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7 Office of Disciplinary Counsel

8 BEFORE THE COMMISSION ON PRACTICE OF THE
9 SUPREME COURT OF THE STATE OF MONTANA

10 * * * * *

11 IN THE MATTER OF MEGHAN DOUD,) Supreme Court Cause No. PR 21-0081
12)
13 An Attorney at Law,) ODC File No. 19-137
14)
15 Respondent.) **AMENDED COMPLAINT**
16)
17)

18 ODC hereby amends the Complaint filed in this matter on February 19, 2021
19 to correct two typographical errors. By leave of the Commission on Practice (COP)
20 granted on January 7, 2021, the Office of Discipline Counsel for the State of
21 Montana (ODC), hereby charges Meghan Doud with professional misconduct as
22 follows:

23 **General Allegations**

24 1. Meghan Doud, ("Doud") was admitted to the practice of law in the State
25 of Montana in 2006, at which time she took the oath required for admission, wherein

1 she agreed to abide by the Rules of Professional Conduct, the Disciplinary Rules
2 adopted by the Supreme Court, and the highest standards of honesty, justice and
3 morality, including but not limited to, those outlined in parts 3 and 4 of Chapter 61,
4 Title 37, Montana Code Annotated.

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6 2. The Montana Supreme Court has approved and adopted the Montana
7 Rules of Professional Conduct (MRPC), governing the ethical conduct of attorneys
8 licensed to practice in the State of Montana, which Rules were in effect at all times
9 mentioned in this Complaint.
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11 3. At all times pertinent to this Complaint, Doud practiced law in either
12 Kalispell, Montana or Helena, Montana in partnership with her father, Timothy
13 McKeon ("McKeon"), under the firm name McKeon Doud, P.C. ("McKeon Doud"
14 or "the firm"). McKeon Doud's main areas of practice included, but was not limited
15 to personal injury, medical malpractice, and workers' compensation cases. The firm
16 handled those cases on a contingency fee basis.
17

18 4. For the time period January 1, 2016 through March 31, 2020, the firm
19 repeatedly and consistently transferred funds from the firm's trust accounts at both
20 First Interstate Bank ("FIB") and Glacier Bank ("Glacier") to the firm's operating
21 account or other firm or personal accounts. These transfers occurred almost always
22 on a daily basis. Nearly all transfers during that time period were lump sum amounts
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1 – e.g., \$1,000, \$5,000, \$10,000 – and not amounts consistent with the actual earned
2 contingency fees and costs reimbursements related to a particular client's case.

3 5. Based upon information and belief, Doud was the sole signator on the
4 firm's trust accounts; however, McKeon had access and authority to make electronic
5 transfers to and from the accounts and had, in fact, done so.
6

7 6. The amount of funds McKeon and Doud failed to pay some clients
8 and third parties as of March 31, 2020 totaled approximately \$615,000. The amount
9 McKeon and Doud charged clients for time spent by firm employees on their cases
10 as a cost or firm expense, contrary to their contingency fee agreements and plaintiffs
11 practice in Montana, totaled approximately \$740,000. If McKeon and Doud
12 disgorged the unreasonable fees/costs, the amount owed to clients and third parties
13 as of March 31, 2020, totaled approximately \$1.35 million.
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15

16 **Count One**
17 **(Misappropriation and Mishandling of Trust Account Funds)**

18 7. ODC realleges and incorporates paragraphs 1 through 6 of the General
19 Allegations as if fully restated in this Count One.

20 8. Doud, either on her own or at McKeon's direction, repeatedly paid the
21 firm or transferred funds not belonging to the firm from the trust accounts to the
22 operating account, other firm accounts, or McKeon's and Doud's personal accounts.
23 Some of the funds were fees not yet earned; other funds belonged either to clients or
24
25

1 third parties. Those transfers and payments repeatedly depleted the trust account of
2 funds belonging to clients or others.

3 9. Doud, either on her own or at McKeon's direction, paid some clients
4 from the trust account, totaling approximately \$33,000, when the clients had no
5 funds in the account. Those funds belonged to others.
6

7 10. Doud, either on her own or at McKeon's direction, failed to pay some
8 clients funds to which they were entitled from their settlements timely, or at all.
9 Those funds were depleted and paid to the firm, other clients and/or third parties.
10

11 11. Doud, either on her own or at McKeon's direction, failed to hold funds
12 belonging to some third parties in the trust account, which were to be disbursed at a
13 later date – usually after a final lien amount or medical debt was determined. Those
14 funds were depleted and paid to the firm or others.
15

16 12. Based upon information and belief, the amount of funds Doud, either
17 on her own or at McKeon's direction, failed to pay clients or hold in the trust account
18 for payment to the clients and third parties as of March 31, 2020, totaled
19 approximately \$615,000. The trust account balance on March 31, 2020, totaled less
20 than \$45,000.
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22 13. This conduct constitutes misappropriation and mishandling of funds in
23 violation of Rules 1.15 and 1.18, MRPC.
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1 14. This conduct constitutes a violation of Rules 8.4(b) and (c), MRPC, as
2 Doud engaged in a criminal act and engaged in conduct involving dishonesty, fraud,
3 deceit or misrepresentation.

