

The Lawyers' Fund for Client Protection
of the State of New York

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ANNUAL REPORT
OF THE
BOARD OF TRUSTEES
FOR
CALENDAR YEAR 2013

BOARD OF TRUSTEES

Eric A. Seiff, Chairman
Anthony J. Baynes
Peter A. Bellacosa
Nancy Burner
Stuart M. Cohen
Patricia L. Gatling
Charlotte G. Holstein



Submitted to the
Judges of the Court of Appeals
and the
State Comptroller
pursuant to the provisions of
General Order of the Court of Appeals dated November 16, 1981

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The Fund's Mission Statement:

To protect legal consumers from dishonest conduct in the practice of law, to preserve the integrity of the bar, to safeguard the good name of lawyers for their honesty in handling client money, to promote public confidence in the administration of justice in the Empire State.

DEDICATION



Hon. Eleanor Breitel Alter



We are honored to dedicate this Annual Report to Eleanor Breitel Alter who, in 2013, completed 30 years of exemplary public service as a Trustee with the Lawyers' Fund for Client Protection.

Eleanor's leadership as Chairman of the Lawyers' Fund for 25 years established the New York Fund as one of our nation's pre-eminent client protection programs. With Eleanor's guidance, innovative and effective loss prevention and detection measures were introduced which enhanced our ability to identify dishonest attorneys earlier and protect legal consumers. The Lawyers' Fund also gained respect and strength as a vital institution in State government due to Eleanor's wisdom and counsel during her quarter century of leadership.

The Trustees and staff of the Lawyers' Fund have been blessed to know Eleanor as a highly principled colleague, dear and trusted friend, generous and gracious. We have been like family.

For all those in public service, Eleanor has been an inspiration and role model. We remain indebted to Eleanor and forever grateful and thankful for her time with us.

In Gratitude
For 30 Years of Service
1983-2013

Introduction

This 31st Annual Report of the Lawyers' Fund for Client Protection focuses on the Fund's activities in calendar year 2013.

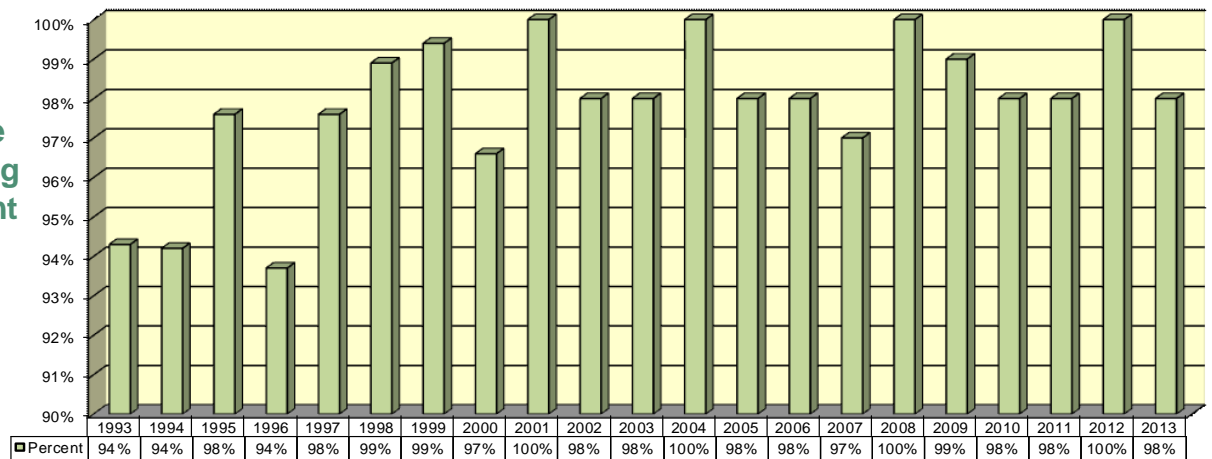
The Lawyers' Fund is an independent public trust, financed by New York's legal profession, which reimburses law clients for financial losses caused by dishonest conduct in the practice of law. No other profession provides such protection to its clients. The Lawyers' Fund is administered by a Board of Trustees appointed by the Court of Appeals. The Trustees serve renewable three-year terms as a public service without compensation.

The Trustees' experience over 31 years has firmly established that the overwhelming majority of lawyers in New York State are honest and caring and deserving of their clients' trust. Since the Fund's inception in 1982, a small number of former lawyers have been responsible each year for the dishonest conduct resulting in the Fund's awards. In 2013, 68 now suspended, disbarred or deceased lawyers were responsible for the client losses reimbursed by the Fund. Of these 68 former lawyers, 44 appear for the first time in the Fund's awards. There are over 289,000 registered lawyers in New York.

In 2013, the Trustees approved 218 awards providing \$6.9 million in total reimbursement to eligible law clients for losses caused by dishonest conduct of 68 former New York State attorneys. All but five eligible law clients received 100 per cent reimbursement for their losses in 2013. Since 1982, the Trustees have granted 7,473 awards totaling \$170.7 million.

The Trustees are grateful to the Court of Appeals and Chief Judge Jonathan Lippman, and all those in State government, our judiciary and the attorney disciplinary system for their continued invaluable support of the Lawyers' Fund. The Trustees also remain proud of New York's legal profession and to those members of the bar who generously donate their time and talents in assisting claimants before the Fund as a public service, without legal fee.

Percent of Eligible Claimants Receiving Full Reimbursement 1993-2013



History and Purpose of Law Client Protection

In the 1960's, bar associations in New York State first formed law client reimbursement programs. Inadequate financing caused these associations to appeal to the Court of Appeals and the New York court system which assumed the responsibility for operating a statewide client reimbursement program.

The Lawyers' Fund, originally known as The Clients' Security Fund, was created by Chapter 714 of the Laws of 1981, effective June 1, 1981. The Fund is an independent public trust administered by a Board of Trustees appointed by the Court of Appeals. The Fund's mission, as set forth in section 468-b of the State Judiciary Law and the Trustees' Regulations, is to maintain the integrity and protect the good name of the legal profession, protect law clients from dishonest conduct in the practice of law, and promote public confidence in the administration of justice in New York State.

The Fund's primary focus is the reimbursement of losses caused by the dishonest conduct of attorneys who were admitted to the practice of law in New York State. Typical losses reimbursed by the Fund include the theft of escrow deposits in real property transactions, estate and trust assets, settlements in personal injury litigation, debt collection receipts, money embezzled in investment transactions within an attorney-client relationship and the practice of law, and unearned fees paid in advance to lawyers who falsely promise their legal services.

The Trustees strive to prevent losses from occurring as well. The Trustees' loss prevention efforts include recommending changes in court rules and policies to improve our legal system and protect law clients; the publication of materials to educate lawyers and clients; and engaging in programs which detect lawyer misconduct and assist lawyers in complying with their fiduciary and escrow obligations.

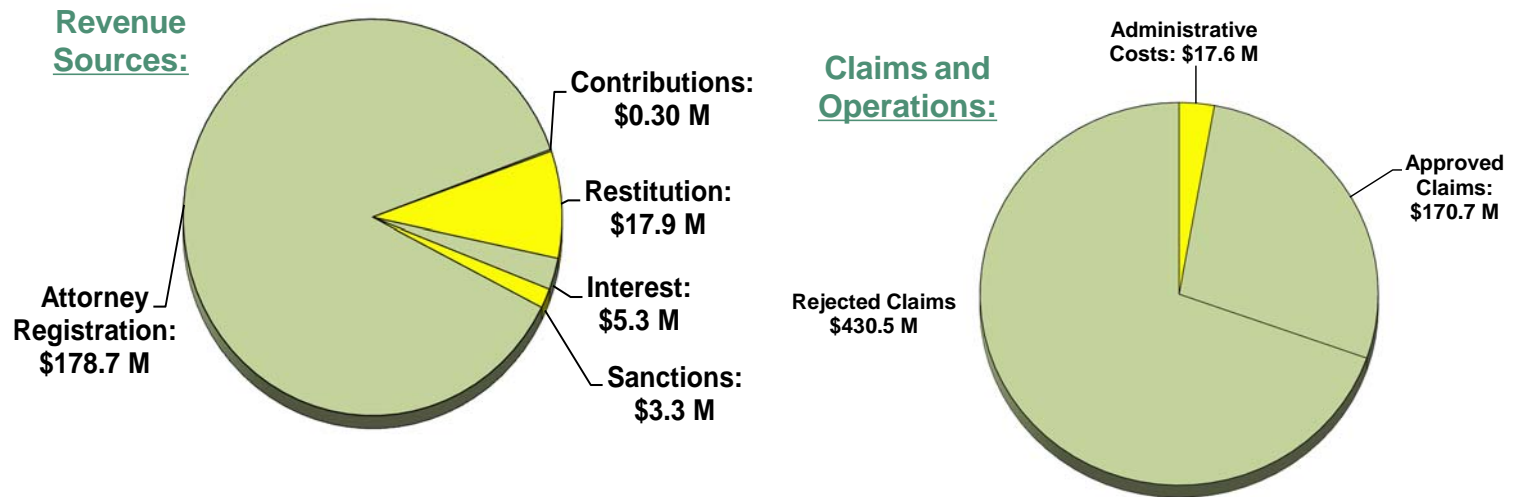
Revenue of the Lawyers' Fund

Lawyers in New York State financially support the Lawyers' Fund. The biennial attorney registration fee required of every practicing attorney in the State is the primary source of revenue for the Lawyers' Fund. Section 468-a of the Judiciary Law allots \$60 of each \$375 registration fee, or \$30 per year, to the Fund. Since April 1, 1993, additional revenue from the biennial registration fee has been made available to the Fund.

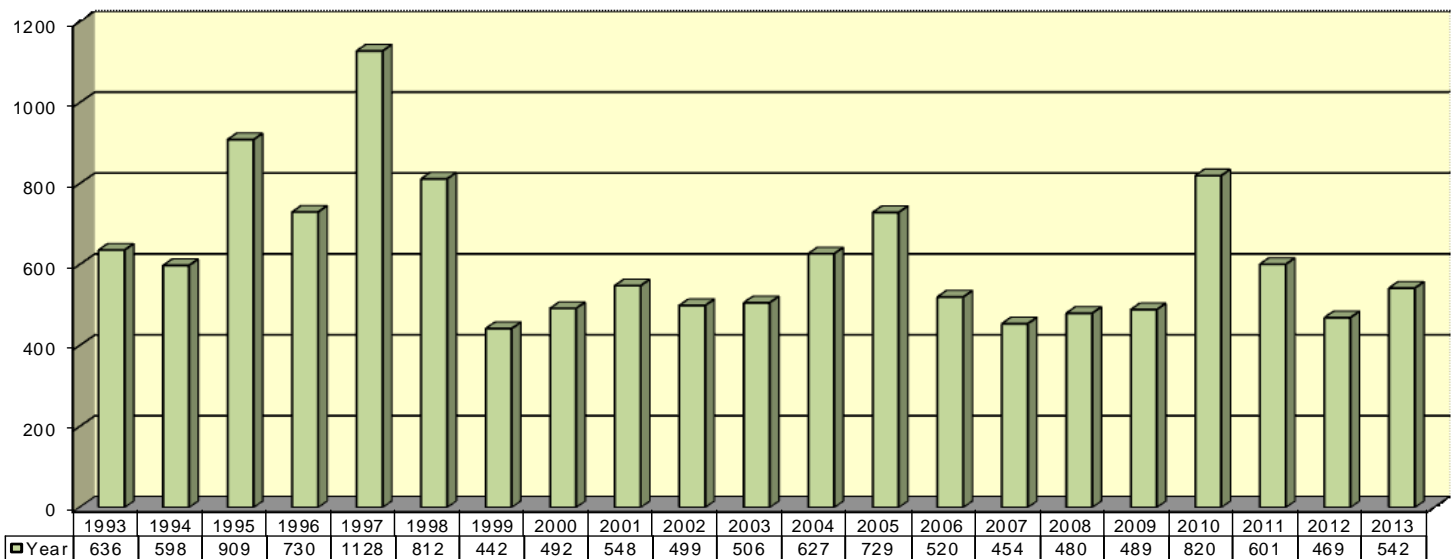
No tax dollars are used to finance the Lawyers' Fund. The Fund also does not receive any revenue from the Interest on Lawyer Account (IOLA) program.

The Fund's other sources of revenue include restitution, interest, sanctions and contributions. Since 1982, the Fund has received \$178.7 million from attorney registration fees; \$17.9 million in restitution; \$5.3 million in interest income; \$3.3 million in judicial sanction revenue; and \$301,000 in contributions from lawyers and the public. The Fund's revenues are annually appropriated to the Board of Trustees by the State Legislature as one portion of the Judiciary Budget.

The Fund's Finances Since 1982



Number of Reimbursement Claims Filed, 1993 - 2013 (Total Number of Reimbursement Claims Filed Since 1982: 17,571)



Special Recognition

THE BOARD OF TRUSTEES OF THE LAWYERS' FUND PROUDLY RECOGNIZES THE GENEROUS ACT OF PUBLIC SERVICE DISPLAYED BY THE ATTORNEYS LISTED BELOW WHO HAVE ASSISTED CLAIMANTS IN RECEIVING AWARDS OF REIMBURSEMENT IN 2013:

BRONX COUNTY

Errika Kalomiris, Esq.
Julian Kaufman, Esq.

