

BEFORE THE DISCIPLINARY BOARD OF THE
SUPREME COURT OF PENNSYLVANIA

OFFICE OF DISCIPLINARY COUNSEL, Petitioner	:	No. 20 DB 2025
	:	
v.	:	Attorney Registration No. 61770
	:	
FRED WILLIAM FREITAG, IV, Respondent	:	(Allegheny County)

REPORT AND RECOMMENDATIONS OF
THE DISCIPLINARY BOARD OF THE
SUPREME COURT OF PENNSYLVANIA

TO THE HONORABLE CHIEF JUSTICE AND JUSTICES
OF THE SUPREME COURT OF PENNSYLVANIA:

Pursuant to Rule 208(d)(2)(iii) of the Pennsylvania Rules of Disciplinary Enforcement, the Disciplinary Board of the Supreme Court of Pennsylvania (“Board”) herewith submits its findings and recommendations to your Honorable Court with respect to the above-captioned Petition for Discipline.

I. HISTORY OF PROCEEDINGS

By Petition for Discipline filed on February 20, 2025, Office of Disciplinary Counsel (“ODC”), charged Respondent, Fred William Freitag, IV (“Freitag”), with violating Rules of Professional Conduct relating to transfers of funds from a third party totaling \$300,000 into Freitag’s IOLTA and the transfer of those funds from the IOLTA to a third party. Freitag filed an Answer to Petition for Discipline on March 11, 2025.

Following a prehearing conference on May 19, 2025, the Hearing Committee (“Committee”) held a disciplinary hearing on June 30, 2025. ODC introduced

exhibits ODC-1 through ODC-23 and ODC-A. The exhibits were admitted without objection. ODC called as witnesses Kalaimani Ponnusamy, Kathryn Peifer Morgan, Esquire, and Freitag. Freitag appeared pro so. He introduced exhibits Respondent-A through Respondent-L, which were admitted without objection. Freitag testified on his own behalf and presented the testimony of Rachel Kroneberg of PNC Bank.

ODC filed a post-hearing brief to the Committee on July 31, 2025. ODC requested that the Committee recommend to the Board that Freitag be suspended for a period of one year and one day. Freitag did not file a post-hearing brief.

By Report filed on November 3, 2025, the Committee concluded that Freitag violated the rules charged in the Petition for Discipline and recommended that he be suspended for one year and one day. The parties did not file exceptions to the Committee's Report and recommendation.

The Board adjudicated this matter at the meeting on January 22, 2026.

II. FINDINGS OF FACT

The Board makes the following factual findings:

1. Freitag was born in 1957 and was admitted to practice law in the Commonwealth of Pennsylvania on July 9, 1991. He is subject to the disciplinary jurisdiction of the Disciplinary Board of the Supreme Court of Pennsylvania.

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2. In his 2022-2023 Pennsylvania Attorney Annual Registration Form, Freitag listed one IOLTA client trust account, a PNC Bank IOLTA account ending in 2599. The

named holder of Respondent's IOLTA was Keystone Legal Solutions, LLC. ODC-23; N.T. 126:10-17.

3. On December 2, 2022, Kalaimani Ponnusamy on behalf of Goldleaf Investment LLC ("Goldleaf") entered into a written agreement with Trex Asia International Limited ("Trex"), titled "Term Sheet for Collateral Loan Financing" ("Term Sheet"). Jt. Stip., ¶ 3; ODC-1 at; N.T. 20:21 – 21:21.
4. The Term Sheet outlined an agreement whereby Trex would provide Goldleaf/Ponnusamy a loan in the amount of \$11 million secured by a standby letter of credit. ODC-1; N.T. 20:3-16; 22:22-25.
5. The Term Sheet identified Global Escrow Boutique ("Global Escrow") as the "Escrow Firm". Jt. Stip., ¶ 4; ODC-1.
6. The Term Sheet provided: "The parties further warrant upon execution of this Term Sheet, the Client [Goldleaf/Ponnusamy] will place a contract deposit of \$12,500.00 into the nominated attorney-escrow account." ODC-1; N.T. 21:22 – 22:7.
7. The Term Sheet identified "Keystone Legal Solutions LLC, IOLTA Client Trust Account" with PNC Bank account number ending in 2599 (Freitag's IOLTA) as the "IOLTA Escrow Account". Jt. Stip., ¶ 6; ODC-1; N.T. 22:8-15.
8. Keystone Legal Solutions LLC ("Keystone") is Freitag's corporation and the PNC Bank IOLTA Client Trust Account with an account number ending in 2599 was Freitag's IOLTA client trust account in 2022-2023. Jt. Stip., ¶ 8.
9. Neither Freitag nor Keystone signed or executed the Term Sheet. Jt. Stip., ¶ 7; ODC-1; N.T. 14:13-25.

