

Client Security Fund Newsletter

Vol. 1, No. 3

September 2011

"I appreciate you and the State Bar of Texas for having services to safeguard clients and their families."— Grateful 2011 grant recipient

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Another Record Year for Grants

Although the chief disciplinary counsel makes rigorous attempts to collect unearned fees or misappropriated funds from disciplined lawyers, some restitution judgments remain unsatisfied. The Client Security Fund was established by the State Bar of Texas in 1975 to provide relief to clients whose lawyers have not met their obligations to pay restitution or, in the case of disbarment, resignation, or death of the lawyer, clients who can demonstrate post-judgment that their lawyers stole money from them or failed to refund an unearned fee. Payouts are funded through an annual appropriation from the Bar, currently \$300,000, and interest on the corpus of about \$4 million.

Applications to the Fund are reviewed and acted upon by the Client Security Fund Subcommittee, a standing Board subcommittee of the Bar. Maureen Ray serves as the administrator and legal counsel to the Fund. Ray is responsible for conducting investigations on the applications and presenting the Committee with written summaries containing her recommendations. Last year, Ray presented 129 applications to the Committee. Of the 129, 91 were approved, resulting in total grants of \$704,335. This is an alltime record for the Fund. Of the approved applications, 28 involved attorney theft and 63 involved the failure to refund unearned fees.

FISCAL YEAR	AMOUNT APPROVED
2011	\$704,335
2010	\$486,451
2009	\$701,451
2008	\$435,146
2007	\$465,971
2006	\$450,081
2005	\$379,950
2004	\$250,938
2003	\$672,108
2002	\$430,616

Online Client Security Fund Applications

The State Bar of Texas recently contracted for web-based software that will enable Client Security Fund applicants to complete and submit applications online. Eligible applicants will be prequalified at the website prior to being provided an electronic application to complete. Applicants without internet access will continue to be provided paper applications.

With this software, the Fund's administrator will be able to provide online recommendations on each application to the Fund's decision-makers, who can also share their comments with each other. Where there is unanimous acceptance of the recommendations, a consensus docket can then be presented at the Fund's meetings, increasing review efficiency.

Reporting capabilities which supply statistics generated by the Fund are also included in the software. As these reports have been compiled manually in the past, this aspect of the software is an especially important benefit.

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State Bar of Texas Client Security Fund P.O. Box 12487 Austin, Texas 78711

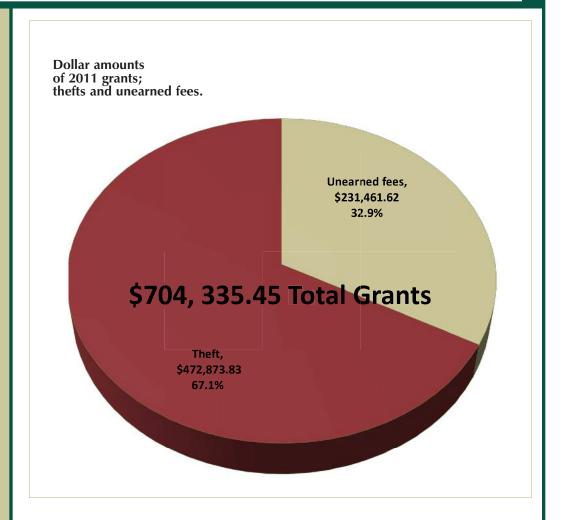
Toll-free Phone: 877/953-5535 Local Phone: 512/427-1350

Fax: 512/427-4167

E-mail: lbaisdon@texasbar.com

"I would like you to know how much I appreciate the time you put into investigating my claim. Your efforts led to the return of most of the funds I paid my lawyer, and I am very thankful."—Grateful 2011 grant recipiant.

"Thanks. You really made a difference. I so appreciate all of your assistance and for being on the good team which is on the "right side" of the people and our great state. God bless you!" — Another grateful 2011 grant recipiant.



