



THE SUPREME COURT *of* OHIO

---



2015

ATTORNEY SERVICES FUND  
ANNUAL REPORT



# THE SUPREME COURT *of* OHIO

## ATTORNEY SERVICES FUND ANNUAL REPORT

Summary of Activity for Fiscal Year 2015  
and Report on Allocations for Fiscal Year 2016

OCTOBER 2015



PRESENTED TO

**MAUREEN O'CONNOR**

CHIEF JUSTICE

**PAUL E. PFEIFER**

**TERRENCE O'DONNELL**

**JUDITH ANN LANZINGER**

**SHARON L. KENNEDY**

**JUDITH L. FRENCH**

**WILLIAM M. O'NEILL**

JUSTICES

PRESENTED BY

**MICHAEL L. BUENGER**

ADMINISTRATIVE DIRECTOR

**SUSAN B. CHRISTOFF**

DIRECTOR OF ATTORNEY SERVICES

# OFFICE OF ATTORNEY SERVICES

PREPARED BY

**CAROLYN ANTONIOS**  
ATTORNEY SERVICES SPECIALIST

**SUSAN B. CHRISTOFF**  
DIRECTOR OF ATTORNEY SERVICES

**MINERVA ELIZAGA**  
SENIOR ATTORNEY SERVICES COUNSEL

**LORI GILBERT**  
ATTORNEY SERVICES SPECIALIST

**LORI KEATING**  
ATTORNEY SERVICES COUNSEL

**JODIE MARMON**  
CLE SPECIALIST

**TERESA McCOY**  
ATTORNEY SERVICES SPECIALIST

**LEI MOORE**  
ADMINISTRATIVE ASSISTANT

**DENISE SPENCER**  
CLE SPECIALIST

**BARBARA WHITE**  
ATTORNEY SERVICES SPECIALIST

**TAMMY WHITE**  
ATTORNEY SERVICES MANAGER

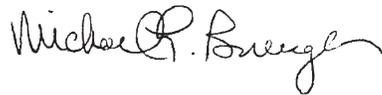
# THE SUPREME COURT *of* OHIO

To: Chief Justice Maureen O'Connor and Justices  
Members of the Ohio Bar  
Members of the Public

This Annual Report on the Attorney Services Fund provides a summary of the activity of the Attorney Services Fund for Fiscal Year 2015 (July 1, 2014 – June 30, 2015), and sets out budget allocations from the fund as approved by the Supreme Court for Fiscal Year 2016 (July 1, 2015 – June 30, 2016).

The report includes a review of the 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 fund activity during the period covered in the report. The auditor of state conducts an audit of the fund as part of the regular biennial audit of the Supreme Court of Ohio.

Respectfully submitted,



Michael L. Buenger, 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 admission to the practice of law, the discipline of persons admitted to the practice of law, and all other matters relating 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 the rules, other than those related to the bar admissions process and pro hac vice admission, are deposited in 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 his or her biennial registration. Registration fees are reduced or waived for attorneys who are admitted to practice in the second year of the registration biennium. Revenues from attorney registration fees are significantly lower in odd-numbered fiscal years because attorneys are required to register with the Supreme Court during even-numbered fiscal years.

The Supreme Court imposes monetary sanctions on attorneys who fail to register timely. Gov.Bar R. VI imposes a late registration fee of \$50 on any attorney who fails to register by the due date. 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 in order to be reinstated to the practice of law.

### Attorney Services Fund

Gov.Bar R. VI registration, late registration, and reinstatement fees are paid into the fund. The fund also receives revenue from other sources pursuant to the Rules for the Government of the Bar, including cost reimbursements from disciplined attorneys and civil penalties and costs assessed against persons who are found to have engaged in the unauthorized practice of law.

Pursuant to Gov.Bar R. VI, Section 8(A), the moneys in the fund are used to (1) fund the disciplinary process; (2) support the activities of the Lawyers' Fund for Client Protection, the Commission on Continuing Legal Education, and the Board on the Unauthorized Practice of Law; (3) fund any activity considered necessary by the Supreme Court for the government of the bar and the judiciary of Ohio; and (4) fund any activities related to the administration of justice considered necessary by the Supreme Court.

*Schedule 1* of this report contains a summary of fund expenditures for Fiscal Years 2014 and 2015, and allocations for Fiscal Year 2016.

