



THE SUPREME COURT *of* OHIO

ATTORNEY SERVICES FUND  
Annual Report 2009



# THE SUPREME COURT *of* OHIO 2009



SEATED (left to right)

Paul E. Pfeifer • Chief Justice Thomas J. Moyer • Evelyn Lundberg Stratton

STANDING (left to right)

Judith Ann Lanzinger • Maureen O'Connor • Terrence O'Donnell • Robert R. Cupp

# THE SUPREME COURT *of* OHIO

## ATTORNEY SERVICES FUND ANNUAL REPORT

Summary of Activity for Fiscal Year 2009  
*and* Report on Allocations for Fiscal Year 2010

OCTOBER 2009



PRESENTED TO:

**THOMAS J. MOYER**

CHIEF JUSTICE

**PAUL E. PFEIFER**

**EVELYN LUNDBERG STRATTON**

**MAUREEN O'CONNOR**

**TERRENCE O'DONNELL**

**JUDITH ANN LANZINGER**

**ROBERT R. CUPP**

JUSTICES

**STEVEN C. HOLLON**

ADMINISTRATIVE DIRECTOR

PREPARED BY:

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DIRECTOR OF ATTORNEY SERVICES

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ADMINISTRATIVE ASSISTANT

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CLE SPECIALIST

**DENISE SPENCER**

ATTORNEY SERVICES SPECIALIST

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CLE SPECIALIST

**BARBARA WHITE**

ATTORNEY SERVICES SPECIALIST

**TAMMY WHITE**

ATTORNEY SERVICES COORDINATOR

**SHEILA WOODS**

ATTORNEY SERVICES SPECIALIST



# THE SUPREME COURT *of* OHIO

To: Chief Justice Thomas J. Moyer and Justices  
Members of the Ohio Bar  
Members of the Public

This annual report provides a summary of the activity of the Attorney Services Fund for Fiscal Year 2009 (July 1, 2008 – June 30, 2009) and allocations as approved by the Supreme Court of Ohio for Fiscal Year 2010 (July 1, 2009 – June 30, 2010).

The report includes a review of the Attorney Services Fund's balance and projections, audit information and investment policy. This information is provided for informational purposes only and is not to be considered a final or complete audit or financial statement of the activity during the period covered in the report. The Auditor of State conducts an audit of the Attorney Services Fund as part of the regular audit of the Supreme Court.

Respectfully submitted,

Steven C. Hollon, Esq.  
Administrative Director

Susan B. Christoff, Esq.  
Director of Attorney Services







## **I. Attorney Services Fund Registration Requirements and Fees**

Article IV of the Ohio Constitution vests plenary authority with the Supreme Court of Ohio to regulate all aspects of the practice of law in Ohio, including the discipline of persons admitted to the practice of law. In furtherance of this responsibility and in order to maintain an independent and self-funded regulatory system, the Supreme Court assesses and collects various fees and other moneys pursuant to the Supreme Court Rules for the Government of the Bar of Ohio. All moneys collected pursuant to those rules, other than those related to the bar admissions process, are deposited into the Attorney Services Fund.

### *Biennial Registration Requirements and Fees*

Rule VI of the Supreme Court Rules for the Government of the Bar of Ohio (Gov. Bar R. VI) imposes a biennial registration requirement on each attorney practicing law in the state of Ohio. Each attorney licensed to practice law in the state, except for attorneys who are on inactive or retired status, and each non-Ohio attorney registered for corporate status must register with the Court on or before the first day of September in each odd-numbered year. Each active attorney and each non-Ohio attorney registered for corporate status is required to pay a \$350 registration fee at the time of biennial registration. Registration fees are reduced or waived for attorneys who are admitted to practice in the second year of the registration biennium.

The Supreme Court imposes monetary sanctions on attorneys who fail to register timely with the Court. Gov. Bar R. VI imposes a late registration fee of \$50 on any attorney who fails to register with the Court by the due date. Effective May 1, 2009, the late registration period was shortened from 90 to 60 days. Accordingly, an attorney who remains unregistered more than 60 days after the due date is summarily suspended from the practice of law and must register, pay all outstanding registration fees and pay a \$300 reinstatement fee to be reinstated to the practice of law.

