

The Client Protection Webb*

A Publication of the National
Client Protection Organization

July, 2019

ARE YOU ON THE LIST?

From Texas to British Columbia, from Hawaii to New York, at least 29 jurisdictions (*listed below*) have already said they are coming to Princeton New Jersey on September 24th & 25th for NCPO's 2019 Regional Workshop. Is your jurisdiction one of them? If not, go to <https://www.ncpo.org/events/2019-ncpo-workshop-1> and register today!



Virginia
Louisiana
Alberta
New Hampshire
Maryland
Kentucky
Maine
Iowa
Louisiana
District of Columbia
Texas
North Carolina
Arkansas
Pennsylvania



British Columbia
Kansas
New Mexico
Delaware
Maine
Wisconsin
Ohio
Idaho
Hawaii
Illinois
Massachusetts
Tennessee
New York
Alberta



Did You Know?

If you would like to attend the Fall Workshop in Princeton, NCPO has a Workshop Assistance Program to help under-funded Funds with the cost of attending this event. Any individual or organizational member of NCPO can apply for assistance. Please contact Michael Harmon at Michael.Harmon@arcourts.gov for further information. We look forward to seeing you there!

Client Protection By the Numbers - "Making a Difference"

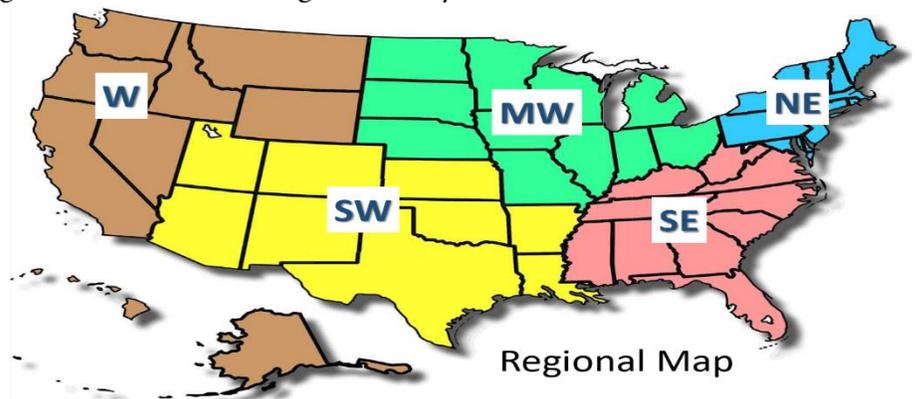
By Michael J. Knight, Sr., (1)

Client Protection Funds are often referred to as the "best kept secret" of the legal profession. This characterization is puzzling given that these lawyer-financed programs provide meaningful reimbursement to victims of dishonest lawyers and reflect the noble commitment of the overwhelming majority of honest lawyers to restore the public's faith and promote confidence in the legal profession. In fact, the legal profession is the only profession that offers such protection to its clients.

Every state has a client protection fund with a shared goal: to protect legal consumers from dishonest conduct in the practice of law. These efforts go well beyond payment of reimbursement claims to restore money or property misappropriated or misapplied in the practice of law. They also include development and implementation of legislation, court rules and other programs to improve the profession and increase safeguards for law clients.

The American Bar Association's Standing Committee on Public Protection in the Provision of Legal Services² has for decades, promoted and supported creation and improvement of the many states' client protection fund programs. The Standing Committee, through the ABA Center For Professional Responsibility, conducts a Survey of Lawyers' Funds for Client Protection. Triennially, sixty (60) questionnaires are distributed to 50 States plus the District of Columbia as well as nine (9) Canadian Provinces. Since 2011, the National Client Protection Organization³ has proudly assisted in underwriting the cost of conducting the survey.

This article provides a brief analysis of these surveys from 1980 through 2016⁴. These results are also sorted by Region - Northeast (NE), Southeast (SE), Southwest (SW), Midwest (MW) and West (W), and Attorney Population⁵ - Large States with an attorney population of over 40,000 registered attorneys; Medium States with an attorney population of 15,000 to 40,000 and Small States with an attorney population under 15,000.



