

## Client Protection Fund – Standing Committee

### Jurisdiction

Advise the Board of Commissioners on the operation of the Client Protection Fund program pursuant to the [Client Protection Rules](#) adopted by the Board of Commissioner by:

- Making recommendations on the reimbursement of claims authorized by the Board of Commissioners
- Proposing or advising on revisions to rules and policies concerning the Client Protection Fund
- Recommending subrogation actions to recoup monies paid from the Client Protection Fund
- Reviewing and recommending loss prevention measures to minimize claims and public loss
- Determining how the committee’s work might interact with and support the work of the Professional Ethics, Judicial Ethics, Lawyers and Judges Assistance, and Character and Fitness committees, including through conferring and coordinating regularly with them on trends, data, insights, and **metrics**
- Being aware of and discussing **metrics** measuring the effectiveness of national and state efforts to reduce lawyer misappropriation of funds and to reimburse victimized clients

**Committee Chairs:** Diane Hutcherson and Mark Teicher

**Staff Liaisons:** Robin Lawnichak and Alecia Ruswinckel

**Meetings:** In-person: 4; Electronic or phone: 0

### Committee Activities

1. The CPF Standing Committee reviewed 62 claims during this time period. Eleven claims were denied. Thirty-seven claims totaling \$792,027.06 were approved by the Board of Commissioners and paid and 15 claims totaling \$185,910.00 are pending review by the Board of Commissioners. Claimants submitted four requests for review regarding claims denied and one request for review was submitted by a respondent regarding a claim recommended for approval, all have been reviewed by the Board of Commissioners’ Professional Standards Committee.
2. The Committee recommended revisions to CPF Rule 9(B) requiring claimants with losses greater than \$20,000 to report the incident to law enforcement; Rule 10(B)(6) to permit a broader array of information to support reimbursement; Rule 11(I) to allow for evidence of a claim to be provided by source other than the claimant; the deletion of Rule 9(D)(9) as it was duplicative; the Loss Value policy to incorporated the proposed rules changes; and will be submitting a modification to the proposal for State Bar Rule 20. These recommendations are being shepherded through the approval process.
3. State Bar staff assists in and manages subrogation activities, working with outside counsel to recoup some of the money paid by the Fund.

*Goal 4: Strategy 2: Employing practices that strengthen the State Bar of Michigan's fiscal position and responsible use of resources*

### **Future Committee Activities**

SBM Rule Proposal - CPF hopes that proposed SBR 20 will be submitted to the Michigan Supreme Court. The Committee is working on creating a streamlined, online application, which will launch once the rule changes are complete. The Committee will investigate and work to implement additional proactive client protection initiatives such as random audits, fiduciary bonding, and fee arbitration/mediation.

### **Special Committee Characteristics**

This committee may have more than 15 members.