### *Attorney Services Fund*

All registration, late registration and reinstatement fees are paid into the Attorney Services Fund. The fund also receives revenue from a variety of other sources pursuant to the Rules for the Government of the Bar, including cost reimbursements from disciplined attorneys, civil penalties and costs assessed against persons who are found to have engaged in the unauthorized practice of law and income from the investment of moneys deposited in the fund. Pursuant to Gov. Bar R. VI, Section 7(A), the moneys in the Attorney Services Fund are used for the following purposes: (1) to fund the disciplinary process; (2) to support the activities of the Clients' Security Fund, the Commission on Continuing Legal Education, and the Board on the Unauthorized Practice of Law; (3) to fund any activity considered necessary by the Supreme Court for the government of the bar and the judiciary of Ohio; and (4) to fund any activities related to the administration of justice considered necessary by the Supreme Court.





Schedule 1 (*see page 7*) of this report contains a summary of expenditures from the Attorney Services Fund for Fiscal Years 2008 and 2009 and allocations for Fiscal Year 2010.

## **II. Summary of Fund Activity in Fiscal Year 2009**

In Fiscal Year 2009, \$7,088,220 was expended from the Attorney Services Fund.

### *Disciplinary-Related Expenses*

In Fiscal Year 2009, \$4,871,728 (68.73 percent) in total expenditures were used to fund the disciplinary process established by the Court in Gov. Bar R. V. Of this amount, \$2,457,399 were expended by the Office of Disciplinary Counsel, which accounts for the entire operational budget of that office. A total of \$780,514 was expended by the Board of Commissioners on Grievances & Discipline to fund the operation of the board. An additional \$1,602,857 were expended by the board to reimburse local bar association certified grievance committees for disciplinary-related activities. The Supreme Court Reporter of Decisions expended \$30,958 to publish legal notices in newspapers of general circulation upon the Court's issuance of a disciplinary order, as required by Gov. Bar R. V, Section 8(D) (2).

### *Clients' Security Fund*

Since 1985, the Supreme Court allocates moneys from the Attorney Services Fund to compensate clients who are victims of theft, embezzlement or misappropriation by dishonest attorneys. The Clients' Security Fund is established in Gov. Bar R. VIII and administered by an independent board of commissioners appointed by the Court. By rule, the board may award a client up to \$75,000 to reimburse the client for financial losses incurred as a result of the misconduct by the client's attorney. In Fiscal Year 2009, \$337,354 were expended by the board for its operation. In addition, the Supreme Court allocated \$250,000 to the Clients' Security Fund Trust Fund to replenish that fund. Together, these amounts represent 8.29 percent of Attorney Services Fund expenditures.

In Fiscal Year 2009, the board expended \$669,800 from the trust fund to reimburse 111 eligible claimants. As of June 30, 2009, there were 355 claims pending, representing a potential liability to the Attorney Services Fund of \$4,100,000. For more information regarding claims against the Clients' Security Fund, see the most recent Clients' Security Fund annual report at [www.supremecourt.ohio.gov/Boards/clientSecurity/](http://www.supremecourt.ohio.gov/Boards/clientSecurity/).



