

**STATE BAR OF MICHIGAN
2014-2015 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 Feb 2015 – Sep 2015	Starr M. Hewitt Kincaid (P57430)	Lipson Neilson Cole Seltzer & Garin PC 3910 Telegraph Rd Ste 200 Bloomfield Hills, MI 48302-1461	(248) 593-5000	skincaid@lipsonneilson.com
Chair Oct 2014 – Feb 2015	John M. Nader (P41610)	Windsor Detroit Bridge Authority 100 Ouellette Ave Ste 300 Windsor, ON N9A 6T3 CANADA	(519) 946-4863	nadej@wdbridge.com
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	Alecia M. Ruswinckel (P62825)	State Bar of Michigan Michael Franck Building 306 Townsend Street Lansing, MI48933-2012	(517) 346-6328	amruswinckel@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

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Members	Members
Deborah Adenike AdeOjo (P63962)	Mya Marshall (P75189)
Alexander A. Ayar (P69623)	Daniel M. Morley (P43310)
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) Oct 2014 – Feb 2015
Diane Hutcherson (P40445)	Mark L. Teicher (P34301)
John M. Nader (P41610)	

Advisors	Advisors
Rico D. Neal (P69744)	Jennifer Harvey (P65140)

Committee Meeting Schedule:

Meeting Type	Date	Location
Regularly scheduled Standing Committee meeting.	May 8, 2014	State Bar of Michigan Michael Franck Building 306 Townsend Street Lansing, MI48933
Regularly scheduled Standing Committee meeting.	August 7, 2014	State Bar of Michigan Michael Franck Building 306 Townsend Street Lansing, MI48933
Regularly scheduled Standing Committee meeting.	December 10, 2014	State Bar of Michigan Michael Franck Building 306 Townsend Street Lansing, MI48933
Regularly scheduled Standing Committee meeting.	February 5, 2015	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 paralegal with primary responsibility for claims administration, a 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. For public education, State Bar staff provides informational pamphlets to court administrators as requested to educate the public on how to find a lawyer and general information about the Fund. Additionally, State Bar staff assists in and manages subrogation activities, working with outside counsel to recoup some of the money paid by the Fund.

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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 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 were approved by the Board of Commissioners in July of 2014.

The CPF Committee and Professional Standards Committee recommended revisions to the CPF Rule 11 (A), (E), (L), and (M), which would amend the appeals procedure and standard for review applied to appeals. These revisions will streamline the CPF administrative process. The recommended revisions were remanded back to the Professional Standards Committee by the Board of Commissioners. The Professional Standards Committee will review at its April 2015, meeting.

Complete Claims Activity: For the period April 1, 2014, through March 31, 2015, a total of 222 claims were processed, which consists of 89 new claims and 133 claims which were pending at the beginning of this period. One hundred and thirty-six (136) claims remain pending.

The CPF Committee reviewed 78 claims during this time period. Sixteen claims were denied. Thirty-three claims totaling \$514,555.60 were approved by the Board of Commissioners and paid; three claims totaling \$9,451.00 have been approved by the Board of Commissioners and await executed subrogation agreements before payment; six claims are being held pursuant to CPF Rule 12(C), because the total number of claims involving the dishonesty of a single lawyer are expected to exceed the aggregate limit and await Board of Commissioners review until the two year hold expires; and seven claims totaling \$80,969.28 are pending review by the Board of Commissioners. Five appeals were requested, four were submitted by claimants regarding claims denied by the CPF Committee and one was submitted by a respondent regarding a claim recommended for approval, all are pending review by the Board of Commissioners' Professional Standards Committee.

Since the inception of the Fund, 1,191 claims have been paid totaling \$7,597,214.27, while 1,826 have been closed administratively, denied, or withdrawn.

Future Goals and Activities:

CPF Rule Amendments - The CPF Committee recommended approval of proposed SBR 20, which would authorize the State Bar to (1) issue subpoenas to support CPF claim investigations; (2) provide 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 Client Protection Fund; and (3) to disclose 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.

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The form is being finalized and tested before posting on the CPF home page on the State Bar's website.

CPF Web Pages – Assistant Counsel Alecia Ruswinckel and CPF Paralegal Robin Lawnichak are in the process of re-designing and updating the Client Protection Fund web pages housed on the State Bar of Michigan web site.

Document Management System Update – CPF Paralegal Robin Lawnichak tested upgrades to the SBM software packages that interface with the CPF Department's document management software used to manage claim administration and electronically store documents.

Scheduled Meetings - CPF Committee meetings have been scheduled for May 7, 2015, and August 6, 2015, to review claims and conduct other business as needed.

Other Information:

Financial Activity – As of March 31, 2015, the Fund received \$315,500.00 from the 2014/15 membership dues assessment, \$5,610.00 in Pro Hac Vice fees, and \$1,929.00 reflecting contributions of abandoned lawyer trust funds and judicial campaign funds. In addition, the Fund received subrogation payments from respondents totaling \$24,670.00 during the period April 1, 2014, through March 31, 2015. There is \$9,451.00 in authorized, but unpaid claims awaiting receipt of executed subrogation agreements. The Fund balance as of March 31, 2015, was \$2,398,329.00.¹

¹Estimated, not finalized or audited.