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Bond-writing lawyers add to problem

By ED TIMMS and KEVIN KRAUSE, Staff Writers

Former Dallas attorney Steven Yu continued to write bail bonds even after his personal and professional life began to unravel.

He was arrested for tampering with evidence in a killing. Clients complained he mishandled their money and legal affairs. He was accused of professional misconduct in more than two dozen cases.

But the criminal charges and financial troubles weren't enough to stop Yu from writing bonds. County officials didn't close his account until years later. He still has \$260,000 in bail bonds listed in county records.

Texas is one of the few states that allows attorneys to provide bail bonds for their clients, and that's a potentially lucrative practice in Dallas County.

County records examined by *The Dallas Morning News* show that attorneys have more than \$37 million in bail bonds on the books as of late June. But attorneys typically have even less oversight than bail bond companies. And sometimes they walk away from money owed to the county.

Yu and more than 200 other individuals identified by the county as attorneys have written more than \$10 million in bonds that may not be backed by any collateral. Because of that, the county could find it difficult, if not impossible, to recover any bonds forfeited when their clients don't show for court.

Yu, who himself failed to show up for a court date in his criminal case, could not be reached for comment.

The News reported last week that Dallas County is owed \$35 million in court judgments against bail bondsmen and attorneys who have written bonds. But officials say only a fraction is recoverable because many are so old.

How much of that amount is owed by attorneys isn't known. The county auditor, which came up the \$35 million figure, said the county can't say.

Attorneys in Dallas County, to establish their accounts, are required to post collateral worth 10 percent of the bonds they want to write. If they exceed that limit or fail to pay bonds judges order forfeited when their clients don't show, the county officials can suspend or close their accounts.

But they are limited in what more they can do.

Most of the attorneys who have exceeded their account limits no longer have active accounts - which means they can't write new bonds. But collecting money owed can be difficult, if an attempt is even made.

"On the attorneys, we really don't have a recourse," said Darryl Thomas, the chief financial officer for the Dallas County Sheriff's Department. "That's all you can do, shut them down."

The News identified several attorneys still with active accounts who have written bonds in excess of their account limits. Those included one attorney who appears to have owed tens of thousands for at least six months, and another who recently exceeded his million-dollar account limit for writing bonds by more than \$30,000. Attorneys can have their accounts temporarily suspended until they are back within their account limits.

Questionable records

County records for attorneys who have written bonds are, at best, incomplete. Despite some documents or computer records that indicate how much they've written in bonds, county officials are uncertain whether those figures are accurate.

And it is not clear whether some of the individuals who at some point wrote bonds as attorneys were licensed to practice law. More than a dozen individuals listed on county records as attorneys who have exceeded their account limits substantially do not appear to be licensed to practice law in Texas, according to State Bar officials.

The News even found the name of a former bail bondsman who figured prominently in a Dallas County bail bond scandal in the mid-1970s on a county list of attorneys who have written bonds. Martin Turnbow is still listed as having more than \$350,000 in bonds. The State Bar has no record of him having a law license. He died in 1975.

Turnbow and other Dallas County bondsmen were the subject of an inquiry more than three decades ago that identified problems remarkably similar to some exposed by *The News'* review of bail bond operations.

County officials were under fire then for failing to collect millions in bail bond forfeitures. The Sheriff's Department and other county officials also were criticized for sloppy procedures and poor oversight.

Scott Jones, the lone investigator for the Dallas County Bail Bond Board, which oversees the industry locally, acknowledged that some of the names listed as attorneys appear to be bailbondsmen.

"Why they're listed as individuals, instead of [by] their company name, was done way beyond my time," Jones said.

County officials also could not explain why something called the "Attorneys Wheel" was part of a list of current and former bail bond companies licensed in Dallas County.

County officials said they didn't know how the Attorneys Wheel was created, but it operated for several years. Participants signed an "attorney agreement of responsibility" but were not required to provide any collateral for their bonds.

A Sheriff's Department memo dated Oct. 11, 2003, sent out to "all bond desk personnel" announced that "effective immediately, we are no longer authorized to accept bonds" from the participants in the Attorneys Wheel and that "under no circumstances will these bonds be accepted."

Some of the participants still have bonds in county records totaling more than \$164,000, but it's unclear whether they are active.

'Attorney exemption'

Attorneys in Texas are allowed to write bonds for clients under the so-called "attorney exemption" in the Texas Occupations Code.

It requires them to be licensed to practice law in Texas and to be the defendants' "counsel of record" at the time bonds are written. Attorneys also aren't supposed to engage in conduct that would subject a bail bond company to "license suspension or revocation."

In practice, that means attorneys who write bonds don't face nearly as much oversight as bail bond companies. But they potentially pose a greater financial risk to the county: Most bailbond companies are backed by insurance companies who can be held responsible for paying the full amount of a bond forfeiture.