10. The Term Sheet further provided: “Such contract deposit will be held in attorney-escrow and is fully refundable in the event that the client chooses to not move forward with financing. Such fee, will be refunded at the clients [sic] first demand by sending an electronic message to the Escrow Firm listed in this agreement.” ODC-1.
11. The Term Sheet provided: “The Escrowed fee shall only be released from escrow upon client’s full confirmation that they had received the full amount of the project financing, in the full entirety equal to \$11,000,000.00 USD.” ODC-1; N.T. 25:3-18.
12. Freitag did not see the Term Sheet and was not aware of the parties to, the existence of, or the terms of the Term Sheet until sometime after December 16, 2022. N.T. 14:13-25; 15:1-7; 16:3-4; 77:15-25; and 83:9-12.
13. On December 5, 2022, Freitag received a wire transfer in the amount of \$12,500.00 into his IOLTA from Ponnusamy. Jt. Stip., ¶ 9; ODC-6; ODC-2; N.T. 27:11 – 29:21.
14. Freitag did not know that the \$12,500.00 received on December 5, 2022, was sent by Ponnusamy / Goldleaf but believed the funds were sent by Global Escrow. N.T. 15:5-7; 16:7-13; 158: 2-7; and 163:3-15.
15. On December 8, 2022, Ponnusamy, through his corporation, Goldleaf, as the “Borrower,” entered into a written Escrow Agreement (“Escrow Agreement”) with Trex, the “Lender,” and Global Escrow, the “Escrow Agent.” Jt. Stip., ¶ 10; ODC-3; N.T. 31:24 – 32:4.
16. The Escrow Agreement defined the term “Escrow Agent” as: “Global Escrow Boutique, with assigned Escrow Attorney of Brittany DeKine.” Jt. Stip., ¶ 11; ODC-3; N.T. 32:5-20.

17. The Escrow Agreement identified “Trust Manager, Juan Cabrillo of IOLTA Attorney Firm USA SUBSIDIARY: KEYSTONE LEGAL SOLUTIONS, LLC, Juan [sic] 445 FORT PITT BLVD STE LL 100, PITTSBURGH, PA 15219-1318.” Jt. Stip., ¶ 12; ODC-3.
18. Neither Freitag nor Keystone signed or executed the Escrow Agreement. Jt. Stip., ¶ 13; ODC-3; N.T. 14:13-25.
19. The Escrow Agreement provided: “Contemporaneously herewith, the parties will establish a non-interest bearing attorney trust account with the Escrow Agent, which escrow account is entitled ‘IOLTA Trust Account’ (the ‘Escrow Account’). The Borrower will transfer funds directly to the Escrow Agent as in the amount of \$300,000.00 (minus \$12,500.00 contract deposit already placed in escrow account per Term Sheet).” ODC-3; N.T. 33:15 – 34:8.
20. The Escrow Agreement stated: “The Borrower [Ponnusamy / Goldleaf] is hereby authorized to deposit funds into the below mentioned IOLTA Trust Account. ... Keystone Legal Solutions LLC, IOLTA Client Trust Fund.” ODC-3; N.T. 36:18 – 37:2.
21. The Escrow Agreement also stated: “The Escrow Agent shall not release, distribute or deliver escrowed funds unless notification had come from both parties, separately. ... The Escrow Agent shall deposit funds received from Borrower in the Escrow Account, which shall be a non-interest-bearing bank account at PNC Bank, under Interest On Lawyers Trust Account structure, monitored by the State Bar Association.” ODC-3.

22. Freitag did not see the Escrow Agreement and was not aware of the parties to, the existence of, or the terms of the Escrow Agreement until sometime after December 16, 2022. N.T. 14:13-25; 15:1-7; 16:3-4; 77:15-25; and 83:9-12.
23. On December 9, 2022, Freitag received a wire transfer in the amount of \$215,500.00 into his IOLTA from Ponnusamy. Jt. Stip., ¶ 14; ODC-6; ODC-4; N.T. 37:10 – 38:11.
24. Freitag did not know that the \$215,500.00 received on December 9, 2022, was sent by Ponnusamy / Goldleaf but believed the funds were sent by Global Escrow. N.T. 15:5-7; 16:7-13; 158: 2-7; and 163:3-15.
25. On December 15, 2022, Freitag received a wire transfer in the amount of \$72,000.00 into his IOLTA from Ponnusamy. Jt. Stip., ¶ 15; ODC-6; ODC-5; N.T. 38:12-24.
26. Freitag did not know that the \$72,000 received on December 15, 2022, was sent by Ponnusamy / Goldleaf but believed the funds were sent by Global Escrow. N.T. 15:5-7; 16:7-13; 158: 2-7; and 163:3-15.
27. As of December 15, 2022, Freitag had received a total of \$300,000.00 into his IOLTA from Ponnusamy. ODC-6; N.T. 39:21-25; 136:1-7.
28. On December 13, 2022, Freitag transferred by wire \$351,211.80 from his IOLTA to SchiffGold, LLC, per instructions from Juan Cabrillo of Global Escrow. Jt. Stip., ¶ 16; ODC 12.
29. Ponnusamy / Goldleaf never received the \$11 million in financing from Trex, and on December 22, 2022, asked that the \$300,000 which they had placed in escrow in Freitag's IOLTA be returned. ODC-9 at 000084; N.T. 40:14-19; 43:9-23; 49:15 – 50:14.

