

**BEFORE THE PRESIDING DISCIPLINARY
JUDGE**

IN THE MATTER OF A MEMBER OF THE
STATE BAR OF ARIZONA,

SHANE FENTON KRAUSER,

Bar No. 021172

Respondent.

PDJ 2016-9192

FINAL JUDGMENT AND ORDER

[State Bar No. 14-2875]

FILED JANUARY 18, 2017

The Presiding Disciplinary Judge of the Supreme Court of Arizona, having reviewed the Agreement for Discipline by Consent filed on December 29, 2016, pursuant to Rule 57(a), Ariz. R. Sup. Ct., accepted the parties' proposed agreement. Accordingly:

IT IS ORDERED Respondent, **Shane Fenton Krauser, Bar No. 021172**, is suspended from the practice of law for ninety (90) days from the date of this order for conduct in violation of the Arizona Rules of Professional Conduct, as outlined in the consent documents.

IT IS FURTHER ORDERED Mr. Krauser shall immediately comply with the requirements relating to notification of clients and others, and provide and/or file all notices and affidavits required by Rule 72, Ariz. R. Sup. Ct.

IT IS FURTHER ORDERED Mr. Krauser shall pay the costs and expenses of the State Bar of Arizona in the amount of \$1,443.75, within thirty (30) days from the date of this order. If costs are not paid by that date, interest will accrue at the legal

rate. There are no costs or expenses incurred by the disciplinary clerk and/or Presiding Disciplinary Judge's Office with these disciplinary proceedings.

DATED this 18th day of January, 2017.

William J. O'Neil

William J. O'Neil, Presiding Disciplinary Judge

Copies of the foregoing emailed
January 18, 2017, and
Mailed January 19, 2017, to:

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Respondent's Counsel

by: AMcQueen

**BEFORE THE PRESIDING DISCIPLINARY
JUDGE**

IN THE MATTER OF A MEMBER OF THE
STATE BAR OF ARIZONA,

**SHANE FENTON KRAUSER,
Bar No. 021172**

Respondent.

PDJ-2016-9092

**DECISION AND ORDER
ACCEPTING DISCIPLINE BY
CONSENT**

[State Bar File No. 14-2875]

FILED JANUARY 18, 2017

A Probable Cause Order issued on July 27, 2016. An Agreement for Discipline by Consent (Agreement) was filed on December 29, 2016 and submitted under Rule 57(a)(3) Ariz. R. Sup. Ct.¹ Upon filing such Agreement, the presiding disciplinary judge, "shall accept, reject, or recommend the agreement be modified." Rule 57(a)(3)(b).

Rule 57 requires admissions be tendered solely "...in exchange for the stated form of discipline...." Under that rule, the right to an adjudicatory hearing is waived only if the "...conditional admission and proposed form of discipline is approved...." If the agreement is not accepted, those conditional admissions are automatically withdrawn and shall not be used against the parties in any subsequent proceeding.

Under Rule 53(b)(3), notice of this Agreement was provided to the complainant(s) by email and telephone on December 22, 2016, with the opportunity to file a written objection within five (5) days. No objection has been received.

¹ Unless otherwise stated, all rule references are to the Rules of the Supreme Court of Arizona.

The Agreement details a factual basis to support the admissions to the charges and is briefly summarized. Between May 2007 and September 2008, Mr. Krauser, the President of Krauser Investment Group, LLC ("KIG"), received \$225,600.00 from Dashtizad, Sandifer, and Dillon. In exchange, Mr. Krauser executed promissory notes that placed no restrictions on his use of the funds. After representing to Dashtizad he would invest the funds or make short-term loans, Mr. Krauser deposited the funds into his personal and business accounts. All of the funds from Dashtizad, Sandifer, and Dillon were commingled with Mr. Krauser's own funds. Mr. Krauser also failed to tell his clients that he did not possess the necessary experience, including options trading, or track record in stock market matters to expect he could successfully obtain the rate of return he had promised. The stock market trades that Mr. Krauser made were conducted through Penson Worldwide, Inc. Mr. Krauser's trading was unsuccessful, as he lost most of the \$287,846.25 in his personal Penson investment accounts. Between 2007 and 2009, Mr. Krauser paid Dashtizad and Sandifer \$30,933.00. On October 21, 2009, Mr. Krauser and his wife filed for personal Chapter 7 bankruptcy relief.

The specifics of Mr. Krauser's relationships with Mehrzad Dashtizad, Connie Sandifer, and Scott Dillon reveal reoccurring evidence of fraud, misrepresentation, mishandling of assets, and commingling of clients' funds. His fraudulent, deceitful, and dishonest conduct is admitted to violate ER 8.4(c). Mr. Krauser and KIG also conditionally admitted to committing civil violations of A.R.S. § 44-1841, A.R.S. § 44-1842, A.R.S. § 44-1991, and A.R.S. § 44-3151. On September 15, 2014, the Arizona Corporation Commission entered an *Order to Cease and Desist, Order for Restitution, Order Administrative Penalties, and Consent to Shame*, against Mr.

Krauser. On November 7, 2014, Mr. Krauser made final restitution payments and by that date all principal amounts KIG and he received from Dashtizad, Sandifer, and Dillon had been returned to them.

Mr. Krauser conditionally admits his conduct violated Rules of Professional Conduct 42, Ariz. R. Sup. Ct., specifically ER 8.4(c). The State Bar has conditionally agreed to dismiss the allegation Mr. Krauser violated ER 8.4(b), as ER 8.4(c) is more applicable to the facts and circumstances at bar. The parties stipulate to a sanction of a ninety (90) day suspension from Mr. Krauser's practice of law.

The parties agree that *Standard 5.1*, specifically *Standards 5.12* and *5.13*, of the American Bar Association's *Standards for Imposing Lawyer Sanctions (Standards)* applies to Mr. Krauser's civil and ethical violations. *Standard 5.12* provides that:

Suspension is generally appropriate when a lawyer knowingly engages in criminal conduct which does not contain the elements listed in *Standard 5.11* and that seriously adversely reflects on the lawyer's fitness to practice.

In comparison, *Standard 5.13* provides that:

Reprimand is generally appropriate when a lawyer knowingly engages in any other conduct that involves dishonesty, fraud, deceit or misrepresentation and that adversely reflects on the lawyer's fitness to practice law.

Mr. Krauser was never charged nor convicted of a crime related to the acceptance of funds from Dashtizad, Sandifer, and Dillon. However, it is admitted his misrepresentation and dishonesty with them regarding their funds reflects adversely on his duty to the general public and his fitness to practice law. The community generally expects lawyers to express the highest degree of honesty and integrity, which is undoubtedly compromised when a lawyer engages in dishonesty, fraud,

and/or the interference of justice. It is therefore clear Mr. Krauser violated both his duty to the general public and his duty of fitness to practice law.

The parties agree that Mr. Krauser knowingly made misrepresentations to Dashtizad, Sandifer, and Dillon, and the parties agree that as a result because of Mr. Krauser's conduct, all three of his clients suffered actual harm. "[D]ishonesty and misrepresentation under Rule 8.4(c) have no requirement of intent to deceive." *State ex rel. Special Counsel v. Shapiro*, 665 N.W.2d 615 (Neb. 2003). While a lawyer cannot violate ER 8.4(c) by acting negligently, a violation of ER 8.4(c) exists based upon knowing or intentional conduct. *In re Clark*, 87 P.3d 827 (Ariz. 2004).