1 Mr. Knight is the Executive Director and Counsel for the New York State Lawyers' Fund for Client Protection. He is also past Counsel and President of the National Client Protection Organization, Inc.

2 Formerly the Standing Committee on Lawyers' Responsibility for Client Protection (1996), and then the Standing Committee on Client Protection (2017).

3 The National Client Protection Organization, Inc. (NCPO) is a not-for-profit membership corporation organized in May 1998. NCPO is foremost an educational resource for the exchange of information among law client protection funds throughout the United States and Canada. NCPO's purposes include providing help and support to protection funds and programs to protect legal consumers from dishonest conduct in the practice of law.

4 Results, of course, only include responding states. Source(s): Client Security Fund Statistical Surveys (1980-1989), Client Protection Fund Survey (1990-1993), Survey of Lawyers' Funds for Client Protection (1994-2016).

5 See attached state tables by region and attorney population.

Number of Claims Filed

In 37 years, over 144,000 client protection reimbursement claims have been filed in the United States. This averages to nearly 3,900 claims annually. On average, each state received about 78 new claims per year. Regionally, Western states recorded the most claims filed - 50,520 (35%), followed by Northeastern States with 42,405 (29%).

As expected, states with the largest attorney populations account for 109,862 or 76% of all claims filed since 1980. Since 1980, new claim filings have steadily increased, spiking nationally in 2011. The ebb and flow of claim filings appears to be related to national economic trends.

Number of New Claims Filed

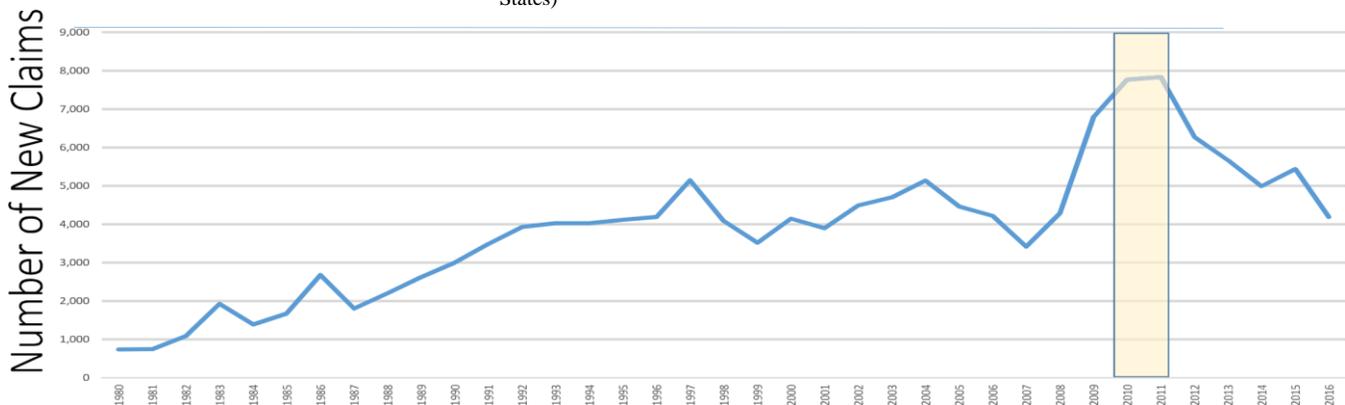
Total Number of New Claims Filed	144,146
Average Annual Filed Nationwide	3,896
Average Filed by States Per Year	78

By Region	Total	Percent	Average	Percent
NE (11 States + D.C.)	42,405	29%	1,146	29%
SE (10 States)	19,226	13%	520	13%
SW (9 States)	11,823	8%	320	8%
MW (11 States)	20,172	14%	545	14%
W (9 States)	50,520	35%	1,365	35%
	144,146	100%	3,896	100%

By Attorney Population	Total	Percent	Average	Percent
Small (22 States)	7,354	5%	9	3%
Medium (18 States)	26,930	19%	40	12%
Large (10 States + D.C.)	109,862	76%	275	85%
	144,146	100%	324	100%

