

Lawyers' Fund for Client Protection
Annual Report for the Fiscal Year, 2003
October 1, 2003

Pursuant to Rule 3, the Board of Trustees of the Lawyers' Fund for Client Protection is pleased to submit its Annual Report for the Fiscal Year ending June 30, 2003. As of such date, the Trustees of the Fund were Diane Cutler, Kathryn M. Dion, Jon S. Oxman, Esq., Patricia A. Peard, Esq., Barbara L. Raimondi, Esq., Chadbourn H. Smith, Esq. and Peter B. Webster, Esq. Ms. Raimondi was appointed by the Maine Supreme Judicial Court to fill the vacancy caused by the resignation of Susan E. Oram, Esq., who became a Court Officer. Ms. Cutler and Mr. Oxman were appointed to assume the positions previously occupied by Marc V. Schnur and Richard C. Engels, Esq., respectively, both of whom had served diligently as Trustees of the Fund, since its inception in 1997.

As of June 30, 2003, the Fund had assets of \$515,737, an increase of \$8,229 from the prior fiscal year. In light of the expiration of Mr. Engels' term, Patricia Peard was elected Treasurer, effective May 1, 2003. The Fund's financial accounts for fiscal 2003 were audited by the firm of Albin, Randall & Bennett, Portland, Maine, which issued its unqualified Independent Auditors' Report dated August 13, 2003, together with a Management Letter. Copies of the Report and Letter were delivered to the members of the Maine Supreme Judicial Court. By an Order effective on September 1, 2003, the Court established the Maine Assistance Program and directed that \$100,000 from the Fund's assets be allocated to the Program for the fiscal year. Of the amount, the Fund paid to the Maine Assistance Program \$32,500 during the fiscal year. The Order also contains language which would authorize additional sums to be allocated from the Fund to the Program for the years 2004 and 2005.

The Trustees conducted five meetings during the year, on July 15, 2002, September 9, 2002, December 2, 2002, March 17, 2003 and June 16, 2003. The Fund received twenty-five new applications for reimbursements during Fiscal Year 2003 and disposed of forty claims, totaling payments by the Fund in the amount of \$60,140.27. With respect to claims related to two former lawyers, Lenore A. Anderson and Ronald L. Bishop, the Trustees determined that it would be appropriate to defer a portion of the awards due to the per attorney limit of \$50,000 imposed by Rule 13(a). Depending upon the Fund's actual experience or whether additional amounts are available for distribution, the Trustees of the Fund would grant additional payments in their discretion. In addition, at the end of the fiscal year, there were two claims remaining upon which investigations were pending for final action by the Trustees. Toward the end of the fiscal year, the pace at which claims were being received, had moderated.

The Fund's administrative and clerical services are provided by the staff of the Board of Overseers of the Bar pursuant to a Services Contract dated June 18, 2003. The Contract provides for an annual payment of \$2,000 per year, together with reimbursement of legal services provided by Bar Counsel at the rate of Fifty Dollars (\$50) per hour, subject to an annual cap of Five Thousand Dollars (\$5,000). The Contract continues indefinitely unless terminated by either party upon sixty (60) days' notice.

During the course of the year, the Trustees of the Fund were asked by the Board of Overseers to participate in certain administrative costs related to the Board's supervision of the professional activities of lawyers, involving those against whom claims for reimbursement had been made by former clients. The Trustees declined to participate in such expenses based upon their conclusion that the assets of the Fund were authorized to be used principally to provide reimbursement for losses caused by the dishonest conduct of lawyers.

The Fund's assets and operations are insured by the Risk Management Division of the State of Maine. Its assets are invested in insured bank accounts.

Respectfully submitted,

Diane Cutler
Kathryn M. Dion
Jon S. Oxman, Esq.
Patricia A. Peard, Esq.
Barbara L. Raimondi, Esq.
Chadbourn H. Smith, Esq.
Peter B. Webster, Esq., Chair

Trustees of the Lawyers' Fund for Client Protection

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