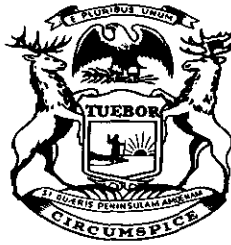


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NOTICE OF SUSPENSION WITH CONDITIONS AFTER REMAND TO MASTER

Case No. 07-97-GA

Notice Issued: January 8, 2010

Kathryn D. Gallagher, P 40563, Ann Arbor, Michigan, by the Attorney Discipline Board
Washtenaw County Hearing Panel #4.

1. Suspension - 60 Days
2. Effective November 1, 2009

Respondent did not appear at the hearing and was found to be in default for failing to file an answer to the formal complaint. Based on that default, the hearing panel found that respondent failed to keep her client reasonably informed; failed to explain the matter to the extent reasonably necessary to permit her client to make informed decisions; failed to promptly pay or deliver the unearned funds that had been paid in advance; failed to respond to lawful demands for information from a disciplinary authority; failed to answer a request for investigation; and failed to answer another request for investigation in a timely manner, in violation of MCR 9.104(A)(1)-(4) and (7); MCR 9.113(A) and (B)(2); and Michigan Rules of Professional Conduct 1.4(a) and (b); 1.15(b)(3); 1.16(d); 8.1(a)(2); and 8.4(a) and (c). The hearing panel ordered that respondent's license to practice law in Michigan be suspended for three years and that she pay restitution in the amount of \$1,300.00. The panel also ordered that respondent be subject to conditions relevant to the established misconduct.

Respondent filed a petition for review and motions for a stay of discipline and to set aside the default. The Board granted the motion for stay of discipline and remanded the motion to set aside the default to be decided by the hearing panel. The panel denied the motion to set aside the default, and respondent filed a motion for reconsideration, which was also denied.

After review, the Board referred the matter to a Master to develop a fuller record before the Board would address the question of sanctions. The Master filed his report recommending that respondent's license to practice law be suspended for 60 days with conditions. The Master also found that, at the time the divorce case was dismissed, there were no unearned fees held by respondent. Therefore, this is not a case where respondent willfully failed to return an unearned fee, but rather one in which she failed to account, to a client, for deposited funds.

On October 8, 2009, the parties filed a stipulation accepting the Master's report on discipline, and the Board issued its order suspending respondent's license to practice law in Michigan for 60 days with conditions relevant to the established misconduct. Total costs were assessed in the amount of \$2,949.73.

John F. Van Bolt

Dated: **JAN -7 2010**