Number of New Claims Filed, 1980-2016 Total Number of Claims: 144,146

Number of New Claims Filed Per Year (All Reporting States)



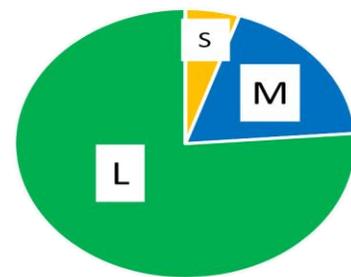
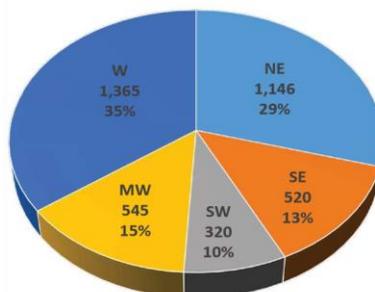
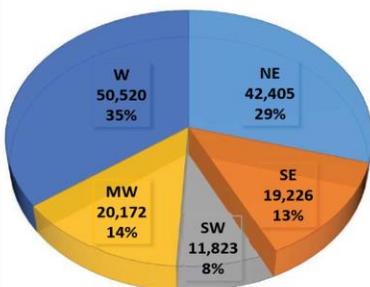
Number of New Claims Filed, 1980-2016

Total Number of Claims: 144,146

Number of Claims: 144,146

Average Annual Claims Filed: 779

By Attorney
Population
Number Filed



Number of Awards Approved

In 37 years, nearly 75,000 claims for reimbursement have been approved in the United States. This averages to over 2,000 awards approved annually. On average, each state approved 40 claims per year. Regionally, Western states reported the largest number of reimbursement awards - 25,824 (35%), followed closely by Northeastern States with 21,823 (29%). Again, as expected, states with the largest attorney populations account for 55,212 or 74% of all awards approved since 1980. As in claims filed, 2011 is the largest reported year for approved claims.

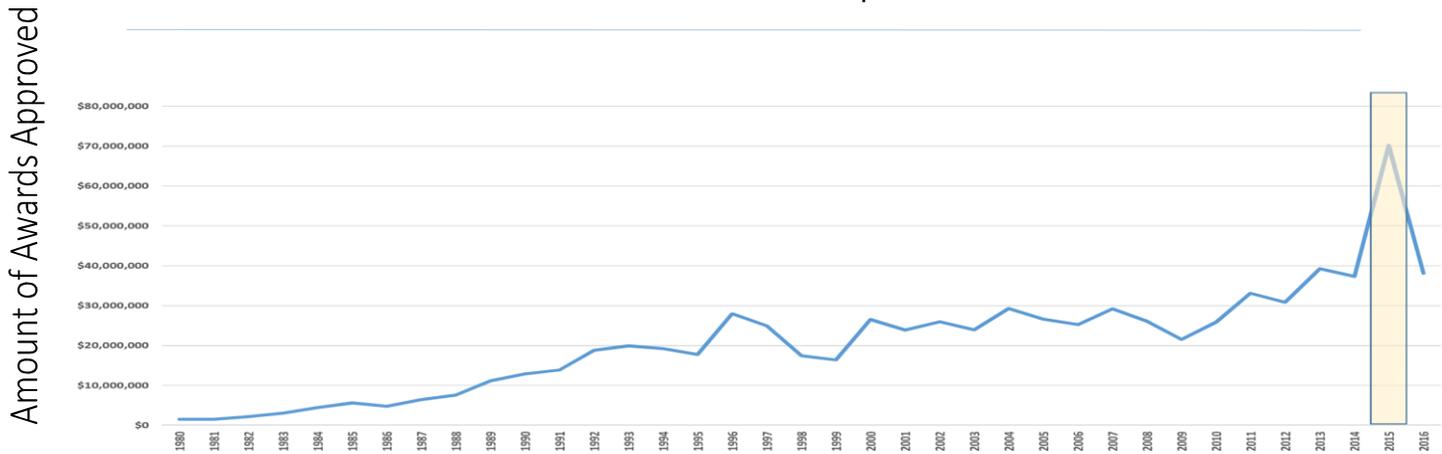
Number of Awards Approved	
Total Number of Awards Approved	74,827
Average Annual Number Approved	2,022
Average # Approved by States Per Year	40

