

**People v. James N. Mrzlak. 16PDJo26. June 6, 2016.**

The Presiding Disciplinary Judge approved the parties' conditional admission of misconduct and suspended James N. Mrzlak (attorney registration number 11476) for a period of three years, with one year served. If Mrzlak pays full restitution within that first year of his suspension, he may seek reinstatement under C.R.C.P. 251.29(b) and the remaining part of his suspension will be stayed. If Mrzlak fails to pay full restitution within that time, the stay on his remaining two-year period of suspension shall be lifted. He then shall serve the three-year suspension unless he pays full restitution during that period, in which case he may seek reinstatement early under C.R.C.P. 251.29(c). The suspension takes effect August 1, 2016.

Between 2009 and 2014, Mrzlak provided legal services to a client in her eighties whom he had known for forty years. In December 2009, Mrzlak told his client he was interested in borrowing money from her for a commercial remodeling project. He states that he orally advised his client to seek other counsel regarding this arrangement. He also drafted a letter to the client that contemplated an initial loan of \$30,000.00, along with future loan opportunities. In the letter, Mrzlak informed his client to seek outside counsel and advised her that the loan was secured with a deed of trust on his home. The letter was not signed by his client. His client denies having received this letter or discussed with Mrzlak the possibility of seeking outside counsel.

Thereafter, Mrzlak's client loaned him substantial sums of money through multiple loans between 2010 and 2014. Many of those loans had different repayment terms. Mrzlak recalls providing promissory notes to his client for each individual loan. He made occasional payments on the promissory notes, but it is not clear on which notes he paid. On January 1, 2013, he drafted and signed a promissory note consolidating all the outstanding loans for \$239,000.00, with an interest rate of six percent. He agreed to make monthly payments of \$2,000.00 to his client, with the balance to be fully paid by December 31, 2014. He defaulted on this promissory note, however. On April 1, 2015, Mrzlak executed another note and deed of trust, which indicated that he owed his client \$215,811.60, with an interest rate of six and one-half percent. He agreed to make monthly payments of \$2,000.00, with the balance to be paid by May 1, 2025. This note is secured by Mrzlak's property, which is valued at \$59,348.00.

Mrzlak's conduct violated Colo. RPC 1.8(a) (a lawyer shall not enter into a business transaction with a client unless the client is advised to seek independent legal counsel and the client gives written informed consent to the transaction) and Colo. RPC 8.4(c) (a lawyer shall not engage in conduct involving dishonesty, fraud, deceit, or misrepresentation).