreements of the following former clients of Stanley J. Leino ("Leino"): Joanne DeLong, Gloria J. Esaw, Richard D. Gates, Debra J. Humphrey, Cedrick Peters, and Chad Swanson. *Exhibits A-F* are business records collected and retained in the Board's ordinary course of business.

3. The Board approved and paid claims against Leino in the following amounts:

Joanne DeLong	\$1,807.28	<i>Exhibit A</i>
Gloria J. Esaw	\$1,807.28	<i>Exhibit B</i>
Richard D. Gates	\$1,700.00	<i>Exhibit C</i>
Debra J. Humphrey	\$1,050.00	<i>Exhibit D</i>
Cedrick Peters	\$2,556.50	<i>Exhibit E</i>
Chad Swanson	<u>\$1,000.00</u>	<i>Exhibit F</i>
<b>Total</b>	<b>\$9,921.06</b>	

4. On September 11, 2002 (the "Petition Date"), Leino filed a petition commencing a Chapter 13 bankruptcy case. No payments were received on account of Leino's obligation to the Board prior to the Petition Date.

5. As of the Petition Date, the principal amount due from Leino was \$9,921.06, plus accrued interest pursuant to Minn. Stat. § 334.01, subd. 1, in the amount of \$570.69, for a total amount due of Ten Thousand Four Hundred Ninety-One and 75/100 Dollars (\$10,491.75).

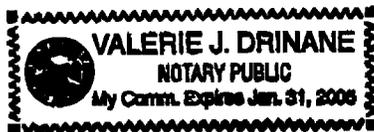
FURTHER AFFIANT SAYETH NOT.

Martin A Cole  
MARTIN A. COLE

Subscribed and sworn to before me  
this 22<sup>nd</sup> day of September, 2004.

Valerie J Drinane  
NOTARY PUBLIC

AG: #1278675-v1



MINNESOTA CLIENT SECURITY BOARD  
CLAIM FORM

Staff Office  
25 Constitution Avenue, Suite 105  
St. Paul, MN 55155-1500  
(651) 296-3952  
Toll-free 1-800-657-3601  
Fax (651) 297-5801  
TTY Toll-free 1-800-627-3529

RECEIVED  
FEB 01 2000  
LAWYERS PAUL RESE OFFICE

I hereby apply to the Minnesota Client Security Board for payment of a loss I claim I suffered because of my lawyer's dishonesty. I understand that payment by the Board is discretionary and not a matter of right.

1. My name, address and telephone number are as follows:

Name: Joanne DeLong

Address: 5255 West 82nd Street, Apt. 123

City, State, Zip: Bloomington, MN 55437

Phone: (612) 897-1836

2. The name, address and telephone number of the lawyer whose dishonest act caused me the loss are:

Name: Stanley J. Leino

Address: 908 Commercial Drive (Last Known Work Address)

City, State, Zip: Buffalo, MN 55313

Phone: (612) 682-4550 (Last Known Work Telephone)

3. When the loss occurred:

- a. When did you hire the lawyer to represent you?

June 11, 1998

EXHIBIT A

b. When did the loss occur?

Approximately December 1998 - January 1999

c. When did your attorney-client relationship with the lawyer end?

Mr. Leino was notified on December 30, 1998, that I no longer required his services. I had retained another attorney to proceed with my case.

4. How the loss occurred:

a. Describe in detail what the lawyer did that was dishonest and how this caused your loss (if space is insufficient, you may attach more papers):

When Mr. Leino was notified that he was being replaced, he was asked for the remaining money in the trust account. It was then revealed to my attorney and myself that no money was remaining. An investigation by the Lawyers Board of Professional Responsibility into this matter showed that, unknown to me, Mr. Leino never put my money into a trust account and that he had spent the money on other things.

b. When did you learn of the attorney's dishonest act?

I first became aware of the situation on January 12, 1999, via a letter from Mr. Leino to my attorney stating that there was no money left.

5. The amount of loss:
- a. How much money or property did the attorney's dishonest act cause you to lose?

\$1757.43

- b. How did you calculate the amount of this loss?

I originally gave Mr. Leino \$2000 to cover expenses. The expenses of the case, when Mr. Leino was the representing attorney, amounted to \$485.14 for which I was responsible for half or \$242.57. The unspent monies, therefore, should have been \$1757.43. I am attaching statements from Mr. Leino showing expenses but I do have to qualify this evidence with the fact that three of these four statements (statements dated Oct. 1998, Nov. 1998, Dec. 1998) were not provided to me until Mr. Leino was attempting to justify using the funds.

- c. When and how did your money come into the lawyer's possession?

I paid Mr. Leino \$2000 on June 11, 1998, when I signed a Retainer Agreement, a Contingency Agreement, and an Agreement for Legal Representation. The Retainer Agreement, in conjunction with the Contingency Agreement, forbids the use of those funds for Mr. Leino's time spent on the case.

6. Attach copies of all relevant documents, including correspondence, bank statements, receipts, copies of canceled checks and names and addresses of witnesses (if any).

7. Actions you have taken to recover your loss:

a. Have you sued the lawyer?

No

b. Have you made any other claim against the lawyer or the lawyer's assets (such as insurance claims, arbitration claims, etc.)?

No

c. Have you contacted the appropriate criminal authorities about possible prosecution?

I made a complaint to the Lawyers Board of Professional Responsibility which investigated this matter and made formal charges against Mr. Leino for misappropriation of funds and forging documents. Mr. Leino eventually pled guilty to both of those charges.

If the answer to any of these is yes, please attach copies of your claim or pleadings. If the answer is no, please explain why you have not taken such action.

8. Has your loss caused you any special hardship? If so, please describe.

Because I could not get the rest of my trust money from Mr. Leino, and I had two days of deposition transcript to purchase, I had to make a cash advance on my credit card to get the money. This incurred quite a bit of interest and reduced the amount of credit left with which to cover the remaining costs of the case.

SUBROGATION AGREEMENT

If the Client Security Board pays me any amount for my loss, I agree that the Board shall be subrogated, in the amount of the payment to me, to all my rights against the lawyer named in this claim. I authorize the Board to take any action on the subrogated claim. I understand that I shall be notified if the Board takes action. I also recognize that I may join in the action to press a claim for my loss in excess of the amount paid to me by the fund, but the fund shall have first priority to any recovery in the suit.

I swear that the above information is accurate and complete.

Joanne DeLong

SIGNED AND SWORN to before  
me on Jan 28, 192000

by Joanne DeLong.

Kristine M. Layton  
Notary Public



RECEIVED

SEP 22 2000

LAWYERS PROF. RESP. OFFICE

MINNESOTA CLIENT SECURITY BOARD  
CLAIM FORM

RECEIVED

AUG 28 2000

LAWYERS PROF. RESP. OFFICE

Staff Office  
25 Constitution Avenue, Suite 105  
St. Paul, MN 55155-1500  
(651) 296-3952  
Toll-free 1-800-657-3601  
Fax (651) 297-5801  
TTY Toll-free 1-800-627-3529

I hereby apply to the Minnesota Client Security Board for payment of a loss I claim I suffered because of my lawyer's dishonesty. I understand that payment by the Board is discretionary and not a matter of right.

1. My name, address and telephone number are as follows:

Name: GLORIA J. FEJAW

Address: 2622-94th Way

City, State, Zip: BROOKLYN PARK, MN 55444

Phone: 763-425-0838 (H) - 651-604-3960 (WK)

2. The name, address and telephone number of the lawyer whose dishonest act caused me the loss are:

Name: STANLEY J. LEJOO

Address: 319- OStORNE RD

City, State, Zip: SPRING LAKE PARK, MN 55432

Phone: \_\_\_\_\_

3. When the loss occurred: 1-99

a. When did you hire the lawyer to represent you?