### *Attorney Services Administration*

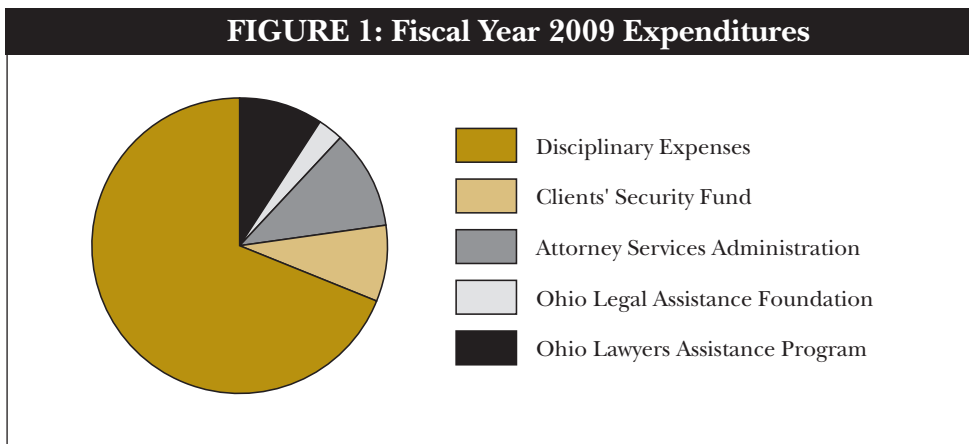
The Attorney Services division of the Supreme Court is responsible for delivering services to Ohio attorneys and assisting the Court in exercising its constitutional responsibility to regulate the practice of law in Ohio. A total of \$774,138 were expended from the Attorney Services Fund for this purpose in Fiscal Year 2009. These moneys, which represent 10.92 percent of total expenditures, supported the operations of the Office of Attorney Services (\$542,250), the Commission on Certification of Attorneys as Specialists (\$13,124), the Commission on Professionalism (\$10,727) and the Board on the Unauthorized Practice of Law (\$5,601). Further, \$202,436 were expended on reimbursement of expenses related to investigation and prosecution of unauthorized practice of law matters.

### *Discretionary Grants*

The remaining \$855,000 in expenditures represents grants to two nonprofit organizations that assist the Supreme Court in providing oversight of the Ohio bench and bar and in the administration of justice. In Fiscal Year 2009, the Court awarded grants of \$200,000 to the Ohio Legal Assistance Foundation and \$655,000 to the Ohio Lawyers Assistance Program. These grants represent 2.82 percent and 9.24 percent respectively, of the expenditures from the Attorney Services Fund.

The Ohio Legal Assistance Foundation is established pursuant to statutory authority and has, as its primary responsibility, the duty of administering and allocating various funds for Ohio's legal aid programs. These programs provide direct civil legal assistance to low-income Ohioans who qualify for services. The moneys are used for pro bono development and enhancement, technology enhancement and support and performance assessments of legal aid programs.

The Ohio Lawyers Assistance Program provides intervention and monitoring assistance to Ohio lawyers, judges and law students who suffer from alcoholism, substance abuse or mental illness. The program also receives contributions from the Ohio State Bar Association, the Ohio Bar Liability Insurance Company and other entities.





#### *Fund Income and Balance*

The Attorney Services Fund realized income of \$1,265,474 in Fiscal Year 2009 from the following sources: (1) biennial registration fees, including late fees, reinstatement fees and fees collected pursuant to Gov. Bar R. XIV, "Certification of Attorneys as Specialists" (\$543,950); (2) reimbursement of costs (\$159,719); (3) investment income (\$92,329); and (4) other sources, including revenue collected pursuant to Gov. Bar R. X, "Attorney Continuing Legal Education" (\$448,830), as well as miscellaneous deposits and a state accounting transfer correction (\$20,646). In Fiscal Year 2009, the Attorney Services Fund had an estimated average monthly cash and investment balance of \$8,371,401.

### **III. Report on Allocations for Fiscal Year 2010**

The Supreme Court allocated \$7,724,691 from the Attorney Services Fund for the fiscal year beginning July 1, 2009. The allocations are made to 10 entities representing 13 separate funds or activities.

#### *Disciplinary-Related Expenses*

The Supreme Court allocated \$5,308,709 (68.72 percent of total allocations) to support the operation of the disciplinary process. This figure includes separate allocations of \$2,545,381 to fund the Office of Disciplinary Counsel; \$957,328 to fund the operation of the Board of Commissioners on Grievances & Discipline; \$1,775,000 to reimburse certified local grievance committees for their work in investigating and prosecuting disciplinary matters; and \$31,000 to the Reporter of Decisions for publication of disciplinary orders issued by the Court.