BROOME COUNTY

Frederick Meagher, Esq.

ERIE COUNTY

Trevor J. Barr, Esq.
David Michael Heim, Esq.

KINGS COUNTY

William R. Bronner, Esq.
Thomas T. Kranidis, Esq.
Ira M. Kopito, Esq.

JEFFERSON COUNTY

Lawrence D. Hasseler, Esq.

MONROE COUNTY

Jennie M. Cooper, Esq.
Alex Philippone, Esq.
Jacqueline C. Riorden, Esq.

ONONDAGA COUNTY

Harrison V. Williams, Jr., Esq.

ONTARIO COUNTY

John McKeown, Esq.

NASSAU COUNTY

Stephanie M. Alberts, Esq.
James O. Druker, Esq.
John P. Rosenblatt, Esq.

QUEENS COUNTY

Joseph Edward Brady, Esq.
Matthew Hunter, Esq.
Jim D. Sarlis, Esq.
Howard K. Schoenfeld, Esq.

RICHMOND COUNTY

Joseph Edward Brady, Esq.
Matthew Hunter, Esq.
Jim D. Sarlis, Esq.
Howard K. Schoenfeld, Esq.

ROCKLAND COUNTY

Patrick T. Burke, Esq.
David Englander, Esq.
Thomas F. O'Connell, Esq.
Frank J. Phillips, Esq.

NEW YORK COUNTY

Jeffrey A. Barr, Esq.
Victoria Bach, Esq.
Sidney Baumgarten, Esq.
Bruce H. Beckmann, Esq.
Konstantin Burshteyn, Esq.
Anthony Fierro, Esq.
Ira H. Goldfarb, Esq.
Jin Hu, Esq.
Hal R. Lieberman, Esq.
James F. Kelly, Esq.
Christopher T. Owen, Esq.
Steven C. Pepperman, Esq.
Sherwood Allen Salvan, Esq.
Karen Winner, Esq.

SUFFOLK COUNTY

John J. Breslin, Jr., Esq.
George Dazzo, Esq.
Thomas F. Foy, Esq.
Gligoric Garupa, Esq.
Paul Greenstein, Esq.

WESTCHESTER COUNTY

Jeffrey I. Klein, Esq.
Deborah Scalise, Esq.

OUT OF STATE

Harry Ross, Esq. (FL)
Jarrod Dorrestein, Esq. (IL)
David C. Roberts, Esq. (NJ)
Joseph M. Vigliotti, Esq. (NJ)
Frank R. Campisano, Esq. (NJ)
Alan L. Frank, Esq. (PA)

“The conduct of attorneys is not measured by how close to the edge of thin ice they skate. The measure of an attorney’s conduct is not how much clarity can be squeezed out of the strict letter of the law, but how much honor can be poured into the generous spirit of lawyer-client relationships.”
Matter of Cooperman, 83 N.Y.2d 465 (1994) (Bellacosa, J)



Lawyers Fund for Client Protection
of the State of New York

CERTIFICATE OF APPRECIATION

PRESENTED TO

New York’s Legal Profession

For public service on behalf of the administration of justice, the protection of law clients and the integrity of the legal profession in the State of New York, meriting the appreciation and respect of the Board of Trustees of the Lawyers Fund for Client Protection.

PRESENTED ON

Timothy O’Sullivan

Executive Director



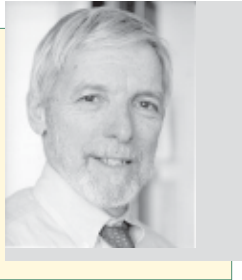
Eric A. Seiff

Chairman of the Board of Trustees

The Board of Trustees

The Board of Trustees are appointed by the Court of Appeals to administer the Lawyers' Fund. The Trustees serve renewable three-year terms as a public service without compensation. Since December 1, 1981, the Board has been composed of five members of the bar and two business and community leaders.

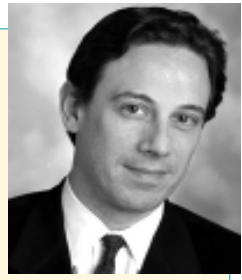
The Fund's officers, elected by the Trustees, consist of a Chairman, Vice-Chairman and a Treasurer. The Fund's Executive Director serves as the Fund's Chief Administrative Officer and the Board's Secretary and Counsel. In 31 years, a total of 18 Trustees have served the Fund. The Trustees currently serving are listed below.



Eric A. Seiff of the Bronx is Chairman of the Board. He is a partner in the Manhattan law firm of Scoppetta, Seiff, Kretz & Abercrombie. Mr. Seiff is a graduate of Yale University and the Columbia University Law School (1958). Mr. Seiff is a charter member of the Board. His present term expires on November 30, 2015.



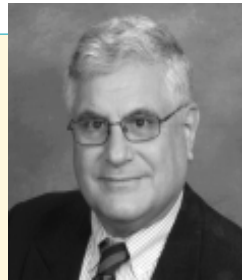
Nancy Burner of Suffolk County, is Vice-Chairman of the Board and is the founding partner of Nancy Burner & Associates., P.C., an estate planning and elder law firm in Setauket and Westhampton Beach. She is a graduate of the State University at Stony Brook and Hofstra University School of Law (1988). She was first appointed in 2002. Her present term expires on December 10, 2014.



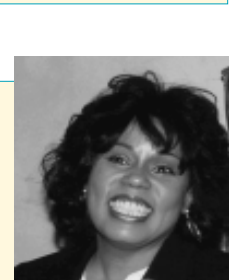
Peter A. Bellacosa of Manhattan is the Fund's Treasurer and a partner in the litigation group of the Kirkland & Ellis law firm. He is a graduate of Georgetown University and St. John's University School of Law (1988). He was first appointed to the Board of Trustees in 2009. His present term expires on November 30, 2015.



Anthony J. Baynes of Williamsville, Erie County, is the founder and current Chairman of the AJ Baynes Group, a Buffalo based development and logistics company. Mr. Baynes is a graduate of Buffalo State College (1979). He was first appointed in 2012. His present term expires on October 17, 2015.



Stuart M. Cohen of Rensselaer County served for 14 years as the Clerk of the Court of Appeals. Mr. Cohen is a graduate of Connecticut College and New York University School of Law (1979). He is a sole practitioner in Rensselaer concentrating on appellate matters. He was appointed on December 4, 2013 to his first three-year term.



Patricia L. Gatling, of Manhattan, is the Commissioner and Chair of the New York City Commission on Human Rights. She is a graduate of Johns Hopkins University and the University of Maryland School of Law (1982). She was first appointed in 2008. Her current term expires on November 19, 2014.



Charlotte G. Holstein of Syracuse is a civic leader, founder and Executive Director of F.O.C.U.S. Greater Syracuse, a community interest group. She is a graduate of Brockport State University (1946) and the 1998 recipient of an honorary degree, Doctor of Humane Letters, from LeMoyne College in Syracuse. She was first appointed in 2001. Her present term expires on November 30, 2013.

Former Members of the Board of Trustees

Former members of the Board of Trustees include the Hon. Judith S. Kaye, former Chief Judge of the State of New York (1981-1983); Joseph Kelner, Esq. of Manhattan (1981-1982); Anthony R. Palermo, Esq. of Rochester (1981-1990); John F. X. Mannion of Syracuse (1981-1992); Ray W. Manuszewski of Cheektowaga (1981-2002); Theodore D. Hoffmann of Hicksville (1990 to 2002); Shirley B. Waters of Rome (1992 to 2001); Bernard F. Ashe, Esq. of Delmar (1981-2008), Hon. Charles J. Hynes, former Kings County District Attorney (1982-2009); Theresa B. Mazzullo of Rochester (2002-2012) and Eleanor Breitel Alter of Manhattan (1985-2013).

The Staff of the Lawyers' Fund

The Fund's staff is appointed by the Board of Trustees. In 2013, the staff consisted of Timothy J. O'Sullivan, Executive Director and Counsel; Michael J. Knight, Deputy Counsel; Ray Wood, Investigator; Jahnel Kaczor, Administrative Secretary; and Harriett Tremblay, Secretary.



Timothy J. O'Sullivan



Michael J. Knight



Ray Wood



Jahnel Kaczor



Harriett Tremblay

The Fund's Statutory Authority and the Trustees' Regulations

Section 97-t of the State Finance Law established the Lawyers' Fund. This statute also provides for the management of the Fund's assets as a special revenue fund by the State Comptroller. Section 468-b of the Judiciary Law governs the administration of the Fund and provides the Trustees with full authority to administer the Fund, subject to the general supervisory authority of the Court of Appeals.

The Trustees' Regulations for administration and claims procedures are published in Title 22 of the Official Compilation of Codes, Rules and Regulations of the State of New York (22 NYCRR Part 7200, et seq.). In 2013, the Trustees amended their Regulations to reflect the recent adoption of the Rules of Professional Conduct in place of the Lawyer's Code of Professional Responsibility. The Appendix includes section 97-t of the State Finance Law, section 468-b of the Judiciary Law and the Trustees' Regulations.

Revenue, Awards and Disbursements

Since 1982, the Fund has received total revenue of \$205.5 million. As of December 31, 2012, the Trustees have approved a total of \$170.7 million in reimbursement awards. The Fund's administration cost in 2013 was \$926,827. In 31 years of operations, 91 cents out of every \$1 in revenue received has been directly applied towards the payment of awards of reimbursement. At the close of 2013, the Fund held \$7.3 million in revenue in the state treasury.

Restitution Revenue and Litigation

Since 1982, the Fund has recovered a total of \$17.9 million in restitution from dishonest attorneys, their estates, and third parties civilly liable for losses reimbursed by the Fund.

The Lawyers' Fund is represented by the New York State Attorney General's Office in restitution and other litigation. Since December 1999, the Fund has financed the payroll expense of an Assistant Attorney General assigned exclusively to the Fund's restitution litigation.

Since 2001, the Trustees have been fortunate to have Assistant Attorney General Richard L. Rodgers serve as the Fund's restitution counsel. Mr. Rodgers also defends the Fund in Article 78 proceedings. The Trustees and staff remain grateful to Mr. Rodgers for his dedicated and talented service to the Lawyers' Fund.

In 2013, the Lawyers' Fund was also assisted in restitution litigation by Assistant Attorneys General John V. Cremo, Eric Bieber, Kathryn Blake, Henry Collins, Norman Fivel, William Maldovan and Michael Russo. The Trustees are greatly indebted to these dedicated professionals for their skillful representation.

Public Information and Consumer Education

Responsible public information efforts promote public confidence in the integrity of the legal profession and the administration of justice in New York State. The Trustees therefore encourage public information about the Fund and its activities.

Educational publications by the Fund for legal consumers and members of the bar have included editions of *Know Your Escrow Rights*; *Know Your Escrow Rights: The Lawyers' Edition*; *Attorney Trust Accounts: The Video*; *What's A Power of Attorney? Answers for New Yorkers*; *Avoiding Grief With A Lawyer: A Practical Guide*; and an *Appendix of CLE Materials*. A documentary video on the history and purpose of the Lawyers' Fund was produced in 2007 in recognition of the Fund's 25th anniversary. In 2009, the Trustees published an updated edition of *A Practical Guide to Attorney Trust Accounts and Record Keeping*.

The Fund's website at www.nylawfund.org includes frequently asked questions, Fund procedures, the Trustees' Regulations, reimbursement claim forms, recent Annual Reports, consumer publications and press releases, addresses and telephone numbers of Attorney Grievance Committees, and a roster of client protection funds nationwide. The Fund's website also includes ethics and escrow materials such as the Rules of Professional Conduct, the Dishonored Check Notice Rule, a list of approved banking institutions, court rules and sample pleadings concerning escrow funds of missing clients and deceased attorneys, and selected New York State Bar Association ethics opinions.

Beginning in 2013, you may now find the New York Lawyers' Fund on Facebook and Twitter.

Processing Applications for Reimbursement

To be considered for reimbursement, a law client must file with the Fund a completed application form along with documentation supporting the alleged loss. The Executive Director will dismiss a claim with a written explanation if an alleged loss does not appear to qualify for an award. Section 7200.8 (b) of the Trustees' Regulations provides that a claimant has the responsibility to provide satisfactory evidence of an eligible loss. The Fund's staff will also conduct any necessary investigation of a claim for reimbursement.

Claimants alleging a misappropriation of money or property in the practice of law must report their losses to the appropriate Attorney Grievance Committee and District Attorney and cooperate with these agencies in their investigations. Notice of a claim, and the opportunity to respond, is provided to lawyers accused of dishonest conduct.

A claimant with the Fund does not have to be represented by counsel. Claimants may wish to consult with a lawyer concerning problems or other issues raised by their loss. As a public service, lawyers in New York State generously assist claimants with the Fund, without legal fee. Appellate Division rules and the Trustees' Regulations prohibit lawyers from charging or accepting legal fees for assisting claimants, except with the prior approval of the Board of Trustees. (See, 22 NYCRR 603.24, 691.24, 806.16, 1022.35 and 22 NYCRR 7200.14).

