

**The Lawyers' Fund
for
Client Protection**

M E M O R A N D U M

TO: NCPO Outreach Committee February 24, 2022
FROM: M.J.K.
RE: Annual Report Template

Adopted in 2016, Section 3.2 of the NCPO Standards for Evaluating Client Protection Funds provides:

3.2 The Fund should issue and publish an annual report.
Quarterly or semi-annual news releases should be done as well, even in the absence of high volume activity. (Emphasis added.)

Only **26** states have indicated that they produce/publish some type of annual report. None of the Canadian provinces reflected that their funds produce an annual report. (ABA PPPLS Triennial Survey for Client Protection Funds, 2017-2019). It would then appear there may be an opportunity for NCPO to provide assistance as a benefit of membership.

At yesterday's meeting, there was a discussion about NCPO providing an Annual Report service to interested Organizational Members. The rough idea is to offer a boilerplate annual report template - request the jurisdiction to provide a minimum of text/statistics - and then populate a basic report format for use by the Organizational member.

Attached is 'whittled' down template of an Annual Report. Those of us who have been publishing more complicated reports for decades understand that you can always add relevant or desired categories, or analysis to a report. Here, the basics are sought:

1. Overview/Jurisdiction
2. Board/Committee/Staff
3. Funding/Revenues/Costs
4. Claims Process
5. Claims Filed
6. Awards Paid
7. Pending Claims
8. Lawyers Involved in Awards
9. Other Programs/Recommendations
10. Conclusion

While not a perfect automatic 'merge' format, such a report can be compiled in a reasonably short period of time with minimal effort. Of course, once done, the completed report need only be updated annually - using the original completed report as a starting point.

I submit the same to the Committee/NCPO Board for consideration/discussion and welcome any suggestions.

Annual Report Information Worksheet

1. What is the reporting year/cycle?
2. Please provide a general description of your Fund. Include some detail regarding your authority, jurisdiction and composition.
3. Please provide photos/short bios for members of your Committee/Board of Trustees.
4. Please provide names/photos of staff.
5. Please provide a brief description of your Fund's primary funding source and revenues for the reporting year. Please list additional funding sources and amounts (e.g. [restitution, interest, judicial sanctions, contributions, etc.]).
6. Provide a brief description of the claims process, including how and when claims are investigated and evaluated as well as any requirements that claimants file disciplinary, civil or criminal complaints.
7. Please provide number of claims filed in reporting year/cycle and amount of losses alleged in those claims.
8. Please provide breakdown of number and amount of claims filed in reporting year/cycle by category of misconduct (e.g., (1) trusts and estates; (2) real property escrow funds; (3) debt collection proceeds; (4) settlements in litigation; (5) other escrow transactions; (6) unearned legal fees; (7) specified investment transactions with lawyers; or (8) "other".
9. Please provide number of awards approved in reporting year/cycle and actual amount of losses reimbursed in those claims.
10. Please provide breakdown of number and amount of awards approved in reporting year/cycle by category of misconduct (e.g., (1) trusts and estates; (2) real property escrow funds; (3) debt collection proceeds; (4) settlements in litigation; (5) other escrow transactions; (6) unearned legal fees; (7) specified investment transactions with lawyers; or (8) "other".
11. How many claims remained pending at the end of the reporting year/cycle. What is the amount of losses alleged in pending claims?
12. How many respondent lawyers were involved in reimbursement awards?
How many lawyers are registered to practice in your jurisdiction?
13. Does your Fund have any other programs or recommendations?
14. Please provide a summary/closing paragraph.

Introduction

Please provide a general description of your Fund. Include some detail regarding your authority, jurisdiction and composition.

The Board of Trustees

The [Court/Bar Association] appoints the Board of Trustees to administer the Lawyers' Fund. The Trustees serve [term] terms as a public service, without compensation. The Board is composed of [# lawyers/#non-lawyers] . The Trustees currently serving are listed below:

Please provide photos/short bios for members of your Committee/Board of Trustees.

The Staff of the Lawyers' Fund

The Board of Trustees appoints the Fund's staff. Through _____ the staff consisted of ...

Please provide names/photos of staff.

Revenue, Awards and Disbursements

Provide a brief description of your Fund's primary funding source and revenues for the reporting year.

No tax dollars are used to finance the [state] Fund. Also, the Fund does not receive any revenue from the Interest on Lawyer Account (IOLA/IOLTA) program (if applicable).

The Fund's other sources of revenue (if applicable) include: *please list additional funding sources and amounts (e.g. [restitution, interest, judicial sanctions, contributions, etc.]).* In [reporting cycle], the Fund collected \$ in revenues.

At the close of [reporting cycle], the Trustees approved a total of \$[cumulative] in reimbursement awards and \$____ in operating costs. At the close of [reporting cycle], the Fund held \$___in revenue.

Processing Applications for Reimbursement

Provide a brief description of the claims process, including how and when claims are investigated and evaluated and any requirements that claimants file disciplinary, civil or criminal complaints.

Claims Filed and Processed, [Reporting cycle]

Claims Filed in [Year]

In ____, there were ____ claims filed with the Lawyers' Fund. The ____ filed claims in ____ alleged \$____ in losses.

Claims Filed by Category of Loss in [Year]

Claims to the Lawyers' Fund are classified into the following categories: [(1) trusts and estates; (2) real property escrow funds; (3) debt collection proceeds; (4) settlements in litigation; (5) other escrow transactions; (6) unearned legal fees; (7) specified investment transactions with lawyers; and (8) a miscellaneous category of "other"].

In [Year], of the ____ filed claims, ____ (____%) claims sought reimbursement of [give category of loss breakdown by number of claims filed]....

Of the \$____ losses alleged in [Year], \$____, (____%) involved [give category of loss breakdown by amount of losses alleged]....

Awards of Reimbursement in [Year]

In [Year of Report] the [name of Fund] approved ____ awards providing \$____ million in total reimbursement to eligible law clients for losses caused by dishonest conduct of ____ former [State] lawyers. The median client loss and award in [Year] was \$____.

Awards by Category of Loss in 2018

In [Year], the largest category of awards, by the number of awards, reimbursed [give category of awards breakdown by number of awards filed]....

By dollar amount, the largest category of awards in [Year] [give category of awards breakdown by amount of awards approved]....

Claims Pending as of [End of Reporting Cycle]

There were ____ pending claims at the close of [Year]. These ____ pending claims allege total losses of \$____. The Fund's exposure on these pending claims, adjusted for the \$____ maximum limit on awards, is \$____.

Lawyers Involved in Awards

A tiny percentage of [State's] legal profession is each year responsible for the dishonest conduct resulting in awards from the Lawyers' Fund. There are now over ____ registered lawyers in [State]. In [Year], the Fund's ____ awards were attributable to dishonest conduct by ____ now suspended, disbarred or now deceased lawyers. A list of lawyers involved in [Year] awards is provided below: *(include a list of respondents involved in awards...)*

Other Programs or Recommendations

Conclusion

Provide a closing paragraph....