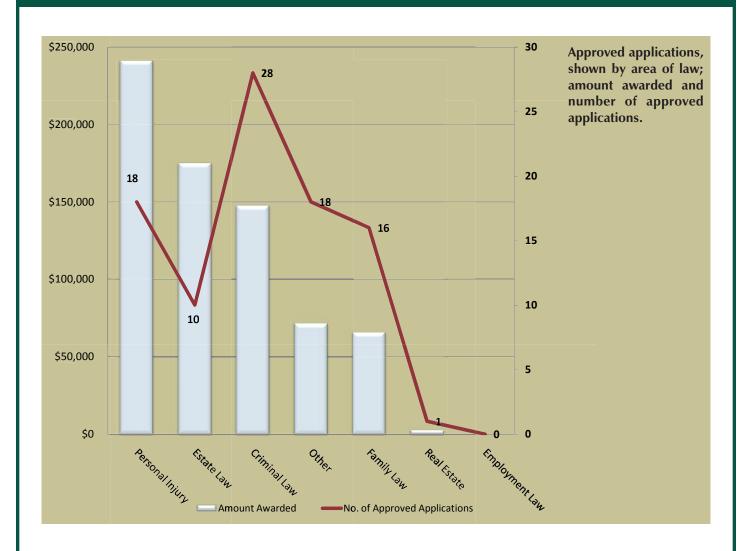
Payee Notification Is Established

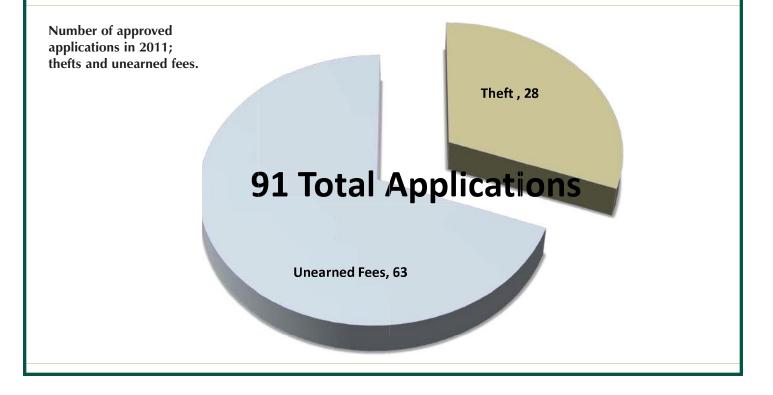
On August 31, 2010, the Texas Department of Insurance issued a Bulletin "strongly encourag[ing]" all insurance companies to notify insurance claimants whenever a settlement payment is made payable to both the claimant and the claimant's attorney but is issued to the attorney only. This process is called "payee notification," and, including Texas, is operative in 14 states. The TDI's Bulletin is the result of a State Bar Board resolution passed in lanuary of 2009. Based on the Board's resolution, the State Bar and TDI worked together to effectuate the advisory. The Bulletin states that the notice provided to the claimant should state the amount and method of the payment and the name and



Texas Law Center, steps away from the Texas Capitol

address of the party to whom the payment is sent. This information is intended to empower clients who are not kept informed by their lawyers or are given misinformation. The State Bar's concerns resulting in the Bulletin stem from amounts paid by the Client Security Fund related to settlement checks stolen by Texas lawyers. In the last five years, grants related to lawyer theft of personal injury settlements totaled over \$1.3 million. These payments derived from 122 individual thefts of settlement funds. According to states that have these measures in place, thefts of settlement checks do not occur once this safeguard is established. By wiping out this egregious source of professional misconduct, it is hoped that public confidence in the legal profession will get a big boost.





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2010-2011 Client Security Fund Subcommittee



Jansonius

John V. Jansonius served as Chair. He is a partner in Dallas' Akin Gump Strauss Hauer & Feld LLP, and is board certified in labor and employment law. Jansonius received his J.D. from SMU in



Campbell

Virginia Campbell is a registered Texas nurse and works as a health care improvement coordinator for Baylor All Saints Medical Center in Ft. Worth.



Ostolaza

Yvette Ostolaza is the national co-head of Weil, Gotshal & Manges LLP's complex commercial litigation group. Ostolaza received her J.D. from the University of Miami School of Law in 1992.



Daniel

Mark G. Daniel served as Vice-Chair. He is a member in Evans, Daniel, Moore & Evans in Ft. Worth, and is board certified in criminal law. Daniel received his J.D. from St. Mary's University in 1980.



Ferguson

Becky Ferguson is a communications specialist based in Midland. She has worked as a news director for a local radio station and a news anchor, producer, and reporter for a local television station.



Richards

Ricky Richards' firm Richards & Penn LLP is a general civil and federal practice. Richards received his J.D. from Baylor University in 1980.



Benesh

W. Stephen Benesh is a partner in the Austin office of Bracewell & Giuliani LLP. He received his J.D. from the University of Texas in 1987.



Luis Garcia is an associate general counsel to McLane Company, Inc., in Temple. He received his J.D. from the University of Houston Law Center in 1990.



Maureen Ray is the administrator and legal counsel to the Fund. She has been with the State Bar for 15 years and is licensed to practice law in Texas, Washington State, and New Jersey.

Ray