Section 468-b of the Judiciary Law and the Trustees' Regulations provide the Trustees with the sole discretion to determine the merits of claims, set the amount of an award of reimbursement, and the terms and conditions for awards. The Trustees do not render final determinations in claims until Appellate Division disciplinary proceedings and related criminal proceedings involving the accused attorney are completed. The Fund therefore coordinates its investigations of claims with those of the Attorney Grievance Committees in the four judicial departments and criminal prosecutors.

Judicial Review of Rejected Claims

In 31 years, 16,810 determinations have been rendered in claims filed with the Fund. The Trustees have approved 7,473 awards of reimbursement. The remaining 9,337 claims were determined to be ineligible for failure to provide satisfactory evidence of eligible losses. Since 1982, eighteen claimants denied reimbursement have pursued Article 78 or other proceedings against the Fund. Sixteen of these judicial challenges were dismissed after the courts held that there was a rational basis for the Trustees' denials in the claims. At the close of 2013, two actions against the Fund remained pending.

Only one former attorney against whom an award was granted has pursued an Article 78 proceeding against the Lawyers' Fund. In *Carbone v Lawyers' Fund*, No. 6589-2012 (Sup. Ct., Albany Co. 2013), the Article 78 proceeding by former attorney Carbone was dismissed in 2013 when the Court held the proceeding was untimely since it was filed beyond the applicable four month statute of limitations period.

**"I would like to thank you and the Trustees of the Lawyers' Fund for Client Protection for your favorable award. It is a service I was unaware of, never being in a situation like this before. (I) am a Senior Citizen who cannot work to recoup the monies stolen, making this award even more meaningful and greatly appreciated."
Message from a claimant, 2013**

The Dishonored Check Reporting Rule

A dishonored attorney escrow account check indicates the possible misuse of client funds. To protect law clients, the Trustees recommended a version of the ABA's model overdraft reporting rule which was implemented by court rule in New York State by the Appellate Divisions effective January 1, 1993.

The "Bounced Check Rule" (22 NYCRR 1200.46(b) (1), (2); Part 1300) requires that a lawyer in possession of funds belonging to another person incident to the lawyer's practice of law must maintain such funds in a special account separate from the lawyer's business, personal or other accounts. These separate fiduciary accounts must be designated as an "Attorney Special Account", "Attorney Trust Account", or "Attorney Escrow Account". Lawyers may only deposit client funds with banks which have agreed to report dishonored checks on these accounts. A list of approved banks is available on the Fund's website at www.nylawfund.org.

A "bounced" escrow check is mailed to the Lawyers' Fund. If not withdrawn within 10 days due to bank error, the Fund forwards the notice to the appropriate attorney disciplinary committee for investigation. The majority of bounced check notices are caused by innocent mistakes in law office banking practice. In these cases, the rule serves an educational role, alerting lawyers to the accounting, banking and recordkeeping requirements of the Rules of Professional Conduct.

The Dishonored Check Reporting Rule has proven to be an effective loss prevention and detection device. Since 1993, bounced check reports have identified and led to the discipline of approximately 266 lawyers for misusing client funds.

Escrow Funds of Deceased Lawyers and Missing Clients

Rule 1.15 (e) of the Rules of Professional Conduct provides that only an attorney admitted to practice law in New York State shall be an authorized signatory on an attorney's trust, escrow or special account. This limitation is intended to protect law clients from the misuse of their money. Practical problems arise when a sole practitioner dies without a successor signatory.

In 1994, at the Trustees' suggestion, the Appellate Divisions amended court rules to permit a Justice of the Supreme Court to designate a successor signatory for a deceased attorney's trust, escrow or special account. Effective April 1, 2009, this Disciplinary Rule was renumbered as Rule 1.15 (g) of the Rules of Professional Conduct. A Court may now direct that money from a deceased attorney's client funds account be disbursed to persons who are entitled thereto, or deposited with the Lawyers' Fund for safeguarding.

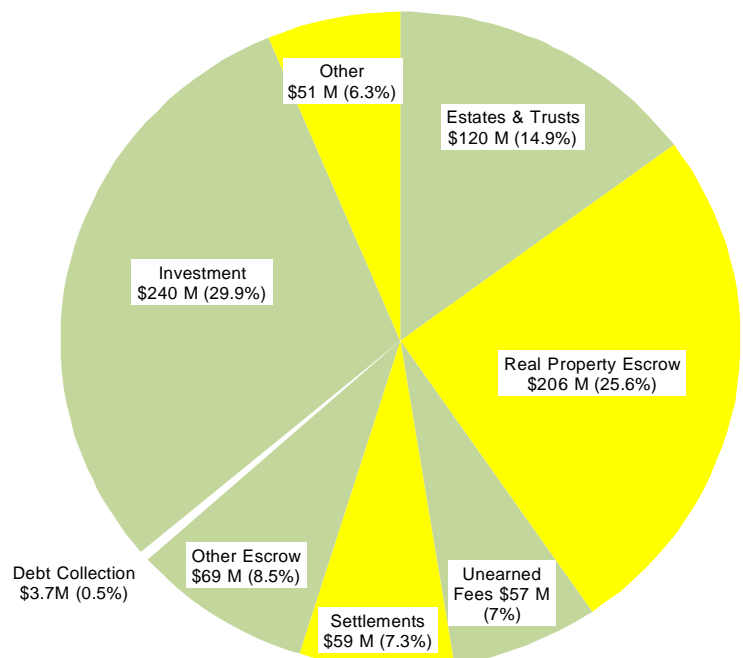
The Trustees also recommended court rules to prevent the escheat of law client escrow funds to the State which were unclaimed or owed to missing clients as abandoned property.

Rule 1.15 (f) of the Rules of Professional Conduct provides that an application can be made for a court order directing that unclaimed escrow funds or funds owed to a missing client be deposited with the Lawyers' Fund for safeguarding and disbursement to persons entitled thereto. To prevent the depletion of nominal deposits, the Fund's policy is to accept deposits of \$1,000 or less without a court order.

The Fund's staff attempts to locate missing clients to return these deposits. The Fund's staff has so far successfully located 230 missing clients and returned to them \$650,949.

These court rules and sample pleadings pursuant to these rules can be found on the Fund's website at www.nylawfund.org in the escrow and ethics material section.

Losses Alleged in Filed Claims Since 1982 By Misconduct: \$805 Million



Thefts in Real Property Transactions

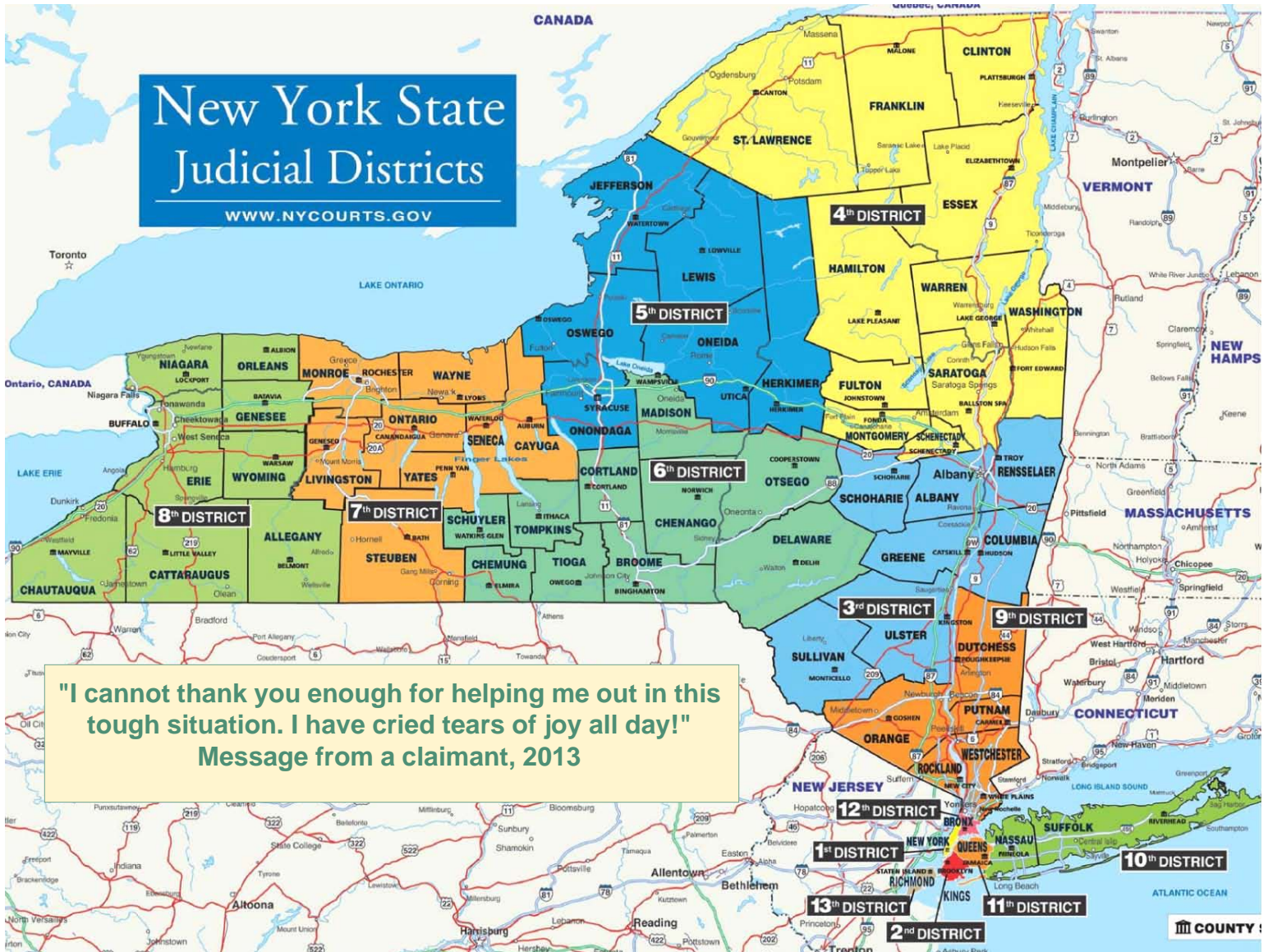
The problem of lawyer theft of real estate escrow funds continues to be a major concern for the Trustees. Since 1982, real estate escrow losses are the largest single category of awards from the Fund in both the number of awards approved and amount of reimbursement provided. In 31 years, 30 percent of the number of all awards from the Fund and 40 percent of all money paid out by the Fund have reimbursed real estate escrow losses. Since 1982, the Trustees have approved 2,285 awards totaling \$68.6 million for real property losses.

In 2013, real estate awards accounted for 54 of the 218 awards, or 24.8 percent of all awards. This represents a slight decrease from 2012 when real estate awards accounted for 60 of the 187 awards, or 32.2 percent of all awards. The 54 real estate awards in 2013 represented the second largest category of awards by number.

In 2013, real estate awards accounted for \$2 million of the \$6.9 million total payout by the Fund for all awards. This \$2 million dollar payout represents 29.4 percent of the total amount reimbursed by the Fund in 2013. This \$2 million payout also represents a small decrease from 2012 when realty awards comprised \$2.6 million of the total \$5.4 million reimbursed or 48 percent of the total payout for that year.

A lawyer's theft of a purchaser's down payment in the sale of residential property has historically constituted the majority of these real estate losses. In 2013, 29 (54 percent) of the 54 real estate awards involved the theft of real estate down payments. These 29 down payment awards totaled \$995,368, or 48 percent of the total \$2 million payout in 2013 for realty losses.

A total of 29 former lawyers were responsible for the 54 real estate awards in 2013 totaling \$2 million. The 29 awards reimbursing thefts of down payment escrows were attributable to 13 now disbarred or deceased attorneys. There are over 289,000 registered lawyers in New York State.