## II. Summary of Fund Activity in Fiscal Year 2015

In Fiscal Year 2015, \$9,161,534.79 was expended from the Attorney Services Fund.

### Disciplinary-Related Expenses

In Fiscal Year 2015, \$5,357,272 was used to fund the disciplinary process established by the Court in Gov.Bar R. V and Gov.Jud.R. II, "Disciplinary Procedure." This is 58.48 percent of total fund expenditures in FY 2015. Of this amount, \$2,744,133 was expended by the Office of Disciplinary Counsel, which accounts for the entire operational budget of that office. A total of \$676,394 was expended by the Board of Professional Conduct to fund the operations of the board. An additional \$1,914,883 was expended by the board to reimburse local bar association certified grievance committees for disciplinary-related activities. The Supreme Court reporter of decisions expended \$21,862 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, former Section 8(D) (2).

### Lawyers' Fund for Client Protection

Since 1985, the Supreme Court has allocated moneys from the Attorney Services Fund to compensate clients who are victims of theft, embezzlement, or misappropriation by dishonest attorneys. The Lawyers' Fund for Client Protection is established in Gov.Bar R. VIII and is 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 financial losses incurred as a result of the misconduct of his or her attorney. In Fiscal Year 2015, \$372,193 was expended by the Board of Commissioners of the Lawyers' Fund for Client Protection for its operations. In addition, the Supreme Court allocated \$1,400,000 to the Lawyers' Fund for Client Protection Trust Fund to replenish that fund. Together, these amounts represent 19.34 percent of Attorney Services Fund expenditures.

In Fiscal Year 2015, the board awarded a total of \$767,081 from the trust fund to reimburse 141 eligible claimants. As of June 30, 2015, there were 306 claims pending, representing a potential liability to the fund of \$2,050,315. For more information regarding claims filed with the Lawyers' Fund for Client Protection, please see the most recent annual report prepared by the Board of Commissioners of the Lawyers' Fund for Client Protection.

### Attorney Services Administration

The Attorney Services Division of the Supreme Court is comprised of the Office of Attorney Services and the Office of Bar Admissions. These two offices are charged with supporting the Court in the exercise of its constitutional responsibility to regulate the practice of law in Ohio. The Office of Attorney Services has many responsibilities, including registering attorneys each biennium, administering the Lawyer to Lawyer Mentoring Program, and maintaining attorney and judge attorney registration and continuing legal education records.

A total of \$607,169 was expended for the Attorney Services Division in Fiscal Year 2015. These moneys, which represent 6.63 percent of total fund expenditures, supported the operations of the Office of Attorney Services (\$545,051), the Commission on Certification of Attorneys as Specialists (\$183), the Commission on Professionalism (\$23,039), and the Board on the Unauthorized Practice of Law (\$5,316). Further, \$33,580 was expended on reimbursement of expenses related to investigation and prosecution of unauthorized practice of law matters.

Effective January 1, 2014, Gov.Bar R. XII (Pro Hac Vice Admission) was amended to provide that pro hac vice registration fees are deposited in the Admissions Fund. Pursuant to this amended rule, \$339,900 in pro hac vice registration fees was transferred from the Attorney Services Fund to the Admissions Fund to support the operations of the Office of Bar Admissions in FY 2015. This represents 3.71 percent of the expenditures from the fund.

