

2006 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 (\$45 for 2006-07) 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

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2006 Claims Statistics

Statistics for the 2006-07 fiscal year can be found in Table 3.15.1. Chart 3.15.2 on page 87 is a breakdown of amounts claimed by category. Chart 3.15.3 on page 88 gives comparisons of claims awarded versus claims rejected, both in terms of numbers and dollar amounts. Chart 3.15.4 on page 89 is a comparison of claims awarded, rejected and discontinued, both cumulatively and in 2006-07.

Claims	No.	Amount
Received	183 *	\$53,978,960
*11 in excess of \$75,000 limit		
Awarded	114	1,708,948
Rejected	73	1,449,144
Discontinued	17	102,189
Total	204	\$5,150,366
Pending	160	\$53,978,960

Table 3.15.1

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 2006-07 cost the fund \$906,826, 53.07 percent of its total award dollars, settling 41 claims. Of this amount \$231,000 went to four 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 \$ 467,617 to 14 claimants fitting this category were made in 2006-07, 27.37 percent of the total dollars awarded. Of this, \$281,631 were paid to nine former clients of one attorney.

Conversion of Real Estate Settlement Funds - A misappropriation of funds involved in real estate settlements represents the third highest payment category. A typical claim in this category results from the closing attorney's failure to forward the payoff of the existing mortgage to the lender. Awards totaling \$159,387 were approved to five claimants. Two former clients of one attorney received \$100,822 of this amount.

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

2006 Activities

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

Restitution and Subrogation Efforts

The fund received \$157,399 in restitution payments during FY 2006-07.

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 2006-07 the fund received 166 overdraft notices. No notices were pending. Of the 166 notices, 124 were reviewed and dismissed, and 37 were referred to the Office of Disciplinary Counsel. Five 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 2006 and 2007 the fund met with Allegheny, Dauphin and Philadelphia 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 2006-07 \$277,875 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**

