

2007 Membership

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Legal Authorization

Pa. Constitution, Article V, § 12
Pennsylvania Rules of Disciplinary Enforcement, §501 et seq.

About the Board

The Pennsylvania Lawyers Fund for Client Security was established by the Pennsylvania Supreme Court in 1982 as a means of helping clients recover some or all losses of money and/or property stolen from them by their attorneys. It is funded by a special annual assessment (\$35 for 2007-08) paid by any attorney admitted to practice law in Pennsylvania. Clients may receive up to \$75,000 for a claim.

The fund is supervised by the Pennsylvania Lawyers Fund for Client Security Board. This board includes five members of the bar of the Supreme Court and two non-lawyer public members. Each member's term is three years in length, and a member may serve a maximum of two consecutive terms.

Pennsylvania

Lawyers

Fund

for

Client

Security

4909 Louise Drive,
Suite 101
Mechanicsburg, PA 17055
(717) 691-7503
(800) 962-4618
fax (717) 691-9005
e-mail admin@palawfund.com
www.palawfund.com

2007 Claims Statistics

Statistics for the 2007-08 fiscal year can be found in Table 3.15.1. Chart 3.15.2 on page 95 is a breakdown of amounts claimed by category. Chart 3.15.3 on page 96 gives comparisons of claims awarded versus claims rejected, both in terms of numbers and dollar amounts. Chart 3.15.4 on page 97 is a comparison of claims awarded, rejected and discontinued, both cumulatively and in 2007-08.

Claims Categories

Fiduciary funds - Theft of estate funds and trust/escrow funds consistently tops the list of claims filed against attorneys. Combined, these two types of theft during FY 2007-08 cost the fund \$983,002, 83.55 percent of its total award dollars, settling 36 claims. Of this amount \$395,034 went to twelve former clients of one attorney.

Lawsuit Settlement Proceeds - Claims of misappropriation of settlement proceeds often occur when an attorney settles a lawsuit without the knowledge or consent of the client. The attorney receives the funds and fails to remit them to the client. Also included in this category are claims involving attorneys who withhold funds from settlement proceeds to pay clients' medical providers and fail to make the payment/s. Payments of \$ 124,060 to eight claimants fitting this category were made in 2007-08, 10.55 percent of the total dollars awarded. Of this, \$70,833 were paid to three former clients of one attorney.

Nonperformance* - The acceptance of unearned fees or retainers represented the third highest payment category in 2007-08 with awards to 53 claimants totaling \$69,035, 5.87 percent of the total dollars awarded.

*Since the fund does not arbitrate fee disputes, for an award to be considered when the attorney performed any services of value, the claimant typically must first file a complaint

2007-08 Claims Statistics

Claims	No.	Amount
Received	179 *	\$7,699,582
*22 in excess of \$75,000 limit		
Awarded	99	1,176,597
Rejected	92	1,405,553
Discontinued	19	1,128,171
Total	210	\$5,150,366
Pending	129+	\$57,935,582
+One pending claim alleges a loss of \$50,000,000.		

Table 3.15.1

with the local bar association's fee dispute committee. If the committee determines that all or a portion of the fees or retainer paid were not earned, and the attorney does not return the fee, the board will consider this type of claim and categorize the award as nonperformance by the attorney.

Notwithstanding the award amounts reported, it should be noted that claims are filed against fewer than one percent of all Pennsylvania licensed attorneys.

2007 Activities

During the year the board met in Hershey, Pittsburgh and Malvern.

Restitution and Subrogation Efforts

The fund received \$115,032 in restitution payments during FY 2007-08.

Mandatory Overdraft Notification

Pennsylvania Rule of Disciplinary Enforcement 221 requires financial institutions to report to the fund all checks drawn on attorney fiduciary accounts which contain insufficient funds. In 2007-08 the fund received 252 overdraft notices. Five notices were pending.