6-18-98

b. When did the loss occur? 1-99

c. When did your attorney-client relationship with the lawyer end?  
12-98

4. How the loss occurred:

a. Describe in detail what the lawyer did that was dishonest and how this caused your loss (if space is insufficient, you may attach more papers):

MISAPPROPRIATED FUNDS - FILED AFFIDAVIT  
AGAINST ME - FOR DEFENSE - FAISIFIED  
DOCUMENTS WITH E SIGNATURE

b. When did you learn of the attorney's dishonest act?

1-99- When atty refused to  
Release money from trust fund

5. The amount of loss:
- a. How much money or property did the attorney's dishonest act cause you to lose?

\$15,000 to 20,000

- b. How did you calculate the amount of this loss?

Disparity in final settlement  
of case between me &  
co-plaintiff.

- c. When and how did your money come into the lawyer's possession?

Hired him to represent me  
in lawsuit - 6-18-98

6. Attach copies of all relevant documents, including correspondence, bank statements, receipts, copies of canceled checks and names and addresses of witnesses (if any).

Copy John A. Murwin / Grace DeLong  
co-plaintiff

7. Actions you have taken to recover your loss:

a. Have you sued the lawyer?

No

b. Have you made any other claim against the lawyer or the lawyer's assets (such as insurance claims, arbitration claims, etc.)?

NO

c. Have you contacted the appropriate criminal authorities about possible prosecution?

NO - ONLY LAWYERS BOARD

If the answer to any of these is yes, please attach copies of your claim or pleadings. If the answer is no, please explain why you have not taken such action.

8. Has your loss caused you any special hardship? If so, please describe.

yes - had to pay additional  
money to new attorney -  
PAY \$1000 - to psychologist  
Loss time from work

SUBROGATION AGREEMENT

If the Client Security Board pays me any amount for my loss, I agree that the Board shall be subrogated, in the amount of the payment to me, to all my rights against the lawyer named in this claim, the lawyer's assets, the lawyer's estate, the lawyer's law firm or partner(s) or any other person(s) or entity(ies) against which subrogation rights may be enforced. I authorize the Board to take any action on the subrogated claim. I understand that I shall be notified if the Board takes action. I agree to cooperate with reasonable requests from the Board for assistance in pursuing any action on the subrogated claim including requests for information and/or documents and/or to testify. I also recognize that I may join in the action to press a claim for my loss in excess of the amount paid to me by the fund, but the fund shall have first priority to any recovery in the suit.

I swear that the above information is accurate and complete.

Bloma J. Esau  
Bloma J. Esau

SIGNED AND SWORN to before  
me on 18, Sept, 2000

by \_\_\_\_\_  
Pamela Grey  
Notary Public



MINNESOTA CLIENT SECURITY BOARD  
CLAIM FORM

Staff Office  
25 Constitution Avenue, Suite 105  
St. Paul, MN 55155-1500  
(651) 296-3952  
Toll-free 1-800-657-3601  
Fax (651) 297-5801  
TTY Toll-free 1-800-627-3529

I hereby apply to the Minnesota Client Security Board for payment of a loss I claim I suffered because of my lawyer's dishonesty. I understand that payment by the Board is discretionary and not a matter of right.

1. My name, address and telephone number are as follows:

Name: Richard Douglas GATES  
Address: 7932 Orchard Ave N  
City, State, Zip: Brooklyn Park, MN 55443  
Phone: 763-561-8451

2. The name, address and telephone number of the lawyer whose dishonest act caused me the loss are:

Name: STANLEY J. LEINO  
Address: 7116 FRANCE AVE. N  
City, State, Zip: Brooklyn Center, MN 55429  
Phone: 763-566-5231

Home  
ADDRESS

3. When the loss occurred:

a. When did you hire the lawyer to represent you?

MAY 18, 1999

EXHIBIT C

b. When did the loss occur?

AFTER MARCH 2, 2000 (DATE OF SUSPENSION)

c. When did your attorney-client relationship with the lawyer end?

July 11, 2003

4. How the loss occurred:

a. Describe in detail what the lawyer did that was dishonest and how this caused your loss (if space is insufficient, you may attach more papers):

I WAS informed by Mr. Leino in April of 2000, that he was suspended from practicing law in some ways, but that he could still represent me in my child custody case. I questioned Mr. Leino many times on why + if he was still an attorney. He reassured me many times that he could still represent me + that he was joining in with a Mr. Gunn, who would help if a judge would question his status as an attorney. Then in June of 2000, my parents who were also using him, were told by Mr. Burns (Office of Lawyer's Professional Responsibility) that he was no longer an attorney as of MARCH 2, 2000. ... see attached sheet.

b. When did you learn of the attorney's dishonest act?

April 2000

Continued...

After learning that Mr. Leino was no longer an attorney, I contacted another attorney to learn that many things that Mr. Leino or Mr. Gunn had signed since MARCH 2000, would probably not hold up in court. Also, then finding out that Mr. Leino had falsely billed me for things that were never done, (include phone calls to & from a hospital about some bills)

In conclusion my losses stem from Mr. Leino not doing work that he billed for and for falsely representing me as an attorney & with a false identity of Mr. Gunn.

5. The amount of loss:

a. How much money or property did the attorney's dishonest act cause you to lose?

~~\$ 2,100.00~~

\$ 2,450.00

b. How did you calculate the amount of this loss?

All PAYMENTS TO MR. LEINO  
After MARCH 2, 2000.

c. When and how did your money come into the lawyer's possession?

PAID BY CHECK

3-3-00	\$ 200.00	# 2059
3-11-00	\$ 250.00	# 2061
5-16-00	\$ 200.00	# 2079
6-26-00	\$ 250.00	# 2100
7-11-00	\$ 1200.00	# 2108

NOT ON ANY  
STATEMENTS

# 2070 3-30-00  
\$ 300.00

→ #2079 \$ 250.00

6. Attach copies of all relevant documents, including correspondence, bank statements, receipts, copies of canceled checks and names and addresses of witnesses (if any).  
See Attached

7. Actions you have taken to recover your loss:

a. Have you sued the lawyer?

NO

b. Have you made any other claim against the lawyer or the lawyer's assets (such as insurance claims, arbitration claims, etc.)?

NO

c. Have you contacted the appropriate criminal authorities about possible prosecution?

NO

If the answer to any of these is yes, please attach copies of your claim or pleadings. If the answer is no, please explain why you have not taken such action.

I knew that he was in a DISBARMENT Hearing, and not until Dec. 2000 did I find out he did not due things he billed me for.

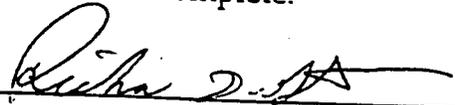
8. Has your loss caused you any special hardship? If so, please describe.

I have had to pay much more money to my new attorney to redre work he supposedly did.