By Region	Total	Percent	Average	Percent
NE (11 States + D.C.)	21,823	29%	590	29%
SE (10 States)	9,230	12%	249	12%
SW (9 States)	7,777	10%	210	10%
MW (11 States)	10,173	14%	275	14%
W (9 States)	25,824	35%	698	35%
	74,827	100%	2,022	100%

By Attorney Population	Total	Percent	Average	Percent
Small (22 States)	4,275	6%	5	3%
Medium (18 States)	15,340	21%	23	14%
Large (10 States + D.C.)	55,212	74%	136	83%
	74,827	100%	164	100%

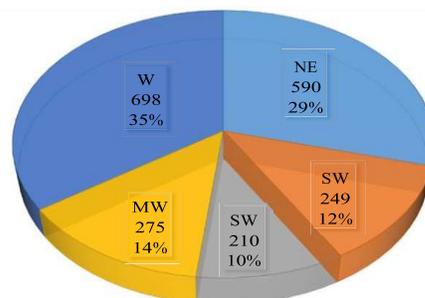
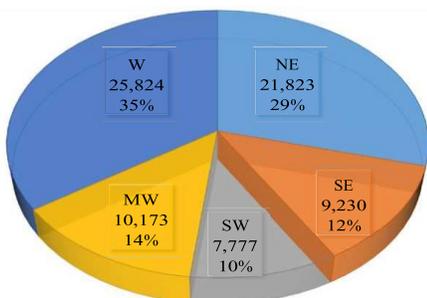
Amount of Awards Approved, 1980-2016

Total Amount of Awards: \$770 Million



Number of Awards Approved, 1980-2016 **74,827** By Attorney Population

Average # Annual Awards: 2,022



Average # Annual Awards Per State: 40

Amount of Awards Approved

Perhaps the most remarkable statistic is that since 1980, client protection funds have reimbursed over **\$770 million** to eligible law clients in the United States. This averages to over \$20 million a year. The per-state average reimbursement calculates to just over \$400,000 a year.

Regionally, the Northeastern States have paid out over \$457 million in awards (59%). Western states have paid out \$152 million (20%). Large states are credited with \$612 million in awards, or 80% of all awards paid. 2015 was the largest year for Fund payouts, nearly \$70 million was restored to law clients nationwide.

Amount of Awards Approved					
Total Amount of Awards Approved		\$770,159,954			
Average Annual Amount Approved		\$20,815,134			
Average Approved by States Per Year		\$416,303			
By Region		Total	Percent	Average	Percent
NE (11 States + D.C.)		\$457,159,296	59%	\$12,355,657	56%
SE (10 States)		\$58,237,035	8%	\$1,573,974	7%
SW (9 States)		\$33,658,786	4%	\$909,697	4%
MW (11 States)		\$68,607,162	9%	\$3,267,008	15%
W (9 States)		\$152,497,675	20%	\$4,121,559	19%
		\$770,159,954	100%	\$22,227,895	100%
By Attorney Population		Total	Percent	Average	Percent
Small (22 States)		\$20,624,593	3%	\$23,337	1%
Medium (18 States)		\$137,237,984	18%	\$206,063	12%
Large (10 States + D.C.)		\$612,297,377	80%	\$1,504,416	87%
		\$770,159,954	100%	\$1,733,816	100%

Conclusion

Instances of attorney dishonesty resulting in a financial loss to a client are extremely rare. However, it's important to recognize the (mostly unsung) and vital contributions made by Law Client Protection Funds in addressing these 'debts of honor' on behalf of the legal profession. These efforts...YOUR efforts, make a difference.