Of the 252 notices, 190 were reviewed and dismissed, and 47 were referred to the Office of Disciplinary Counsel. Fifteen notices remained pending at the end of the fiscal year.

County Bench, Bar Meetings

The board has been holding meetings and dinners with leaders of the county benches and bars in conjunction with the board's quarterly business meetings since 1989. These meetings keep the county bench and bar leaders informed about the fund's activities, both statewide and regionally, and request the assistance of the bench and bar in carrying out the fund's mission. In 2007 and 2008 the fund met with Allegheny, Chester and Dauphin counties.

Lawyers Concerned for Lawyers

With prior approval of the Supreme Court, the Pennsylvania Lawyers Fund for Client Security may provide funding to nonprofit organizations that assist Pennsylvania lawyers and judges who are impaired by alcohol or drugs. In accordance with this rule, during FY 2007-08 \$289,523 of funding was given to the organization known as Lawyers Concerned for Lawyers. Such assistance complements the fund's mission to ameliorate losses resulting from attorney dishonesty as oftentimes when an attorney converts client funds, the conduct is related to substance abuse. The financial support for Lawyers Concerned for Lawyers helps to mitigate the losses by providing a resource for impaired attorneys.

AOPC

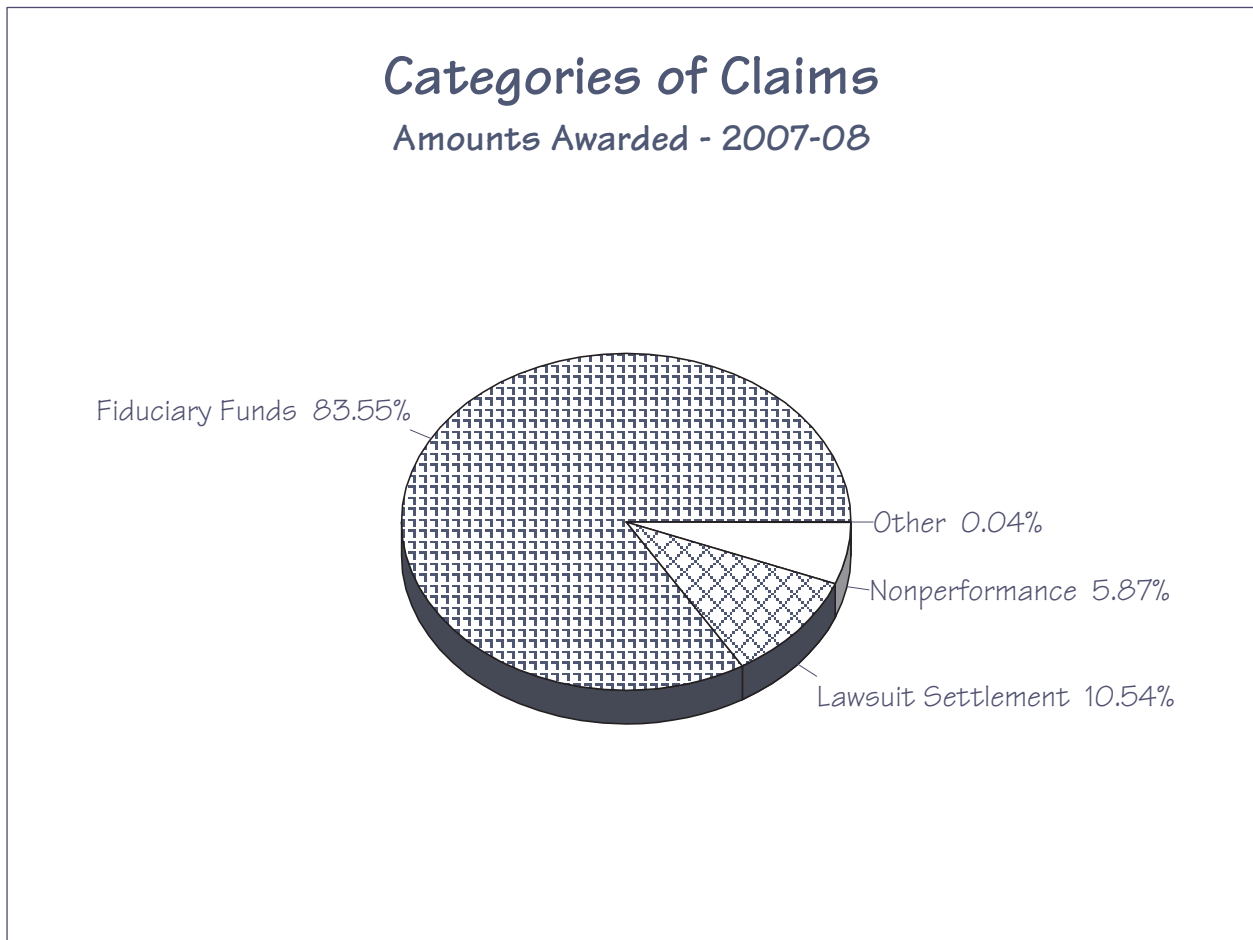
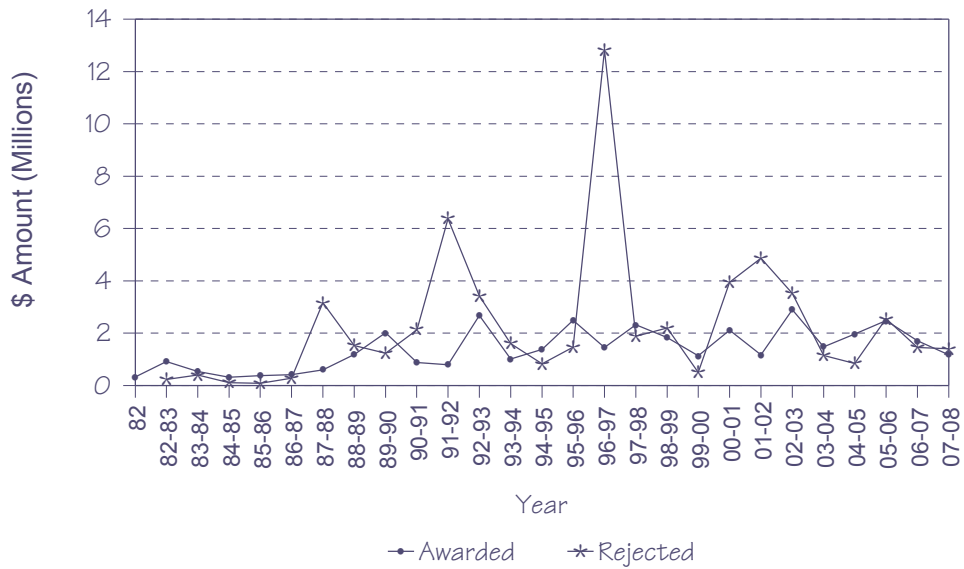