#### *Clients' Security Fund*

The operation of the Clients' Security Fund is funded by an allocation of \$347,086. An additional \$250,000 was allocated to replenish the entity's trust fund and ensure a sufficient fund balance. These allocations represent 7.73 percent of total allocations.

#### *Attorney Services Administration*

A total of \$963,896 (12.48 percent of total allocations) was allocated to fund the activities of the Attorney Services Division of the Supreme Court. This allocation includes: (1) \$680,058 to the Office of Attorney Services<sup>1</sup>; (2) \$28,250 to support the operation of the Board on the Unauthorized Practice of Law and an additional \$160,000 to reimburse bar associations

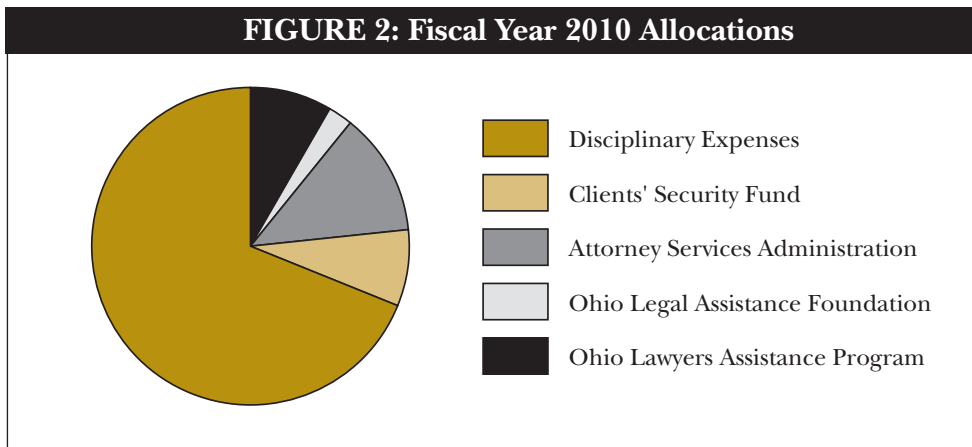
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<sup>1</sup> The figure includes the allocation for attorney registration and continuing legal education operations. The figure excludes allocations from the fund to other offices in the Office of Attorney Services, such as the Board on the Unauthorized Practice of Law, the Commission on Professionalism and the Commission on Certification of Attorneys as Specialists, which are given separate allocations.

for costs incurred in investigating and prosecuting allegations of the unauthorized practice of law; (3) \$67,160 to support the activities of the Commission on Professionalism; and (4) \$28,428 to support the activities of the Commission on Certification of Attorneys as Specialists.

*Discretionary Grants*

The Supreme Court approved a grant of \$200,000 to the Ohio Legal Assistance Foundation for its work in supporting the delivery of civil legal services to indigent persons. The Court also awarded a grant of \$655,000 to the Ohio Lawyers Assistance Program for alcohol, substance abuse and mental health intervention programs. Together, these grants represent 2.59 percent and 8.48 percent respectively, of the allocations for Fiscal Year 2010.



**IV. Fund Balance and Projections**

On June 30, 2009, the Attorney Services Fund had a balance of \$5,797,654. In Fiscal Year 2010, the fund is projected to realize income of \$15,504,464 (including fees, reimbursements and interest income) and expend an estimated \$7,724,691. On June 30, 2010, the Attorney Services Fund is projected to have an estimated balance of \$14,046,427.

**V. Audit**

The Auditor of State conducts a complete audit of the Attorney Services Fund on a regular basis. The audit occurs at the same time as the audit of other funds that are appropriated to or collected by the Supreme Court. The most recent audit of the Court was for the biennial period ending June 30, 2008. No material noncompliance or reportable conditions in internal control were reported involving any funds of the Court, including the Attorney Services Fund. The next audit of the Attorney Services Fund has not been scheduled as of the date of this report.



## **VI. Investment Policy**

Attorney registration fees are deposited directly into a bank lockbox maintained by U.S. Bank, where they are invested in financial instruments. U.S. Bank was selected to maintain the lockbox through a competitive bid process for moneys deposited and collected in Fiscal Years 2010 and 2011.

