

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

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

Lawyers' Fund Issues 2013 Annual Report

The New York Lawyers' Fund, a unique law client reimbursement program financed by New York's legal profession, has issued its Annual Report for 2013.

The Lawyers' Fund for Client Protection is a State agency financed by lawyers licensed to practice in New York State. The Fund 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 \$60 share of each \$375 biennial attorney registration fee paid by New York State attorneys. 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 2013, the Lawyers' Fund granted 218 awards providing \$6.9 million in reimbursement to eligible law clients. These awards reimbursed losses caused by a total of 68 now suspended, disbarred or deceased lawyers. Of these 68 former lawyers, 44 appear for the first time in the Fund's awards. There are now over 289,000 registered lawyers in New York State.

Typical 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 31-year history of the Lawyers' Fund, the most common loss reimbursed has been the theft of real property escrow funds. Since 1982, 40% of all money reimbursed by the Fund and 30% of the number of all awards from the Fund have involved realty escrow losses. In 2013, 54 (25%) of the 218 awards and \$2.0 million (29%) of the \$6.9 million total paid out by the Fund resulted solely from real property escrow thefts. Statewide, 29 former lawyers were responsible for the dishonest conduct in these 54 realty escrow thefts in 2013.

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 partner in the Manhattan law firm of Scoppetta, Seiff, Kretz & Abercrombie. The Fund's Vice-Chairman is **Nancy Burner**, an attorney from East Setauket, Suffolk County. **Peter A. Bellacosa**, a Manhattan attorney with 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; **Patricia L. Gatling** of Manhattan, the Commissioner and Chair of the New York City Commission on Human Rights; and **Charlotte G. Holstein** of Syracuse, Executive Director of "Forging Our Community's United Strength", Greater Syracuse.

The Fund's 2013 Annual Report is dedicated to former Trustee **Eleanor B. Alter**, a Manhattan attorney who in 2013 completed 30 years of public service with the Lawyers' Fund. Mrs. Alter also served as the Fund's Chairman for 25 years of her tenure with the Fund.

The Fund's Annual Report for 2013 sets forth recommendations for changes in policy and court rules in order to protect legal consumers. The recommendations include:

- Further study by the State and county bar associations and judicial leaders in an effort to address the problem of real property escrow thefts, including loss prevention measures that might be introduced;

- New court rules protecting escrow funds which are under the control of lawyers disciplined in New York for serious professional misconduct.

- A requirement that New York attorneys disclose on their attorney registration statement whether they maintain malpractice insurance.

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