Table 3.15.2

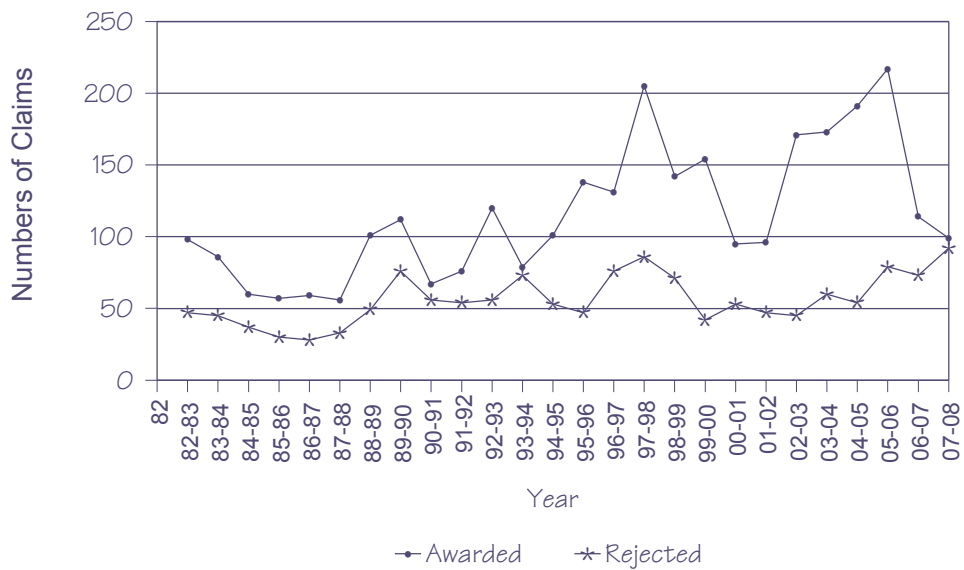
Claim Awards v. Rejections

1982-2008



Claims Awarded v. Rejections

1982-2007

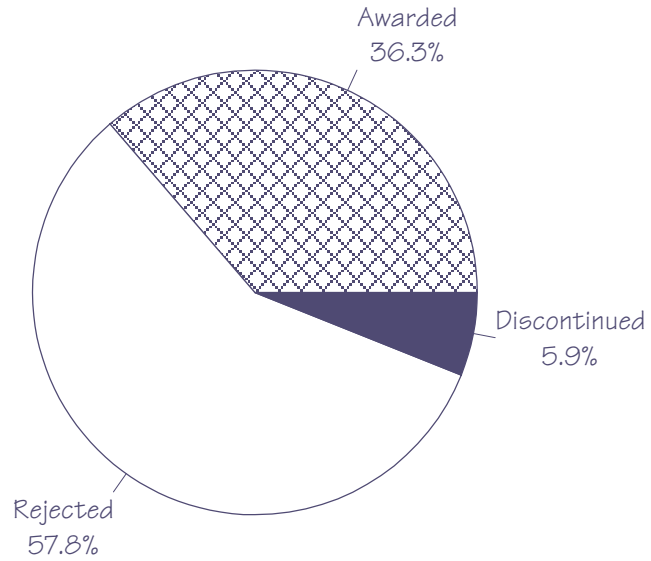


Effective 7-1-00, the maximum reimbursable amount was raised from \$50,000 to \$75,000.

Table 3.15.3

Comparison of Claim Dispositions

Cumulative



2008

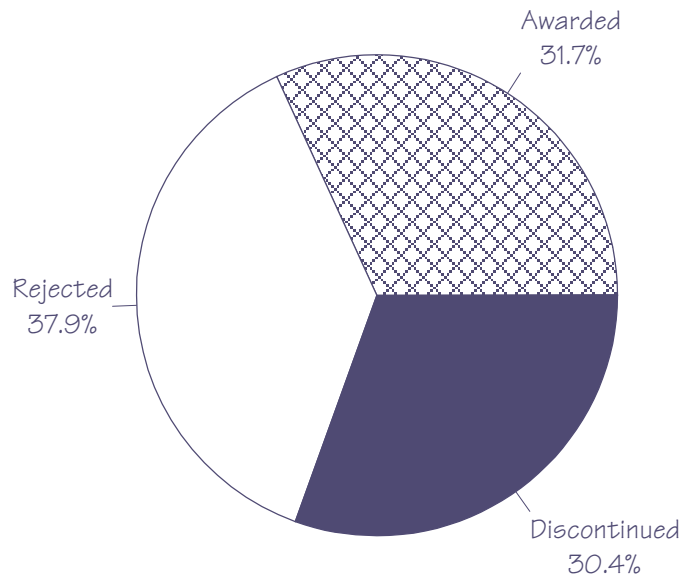


Table 3.15.4