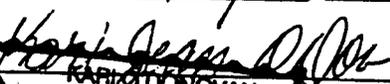
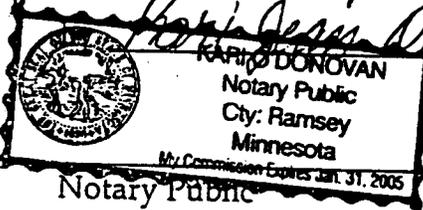
SUBROGATION AGREEMENT

If the Client Security Board pays me any amount for my loss, I agree that the Board shall be subrogated, in the amount of the payment to me, to all my rights against the lawyer named in this claim, the lawyer's assets, the lawyer's estate, the lawyer's law firm or partner(s) or any other person(s) or entity(ies) against which subrogation rights may be enforced. I authorize the Board to take any action on the subrogated claim. I understand that I shall be notified if the Board takes action. I agree to cooperate with reasonable requests from the Board for assistance in pursuing any action on the subrogated claim including requests for information and/or documents and/or to testify. I also recognize that I may join in the action to press a claim for my loss in excess of the amount paid to me by the fund, but the fund shall have first priority to any recovery in the suit.

I swear that the above information is accurate and complete.

  
\_\_\_\_\_

SIGNED AND SWORN to before  
me on FEBRUARY 13, 2001

  
  
Notary Public

MINNESOTA CLIENT SECURITY BOARD  
CLAIM FORM

Staff Office  
25 Constitution Avenue, Suite 105  
St. Paul, MN 55155-1500  
(651) 296-3952  
Toll-free 1-800-657-3601  
Fax (651) 297-5801  
TTY Toll-free 1-800-627-3529

RECEIVED

DEC 01 2006

LAWYERS PROF. REG. OFFICE

I hereby apply to the Minnesota Client Security Board for payment of a loss I claim I suffered because of my lawyer's dishonesty. I understand that payment by the Board is discretionary and not a matter of right.

1. My name, address and telephone number are as follows:

Name: Debra Jean Humphrey  
Address: 3214 Garfield St NE  
City, State, Zip: Mpls MN 55418  
Phone: (612) 788-1583

2. The name, address and telephone number of the lawyer whose dishonest act caused me the loss are:

Name: Stanley J. Leino  
Address: PO Box 212  
City, State, Zip: Scandia MN 55073  
Phone: (612) 717-9132

3. When the loss occurred:

a. When did you hire the lawyer to represent you?

First Consult

my father hired 5-24-00

I signed the Retainer Agreement 6-23-00  
not knowing it was under  
false pretenses

EXHIBIT D

b. When did the loss occur?

when I seen Mr Leino's picture  
and article in the paper on:  
August 25, 00

c. When did your attorney-client relationship with the lawyer end?

August 25, 2000  
sent letter asking for refund and  
my file on September 25, 2000

4. How the loss occurred:

a. Describe in detail what the lawyer did that was dishonest and how this  
caused your loss (if space is insufficient, you may attach more papers):

Mr. Leino represented me in  
Court (Henn Co.) stating he was  
a Clark James to the judge  
and my childrens fathers atty.  
I fully believed in him and  
he led me to believe that  
everything we were doing was  
right & just. I was ill & in and  
out of the hospital and this all  
added to my health deterioration in  
which I am still battling with.

b. When did you learn of the attorney's dishonest act?

I learned of his dishonesty  
when I seen him in the  
mpes paper around 8-26-00.

5. The amount of loss:

a. How much money or property did the attorney's dishonest act cause you to lose?

Appx \$ 1200 monies + medical bills due to the added stress.

Total appx \$ 1900.

b. How did you calculate the amount of this loss?

Cash & Checks paid to him. And Medical copays and Prescription costs.

c. When and how did your money come into the lawyer's possession?

Hand delivered checks + cash.

6. Attach copies of all relevant documents, including correspondence, bank statements, receipts, copies of canceled checks and names and addresses of witnesses (if any).

See following sheets

7. Actions you have taken to recover your loss:

a. Have you sued the lawyer?

No, but have cooperate w/  
Office of Lawyers of Prof. Responsibility

b. Have you made any other claim against the lawyer or the lawyer's assets (such as insurance claims, arbitration claims, etc.)?

No.

c. Have you contacted the appropriate criminal authorities about possible prosecution?

Just as stated in 7a.

If the answer to any of these is yes, please attach copies of your claim or pleadings. If the answer is no, please explain why you have not taken such action.

See following papers.

8. Has your loss caused you any special hardship? If so, please describe.

Yes! I was in the middle in a custody/child support + division of property case plus a Domestic abuse. When Mr. Leino was hired I was in the hospital and through all of this it was a big<sup>4-</sup> setback to my health, added deterioration. The fees I've

paid to him. made all my  
payments late house, utilities, etc.  
I had to ask for forbearance on  
my student loan. I am still  
out of work due to my health.  
Also on 8-21-00 my home  
was burglarized and my vehicle  
was stolen. I am unsure if  
Mr. Jimo had anything to do  
with this but he did call  
me alot on the phone. (at  
least 3-4 times weekly.)

I have also had to appear in  
court on 10-10-00 with no  
atty. Due to not being able to  
afford one.

SUBROGATION AGREEMENT

If the Client Security Board pays me any amount for my loss, I agree that the Board shall be subrogated, in the amount of the payment to me, to all my rights against the lawyer named in this claim, the lawyer's assets, the lawyer's estate, the lawyer's law firm or partner(s) or any other person(s) or entity(ies) against which subrogation rights may be enforced. I authorize the Board to take any action on the subrogated claim. I understand that I shall be notified if the Board takes action. I agree to cooperate with reasonable requests from the Board for assistance in pursuing any action on the subrogated claim including requests for information and/or documents and/or to testify. I also recognize that I may join in the action to press a claim for my loss in excess of the amount paid to me by the fund, but the fund shall have first priority to any recovery in the suit.

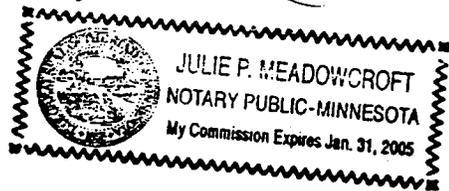
I swear that the above information is accurate and complete.

*Debra Jean Humphrey*

SIGNED AND SWORN to before  
me on NOV 30, 2000.

by Debra Jean Humphrey

*Julie P. Meadowcroft*  
Notary Public



MINNESOTA CLIENT SECURITY BOARD  
CLAIM FORM

Staff Office  
25 Constitution Avenue, Suite 105  
St. Paul, MN 55155-1500  
(651) 296-3952  
Toll-free 1-800-657-3601  
Fax (651) 297-5801  
TTY Toll-free 1-800-627-3529

RECEIVED  
NOV 14 2000  
MINNESOTA CLIENT SECURITY BOARD

I hereby apply to the Minnesota Client Security Board for payment of a loss I claim I suffered because of my lawyer's dishonesty. I understand that payment by the Board is discretionary and not a matter of right.

1. My name, address and telephone number are as follows:

Name: Codrick Peters  
Address: 14319 Valley View Rd Apt B  
City, State, Zip: Eden Prairie MN 55344  
Phone: 952-934-5281

2. The name, address and telephone number of the lawyer whose dishonest act caused me the loss are:

Name: Stanley J Lemo  
Address: 319 Osborne Road  
City, State, Zip: Spring Lake Park MN 55432-2607  
Phone: 763-717-9132

3. When the loss occurred:

a. When did you hire the lawyer to represent you?

March 30 or 31 2000

b. When did the loss occur? from March 30 or 31 2000 through Oct 2000

c. When did your attorney-client relationship with the lawyer end?  
October 23, 2000

4. How the loss occurred:

a. Describe in detail what the lawyer did that was dishonest and how this caused your loss (if space is insufficient, you may attach more papers):

I retained Stan in March of 2000 for a child custody hearing. He has presented himself as a licensed attorney at law for the state of Minnesota until my last court date on October 23, 2000. When questions arose regarding his license to practice law in Minnesota in August or September, he adamantly denied the accusations being made towards him. He presented these charges as a detour of the opposing lawyer and their clients to prolong the court proceedings.

b. When did you learn of the attorney's dishonest act?

