

SBM State Bar of Michigan

2013-2014 COMMITTEE ANNUAL REPORT

Article VI §6, Bylaws of the State Bar of Michigan

No later than May 1 of each year, the chair of each committee and sub-entity of the Bar, with the assistance of the staff liaison, shall report to the Executive Director on a form provided by the State Bar on the activities and accomplishments of the committee or sub-entity.

Committee Name: Standing Committee on the Client Protection Fund

Jurisdiction: The Standing Committee on the Client Protection Fund (“CPF Committee”) is responsible for reviewing comprehensive reports prepared by State Bar staff after investigation and analysis of Client Protection Fund (“CPF”) claims involving the dishonest conduct of lawyers, which includes theft and embezzlement of client funds and failure to return unearned fees, and to make recommendations to the Board of Commissioners’ Professional Standards Committee regarding the approval and denial of claims. The CPF claim report includes a factual summary of the claim, an analysis applying the applicable CPF Rules, a recommendation regarding approval or denial of a claim and the amount to be paid on claims recommended for approval, and the disciplinary history of the respondent. The CPF Committee is also responsible for the distribution of payments on claims authorized for payment by the Board of Commissioners and the initiation and prosecution of all subrogation actions on behalf of the Fund. In addition, the CPF Committee recommends to the Board of Commissioners’ Professional Standards Committee loss prevention programs that may help reduce occurrences that result in CPF claims.

Chair(s) and Committee Members:

Officer	Name	Address	Telephone	Email
Chair	John M. Nader (P41610)	City of Detroit Law Dept 2 Woodward Avenue, Suite 500 Detroit, MI 48226-3519	(313) 237-3034	nadej@detroitmi.gov
Staff Liaison	Danon D. Goodrum- Garland (P53603)	State Bar of Michigan Michael Franck Building 306 Townsend Street Lansing, MI48933-2012	(517) 346-6333	dgarland@mail.michbar.org
Staff Liaison	Robin Lawnichak	State Bar of Michigan Michael Franck Building 306 Townsend Street Lansing, MI48933-2012	(517) 346-6379	rlawnichak@mail.michbar.org

Members	Members
Deborah Adenike AdeOjo (P63962)	Mya Marshall (P75189)
Alexander A. Ayar (P69623)	Rico D. Neal (P69744)
Laura A. Brodeur-McGeorge (P44552)	Peter M. Neu (P68725)
Michael P. Haddock (P55880)	Dionnie Wynter Pfunde (P72633)
Jennifer M. Harvey (P65140)	Nicholas A. Reyna (P68328)
Diane Hutcherson (P40445)	Alecia M. Ruswinckel (P62825)
Starr M. Hewitt Kincaid (P57430)	Mark L. Teicher (P34301)

Committee Meeting Schedule:

Meeting Type	Date	Location
Regularly scheduled Standing Committee meeting.	May 9, 2013	State Bar of Michigan Michael Franck Building 306 Townsend Street Lansing, MI48933
Regularly scheduled Standing Committee meeting.	August 8, 2013	State Bar of Michigan Michael Franck Building 306 Townsend Street Lansing, MI48933
Regularly scheduled Standing Committee meeting.	November 7, 2013	State Bar of Michigan Michael Franck Building 306 Townsend Street Lansing, MI48933
Regularly scheduled Standing Committee meeting.	February 6, 2014	Erman, Teicher, Miller, Zucker & Freedman, P.C. 400 Galleria Officentre, Suite 444 Southfield, MI 48034

Resources Provided by the State Bar of Michigan in Support of Committee Work:

The State Bar provides a full-time paralegal with primary responsibility for claims administration, a full-time legal secretary who provides administrative support, and staff counsel who provides legal services and manages the State Bar’s CPF Department. The State Bar also provides meeting facilities, food and beverages for meetings, SharePoint, teleconference services, meeting materials, document production services, and financial management of the Fund. In addition, State Bar staff routinely provides informational pamphlets to court administrators as requested to educate the public on how to find a lawyer and general information about the Fund.

Committee Activities:

During its regularly scheduled meetings, the CPF Committee reviewed claim reports prepared by staff, determined whether claims should be recommended for approval or denial, and made recommendations to the Board of Commissioners’ Professional Standards Committee regarding the approval and denial of claims and the amount to be paid on claims recommended for payment.

The CPF Committee also recommended revisions to CPF Rule 12(B) and Rule 12(C) to increase the disbursement levels for client losses resulting from the dishonesty of a single lawyer, or group of lawyers acting in concert, from \$300,000 to \$375,000 with the maximum amount payable to any single client due to lawyer dishonesty from \$75,000 to \$150,000. The revisions will be submitted to the Professional Standards Committee and the Board of Commissioners prior to end of the 2014 fiscal year.

Complete Claims Activity: For the period April 1, 2013, through March 31, 2014, 106 new claims were filed and 140 claims were pending at the beginning of this period for an overall total of 246

claims. As a result of overall claims processing during this period, 133 claims remain pending at the end of this period.

The CPF Committee reviewed 58 claims during this time period of which 18 claims were denied by the CPF Committee, 61 claims totaling \$302,663.33 approved by the Board of Commissioners were paid, 3 claims totaling \$76,950.00 have been approved by the Board of Commissioners and await executed subrogation agreements to be paid, 0 claims approved by the CPF Committee involving the dishonesty of a single lawyer and expected to exceed the aggregate limit are being held until expiration of the two year period, 11 claims totaling \$159,648.00 recommended for approval by the CPF Committee are pending review by the Board of Commissioners, and there is 1 appeal of a claim denied by the CPF Committee pending review by the Board of Commissioners.

Since the inception of the Fund, 1,161 claims have been paid totaling \$7,012,233.42, while 1,777 have been closed administratively, denied or withdrawn.

Future Goals and Activities:

CPF Rule Amendments—The CPF Committee will continue reviewing the appeals procedure and standard for review applied to appeals to make recommendations to the Professional Standards Board of Commissioner Committee to streamline the administrative process. In addition, the CPF Committee will continue its review and consideration of a proposed new SBR that would authorize use of investigative subpoenas to support CPF claim investigations, afford absolute immunity from suit regarding statements and communications to the State Bar and issued by the State Bar regarding the duties and responsibilities of the CPF, and authorize disclosure of information regarding CPF claim applications and information obtained during investigation of CPF claims to persons or entities empowered and authorized to investigate and reimburse such claims in other jurisdictions.

Adobe Form CPF Application – CPF Paralegal Robin Lawnichak has developed the CPF application using Adobe Forms to permit Claimants to prepare and submit CPF claim applications electronically. The final testing is being done before posting the form on the CPF home page on the State Bar’s website.

Document Management System Update – CPF Paralegal Robin Lawnichak provided oversight for testing the upgrades to the CPF Department’s document management software used to manage claim administration and to electronically store documents.

Scheduled Meetings—CPF Committee meetings have been scheduled for May 8, 2014, and August 7, 2014, to review claims and conduct other business as needed.

Other Information:

Financial Activity—As of March 31, 2014, the Fund received **\$307,550.00** from the 2013/14 membership dues assessment, **\$6,560.00** in Pro Hac Vice fees, and \$915.68 reflecting contributions of abandoned lawyer trust funds. In addition, the Fund received subrogation payments from respondents totaling \$13,596.70 during the period April 1, 2013, through March 31, 2014. There is **\$76,950.00** authorized, but unpaid claims awaiting receipt of executed subrogation agreements. The Fund balance as of March 31, 2014, was **\$2,321,502.00**.¹

¹Estimated, not finalized or audited.