All client protection programs have room for improvement. These survey results reflect the ongoing commitment of our nations' Client Protection Funds to address the need and restore faith in the legal profession and the administration of justice. This commitment is shared by the National Client Protection Organization and the ABA Standing Committee on Public Protection.

In New York we have a saying that the Lawyers' Fund exists because of good lawyers. You should share the same sense of pride in your Lawyers' Fund.



NCPO Considers Publicity Conundrum

Is your fund as well-known as it could be to law clients? Does your fund struggle with how to let the public know about its existence without opening the floodgates to frivolous claims? Do you wish you could publicize your fund without becoming embroiled in political considerations or risking a 72 point

headline dominated by "crooked" or "thieving" lawyers? Then come to NCPO's 2019 Regional Workshop in Princeton, New Jersey this September to help develop an NCPO press release based upon Mike Knight's article "Client Protection by the Numbers" that will help funds spread the word under the NCPO banner – a nation-wide solution to an age-old problem!

Oregon Fund Faces Record Claims

The Oregon State Bar has received \$2.4 million in Client Security Fund claims as a result of claims against Lori E. Deveny, a Portland attorney who forged client endorsements to settlement checks in order to pay for her lavish



Lori E. Deveny

lifestyle. The Fund has paid out \$305,000 so far to Deveny's former clients. "This is the highest claims total - by a large margin - ever seen in our fund by a single lawyer," said Kateri Walsh, Oregon Bar Association

spokeswoman. "The

Deveny allegations are among the worst in recent history, and offend the most foundational principals of what it means to be a lawyer."

Deveny, 53, pled not guilty to a 24 count federal indictment for stealing money she held in trust for clients from 2011 through 2019. She allegedly used the money to pay off credit card debt and loans as well as to finance numerous big game hunting trips to Africa, taxidermy costs that resulted from those trips, other vacations, her husband's photography business, home remodeling and expensive cigars,

according to investigators from the Internal Revenue Service and the FBI.

Investigators say Deveny forged client signatures on settlement documents she sent to various insurance companies, transferred funds without authorization to personal accounts and lied to clients that the insurance companies were to blame for any delays in settling claims. Many of Deveny's clients never received the insurance payouts they were owed.

Federal prosecutors urged the court to order Deveny to preserve the approximately dozen guns found in her house at the time of her arrest together with exotic taxidermy heads of animals, including a giraffe, zebra, and lion, but dispose of any ammunition in the home. Fay said Deveny's husband took his own life in the home a year ago with a gun.

Deveny's assistant federal public defender, Mark Ahlemeyer, said Deveny was cataloging the firearms for sale to pay off debt and urged the court to allow Deveny to continue to do so.



Exotic taxidermy

Kansas Fund Rushes to Help Client Victims Save Home

The Kansas Client Protection recently paid the claim of Roger and Marcia Altis, who lost over \$130,000 when their attorney, Christopher O'Brien, stole the money paid to Mr. and Mrs. Altis for the oil rights on the Kansas farm they have worked for over 40 years. Already in financial distress, Mr. Altis consulted O'Brien, who convinced him to auction the oil rights in order to have enough money to pay back taxes and other debts. The proceeds check was entrusted to O'Brien, who stole it all. With the money gone, the Altises creditors were closing in. O'Brien, 69, pled guilty to one count of embezzlement in the case — and agreed to pay nearly three-quarters of a million dollars in restitution to the Altises and two other clients who accused him of thievery. Unfortunately, the Altises farm still hangs in the balance, with a tax sale looming because they remain short the money needed to pay back taxes. Their children have set up accounts at www.gofundme.com/RogerMarcia-Altis and at Community National Bank in Eureka to collect donations for their parents.

Manitoba Fund Investigates Immigration Fraud

The Law Society of Manitoba is investigating charges that Winnipeg attorney Paul Hesse stole millions from at least 20 clients, telling them that he would help them immigrate to Canada. One man said his family lost their life savings after transferring \$200,000 to Hesse, in the hope it would improve their chances of gaining permanent residency in Canada. Hesse went to the client's home to tell him his money was gone. "Although he asked me to

sue him ... I'll only take this step as the last [resort]," the client said. "I want to first



Paul Hesse

seek help from the law society, to ask them for direction."