The parties conditionally agree the following aggravating factors are present in the record: 9.22(b) (dishonest or selfish motive), 9.22(h) (vulnerability of the victim), and 9.22(i) (substantial experience in the practice of law). The parties further conditionally agree that the following mitigating factors are present: 9.32(a) (absence of prior disciplinary record), 9.32(c) (personal or emotional problems), 9.32(d) (timely good faith effort to rectify consequences of misconduct), 9.32(e) (full disclosure and cooperative attitude toward disciplinary proceedings), 9.32(g) (character or reputation), 9.32(j) (delay in the disciplinary proceedings), 9.32(k) (imposition of other penalties or sanctions), 9.32(l) (remorse). Evidence corroborating mitigating factors 9.32(c) and 9.32(g) is shown in Exhibit B and Exhibit C, respectively.

The proposed sanctions of a ninety (90) day suspension from the practice of law and imposing costs and expenses meet the objectives of attorney discipline. The agreement is accepted and incorporated with all attachments by this reference.

IT IS ORDERED Respondent, **Shane Fenton Krauser, Bar No. 021172**, is suspended from the practice of law for ninety (90) days for his conduct in violation of the Arizona Rules of Professional Conduct, as outlined in the consent documents, effective thirty days from the date of this order.

IT IS FURTHER ORDERED Mr. Krauser shall pay \$1,443.75, representing the costs and expenses of the disciplinary proceeding, within thirty (30) days from the date of this order and if costs are not paid by then, interest will accrue at the legal rate.

DATED January 18, 2017.

William J. O'Neil

William J. O'Neil, Presiding Disciplinary Judge

Copies of the foregoing emailed
January 18, 2017, and
Mailed January 19, 2017, to:

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OFFICE OF THE
PRESIDING DISCIPLINARY JUDGE
SUPREME COURT OF ARIZONA

DEC 29 2016

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FILED
BY 

**BEFORE THE PRESIDING DISCIPLINARY
JUDGE**

IN THE MATTER OF A
SUSPENDED MEMBER OF
THE STATE BAR OF ARIZONA,

SHANE FENTON KRAUSER,
Bar No. 021172

Respondent.

PDJ-2016-9092

**AGREEMENT FOR DISCIPLINE BY
CONSENT**

[State Bar File No. 14-2875]

The State Bar of Arizona, through undersigned Bar Counsel, and Respondent, Shane Fenton Krauser, who is represented in this matter by counsel, Nancy A. Greenlee, hereby submit their Agreement for Discipline by Consent, pursuant to Rule 57(a), Ariz. R. Sup. Ct. A probable cause order was entered on July 27, 2016. Respondent voluntarily waives the right to an adjudicatory hearing, unless otherwise ordered, and waives all motions, defenses, objections or requests which have been made or raised, or could be asserted thereafter, if the conditional admission and proposed form of discipline is approved.

Pursuant to Rule 53(b)(3), Ariz. R. Sup. Ct., notice of this agreement was provided to the complainant by email and telephone on December 22, 2016. Complainant has been notified of the opportunity to file a written objection to the agreement with the State Bar within five (5) business days of bar counsel's notice. Copies of Complainants' objections, if any, will be provided to the presiding disciplinary judge.

Respondent conditionally admits that his conduct, as set forth below, violated Rule 42, Ariz. R. Sup. Ct., specifically ER 8.4(c). Upon acceptance of this agreement, Respondent agrees to accept imposition of the following discipline: 90-day suspension from the practice of law. Respondent also agrees to pay the costs and expenses of the disciplinary proceeding, within 30 days from the date of this order, and if costs are not paid within the 30 days, interest will begin to accrue at the legal rate.¹ The State Bar's Statement of Costs and Expenses is attached hereto as Exhibit A.

FACTS

GENERAL ALLEGATIONS

1. Respondent was licensed to practice law in Arizona on October 29, 2001. On January 29, 2015, Respondent transferred to inactive status, and on June 14, 2016, Respondent was summarily suspended from the practice of law for failing to pay the annual membership fee.

¹ Respondent understands that the costs and expenses of the disciplinary proceeding include the costs and expenses of the State Bar of Arizona, the Disciplinary Clerk, the Probable Cause Committee, the Presiding Disciplinary Judge and the Supreme Court of Arizona.

COUNT ONE (File No. 14-2875/Marshall)

2. From July 3, 1996, through December 31, 1997, Respondent was a registered Arizona securities salesman (i.e., an agent associated with a broker dealer). During all or a portion of that time, he held a Series 6 securities license and a Series 63 securities license, and was registered through and employed by WMA Securities, Inc. Respondent's registration as an Arizona securities salesman terminated on December 31, 1997, and thereafter, Respondent never again held a Series 6 or Series 63 securities license.

3. Respondent was registered with the Financial Industry Regulatory Authority (FINRA) as an Investment Company & Variables Products Representative during the period of time in 1996 and 1997 that he was a registered Arizona securities salesman. Respondent, however, was not registered with FINRA as a dealer or salesman during the period of time, as set forth below, when he was soliciting and receiving funds from Mehrzad Dashtizad, Connie Sandifer (Respondent's half-sister) and Scott Dillon.

4. Respondent was employed as a deputy county attorney by the Maricopa County Attorney's Office from November 2001, through February 2013.

5. On April 27, 2007, Respondent and his wife formed Krauser Investment Group, LLC ("KIG"). Respondent and his wife were the sole members and managers, with Respondent acting as its president. Respondent formed KIG as a limited liability company to limit exposure to liability. Respondent's investment activities were not related to his practice of law and Dashtizad, Sandifer, and Dillon were not clients that Respondent represented in legal matters.

6. Between May 2007, and September 2008, Respondent received a total of \$225,600.00 from Dashtizad, Sandifer and Dillon and, in return, executed promissory notes that included interest payments of between 20% and 36%. The promissory notes, which Respondent signed as president of KIG, did not place any restrictions on the manner in which Respondent was to use the funds he received. Respondent, however, represented to Dashtizad that he would invest the funds in the stock market or make short-term loans to potential home buyers "hard money loans"), but the promissory notes placed no limit on Respondent's use of the funds. Despite those promises or statements, Respondent did not invest all of the funds received from Dashtizad, Sandifer, and Dillon. The funds he received were deposited to, and transferred between, his personal checking account, KIG's checking account, and Respondent's Home Equity Line of Credit ("HELOC") account. The funds from Dashtizad, Sandifer, and Dillon were commingled with Respondent's own funds and funds from other sources. Respondent used his HELOC account to hold the funds while he awaited investment opportunities.

7. The stock market trades that Respondent made were conducted through Penson Worldwide, Inc., using the Thinkorswim platform of TD Ameritrade. Between March 26, 2007, and October 30, 2007, Respondent opened 11 accounts in his and his wife's names with Penson Financial Services, Inc., for margin, options or futures trading in the securities market. Those 11 accounts were held by Respondent and his wife, with rights of survivorship.

8. Respondent's interactions with Dashtizad, Sandifer, and Dillon comprised the sale of unregistered securities. Between May 4, 2007, and September 4, 2008, Respondent and KIG offered or sold securities in the form of

promissory notes and/or investment contracts within or from Arizona, within the meaning of A.R.S. §§ 44-1801(15), 44-1801(21) and 44-1801(26).

9. Respondent failed to tell Dashtizad, Sandifer, or Dillon that he did not have the necessary experience or track record in stock market matters, including options trading, to expect he could successfully obtain the rate of return he had promised. He also failed to disclose the risks associated with the investments he intended to make with their funds.