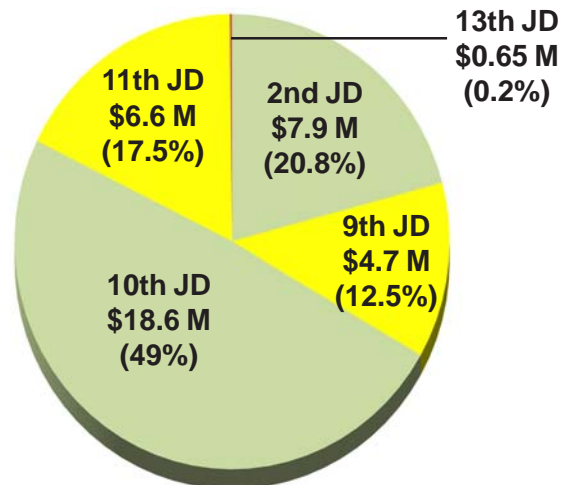
Realty Awards, 1995-2013 - By Judicial Department

Dep't	Number of Awards	%	Amount of Awards	%
1st	239	16.2%	\$13,532,754	24.7%
2nd	1,129	76.6%	\$37,972,083	69.4%
3rd	40	2.7%	\$1,573,735	2.9%
4th	67	4.5%	\$1,664,231	3.0%
Totals	1,475	100%	\$54,742,803	100%

Realty Awards, 1995-2013 - By Judicial District

District	Number of Awards	%	Amount of Awards	%
1st	214	14.5%	\$13,116,754	24.0%
12th	25	1.6%	\$416,000	0.8%
2nd	221	14.9%	\$7,914,520	14.5%
9th	95	6.4%	\$4,730,307	8.4%
10th	529	35.8%	\$18,600,800	34.0%
11th	283	19.5%	\$6,661,196	12.3%
13th	1	0.1%	\$65,260	0.1%
3rd	18	1.1%	\$176,912	0.3%
4th	21	1.4%	\$1,387,723	2.5%
6th	1	0.1%	\$9,100	0.1%
5th	7	0.5%	\$204,035	0.4%
7th	29	2.0%	\$834,086	1.5%
8th	31	2.1%	\$626,110	1.1%
Totals	1,475	100%	\$54,742,803	100%

Amount of Realty Awards 1995-2013
Within the Second Judicial Department
\$37.9 Million
(Percentages within the 2nd Department)



Losses in Investment Transactions

In establishing the Fund, the State Legislature made clear that reimbursement was intended for losses arising within an attorney-client relationship and the practice of law. Section 468-b of the Judiciary Law defines "dishonest conduct" as the misappropriation or wilful misapplication of **clients'** (emphasis supplied) money, securities, or other property by an attorney. Therefore, losses caused by a lawyer's breach of fiduciary obligations outside an attorney-client relationship and the practice of law are not eligible for reimbursement.

Claims involving investment and loan transactions with lawyers are carefully reviewed by the Trustees. In 1984, the Trustees adopted the following policy guidelines in order to fully explain the eligibility of claims involving these types of losses:

"The Trustees will consider for payment only those claims arising out of an attorney-client relationship. Investment advice given by the claimant's attorney, although such advice may result in the loss of claimant's money, is not, in and of itself, a ground for seeking reimbursement from the Fund.

Claims arising out of investments may be considered for payment, however, when the attorney is in the possession of the claimant's money, which the attorney has obtained by virtue of an attorney-client relationship with the claimant, when the attorney advises the claimant to invest the money in a business or other venture, and the attorney then misappropriates the claimant's money.

Ordinarily, interest on investments will not be reimbursed. Unless a claimant establishes otherwise, all payments received on an investment will be considered to be return of principal and will be deducted from the claimant's initial investment with the attorney in order to determine, for Fund purposes, the claimant's reimbursable loss."

The Trustees also apply a "but for" test in evaluating claims alleging investment losses. Under this test, a loss is eligible if the Board finds that the loss would not have occurred "but for" dishonest conduct within an attorney-client relationship. Since 1982, 1,667 claims have been filed with the Fund alleging \$240.4 million in losses from investment transactions with lawyers. The Trustees approved awards in 373 of these claims providing total reimbursement of \$21 million.

Legal Fee Claims

Since 1982, the largest single category of claims filed with the Fund (35.9%) seek reimbursement of legal fees.

The Fund has no authority to settle fee disputes, or to compensate for alleged negligence, malpractice, or dissatisfaction with legal services. To qualify for a refund of a legal fee, a claimant must provide satisfactory evidence of dishonest conduct. Section 7200.8 (e)(1) of the Trustees' Regulations provides that dishonest conduct in legal fee claims includes an attorney's misrepresentation, or false promise, to provide legal services in exchange for an advance fee.

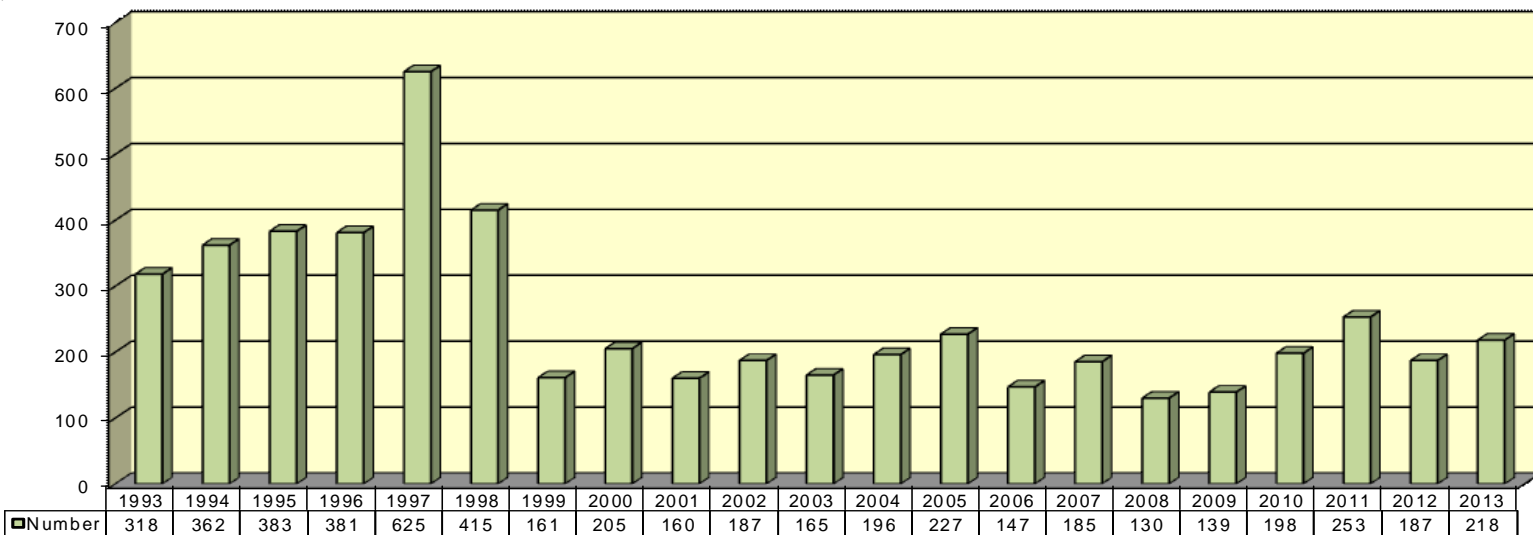
Theft of Personal Injury Settlements and Payee Notification

A dishonest lawyer may settle a client's action without authority by forging the client's signature on a general release and settlement draft and converting the proceeds. The settlement would be issued without notice of payment to the law client.

In 1988, to detect and prevent these losses, the Trustees recommended the adoption of a payee notification rule codified as Insurance Department "Regulation 64" notice. This requires liability insurers and their agents to provide law clients with written notice of payment whenever a third-party liability claim is settled for \$5,000 or more. (11 NYCRR 216.9). Regulation 64 detects and prevents losses involving the theft of personal injury settlements and shifts liability for forgery losses to banks that improperly honor forged indorsements on negotiable instruments.

New York's Regulation 64 has been approved as a Model Rule for attorney disciplinary systems by the American Bar Association. Variations of this payee notice rule have now been adopted in the Canadian Province of New Brunswick and in the following other fifteen states: California, Connecticut, Delaware, Georgia, Hawaii, Kansas, Maryland, Massachusetts, Nebraska, Nevada, New Jersey, Pennsylvania, Rhode Island, Texas and Virginia.

Number of Awards Approved From 1993-2013
(Total Awards Approved Since 1982: 7,473)



Claims Filed and Processed

Claims Filed in 2013

In 2013, there were 542 claims filed with the Lawyers' Fund. This represents a 16 percent increase from 2012 when the Fund received 469 claims. The 542 filed claims in 2013 alleged \$53.2 million in losses, a 27 percent increase from the \$41.8 million in alleged losses from the previous year.

Claims Filed, 1982 to 2013

Since 1982, 17,571 claims have been filed with the Lawyers' Fund alleging \$805 million in total losses. Annual filings have ranged from a low of 230 in 1984 to a record high of 1,128 in 1997.

Claims Filed by Category of Loss in 2013

Claims to the Lawyers' Fund are classified into the following eight categories: (1) trusts and estates; (2) real property escrow funds; (3) debt collection proceeds; (4) settlements in litigation; (5) other escrow transactions; (6) unearned legal fees; (7) investment transactions with lawyers; and (8) a miscellaneous category of "other" for other claims.

In 2013, of the 542 filed claims, 311 (57.4%) claims sought reimbursement of legal fees. Nearly one-third of these 311 legal fee claims were filed against only three lawyers. There were 75 claims (13.8%) alleging losses of real property escrows.

Of the \$53.2 million in alleged losses in 2013, \$14.9 million involved real property escrow funds. This represents 28.1% of all alleged losses. Filed claims in 2013 involving alleged investment losses totaled \$9.9 million (18.7%). Alleged losses in filed claims involving estate and trusts totaled \$9.4 million (17.6%).

Claims Filed by Category of Loss, 1982 to 2013

Since 1982, by category, the largest number of filed claims have sought reimbursement of legal fees. In 31 years, 6,304 claims have been filed alleging unearned legal fees. These legal fee claims account for 35.9 percent of all filed claims. The second largest category of filed claims alleges losses in real property transactions. The Fund has received 3,897 real property claims comprising approximately 22 percent of all filed claims.

Since 1982, the largest alleged dollar losses in filed claims were in claims alleging losses from investment transactions with lawyers. Investment claims have alleged losses of \$240.4 million or 30 percent of all alleged losses in filed claims. Real property claims were second with alleged losses of \$205 million constituting 26 percent of all alleged losses. The third largest category of alleged losses involve alleged thefts from estates and trusts. These claims have alleged \$119 million in losses or 14.9 percent of all alleged losses.

Awards of Reimbursement in 2013

In 2013, the Trustees approved 218 awards. This represents a 16 percent increase from 2012 when 187 awards were granted. The awards in 2013 reimbursed a total of \$6.9 million. This payout represents a 28 percent increase from 2013 when \$5.4 million in reimbursement was paid out by the Fund. In 2013, all but five eligible claimants received 100 percent reimbursement for their eligible loss. The median client loss and award in 2013 was \$6,000, up from \$5,000 in 2012.

Awards of Reimbursement, 1982 to 2013

Since 1982, the Trustees have approved 7,473 awards of reimbursement totaling \$170.7 million. On average, since 1982, 94 percent of all eligible claimants have received full reimbursement for their eligible loss. Since 2003, 99 percent of eligible claimants were fully reimbursed by the Lawyers' Fund.

**"I would like to express my gratitude to the Lawyers' Fund for Client Protection for working tirelessly on my behalf. Again, many thanks."
Message from a claimant, 2013**

Awards by Category of Loss in 2013

In 2013, the largest category of awards by the number of awards reimbursed unearned legal fees. Of the 218 awards in 2013, 103 (47.2%) reimbursed unearned legal fees. One former lawyer was responsible for 41 (39%) of these 103 legal fee awards. The second largest category of awards by the number of awards in 2013 was real property escrows with 54 awards, or 24.8 percent of the 218 total awards.

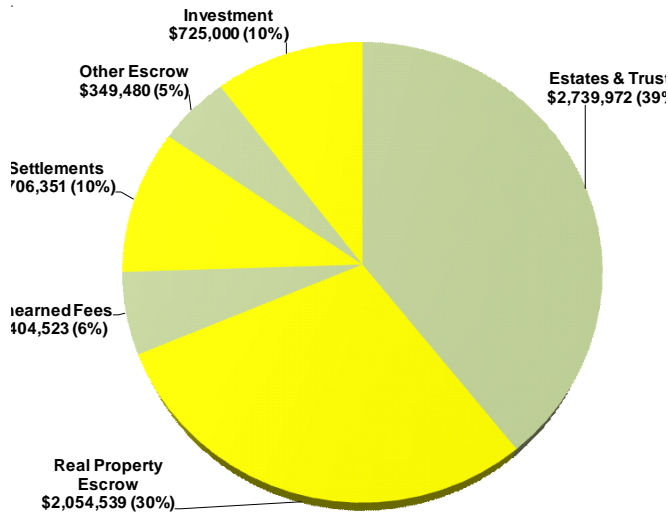
By dollar amount, the largest category of awards in 2013 reimbursed estates and trusts. Of the \$6.9 million paid out by the Trustees in 2013, \$2.7 million (39%) reimbursed losses to estates and trusts. The second largest category of awards in 2013 by dollar amount involved real property escrow losses. These awards totaled \$2 million which is 29 percent of the \$6.9 million reimbursed in 2013.

Awards by Category of Loss, 1982 to 2013

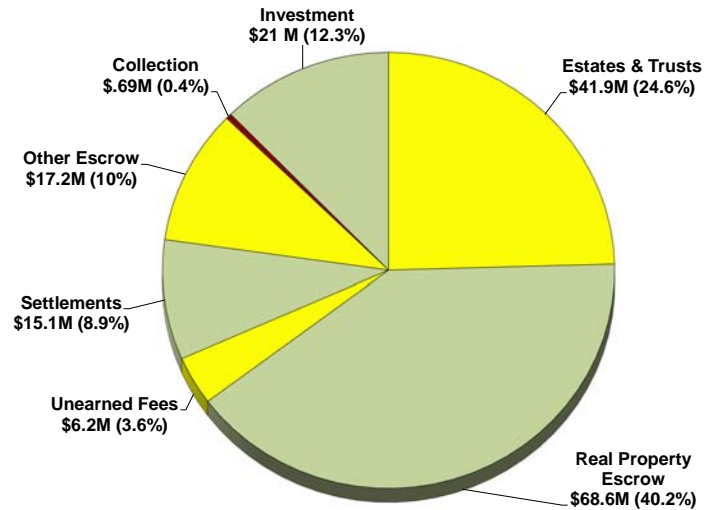
By category since 1982, the largest number of awards approved are for real property escrows. Real property escrow awards total 2,285 or 30.6 percent of all awards. The second largest category of awards reimbursed unearned legal fees. Since 1982, there have been 2,246 legal fee awards comprising 30.1 percent of all awards.