30. Ponnusamy contacted Freitag on January 14, 2023, by email, stating: "I called you on Dec 5th, 2022... to confirm the Keystone Solutions as an Escrow Account for this proposal, you simply stated 'Everything is handled at Florida Home Office and talk to them'. Only after confirming that it is a legitimate PA IOLTA account and Brittany is the Escrow Attorney, knowing it is backed by 2 attorneys, I moved forward with Juan on this business proposal." ODC-9 at 000094; N.T. 63:14 – 64:18.

31. In response to Ponnusamy's January 14, 2023, email, Freitag wrote: "I'm not sure how you got my personal contact information but please be advised that continued attempted personal contact will mandate that I take legal action including, but not limited to, filing criminal harassment charges." ODC-9 at 000094; N.T. 65:13 – 66:10.

32. In an email dated January 16, 2023, Freitag wrote:

Dear Ms. Kalaimani Ponnusamy and others in this chain email:

I am an agent and/or employee of Global Escrow Boutique and not the escrow agent in any transaction.

Any and all actions I took were at the direct request and direction of Juan Cabrillo, VP of Global Escrow Boutique who was my direct boss and superior and directed any and all funds transactions as to who, when, where and how much.

I had no direct relationship with any of Global Escrow Boutique's clients (depositors and/or beneficiaries) other than that of being an agent/employee of Global Escrow Boutique. ...

Any and all funds/monies I held in trust were presumed Global Escrow Boutique's funds/monies which I held and disbursed at their directions. ...

ODC-9 at 000092-000093; N.T. 67:2-13.

33. Ponnusamy / Goldleaf never received a refund of the \$300,000 they placed in escrow in Freitag's IOLTA. N.T. 40:14-16; 71:4-16.

34. Freitag did not maintain an individual ledger for the transfers made by Ponnusamy into his IOLTA. N.T. 134:12-21; 135:10-13; 137:4-10; 143:17-144:14.

35. Freitag did not maintain a trial balance for the transfers made by Ponnusamy into his IOLTA. N.T. 143:17-144:14.

36. Freitag did not conduct a reconciliation for each fiduciary account in his IOLTA. N.T. 135:5-9; 143:17-144:14.

37. At the time that Freitag transferred the \$300,000 deposited by Ponnusamy / Goldleaf into his IOLTA to SchiffGold, Freitag did not know that those funds belonged to Ponnusamy / Goldleaf and he did not notify or otherwise communicate with Ponnusamy prior to transferring the funds to SchiffGold. N.T. 15:5-7; 16:7-13; 133:21-25; 158: 2-7; and 163:3-15.

38. Freitag did not maintain individual ledgers for the transfers from his IOLTA to SchiffGold, LLC or Global Escrow. N.T. 143:17 – 144:14.

39. Freitag did not maintain a trial balance for the transfers made by him to SchiffGold, LLC or Global Escrow from his IOLTA. N.T. 143:17 – 144:14.

40. Prior to transferring the \$300,000 entrusted by Ponnusamy into Freitag's IOLTA to SchiffGold, LLC, Freitag did not believe that the funds were in dispute and therefore did not inquire as to whether those funds were in dispute. N.T. 133:21-25.

41. Ponnusamy subsequently filed a complaint against Freitag and on March 13, 2024, ODC sent to Freitag a DB7 Request for Statement of Position regarding this matter. Jt. Stip., ¶ 17; ODC-7.
42. The March 13, 2024, DB7 Request for Statement of Position advised Freitag: “[B]ecause a lawyer can be subject to discipline for making a materially false statement or deliberately failing to disclose a material fact in connection with a disciplinary matter, you should be careful to be accurate in your factual statements.” ODC-7 at 000022.
43. On April 11, 2024, Freitag provided a response to Disciplinary Counsel’s March 13, 2024 Request for Statement of Respondent’s Position, stating: “To begin with a response to Claimant's statement, Respondent, Fred W. Freitag IV, was never hired, retained, contracted with, or have [sic] any business or personal or legal relationship with, nor was in an attorney/client relationship with claimant, Kalaimani Ponnusamy, or his company Goldleaf Investment, LLC.” Jt. Stip., ¶ 18; ODC-8 at 000041.
44. In his Statement of Position to Disciplinary Counsel, Freitag also stated that he was the “agent” of Global Escrow, and that, “any and all actions were done involving Global Escrow were done at the specific direction and request of Juan Cabrillo, VP of Global Escrow Boutique. Any and all monies/funds held by Respondent were presumptively the monies/funds of Global’s and/or over which they had complete authority and control.” Jt. Stip., ¶ 19; ODC-8 at 000042.
45. In his Statement of Position to Disciplinary Counsel Freitag stated that “as agent for Global, Respondent was involved in numerous transactions outside of the [Ponnusamy’s / Goldleaf’s], of even greater value than the case *sub judice*, that

were successful and without an incidence of controversies or misunderstandings or disputes on behalf of Global which the IOLTA account reflects.” Jt. Stip., ¶ 21; ODC-8 at 000042; N.T. 138:5-11.