10. Respondent did not provide Dashtizad, Sandifer, or Dillon with private placement memoranda or other documents that included material disclosures regarding his background, training or trading program, the risk factors, or how the funds would be used.

11. Respondent anticipated generating sufficient profits from stock market trading (and other investment vehicles) to repay Dashtizad, Sandifer, and Dillon the principal sums they had provided, as well as the promised/stated interest.

12. Respondent's trading and other investments proved unsuccessful. He "lost" most of the \$287,846.25 in his personal Pension investment accounts, as well as additional funds he had previously invested himself.

13. Between 2007 and 2009, Respondent paid Dashtizad and Sandifer a total of \$30,933.00.

14. On October 21, 2009, Respondent and his wife filed for personal Chapter 7 bankruptcy relief. The bankruptcy schedules listed the amounts owed to Dashtizad, Sandifer, and Dillon as "loan/business debt[s]."

15. On February 1, 2010, the Bankruptcy Court granted Respondent and his wife a discharge pursuant to 11 U.S.C. § 727.

16. On March 13, 2012, Dashtizad, as an unsecured creditor of Respondent and his wife, received \$1,873.70 from a bankruptcy trustee in Respondent and his wife's bankruptcy case.

17. On August 20, 2014, Respondent and KIG made partial restitution payments to Dashtizad, Sandifer, and Dillon totaling \$115,320.00.

18. By November 7, 2014, Respondent made final restitution payments and by that date all principal amounts he/KIG received from Dashtizad, Sandifer, and Dillon had been returned to them.

19. Respondent and KIG committed civil violations of A.R.S. § 44-1841 by offering or selling securities that were neither registered nor exempt from registration.

20. Respondent and KIG committed civil violations of A.R.S. § 44-1842 by offering or selling securities while neither was registered as a dealer or salesman or exempt from registration.

21. Respondent and KIG committed civil violations of A.R.S. § 44-1991 by (a) employing a device, scheme, or artifice to defraud; (b) making untrue statements or misleading omissions of material facts; and (c) engaging in transactions, practices, or courses of business that operate or would operate as a fraud or deceit.

22. Respondent and KIG committed civil violations of A.R.S. §44-3151 by transacting business in Arizona as an investment adviser representative and investment adviser while neither was licensed or exempt.

Investment Client Mehrzad Dashtizad

23. Mehrzad Dashtizad worked with and befriended Connie Sandifer,

Respondent's half-sister. Over the course of several months, Sandifer spoke to Dashtizad about giving funds to Respondent that he would invest. Sandifer told Dashtizad that Respondent was a lawyer and worked as a deputy county attorney prosecuting gang members and other high profile people. After some months of conversation with Sandifer, Dashtizad agreed to meet with Respondent. Sandifer facilitated the scheduling of that meeting.

24. On May 4, 2007, Dashtizad met with Respondent at Respondent's home. During that meeting:

a. Respondent told Dashtizad that he was very successful trading stocks and making short-term loans at high interest rates for homebuyers. He also stated that KIG's loans were very lucrative.

b. Respondent failed to disclose to Dashtizad that he had formed KIG only a week earlier and that the investment accounts through which he traded were held in his and his wife's names, and not by KIG.

c. Respondent told Dashtizad that KIG would pay him a 36% return within twelve months if he chose to invest. Dashtizad stated that Respondent told him that his money would be "guaranteed," but the promissory notes stated only that the funds would be repaid with interest at the end of the stated term.

d. Dashtizad believed he could trust Respondent with his money because he was a prosecutor and he believed that KIG would use his funds to invest in the stock market or make "hard money loans" to potential homebuyers.

e. Dashtizad gave Respondent a \$50,000.00 check made payable to

KIG at the conclusion of that meeting. The "memo" section of that check stated, "LOAN @ 36%."

25. Respondent ultimately was unable to generate sufficient profits to pay a 36% return.

26. Respondent endorsed Dashtizad's \$50,000.00 check on May 4, 2007, and deposited the funds into KIG's Bank of America checking account ending in 8202, which Respondent opened three days earlier. The balance of the account went from \$0.00 to \$50,000.00.

27. On May 6, 2007, Respondent, as KIG's president, executed a promissory note in which KIG promised to repay Dashtizad the \$50,000.00 principal amount plus all accrued interest on May 16, 2008. The promissory note stated, "The guaranteed annual rate of return on this loan is 36%."

28. On May 7, 2007, Respondent wrote a letter to Dashtizad stating he had changed the payout date of the promissory note from May 1, 2008, to May 16, 2008, due to banking issues.

29. Beginning on May 11, 2007, Respondent began the process of depositing funds to and transferring funds between KIG's account, his personal Bank of America account, his HELOC account, and his Penson stock accounts. The funds that Respondent received from Dashtizad were commingled with Respondent's personal funds and funds from other sources.

30. Respondent used his HELOC account as a "basket account" for his investment activities. Some of the funds he received from Dashtizad were deposited into his HELOC account along with a significant amount of Respondent's own funds and funds from other sources. The funds were held in that account until Respondent

determined which investments to make.

31. Following the various transfers between accounts, Respondent invested roughly \$42,500.00 in the stock market in May 2007.

32. On May 26, 2007, Dashtizad gave Respondent a \$50,000.00 cashier's check made payable to KIG. That cashier's check identified the purpose of those funds as "LOAN AT 36%."

33. On May 27, 2007, Respondent executed a promissory note in which KIG promised to repay \$50,000.00 to Dashtizad plus interest at 36%.

34. On May 29, 2007, Respondent endorsed Dashtizad's \$50,000.00 cashier's check and deposited the funds into his HELOC account.

35. Between May 30, 2007, and June 12, 2007, of the \$50,000.00 that Respondent received from Dashtizad on May 27, 2007, Respondent/KIG invested, at most, \$5,261.73 in the stock market.

36. Between June 1 and June 27, 2007, Respondent paid the following personal expenses from his personal checking account:

- a. Payments to HELOC account - \$8,211.08;
- b. Mortgage payment to Countrywide Home Loans - \$1,900.00;
- c. Credit card payment to Chase Bank - \$2,837.09; and
- d. Deposit to purchase a residential lot - \$1,000.00.

37. On June 28, 2007, Respondent took an advance of \$34,287.52 from his HELOC account to purchase a cashier's check in that amount payable to Fidelity Title. Respondent used that cashier's check to partially fund his and his wife's purchase, as an investment, of a residential lot in Gilbert, Arizona.

38. On June 29, 2007, Respondent and his wife closed on the purchase of

the residential lot in Gilbert. The purchase price was \$345,000.00.

39. On August 7 and 9, 2007, Dashtizad and Respondent, respectively, executed two promissory notes for \$50,000.00 each that revoked the promissory notes signed on May 6 and 27, 2007. Those promissory notes identified Dashtizad as "lender" and stated that KIG would repay \$50,000.00 (the principal amount noted in each promissory note) to Dashtizad plus interest, which varied based upon the time frame. Dashtizad was given the option of having all money he had given to Respondent, with interest to that point, repaid to him, or to agree to modify the promissory notes to reflect payment of a lower interest rate. Dashtizad knew the reason for the modifications was because one of the "hard money loans" made by Respondent had not been repaid. Dashtizad agreed to modifications of the promissory notes because he believed 20% interest was still a good return.