Since 1982, by dollar amount, awards reimbursing real property losses represent the largest payout by the Fund. Real property awards total \$68.6 million, or 40.2 percent of all reimbursement awards. The second largest dollar amount of awards involve thefts from estates and trusts. These awards total \$41.9 million or 24.6 percent of all awards.

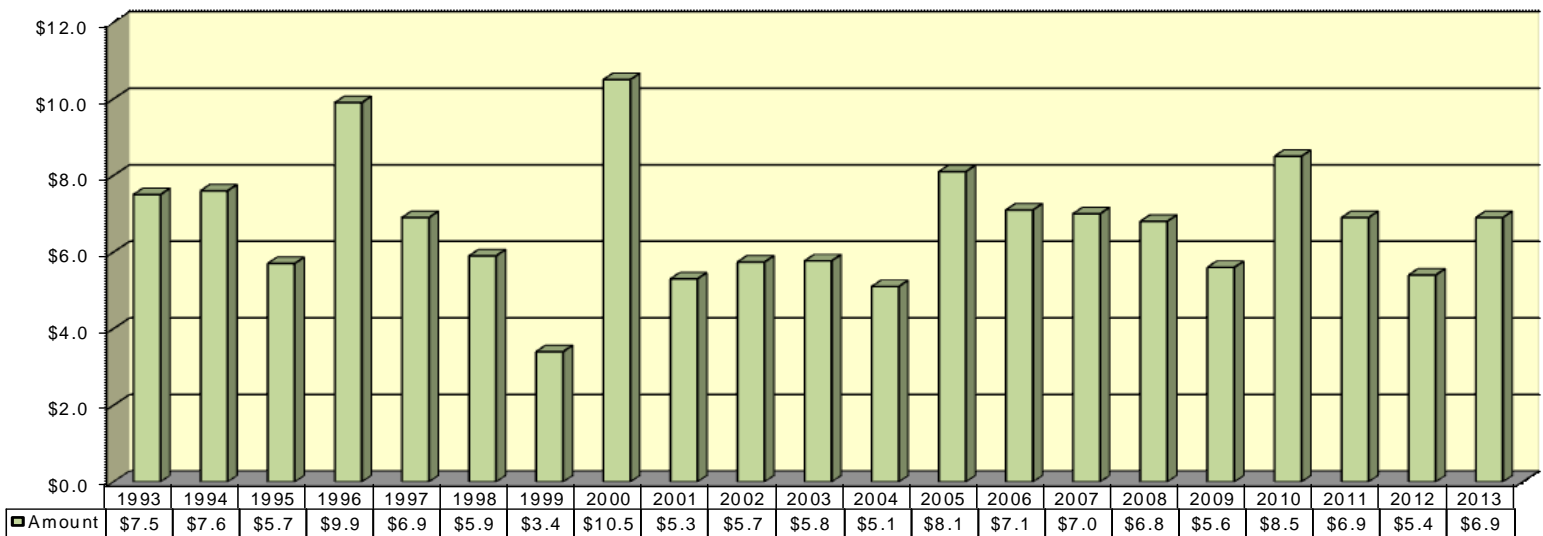
**Amount of 2013 Awards
By Misconduct : \$6.9 Million**



**Amount of Awards Since 1982
By Misconduct : \$170.7 Million**



**Amount of Awards Approved From 1993-2013 (In Millions \$)
(Total Awards Approved Since 1982: \$170.7 Million)**



Ineligible Claims Since 1982

In 31 years, the Fund has rendered 16,810 determinations in claims. Of these 16,810 claims, 9,337 or 55 percent, were found to be ineligible for reimbursement.

Claims Pending as of December 31, 2013

There were 814 pending claims at the close of 2013. This is a decrease of 13 claims from the 827 claims which were pending at the end of the prior year. Of the 814 pending claims, 430, nearly 53 percent, involve one law firm whose attorneys are also involved in pending federal criminal proceedings.

These 814 pending claims allege total losses of \$75.9 million. The Fund's exposure on these pending claims, adjusted for the \$300,000 maximum limit on awards, is \$33.9 million. This represents an 8 percent decrease in the Fund's exposure on pending claims from the end of 2012. Only six lawyers account for 47 percent of the Fund's \$33.9 million exposure on pending claims.

Lawyers Involved in Awards 1982 to 2013

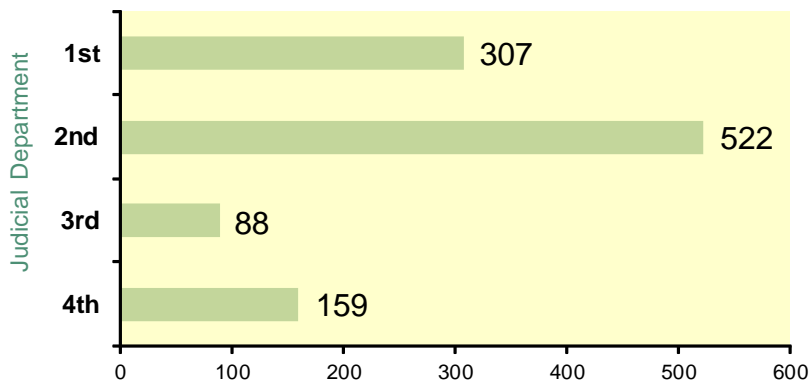
The Trustees' experience over 31 years has firmly established that the overwhelming majority of lawyers in New York State are honest and caring and deserving of their law clients' trust.

A tiny percentage of the bar's membership is responsible each year for the dishonest conduct resulting in awards from the Lawyers' Fund. There are now over 289,000 registered lawyers in New York State. In 31 years, from a much larger pool of admitted lawyers over that time, only 1,076 former lawyers have caused the 7,473 awards granted by the Fund. In 2013, the Trustees' 218 awards were attributable to dishonest conduct by 68 now suspended, disbarred or deceased lawyers. Of these 68 former lawyers, 24 were respondents in awards from prior years. The names of 44 dishonest lawyers appear for the first time in 2013 awards.

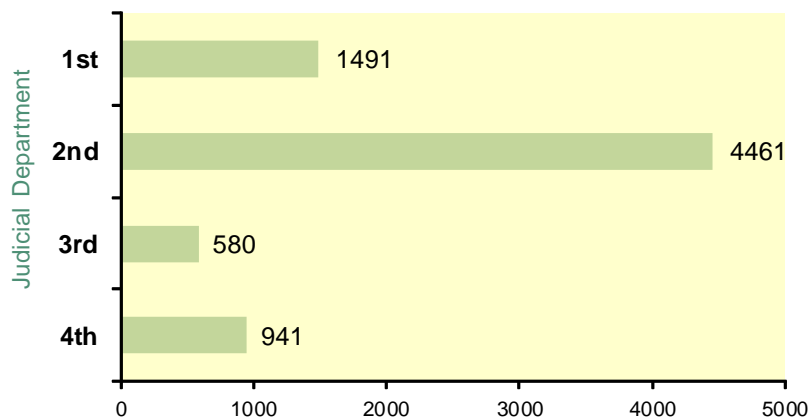
A list of lawyers involved in awards in 2013 is provided in the Appendix. The complete list of lawyers involved in all awards since 1982 is provided on the Lawyers' Fund website: www.nylawfund.org.

Most losses involve sole practitioners, the majority of whom are male and middle-aged. Apparent causes of misconduct are often traced to alcohol or drug abuse and gambling. Other causes are economic pressures, mental illness, marital, professional and medical problems. The geographic distribution of these 1,076 former lawyers, and the Fund's 7,473 awards, among the state's judicial departments is represented in the following bar graphs:

Lawyers Involved in All Awards Since 1982



Distribution of Awards Since 1982



First Judicial Department Includes:

New York and Bronx County



Second Judicial Department Includes:

Kings, Richmond, Queens, Nassau, Suffolk, Dutchess, Orange, Putnam, Rockland and Westchester Counties:



Third Judicial Department Includes:

Albany, Broome, Chemung, Chenango, Clinton, Columbia, Cortland, Delaware, Essex, Franklin, Fulton, Greene, Hamilton, Madison, Montgomery, Otsego, Rensselaer, St. Lawrence, Saratoga, Schenectady, Schoharie, Schuyler, Sullivan, Tioga, Tompkins, Ulster, Warren and Washington Counties:



Fourth Judicial Department Includes:

Jefferson, Herkimer, Lewis, Oneida, Onondaga, Oswego, Cayuga, Livingston, Monroe, Ontario, Seneca, Steuben, Wayne, Yates, Allegany, Cattaraugus, Chatauqua, Erie, Genesee, Niagara, Orleans and Wyoming Counties:



Recommendations

The Trustees have a statutory responsibility to maintain the integrity of the legal profession and promote public confidence in the administration of justice. To fulfill this responsibility, the Trustees annually recommend changes in legal practice and policy.

Escrow Thefts in Real Property Transactions

The Trustees continue to encourage our bar and judicial leaders to consider and adopt measures to address the recurring problem of escrow thefts in real property transactions.

In 2013, real estate escrow thefts were responsible for the second largest dollar amount of reimbursement by the Lawyers' Fund. Of the \$6.9 million awarded in 2013, \$2 million (29.4%) reimbursed realty losses. The 218 total awards in 2013 included 54 (24.8%) awards for lawyers' thefts of real property escrows. Of these 54 realty awards, 29 (54%) involved the theft of a realty down payment.

Since 1982, the Trustees have paid 2,285 awards totaling over \$68.6 million for real estate escrow thefts. These totals constitute 30.6 percent of the number of all awards and over 40 percent of the amount of all awards from the Fund in 31 years.

It is true that a tiny percentage of lawyers in New York State cause these realty losses. In 2013, 29 former lawyers were responsible for the 54 awards reimbursing real estate escrows thefts. The 29 down payment thefts reimbursed in 2013 were caused by thirteen culpable lawyers. These few disgraced lawyers though cause substantial harm to law clients and to the reputation of the over 289,000 registered lawyers in New York State. The Trustees continue to urge the New York State Bar Association, local bar associations and other interested parties to study and address this problem.

Escrow Accounts of Suspended and Disbarred Lawyers

The Trustees recommend the enactment of clear and precise court rules directing a suspended or disbarred lawyer to transfer client funds and property and prohibiting further use of attorney escrow accounts.

Present court rules in New York make no specific provision for the transfer or protection of law client escrow funds and property in possession of members of the bar who are suspended or disbarred for professional misconduct. The Trustees are concerned that law client assets are not adequately safeguarded when it is clear that they may be in danger if left under the control of a lawyer who has lost his or her license to practice law for serious misconduct.

Interim Suspensions and Restraining Escrow Funds

The Trustees propose that court rules be augmented by granting discretion to the Appellate Divisions to restrain attorney escrow accounts of lawyers who are determined to be a public threat.

Court rules in New York State allow for the temporary suspension of an attorney when there is a judicial finding that the attorney is guilty of professional misconduct immediately threatening the public interest. These rules should require the Appellate Divisions to restrain attorney escrow accounts of these lawyers who are found to be a public threat. This measure will protect the interests of legal consumers.

Disbarment for Conversion

The Trustees again recommend a consistent, firm statewide disciplinary policy imposing disbarment for a lawyer who injures clients by converting escrow funds.

This clear, evenhanded penalty will deliver a strong message to victims, the public and lawyers about the administration of justice in our State. The Trustees are grateful to the Appellate Divisions and their disciplinary staff for including orders of restitution in disbarment proceedings involving clear cases of lawyer theft. This important use of the provisions of the Judiciary Law has proven to be beneficial to victims and the Lawyers' Fund.

Recommendations (Cont'd)

Confidentiality in Attorney Disciplinary Proceedings

The Trustees recommend a uniform disciplinary policy that a Disciplinary Committee will make a prompt referral to the local District Attorney when the Committee has admitted or uncontested evidence of theft by a lawyer.

Section 90 of the State Judiciary Law provides that lawyer disciplinary proceedings shall be "deemed private and confidential", and that all "papers, records and documents" be sealed unless the court sustains the charges of misconduct filed against the respondent lawyer. The Judiciary Law now permits the Appellate Divisions, by written order, to divulge all or any part of disciplinary papers, records and documents upon a showing of good cause.

Lawyers who steal should be criminally prosecuted. A Disciplinary Committee with admitted or uncontested evidence of larceny by a lawyer should promptly secure an Appellate Division sharing order in order to notify the District Attorney. This policy should help protect law clients and promote public confidence in our justice system.