I heard of the possibility of his revocation in August or September 2000

I verified this fact on October 23, 2000

5. The amount of loss:

a. How much money or property did the attorney's dishonest act cause you to lose?

\$1,000.00 Retainer fee

plus

\$750.00 payment

\$250.00 payment

\$550.00 payment

} known in billing statements attached

b. How did you calculate the amount of this loss?

Through billing statements

Through money order receipts

c. When and how did your money come into the lawyer's possession?

I would receive bills through the mail. I would either mail in money orders or pay him cash in person.

6. Attach copies of all relevant documents, including correspondence, bank statements, receipts, copies of canceled checks and names and addresses of witnesses (if any).

Aiisa Carlson  
14319 Valley View Rd Apt B  
Eden Prairie MN 55344

7. Actions you have taken to recover your loss:
- a. Have you sued the lawyer? **NO**
  - b. Have you made any other claim against the lawyer or the lawyer's assets (such as insurance claims, arbitration claims, etc.)? **NO**
  - c. Have you contacted the appropriate criminal authorities about possible prosecution? **no**

If the answer to any of these is yes, please attach copies of your claim or pleadings. If the answer is no, please explain why you have not taken such action.

8. Has your loss caused you any special hardship? If so, please describe.

Dealing with Stankeino has caused my family and myself both mental and financial strain and hardship. We feel cheated out of a possible positive custody hearing that has turned both emotional and tragic due to the fact that more has been lost than what was given to me as a right of a biological father before this court case began. I now have to travel to another city to see my daughter and pay to have someone supervise what I have been doing with her since she was 14. I feel misrepresented and that this whole situation has a negative representation of my whole character as a father who is trying to do the right thing for my child.

In order to pay Law's Fees, Visitation Fees, and Child Support  
for this same child (which arose during these proceedings)

SUBROGATION AGREEMENT

If the Client Security Board pays me any amount for my loss, I agree that the Board shall be subrogated, in the amount of the payment to me, to all my rights against the lawyer named in this claim, the lawyer's assets, the lawyer's estate, the lawyer's law firm or partner(s) or any other person(s) or entity(ies) against which subrogation rights may be enforced. I authorize the Board to take any action on the subrogated claim. I understand that I shall be notified if the Board takes action. I agree to cooperate with reasonable requests from the Board for assistance in pursuing any action on the subrogated claim including requests for information and/or documents and/or to testify. I also recognize that I may join in the action to press a claim for my loss in excess of the amount paid to me by the fund, but the fund shall have first priority to any recovery in the suit.

I swear that the above information is accurate and complete.

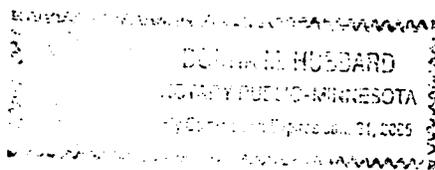
*Erudick D. Peters*

SIGNED AND SWORN to before  
me on 11/14/, 2000

by Donna M. Heuband

*Donna M. Heuband*

Notary Public



MINNESOTA CLIENT SECURITY BOARD  
CLAIM FORM

Staff Office  
25 Constitution Avenue, Suite 105  
St. Paul, MN 55155-1500  
(651) 296-3952  
Toll-free 1-800-657-3601  
Fax (651) 297-5801  
TTY Toll-free 1-800-627-3529

RECEIVED  
JUL 27 2001  
MINNESOTA CLIENT SECURITY BOARD

I hereby apply to the Minnesota Client Security Board for payment of a loss I claim I suffered because of my lawyer's dishonesty. I understand that payment by the Board is discretionary and not a matter of right.

1. My name, address and telephone number are as follows:

Name: Chad Swanson  
Address: 8771 Hastings Cir Ne.  
City, State, Zip: Blaine MN. 55449  
Phone: (763) 784-2194

2. The name, address and telephone number of the lawyer whose dishonest act caused me the loss are:

Name: Stanley Reino  
Address: 7115 France  
City, State, Zip: Brooklyn Center MN. 55449  
Phone: ?

3. When the loss occurred:

- a. When did you hire the lawyer to represent you?

Sept 5, 2000

b. When did the loss occur?

I paid him \$1000<sup>00</sup> Cash

≈ Sept 12, 2000

c. When did your attorney-client relationship with the lawyer end?

4 months after initial contact

≈ Dec 2000

4. How the loss occurred:

a. Describe in detail what the lawyer did that was dishonest and how this

caused your loss (if space is insufficient, you may attach more papers):

He was practicing without a license. His license was suspended, unknown to me, before he took me on as a client. I paid him \$1000<sup>00</sup> Cash to proceed with gaining full custody of my son. He took the money and several papers to my son's mother. He then told me we had a court date. When the date arrived he told us the court date was cancelled and we never heard from him again.

b. When did you learn of the attorney's dishonest act?

When we found out our court date was false we looked into trying to contact him. He did not return any of our calls. I called the Better Business Bureau and found out about his revoked license - a license that was suspended prior to our case.

5. The amount of loss: \$1,000.<sup>00</sup>

a. How much money or property did the attorney's dishonest act cause you to lose?

\$1000<sup>00</sup> Cash

b. How did you calculate the amount of this loss?

This is what I pre-paid him for his fee & Court Costs.

c. When and how did your money come into the lawyer's possession?

I gave him \$1000<sup>00</sup> Cash as a Retaining fee. (Sept 2000)

6. Attach copies of all relevant documents, including correspondence, bank statements, receipts, copies of canceled checks and names and addresses of witnesses (if any).

Witness - Debra Nelson  
7945 Terrace Rd  
Spring Lake Park, MN 55

763-777-6921

7. Actions you have taken to recover your loss:

a. Have you sued the lawyer?

*No*

b. Have you made any other claim against the lawyer or the lawyer's assets (such as insurance claims, arbitration claims, etc.)?

*No*

c. Have you contacted the appropriate criminal authorities about possible prosecution?

*No*

If the answer to any of these is yes, please attach copies of your claim or pleadings. If the answer is no, please explain why you have not taken such action.

8. Has your loss caused you any special hardship? If so, please describe.

*We had to pay another \$1000<sup>00</sup> + more for a new lawyer to finish the job of gaining custody of my son. We are on a tight budget - the extra loss of income - was a hardship.*

SUBROGATION AGREEMENT

If the Client Security Board pays me any amount for my loss, I agree that the Board shall be subrogated, in the amount of the payment to me, to all my rights against the lawyer named in this claim, the lawyer's assets, the lawyer's estate, the lawyer's law firm or partner(s) or any other person(s) or entity(ies) against which subrogation rights may be enforced. I authorize the Board to take any action on the subrogated claim. I understand that I shall be notified if the Board takes action. I agree to cooperate with reasonable requests from the Board for assistance in pursuing any action on the subrogated claim including requests for information and/or documents and/or to testify. I also recognize that I may join in the action to press a claim for my loss in excess of the amount paid to me by the fund, but the fund shall have first priority to any recovery in the suit.

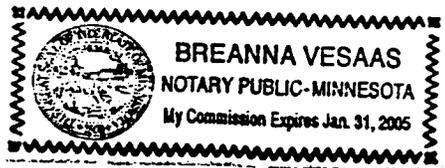
I swear that the above information is accurate and complete.