40. On December 27, 2007, Dashtizad gave Respondent a \$15,000.00 cashier's check made payable to KIG. Dashtizad understood Respondent would use those funds to invest in the stock market or make short-term, high interest loans to potential homebuyers, whereas Respondent believed he could use the funds for the stock market, "hard money loans," real estate, or other investment opportunities.

41. At that time, neither Respondent nor KIG had invested any of the \$15,000.00 that Dashtizad had given him on December 27, 2007, in the stock market.

42. Between December 28, 2007, and February 28, 2008, Respondent used the funds he received from Dashtizad and Sandifer, which had been commingled with his own funds in the HELOC, to pay some personal expenses, including payments towards credit card balances, utility bills, homeowners' association fees,

student loans, and the mortgages on his home and the Gilbert residential lot he purchased as an investment on June 29, 2007.

43. On March 17 and 20, 2008, Respondent and Dashtizad, respectively, executed a promissory note, which identified Dashtizad as "lender." That promissory note stated that KIG would repay Dashtizad the \$15,000.00, plus a "guaranteed annual rate of return" of 20%.

44. On June 17 and 19, 2008, Respondent and Dashtizad, respectively, executed a promissory note for \$120,000.00, which consisted of the previous \$115,000.00 in principal that Dashtizad had given to Respondent and \$5,000.00 in interest. That promissory note identified Dashtizad as "lender" and stated that KIG would repay \$120,000.00 to Dashtizad plus interest, which varied based upon the time frame.

45. On January 9, 2009, Respondent issued a \$3,000.00 check payable to Dashtizad on a KIG account as partial payment for interest earned on Dashtizad's \$15,000.00 investment.

46. On January 19, 2009, Respondent sent an email message to Dashtizad. That email message stated in part:

. . . I have had many people come to me asking me to take money. Given my success, especially over the last four to five months in this market, the interest has been overwhelming. I have not actively sought out money to handle. It has all happened by word of mouth. Given that many people want monthly payout, I have declined to take on any additional money. However, I have done this for a few different individuals.

. . . .

I am currently handling the following: Two \$100,000 accounts (both up 12% so far in January alone). Two very small accounts (\$25,000) – up 8% so far in January. . . .

47. At least some of Respondent's statements in his January 19, 2009, email message to Dashtizad were untrue. Dashtizad chose not to invest or loan any additional funds to Respondent or KIG in response to Respondent's January 19, 2009, email message.

48. Between May 8, 2007, and June 24, 2009, Respondent/KIG deposited \$287,846.25 into his personal Person investment account(s). That amount consisted of (a) at most, \$111,361.73 of the \$225,600.00 he received from Dashtizad, Sandifer and Scott Dillon; and (b) Respondent's personal funds and funds from other sources.

Investment Client Connie Sandifer

49. On June 29, 2007, Respondent solicited from Connie Sandifer, his half-sister, funds to invest. She trusted him because he was her half-brother. Respondent told Sandifer that she assumed no risk by giving him money to invest because he was signing a promissory note in which he agreed to pay her back. On June 29, 2007, Sandifer gave Respondent a \$50,000.00 cashier's check payable to KIG to invest.

50. On June 29, 2007, Respondent, as president of KIG, executed two promissory notes totaling \$50,000.00, which identified Connie Sandifer as "lender." One promissory note was for \$20,000.00 and the other was for \$30,000.00. Those promissory notes stated that KIG would repay Connie Sandifer \$20,000.00 plus 36% interest per annum, and \$30,000.00 plus 24% interest per annum.

51. On June 29, 2007, those funds were deposited into Respondent's HELOC account. Sandifer's funds were commingled with Dashtizad's funds, Respondent's personal funds, and funds from other sources.

52. On July 3, 2007, Respondent transferred \$55,084.52 of commingled funds into his personal Pension investment account.

53. On December 28, 2007, Sandifer gave another \$15,000.00 to Respondent in the form of a cashier's check made payable to KIG.

54. Respondent subsequently executed a promissory note for \$15,000.00, which identified Sandifer as "lender." That promissory note stated that KIG would repay Sandifer \$15,000.00, plus interest.

55. On December 28, 2007, Respondent deposited Sandifer's \$15,000.00 cashier's check into KIG's checking account, where it was commingled with funds received from Dashtizad in late December 2007.

56. At that time, neither Respondent nor KIG invested any of Sandifer's \$15,000.00 in the stock market, as he represented KIG would do.

57. On March 23, 2011, Sandifer filed for Chapter 7 bankruptcy relief. Her decision to file for bankruptcy relief was based, in part, on the money she "lost" by investing or loaning money to Respondent/KIG.

Investment Client Scott Dillon

58. Respondent and Scott Dillon were friends, neighbors, and members of the same church.

59. Respondent told Dillon that if he invested with him/KIG, he would provide him with a promissory note that paid a high rate of interest. Respondent told Dillon that he would use any funds he gave him to invest.

60. On August 29, 2007, Dillon gave Respondent a \$32,000.00 cashier's check payable to KIG. On that same date, Respondent and Dillon executed a promissory note for \$32,000.00, which identified Dillon as "lender." That

promissory note stated that KIG would repay \$32,000.00 to Dillon plus 24% interest per annum.

61. On August 30, 2007, Respondent endorsed and deposited Dillon's \$32,000.00 cashier's check into KIG's checking account.

62. Between September 7 and November 6, 2007, Respondent commingled Dillon's funds with funds from Dashtizad, Sandifer, his personal funds, and funds from other sources. Funds were transferred between KIG's checking account, Respondent's personal account, and his HELOC account. During that period, KIG made disbursements to others, including \$1,800.00 to Connie Sandifer.

63. Neither Respondent nor KIG deposited any funds into Respondent's personal Penson investment accounts between August 10, 2007, and March 25, 2008 and, thus, Respondent did not invest any of Dillon's \$32,000.00 in the stock market, as he represented KIG would do. Instead, Respondent used at least part of Dillon's \$32,000.00 to make distributions in the amount of \$21,187.86 to Sandifer and others.

64. During August 2008, when KIG's promissory note with Dillon was about to become due, Dillon agreed to rollover the \$32,000.00 plus accrued interest for another year to allow Respondent to continue investing those funds in the stock market.

65. On September 4, 2008, Dillon gave Respondent another \$13,600.00 to invest through KIG.

66. When Dillon agreed to rollover his initial funds and invest additional funds (during August or September 2008), Respondent did not disclose to him that

he had not yet invested any of his \$32,000.00 in the stock market, as Respondent had promised.

67. On January 15, 2009, Respondent sent an email message to Dillon in response to questions from Dillon and his mother-in-law about the investment strategies he was using to make investments. That email message stated in part:

[I have] uncover[ed] something that very few know . . . how the markets truly function.

Now, we have all heard that the market has really been hit hard over the last year. From a long[-]term investor[']s perspective, that is perhaps scary. For a trader like me, I thrive in this environment. In fact, the last five months have been the most profitable of my entire career.

. . . .

I can identify on any chart (either index or stock) when [Market Makers] are being forced to excessively absorb. At this point is where I begin to put my money to work. For the most part, I am very patient and methodical and simply wait for greed or fear to enter so I can effectively take advantage. I have back tested the market to the 1929 crash and this particular dynamic I have described has never failed. The only limitation is capital.

. . . .

While there is always risk involved, I am pretty happy with a streak of five months without a losing trade.