46. Freitag received a commission of 2% on any funds entrusted into his IOLTA that he later disbursed at the direction of Global Escrow, including the funds deposited by Ponnusamy / Goldleaf. N.T. 144:15 – 145:12.

47. Freitag denied that he had any knowledge regarding the deposits totaling the subject \$300,000, the reason for those deposits or the source of those deposits. Jt. Stip., ¶ 26; ODC-8 at 000045-46, 000050, and 000051.

False Statement Regarding Pennsylvania Lawyers Fund for Client Security Claim

48. Ponnusamy submitted a claim for \$300,000 against Freitag with the Pennsylvania Lawyers Fund for Client Security (“Fund”) on January 20, 2023. ODC-9.

49. By letter from Kathryn Peifer Morgan, Esquire, Executive Director of the Fund, dated April 9, 2024, Freitag was notified: “Please be advised that the above-referenced claim is scheduled to be reviewed by the Board of the Pennsylvania Lawyers Fund for Client Security at its June 5, 2024 meeting.” Jt. Stip., ¶ 32; ODC-18.

50. On April 11, 2024, Freitag submitted his Statement of Position to Disciplinary Counsel's letter of inquiry dated March 13, 2024. In his Statement, Freitag asserted: “[t]his matter was already reviewed by Kathryn Peifer Morgan, Esquire, of the Pennsylvania Lawyers Fund for Client Security, CSF-1579-04-23, which was dismissed without any action taken against Respondent or demand for

pecuniary/monetary reimbursement or findings of improper conduct”. Jt. Stip., ¶¶ 30, 33; ODC-8 at 000041; N.T. 149:19 - 150:8.

51. The Fund did not dismiss Ponnusamy’s claim without any action. In June 2024, the Board of the Fund approved Ponnusamy’s claim and granted him an award in the amount of \$150,000 (the maximum allowable for a single claim to the Fund) against Freitag. Jt. Stip., ¶¶ 31, 34; ODC-22; N.T. 92:22 – 93:3; 111:22 – 112:1.

52. At the time that he made his April 11, 2024, Statement to Disciplinary Counsel, Freitag knew or should have known that it was false, as he had been notified by the Fund that it would be considering the claim against him on June 5, 2024.

53. At the hearing, Freitag admitted that the statement he made in his April 11, 2024, Statement of Position to Disciplinary Counsel was false:

Q. And can we agree that this statement in the first paragraph which reads, “This matter was already reviewed by Kathryn Peifer Morgan, Esquire, of the Pennsylvania Lawyers Fund for Client Security, CF15790423, which was dismissed without any action taken against respondent or demand for pecuniary/monetary reimbursement, or findings of improper conduct.” Can we agree that that statement is false?

A. Correct.

N.T. 149:23 - 150:8.

54. Freitag requested reconsideration of the Fund’s award. The Fund granted his request and after reconsideration, affirmed its award to Ponnusamy. N.T. 112; ODC-22.

55. Freitag has not made restitution to the Fund. N.T. 181.

Freitag’s Record of Prior Discipline

56. Freitag has a history of professional discipline.

57. By an Order and Opinion issued June 28, 2019, the Board determined and ordered that Freitag be subject to Public Reprimand. *Office of Disciplinary Counsel v. Fred William Freitag, IV*, No. 188 DB 2017 (D. Bd. Order 6/28/2019) (ODC-A).

- a. The Board found that from about April 13, 2015, through about December 15, 2015, Freitag deposited into his law firm's business account, funds entrusted to him by twelve clients for the costs of filing bankruptcy actions on their behalf. Freitag placed the funds into his business account and then paid the filing costs on behalf of each client upon the filing of the bankruptcy petition. His account had sufficient funds to cover the filing fees at the time each of the petitions were filed. Freitag acknowledged that he deposited to his business account funds entrusted to him as filing costs and acknowledged that the business account held his own funds and he allowed the funds to be utilized for improper purposes, as they were commingled with his own funds. No client matters were prejudiced by Freitag's misconduct.
- b. The Board concluded: "Respondent engaged in professional misconduct by failing to deposit entrusted funds into a trust account, failing to hold entrusted funds separate from his own, and failing to list the Business Account on his attorney registration form. The evidence established that Respondent violated RPC 1.15(b), RPC 1.15(i) and Pa.R.D.E. 219(d)(1)(iv)."
- c. The Board found Freitag's "substantial" history of prior discipline was an aggravating factor and concluded that "Under these circumstances and considering that Respondent has demonstrated no remorse for his actions, a Public Reprimand is appropriate discipline to ensure that the public is protected and the integrity of the legal system is maintained." ODC-A at 000161.