X *Chad S...*

SIGNED AND SWORN to before  
me on April 20, 2001.

by Breanna Vesaas

*Breanna Vesaas*  
Notary Public



UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MINNESOTA

In re: )  
 )  
STANLEY J. LEINO and )  
LYNN H. LEINO, )  
 )  
 )  
Debtors. )  
 )  
 )  
 )  
 )  
 )

Case No. 02-82932-NCD  
Chapter 13  
**AFFIDAVIT OF  
JESSICA A. PALMER-DENIG**

---

STATE OF MINNESOTA )  
 )ss.  
COUNTY OF RAMSEY )

JESSICA A. PALMER-DENIG, being first duly sworn, deposes and states as follows:

1. I am employed as an Assistant Attorney General by the Minnesota Attorney General's Office, and have been so employed since November 2003. I have personal knowledge of the facts set forth herein and if called I could testify competently thereto.

2. In connection with my duties, I represent the Minnesota Client Security Board (the "Board"), a body established by the Minnesota Supreme Court to administer the Minnesota Client Security Fund (the "Fund"). I am the Assistant Attorney General assigned to the Board's claim in the Chapter 13 bankruptcy case of debtors Stanley J. Leino ("Leino") and Lynn H. Leino (together, the "Debtors") filed on September 11, 2002.

3. Attached hereto as *Exhibit A* is a true and correct copy of correspondence from the Debtors' bankruptcy counsel to counsel for the Board dated February 4, 2003, regarding the Debtors' modified plan and noting that the Debtors had agreed to pay \$70 per month to the Board pursuant to 11 U.S.C. § 1322(b)(5), and that the obligation to the Board was nondischargeable pursuant to 11 U.S.C. § 1328(a).

4. The Board has received two payments from the Debtors pursuant to their confirmed Chapter 13 plan. Attached hereto as *Exhibit B* are true and correct copies of the two checks received. The first payment was made by check no. 5022, dated January 28, 2004, which was received via an envelope postmarked February 13, 2004. *See also Exhibit F* hereto. The second payment was made by check no. 5069, dated July 7, 2004, which was received on July 19, 2004, via an envelope postmarked July 16, 2004. *See also Exhibit K* hereto.

5. Attached hereto as *Exhibits C-L* respectively are true and correct copies of correspondence between the counsel to the Board and Leino regarding the Debtors' failure to make payments pursuant to the plan and their failure to contact the Board to make efforts to cure the default. *Exhibits C-L* are business records maintained in the ordinary course of business by the Office of the Attorney General.

*Exhibit C:* Correspondence from counsel to the Board to Leino dated January 12, 2004, requesting payment pursuant to the plan and noting the arrearage was then \$770.

*Exhibit D:* Facsimile from Leino dated January 28, 2004, containing a letter from Leino dated January 27, 2004, with a hard copy to follow, purporting to enclose a check for \$70.

*Exhibit E:* Correspondence from counsel to the Board to Leino dated February 10, 2004, noting that neither Leino's letter nor a payment had arrived.

*Exhibit F:* Leino's letter dated January 27, 2004, with copy of envelope bearing February 13, 2004, postmark, with which check no. 5022 was enclosed.

*Exhibit G:* Correspondence from counsel to the Board to Leino dated April 8, 2004, requesting payment pursuant to the plan and noting the arrearage was then \$840.

*Exhibit H:* Correspondence from counsel to the Board to Leino dated June 7, 2004, noting no response was received to letter dated April 8, 2004, and stating the Board's intent to file a motion to dismiss due to default.

- Exhibit I:* Facsimile from Leino dated July 10, 2004, containing a letter from Leino dated July 7, 2004, with a hard copy to follow, purporting to enclose a check for \$70, and stating that default was due to unemployment from April 22, 2004 until June 7, 2004.
- Exhibit J:* Correspondence from counsel to the Board to Leino dated July 15, 2004, stating that neither the letter dated July 7, 2004, nor the check had arrived, noting that the arrearage then stood at \$1,050, and requesting that Leino contact the Board to make arrangements to cure default or the Board would file a motion to dismiss the Debtors' bankruptcy case.
- Exhibit K:* Leino's letter dated July 7, 2004 with copy of envelope bearing July 16, 2004, postmark, which was received on July 19, 2004, and with which check no. 5069 was enclosed.
- Exhibit L:* Correspondence from counsel to the Board to Leino dated July 21, 2004, noting that the Debtors had not cured default, that default was material, and requesting that the Debtors make contact regarding a cure of the default.

6. The Board has received no response from the Debtors following Leino's letter received on July 19, 2004 (*see Exhibit K*) and the Debtors have not cured the default.

7. The Debtors' arrearage under the plan is currently \$1,120.

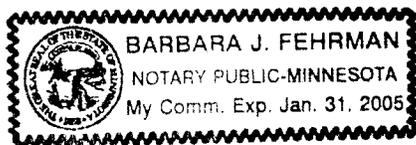
FURTHER AFFIANT SAYETH NOT.

*Jessica A. Palmer-Denig*  
 JESSICA A. PALMER-DENIG

Subscribed and sworn to before me on  
 this 2nd day of September, 2004.

*Barbara J. Fehrman*  
 NOTARY PUBLIC

AG: #1260028-v1



IAN TRAQUAIR BALL

ATTORNEY AT LAW

12 SOUTH SIXTH STREET, SUITE 326  
MINNEAPOLIS, MINNESOTA 55402

612/338-1313

February 4, 2003

BY FAX

David E. Flowers  
Asst. Attorney General  
445 Minnesota Street, Suite 1100  
St. Paul, Minnesota 55101

Re: Stanley J. Leino  
BKY 02-82932

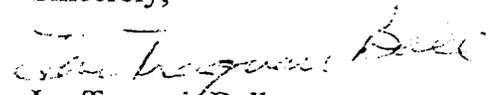
Dear Mr. Flowers:

I met with Stanley Leino this morning to review his employment status and his Chapter 13 proceeding. He is currently a manager of a Nutrition City store in Maplewood, for approximately 32 hours a week. His monthly net income is \$877, which represents an increase of about \$77 over his income at the time of his filing.

I have revised the Leinos Chapter 13 plan to provide for a monthly payment of \$400 to the Chapter 13 trustee, as originally proposed. Paragraph 8 of the plan has been revised to provide for payment of the Minnesota Client Security Board directly at the rate of \$70 per month, pursuant to 11 U.S.C. §1322(b)(5). As we discussed earlier, debts provided for under this section are not discharged in a Chapter 13 case pursuant to 11 U.S.C. §1328(a). Mr. Leino is in agreement with this treatment of the Client Security Board debt.

I am enclosing a copy of the revised Chapter 13 plan. Mr. Leino will return a copy signed by himself and his wife to my office tomorrow and I will then file it with the bankruptcy court; the confirmation hearing will be scheduled for March 6, 2003. In the meantime, if you have any questions about the revisions, please contact me.

