People v. Michael George Sawaya. 23PDJ012. April 17, 2023.

The Presiding Disciplinary Judge approved the parties' revised stipulation to discipline and publicly censured Michael George Sawaya (attorney registration number 06772), effective April 17, 2023.

In 2018, the owner of a property management company purchased a property in Denver, intending to refurbish the property as an event space with luxury accommodations. The owner hired an interior design firm to decorate the property but disputed the quality of work and furnishings. Sometime in early 2019, Sawaya and the owner were introduced socially and began an intimate relationship. Around that time, the owner received a demand letter from the design firm's lawyer, and Sawaya agreed to help the owner. Sawaya sent a demand letter to the design firm, noting the owner had retained Sawaya's law firm. But Sawaya failed to put the basis or rate of his fee for the representation in writing until more than half of a year later.

Meanwhile, in connection with a potential business transaction, the owner, who was in dire financial straits, provided Sawaya with information about the owner's commercial and residential properties. Ultimately, Sawaya agreed to enter into a business transaction with his client. Sawaya's personal lawyer prepared four documents: a promissory note for $280,000.00; a deed of trust, securing the obligations in the promissory note by granting the public trustee power of sale over the refurbished property and over a second property, which the owner had deeded to his company to secure a loan to purchase the first property; an operating agreement, giving Sawaya a permanent thirty-percent membership interest in the owner's company; and a pledge agreement.

In late 2019, Sawaya and the owner ended their romantic relationship. In early 2020, the owner retained another lawyer to litigate the owner's dispute with the design firm. Around that time, the owner was ticketed for running an unlicensed business at the commercial property. Sawaya appeared in court on the owner's behalf. Sawaya never provided the owner a written statement of the basis or rate of his fee for the representation.

In late 2020, Sawaya loaned the owner more than $60,000.00, even though the owner had made no payments to Sawaya on the $280,000.00 promissory note. In late 2021, Sawaya and the owner met to discuss how to resolve their business relationship. Their discussions were not fruitful. Ultimately, Sawaya initiated an arbitration action against the owner and his company, and the owner sued Sawaya. Sawaya also moved to appoint a receiver to manage the properties. Pending the outcome of arbitration, the lawsuit is stayed.

Through this conduct, Sawaya violated Colo. RPC 1.5(b) (a lawyer must inform a client in writing about the lawyer's fees and expenses within a reasonable time after being retained, if the lawyer has not regularly represented the client) and Colo. RPC 1.8(i) (a lawyer generally may not acquire a proprietary interest in the cause of action or subject matter of litigation the lawyer is conducting for a client).

The case file is public per C.R.C.P. 242.41(a).