68. Respondent's representation that he was on a "streak of five months without a losing trade" was not entirely accurate. For instance, on September 16 and 17, 2008, Respondent "lost" \$9,612.63 trading in Powershares QQQ NASDAQ 100, and between December 16, 2008, and January 2009, Respondent "lost" \$2,430.04 trading in a restaurant company's stock. Respondent's representations

were based upon an options trading concept known as "rolling a trade."²

69. Neither Dillon nor his mother-in-law invested in response to Respondent's January 15, 2009 email message.

70. On May 14, 2010, Dillon and his wife filed for Chapter 13 bankruptcy relief. Their decision to file for bankruptcy relief was based, in part, on the money they "lost" by investing or loaning money to Respondent/KIG.

Arizona Corporation Commission Action

71. On August 20, 2014, the same day he made partial restitution to Mehrzad Dashtizad, Connie Sandifer, and Scott Dillon, Respondent agreed that the Arizona Corporation Commission (ACC) could enter an *Order to Cease and Desist, Order for Restitution, Order for Administrative Penalties, and Consent to Same by Shane F. Krauser, Janelle Krauser, and Krauser Investment Group, LLC* (ACC order). The ACC order set forth activities that Respondent engaged in between May 2007 and September 2008 that involved Dashtizad, Sandifer, and Dillon, which constituted civil violations of Arizona law. Respondent admitted he committed civil violations of (a) A.R.S. § 44-1991 by (i) employing a device, scheme, or artifice to defraud, (ii) making untrue statements or misleading omissions of material facts, and/or (iii) engaging in transactions, practices, or courses of business that operate or would operate as a fraud or deceit; (b) A.R.S. §§ 44-1841 and 44-1842 by offering or selling unregistered securities in the form of promissory notes and/or investment contracts as an unregistered securities salesman and dealer; and (c)

² "Rolling a trade" allows an investor to extend the expiration or maturity of an option by closing the initial contract and opening a new longer-term contract for the same underlying asset at the then-current market price.

A.R.S. § 44-3151 by transacting business in Arizona as an unlicensed investment advisor representative and investment advisor.

72. On September 15, 2014, the ACC entered the *Order to Cease and Desist, Order for Restitution, Order for Administrative Penalties, and Consent to Same by Shane F. Krauser, Janelle Krauser, and Krauser Investment Group, LLC* (ACC Order) that Respondent and his wife had earlier agreed the ACC could enter. The ACC ordered Respondent and KIG to permanently cease and desist from violating the Securities Act of Arizona and the Arizona Investment Management Act; and ordered Respondent, his wife and KIG, jointly and severally, to pay restitution to the ACC in the principal amount of \$79,347.00 plus interest at the rate of 4.25% per annum from September 15, 2014, until paid in full (to be distributed to Dashtizad, Sandifer, and Dillon), and an administrative penalty in the amount of \$20,000.00.

73. On November 7, 2014, counsel for the ACC filed a satisfaction of judgment stating that Respondent had paid the amounts owed in full.

Violations of the Rules of Professional Conduct

74. By engaging in the conduct set forth above, Respondent violated:

a. ER 8.4(c) by engaging in conduct involving dishonesty, fraud, deceit, or misrepresentation.

CONDITIONAL ADMISSIONS

Respondent's admissions are being tendered in exchange for the form of discipline stated below and are submitted freely and voluntarily and not as a result of coercion or intimidation.

Respondent conditionally admits that his conduct violated Rule 42, Ariz. R. Sup. Ct., specifically ER 8.4(c).

CONDITIONAL DISMISSALS

The State Bar has conditionally agreed to dismiss the allegation that Respondent violated ER 8.4(b). ER 8.4(c) is more applicable to the facts and circumstances of this case than ER 8.4(b), in part because Respondent has not been charged with, or convicted of, any crime. The ACC's finding that Respondent violated various statutes were based upon a finding that Respondent committed civil violations of those statutes, and no scienter was required for those violations.

RESTITUTION

Restitution is not an issue in this matter because Respondent has made full restitution to Dashtizad, Sandifer, and Dillon.

SANCTION

Respondent and the State Bar of Arizona agree that based on the facts and circumstances of this matter, as set forth above, the following sanctions are appropriate: 90-day suspension from the practice of law.

If Respondent violates any of the terms of this agreement, further discipline proceedings may be brought.

LEGAL GROUNDS IN SUPPORT OF SANCTION

In determining an appropriate sanction, the parties consulted the American Bar Association's *Standards for Imposing Lawyer Sanctions (Standards)* pursuant to Rule 57(a)(2)(E). The *Standards* are designed to promote consistency in the imposition of sanctions by identifying relevant factors that courts should consider and then applying those factors to situations where lawyers have engaged in

various types of misconduct. *Standards* 1.3, Commentary. The *Standards* provide guidance with respect to an appropriate sanction in this matter. *In re Peasley*, 208 Ariz. 27, 33, 35, 90 P.3d 764, 770 (2004); *In re Rivkind*, 162 Ariz. 154, 157, 791 P.2d 1037, 1040 (1990).

In determining an appropriate sanction, consideration is given to the duty violated, the lawyer's mental state, the actual or potential injury caused by the misconduct, and the existence of aggravating and mitigating factors. *Peasley*, 208 Ariz. at 35, 90 P.3d at 772; *Standard* 3.0.

Although the ABA *Standards* do not directly address the specific situation presented by this case, the parties agree that generally *Standard* 5.1 is the Standard most applicable to the facts of this matter and should be considered to determine the appropriate sanction.

The parties agree that the conduct in this matter falls between *Standards* 5.12 and 5.13. While Respondent was never charged or convicted of any crime related to his acceptance of funds from three people, *Standard* 5.12 provides that "Suspension is generally appropriate when a lawyer knowingly engages in criminal conduct which does not contain the elements listed in *Standard* 5.11 and that seriously adversely reflects on the lawyer's fitness to practice." *Standard* 5.13 states that "Reprimand is generally appropriate when a lawyer knowingly engages in any other conduct that involves dishonesty, fraud, deceit or misrepresentation and that adversely reflects on the lawyer's fitness to practice law." Respondent's failure to be forthright with Dashtizad, Sandifer, and Dillon regarding the matters related to his receipt of funds for investment purposes reflects adversely on his duty to the general public. "The community expects lawyers to exhibit the highest

standards of honesty and integrity, and lawyers have a duty not to engage in conduct involving dishonesty, fraud, or interference with the administration of justice." *ABA Standards, II. Theoretical Framework*, p. 5.

The duty violated

As described above, Respondent's conduct violated his duty to the general public.

The lawyer's mental state

For purposes of this agreement, the parties agree that Respondent knowingly made misrepresentations to Dashtizad, Sandifer, and Dillon surrounding their decisions to give substantial funds to him to invest, and that such conduct violates the Rules of Professional Conduct.

The extent of the actual or potential injury

For purposes of this agreement, the parties agree there was actual harm to Dashtizad, Sandifer, and Dillon.

Aggravating and mitigating circumstances

The presumptive sanction in this matter is suspension. The parties conditionally agree that the following aggravating and mitigating factors should be considered.

In aggravation:

9.22(b) Dishonest or selfish motive;

9.22(h) Vulnerability of victims (due to the lack of sophistication regarding investments of at least one of those who gave money to Respondent); and

9.22(i) Substantial experience in the practice of law (Respondent was admitted to practice law in Arizona on October 29, 2001).

