July 1, 2015 – June 30, 2016 2016 ANNUAL REPORT



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

405 N. King Street, Suite 420 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, 2015 through June 30, 2016.

Claims

The chart below summarizes the claims data for the period. The Lawyers' Fund has not had a claim since April 2015.

	Pen	ding as of	Ne	wly Filed		Paid		Denied	Wi	thdrawn	Pen	ding as of
awyer	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
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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 July 1, 2015 through June 30, 2016. 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, 2016, 10% had no comments and were found to be in compliance, 53% had minor comments and were found to be incompliance and 37% had comments that were more than insignificant based on number and/or nature and were found 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 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, 2016, show Net Assets of \$5,084,256.18. The investment portfolio guidelines are designed to protect principal. As a result the portfolio is invested 100% in U.S. Treasury Securities along with the maintenance of a pool of \$500,000 in immediately liquid assets.

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

Trustees		Expiration <u>Date</u>
Francis J. Jones, Jr. (Chair)	Lawyer Member	10/01/17
Crystal L. Carey	Lawyer Member	11/29/16
Margaret R. Cooper	Lawyer Member	1/18/19
David C. Hutt	Lawyer Member	10/25/17
Robert J. Leoni	Lawyer Member	1/26/17
George B. Meldrum	Public Member	6/24/17
Ricardo Palacio (Secretary)	Lawyer Member	10/25/17
Deval Patel-Lennon	Lawyer Member	5/8/19
Scott T. Smith (Treasurer)	Public Member	1/7/18
Associate Trustees		
Leslie C. DiPietro	Lawyer Member	10/25/17

N. Christopher Griffiths	Lawyer Member	5/31/19
John L. Reed	Lawyer Member	01/27/18
D. Benjamin Snyder	Lawyer Member	11/29/16
Benjamin A. Schwartz	Lawyer Member	10/25/17

Supreme Court Liaison

The Honorable Randy Holland

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:

FRANCIS J. JONES, JR., CHAIR

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Dated: 10/20/16