Clients said that over the course of two years, they communicated mainly with Hesse's assistant via WeChat, a messaging app that is popular in Asia. The assistant is still working for Hesse's Pitblado Law firm but for a different lawyer, and the firm denies any involvement. Hesse was fired from the firm in June 2019 when the allegations against him became public. He has denied any wrongdoing, saying there were "multiple inaccuracies" in press reports.

Looking for something???

During the ABA Forum on Client Protection in Vancouver, attendees were given tips on how to better use the internet to investigate claims, as well as to find respondents and their assets.

Although there is a lurking menace known as the "Dark Web" for which an anonymous browser is needed, most information can be found on the much less intimidating "Deep Web."

Major sources of information can be found on social media sites. Over 75% of college graduates have facebook pages, while 68% of all internet users are on facebook. Most sites are actually free. In depth financial information, for example can be found on Thomson Reuters "Clear" (which does require a fee), while the consensus seems to be that "TrustFinder" is used by government agencies because it provides the most complete information.

INVESTIGATIVE WEBSITES

- Inteltechniques.com – checks multiple sites at once;
- Blackbookonline – to search public records;
- Iseek.com – for university databases & other resources;
- Stalkscan – features personal details
- Archive.org – the internet archives
- Data.mashedworld.com – for maps and property street views



THE LAST WORD -

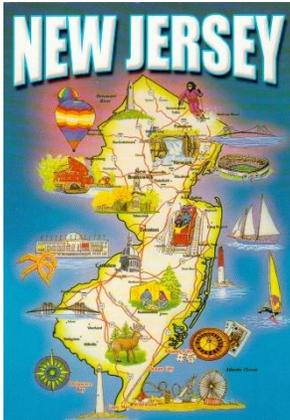
By Michael E. Harmon, NCPO President

I hope you've enjoyed this edition of the Webb! Our friends with the New Jersey Client Protection Fund have done an amazing job at putting the upcoming Workshop together. Topics which will be discussed range from analyzing the respondent attorney's point of view to use of receiverships to mitigate client losses, to the addressing the problem of aging lawyers, to examining whether Funds can make awards without a finding of dishonest conduct.

In addition to those topics, I will close the Workshop with a program on NCPO and the future of client protection. The program will focus on how NCPO has helped you and your jurisdiction, what NCPO can do better, and what you would like to see NCPO do differently. I am putting together questions for a survey that will be sent out to the membership in early to mid-August. Please look for this email and respond as the responses will help form the discussion at the Workshop.

Enjoy your summer. Keep cool and hydrate! I look forward to seeing you in Princeton for the Workshop!

Top 10 Reasons to Attend the NCPO Workshop in Princeton, NJ Approved for 11.8 Ethics CLE Credits - September 24 – 25, 2019



10. New Jersey's early autumn weather is near perfect!
9. Princeton shops and restaurants are great!
8. Celebrate the New Jersey Fund's 50th Anniversary.
7. Hear NJ Supreme Court Justice Anne Paterson speak
6. Learn how to use custodial receiverships.
5. Help transitioning lawyers as part of your Fund's work.
4. Learn about awards made without finding dishonest conduct?
3. Help your trustees be the best they can be.
2. Find new ways to make your fund known & accessible to claimants.

The Number 1 Reason to go to Princeton for the NCPO Fall Workshop:

We need YOU to be a part of the future of client protection!

Register today at <https://www.ncpo.org/events/2109-ncpo-workshop>

**The Client Protection Webb is published in memory of Gilbert A. Webb, Esq., who served as Assistant Client Protection Counsel for the American Bar Association's Center for Professional Responsibility.*

Mr. Webb was dedicated to protecting the welfare of clients victimized by their attorneys and served as an editor of the ABA's first client protection newsletter. Submissions to the Webb are always welcome. Please send them to the editor, Mike McCormick at Michael.McCormick@njcourts.gov