In mitigation:

- 9.32(a) Absence of a prior disciplinary record;
- 9.32(c) Personal or emotional problems (during the relevant time, one or more defendants that Respondent had criminally prosecuted wished to have him killed, and he became the object of a murder "contract"; several individuals were subsequently prosecuted and incarcerated; for a period of time, Respondent's residence was under 24-hour surveillance to ensure his and his family's safety — Respondent and his wife have six children; this was a particularly dark period of time for him; and due to the stress and anxiety caused by those events, Respondent asserts that his thinking was compromised, which contributed to the conduct that is the subject of this disciplinary proceeding; attached hereto as Exhibit B is a letter from James Anderson, M.D.);
- 9.32(d) Timely good faith effort to make restitution (this should be given limited weight because most of the funds returned to Dashtizad, Sandifer, and Dillon occurred after the ACC had nearly concluded its investigation into Respondent's conduct or pursuant to the ACC Order; following entry of the ACC Order, Respondent has made restitution in full to all three investors and he has paid the administrative penalty; Respondent used all of his retirement savings, including his entire retirement account from his tenure

as a prosecutor, to pay restitution, and the administrative penalty);

- 9.32(e) Full disclosure and cooperative attitude toward disciplinary proceedings (Respondent responded to bar counsel during the screening investigation, made himself available to be interviewed by bar counsel, and agreed to enter into this agreement for discipline by consent);
- 9.32(g) Character or reputation (letters attesting to Respondent's general character and reputation are attached hereto as Exhibit C);
- 9.32(j) Delay in the disciplinary proceedings (the conduct occurred between 2007 and 2009);
- 9.32(k) Imposition of other penalties or sanctions (in addition to repaying Dashtizad, Sandifer, and Dillon all amounts he had received from them, Respondent paid a \$20,000.00 administrative penalty, as ordered by the ACC); and
- 9.32(l) Remorse (Respondent is deeply sorry for his conduct as evidenced by his payment in full of the principal investment amount, and his willingness to make admissions in the ACC matter).

Discussion

The parties have conditionally agreed that, upon application of the aggravating and mitigating factors to the facts of this case, the presumptive sanction is appropriate.

The parties have conditionally agreed that a greater or lesser sanction would not be appropriate under the facts and circumstances of this matter. The parties considered the aggravating and mitigating factors in reaching an agreement about the length of suspension. This agreement is based on the following: Respondent's misconduct did not occur in the context of his practice of law; full restitution has been made to Dashtizad, Sandifer, and Dillon; no criminal charges were ever filed against Respondent; and the conduct occurred between 2007 and 2009. Furthermore, Respondent has not been engaged in the practice of law since 2015, and has no plans to return to the practice of law in the foreseeable future.

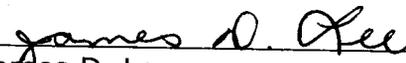
Based on the *Standards* and in light of the facts and circumstances of this matter, the parties conditionally agree that the sanction set forth above is within the range of appropriate sanctions and will serve the purposes of lawyer discipline.

CONCLUSION

The object of lawyer discipline is not to punish the lawyer, but to protect the public, the profession and the administration of justice. *Peasley, supra* at ¶ 64, 90 P.3d at 778. Recognizing that determination of the appropriate sanction is the prerogative of the Presiding Disciplinary Judge, the State Bar and Respondent believe that the objectives of discipline will be met by the imposition of the proposed sanction of a 90-day suspension, and the imposition of costs and expenses. A proposed form order is attached hereto as Exhibit D.

DATED this 29th day of December, 2016.

STATE BAR OF ARIZONA



James D. Lee
Senior Bar Counsel

Based on the *Standards* and in light of the facts and circumstances of this matter, the parties conditionally agree that the sanction set forth above is within the range of appropriate sanctions and will serve the purposes of lawyer discipline.

CONCLUSION

The object of lawyer discipline is not to punish the lawyer, but to protect the public, the profession and the administration of justice. *Peasley, supra* at ¶ 64, 90 P.3d at 778. Recognizing that determination of the appropriate sanction is the prerogative of the Presiding Disciplinary Judge, the State Bar and Respondent believe that the objectives of discipline will be met by the imposition of the proposed sanction of a 90-day suspension, and the imposition of costs and expenses. A proposed form order is attached hereto as Exhibit D.

DATED this _____ day of December, 2016.

STATE BAR OF ARIZONA

James D. Lee
Senior Bar Counsel

This agreement, with conditional admissions, is submitted freely and voluntarily and not under coercion or intimidation. I acknowledge my duty under the Rules of the Supreme Court with respect to discipline and reinstatement. I understand these duties may include notification of clients, return of property and other rules pertaining to suspension.

DATED this 29th day of December, 2016.



Shane Fenton Krauser
Respondent

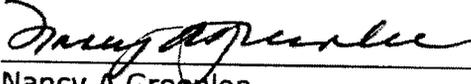
DATED this _____ day of December, 2016.

This agreement, with conditional admissions, is submitted freely and voluntarily and not under coercion or intimidation. I acknowledge my duty under the Rules of the Supreme Court with respect to discipline and reinstatement. I understand these duties may include notification of clients, return of property and other rules pertaining to suspension.

DATED this _____ day of December, 2016.

Shane Fenton Krauser
Respondent

DATED this 29th day of December, 2016.



Nancy A Greenlee
Counsel for Respondent

Approved as to form and content

Maret Vessella
Chief Bar Counsel

Original filed with the Disciplinary Clerk of
the Office of the Presiding Disciplinary Judge
of the Supreme Court of Arizona
this _____ day of December, 2016.

This agreement, with conditional admissions, is submitted freely and voluntarily and not under coercion or intimidation. I acknowledge my duty under the Rules of the Supreme Court with respect to discipline and reinstatement. I understand these duties may include notification of clients, return of property and other rules pertaining to suspension.

DATED this _____ day of December, 2016.

Shane Fenton Krauser
Respondent

DATED this _____ day of December, 2016.

Nancy A Greenlee
Counsel for Respondent

Approved as to form and content


Maret Vessella
Chief Bar Counsel

Original filed with the Disciplinary Clerk of
the Office of the Presiding Disciplinary Judge
of the Supreme Court of Arizona
this 29th day of December, 2016.

Copy of the foregoing emailed
this 29th day of December, 2016, to:

The Honorable William J. O'Neil
Presiding Disciplinary Judge
Supreme Court of Arizona
1501 West Washington Street, Suite 102
Phoenix, Arizona 85007
E-mail: officepdj@courts.az.gov

Copy of the foregoing mailed/emailed
this 29th day of December, 2016, to:

Nancy A. Greenlee
821 E Fern Dr North
Phoenix, AZ 85014-3248
Email: nancy@nancygreenlee.com
Respondent's Counsel

Copy of the foregoing hand-delivered
this 29th day of December, 2016, to:

Lawyer Regulation Records Manager
State Bar of Arizona
4201 North 24th Street, Suite 100
Phoenix, Arizona 85016-6266

by: 
JDL/tg Kee

EXHIBIT A

Statement of Costs and Expenses

In the Matter of a suspended Member of the State Bar of Arizona,
Shane Fenton Krauser, Bar No. 021172, Respondent

File No. 14-2875

Administrative Expenses

The Supreme Court of Arizona has adopted a schedule of administrative expenses to be assessed in lawyer discipline. If the number of charges/complainants exceeds five, the assessment for the general administrative expenses shall increase by 20% for each additional charge/complainant where a violation is admitted or proven.

