Clients' Protection Fund

Robert T. Mitchell, 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 by clients for payments from the fund, and the fund board discusses and acts on each petition.

The fund began the fiscal year on July 1, 1998, with a cash balance of $2,714,156.02. Interest income for 1998/99 fiscal year totaled $149,554.85. The fund received restitutions from Attorney General's collections, debt set-off and individual restitutions in the amount of $19,830.83. As of June 30, 1999, cash balance in the fund was $2,702,671.40. 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, 1998, there were 11 claims pending. This was up from ten claims pending on July 1, 1997. Sixty-one new claims were received, and two claims which had been denied in FY98 were reopened upon receipt of new information. Forty-six claims were approved for payment. The total amount paid during 1998/99 was $179,381.61. The total paid in the prior fiscal year (1997/98) was $135,121.78. Fifteen claims were denied or withdrawn. There were 13 claims pending as of June 30, 1999.

The board began the 1998/99 fiscal year with three new members: J. Nicholas Klein, from Keller; Thomas C. Junker from Arlington; and Gifford R. Hampshire from Prince William. These new members replaced board members whose terms expired and were no longer eligible for reappointment. Also, due to the resignation during the year of the lay member, Edward H. Brownfield, Jr. from Charlottesville was appointed as the new lay member representative.

At the June 1999 meeting, Council approved an amendment to the Clients' Protection Fund Rules. This rule change will allow the fund to assist the bar in complex receiverships by defraying some or all of the extraordinary receivership costs associated with pursuing or seeking to preserve assets that are ultimately for the benefit of clients.

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