Sincerely,

  
Ian Traquair Ball

**EXHIBIT A**

STANLEY J. LEINO  
7118 FRANCE AVE. N  
BROOKLYN CENTER, MN 55429

75-1041<sup>19</sup>  
960  
15506274  
DATE 7/28/04

5022

PAY TO THE ORDER OF Minnesota Client Security Board \$ 70.<sup>XX</sup>  
Seventy and XX/100 DOLLARS

 BREMER BANK, NATIONAL ASSOCIATION  
5540 BROOKLYN BOULEVARD • (763) 566-1000  
BROOKLYN CENTER, MN 55429  
24-HOUR BANKING 1-800-908-BANK  
www.bremer.com

MEMO 02-82932 Stan J. Leino

⑆096010415⑆ 15506274 05022

STANLEY J. LEINO  
7118 FRANCE AVE. N  
BROOKLYN CENTER, MN 55429

75-1041<sup>19</sup>  
960  
15506274  
DATE 7/12/04

5069

PAY TO THE ORDER OF Minnesota Client Security Bd. \$ 70.00  
Seventy and XX/100 DOLLARS

 BREMER BANK, NATIONAL ASSOCIATION  
5540 BROOKLYN BOULEVARD • (763) 566-1000  
BROOKLYN CENTER, MN 55429  
24-HOUR BANKING 1-800-908-BANK  
www.bremer.com

MEMO Repayments Stan J. Leino

⑆096010415⑆ 15506274 05069

EXHIBIT B



# STATE OF MINNESOTA

OFFICE OF THE ATTORNEY GENERAL

MIKE HATCH  
ATTORNEY GENERAL

January 12, 2004

SUITE 1100  
445 MINNESOTA STREET  
ST. PAUL, MN 55101-2128  
TELEPHONE: (651) 282-5700

Stanley J. Leino  
7118 France Avenue North  
Brooklyn Center, MN 55429-1446

**Re: Minnesota Client Security Fund Claims  
Chapter 13 Bankruptcy Case No. 02-82932**

Dear Mr. Leino:

As you know, the Attorney General's office represents the Minnesota Client Security Board ("Board") with respect to the payments made from the Minnesota Client Security Fund on claims filed against you ("Fund Claims"). Please be advised that this matter has been recently assigned to me. The total amount of Fund Claims is \$9,921.06 plus accrued interest.

I understand that you filed a Chapter 13 bankruptcy petition on September 11, 2002. Your Chapter 13 Plan ("Plan"), which was confirmed on March 6, 2003, provides for monthly payments in the amount of \$70 to the Board. These payments are outside of your Plan and should be made directly to the Board. Further, your debt to the Board is nondischargeable pursuant to your Plan. The Board has not received any payments from you. Therefore, you are in arrears in the amount of \$770. Please mail payment to the Board at the following address:

Laura F. Kelly  
Office of the Attorney General  
445 Minnesota Street, Suite 1100  
St. Paul, MN 55101-2128.

Please note that your debt to the Board for Fund Claims is separate from your debt to the Minnesota Lawyer's Professional Responsibility Board for costs associated with the disciplinary action against you.

**EXHIBIT C**

Facsimile: (651) 282-5832 • TTY: (651) 296-1410 • Toll Free Lines: (800) 657-3787 (Voice), (800) 366-4812 (TTY) • [www.ag.state.mn.us](http://www.ag.state.mn.us)

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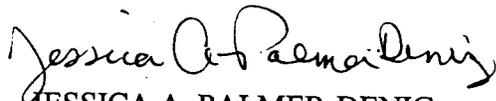
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Stanley J. Leino  
January 12, 2004  
Page 2

Please contact me or my legal assistant, Laura F. Kelly, at (651) 296-7216 if you have any questions.

Sincerely,

  
JESSICA A. PALMER-DENIG  
Assistant Attorney General

(651) 282-5736

cc: Ian Traquair Ball  
Jasmine Z. Keller, Chapter 13 Trustee  
Martin A. Cole  
Timothy M. Burke

AG: #971740-v1

**Stan Leino**

(763) 560-2531

## FAX COVER SHEET

Date of this transmission: 1/28/04  
Number of pages (including this cover sheet): 2

To: Ms. Laura F. Kelly

From: Stan Leino

The material following this cover sheet is intended for the eyes of the recipient above indicated. If the reader of this message is not the intended recipient or an agent responsible for delivery to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this fax transmission in error, please immediately notify us by telephone at the above number. If you experience any problems in receiving this transmission, please call us at the above number.

Hard Copies to Follow: Yes  No

EXHIBIT D

**STAN LEINO**

7118 France Avenue North  
Brooklyn Center, Minnesota 55429-1446

Telephone: (763) 560-2531

e-mail: [flyfinn7@aol.com](mailto:flyfinn7@aol.com)

Tuesday, January 27, 2004

ATTN: Ms. Laura F. Kelly  
Office of the Attorney General  
Suite 1100  
445 Minnesota Street  
Saint Paul, Minnesota 55101-2128

**Via Facsimile and U.S. Mail**

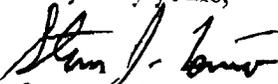
RE: Minnesota Client Security Fund Claims

Dear Ms. Kelly,

I am in receipt of the correspondence of January 12, 2004 from Ms. Jessica A. Palmer-Denig in which she directed me to direct all of my correspondence in this matter to you. I understand that I have a separate obligation to the Minnesota Lawyer's Professional Responsibility Board. Please find enclosed herein a check in the amount of \$70.00 toward repayment of my obligation.

If I can be of any further assistance, please feel free to contact me!

Very truly yours,

  
Stan J. Leino

Enclosure

Cc: Mister Timothy M. Burke, Esq. (w/o enc.)



# STATE OF MINNESOTA

OFFICE OF THE ATTORNEY GENERAL

MIKE HATCH  
ATTORNEY GENERAL

February 10, 2004

SUITE 1100  
445 MINNESOTA STREET  
ST. PAUL, MN 55101-2128  
TELEPHONE: (651) 282-5700

Stanley J. Leino  
7118 France Avenue North  
Brooklyn Center, MN 55429-1446

**Re: Minnesota Client Security Fund Claims  
Chapter 13 Bankruptcy Case No. 02-82932**

Dear Mr. Leino:

This Office is in receipt of your fax to Laura Kelly dated January 28, 2004, which encloses your letter to Ms. Kelly dated January 27, 2004. Your letter indicates that you mailed a check in the amount of \$70 to Ms. Kelly's attention on January 27, 2004. Please be informed that this Office did not receive the original letter or a check from you. Pursuant to your Chapter 13 Plan which was confirmed on March 6, 2003, you remain in arrears in the amount of \$770 with regard to your payments to the Client Security Board.

Please mail payment to the Client Security Board at the following address:

Laura F. Kelly  
Office of the Attorney General  
445 Minnesota Street, Suite 1100  
St. Paul, MN 55101-2128.

You may direct any other correspondence to my attention at the above address.

Sincerely,

JESSICA A. PALMER-DENIG  
Assistant Attorney General

(651) 282-5736

cc: Ian Traquair Ball  
Jasmine Z. Keller  
Martin A. Cole

AG: #987509-v1

**EXHIBIT E**

Facsimile: (651) 282-5832 • TTY: (651) 296-1410 • Toll Free Lines: (800) 657-3787 (Voice), (800) 366-4812 (TTY) • [www.ag.state.mn.us](http://www.ag.state.mn.us)

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**STAN LEINO**

7118 France Avenue North  
Brooklyn Center, Minnesota 55429-1446

Telephone: (763) 560-2531

e-mail: [flyfinn7@aol.com](mailto:flyfinn7@aol.com)

Tuesday, January 27, 2004

ATTN: Ms. Laura F. Kelly  
Office of the Attorney General  
Suite 1100  
445 Minnesota Street  
Saint Paul, Minnesota 55101-2128

**Via Facsimile and U.S. Mail**

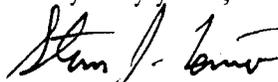
RE: Minnesota Client Security Fund Claims

Dear Ms. Kelly,

I am in receipt of the correspondence of January 12, 2004 from Ms. Jessica A. Palmer-Denig in which she directed me to direct all of my correspondence in this matter to you. I understand that I have a separate obligation to the Minnesota Lawyer's Professional Responsibility Board. Please find enclosed herein a check in the amount of \$70.00 toward repayment of my obligation.