58. Previous to the 2019 Public Reprimand, Freitag received a Private Reprimand with one year of probation and conditions in 2010 for failing to abide by a court's directive to pay attorney fees owed to an estate; a Private Reprimand in 2009 for two convictions for driving under the influence; and an Informal Admonition in 2007 for failing to communicate with a client and failing to diligently represent the client. ODC-A at 000161.

Freitag's Lack of Remorse and Failure to Accept Responsibility

59. Freitag failed to accept responsibility for the loss of the \$300,000 and expressed no remorse for any of his misconduct in connection with this matter.

60. Freitag was asked at the disciplinary hearing if he has made any restitution to Ponnusamy. In reply, Freitag testified: "I'm not going to. I mean, I don't think I owe him anything, you know, because it wasn't me that -- you know, it was fraud by Juan Cabrillo and -- and Global Escrow, and even Brittany DeKine, you know. I just happened to be the ... mule as far as that goes." N.T. 180:16 – 181:7.

III. CONCLUSIONS OF LAW

1. In connection with Freitag's improprieties relating to his IOLTA, his failure to maintain Rule 1.15 Funds, and his failure to maintain required records, Freitag violated the following Rules of Professional Conduct ("RPC"):

a. RPC 1.15(c), which provides in pertinent part:

(c) Required records. Complete records of the receipt, maintenance, and disposition of Rule 1.15 Funds and property shall be preserved for a period of five years after termination of the client-lawyer or Fiduciary relationship or after distribution or disposition of the property, whichever is later. ... A lawyer shall also maintain the following books and records for each Trust Account and for any other account in which Fiduciary Funds are held pursuant to Rule 1.15(l):

(2) check register or separately maintained ledger, which shall include the payee, date, purpose and amount of each check, withdrawal and transfer, the payor, date, and amount of each deposit, and the matter involved for each transaction; provided, however, that where an account is used to hold funds of more than one client, a lawyer shall also maintain an individual ledger for each trust client, showing the source, amount and nature of all funds received from or on behalf of the client, the description and amounts of charges or

withdrawals, the names of all persons or entities to whom such funds were disbursed, and the dates of all deposits, transfers, withdrawals and disbursements.

(4) A regular trial balance of the individual client trust ledgers shall be maintained. The total of the trial balance must agree with the control figure computed by taking the beginning balance, adding the total of monies received in trust for the client, and deducting the total of all moneys disbursed. On a monthly basis, a lawyer shall conduct a reconciliation for each fiduciary account. ... A lawyer shall preserve for a period of five years copies of all records and computations sufficient to prove compliance with this requirement.

- b. RPC 1.15(e), which provides in pertinent part: “Except as stated in this Rule or otherwise permitted by law or by agreement with the client or third person, a lawyer shall promptly deliver to the client or third person any property, including but not limited to Rule 1.15 Funds, that the client or third person is entitled to receive and, upon request by the client or third person, shall promptly render a full accounting regarding the property....”
- c. RPC 1.15(f), which provides: “When in possession of funds or property in which two or more persons, one of whom may be the lawyer, claim an interest, the funds or property shall be kept separate by the lawyer until the dispute is resolved. The lawyer shall promptly distribute all portions of the funds or property, including Rule 1.15 Funds, as to which the interests are not in dispute.”

2. In connection with Freitag’s false statement to ODC, he violated the following Rules of Professional Conduct:

- a. RPC 8.1(a), which provides in pertinent part: “[A] lawyer in connection with ... a disciplinary matter, shall not: (a) knowingly make a false statement of material fact ...”
- b. RPC 8.4(c), which provides in pertinent part: “It is professional misconduct for a lawyer to: ... (c) engage in conduct involving dishonesty, fraud, deceit or misrepresentation ...”

IV. DISCUSSION

This matter is before the Board on review of the Committee's Report and unanimous recommendation to suspend Freitag for a period of one year and one day for his violation of RPC 1.15 (c), (e), and (f), 8.1(a) and 8.4(c).

In attorney discipline matters, ODC bears the burden of proving professional misconduct by clear and convincing evidence. *Office of Disciplinary Counsel v. Anonymous Attorney*, 331 A.3d 523 (Pa. 2025). Upon our independent review of this matter pursuant to Pa.R.D.E. 208(d)(2), we conclude that ODC met its burden and established by clear and convincing evidence that Freitag violated the charged rules. For the reasons that follow, we recommend that Freitag be suspended for a period of one year and one day.

The record evidence demonstrated that in December 2022, Freitag was entrusted with \$300,000 transferred directly into his IOLTA from Kalaimani Ponnusamy, a third-party, non-client. Based on instructions from Global Escrow Boutique, another non-client, Freitag transferred Ponnusamy's entrusted \$300,000 to SchiffGold, LLC, yet another third-party, non-client. Freitag did not communicate with Ponnusamy or SchiffGold or determine the purpose or terms of the transaction. Rather, Freitag claimed he "assumed" that the moneys "belonged" to Global Escrow Boutique. Freitag was neither an employee of nor a lawyer for Global Escrow Boutique but received a 2% commission on Ponnusamy's \$300,000 in entrusted funds for holding those funds in his IOLTA for a few days.