Factors considered in the administrative expense are time expended by staff bar counsel, paralegal, secretaries, typists, file clerks and messenger; and normal postage charges, telephone costs, office supplies and all similar factors generally attributed to office overhead. As a matter of course, administrative costs will increase based on the length of time it takes a matter to proceed through the adjudication process.

General Administrative Expenses for above-numbered proceedings

\$1,200.00

Additional costs incurred by the State Bar of Arizona in the processing of this disciplinary matter, and not included in administrative expenses, are itemized below.

Staff Investigator/Miscellaneous Charges

07/12/16 Alliance Invoice: Deposition of Shane Krauser \$ 243.75

Total for staff investigator charges \$ 243.75

TOTAL COSTS AND EXPENSES INCURRED **\$ 1,443.75**

EXHIBIT B

Dear Nancy Greenlee,

September 30, 2015

From the years 2005 to 2010 I served as the ecclesiastic leader of Shane Krauser and his family in the capacity of Bishop in the Church of Jesus Christ of Latter Day Saints. I met formally one on one with Shane twice during the 2007-2008 time frame when he sought my counsel, spiritual advise, and comfort regarding an employment related anxiety. Shane was employed at the time as a county prosecutor and had been key in the successful prosecution and incarceration of some very dangerous criminals who had threatened revenge on him. This caused him constant fear for his own life, and the safety and the lives of his wife and children. He placed his home under 24 hour video surveillance. He was considering relocating with his family. He was very anxious and nervous and preoccupied with his safety and that of his family.

In addition to the two counseling sessions Shane and I interacted informally over the next three years usually on a weekly basis. I have been well acquainted with Shane for several years both before and since the 2007 to 2010 interval. During those three to four years he was frequently on edge, and manifested the signs of distraction, anxiety and the hyper vigilance seen with a post traumatic stress reaction.

Of note, I have been employed as a family physician since 1996, and in the course of my practice diagnosed and treated many patients with both situational anxiety and post traumatic stress. I never was Shane's medical doctor.

Sincerely,

A handwritten signature in cursive script that reads "James W. Anderson MD". The signature is written in dark ink and is positioned above the printed name.

James W. Anderson, MD

EXHIBIT C

NICK DRANIAS LAW & POLICY ANALYSIS LLC

<http://sites.google.com/site/nickdraniaslaw/>

15025 S. 8th Street

Phoenix, AZ 85048

602-228-2582

skype: Nick.Dranias

nickdranias@gmail.com

October 10, 2014

Arizona State Bar Association

RE: Opinion Regarding the Character and Fitness of Shane Krauser.

To whom it may concern:

This letter is intended to offer my opinion regarding the character and fitness of Shane Krauser to serve as an attorney licensed by the State of Arizona. I have made reasonable inquiry into the relevant allegations both with Mr. Krauser and with others and have accumulated sufficient information to feel completely confident in my opinion as herein expressed. I have known Mr. Krauser on a professional basis now for at least two years. We both serve as constitutional scholars and attorneys, and have intersected with each other's activities on numerous occasions.

Ordinarily, it would go without saying among people who know Mr. Krauser, but I suppose in this context it is necessary to do so; so please let me emphasize that I have never experienced a commitment made by Mr. Krauser broken—and there have been many occasions when the opportunity to do so presented itself, such as with regard to radio interviews, joint speaking engagements, etc. Additionally, I have never experienced even a hint of dishonesty or deception in anything he has ever done. Instead, I have observed a man who is committed to bettering Arizona's legal community and the wider community as well. I have observed a man of complete honesty and integrity.

For instance, a year or so ago, Mr. Krauser went out of his way to help organize at least one successful continuing legal education event at Arizona State University School of Law. What is significant about this effort for me is that I know ASU was struggling in its efforts to generate interest and attendance for its CLE events. Mr. Krauser partnered with ASU and lent his expertise in organizing fun

and exciting educational events. There is little doubt that his investment of time and resources for the event was a diversion from his other income-generating activities and motivated entirely by the desire to bring the latest scholarship to the attention of the Arizona legal community.

Beyond this experience, on a professional level, what has been revealing to me is how Mr. Krauser has always had a non-competitive approach with regard to his business activities, looking to incorporate other think tanks, scholars and experts into his various presentations to maximize educational value for his audience, even at the risk of dissipating the uniqueness of his own "brand," standing and influence with his own audience. His inclusive approach to constitutional education demonstrates that he is not primarily motivated by proprietary thinking or personal gain when it comes to his career, but that he is driven primarily by the desire to illuminate and educate. Given that his choice of an educational career is an incredibly risky path to choose if one wishes to earn a living, this demonstrates to me that Mr. Krauser has a strong character committed to a proper hierarchy of values; seeking long-term success over short-term gain.

I have no doubt Mr. Krauser has the character and fitness to serve as a licensed attorney.

I hope this is helpful for you.

Very truly yours,

A handwritten signature in black ink, appearing to read "N. Dranias", written in a cursive style.

Nicholas C. Dranias

nathanwandersen@gmail.com

October 23, 2014

State Bar of Arizona
4201 N. 24th Street, #100
Phoenix, AZ 85016

Re: Character Letter for Shane Krauser

To Whom It May Concern:

I am an attorney licensed to practice law in the State of Arizona (Arizona Bar # 22802). I understand that an ethics investigation with the Arizona State Bar is currently in process for Shane Krauser. The purpose of this letter is to provide the Arizona State Bar with information regarding my personal experience with Shane Krauser.

I have known Shane as a neighbor and friend since June of 2005. My personal experience is that Shane has always demonstrated integrity. He is a man of good character who is principled in his convictions. He loves his country and respects the rule of law. He is courteous to others and service oriented. In my opinion, he is an honor to the legal profession.

If you have any questions concerning this letter, please do not hesitate to contact me at (602) 859-0853.

Sincerely,

A handwritten signature in black ink that reads "Nathan Andersen". The signature is written in a cursive style with a large, prominent initial "N".

Nathan Andersen



Service & Integrity

SHERIDAN LARSON, PLLC

Attorneys and Counselors at Law

3035 S. Ellsworth Road, Suite 144
Mesa, Arizona 85212

Office: 480.668.7600
Fax: 480.986.3300

Michael J. Sheridan
Also Licensed In Michigan

Steven K. Larson
Also Certified Parenting Coordinator

October 27, 2014

State Bar of Arizona
Attorney Discipline
4201 N. 24th St., Suite 200
Phoenix, Arizona 85016

Re: Shane Krauser

To Whom It May Concern:

I first met Shane Krauser at my church nearly 20 years ago. Though he is young enough to be my son, we "hit it off" very easily. I soon found out he had a great interest in the law and that he had the integrity and the drive to make a great lawyer. He worked for me on a part-time basis for a short period of time before he left to enter law school. While working in my office, I was also impressed with his work ethic and his honesty. He completed all assignments with exactness and was scrupulous about keeping track of his hours, never inflating them even a little.

Shane kept me informed while he was attending law school, including the extra-curricular activities that he was able to take part in while he was there. He was part of a group of select students that helped to prepare a case before the US Supreme Court. When he graduated, I would have wanted him to come to work for me, but he already had made his mind up to be a prosecutor.

We have maintained contact with each other throughout the years. It was no surprise to me to see how Shane was being promoted within the County Attorney's office. For anyone that has the opportunity to get to know Shane, they will soon notice that he has three characteristics, or qualities, that define him. Those are his belief in his God, the importance of his family, and his desire to help his fellow man.