Dallas County has sought to impose additional requirements for attorneys writing bonds, such as posting collateral covering 10 percent of the amount of bonds they wish to write. But, if challenged, even that may be unenforceable, said one bail bond expert.

"Basically, the county cannot require attorneys who are writing on their bar license to put up any money," said Randy Adler, a Dallas lawyer who represents bail bond companies. "All they're required to do under the governing statute ... is to present [their] financial statement. And once they do that, then the sheriff is obligated to accept their bond."

In many Texas counties, Adler said, attorneys aren't required to place any money in trust with the county.

"So Dallas is taking it one step further and getting money up front," Adler said, but "legally, they can't require that."

Even when their clients have defaulted on their bonds, attorneys and bail bondsmen sometimes are able to avoid or postpone paying what they owe.

"Unless you have a final judgment - that means all the way through the appeals, and any of the legal maneuvers that could be made - everything is held in abeyance," said Tarrant County District Clerk Thomas Wilder.

If attorneys are delinquent in paying a forfeited bond, Dallas County places them on a "cutoff" list that supposed to prevent them from writing additional bonds.

County officials say most attorneys come in and pay what they owe to get off that list. If that doesn't work, a "writ of execution" is supposed to be issued to the sheriff's department, which allows the attorney's collateral to be used to pay what's owed.

"Collection efforts on attorneys may be unsuccessful if they don't want to post bonds for clients anymore, if they have no collateral or if they have no assets to satisfy the writ of execution," said Elizabeth Lutton, the sheriff's legal adviser.

"Non-exempt" property that isn't protected by law from seizure ultimately can be sought. But it's unclear how often that happens.

"You look at the costs and whether it's going to be beneficial, if the guy's got anything. "It's like any other judgment-debtor situation," said Adler, who also serves as a director on the board of the Professional Bondsmen of Texas, an industry group. "It's a business decision."

Troubled histories

Several attorneys who at one time wrote bail bonds in Dallas County have troubled histories.

At least three have been disbarred, including one listed in county records as being responsible for almost \$170,000 in bonds. He was disbarred in 2004 after an investigation found that he failed to provide "any meaningful legal services" for two clients in criminal cases and of failing to return their "bond money and unearned fees."

And Yu ultimately agreed to stop practicing law. His problems began long before Dallas County stopped him from writing more bail bonds and his legal career ended in disgrace.

In September 2003, Addison police filed criminal charges against Yu, alleging he had tampered with evidence. After a brawl outside a restaurant, Yu exchanged his shirt with one "covered with multiple bloodstains" worn by a man later convicted of manslaughter "to help his friend," according to a police report.

He was convicted in July 2007 and sentenced to 30 days in jail.

Yu was repeatedly accused of neglecting his clients' cases in State Bar records. He failed to take care of visa issues for clients after taking their money - including an entire family that lost their legal status as a result, records show. And he allegedly deposited an insurance settlement check in his personal account that belonged to a client - after signing the client's name on it.

Despite that, county officials say they were limited in what they could do.

"As the law is currently written, there is no statute which authorizes us to prevent an attorney from executing attorney bonds after he has been arrested, but not convicted," Lutton said.

Lutton said that the bail bond board, made up primarily of county officials and judges, can only act on complaints about specific bonds or the clients that the attorney represents.

The county ultimately prevented Yu from posting bonds on May 16, 2006.

"The district clerk had over \$75,000 in unpaid [bond] forfeitures for him, so his account was suspended," Lutton said.

A little more than a year later, Yu agreed to stop practicing law in Texas "in lieu of discipline for professional misconduct."

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BY THE NUMBERS

A lucrative practice

Many attorneys in Dallas County write bail bonds for their clients, with little of the oversight that bail bond companies have. The numbers:

\$37.5 million Total amount of bonds county records show that are written by attorneys.*

\$10.8 million Total amount of bonds written by attorneys in excess of county-set limit.

162 Total number of attorneys with active accounts.

\$107,250 Total amount of bonds written by attorneys with active accounts in excess of their account limit.

**Based on records provided by the Dallas County Sheriff's Department that identify attorneys with active and inactive accounts as of June 28, 2011, and Dallas Morning News research.*

AT A GLANCE

Writing bail bonds

A review of Dallas County records by *The Dallas Morning News* found:

At least 200 attorneys have written more than \$10 million in bonds for criminal suspects, money that may not be backed by any collateral that the county can seize.

Officials cannot say how much money attorneys owe in unpaid bond forfeiture judgments.

Oversight of attorneys is more limited than for bail bond companies.

Attorneys accused of criminal or professional misconduct can still write bonds.

SOURCES: Dallas County Sheriff's Department; Dallas Morning News research