Business Transactions with Lawyers and Conflict of Interest Rules

The Trustees recommend that court rules be amended in order to educate law clients about the conflict of interest limitations on lawyers involved in business transactions with their clients.

The Lawyers' Fund recently experienced an increase in claims for reimbursement alleging losses from the theft of monies entrusted to lawyers in investment transactions. Rule 1.8 of the Rules of Professional Conduct prohibits an attorney from entering a business transaction with a client due to a conflict of interest. Such business transactions are permitted though if specific safeguards are observed. The lawyer must provide a client with written terms of the transaction, written advice to seek independent counsel, and obtain the client's written, informed consent to the transaction which includes the lawyer's interest in the matter.

Legal consumers need to be made aware of these conflict of interest safeguards designed for their protection. This can be accomplished by amendments to court rules for the Statement of Client's Rights, the Matrimonial Rules and Written Letter of Engagement Rule which will alert law clients to these conflict of interest limitations.

Bank Notices to Fiduciaries

The laws of New York should require that the named fiduciary for an estate or trust be provided with a copy of the estate's monthly bank statement.

The Trustees' experience in claims involving the theft of estate or trust assets has shown that these types of losses can be concealed when someone other than the fiduciary controls the bank account and receives the monthly bank statements. Absent legislative action, the Trustees propose a court rule be adopted to prohibit lawyers from depositing fiduciary monies in banking institutions that do not agree to forward copies of bank statements to legal fiduciaries of estates and trusts. This rule could be patterned after the Dishonored Check Reporting Rule. This simple step would discourage and detect thefts.

Bar Examinations & Legal Education

The Trustees continue to recommend that the New York bar examination test for knowledge and competence with respect to a lawyer's fiduciary obligations to safeguard and account for law clients' money and property and that these necessary skills be reinforced in Continuing Legal Education programs.

The necessary knowledge and skills to properly administer client trust funds as fiduciaries or escrow agents should be taught in law school and enhanced through the bar examination and New York's Continuing Legal Education program. The Trustees firmly believe that our system of legal education should prepare students and lawyers for this vital aspect of lawyering.

**"Thank you so much for resolving the problem with my mother's estate...you have most assuredly restored my faith in the legal system...Please accept my sincere gratitude and appreciation for your kind assistance in this matter."
Message from a Claimant, 2013.**

Recommendations (Cont'd)

Thefts by Suspended, Disbarred and Bogus Lawyers

The Trustees recommend a court rule to require every lawyer to endorse his or her Attorney Registration Number on each pleading the lawyer files with a court or a court agency.

The Trustees applaud the recent upgrade of the unauthorized practice of law to a felony offense under New York's penal laws. In the past though, this crime was not always prosecuted. Also, attorney disciplinary committees lack the resources to monitor suspended or disbarred lawyers. These shortcomings in law enforcement encourage the illegal practice of law and exploitation of the public.

The Office of Court Administration maintains an Official Register of Attorneys, which assigns to each lawyer a unique identification number. That simple endorsement will provide a cost-free and reliable opportunity for court clerks or court officials to verify the credentials of persons who represent themselves to be licensed to practice law in New York State.

The Trustees also support legislation to authorize the state attorney general to pursue criminal prosecutions for the unauthorized practice of law. This additional enforcement of the penal laws will serve to protect the public and deter the illegal practice of law.

The Trustees also propose that the attorney disciplinary committees require of an attorney resigning from the bar for professional misconduct an agreement in the resignation affidavit not to accept any advance legal fees after the resignation is submitted.

Multijurisdictional Practice and Pro Hac Vice Rules

The Trustees recommend that any changes in court rules which permit out-of-state attorneys to practice law in New York State also require payment of the attorney registration fee required of New York attorneys so that they will contribute financially to our State's disciplinary system and the Lawyers' Fund.

Bar leaders in New York State are considering multijurisdictional practice of law and whether lawyers should be granted the privilege to practice in states where they are not admitted to the bar. The Trustees are concerned about the impact multijurisdictional practice of law will have on legal consumers, the Lawyers' Fund and our disciplinary system. It is equitable that out-of-state attorneys authorized to practice law here share in the responsibilities all New York attorneys bear in our justice system.

Attorney Malpractice Insurance Disclosure

The Trustees propose that New York attorneys be required to disclose on their attorney registration statement whether they maintain malpractice insurance.

The Lawyers' Fund is only authorized to reimburse law client losses caused by dishonest conduct in the practice of law. The Fund can not compensate for damages due to attorney malpractice. If law clients wish to be protected from this type of loss they should have access to information which would allow them to choose a lawyer who maintains malpractice insurance.

Twenty-four states now require some form of attorney malpractice insurance disclosure. One method is to require that attorneys disclose on their biennial registration statement whether they maintain professional liability coverage and the limits of their policy. Legal consumers can then access this information and make an informed choice when seeking legal representation.

Conclusion

The Trustees have learned from 31 years of experience that the overwhelming majority of New York's lawyers are honest and caring for their law clients and maintain the highest standards of integrity when entrusted with law client money and property. A small number of lawyers continue to be responsible for a persistent problem of dishonest conduct in the practice of law. These few can cause significant harm to law clients and the legal profession. The Lawyers' Fund therefore continues to serve an essential role in our system of justice in New York State.

The Trustees wish to publicly recognize the invaluable support and assistance the Lawyers' Fund continues to receive from our colleagues in public service. Our special thanks is again extended to the Court of Appeals; the Office of Court Administration; the staffs of New York's Attorney Grievance Committees; the Attorney General and his assistants; District Attorneys statewide and their prosecutors; and the Office of the State Comptroller. The New York Lawyers' Fund is one of our nation's leading client protection programs due in large part to the support and professionalism of these dedicated public servants.

Trustees Regulations (22 NYCRR 7200, et seq.)

7200.1 Purpose of fund. The purpose of the Lawyers' Fund for Client Protection is to promote public confidence in the administration of justice and the integrity of the legal profession by reimbursing losses caused by the dishonest conduct of attorneys admitted and licensed to practice law in the courts of New York State.

7200.2 Organization. (a) The fund shall be administered by a board of trustees appointed by the Court of Appeals of the State of New York.

(b) The board of trustees shall consist of seven members. Of the trustees first appointed, three shall be appointed for terms of three years, two for a term of two years, and two for a term of one year. As each term expires, each new appointment shall be for a term of three years.

(c) The trustees shall serve without compensation, but shall be entitled to receive their actual and necessary expenses incurred in the discharge of their duties.

(d) The trustees shall from time to time elect from their membership a chairman, vice-chairman, treasurer and such additional officers as they deem necessary or appropriate.

(e) The trustees shall retain an executive director to serve as the chief administrative officer of the fund.

7200.3 Meetings. (a) The trustees shall meet at least four times each year at such locations, or in such manner, as the chairman shall designate. Special meetings may be called by the chairman, and shall be called by the chairman upon the request of at least two trustees. Special meetings may be conducted by telephone conference. The chairman shall provide reasonable notice of all meetings.

(b) Four trustees shall constitute a quorum. A majority of the trustees present at any meeting of the board may exercise any power held by the trustees, except as otherwise provided in this Part.

7200.4 Powers of trustees. In the exercise of the authority granted the trustees, the trustees have the power to:

(a) receive, hold, manage and distribute 50 per centum of the monies collected pursuant to the provisions of section 468-a of the Judiciary Law and such other monies as may be credited or otherwise transferred from any other fund or source, pursuant to law, including voluntary contributions together with any interest accrued thereon. All deposits of such revenues not otherwise required for the payment of claims shall be secured and invested as required by the provisions of section 97-t of the State Finance Law;

(b) adopt regulations for the administration of the fund and procedures for the presentation, determination and payment of claims, including the establishment of a maximum limitation for awards to claimants;

(c) investigate claims for reimbursement of losses as the trustees deem appropriate using staff and other available resources;

(d) coordinate and cooperate with the Appellate Divisions of the Supreme Court in the investigation of claims;

(e) examine witnesses and, in accordance with the Provisions of the Civil Practice Law and Rules and the regulations of the trustees, administer oaths or affirmations and issue subpoenas;

(f) hold such hearings, interviews or informal meetings as the trustees deem appropriate;

(g) determine, in the trustees' sole discretion, the merits of claims presented for reimbursement, the amount of reimbursement to be awarded, the terms under which reimbursement shall be made and the order of payment;

(h) prosecute claims for restitution to which the fund may be entitled;

(i) engage in studies and programs for client protection and prevention of dishonest conduct in the practice of law;

(j) employ and at pleasure remove employees, legal counsel, agents and consultants, and fix their compensation within the amounts made available therefor;

(k) furnish the Court of Appeals with such reports and audits as the court may require; and

(l) perform all other acts necessary or proper for the fulfillment of the purposes of the fund and its effective administration.

7200.5 Duties of officers. (a) The chairman shall preside at all meetings of the trustees, generally supervise the administration of the fund, and exercise such other functions and duties that the trustees may assign or delegate, or that are customary to the office of chairman.

(b) The vice-chairman shall assume the duties of chairman in the absence or disability of the chairman.

(c) The treasurer shall maintain the financial records of the fund and, jointly with the chairman, certify vouchers of the fund that authorize the State Comptroller to make payments to claimants.

(d) The executive director shall assist the trustees, supervise the implementation of regulations and policies of the trustees, coordinate the investigation of claims and prepare reports thereon, supervise staff, serve as secretary at meetings, and fulfill such other duties as may be assigned or delegated by the chairman or the trustees.

7200.6 Conflict of interest. A trustee with a past or present relationship with a claimant or the attorney whose alleged conduct is the subject of the claim shall disclose such a relationship to the trustees and, if the trustees deem appropriate, that the trustee shall not participate in any proceeding relating to such claim.

7200.7 Reports (a) On or before the first day of April each year, the trustees shall prepare an annual report of the activities and operations of the fund during the preceding year. The report shall be transmitted to the Court of Appeals, the Governor, the Legislature and the State Comptroller.

(b) The trustees may also issue periodic reports to the public concerning the activities and procedures of the fund.

7200.8 Eligible claims. (a) The trustees shall consider claims for reimbursement of losses caused by the dishonest conduct of attorneys admitted to practice in New York State, provided that:

(1) the dishonest conduct alleged in the claim constituted the wrongful taking of money, securities or other property belonging to a law client or other person who entrusted it with an attorney admitted to the practice of law in New York State;

(2) the dishonest conduct occurred in the practice of law by an attorney admitted to practice law in New York State;

Trustees Regulations (22 NYCRR 7200, et seq.)

(3) there is, in the trustees' discretion, a sufficient nexus between the dishonest conduct alleged in the claim and the practice of law in New York State;

(4) the claim is made directly by the client or other person, or their representative;

(5) the loss occurred or was discovered on or after June 1, 1981; and

(6) unless the trustees decide otherwise, the attorney has been suspended or removed from practice, is dead, or the attorney's whereabouts cannot be determined.

(b) The claimant shall have the responsibility to provide satisfactory evidence of an eligible loss.

(c) For the purposes of this section, "dishonest conduct" shall include the misappropriation or wilful misapplication of money, securities or property in the practice of law, and unlawful acts in the nature of theft, larceny, embezzlement, fraud or conversion.

(d) Losses not eligible for reimbursement include damages resulting from an attorney's negligence, malpractice or neglect; losses incurred by government agencies; losses incurred by financial institutions; losses incurred by business organizations having twenty or more employees; and losses arising from financial transactions with attorneys that do not occur within an attorney-client relationship and the practice of law.

(e) (1) In a loss resulting from an attorney's refusal or failure to refund an unearned legal fee as required by the Rules of Professional Conduct, "dishonest conduct" shall include an attorney's misrepresentation, or false promise, to provide legal services to a law client in exchange for the advance payment of a legal fee.

(2) An attorney's failure to perform or complete a legal engagement shall not constitute, in itself, evidence of misrepresentation, false promise or dishonest conduct.

(3) Reimbursement of a legal fee may be allowed only if: (i) the attorney provided no legal services to the client in the engagement; or (ii) the legal services that the attorney actually provided were, in the trustees' judgment, minimal or insignificant; or (iii) the claim is supported by a determination of a court, a fee conciliation bureau, or an accounting acceptable to the trustees that establishes that the client is owed a refund of a legal fee. No award reimbursing a legal fee shall exceed the actual fee that the client paid the attorney.

(4) In the event that a client is provided equivalent legal services by another attorney without cost to the client, the legal fee paid to the predecessor attorney will not be eligible for reimbursement, except in extraordinary circumstances.

7200.9 Filing claims. (a) Claims for reimbursement from the fund shall be written and verified. The fund shall provide an official claim form which shall require the following information: the name and address of the claimant; the name and last-known address of the attorney who is alleged to have committed a dishonest act; the terms of the attorney's professional engagement for the claimant; the amount of the loss incurred; the date of the loss or the period of time when the loss occurred; the place and manner in which the loss occurred; the date and manner in which the claimant discovered the loss; a description of what steps the claimant has taken to recover the loss from the attorney or any other source; and whether there are other sources, such as insurance, fidelity bonds or surety agreements, to reimburse the claimant's loss. The trustees may require a claimant to submit additional information that may be necessary to determine a claim.

