

**July 1, 2012 – June 30, 2013**

**2013 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, 2012 through June 30, 2013.

**Claims**

The chart below summarizes the claims data for the period.

Lawyer	Pending as of 6/30/12		Newly Filed		Paid		Denied		Withdrawn		Pending as of 7/1/13	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
GLC	1	1,000.00	3	13,317.35	2	1,717.35					2	12,601.00
FHG	1	12,000.00					1	12,000.00				
KIJ	1	18,100.00					1	18,100.00				
RJL			1	100,000.00			1	100,000.00				
PRG			2	6,665.00			2	6,665.00				
FJR			1	4,579.00							1	4,579.00
<b>Totals</b>	<b>3</b>	<b>30,101.00</b>	<b>7</b>	<b>124,561.35</b>	<b>2</b>	<b>1,717.35</b>	<b>5</b>	<b>136,765.00</b>			<b>3</b>	<b>17,180.00</b>

Of the six lawyers listed above, zero have been disbarred and one is deceased. 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 wording changes to Rule 2 of the Trustees of the Lawyers' Fund for Client Protection. Order attached.

**Compliance Audits**

Approximately sixty lawyers and law firms, selected at random, were audited in the Fiscal Year 2013. 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, 2013, 17.5% had no comments; 46.0% had one to three comments; 19.1% had four to six comments; 9.5% had seven to nine comments and 7.9% had ten or more comments. There were numerous 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, 2013, show Net Assets of \$5,175,115.65. 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 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	10/01/17
Larry Bainter	Public Member	01/07/15
Crystal L. Carey	Lawyer Member	11/29/16
Teresa A. Cheek (Secretary)	Lawyer Member	05/07/15
Margaret R. Cooper	Lawyer Member	1/18/15
Rachel Anne Dwares	Lawyer Member	10/24/13
Theresa McQuaid Hayes	Lawyer Member	10/24/13

Robert J. Leoni	Lawyer Member	01/26/14
George Boysen Meldrum	Public Member	06/24/17

**Associate Trustees**

David C. Hutt	Lawyer Member	3/28/17
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	11/29/16

**Supreme Court Liaison**

The Honorable Myron T. Steele

**Office of Disciplinary Counsel Liaison**

Jennifer Kate Aaronson, Esquire

**Auditor**

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

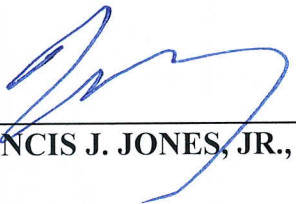
**Executive Director**

Bunny J. Christopher

Respectfully submitted,

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

By:

  
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FRANCIS J. JONES, JR., CHAIR

Dated:

*10/17/13*

IN THE SUPREME COURT OF THE STATE OF DELAWARE

ORDER AMENDING CERTAIN )  
RULES AND REQUIREMENTS )  
PERTAINING TO LAWYER )  
TRUST ACCOUNTS )

ORDER

IT IS HEREBY ORDERED this 7<sup>th</sup> day of May, 2013 that Rule 2 of the Trustees of the Lawyers' Fund for Client Protection of the Supreme Court of Delaware is hereby amended to provide as follows:

Rule 2. Officers

1. The Chairperson of the Trustees shall preside at all meetings of the Trustees at which the Chairperson shall be present. In the absence of the Chairperson from any meeting, the Trustees present shall elect 1 of their members to preside at that meeting.

2. The Treasurer shall have custody of all money and investments of the Lawyers' Fund for Client Protection (the "Fund") and shall insure that accurate records of all receipts and disbursements of the Fund are kept.

(a) The Treasurer shall maintain checking or savings accounts in such Delaware banks or trust companies as the Trustees may from time to time direct. Checks or withdrawal authorizations on all such accounts shall be made only on the dual signatures of the Treasurer and the Chairperson, or of either of those officers and one other Trustee.

(b) The Trustees, may employ such accountants, auditors, brokers, investment advisers, or other assistants as may be deemed proper.


(c) In the event that the Trustees shall authorize the investment of all or any part of the Fund, they shall further direct 1 or more of the following methods of investment:

i. The purchase of individual securities either specified by the Trustees or to be chosen by a broker or investment advisor employed as provided in (b) above; or

ii. The deposit of such funds with a fund – bond, fixed income, mixed or equity – maintained by a bank or trust company with Delaware offices for the investment of trust funds, designated by the Trustees;

(d) In the event it is necessary to safeguard securities, purchased as aforesaid, the Treasurer or Chairperson is authorized to rent in the name of the Trustees a safe deposit box located in Delaware in a bank or trust company. Access to such safe deposit box shall be only on the dual signatures of the Treasurer and the Chairperson, or of either of those officers and one other Trustee.

3. The Secretary and/or his or her designee shall keep minutes of the meetings of the Trustees and shall furnish a copy thereof to each Trustee. The Secretary shall maintain the records and papers of the Trustees.



Chief Justice