

**July 1, 2010 – June 30, 2011**

**2011 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, 2010 through June 30, 2011.

**Claims**

The chart below summarizes the claims data for the period.

Lawyer	Pending as of 7/1/2010		Newly Filed		Paid		Denied		Withdrawn		Pending as of 6/30/2011	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
CJA	1	875,000.00					1	875,000.00				
AGW			1	**			1	**				
BAS			2	5,500.00			1	3,000.00			1	2,500.00
FHG			1	9,050.00	1	9,045.00						
KIJ			1	18,100.00							1	18,100.00
<b>Totals</b>	<b>1</b>	<b>875,000.00</b>	<b>5</b>	<b>32,650.00</b>	<b>1</b>	<b>9,045.00</b>	<b>3</b>	<b>878,000.00</b>			<b>2</b>	<b>20,600.00</b>

\*\*Claim provided no dollar amount

The attorney involved in the claim that was paid was 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).

**Rule Changes**

There were no rule changes this year.

**Compliance Audits**

Approximately sixty lawyers and law firms, selected at random, were audited in the Fiscal Year 2011. In addition to random audits, lawyers are sometimes referred for audit by the Office of Disciplinary Counsel (ODC). Audits were also 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. Some of the Certificates of Compliance are reviewed by the LFCP auditor, and/or ODC.

The books and records of lawyers selected for audits were 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 have material items of non-compliance are reported to ODC. If a re-audit is required, the cost of the re-audit becomes the responsibility of the non-compliant attorney pursuant to Rule 9(4) of the LFCP.

Of the 60 lawyers and law firms randomly audited in the period ended June 30, 2011, 14% were found to be in compliance and 86% were not in compliance. Most of the instances of non-compliance were not material and 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.

### **Financial Statements**

The LFCP financial statements for the year ended June 30, 2011, show Net Assets of \$4,677,266.00. 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 was revised on July 1, 2010: The investment portfolio guidelines were changed due to the Investment Committees' desire to protect principal and their belief that the prospective ongoing support from the legal community has reduced the need for growth. This resulted in the portfolio returning to its original allocation of being invested 100% in U.S. Treasury Securities along with the maintenance of a pool of \$500,000 in immediately liquid assets.

### **Board**

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	10/01/13
Larry Bainter	Public Member	01/07/12
Crystal L. Carey	Lawyer Member	11/29/12
Teresa A. Cheek (Secretary)	Lawyer Member	05/07/15
Margaret R. Cooper	Lawyer Member	1/18/15
Jennifer W. Davis	Public Member	04/19/13
Rachel Anne Dwares	Lawyer Member	10/24/13

Theresa McQuaid Hayes	Lawyer Member	10/24/13
Robert J. Leoni	Lawyer Member	01/26/14

**Associate Trustees**

Heather Doheny Jefferson	Lawyer Member	05/10/15
Ricardo Palacio	Lawyer Member	10/23/14
John L. Reed	Lawyer Member	01/26/14
D. Benjamin Snyder	Lawyer Member	11/29/12

**Supreme Court Liaison**

The Honorable Myron T. Steele

**Office of Disciplinary Counsel Liaison**

Patricia Schwartz, Esquire

**Auditor**

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

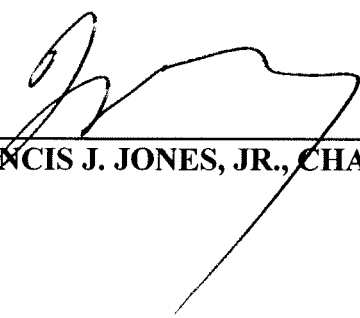
Master, Sidlow's contract with the LFCP was renewed.

**Executive Director**

Bunny J. Christopher

Respectfully submitted,

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

By:   
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FRANCIS J. JONES, JR., CHAIR

Dated: 10/20/11