

**July 1, 2016 – June 30, 2017**

**2017 ANNUAL REPORT**



**LAWYERS' FUND FOR CLIENT PROTECTION  
OF THE SUPREME COURT OF DELAWARE**  
The Renaissance Centre, 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, 2016 through June 30, 2017.

**Claims**

The chart below summarizes the claims data for the period.

Lawyer	Pending as of 7/1/16		Newly Filed		Paid		Denied		Withdrawn		Pending as of 6/30/17	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
RLJ			20	36,784.50	19	28,039.50	1	4,800.00	0	0.00	0	
FFE			3	8,250.00	2	7,000.00	1	1,250.00	0	0.00	0	
MJL			1	600,000.00	0	0.00	1	600,000.00	0	0.00	0	
<b>Totals</b>			24	645,034.50	21	35,039.50	3	606,050.00	0	0.00	0	0.00

Of the three lawyers listed above, one has been disbarred and one is on disability. 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 July 1, 2016 through June 30, 2017. 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, 3% had no comments and were found to be in compliance, 45% had minor comments and were found to be in compliance and 52% 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, 2017, show Net Assets of \$4,920,943.26. 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 Trustees' desire to protect principal and their belief that the prospective ongoing support from the legal community has reduced the need for growth. The investment objectives Investment Policy with Wilmington Trust Company dated May 5, 2017 is to preserve principal; optimize returns with minimal credit risk. Maximum maturity per issue is 6 years. Allowable investments are U.S. Treasury Securities (including Treasury Inflation Protection Securities) and Wilmington U.S. Government Money Market Fund. 5% of the value of the account shall remain in cash which shall be immediately available. These funds will be held in the Wilmington U.S. Government Money Market Fund. Performance will be measured against the Merrill Lynch 1-5 Year Treasury Index.

#### **Board**

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

<b><u>Trustees</u></b>		<b><u>Expiration Date</u></b>
Benjamin A. Schwartz (Chair)	Lawyer Member	10/01/21
Margaret Cooper	Lawyer Member	01/18/19
N. Christopher Griffiths	Lawyer Member	1/27/20

David C. Hutt	Lawyer Member	10/25/17
George Boysen Meldrum	Public Member	6/24/21
Deval Patel-Lennon	Lawyer Member	5/8/19
Ricardo Palacio (Secretary)	Lawyer Member	10/25/17
Scott T. Smith (Treasurer)	Public Member	1/7/18
D. Benjamin Snyder	Lawyer Member	10/2/21

**Associate Trustees**

Leslie C. DiPietro	Lawyer Member	10/25/17
Reneta L. Green-Streett	Lawyer Member	11/30/19
Brian C. Ralston	Lawyer Member	1/27/20
John L. Reed	Lawyer Member	01/27/18

**Supreme Court Liaison**

The Honorable Gary F. Traynor

**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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**BENJAMIN A. SCHWARTZ, CHAIR**

Dated:

10/19/2017