

**STATE BAR OF MICHIGAN  
2007-2008 ANNUAL REPORT  
STANDING COMMITTEE  
May 2008**

**Committee Name:** Standing Committee on the Client Protection Fund

**Jurisdictional Statement:**

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:**

L. Fallasha Erwin, Chair

**Members:**

Daniel P. Dalton	John M. Nader
Joseph P. Garin	Roshunda L. Price
Donna J. Lehl	James H. Schoolmaster
Daniel M. Levy	Lynn H. Shecter
Grecia A. Martinez	Mark L. Teicher

**Commissioner Liaison:**

John J. Conway

**Staff Liaisons:**

Victoria V. Kremski  
Robin Lawnichak

**2007-08 Meeting Schedule:**

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

**Committee Activities:**

Claims Review: For the period April 1, 2007, through March 31, 2008, the Standing Committee reviewed 60 claims. During this same time period, 9 claims were denied by the Standing Committee or Board of Commissioners, 13 claimants withdrew their claims and the Board of Commissioners approved 25 claims totaling \$238,051.74. Since the program’s inception 834 claims have been paid totaling \$4,412,660.77 while 1508 have been closed administratively, denied or withdrawn.

Project: The Committee has been working on a joint collaboration with the Attorney Grievance Commission, the Attorney Discipline Board and the Michigan State Bar Foundation regarding Michigan’s first potential loss prevention program. The proposed Trust Account Overdraft Notification Rule and Agreement were submitted to the Michigan Supreme Court in March of 2008.

The following claim and financial activities occurred during the period April 1, 2007, through March 31, 2008.

**Claim Activity:**

Claims pending at the beginning of Period	108
Claims received	<u>102</u>
Total	210
Claims closed	20
Claims paid	34
Claims denied	9
Claims withdrawn by Claimant	<u>13</u>
Total	<u>76</u>
Claims pending at end of period	134

**Subrogation Activity:**

Amount received from Respondents \$6,537.00

**Financial Aspects:**

The Fund received \$286,763 from the membership dues assessment for this fiscal year. The Fund balance as of March 31, 2008, was \$2,073,480<sup>1</sup> however, there is \$7,983.70 authorized, but unpaid, for claims awaiting receipt of executed subrogation agreements.

**Goals and Activities:**

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<sup>1</sup> \* Estimated not finalized or audited

**Chair/Co-Chair Contact Information:**

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