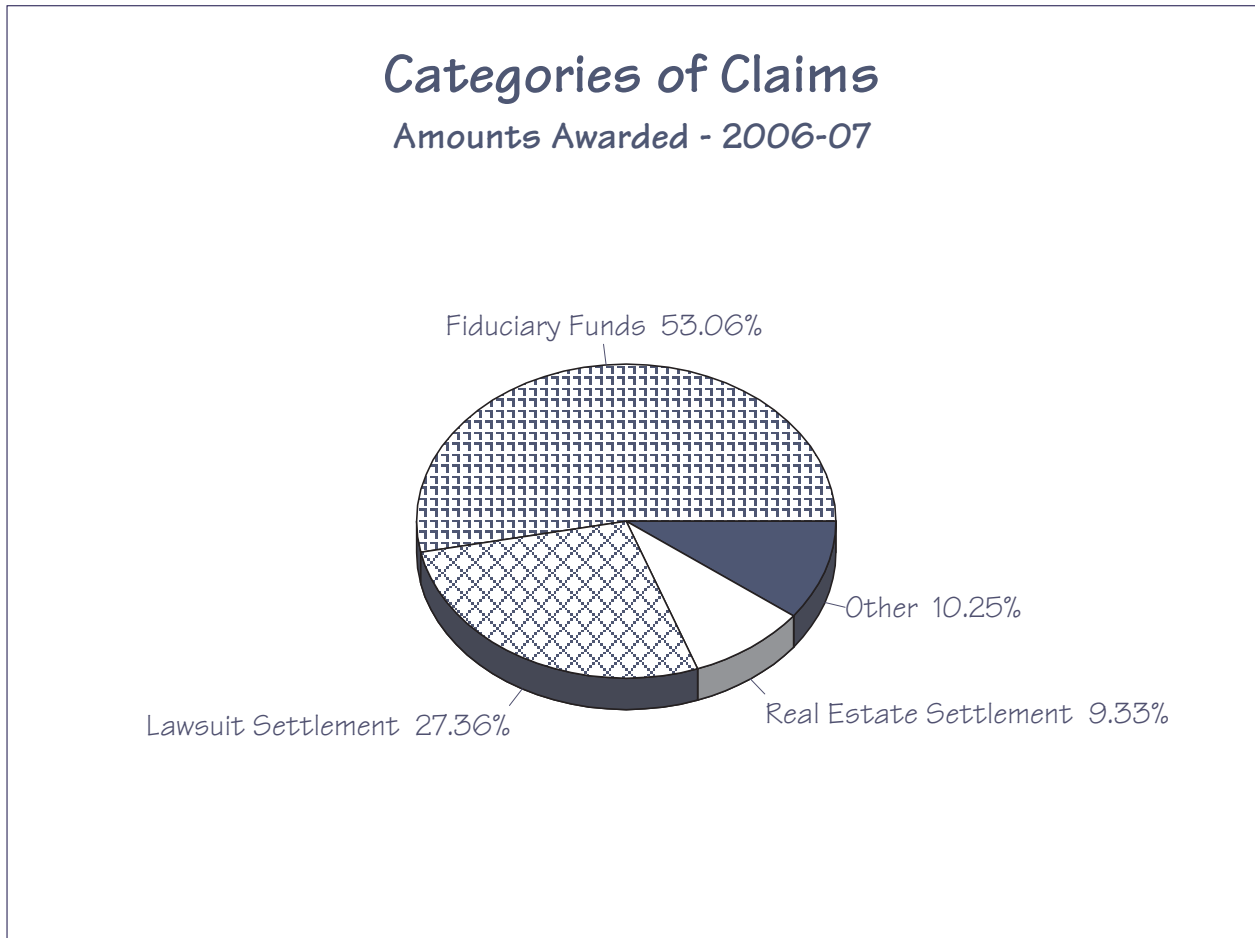
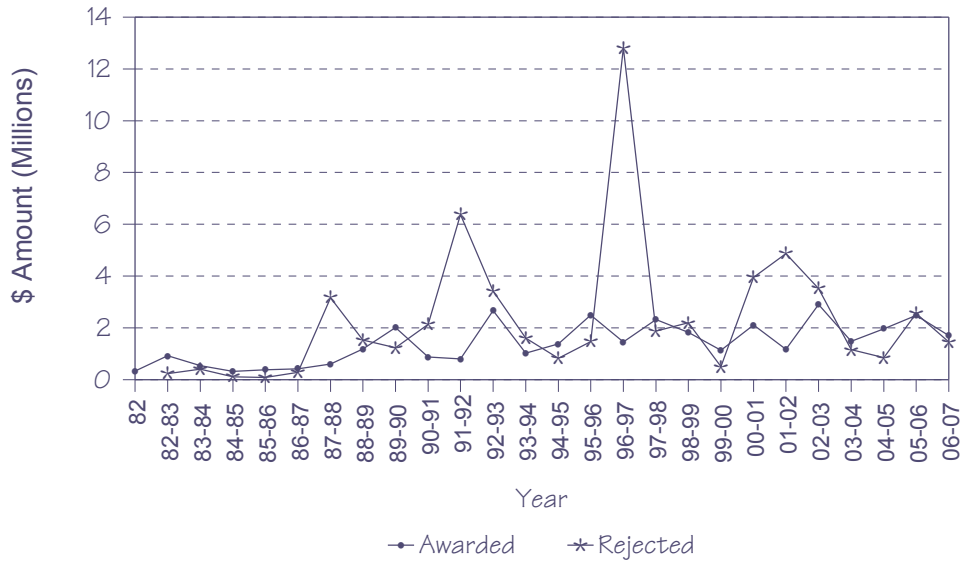