If I can be of any further assistance, please feel free to contact me!

Very truly yours,

  
Stan J. Leino

Enclosure

Cc: Mister Timothy M. Burke, Esq. (w/o enc.)

**EXHIBIT F**

STAN J LEINO  
7118 FRANCE AVENUE NORTH  
BROOKLYN CENTER MN 55429-1446



ATTN: MS. LAURA F. KELLY  
OFFICE OF THE ATTORNEY GENERAL  
SUITE 1100  
445 MINNESOTA STREET  
SAINT PAUL MN 55101-2128

55101+2130



# STATE OF MINNESOTA

OFFICE OF THE ATTORNEY GENERAL

MIKE HATCH  
ATTORNEY GENERAL

April 8, 2004

SUITE 1100  
445 MINNESOTA STREET  
ST. PAUL, MN 55101-2128  
TELEPHONE: (651) 282-5700

Stanley J. Leino  
7118 France Avenue North  
Brooklyn Center, MN 55429-1446

**Re: Minnesota Client Security Fund Claims  
Chapter 13 Bankruptcy Case No. 02-82932**

Dear Mr. Leino:

Your Chapter 13 Plan ("Plan"), which was confirmed on March 6, 2003, requires you to make monthly payments of \$70 to the Client Security Board, in addition to payments made to the Chapter 13 Trustee pursuant to your Plan. This Office received one payment of \$70, on February 17, 2004. No other payments have been received and, as a result, you are currently in arrears in the amount of \$840.

Your Plan was confirmed with the understanding that you would make all required payments, doing so in a timely manner and without the need for reminders from this Office. We ask that you make all required monthly payments from this point forward, which payments are due by the first business day of each month. If you continue to refuse to make timely payments, this Office is prepared to file a motion to dismiss your bankruptcy case due to your failure to comply with the terms of your Plan.

Please mail payments to the Client Security Board at the following address:

Laura F. Kelly  
Office of the Attorney General  
445 Minnesota Street, Suite 1100  
St. Paul, MN 55101-2128.

You may direct any other correspondence to my attention at the above address.

Sincerely,

JESSICA A. PALMER-DENIG  
Assistant Attorney General  
(651) 282-5736

cc: Ian Traquair Ball  
Jasmine Z. Keller  
Martin A. Cole

**EXHIBIT G**



# STATE OF MINNESOTA

OFFICE OF THE ATTORNEY GENERAL

MIKE HATCH  
ATTORNEY GENERAL

June 7, 2004

SUITE 1100  
445 MINNESOTA STREET  
ST. PAUL, MN 55101-2128  
TELEPHONE: (651) 282-5700

Stanley J. Leino  
7118 France Avenue North  
Brooklyn Center, MN 55429-1446

**Re: Minnesota Client Security Fund Claims  
Chapter 13 Bankruptcy Case No. 02-82932**

Dear Mr. Leino:

To date, I have not received a response to my April 8, 2004, letter to you. I have attached another copy of that letter for your reference. Please be advised that this Office intends to file a motion to dismiss your Chapter 13 bankruptcy if you do not immediately make the required payments pursuant to your Plan, and continue making monthly payments in a timely manner.

Please mail payments to the Client Security Board at the following address:

Laura F. Kelly  
Office of the Attorney General  
445 Minnesota Street, Suite 1100  
St. Paul, MN 55101-2128.

You may direct any other correspondence to my attention at the above address.

Sincerely,

  
JESSICA A. PALMER-DENIG  
Assistant Attorney General

(651) 282-5736

**Attachment**

cc: Ian Traquair Ball  
Jasmine Z. Keller  
Martin A. Cole

AG: #1238263-v1

**EXHIBIT H**

Stan Leino

(763) 560-2531

**FAX COVER SHEET**

Date of this transmission: 7-10-04

Number of pages (including this cover sheet): 2

To: Ms. Jessica Palmer-Dennis

From: Stan J. Leino

The material following this cover sheet is intended for the eyes of the recipient above indicated. If the reader of this message is not the intended recipient or an agent responsible for delivery to the intended recipient, you are hereby notified that any distribution or copying of this communication is strictly prohibited. If you have received this fax transmission in error, please immediately notify us by telephone at the above number. If you experience any problems in receiving this transmission, please call us at the above number.

Hard Copies to Follow: Yes  No

**STAN J. LEINO**

7118 France Avenue North  
Brooklyn Center, Minnesota 55429-1446

Telephone: (763) 560-2581

e-mail: [flyfinn7@msn.com](mailto:flyfinn7@msn.com)

Wednesday, July 7, 2004

ATTN: Ms. Jessica A. Palmer-Denig  
Assistant Attorney General  
Office of the Minnesota Attorney General  
Suite 1100  
445 Minnesota Street  
Saint Paul, Minnesota 55101-2128

**Via Facsimile and U.S. Mail**

RE: Minnesota Client Security Fund Claims

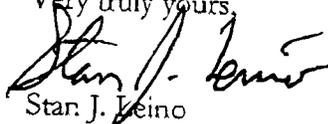
Dear Ms. Palmer-Denig,

I am in receipt of both of your letters of April 8, 2004 and June 7, 2004. The reason for delay in my making payments to your office is that my position was eliminated on April 22, 2004 and I regained employment on June 7, 2004. As you can imagine, this employment setback was quite a blow to our family.

However, in the spirit of getting back on track with my repayments to you, please find enclosed herein a check in the amount of \$70.00. Hopefully, my repayments to your office will be timely in the future.

If I can be of any further assistance, please feel free to contact me!

Very truly yours,

  
Stan J. Leino

Enclosure



# STATE OF MINNESOTA

OFFICE OF THE ATTORNEY GENERAL

MIKE HATCH  
ATTORNEY GENERAL

July 15, 2004

SUITE 1100  
445 MINNESOTA STREET  
ST. PAUL, MN 55101-2128  
TELEPHONE: (651) 282-5700

Stanley J. Leino  
7118 France Avenue North  
Brooklyn Center, MN 55429-1446

**Re: Minnesota Client Security Fund Claims  
Chapter 13 Bankruptcy Case No. 02-82932**

Dear Mr. Leino:

I received by fax on July 10, 2004, your letter dated July 7, 2004, regarding the above-referenced matter. Your faxed letter purports to enclose a check in the amount of \$70.00. As of today, July 15, 2004, I have not received the original letter or a check. You have now twice responded to requests for payment from this Office by sending faxed correspondence which represents payments to be on their way, when in fact no payment has been sent.

Your Chapter 13 Plan (the "Plan") was confirmed on March 6, 2003, and requires you to make monthly payments of \$70.00 to the Client Security Board ("CSB") on account of your non-dischargeable debt to the CSB. To date, this Office has received only one payment from you - a check for \$70.00, which was received on February 17, 2004. You state that your position was eliminated on April 22, 2004, and that you regained employment on June 7, 2004. The dates of this period of unemployment neither explain, nor justify, your failure to make timely payments in accordance with your Plan since its inception.

