

**July 1, 2007 – June 30, 2008**

**2008 ANNUAL REPORT**



**LAWYERS' FUND FOR CLIENT PROTECTION  
OF THE SUPREME COURT OF DELAWARE**

820 N. FRENCH STREET, 11<sup>TH</sup> FLOOR  
WILMINGTON, DELAWARE 19801

**ANNUAL REPORT OF THE TRUSTEES OF THE LAWYERS' FUND FOR CLIENT  
PROTECTION OF THE SUPREME COURT OF DELAWARE  
PURSUANT TO SUPREME COURT RULE 66(c)(ii)**

The Trustees of the Lawyers' Fund for Client Protection (LFCP) hereby make the following report to the Supreme Court for July 1, 2007 through June 30, 2008

**(1) Claims**

The chart below summarizes the claims data for the period.

Lawyer	Pending as of 7/1/2007		Newly Filed		Paid		Denied		Withdrawn or Paid by Receiver		Pending as of 6/30/2008	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
HRH	1	500,000.00			1	81,465.00					1	418,535.00
MAL			15	30,182.00	7	9,250.00	2	3,050.00	4	8,582.00	1	9,000.00
ACP			1	10,000.00			1	10,000.00				
FDK	1	20,063.51	1	20,063.51	1	20,063.51	1	20,063.51				
FJE			1	493.32			1	493.32				
GJA			1	45,000.00			1	45,000.00				
RVL			1	5,189.00			1	5,189.00				
SME			1	3,250.00	1	3,275.00						
ALW	1	773.00			1	773.00						
<b>Totals</b>	<b>3</b>	<b>520,836.51</b>	<b>22</b>	<b>114,177.83</b>	<b>11</b>	<b>114,826.51</b>	<b>7</b>	<b>83,795.83</b>	<b>4</b>	<b>8,582.00</b>	<b>3</b>	<b>427,535.00</b>

Of the Nine (9) lawyers listed above, Three (3) have been disbarred; Two (2) are deceased; and Two (2) are suspended. Most were guilty, to a greater or lesser degree, of violations of Rule 1.15 of the Delaware Lawyers' Rules of Professional Conduct (Recordkeeping).

**(2) Compliance Audits**

Approximately sixty lawyers and law firms, selected at random, are scheduled to be audited in the Fiscal Year 2008. In addition to random audits, lawyers are sometimes referred for audit by the Office of Disciplinary Counsel (ODC). Audits may also be performed on the books and records of lawyers who were found to be non-compliant on their Certificates of Compliance. The Certificates of Compliance are reviewed every year by the LFCP executive director, by the LFCP auditor, and by ODC.

The books and records of lawyers selected for audits will be examined by the LFCP Auditor in order to determine compliance with Rule 1.15 of the Delaware Lawyers' Rules of Professional Conduct. Lawyers found to be non-compliant are automatically reported to ODC as required by Supreme Court Rule 66(c)(i)(10)(c). If a re-audit is required, the cost of the re-audit becomes the responsibility of the non-compliant attorney pursuant to Regulation V.4. of the LFCP.

Of the 60 lawyers and law firms randomly audited in the period ended June 30, 2008, 20% were found to be in compliance and 80% were not in compliance. Most of the instances of non-compliance were minor in nature and were corrected without the need for further action by the LFCP or ODC. There were follow-up audits, investigative audits, and forensic audits on new and ongoing matters.

**(3) Financial Statements**

The LFCP financial statements for the year ended June 30, 2008, show Net Assets of \$3,138,701.00 The Trustees review on a regular basis the investment policies and performance of the LFCP with representatives of Wilmington Trust Company which manages the LFCP's investment. The basic investment strategy of the LFCP remains the same: To keep the funds invested in a conservative balance of equities 30% and fixed income securities 70% so as to preserve the Fund's assets.

Currently, the following persons serve on the Board of Trustees:

<b><u>Trustees</u></b>		<b><u>Expiration Date</u></b>
Francis J. Jones, Jr. (Chair)	Lawyer Member	10/01/10
Eileen T. Conner (Treasurer)	Public Member	010/8/10
Teresa A. Cheek (Secretary)	Lawyer Member	05/05/11
Thomas I. Barrows	Lawyer Member	11/27/09
Rachel Anne Dwares	Lawyer Member	10/24/10
William D. Fletcher, Jr.	Lawyer Member	11/28/09
Helen K. Foss	Public Member	10/06/08
Theresa McQuaid Hayes	Lawyer Member	10/24/10
Robert J. Leoni	Lawyer Member	01/27/11
Dennis L. Schrader	Lawyer Member	01/18/11
<b><u>Associate Trustees</u></b>		
Crystal L. Carey	Lawyer Member	10/24/10
Heather Doheny Jefferson	Lawyer Member	05/08/11
Ricardo Palacio	Lawyer Member	10/24/10
John L. Reed	Lawyer Member	01/27/11

**Supreme Court Liaison**

The Honorable Randy J. Holland

**Office of Disciplinary Counsel Liaison**

Patricia Schwartz, Esquire

**Auditor**

Judith Scarborough, CPA, Master, Sidlow & Associates, P.A.

**Executive Director**

Bunny J. Christopher

Respectfully submitted,

**TRUSTEES OF THE LAWYERS' FUND FOR CLIENT PROTECTION**

By: \_\_\_\_\_  
**FRANCIS J. JONES, JR., CHAIR**

**Dated:**