Freitag violated multiple provisions of RPC 1.15 by improperly using his IOLTA account as a clearinghouse for non-client transactions. Throughout these proceedings, Freitag demonstrated little recognition that he had any professional duties

to maintain his IOLTA by keeping proper records of Rule 1.15 funds deposited into the account and distributed to others. Despite provisions in the Term Sheet and Escrow Agreement requiring that escrowed funds not be disbursed until financing was completed or all parties consented in writing, Freitag transferred Ponnusamy's/Goldleaf's \$300,000 to third-party, non-client SchiffGold, LLC, at Global Escrow's direction. Although Freitag claimed ignorance of the agreement terms and fund sources, he admitted participating in "numerous" transactions with Global Escrow before December 2022 "of even greater value than the case sub judice." ODC-8; Ans. ¶ 21; Jt. Stip., ¶ 22.

At the disciplinary hearing, Freitag testified as follows:

Q. Can we agree that you have been involved in numerous transactions, even larger than this one, where money was received into your IOLTA and then paid to Global Escrow Boutique?

A. Yes, and that was all Global – Global's funds.

Q. Global didn't deposit the funds; correct?

A. Correct. I don't know who did.

Q. So you allow people to deposit funds into your IOLTA account for any reason, and then you will disburse them to Juan Cabrillo [of Global Escrow] when instructed by him?

A. Yes. I -- he told me the funds were coming, and -- and how to distribute them, and so, that's -- that's -- you know, and that wasn't an escrow or anything like that going on, so I assumed that they were Global Escrow's funds to deal with as -- as he wanted to deal with.

(N.T. 129:6-24.)

Q. So is it your testimony that you could not have called the bank to ask them who the source was when someone wired \$215,500 into your account on December 9th, 2022?

A. I had already done 15 different transactions and -- for -- for Global Escrow, and there was no hitch. There was no reason for me then to call the bank on this and say, "Where did these monies

come from?"

Q. So on all of these transactions, someone unbeknownst to you wired hundreds of thousands, if not millions, of dollars, into your IOLTA account, and then you transferred it to whatever place Juan Cabrillo told you to?

A. Correct.

Q. And you understand you were using your attorney-client IOLTA account for these purposes?

A. Yes.

(N.T. 141:15-23.)

Freitag at times claimed to be Global Escrow's agent, employee, and attorney. ODC-14 at 000133; ODC-16 at 000136. However, the record does not support Freitag's claimed status as employee or attorney. To the contrary, Freitag conceded at the hearing that he was not the lawyer for Ponnusamy/Goldleaf, Trex, or Global Escrow. N.T. 146:9-20. Freitag further testified that he was not acting as a settlement agent, representative payee, or fiduciary of any party. N.T. 147:7 - 148:3. In fact, Freitag had considerable difficulty explaining at the hearing exactly what his role was. We conclude that he did not have a lawyer-client relationship with Ponnusamy or Global Escrow; at most he was an escrow agent of Global Escrow Boutique. Nevertheless, as an escrow agent, Freitag was required to adhere to the Rules of Professional Conduct concerning RPC 1.15 Funds in his IOLTA. See RPC 1.15(a)(1)(10) (Rule 1.15 Funds are defined as: "funds which the lawyer receives from a client or third person in connection with a client-lawyer relationship, or as an escrow agent, settlement agent or representative payee, or as a Fiduciary, or receives as an agent, having been designated as such by a client or having been so selected as a result of a client-lawyer relationship or the lawyer's status as such.")

In his capacity as an escrow agent, Freitag permitted Global Escrow to use his IOLTA as a clearinghouse while representing to Ponnusamy/Goldleaf and others that the account possessed the protections afforded to attorney IOLTA accounts under Pennsylvania law. Having received funds from Ponnusamy, Freitag was required pursuant to RPC 1.15(c) to maintain accurate and current records of those funds deposited into and withdrawn from his IOLTA. There is no evidence of record that Freitag maintained:

- the required check register or separately maintained ledger for transactions relating to funds deposited by Ponnusamy/Goldleaf or transferred to SchiffGold, LLC (Freitag claimed he maintained a register but “I don’t have it with me” and “[t]he only -- the only funds that were coming in were – were Global’s.”) (N.T. 134-135)
- the required regular trial balance of individual client trust ledgers relating to these funds (N.T. 144)
- the required reconciliation for each fiduciary account (N.T. 143-144)

When asked about a check ledger or separately maintained transaction ledger, Freitag testified as follows:

Q. Can we agree that you didn’t keep a ledger related to any transactions or any money received by you from Mr. Ponnusamy?

A. Absolutely, you can, because I didn’t know it was his funds. That’s my last word on that. He didn’t know it was me, and I didn’t know it was him.