The current arrearage under your Plan amounts to \$1,050. Your failure to make payments pursuant to the Plan constitutes a material default with respect to a term of a confirmed plan and, therefore, establishes that "cause" exists to convert or dismiss your bankruptcy case. 11 U.S.C. § 1307(c)(6). You have been offered numerous opportunities to cure this material default, but have failed to take steps to do so. Instead, you have made repeated misrepresentations in your correspondence with this Office. Please be advised that if you do not contact this Office immediately to arrange for payment of the arrearage under your Plan, the CSB will file a motion to convert or dismiss your Chapter 13 bankruptcy case pursuant to 11 U.S.C. § 1307.

Sincerely,

JESSICA A. PALMER-DENIG  
Assistant Attorney General

(651) 282-5736

cc: Ian Traquair Ball  
Jasmine Z. Keller

**EXHIBIT J**

Facsimile: (651) 282-5832 • TTY: (651) 296-1410 • Toll Free Lines: (800) 657-3787 (Voice), (800) 366-4812 (TTY) • [www.ag.state.mn.us](http://www.ag.state.mn.us)

**STAN J. LEINO**

7118 France Avenue North  
Brooklyn Center, Minnesota 55429-1446

Telephone: (763) 560-2531

e-mail: [flyfimm7@msn.com](mailto:flyfimm7@msn.com)

Wednesday, July 7, 2004

ATTN: Ms. Jessica A. Palmer-Denig  
Assistant Attorney General  
Office of the Minnesota Attorney General  
Suite 1100  
445 Minnesota Street  
Saint Paul, Minnesota 55101-2128

**Via Facsimile and U.S. Mail**

RE: Minnesota Client Security Fund Claims

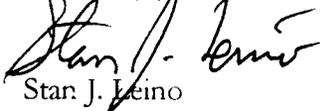
Dear Ms. Palmer-Denig,

I am in receipt of both of your letters of April 8, 2004 and June 7, 2004. The reason for delay in my making payments to your office is that my position was eliminated on April 22, 2004 and I regained employment on June 7, 2004. As you can imagine, this employment setback was quite a blow to our family.

However, in the spirit of getting back on track with my repayments to you, please find enclosed herein a check in the amount of \$70.00. Hopefully, my repayments to your office will be timely in the future.

If I can be of any further assistance, please feel free to contact me!

Very truly yours,

  
Stan J. Leino

Enclosure

**EXHIBIT K**



RECEIVED

JUL 19 1993

ATTORNEY GENERAL

ATTN: MS. JESSICA A. PALMER-DENIG  
OFFICE OF THE MINNESOTA ATTORNEY  
GENERAL  
SUITE 1100  
445 MINNESOTA STREET  
SAINT PAUL MN 55101-2128



STAN LEINO  
7118 FRANCE AVENUE NORTH  
BROOKLYN CENTER MN 55429-1446



# STATE OF MINNESOTA

OFFICE OF THE ATTORNEY GENERAL

MIKE HATCH  
ATTORNEY GENERAL

July 21, 2004

SUITE 1100  
445 MINNESOTA STREET  
ST. PAUL, MN 55101-2128  
TELEPHONE: (651) 282-5700

Stanley J. Leino  
7118 France Avenue North  
Brooklyn Center, MN 55429-1446

**Re: Minnesota Client Security Fund Claims  
Chapter 13 Bankruptcy Case No. 02-82932**

Dear Mr. Leino:

I received your letter regarding the above-referenced matter which was postmarked on July 16, 2004, and apparently sent in response to my letter dated July 15, 2004. Enclosed with this letter was your check #5069 in the amount of \$70. This single payment does not cure your material default with respect to your confirmed Chapter 13 Plan.

The current arrearage under your Plan amounts to \$1,050. If you do not contact this Office immediately to arrange for payment of the arrearage under your Plan, the CSB will file a motion to convert or dismiss your Chapter 13 bankruptcy case pursuant to 11 U.S.C. § 1307.

Sincerely,

JESSICA A. PALMER-DENIG  
Assistant Attorney General

(651) 282-5736

cc: Ian Traquair Ball  
Jasmine Z. Keller

**EXHIBIT L**

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MINNESOTA

In re: ) Case No. 02-82932-NCD  
)  
STANLEY J. LEINO and ) Chapter 13  
LYNN H. LEINO, )  
)  
) **[PROPOSED] ORDER FOR**  
Debtors. ) **DISMISSAL**

---

The above-entitled matter came on for hearing before the above Court and the undersigned judge on September 29, 2004, upon the motion dated September 2, 2004, of the Minnesota Client Security Board (the "Board"), for an order dismissing the Chapter 13 bankruptcy case of Stanley J. Leino and Lynn H. Leino (the "Debtors"), pursuant to 11 U.S.C. § 1307(c)(6) (the "Motion"). Appearances are as noted in the record. Notice of the hearing on the Motion being adequate, and the Court being fully advised of the premises, and based on the Motion, all of the files and records in this case and the arguments of counsel:

IT IS HEREBY ORDERED THAT the Board's Motion is granted and the Debtors' Chapter 13 bankruptcy case is dismissed pursuant to 11 U.S.C. § 1307(c)(6) due to the Debtors' material default with respect to a term of their confirmed plan.

Dated: \_\_\_\_\_, 2004

\_\_\_\_\_  
The Honorable Nancy C. Dreher  
United States Bankruptcy Court  
District of Minnesota

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MINNESOTA

In re: ) Case No. 02-82932-NCD  
)  
STANLEY J. LEINO and ) Chapter 13  
LYNN H. LEINO, )  
)  
Debtors. ) **UNSWORN DECLARATION OF  
PROOF OF SERVICE**

---

I, Barbara F. Fehrman, declare that on the date stated below I served a copy of (1) Notice of Hearing And Motion To Dismiss Chapter 13 Case Pursuant to 11 U.S.C. § 1307; (2) Memorandum of Law In Support Of Motion To Dismiss Chapter 13 Case Pursuant To 11 U.S.C. § 1307; (3) Affidavit of Jessica A. Palmer-Denig; (4) Affidavit of Martin A. Cole; and (5) [proposed] Order for Dismissal; and (6) Unsworn Declaration of Proof of Service, upon each of the entities named below by mailing to each of them a copy thereof, by enclosing same in an envelope with first-class mail, postage prepaid and depositing same in the post office at St. Paul, Minnesota, addressed to each of them as follows:

Ian Traquair Ball, Esq.  
12 S. 6th Street, Suite 326  
Mpls., MN 55402

Aurora Loan Services, Inc.  
P.O. Box 5180  
Denver, CO 80217

Jasmine Z. Keller, Esq.  
Chapter 13 Trustee  
12 S. 6th Street, Suite 320  
Mpls., MN 55402

Aurora Loan Services, Inc.  
601 Fifth Avenue  
P.O. Box 1706  
Scottsbluff, NE 69361

Office of the U.S. Trustee  
1015 U.S. Courthouse  
300 South Fourth Street  
Mpls., MN 55415

Road Loans Com  
Dept. CH 10104  
Palatine, IL 60055

Stanley J. Leino and Lynn H. Leino  
7118 France Avenue North  
Brooklyn Center, MN 55429

Roylene A. Champeaux  
Assistant United States Attorney  
600 United States Courthouse  
300 South Fourth Street  
Minneapolis, MN 55415

Michelle D. Viner  
Operations Manager - ALS POC  
Moss, Codilis, Stawiarski, Morris, Schneider and Prior LLP  
P.O. Box 1469  
Scottsbluff, NE 69363-1469

and I declare, under penalty of perjury, that the foregoing is true and correct.

/e/ Barbara J. Fehrman  
BARBARA J. FEHRMAN

Dated: September 2, 2004.