

**ANNUAL COMMITTEE REPORT
(2006 – 2007)**

Committee Name:

Client Protection Fund

Jurisdiction:

The Client Protection Fund (“CPF”), originally known as the Client Security Fund, is a voluntary program of the State Bar of Michigan, created by the Board of Commissioners in 1966. The Fund’s mission is to maintain the integrity and protect the good name of the legal profession, protect law clients from dishonest conduct in the practice of law, and to promote public confidence in the legal system.

The primary focus of the Fund is to reimburse the losses of clients who have been victimized by the relatively few lawyers who violate the profession’s ethical standards and misappropriate funds entrusted to them. Losses reimbursed by the Fund include the theft of estate and trust assets, settlements in personal injury cases, money embezzled in investment transactions within an attorney-client relationship and the practice of law, and unearned fees paid in advance to lawyers who falsely promise legal services.

The Standing Committee meets at least three times per year to review and act upon claim reports, proposed administrative procedures, proposed lawyer and client educational efforts, and loss prevention measures. The Committee’s recommendations are forwarded to the Professional Standards Committee of the Board of Commissioners to review and recommend to the full Board the approval, denial or modification of the claims and other issues before the committee.

The Standing Committee on the Client Protection Fund is authorized under the bylaws of the State Bar of Michigan. The Board of Commissioners has adopted rules governing claim awards. The claim application form contains a disclaimer of any legal responsibility and a notice that reimbursement is a matter of grace in the sole discretion of the Board of Commissioners and not a matter of right. State Bar members are urged to assist claimants without charging a fee.

Officers and Membership:

Chair: L. Fallasha Erwin

Members:	Daniel P. Dalton	John M. Nader
	Joseph P. Garin	Roshunda L. Price
	Angus G. Goetz, Jr.	James H. Schoolmaster
	Daniel J. Henry, Jr.	Lynn H. Shecter
	Donna J. Lehl	Grecia A. Souffront
	Jennifer E. Mead	Mark L. Teicher

Committee Activities:

Claims Review: For the period April 1, 2006, through March 31, 2007, the Committee reviewed 59 claims. During this same time period, 6 claims were denied by the Committee or Board of Commissioners, 4 claims were withdrawn by the claimant, and the Board of Commissioners approved payments to 50 claimants totaling \$197,053.55. Since the program's inception 813 claims have been paid totaling \$4,196,842.63 while 1,452 have been closed administratively, denied, or withdrawn.

The following claim and financial activities occurred during the period April 1, 2006, through March 31, 2007.

Claim Activity:

Claims pending at the beginning of Period	103
Claims received	<u>74</u>
Total	177
Claims closed	20
Claims paid	40
Claims denied	6
Claims withdrawn by Claimant	<u>3</u>
Total	<u>69</u>
Claims pending at end of period	108

Subrogation Activity:

Amount received from Respondents	\$ 1,033.33
Judicial candidate donations	\$14,723.06

Financial Aspects:

The Fund received \$562,560 from the membership dues assessment for this fiscal year. The Fund balance as of March 31, 2007, was \$2,069,878* however, there is \$45,716.11 authorized, but unpaid, for claims awaiting receipt of executed subrogation agreements.

L. Fallasha Erwin, Chair

* Estimated not finalized or audited