

Privileged

Letter to Supreme Court of S.C. dated 9/13/2007 – Page No. 1

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RECEIVED

SEP 13 2007

September 13, 2007

OFFICE OF
DISCIPLINARY COUNSEL

The Supreme Court of South Carolina
Office of the Disciplinary Counsel
Attn: Ms. Barbara W. Hinson
P.O. Box 12159
Columbia, SC 29211

RECEIVED

Re: John Rakowsky
File No.

SEP 13 2007

COMMISSION ON
LAWYER CONDUCT

Dear Ms. Hinson:

The purpose of this letter is to submit a bar complaint as to John R. Rakowsky. I served as co-counsel with John Rakowsky on behalf of the Plaintiffs in the federal district court case Southern Holdings, Inc., James Spencer, et al. v. Horry County, SC et. al. This complaint surrounds the lack of accounting for trust account funds. There appears to be instances of wrongful conduct in the handling of trust account monies.

On or about May 9, 2007, the U.S. District Court has issued an order dismissing the case. There are motions pending with the court to reconsider the order. A check in the amount of \$55,000 was disbursed to the Plaintiffs by the Defendants, and it is believed that such funds remain in the client trust account maintained by Mr. Rakowsky. The case is on appeal with the U.S. Court of Appeals for the 4th Circuit. I represent all individual plaintiffs and the corporate plaintiff in that 4th Circuit action.

First, Mr. Rakowsky received numerous written communications from the clients as well as the under-signed in reference to obtaining an accounting of trust account funds. Mr. Rakowsky has failed to provide an accounting for such fees. Mr. Rakowsky received funds from James Spencer, Plaintiff on or about May, 2005 and again on or about April, 2007. Based on information and belief, the total funds under Mr. Rakowsky's control totals between \$75,000 and \$105,000. A portion of such funds was to be spent on expert witness fees and out of pocket costs. In 2005, Mr. Rakowsky provided very late reimbursement (approximately 3 to 4 months past due) of expert witness fees owed to three economic experts despite having control over trust fund money that was designated for such costs. Mr. Rakowsky owes the undersigned an accounting of such funds as well as a reasonable reimbursement for expert witness fees incurred by this law firm plus out of pocket costs for copying, printing, shipping and similar fees. Contrary to the agreement among the lawyers, the expert and the client, James Spencer, Mr. Rakowsky failed to reimburse \$1600 of expert witness fees owed to one economic damages expert



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causing the under-signed counsel to pay such funds out of his own law firm's account, contrary to the agreement among co-counsel.

Second, it is alleged that Mr. Rakowsky wrongfully placed his own out of pocket expenses as reimbursable from the lawyer's trust account prior to that of other co-counsel. He was paid for a substantial portion, if not all, of such expenses incurred by his firm. Further, based on information and belief, Mr. Rakowsky purchased business computer equipment in the nature of a laser printer for his office using client trust funds and has refused to return the equipment to the clients. It is alleged that capital assets for his law firm are not a allowable use of client trust money. To make matters worse, Mr. Rakowsky refuses to return such equipment to present counsel on behalf of the clients.

The undersigned attorney reserves the opportunity to submit additional allegations as to further complaints, which now exist, against Mr. Rakowsky.

Sincerely Yours,

A handwritten signature in black ink, appearing to read "Ron Serota". The signature is written in a cursive, flowing style with a long horizontal stroke extending to the right.

Corporate Law Center
By, Ronald N. Serota, Esq.