

N E W S
New York State
Lawyers' Fund for Client Protection

Additional Information:
Timothy O'Sullivan
(518) 434-1935

Lawyers' Fund Issues 2016 Annual Report

(Albany, NY - 4/3/17) The New York Lawyers' Fund, a unique law client reimbursement program financed by New York's legal profession, has issued its Annual Report for 2016.

The Lawyers' Fund for Client Protection, which is financed by New York State lawyers, reimburses law clients who suffer financial losses caused by the dishonest conduct of their attorney in the practice of law. The principal source of revenue for the Lawyers' Fund is a \$30 a year contribution from the attorney registration fee paid by New York State lawyers. The Fund does not receive any money from taxpayers or from the State's Interest on Lawyer Account (IOLA) program.

The legal profession is the only profession to provide such a protection program for its clients.

In 2016, the Lawyers' Fund granted 155 awards totaling \$9.2 million in reimbursement to eligible law clients. These awards reimbursed losses caused by a total of 48 now suspended, disbarred or deceased lawyers. Of these 48 former lawyers, 20 appear for the first time in the Fund's awards.

The \$9.2 million in awards was primarily due to client losses caused by 10 former attorneys who were responsible for over \$7.1 million (77%) of the total \$9.2 million payout in 2016. There are over 311,000 registered attorneys in New York State.

Examples of law client losses covered by the Lawyers' Fund include the theft of real estate escrow funds, estate or trust assets, litigation settlement proceeds, money embezzled from law clients in investment transactions and unearned legal fees accepted by a lawyer who falsely promised to render legal services. The Fund does not have jurisdiction over claims alleging neglect or malpractice, or in disputes over legal fees.

In the 34-year history of the Lawyers' Fund, the most common loss reimbursed has been the theft of real property escrow funds. Since 1982, nearly 40% of all money reimbursed by the Fund has involved realty escrow losses. In 2016, \$3.4 million (38%) of the \$9.2 million total paid out by the Fund resulted from real property escrow thefts.

The Lawyers' Fund is a special trust created by the State

Legislature. The Fund is administered by a seven-member Board of Trustees appointed by the Judges of the New York State Court of Appeals, the State's highest court. The Board consists of five lawyers and two business and civic leaders. The Trustees serve as a public service without compensation.

The Lawyers' Fund is chaired by **Eric A. Seiff**, a charter Trustee with the Fund since 1981 who is of counsel to the Manhattan law firm of Storch Amini, P.C. The Fund's Vice-Chairman is **Patricia L. Gatling**, an attorney with the Manhattan law firm of Windels Marx Lane & Mittendorf. **Peter A. Bellacosa**, an attorney with the Manhattan law firm of Kirkland & Ellis serves as the Fund's Treasurer.

The Fund's other Trustees are **Anthony J. Baynes** of Williamsville, the founder and Chairman of the AJ Baynes Group of Buffalo; **Stuart M. Cohen** of Rensselaer, an attorney and sole practitioner who served for 14 years as the Clerk of the New York State Court of Appeals; **Charlotte G. Holstein** of Syracuse, a civic leader and Executive Director of F.O.C.U.S. Greater Syracuse; and **Lisa L. Hutchinson**, an attorney in the Farmingdale, Nassau County, law firm of Guercio & Guercio.

The Fund's Annual Report for 2016 sets forth recommendations for changes in policy and court rules in order to protect legal consumers. The recommendations include:

- Expansion of the Dishonored Check Notice Reporting Rule to include Overdraft Notification so that banks will be required to provide notice to the Lawyers' Fund of any overdraft on an attorney trust, special or escrow account;
- Prohibit Overdraft Protection on Attorney Trust, Special or Escrow Accounts by amending the Rules of Professional Conduct.

The New York Lawyers' Fund is located at 119 Washington Avenue, Albany, New York 12210. Telephone: (518) 434-1935 / 800-442-3863. Website: www.nylawfund.org