Table 3.15.2

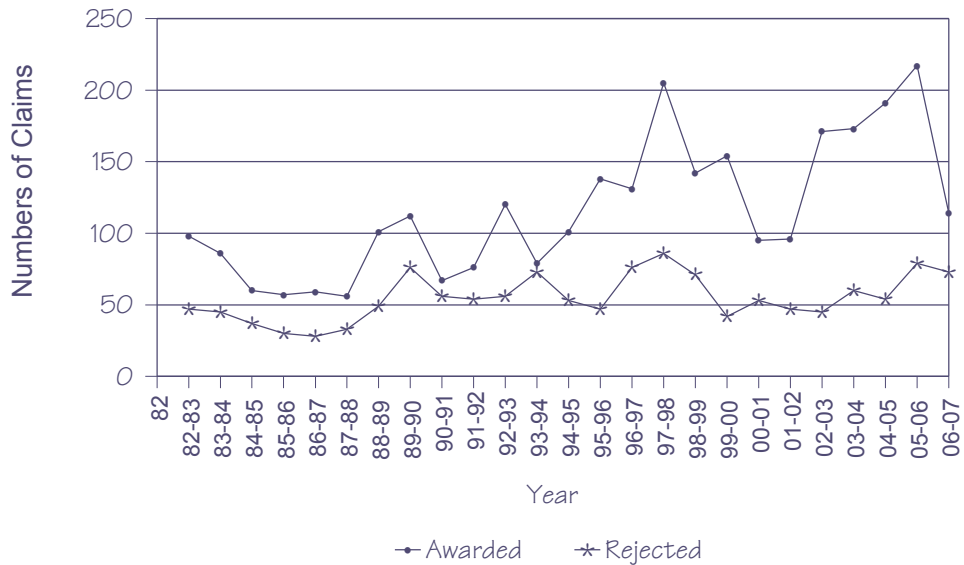
Claim Awards v. Rejections

1982-2007



Claims Awarded v. Rejections

1982-2007

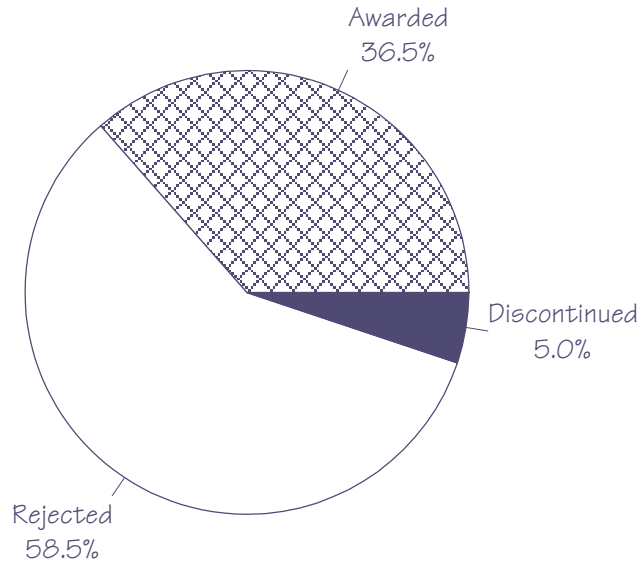


Effective 7-1-00, the maximum reimbursable amount was raised from \$50,000 to \$75,000.

Table 3.15.3

Comparison of Claim Dispositions

Cumulative



2007

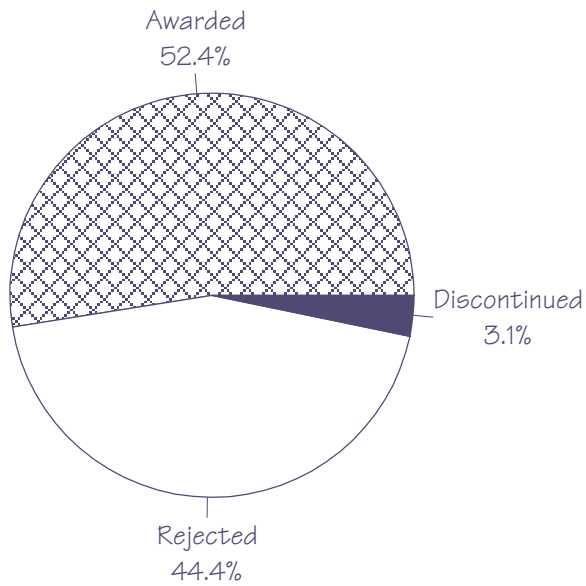


Table 3.15.4