

January 1, 2006 – June 30, 2006

2006 ANNUAL REPORT



**LAWYERS' FUND FOR CLIENT PROTECTION
OF THE BAR OF DELAWARE
820 N. FRENCH STREET, 11TH FLOOR
WILMINGTON, DELAWARE 19801**

ANNUAL REPORT OF THE TRUSTEES OF THE LAWYERS' FUND FOR CLIENT PROTECTION OF THE BAR OF DELAWARE TO THE SUPREME COURT 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 January 1, 2006 through June 30, 2006. (Note: May 4, 2006 Meeting of the Trustees unanimously adopted a change from a Calendar Year to the State's Fiscal Year July 1 – June 30.)

(1) Claims

The chart below summarizes the claims data for the period.

Lawyer	Pending as of 12/31/05		New Filed		Paid		Denied		Withdrawn		Pending 6/30/06	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
CHJ	1	11,506.56	0		0		1	11,506.56	0		0	
FDK	10	71,888.51	4	46,355.00	15	45,105.00	5	65,000.00	0		3	44,219.51
GWL	1	1,500.00	0		1	250.00	0		0		0	
HRH	1	500,000.00	0		0		0		0		1	500,000.00
Totals	13	584,895.07	4	46,355.00	16	45,355.00	6	76,506.56	0		4	544,219.51

Of the four lawyers listed above, all four have been disbarred. 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 2007. 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, 2006, 35% were found to be in compliance and 65% 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 numerous follow-up audits, investigative audits, and forensic audits on new and ongoing matters.

(3) Financial Statements

The LFCP financial statements for the short year ended June 30, 2006, show Net Assets of \$1,975,843.02.

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 (25%) and fixed income securities (75%) so as to preserve the Fund's assets.

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

<u>Trustees</u>		<u>Expiration Date</u>
Felice Glennon Kerr (Chair)	Lawyer member	10/06/07
Vacant (Treasurer)		
Richard E. Poole (Secretary)	Lawyer member	01/13/08
Thomas I. Barrows	Lawyer member	11/27/06
William D. Fletcher, Jr.	Lawyer member	11/28/06
Helen K. Foss	Public member	10/06/08
Francis J. Jones, Jr.	Lawyer member	05/01/08
John J. Quinn, III	Lawyer member	05/01/08
Dennis L. Schrader	Lawyer member	01/13/08

Associate Trustees

Teresa A. Cheek	12/05/06
Rachel Anne Dwares	05/31/09
Theresa McQuaid Hayes	10/06/07
Robert Leoni	08/11/08
Elizabeth Y. Olsen	06/02/07

Supreme Court Liaisons

The Honorable Randy J. Holland
 Stephen D. Taylor, Supreme Court Administrator

Office of Disciplinary Counsel Liaison

Patricia Schwartz, Esquire

Auditor

Ronald E. Derr, CPA, McBride Shopa & Company, P.A.

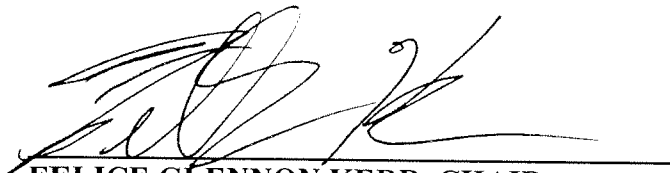
Executive Director

Bunny J. Christopher

Respectfully submitted,

TRUSTEES OF THE LAWYERS' FUND FOR CLIENT PROTECTION

By:



FELICE GLENNON KERR, CHAIR

Dated: 5/2/07