(b) The fund shall promptly acknowledge receipt of the claim, which shall be assigned a claim number.

(c) A claim shall be filed with the fund within two years after the following dates, whichever is later:

(1) the date when the alleged dishonest conduct occurred; or

(2) the date when such dishonest conduct was first discovered.

(d) The trustees, in their discretion, may permit the late filing of claims upon a showing that compliance with the time limitations of this section may cause undue hardship or result in an injustice.

(e) In the discretion of the trustees, a claim shall be deemed filed when any writing specifying the claim is received by the fund, a bar association, an attorney grievance committee, or a police or other government agency.

7200.10 Processing claims. (a) Whenever it appears that a claim is not eligible for reimbursement pursuant to these regulations, the claimant shall be advised of the reasons why the claim is not eligible for reimbursement, and that unless additional facts to support eligibility are submitted to the fund within 30 days, the claim shall be dismissed.

(b) All claims that are eligible for reimbursement from the fund shall be investigated in such manner as the trustees deem appropriate. The trustees shall be furnished a written report of each investigation.

(c) The appropriate Appellate Division of the Supreme Court shall be requested to assist the trustees, to the extent the court deems appropriate, in the investigation of claims for reimbursement from the fund.

(d) A certified copy of an order disciplining an attorney for the same act of conduct alleged in a claim, or a final judgment imposing civil or criminal liability therefor, shall, for the purpose of these regulations, be evidence that the attorney committed such act.

(e) Upon receipt of the investigation report, the trustees shall determine whether to conduct additional investigation. If the attorney whose alleged conduct gave rise to the claim has not been previously notified of the claim, a copy shall be provided the attorney. The attorney shall be invited to respond to the claim within 20 days.

(f) The trustees may request that testimony be presented to complete the record. Upon request, the claimant and the attorney, or their respective representatives, shall be given an opportunity to be heard.

(g) The trustees shall determine, in their sole discretion, whether a claim merits reimbursement from the fund and the amount, time, manner of its payment and the conditions upon which payment shall be made. The award of a claim shall require the affirmative vote of at least four trustees.

(h) Unless the trustees direct otherwise, no claim shall be awarded during the pendency of a disciplinary proceeding involving the same act of conduct that is alleged in the claim.

(i) In the exercise of their discretion in determining claims, the trustees shall consider, together with such other factors as they deem appropriate:

Trustees Regulations (22 NYCRR 7200, et seq.)

(1) the amount of money available and likely to become available to the fund for the payment of claims, and the size and number of claims that have been or are likely to be presented;

(2) the amount of the claimant's loss as compared with the amount of losses sustained by other claimants who may merit reimbursement from the fund;

(3) the degree of hardship suffered by the claimant as a result of the loss;

(4) any conduct of the claimant that contributed to the loss; and

(5) the existence of other sources to reimburse the claimant's loss, such as insurance, fidelity bonds or surety agreements.

(j) Written notice of the trustees' determination shall be provided the claimant and the attorney whose alleged conduct gave rise to the claim, or their representatives.

7200.11 Reconsideration of claims. A claimant who is denied reimbursement in whole or in part may request that the trustees reconsider the claim by filing an application with the fund no later than 30 days following receipt of the trustees' determination. If a claimant fails to request reconsideration, or the original determination of the trustees is confirmed, the trustees' determination shall be final.

7200.12 Legal right to payment from fund. No person or organization shall have any legal right to payment from the fund as a claimant, third-party beneficiary or otherwise.

7200.13 Payment of awards. (a) Claimants shall be reimbursed for losses in amounts to be determined by the trustees. No award shall exceed \$300,000.

(b) Awards shall not include interest. Attorneys' fees and other incidental and out-of-pocket expenses shall not be reimbursed by the fund. Additional taxes, interest, late charges and similar penalties finally incurred by a claimant as the direct result of an attorney's misappropriation may be eligible for reimbursement in the discretion of the trustees. The investigation report in a claim which involves such an element of loss shall contain an estimate of the amount of such loss and a recommendation whether the loss merits reimbursement from the fund. Unless the trustees determine otherwise, payment thereof may be processed as a supplemental award of reimbursement without further action by the trustees, provided the claimant provides proof of loss within six months following the trustees' approval of the underlying claim. The executive director shall report quarterly to the trustees on the payment of all supplemental awards during the preceding quarter.

(c) No claim for reimbursement shall be paid until the claimant transfers to the fund, in such form as the trustees shall authorize, the claimant's rights against the attorney whose dishonest conduct caused the claimant's loss and any other person or entity who may be liable for the claimant's loss.

(d) Payment of claims shall be made in such amounts and at such times as the trustees deem appropriate and may be paid in lump-sum or installment amounts.

(e) If a claimant is a minor or an incompetent, the award may be paid to a parent, guardian, committee or the attorney of the

claimant, on the behalf of and for the benefit of the claimant.

(f) All payments of awards of reimbursement from the fund shall be made by the State Comptroller on vouchers certified by the chairman and the treasurer.

7200.14 Representation by counsel. (a) A claimant and the attorney whose alleged conduct resulted in the claim shall have the right to be represented by an attorney.

(b) In accordance with the rules of the Appellate Divisions of the Supreme Court, no attorney who assists a claimant process a claim with the fund shall charge or accept compensation for those services, without the prior written approval of the trustees. No fee applications by attorneys, including public officers and court-appointed fiduciaries, shall be approved by the trustees absent a showing of extraordinary circumstances.

7200.15 Confidentiality. (a) Except as otherwise provided, all claims and proceedings and the records relating thereto shall be sealed and confidential.

(b) All information provided by an Appellate Division of the Supreme Court shall remain sealed and confidential to the extent required by section 90 of the Judiciary Law.

(c) The trustees' final determination awarding reimbursement of a claim, and the facts relating to the claimant's loss, shall be a public record.

(d) An attorney whose alleged conduct gave rise to the claim may waive confidentiality.

(e) This section shall not be construed to deny access to information by the Court of Appeals, and Appellate Division of the Supreme Court, or to any court of competent jurisdiction in a judicial review proceeding.

7200.16 Amendment of regulations. New regulations may be adopted, and any regulation may be amended or repealed by the trustees at any regular or special meeting, provided that notice of the proposed adoption, amendment or repeal has been given to all trustees at least seven days before the meeting. New regulations, amendments and repeals shall be published in the State Register. Copies of all regulations shall be made available to the public at all offices of the fund.

7200.17 Construction of regulations. These regulations shall be liberally construed to accomplish the objectives of the fund and the policies of the trustees.

"I am supremely grateful for the consideration you gave my claim and for the prompt manner in which you arranged reimbursement. It's good to know that your organization exists and that it helps restore confidence in the legal profession.

Message from a Claimant, 2013

Lawyers Involved In 2013 Awards

The following is a list of the 68 now suspended, disbarred or deceased lawyers responsible for the misconduct and resulting client losses reimbursed by the Fund in 2013. The number and amount of awards listed are not cumulative and may not represent awards approved from prior years. **A complete list of lawyers involved in all reimbursement awards since 1982 is available on our website: www.nylawfund.org.**

Name	JD	#	Amount	Name	JD	#	Amount
Matthew S. Abramowitz	09	1	\$ 10,353	Dennis A. Kahn	08	1	\$ 42,510
George R. Alderdice	10	1	\$ 13,650	Gerard M. Karlen	01	1	\$ 23,800
George Aletras	02	1	\$ 300,000	Stephen G. Kennedy	01	1	\$ 156,000
James J. Armenakis	01	1	\$ 210,000	Bobby H.J. Kim	01	2	\$ 184,538
Richard L. Baumgarten	08	1	\$ 4,000	Nathan Levner	10	1	\$ 10,000
Bellettiere, Fonte & Laudino	09	1	\$ 10,000	John D. Lewis	02	2	\$ 126,300
Thomas F. Bello	02	9	\$ 57,500	David A. Linn	10	2	\$ 18,605
Kenneth P. Bernas	08	4	\$ 434,480	Joseph K. LoBue	11	6	\$ 132,132
Lawrence Buscemi	10	4	\$ 17,234	Joseph J. Mainiero	01	2	\$ 4,050
Arturo Campomanes	02	3	\$ 110,000	Brett K. Margolin	10	6	\$ 16,351
Frank B. Cegelski	07	2	\$ 14,409	Marie A. Martial	10	4	\$ 52,499
Christopher J. Chadick	05	5	\$ 4,098	Dennis Masino	10	3	\$ 73,916
Violet A. Chandler	02	1	\$ 50,643	Joseph Mezey	03	1	\$ 8,037
Eugene E. Chmura	11	2	\$ 8,230	George E. Moss	11	1	\$ 50,000
Andrew J. Cohen	07	42	\$ 151,720	William L. Netusil	10	1	\$ 900
Sitro de la Cruz	01	1	\$ 35,000	Joel G. Post	10	1	\$ 70,250
Dustin J. Dente	11	2	\$ 82,150	Frederic A. Powell	10	1	\$ 1,000
James J. DiMartino	10	2	\$ 5,151	Brian H. Reis	01	4	\$ 205,825
Andrew S. Donner	10	12	\$ 115,131	Brian Rosicky	10	1	\$ 400
Michael N. Durante	10	1	\$ 60,000	Stephen L. Segall	01	2	\$ 5,000
John Bennett Farrell	04	3	\$ 63,245	David J. Sokol	09	1	\$ 19,815
William P. Fitzgerald	10	2	\$ 53,545	Jeffrey P. Squitieri	01	1	\$ 16,700
Gary G. Gauthier	09	1	\$ 1,000	Susan F. Steier	01	2	\$ 71,266
Michael R. Gidro	03	1	\$ 1,750	Gerard M. Tanella	02	2	\$ 16,133
Guy G. Giuliano	02	15	\$1,268,610	Steven U. Teitelbaum	03	1	\$ 1,700
Joel A. Grossbarth	09	13	\$ 510,889	Gail H. Telleys	01	1	\$ 300,000
Jarrett B. Haber	10	3	\$ 725,000	Charles D. Tolbert	07	1	\$ 7,400
Craig S. Heller	10	1	\$ 10,000	Joe M. Valley	07	4	\$ 23,000
Michael J. Hetzer	11	1	\$ 200,000	G. Peter Van Zandt	06	1	\$ 69,707
Bjorn J. Holubar	01	1	\$ 2,800	Mark O. Wasserman	10	2	\$ 55,000
Kevin C. Hymes	09	4	\$ 169,000	Thomas J. Wojciechowski	08	2	\$ 83,668
John M. Ioannou	01	4	\$ 98,350	Adrien J. Woolley	02	2	\$ 289,154
Kehinde O. Jobi	12	6	\$ 15,055	Maryann Zalesak	11	1	\$ 3,340
				Marc A. Zirogiannis	10	2	\$ 4,250

Helpful Telephone Numbers

Attorney Grievance & Disciplinary Committees

Manhattan & Bronx - (212) 401-0800
 Brooklyn, Staten Island, Queens - (718) 923-6300
 Nassau & Suffolk - (631) 231-3775
 Westchester area - (914) 824-5070
 Albany area - (518) 285-8350
 Syracuse area - (315) 401-3344
 Rochester area - (585) 530-3180
 Buffalo area - (716) 845-3630

NYS Office of Court Administration

Lawyer Licensing Information
 (212) 428-2800

NYSBA Lawyer Assistance Program

(800) 255-0569

NYS Department of Law (Attorney General) Consumer Frauds & Protection Bureau

1-800-771-7755

Lawyer Referral Services

Contact your local county or city bar association, or call the New York State Bar Association in Albany at 1-800-342-3661.