N.T. 137. Freitag further testified that he did not need to maintain proper records of funds received into his IOLTA account because he “assumed” the funds were "Global Escrow's money." N.T. 135. Contrary to Freitag’s testimony, however, the record established that

the funds did not belong to Global Escrow nor were they distributed to Global Escrow. In any event, Freitag's position that the funds were "Global Escrow's money" does not alleviate his duty to maintain records for funds in his IOLTA. Freitag's conduct constitutes a violation of RPC 1.15(c).

Freitag also admitted at the hearing that he failed to provide the required full accounting regarding property deposited into his IOLTA account by Ponnusamy. N.T. 138:5 – 139:1; 141:6-14; 160:10-20. This conduct constitutes a violation of RPC 1.15(e).

Finally, Freitag knew he was holding funds in escrow but took no action to determine whether those funds were in dispute before transferring them to third-party, non-client SchiffGold. N.T. 157:13-18. The record shows that Freitag simply wired funds in accordance with instructions given to him by Global Escrow Boutique, no questions asked. Although Freitag claims ignorance of the underlying agreements, the record is clear that he was entrusted with Ponnusamy's/Goldleaf's \$300,000 as part of a transaction and held those funds in escrow in his IOLTA. Freitag's conduct violated RPC 1.15(f).

Ponnusamy sought the return of his moneys and submitted a claim for \$300,000 to the Fund in January 2023. Attorney Morgan from the Fund advised Freitag of Ponnusamy's claim and on April 9, 2024, further notified Freitag that the claim was scheduled to be reviewed by the Fund's Board at its June 5, 2024 meeting.

Ponnusamy also filed a complaint against Freitag with ODC and in March 2024, ODC sent Freitag a DB-7 request for statement of his position on the matter. In Freitag's April 11, 2024 Statement of Position to Disciplinary Counsel, which was sent to ODC two days after he was notified by the Fund of the pending review of Ponnusamy's claim in June 2024, Freitag represented that Ponnusamy's claim with the Fund was

"dismissed without any action taken against Respondent or demand for pecuniary/monetary reimbursement or findings of improper conduct." Jt. Stip., ¶¶ 30; ODC-8 at 000041. At the hearing, however, Freitag admitted that his statement was false:

Q. And can we agree that this statement in the first paragraph which reads, "This matter was already reviewed by Kathryn Peifer Morgan, Esquire, of the Pennsylvania Lawyers Fund for Client Security, CF15790423, which was dismissed without any action taken against respondent or demand for pecuniary/monetary reimbursement, or findings of improper conduct." Can we agree that that statement is false?

A. Correct.

(N.T. 149:23 - 150:8.)

Freitag's false statement that the claim against him had been dismissed constituted a false statement of material fact in connection with a disciplinary matter, in violation of RPC 8.1(a). The statement was material because Freitag was relying upon the alleged dismissal to argue that the matter had been reviewed and found to be without merit. And, by making a representation he knew to be false, Freitag also violated RPC 8.4(c), which prohibits conduct involving dishonesty, fraud, deceit, or misrepresentation.

Having concluded that Freitag engaged in professional misconduct, this matter is ripe for the determination of discipline. Disciplinary sanctions serve the dual role of protecting the interests of the public while maintaining the integrity of the bar. *Office of Disciplinary Counsel v. John Keller*, 506 A.2d 872, 875 (Pa. 1986). In assessing the appropriate quantum of discipline, the Board must weigh any aggravating and mitigating circumstances. *Office of Disciplinary Counsel v. Brian J. Preski*, 134 A.3d 1027, 1031 (Pa. 2016).

Considering this record, we find significant aggravating factors, which weigh in favor of imposing discipline that suspends Freitag's license to practice law. First and

foremost, Freitag failed to accept responsibility for his misconduct and demonstrated no remorse. The record is devoid of recognition by Freitag that his actions violated the Rules of Professional Conduct. Freitag's testimony at the disciplinary hearing demonstrated an overwhelming lack of appreciation and understanding as to his duties as a lawyer. Freitag refused to be held accountable for his actions and instead attempted to shift blame and make it appear that he too was a victim. When asked if he made any restitution to Ponnusamy, Freitag replied, "I'm not going to. I mean, I don't think I owe him anything, you now, because it wasn't me that – you know, it was fraud by Juan Cabrillo and – and Global Escrow, and even Brittany DeKine, you know. I just happened to be the [...] mule as far as that goes." N.T. 180-181. The decisional law establishes that respondents who lack remorse or are unwilling to acknowledge or comprehend their misconduct heighten the risk of harm to the public and deserve more serious discipline. See *Office of Disciplinary Counsel v. Alan Kane*, No. 77 DB 2001 (D. Bd. Rpt. 12/13/2022) (S. Ct. Order 3/8/2023).

