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, 2002. As of such date, the Trustees of the Fund were Kathryn M. Dion, Richard C. Engels, Esq., Susan E. Oram, Esq., Patricia A. Peard, Esq., Marc V. Schnur, Chadbourn H. Smith, Esq. and Peter B. Webster, Esq. Ms. Oram was appointed to complete the term of Linda Smith Dyer, a valued member of the Board, who passed away. Ms. Oram and Mr. Webster were reappointed by the Maine Supreme Judicial Court for three-year terms beginning May 1, 2002, and Kathryn M. Dion was appointed for the same three year period, to the position previously occupied by Claude P. M. O’Donnell.

As of June 30, 2002, the Fund had assets of $507,308 based upon the accumulation of assessments beginning with the year 1997. The Fund’s accounts were audited by the firm of Albin, Randall & Bennett, Portland, Maine, which issued its unqualified Independent Auditors’ Report dated August 8, 2002, together with a Management Letter. Copies of the Report and Letter were delivered to the members of the Maine Supreme Judicial Court.

The Trustees conducted four meetings during the year, on August 27, 2001, December 17, 2001, March 25, 2002 and June 11, 2002. The Fund received applications for its first claims during Fiscal Year 2002. In accordance with the Rules, the claims were investigated by Bar Counsel who reviewed the applications and made a recommendation on each matter to the Trustees. During the year, the Trustees considered nine claims and made awards of restitution to eight claimants totaling $9,549. All the claims resulted from the actions of one Maine lawyer, Lenore Anderson Grant. In addition, there were fifteen claims pending before the Trustees, which were concluded subsequent to the end of the year. In light of the number of claims received and the possibility that the per lawyer limit of $50,000 imposed by Rule 13(a)
could be exceeded, the Trustees concluded in a small number of matters that the payment of a portion of the awards of restitution should be held in abeyance, pending the Trustees’ determination of other claims involving the same attorneys.

During the course of the year, the Fund Trustees considered a proposal announced by the Maine Supreme Court that a portion of the Fund’s assets be disbursed to the Maine Assistance Program for Lawyers, to provide funding for those suffering the effects of chemical dependency or mental conditions that impair the ability of a lawyer or judge. The Trustees advised the Court of their opposition to any redirection of the Fund’s assets for uses other than the payment of claims resulting from the dishonest conduct of Maine lawyers. Notwithstanding the Trustees’ opposition, effective September 1, 2002, the Court adopted a rule pursuant to which $100,000 of the Fund’s assets are to be transferred from the Fund to the Maine Assistance Program for Fiscal Year 2003. In addition, amounts from the Client Fund or assessments will fund the Maine Assistance Program in fiscal years 2004 and 2005.

The Fund’s assets and operations are insured by the Risk Management Division of the State of Maine. During the year, the Fund renewed its Administrative Services Agreement with the Board of Overseers of the Bar, pursuant to which administrative and clerical services are provided by the staff of the Board in exchange for appropriate compensation paid by the Fund.

Respectfully submitted,

Kathryn M. Dion
Richard C. Engels, Esq.
Susan E. Oram, Esq.
Patricia A. Peard, Esq.
Marc V. Schnur
Chadbourn H. Smith, Esq.
Peter B. Webster, Esq., Chair

Trustees of the Lawyers’ Fund for Client Protection