CLIENTS' PROTECTION FUND

Charles L. Williams, Jr., 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 has lay and lawyer members. Board members investigate all petitions from clients for payments from the fund, and the board discusses and acts on each petition.

The fund began the fiscal year on July 1, 2000, with a cash balance of $2,756,117.75. Interest income for the 2000–2001 fiscal year totaled $146,568.37. The fund received restitutions from attorney generals' collections, debt set-off and individual restitutions in the amount of $48,592.10. As of June 30, 2001, cash balance in the fund was $2,816,633.70. Pursuant to the rules governing the Clients' Protection Fund, all funds are invested in certificates of deposit and U. S. Government securities.

As of July 1, 2000, there were two claims pending from the previous fiscal year. Sixty new claims were received during the year. Forty-three of these involved a deceased attorney from Roanoke. The total amount paid during 2000-2001 was $132,099.01, representing 54 claims. Three claims were denied and five were pending as of June 30, 2001.

The board began the 2001 fiscal year with three new members: Robin C. Gulick, from Warrenton, John F. Lanham, from Leesburg, and Fred A. Rowlett, from Abingdon.

In the fall, a subcommittee reviewed the rules of the fund along with the ABA Model Rules for Clients' Protection and presented several changes to the bar council for consideration. At the October 2000 council meeting, all of the suggested rule changes were adopted by council. These included a re-draft of the statute of limitations rule to extend the time in which a claim can be filed and to clarify the wording of the rule. Also, the petitioner's net income and net worth limitations were deleted from the requirements of the rules. The ABA Model Rules do not have a statute of limitations rule nor do they impose income or net worth limitations on the claimant. The final substantive change was to increase the maximum per claim payment from $25,000 to $50,000 for losses incurred on or after July 1, 2000.

As members of the bar, we should all be proud of the benefits this fund provides to the public.