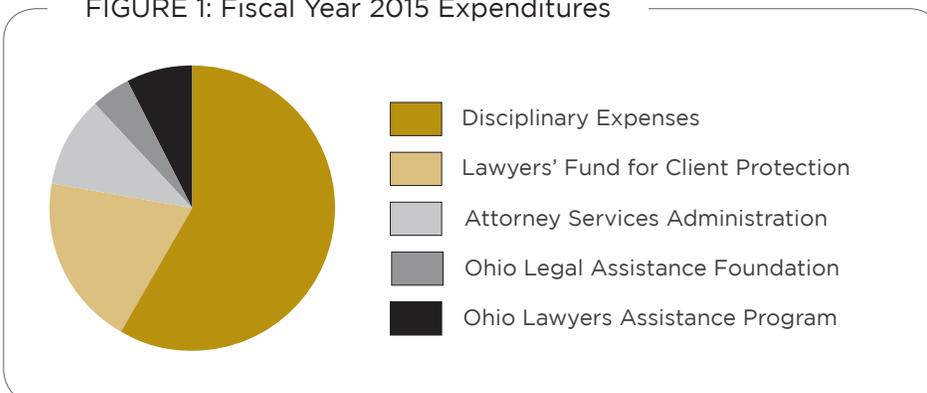
#### Discretionary Grants

The remaining \$1,085,000 in expenditures from the fund represented 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 2015, the Court awarded grants of \$400,000 to the Ohio Legal Assistance Foundation and \$685,000 to the Ohio Lawyers Assistance Program. These grants represent 4.36 percent and 7.48 percent respectively, of the expenditures from the 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 contributed from the fund to the foundation 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. In addition to moneys allocated from the fund, the program receives contributions from the Ohio State Bar Association, the Ohio Bar Liability Insurance Company, and other entities.

FIGURE 1: Fiscal Year 2015 Expenditures



### Fund Income and Balance

The fund realized income and revenue of \$1,188,268 in Fiscal Year 2015 from the following sources:

- Biennial registration fees, including late fees, reinstatement fees, and fees collected pursuant to Gov.Bar R. XIV (Certification of Attorneys as Specialists) (\$296,550)
- Reimbursement of costs in Gov.Bar R. V (Disciplinary Procedure) and reimbursement of costs and payment of civil penalties in Gov.Bar R. VII (Unauthorized Practice of Law) cases (\$93,277)
- Net investment income (net of banking fees charged and earnings credits to offset fees) (\$7,133)
- Revenue collected pursuant to Gov.Bar R. X (Attorney Continuing Legal Education) (\$451,408)
- Revenue collected pursuant to Gov.Bar R. XII (Pro Hac Vice transferred to Admissions Fund) (\$339,900).

The fund had an estimated average monthly cash and investment balance of \$10,641,984 in Fiscal Year 2015.

### III. Report on Allocations for Fiscal Year 2016

The Supreme Court allocated \$9,803,201 from the Attorney Services Fund for the fiscal year beginning July 1, 2015. The allocations are made to 9 entities representing 13 separate funds or activities.

#### Disciplinary-Related Expenses

The Court allocated \$5,919,426 (60.38 percent of total fund allocations) to support the operation of the disciplinary process. This figure includes separate allocations of \$3,072,345 to fund the Office of Disciplinary Counsel; \$947,081 to fund the operations of the Board of Professional Conduct; and \$1,900,000 to reimburse certified local grievance committees for their work in investigating and prosecuting disciplinary matters.

In 2015, amendments to Gov.Bar R. V (“Disciplinary Procedure”) eliminated the requirement that the reporter of decisions publish disciplinary orders in local newspapers with the largest general circulation. Accordingly, the Fiscal Year 2016 Attorney Services Fund budget does not include an allocation to the reporter of decisions for publication of legal notices.

#### Lawyers’ Fund for Client Protection

The operations of the Lawyers’ Fund for Client Protection is funded by an allocation of \$405,152. An additional \$1,400,000 is allocated to replenish that entity’s trust fund and ensure a sufficient fund balance. These allocations represent 18.41 percent of the total fund allocations.

### Attorney Services Administration

A total of \$993,623 (10.14 percent of total fund allocations) was allocated to fund the activities of the Attorney Services Division of the Supreme Court. This allocation includes: (1) \$794,400 to the Office of Attorney Services; (2) \$17,075 to support the operation of the Board on the Unauthorized Practice of Law and an additional \$100,328 to reimburse bar associations for costs incurred in investigating and prosecuting allegations of the unauthorized practice of law; (3) \$56,020 to support the activities of Commission on Professionalism; and (4) \$25,800 to support the activities of the Commission on Certification of Attorneys as Specialists. Expenses for Office of Attorney Services operations are typically higher in an even-numbered year to account for increased expenses related to the biennial registration of active and corporate attorneys.

### Discretionary Grants

The Court approved a grant of \$400,000 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 \$685,000 to the Ohio Lawyers Assistance Program for alcohol, substance abuse, and mental health intervention programs. Together, these grants represent 4.08 percent and 6.99 percent, respectively, of the fund allocations for Fiscal Year 2016.

