Clients' Security Fund

Annual Report | Fiscal Year 2020 - 2021

The Clients' Security Fund was established in 1972 by Rule XII of the D.C. Court of Appeals Rules Governing the District of Columbia Bar and has operated continuously for 49 years through Fiscal Year 2020-21. The Fund's mission, as set forth in Rule XII, Section 3 is: "[To] maintain the integrity and protect the good name of the legal profession by reimbursing... losses caused by dishonest conduct of members of the District of Columbia Bar, acting either as attorneys or as fiduciaries customary to the practice of law..."

The Fund reimburses applicants for losses only as provided for in Rule XII of the Rules Governing the Bar, and the Fund's Rules of Procedure, adopted by the trustees and approved by the Board of Governors. There is a per-claim limit of $100,000 on reimbursement.

Dishonest conduct, which must be found for reimbursement to be approved, is defined in the Fund's Rules as, "wrongful acts causing the loss of a client's money or property, and may include defalcation, embezzlement, conversion of money, and other wrongful taking of property."

The Fund is administered by five court appointed Trustees and funded by D.C. Bar license fees. Once a claimant has submitted a claim to the Fund, Fund staff determine whether the Fund has jurisdiction to hear the claim based on the Fund's Rules of Procedure. The claim is then assigned to an investigating Trustee, who submits a recommendation to the Board of Trustees. Lawyer respondents are provided with notice of the claim and given 30 days to respond.

The Board of Trustees meets monthly to discuss and vote on claims submitted to the Fund. Decisions about reimbursement are within the sole discretion of the trustees. There is no entitlement by any applicant to be reimbursed by the Fund, and decisions by the trustees are final. Applicants who do not agree with a decision of the trustees may submit additional information and request that their claim be reconsidered in light of the new information. If a request for reconsideration is denied, the decision of the trustees is final.

Payments on approved claims are conditioned upon the claimant executing an assignment of rights and subrogation agreement.

FY 2020-21 AT-A-GLANCE

37 Claims opened

- 32 Unearned Legal Fees
- 2 Other Conversion
- 2 Violation of a Fiduciary Duty
- 1 Estates and Trusts

1 Request for Reconsideration

20 Claims Approved

7 Claims Denied

$304,560 Reimbursed to Claimants

$23,175 Restitution Received

$250,000 Bar Allocation to Fund

$0 Interest Earned

Key Accomplishments

- Resolved more than double the number of claims in less than half the amount of time, as compared to FY 2019-20.
- Reduced the average time to process a claim by 53%, from 4.5 months in FY 2019-20 to 2.1 months in FY 2020-21.
- Opened 164% more claims, from 14 in FY 2019-20 to 37 in FY 2020-21.

A LOOK AT OUR FY 2020-21 TRUSTEES

- **Chair: Kim Brooks-Rodney, Esq.,** *Partner, Cohen & Cohen, P.C.*
- **Vice-Chair: Elizabeth Quinn, Esq.,** *Shareholder, Trow & Rahal, P.C.*
- **Brian Wolfman, Esq.,** *Director of the Georgetown University Law Center Appellate Courts Immersion Clinic*
- **Leah Nicholls, Esq.,** *Senior Attorney, Public Justice*
- **Carolyn P. Vinson, Esq.,** *Counsel, Venable, LLP*

CLAIMS FILED UPDATE

Claims Filed in FY 2019-21: 14

Claims Filed in FY 2020-21: 37

Percent Change: 164% increase

AMOUNT PAID TO CLAIMANTS UPDATE

Amount Paid in FY 2019-21: $223,550.21

Amount Paid in FY 2020-21: $304,559.67

Percent Change: 36% increase