In further aggravation, we consider that Freitag is a recidivist offender who faces discipline for a fifth time since 2007. Reviewing his extensive record, in 2007, Freitag received an informal admonition for ethical misconduct involving failure to communicate with a client and failure to diligently represent a client. In 2009, he received a private reprimand for two DUI convictions. In 2010, Freitag received a private reprimand with probation for one year and conditions for failing to abide by a court's directive to pay attorney fees owed to an estate. After a lull of nine years, Freitag received a public reprimand in 2019 for violations related to his failure to hold entrusted funds separate from his own. In the Board's written opinion, it noted Freitag's significant record of prior discipline and further noted his failure to express remorse, the lack of which we observe

in the instant matter. These four previous incidents of discipline have not induced Freitag to consider his ethical obligations with a greater degree of care to avoid further encounters with the disciplinary system. We conclude that Freitag's extensive record of discipline is a significant and weighty aggravating factor that warrants more severe discipline. See *Office of Disciplinary Counsel v. William D. Hobson*, No. 154 DB 2019 & 3 DB 2020 (D. Bd. Rpt. 11/24/2021) (S. Ct. Order 2/11/2022).

Reviewing the record before us, we find no mitigation.

As a guide to our assessment of appropriate discipline, we turn to the precedent. "As is often the case with attorney disciplinary matters, there is no case precedent that is precisely on all fours..." *Office of Disciplinary Counsel v. Anthony C. Cappuccio*, 48 A.3d 1231, 1240 (Pa. 2012). While our survey of prior matters did not reveal a case that squares with the instant matter, in reviewing the decisional law, we find cases that provide a benchmark to determine the severity of discipline, which discipline must be tailored to Freitag's weighty aggravating factors and lack of mitigation.

Attorneys who disregard fiduciary responsibilities, engage in IOLTA misuse, and fail to promptly refund entrusted moneys face public discipline, including suspension. We note two matters that resulted in public reprimand, where attorneys who had the duty to hold entrusted funds on behalf of clients failed to hold those funds and instead released them to third parties after receiving suspicious wire instructions from the third parties, who turned out to be fraudsters. The attorneys failed to investigate the instructions and simply released the funds to the third parties. In both matters, the attorneys failed to accept responsibility and delayed in repaying the clients' moneys as they believed they were also victimized. Nevertheless, the Board found that the attorneys violated ethical rules relating to the breach of their fiduciary duties. In both matters, the attorneys had no history of prior

discipline. See *Office of Disciplinary Counsel v. Bruce Martin Ginsburg*, No. 119 DB 2022 (D Bd. Order 9/16/2022); *Office of Disciplinary Counsel v. Anne Marie Howells*, No. 114 DB 2021 (D. Bd. Order 8/25/2021). In another matter, an attorney received a public reprimand to address mishandling his IOLTA for one year and failing to maintain required RPC 1.15 records. Mitigation included sincere remorse, no record of prior discipline, and credible evidence of remedial steps to address proper IOLTA management. *Office of Disciplinary Counsel v. Richard Patrick Gainey*, No. 160 DB 2018 (D. Bd. Order 4/15/2020).

Other matters that involved more significant IOLTA misconduct and aggravating factors have resulted in suspension. See *Office of Disciplinary Counsel v. Valerie Andrine Hibbert*, No. 215 DB 2019 (D. Bd. Rpt. 2/17/2021) (S. Ct. Order 4/24/2021) (one year and one day suspension to address mishandling and commingling IOLTA and third party funds, failing to deposit retainer fees paid in advance into an IOLTA, and failure to promptly refund unearned fees and return client files; aggravation included failure to cooperate with ODC); *Office of Disciplinary Counsel v. William James Helzlsouer*, No. 197 DB 2018 (D. Bd. Rpt. 11/18/2019) (S. Ct. Order 1/23/2020) (suspension for one year and one day for misconduct including misuse of IOLTA stemming from adult son's unauthorized access and failure to refund unearned fees; record of prior discipline was an aggravating factor).

Considering the totality of the instant facts and the precedent, we conclude that discipline less than a suspension is insufficient to address Freitag's misconduct combined with his aggravating factors of failing to accept responsibility, failing to express remorse, and a substantial record of prior discipline. On this record, a suspension of one year and one day is warranted and necessary to protect the public. Freitag has had ample

opportunity over the years to reflect on his duties under the Rules of Professional Conduct and ensure that his legal practice meets ethical standards. Once again, he has failed to comply with the rules by improperly using his IOLTA as a clearinghouse, failing to meet his fiduciary duties under RPC 1.15 to maintain proper records, and making a blatant false statement to ODC during its investigation of his conduct.

V. RECOMMENDATION

The Disciplinary Board of the Supreme Court of Pennsylvania unanimously recommends that the Respondent, Fred William Freitag, IV, be Suspended for one year and one day from the practice of law in this Commonwealth.

It is further recommended that the expenses incurred in the investigation and prosecution of this matter are to be paid by the Respondent.

Respectfully submitted,

THE DISCIPLINARY BOARD OF THE
SUPREME COURT OF PENNSYLVANIA

By: /s/ Catherine R. O'Donnell
Catherine R. O'Donnell, Member

Date: March 26, 2026