Attorney Services Fund moneys are managed in a conservative, risk-adverse manner through investments made in compliance with the Uniform Depository Act, as set forth in Ohio Revised Code Chapter 135, and amended by the Investment Reform Act of 1996. These and other state and federal laws require the fund's moneys not be placed at risk in the marketplace through investments in derivatives, reverse purchase agreements or any method of leveraging. The fund's investments are primarily in federal money market accounts and other U.S. government obligations, such as treasury bills, notes and bonds; the Federal Home Loan Mortgage Corporation; the Federal National Mortgage Association; and the Government National Mortgage Association.

## **VII. Summary**

The Attorney Services Fund allows the Supreme Court to maintain an effective and efficient system for regulating all post-admission aspects of the practice of law, consistent with its responsibility under the Ohio Constitution. It also provides important financial resources to organizations aiding in the provision of legal services to the poor and assist lawyers who are suffering from alcoholism, substance abuse or mental illness. All activities supported are invaluable in ensuring the public's continued trust and confidence in the legal system.

The Attorney Services Fund is in a solid financial position and is expected to maintain that position throughout Fiscal Year 2010.

## **VIII. Comments and Inquiries**

Comments and inquiries regarding this report or the fund may be directed to Steven C. Hollon, Administrative Director, or Susan B. Christoff, Director of Attorney Services, Supreme Court of Ohio, 65 South Front Street, Columbus, Ohio 43215-3431.



## SCHEDULE 1

	FY 2008 Expenditures	FY 2009 Allocations	FY 2009 Expenditures	% of FY 2009 Allocations Expended	FY 2010 Allocations	% of Total FY 2010 Allocations
<b>Office, Board, Commission</b>						
<b>Office of Disciplinary Counsel</b>						
-Operations Budget (Total)	\$2,287,741	\$2,495,181	\$2,457,399	98.49%	\$2,545,381	32.95%
<b>Board of Commissioners on Grievances and Discipline</b>						
-Operations Budget (Total)	\$816,717	\$938,657	\$780,514	83.15%	\$957,328	12.39%
-Reimbursement of Certified Local Grievance Committees	\$1,639,159	\$1,620,000	\$1,602,857	98.94%	\$1,775,000	22.98%
<b>Clients Security Fund</b>						
-Operations Budget (Total)	\$328,236	\$357,281	\$337,354	94.42%	\$347,086	4.49%
-Trust Fund	\$750,000	\$250,000	\$250,000	100.00%	\$250,000	3.24%
<b>Office of Reporter of Decisions</b>						
-Publication of Legal Notice in Discipline Cases	\$34,336	\$31,000	\$30,958	99.86%	\$31,000	0.40%
<b>Office of Attorney Services</b>						
-Operations Budget (Total)	\$727,527	\$702,251	\$542,250	77.22%	\$680,058	8.80%
<b>Board on the Unauthorized Practice of Law</b>						
-Operations Budget (Total)	\$9,112	\$26,500	\$5,601	21.14%	\$28,250	0.37%
-Reimbursement of Expenses	\$72,869	\$288,841	\$202,436	70.09%	\$160,000	2.07%
<b>Commission on Professionalism</b>						
-Operations Budget (Total)	\$67,772	\$62,700	\$10,727	17.11%	\$67,160	0.87%
<b>Commission on Certification of Attorneys as Specialists</b>						
-Operations Budget	\$10,972	\$28,857	\$13,124	45.48%	\$28,428	0.37%
<b>Ohio Legal Assistance Foundation</b>						
-Grant	\$200,000	\$200,000	\$200,000	100.00%	\$200,000	2.59%
<b>Ohio Lawyers Assistance Program</b>						
-Grant	\$500,000	\$655,000	\$655,000	100.00%	\$655,000	8.48%
<b>TOTAL</b>	\$7,444,441	\$7,656,268	\$7,088,220	92.58%	\$7,724,691	100%









# THE SUPREME COURT *of* OHIO

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65 South Front Street Columbus, Ohio 43215-3431