FIGURE 2: Fiscal Year 2016 Allocations



## IV. Fund Balance and Projections

On June 30, 2015, the fund had a balance of \$7,454,057. In Fiscal Year 2016, the fund is projected to realize income of \$15,837,775 (including fees, reimbursements, and interest income) and expend an estimated \$9,803,201. On June 30, 2016, the fund will have an estimated balance of \$13,488,631.

## 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 was conducted in the spring and summer of 2014, during which the auditor issued a clean audit with no instances of noncompliance or internal control weaknesses through Fiscal Year 2014. The

next audit is expected to be conducted in the spring and summer of 2016, for Fiscal Years 2015 and 2016.

## **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 fund's lockbox through a competitive-bid process for moneys deposited and collected in Fiscal Year 2015.

The fund's 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 that 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 avoiding high bank insurance charges. Investment income is net of bank fees charged and does not include earnings credit for balances held to offset fees. The fund continues to seek more optimal investment options, as permitted by statute.

## **VII. Summary**

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

The fund is in a solid financial position and it is expected to maintain that position throughout Fiscal Year 2016.

## **VIII. Comments and Inquiries**

Any comments and inquiries regarding this report or the fund may be directed to Michael L. Buenger, Administrative Director, or Susan B. Christoff, Director of Attorney Services, Supreme Court of Ohio, 65 South Front Street, Columbus, Ohio 43215-3431.

## SCHEDULE 1

### Fund Expenditures FY 2014 and 2015/Allocations FY 2016

Office, Board, Commission	FY 2014 Expenditures	FY 2015 Allocations	FY 2015 Expenditures	% of FY 2015 Allocations Expended	FY 2016 Allocations	% of Total FY 2016 Allocations
<b>Office of Disciplinary Counsel</b>						
Operations Budget	\$2,544,638	\$2,868,287	2,744,133	95.67%	\$3,072,345	31.34%
<b>Board of Professional Conduct</b>						
Operations Budget	\$615,450	\$759,780	\$676,394	89.02%	\$947,081	9.66%
Reimbursement of Certified Local Grievance Committees	\$1,818,764	\$1,920,000	\$1,914,883	99.73%	\$1,900,000	19.38%
<b>Lawyers' Fund for Client Protection</b>						
Operations Budget	\$470,164	\$391,841	\$372,193	94.99%	\$405,152	4.13%
Trust Fund	\$1,400,000	\$1,400,000	\$1,400,000	100.00%	\$1,400,000	14.28%
<b>Office of Reporter of Decisions</b>						
Publication of Legal Notice in Discipline Cases	\$22,414	\$41,000	\$21,862	53.32%	\$0	0.00%
<b>Office of Attorney Services</b>						
Operations Budget	\$688,587	\$702,032	\$545,051	76.64%	\$794,400	8.10%
Pro Hac Vice Transfer <sup>1</sup>			\$339,900			
<b>Board on Unauthorized Practice of Law</b>						
Operations Budget	\$3,286	\$17,075	\$5,316	31.13%	\$17,075	0.17%
Reimbursement of Expenses	\$42,697	\$100,328	\$33,580	33.47%	\$100,328	1.02%
<b>Commission on Professionalism</b>						
Operations Budget (Total)	\$34,286	\$56,020	\$23,039	41.13%	\$56,020	0.57%
<b>Commisson on Certification of Attorneys as Specialists</b>						
Operations Budget	\$2,638	\$25,800	\$183	0.71%	\$25,800	0.26%
<b>Ohio Legal Assistance Foundation</b>						
Grant	\$350,000	\$400,000	\$400,000	100.00%	\$400,000	4.08%
<b>Ohio Lawyers Assistance Program</b>						
Grant	\$685,000	\$685,000	\$685,000	100.00%	\$685,000	6.99%
<b>TOTAL</b>	<b>\$8,677,924</b>	<b>\$9,367,163</b>	<b>\$9,161,534</b>	<b>97.80%</b>	<b>\$9,803,201</b>	<b>100.00%</b>

<sup>1</sup> Pursuant to Gov.Bar R. XII, Sec. 7, eff. 1-1-14, pro hac vice registration fees are to be deposited in the Admissions Fund.



Published by  
THE SUPREME COURT *of* OHIO  
OCTOBER 2015



# THE SUPREME COURT *of* OHIO

---

65 South Front Street Columbus, Ohio 43215-3431