

*People v. John Hunt Grassby*. 23PDJ006. May 4, 2023.

The Presiding Disciplinary Judge approved the parties' stipulation to discipline and publicly censured John Hunt Grassby (attorney registration number 02875), effective May 4, 2023.

In April 2008, Grassby was hired as corporate counsel for an LLC formed to develop and market a machine designed to bullnose tile. One of the LLC's four principals held a patent on the machine and licensed the patent to the LLC. By 2018, the venture was out of money and did not have a product ready to bring to market. That year, Grassby assisted two of the principals—including the patent holder—to form a new LLC that would develop a newly designed machine based on the patent. In lieu of legal fees, Grassby accepted a six-percent ownership interest in the new LLC, which he continued to represent as corporate counsel. Grassby did not obtain informed consent in writing from the new LLC's principals concerning his ownership stake in the entity.

In January 2019, Grassby informed the other two principals of the first LLC, which still held a license to the patent, that the new LLC had been formed. In 2020, the two principals filed a lawsuit against the new LLC, the new LLC's principals, Grassby, and the first LLC for fraudulent transfer, breach of fiduciary duty, and conspiracy. After the court presiding over the case entered default against the defendants, Grassby appeared on behalf of all of the defendants in the damages phase of the case even though the defendants had adverse interests as to the claims for damages.

Through this conduct, Grassby violated Colo. RPC 1.7(a) (a lawyer must not represent a client if the representation involves a concurrent conflict of interest) and Colo. RPC 1.8(a) (a lawyer must 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).

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