4 **Count Two**
5 **(Co-Mingling Attorney's Funds with Client Funds)**

6 15. ODC realleges and incorporates paragraphs 1 through 6 of the General
7 Allegations as if fully restated in this Count Two.

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9 16. In many cases, Doud, either on her own or at McKeon's direction, did
10 not disburse the earned attorney's fees and costs reimbursements immediately after
11 client settlement funds were deposited into the trust accounts; rather, in an effort to
12 mitigate the mishandling of client money, she co-mingled the fees and costs in those
13 cases by leaving the funds belonging to the firm in the IOLTA after they were
14 earned.
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16 17. This conduct constitutes a violation of Rules 1.15, 1.18, and 8.4(c),
17 MRPC.
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19 **Count Three**
20 **(Unreasonable Fees and Costs)**

21 18. ODC realleges and incorporates paragraphs 1 through 6 of the General
22 Allegations as if fully restated in this Count Three.

23 19. Based upon information and belief, Doud and McKeon charged several
24 clients for staff time – i.e., medical/nurse consulting and/or paralegal services – spent
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1 on their cases at an hourly rate as a cost or firm expense, totaling approximately
2 \$740,000. There were no invoices from outside parties with whom the firm
3 contracted for those services. The individuals performing those services were firm
4 employees. The costs were deducted from the gross settlements in addition to the
5 contingency fees. The firm's contingency fee agreements in these matters do not
6 include an hourly fee arrangement for which fees or costs will be charged, nor do
7 they allow charges for time spent by employees of the firm as a cost or expense to
8 the clients.
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11 20. If Doud and McKeon disgorged the approximate \$740,000 charged for
12 staff time and paid the clients and third parties the approximate \$615,000 still owed
13 to them as of March 31, 2020, the amount Doud and McKeon owed the clients and
14 third parties totaled approximately \$1.35 million.
15

16 21. In some cases, McKeon negotiated liens and/or medical debt for the
17 firm's clients and charged an additional contingency fee for doing so in disregard of
18 their contingency fee agreement. McKeon and Doud took a percentage of the
19 amount negotiated as a fee.
20

21 22. This conduct constitutes violations of Rules 1.5(a)-(c), MRPC.

22 23. This conduct constitutes violations of Rules 8.4(b) and (c), MRPC.
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Count Four
(Fee Agreements)

24. ODC realleges and incorporates paragraphs 1 through 6 of the General Allegations as if fully restated in this Count Four.

25. Doud was unable to produce signed contingency fee agreements for several clients in violation of Rule 1.5(c), which requires a signed fee agreement for contingency fee cases.

Count Five
(Trust Account Maintenance)

26. ODC realleges and incorporates paragraphs 1 through 6 of the General Allegations as if fully restated in this Count Five.

27. For the period from at least January 1, 2016 through March 31, 2020, Doud failed to maintain the firm's trust accounts; consequently, several record-keeping errors occurred, which exacerbated the misappropriation of client funds.

28. Doud did not keep a ledger for the firm's trust accounts or separate ledgers for the firm's clients.

29. Doud failed to reconcile the firm's trust accounts, as required.

30. Doud's non-compliance with the Trust Account Maintenance and Audit Requirements constitutes a violation of Rule 1.18(e), MRPC.

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Count Six
(Communication)

31. ODC realleges and incorporates paragraphs 1 through 6 of the General Allegations as if fully restated in this Count Six.

32. McKeon negotiated four (4) settlements for client A.D. for her personal injury sustained as a result of a motor vehicle accident. Based upon information and belief, neither Doud nor McKeon obtained A.D.'s signature on the settlement statements depicting how the funds would be disbursed for the settlements. They did not produce settlement statements for the first three settlements, communicating to A.D. how the funds would be disbursed. They also have not produced evidence of A.D.'s knowledge or consent as to how the funds would be disbursed on at least three settlements.

33. Based upon information and belief, Doud and McKeon failed to keep some clients apprised of the status of their matter, specifically regarding payments to medical providers and/or the status of cost expenditures. They further failed to provide some clients with a final breakdown of all cost expenditures, or at all.

34. This conduct constitutes a violation of Rules 1.4 and 8.4(c), MRPC.

Count Seven
(Responsibilities of Partners)

35. ODC realleges and incorporates paragraphs 1 through 6 of the General Allegations as if fully restated in this Count Seven.

36. Doud's failure to exercise independent professional judgment and further research the firm's fee structure and ultimate collection of unreasonable fees and costs constitutes a violation of Rule 5.1(c), MRPC.

WHEREFORE, the Office of Disciplinary Counsel prays:

1. That a Citation be issued to the Respondent, to which shall be attached a copy of the complaint, requiring Respondent, within twenty-one (21) days after service thereof, to file a written answer to the complaint;

2. That a formal hearing be had on the allegations of this complaint before an Adjudicatory Panel of the Commission;

3. That the Adjudicatory Panel of the Commission make a report of its findings and recommendations after a formal hearing to the Montana Supreme Court, and, in the event the Adjudicatory Panel finds the facts warrant disciplinary action and recommends discipline, that the Commission also recommend the nature and extent of appropriate disciplinary action; and,

4. For such other and further relief as deemed necessary and proper.

DATED this 23rd day of February, 2021.

OFFICE OF DISCIPLINARY COUNSEL

By: Pamela D. Bucy
Pamela D. Bucy
Chief Disciplinary Counsel