Attorney-Client Fee Dispute Resolution Program

(877) FEES-137
 (877-333-7137)

Statistical Tables

Losses Reported Since 1982				
Category of Client Loss	Number of Claims	Percent of All Claims (#)	Amount of Loss Alleged	Percent of All Losses (\$)
Estates & Trusts	1212	6.9%	\$119,822,711	14.9%
Real Property Escrow	3897	22.2%	\$205,927,728	25.6%
Unearned Fees	6304	36.9%	\$56,471,313	7.0%
Settlements	1306	7.4%	\$59,129,039	7.3%
Other Escrow	1585	9.0%	\$68,762,879	8.5%
Debt Collection	661	3.8%	\$3,694,356	0.5%
Investment	1667	9.5%	\$240,356,784	29.9%
Other	939	5.3%	\$50,922,257	6.3%
Totals	17571	100.0%	\$805,087,067	100.0%

Losses Reported in 2013 Claims				
Category of Client Loss	Number of Claims	Percent of All Claims (#)	Amount of Losses Alleged	Percent of All Losses (\$)
Estates & Trusts	41	7.5%	\$9,363,393	17.5%
Real Property Escrow	75	13.8%	\$14,938,079	28.1%
Unearned Fees	311	57.4%	\$7,007,395	13.2%
Settlements	60	11.1%	\$5,315,025	10.0%
Other Escrow	29	5.4%	\$6,497,070	12.2%
Debt Collection	2	0.4%	\$45,722	0.1%
Investment	19	3.5%	\$9,966,910	18.7%
Other	5	0.9%	\$98,677	0.2%
Totals	542	100.0%	\$53,232,271	100.0%

Client Losses in All Awards Since 1982

Category of Client Loss	Number of Awards	Percent of All Awards (#)	Amount of All Awards	Percent of All Awards (\$)	Client Losses Involved	Percent of All Losses Reimbursed
Estates & Trusts	748	10.0%	\$41,932,798	24.6%	\$64,030,918	65.5%
Real Property Escrow	2285	30.6%	\$68,586,965	40.2%	\$75,826,181	90.5%
Unearned Fees	2246	30.1%	\$6,198,437	3.6%	\$6,224,537	99.6%
Settlements	632	8.5%	\$15,126,316	8.9%	\$15,823,013	95.6%
Other Escrow	737	9.9%	\$17,156,198	10.0%	\$23,922,445	71.7%
Debt Collection	452	6.0%	\$691,749	0.4%	\$746,749	92.6%
Investment	373	5.0%	\$21,017,465	12.3%	\$24,953,952	84.2%
Totals	7473	100.0%	\$170,709,928	100.0%	\$211,527,795	

Client Losses in 2013 Awards

Category of Client Loss	Number of Awards	Percent of All Awards (#)	Amount of All Awards	Percent of All Awards (\$)	Client Losses Involved	Percent of All Losses Reimbursed
Estates & Trusts	25	11.4%	\$2,739,972	39.3%	\$3,129,655	87.5%
Real Property Escrow	54	24.8%	\$2,054,539	29.4%	\$2,054,539	100.0%
Unearned Fees	103	47.2%	\$404,523	5.8%	\$404,523	100.0%
Settlements	25	11.5%	\$706,351	10.1%	\$706,351	100.0%
Other Escrow	8	3.7%	\$349,480	5.0%	\$349,480	100.0%
Debt Collection	0	0.0%	\$0	0.0%	\$0	0.0%
Investment	3	1.4%	\$725,000	10.4%	\$824,000	88.0%
Totals	218	100.0%	\$6,979,865	100.0%	\$7,468,548	

"...As I am one of those attorneys whose contributions make the Fund possible, let me congratulate you as well as thank you for operating in exactly the kind of straightforward manner that anyone in my position could have hoped for. The Fund is a credit to our profession, and I thank you again for the vital part you have played in making this episode of lawyer criminality far less injurious than it might otherwise have been."

Message from a claimant, 2013

Statistical Tables

Claims Activity Since 1982	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
Claims Filed	534	375	230	332	341	311	351	486	438	515	627	636	598	909	730	1128
Losses Alleged (In Millions \$)	\$ 3.2	\$ 5.4	\$ 6.1	\$ 5.3	\$ 5.1	\$ 5.7	\$ 10.8	\$ 14.1	\$ 15.8	\$ 28.3	\$ 25.2	\$ 25.4	\$ 25.5	\$ 36.8	\$ 29.9	\$ 40.8
Claims Approved	1	494	130	183	178	159	202	177	219	200	288	318	362	383	381	625
Actual Losses (In Millions \$)	\$ 0.05	\$ 1.5	\$ 1.9	\$ 2.5	\$ 1.3	\$ 2.0	\$ 3.8	\$ 6.3	\$ 4.8	\$ 5.8	\$ 13.5	\$ 12.4	\$ 10.4	\$ 8.9	\$ 13.7	\$ 9.1
Awards (In Millions \$)	\$ 0.0	\$ 0.7	\$ 0.9	\$ 1.3	\$ 1.1	\$ 1.9	\$ 2.8	\$ 3.8	\$ 4.6	\$ 4.1	\$ 7.3	\$ 7.5	\$ 7.6	\$ 5.7	\$ 9.9	\$ 6.9
Lawyers Involved	1	13	26	43	26	24	36	26	38	44	38	52	45	60	38	39
% Losses Reimbursed	50%	46%	46%	52%	85%	95%	74%	60%	96%	71%	54%	60%	73%	64%	72%	76%
% Clients Fully Reimbursed	0%	74%	65%	39%	91%	99%	100%	98%	96%	94%	95%	94%	94%	98%	94%	98%
Claims Disallowed	33	201	105	73	164	120	119	169	186	360	253	384	247	366	439	620
Total Dispositions	34	695	235	256	342	279	321	346	405	560	540	702	610	749	820	1245
Claims Pending Dec. 31	500	180	175	251	250	282	312	452	485	440	526	460	449	609	579	462
Losses Alleged In Pending Claims (In Millions \$)	\$ 2.9	\$ 4.6	\$ 7.4	\$ 8.5	\$ 9.5	\$ 10.2	\$ 15.3	\$ 18.0	\$ 23.9	\$ 32.0	\$ 30.1	\$ 24.2	\$ 27.3	\$ 43.5	\$ 46.9	\$ 46.6
Exposure on Pending Claims (In Millions \$)	\$ 1.7	\$ 1.6	\$ 2.3	\$ 2.7	\$ 3.5	\$ 5.2	\$ 6.3	\$ 9.8	\$ 15.1	\$ 14.9	\$ 16.0	\$ 13.9	\$ 15.2	\$ 24.4	\$ 25.1	\$ 17.4
Fund Balance (Millions \$)	\$ 1.8	\$ 1.4	\$ 2.1	\$ 1.3	\$ 4.4	\$ 3.3	\$ 5.1	\$ 4.2	\$ 3.6	\$ 2.8	\$ 3.4	\$ 1.8	\$ 2.4	\$ 3.4	\$ 2.5	\$ 2.1

Claims Activity Since 1982	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Totals
Claims Filed	812	442	492	548	499	506	627	729	520	454	480	489	820	601	469	542	17,571
Losses Alleged (In Millions \$)	\$ 24.3	\$ 15.9	\$ 20.5	\$ 22.6	\$ 21.8	\$ 17.4	\$ 26.7	\$ 28.1	\$ 18.6	\$ 31.8	\$ 43.7	\$ 40.6	\$ 89.4	\$ 51.8	\$ 41.8	\$ 53.2	\$ 805.1
Claims Approved	415	161	205	160	187	165	196	227	147	185	130	139	198	253	187	218	7,473
Actual Losses (In Millions \$)	\$ 6.8	\$ 3.7	\$ 14.2	\$ 5.3	\$ 5.9	\$ 5.8	\$ 5.1	\$ 8.6	\$ 7.3	\$ 7.1	\$ 6.7	\$ 5.8	\$ 9.3	\$ 9.8	\$ 5.4	\$ 7.5	\$ 211.5
Awards (In Millions \$)	\$ 5.9	\$ 3.4	\$ 10.5	\$ 5.3	\$ 5.7	\$ 5.8	\$ 5.1	\$ 8.1	\$ 7.1	\$ 7.0	\$ 6.7	\$ 5.6	\$ 8.5	\$ 6.9	\$ 5.4	\$ 6.9	\$ 170.7
Lawyers Involved	29	28	49	28	28	37	26	32	35	44	23	36	31	26	31	44	1,076
% Losses Reimbursed	87%	92%	74%	100%	98%	99%	100%	94%	98%	98%	100%	97%	96%	69%	100%	96%	
% Clients Fully Reimbursed	99%	99%	97%	100%	98%	98%	100%	98%	98%	97%	100%	99%	98%	98%	100%	98%	
Claims Disallowed	522	383	329	383	281	338	323	327	284	307	351	257	428	310	338	337	9,337
Total Dispositions	937	544	534	543	468	503	519	554	431	492	481	396	626	563	525	555	16,810
Claims Pending Dec. 31	337	235	193	198	229	232	340	515	604	566	565	658	852	883	827	814	
Losses Alleged In Pending Claims (In Millions \$)	\$ 18.0	\$ 16.1	\$ 10.2	\$ 11.1	\$ 13.7	\$ 14.6	\$ 20.7	\$ 17.5	\$ 17.8	\$ 15.7	\$ 30.9	\$ 38.8	\$ 82.3	\$ 81.1	\$ 76.4	\$ 75.9	
Exposure on Pending Claims (In Millions \$)	\$ 11.3	\$ 11.6	\$ 8.3	\$ 9.2	\$ 10.2	\$ 10.3	\$ 15.1	\$ 13.9	\$ 14.8	\$ 14.1	\$ 21.7	\$ 27.1	\$ 42.7	\$ 40.9	\$ 37.0	\$ 33.9	
Fund Balance (Millions \$)	\$ 6.6	\$ 6.3	\$ 3.4	\$ 4.1	\$ 5.4	\$ 5.5	\$ 8.1	\$ 5.4	\$ 7.0	\$ 3.5	\$ 5.0	\$ 4.5	\$ 5.7	\$ 3.8	\$ 8.4	\$ 7.3	

NY Judiciary Law Sec. 468-b

§§ 468-b. Clients' security fund of the state of New York.

1. The court of appeals shall appoint a board of trustees to administer the lawyers' fund for client protection of the state of New York established pursuant to section ninety-seven-t of the state finance law. Such board shall consist of seven members. Of the trustees first appointed, three shall be appointed for a term of three years; two for a term of two years; and two for a term of one year. As each such term expires, each new appointment shall be for a term of three years. The court of appeals may require such reports or audits of the board as it shall from time to time deem to be necessary or desirable.
2. The board shall have the power to receive, hold, manage and distribute the funds collected hereunder for the purpose of maintaining the integrity and protecting the good name of the legal profession by reimbursing, in the discretion of the trustees to the extent they may deem proper and reasonable, losses caused by the dishonest conduct of attorneys admitted to practice in this state. For purposes of this section, the term "dishonest conduct" shall mean misappropriation or wilful misapplication of clients' money, securities, or other property, by an attorney admitted to practice in this state.
3. The board of trustees shall adopt regulations for the administration of the lawyers' fund for client protection of the state of New York and the procedures for presentation, consideration, allowance and payment of claims, including the establishment of a maximum limitation for awards to claimants.
4. The board of trustees shall have the sole discretion to determine the merits of claims presented for reimbursement, the amount of such reimbursement and the terms under which such reimbursement shall be made. Such terms of reimbursement shall require that the claimant execute such instruments, take such action or enter into such agreements as the board of trustees shall require, including assignments, subrogation agreements and promises to cooperate with the board of trustees in making claims against the attorney whose dishonest conduct resulted in the claim.
5. The board of trustees shall serve without compensation but shall be entitled to receive their actual and necessary expenses incurred in the discharge of their duties.
6. The board of trustees may employ and at pleasure remove such personnel as it may deem necessary for the performance of its functions and fix their compensation within the amounts made available therefor.
7. The board of trustees shall be considered employees of the state for the purpose of section seventeen of the public officers law.
8. All payments from the lawyers' fund for client protection of the state of New York shall be made by the state comptroller upon certification and authorization of the board of trustees of said fund.
9. Acceptance of an award of reimbursement from the lawyers' fund for client protection shall, to the extent of such award, (a) subrogate the fund to any right or cause of action that accrued to the claimant as a consequence of the dishonest conduct that resulted in the claimant's award and (b) create a lien in favor of the fund that shall attach to any money asset that is designated to be paid to the claimant from, or on behalf of, the attorney who caused the claimant's loss. If the fund fully reimburses the claimant's loss, as determined by the board of trustees, the lien shall be in the amount of the fund's award. If the claimant's loss exceeds the fund's award, the lien shall not extend to the claimant's right to recover additional restitution from the attorney for the claimant's unreimbursed loss. In the event of a recovery by the fund, a claimant shall be entitled to any money recovered in excess of the fund's award of reimbursement to the claimant.

NY State Finance Law Sec. 97-t

§§ 97-t. Lawyers' fund for client protection of the state of New York.

1. There is hereby established in the custody of the state comptroller a special fund to be known as the "lawyers' fund for clients protection of the state of New York".
2. The full amount of the allocable portion of the biennial registration fee collected pursuant to the provisions of section four hundred sixty-eight-a of the judiciary law and such other monies as may be credited or otherwise transferred from any other fund or source, pursuant to law, including voluntary contributions, together with any interest accrued thereon, shall be deposited to the credit of the lawyers' fund for client protection of the state of New York. All deposits of such revenues not otherwise required for the payment of claims as hereinafter prescribed shall be secured by obligations of the United States or of the state having a market value equal at all times to the amount of such deposits and all banks and trust companies are authorized to give security for such deposits. Any such revenues in such fund, may be invested in obligations of the United States or of the state, or in obligations the principal and interest on which are guaranteed by the United States or by the state.



The Lawyers' Fund For Client Protection

Of the State of New York

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Our Mission:

To protect legal consumers from dishonest conduct in the practice of law, **to preserve** the integrity of the bar, **to safeguard** the good name of lawyers for their honesty in handling client money, **to promote** public confidence in the administration of justice in the Empire State.

Click for our 25th Anniversary Video!

You may increase the size of the screen in your browser.)
(Presented in Windows Media Player (.wmv) format.)

[This short video, with an introduction by former Chief Judge Judith S. Kaye, provides the history and purpose of the Lawyers' Fund. The video includes interviews with Fund Trustees and law client victims.](#)

The Lawyers' Fund for Client Protection

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APPLICATION FOR REIMBURSEMENT FRONT

APPLICATION FOR REIMBURSEMENT BACK