I understand that Shane made a bad business decision during 2006-2008 that caused him to lose a large sum of money. This caused him also to default on loans from others. It's sad, but I don't need to explain to anyone how millions of people made similar mistakes during that period of time. My opinion of Shane has not changed since we first met in the mid-1990's. He is an exceptional person, a fine lawyer and a dedicated family man. I do not doubt his integrity whatsoever.

Very truly yours,

Steven K. Larson

SKL -

KRAUSER - LTR TO STATE BAR 14-10-27

 **Davis Miles**

McGuire Gardner

Davis Miles McGuire Gardner, PLLC
Attorneys at Law
80 E. Rio Salado Parkway, Suite 401
Tempe, AZ 85281
Telephone: (480) 733-6800
Facsimile: (480) 733-3748
www.davismiles.com
www.mcguiregardner.com

November 14, 2014

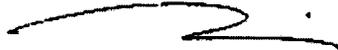
State Bar of Arizona
Attention: Bar Counsel
4201 N. 24th Street
Suite 100
Phoenix, AZ 85016-6266

RE: Respondent Shane F. Krauser Disciplinary Charge

To Whom It May Concern:

I have been acquainted with Mr. Krauser for approximately two years. During that time, I have found him to be a sincere, honest, and compassionate person. While I am not fully familiar with the circumstances which have given rise to this matter, I would urge the committee to take into consideration his having paid all losses, having been forthright, and having resolved this issue. I would also urge the committee to recognize his past and ongoing service to the community as well as his integrity.

Very truly yours,



Gregory L. Miles
Founding Partner

GLM/ccb

Dictated Not Read

10/28/2014

To whom it may concern:

I understand that Shane Krauser is dealing with some concerns that are being evaluated by the Arizona State Bar. While I don't know all of the details, I am eager to provide a character reference for Shane.

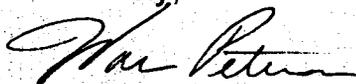
I have known Shane for three years, and I have known his extended family for even longer. Without question, Shane is a man of integrity, a man of his word, and a man of character who has impacted for good tens of thousands of lives all over America.

As an Arizona State legislator, integrity is something that so often is just difficult to find in people. Just as important, finding men of integrity who care about others around them can sometimes seem exhausting. Shane is one of those rare people who embraces all of those qualities that we want in our community. Even in disagreements, Shane is a pleasure to deal with and embraces a feeling of unity in trying to find agreement.

I have watched Shane build an organization that has had an impact on people all over the country. He has built relationships based on trust, and he is someone that many confide in as they go about contemplating certain decisions. He has spent thousands of hours teaching, inspiring, and volunteering in various capacities all over the country. Shane's future holds incredible promise, and I am honored to offer my support in his various endeavors.

If there are accusations that concern his integrity, this would strike me as odd, primarily because I have watched, observed, and interacted with him on a personal level and have seen him interact with many others. My hope is that Shane will be seen for who he really is and not for something where there may have been a lapse in judgment on a personal endeavor.

Sincerely,



Warren Petersen

October 30, 2014

To Whom It May Concern:

My name is Don Petrie, and I am a shareholder at the law firm of Gallagher & Kennedy, P.A. I have practiced law in Arizona for over twenty years. I have been a member of the Arizona State Bar, in good standing since 1991.

I know Shane Krauser and have worked extensively with him over the past couple of years. He recently informed me of a pending complaint against him lodged with the Arizona State Bar. While I know little about the factual or legal bases for that complaint, I feel that I know Shane quite well, both personally and professionally. Accordingly, the purpose of this letter is to provide my reference attesting to Shane's personal and professional character.

First, Shane is a loving and devoted husband and father. He has six children and a wonderful wife that are the primary focus of his day-to-day life. He is the consummate family man, with enduring family values.

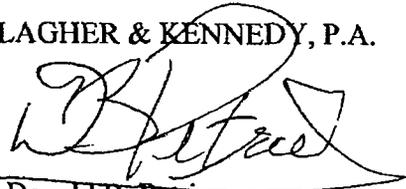
Second, Shane is deeply committed to America, the principles underlying the Constitution, and the liberties and freedoms that we, as Americans, all enjoy. He is the Director of the American Academy for Constitutional Education and, as such, travels the state of Arizona and the country working tirelessly to educate people about the Constitution. He is a dynamic speaker and advocate for the greatness and exceptionalism of America. I have heard about and seen, first hand, the positive difference that he has made and continues to make in people's lives.

Third, while Shane no longer practices law on a day-to-day basis, I have discussed and consulted with him on numerous legal matters. He teaches and exhibits a healthy respect for the Constitution, the rule of law, and the legal profession in general. He is knowledgeable; he is a man of his word; and he demonstrates a high level of ethics and integrity in all that he does.

Based upon the foregoing, it is my privilege to provide this reference Mr. Krauser.

Very truly yours,

GALLAGHER & KENNEDY, P.A.

By: 

Donald B. Petrie

DBP:ccm

EXHIBIT D

**BEFORE THE PRESIDING DISCIPLINARY
JUDGE**

IN THE MATTER OF A
SUSPENDED MEMBER OF
THE STATE BAR OF ARIZONA,

SHANE FENTON KRAUSER,
Bar No. 021172,

Respondent.

PDJ 2016-9092

FINAL JUDGMENT AND ORDER

[State Bar No. 14-2875]

The undersigned Presiding Disciplinary Judge of the Supreme Court of Arizona, having reviewed the Agreement for Discipline by Consent filed on December 29, 2016, pursuant to Rule 57(a), Ariz. R. Sup. Ct., hereby accepts the parties' proposed agreement. Accordingly:

IT IS HEREBY ORDERED that Respondent, **Shane Fenton Krauser**, is hereby suspended from the practice of law for 90 days for his conduct in violation of the Arizona Rules of Professional Conduct, as outlined in the consent documents, effective on the date of this order.

IT IS FURTHER ORDERED that, pursuant to Rule 72 Ariz. R. Sup. Ct., Respondent shall immediately comply with the requirements relating to notification of clients and others.

IT IS FURTHER ORDERED that Respondent pay the costs and expenses of the State Bar of Arizona in the amount of \$ 1,443.75, within 30 days from the date of service of this Order.

IT IS FURTHER ORDERED that Respondent shall pay the costs and expenses incurred by the disciplinary clerk and/or Presiding Disciplinary Judge's Office in connection with these disciplinary proceedings in the amount of \$ _____, within 30 days from the date of service of this Order.

DATED this _____ day of December, 2016.

**William J. O'Neil, Presiding Disciplinary
Judge**

Original filed with the Disciplinary Clerk of
the Office of the Presiding Disciplinary Judge
of the Supreme Court of Arizona
this _____ day of December, 2016.

Copies of the foregoing mailed/emailed
this _____ day of December, 2016, to:

Nancy A. Greenlee
821 E Fern Dr North
Phoenix, AZ 85014-3248
Email: nancy@nancygreenlee.com
Respondent's Counsel

Copy of the foregoing emailed/hand-delivered
this _____ day of December, 2016, to:

James D. Lee
Senior Bar Counsel
State Bar of Arizona
4201 North 24th Street, Suite 100
Phoenix, Arizona 85016-6266
Email: LRO@staff.azbar.org

Copy of the foregoing hand-delivered
this _____ day of December, 2016, to:

Lawyer Regulation Records Manager
State Bar of Arizona
4201 North 24th Street, Suite 100
Phoenix, Arizona 85016-6266

by: _____