

Proposed Statutory Change to Authorize Annual Special Assessment for Clients' Protection Fund

At its meeting on October 27, 2006, the Council of the Virginia State Bar approved and recommended to the Supreme Court of Virginia, a proposed amendment to Section 54.1-3913.1, Code of Virginia, that would authorize the Court to approve an annual special assessment of up to \$25 per member for the Clients' Protection Fund. This fund has been in existence since 1976, and it has paid a total of \$3,188,300 to date to clients who have had their funds misappropriated by dishonest attorneys whose law licenses have been suspended or revoked by the bar.

The fund presently has just over \$3 million in it, and the bar has been attempting to increase the size and adequacy of the fund by making annual contributions to the fund from its regular budget funded primarily by member dues. A recent actuarial study commissioned by the bar determined that the fund should have \$9 mil-

lion if it is to be able to pay the increasing number of such claims in the future. As the bar nears the end of its current dues cycle and is spending into its reserves, it has had to discontinue the transfers from its budget to the Clients' Protection Fund. Nevertheless, the needs of the fund are critical, and it is believed that these special assessments for the next several years are the best way to continue development of the fund. This is the way in which many such programs are funded in other states.

Assuming approval by the Court, the bar intends to submit the following amendment to the 2007 session of the General Assembly:

§ 54.1-3913.1. Clients' Protection Fund.

The Clients' Protection Fund is continued as a special fund of the Virginia State Bar. The Fund shall consist of

moneys transferred to it from the State Bar Fund and the Virginia State Bar's Administration and Finance Account. Disbursements to the Clients' Protection Fund from the State Bar Fund shall be made only upon approval of the disbursements through the annual budgetary process of the Virginia State Bar. Notwithstanding this code section and the provisions of § 54.1-3912, the Supreme Court of Virginia may promulgate rules and regulations assessing members of the Virginia State Bar an annual fee up to \$25 to be deposited in the State Bar Fund and transferred to the Clients' Protection Fund.

Anyone having comments about the proposed amendment should submit them to: Executive Director, Virginia State Bar, 707 E. Main St., Ste. 1500, Richmond, Va. 23219 no later than January 15, 2007.