

REPORTS OF SPECIAL BOARDS

CLIENTS' PROTECTION FUND

Richard Y. AtLee, Chair

The Clients' Protection Fund was established in 1976 to make monetary awards to persons who have suffered financial losses due to the dishonest conduct of Virginia lawyers. The fund is operated by a 14-member board appointed by the Virginia State Bar Council. The board is comprised of lay and lawyer members who investigate all petitions from clients for payments from the fund, and discuss and action each petition.

The fund began the fiscal year on July 1, 2002, with a cash balance of \$2,878,939. Interest income for the 2002–2003 fiscal year totaled \$112,425. The fund received restitutions from Attorney General's collections, debt set-off and individual restitutions in the amount of \$17,721. As of June 30, 2003, the cash balance in the fund was \$2,788,851. Pursuant to the rules governing the Clients' Protection Fund, all funds are invested in certificates of deposit, U. S. government securities and federal agency securities.

As of July 1, 2002, there were 24 claims pending from the previous fiscal year. Three closed files from the previous (2001–2002) fiscal year were opened for reconsideration. One hundred six new claims were received during the year. The total amount paid during 2002–2003 was \$220,909, representing 59 claims. Twenty-five claims were denied, and 49 were pending as of June 30, 2003.

The board began the 2002 fiscal year with three new board members: Arthur V. Shaheen from Richmond; John Tarley, Jr., from Williamsburg; and Ralph C. Weigandt from Fincastle. Mr. Weigandt resigned at the end of the fiscal year due to commitments that arose during the year that prevented him from actively participating on the board.

A subcommittee was appointed to review the revised ABA Model Rules for Client Protection and to determine if the Virginia State Bar rules need to be changed. This project will continue into the new fiscal year.

The Clients' Protection Fund Board had a very busy year, with a 40% increase in the number of new claims received and a substantial increase in the number of claims approved to pay. The board members are to be commended for the extra effort required to investigate the large volume of claims on their docket this fiscal year.

