

**REPORT OF
THE WISCONSIN LAWYERS' FUND FOR CLIENT PROTECTION**

**FISCAL YEAR 2007
JULY 1, 2006 THROUGH JUNE 30, 2007**

Attorney David M. Reddy (member, 2008) was appointed chairperson to serve until June 30, 2007. In addition to Attorney Reddy, the other members serving on the committee in fiscal year 2007 were Attorney Stephen J. Holden (2007) who also served as vice chair, Mr. William A. Neill (2008), Attorney Joseph P. Wright (2009), Attorney Wayne L. Maffei (2010), Attorney Deborah Smith (2011), and Mr. Steve Behar (2011).

The committee met three times, August 1, 2006, November 9, 2006, and March 20, 2007, to consider claims filed and address other business.

CLAIMS SUMMARY

During fiscal year 2007, the committee acted upon a total of 66 claims. The claims included 59 new claims first presented in fiscal year 2007; two claims from fiscal year 2006 presented for reconsideration; and five claims deferred from fiscal year 2006. The 66 claims were against 26 attorneys.

A total of 42 claims were approved in the following categories:

- Theft by Investment – one claim totaling \$75,000
- Trust Account Conversion – seven claims totaling \$84,882.20
- Unearned Advanced Fees – 34 claims totaling \$67,889.85

The Fund approved claims against the following 14 individual attorneys:

- Jane A. Edger – one claim totaling \$1,00
- Thomas A. Fadner, II – two claims totaling \$8,825
- Maureen B. Fitzgerald – one claim totaling \$1,500
- David L. Ham – one claim totaling \$750
- Kathryn Karlsson – one claim totaling \$1,000
- Charles R. Koehn – six claims totaling \$13,984
- Charles K. Krombach – one claim totaling \$27,135.05
- Kathleen Carol Mann – one claim totaling \$2,500

- Arthur J. Morrissey – one claim totaling \$6,015.82
- Godfrey Y. Muwonge – seven claims totaling \$18,900
- Mark Gerard Pierquet– 12 claims totaling \$14,047.47
- Gerald Proost – one claim totaling \$75,000
- Lyle Paul Schaller – one claim totaling \$3,383.38
- John E. Sheehan – five claims totaling \$51,733.33
- Hazel Jean Washington – one claim totaling \$2,500

Of the 66 claims considered, 29 were approved for payment in full, 12 were approved in part and denied in part, 20 were denied in full, one was tabled, and four were deferred for further consideration.

As of the date of this report, 17 claims have been received for consideration in fiscal year 2008. In addition, the four deferred claims, totaling \$37,380 will again be considered in fiscal year 2008.

REVENUE

The Wisconsin Lawyers' Fund for Client Protection ended fiscal year 2006 with a balance of \$94,151.34. During fiscal year 2007, there was a Wisconsin Lawyers' Fund for Client Protection assessment of \$25 per attorney.

Total assessments collected amounted to \$462,049.50. Interest on deposits totaled \$18,323.34. Restitution collected from attorneys totaled \$11,008.59. Total funds available to the committee for distribution during fiscal year 2007, therefore, were \$585,532.77.

EXPENSES

Of the 66 claims considered in the fiscal year, 41 were paid for a total amount of \$227,772.05. One claim, in the amount of \$400, was not paid because the claimant did not return the signed subrogation agreement. Administrative expenses were paid in the aggregate amount of \$46,284.88. Total disbursements made by the fund were thus \$274,056.93. As of the end of the fiscal year—June 30, 2007—the fund balance was \$311,475.84.

OTHER ACTION

At its March 20, 2007 meeting, the committee set the assessment for fiscal year 2008 at \$16 per attorney. In determining the assessment, the committee noted that four claims totaling \$37,380

had been deferred to fiscal year 2008 for consideration and numerous applications for reimbursement specific to a single attorney have been distributed by the administrator of the Wisconsin Lawyers' Fund for Client Protection to former clients. The committee also anticipates additional claims to be filed against attorneys the committee has recently approved claims against.

The Fund recognized its 25th anniversary with an article in the October 2006 issue of the *Wisconsin Lawyer* magazine. The article focused on the history and evolution of the fund.

The committee also approved maintaining current notice on the State Bar website under the lawyer search function for all lawyers against whom claims have been approved; except those who have had their licenses reinstated and have fully reimbursed the fund or who are current on an approved repayment plan.

The Wisconsin Supreme Court held a public hearing on December 11, 2006 Re: In the Matter of the Amendment of Supreme Court Rule 12.11 – Confidentiality; and In the Matter of the Addition of: Supreme Court Rule 12.12 – Immunity; Supreme Court Rule 12.13 - Reimbursement from the Fund is Discretionary; and, Supreme Court Rule 21.16(5m) – Restitution. The Court issued its Order on May 11, 2007 adopting the revision to SCR12.11 and the creation of SCR 12.13. The Order was effective May 11, 2007.

Prior to the March 21, 2007 open administrative conference, the Fund voluntarily withdrew the language proposing creation of SCR 12.12. The Fund also agreed to the Court dismissing the portion of the petition seeking to create SCR 21.16(5m) regarding restitution. The Court considered that proposal together with Supreme Court Rules Petition 06-04, proposing amendments affecting SCR 20:1.15, the “trust account rule.”

The Court issued its Order on May 2, 2007 (effective July 1, 2007) adopting the language for the creation of SCR 21.16(2m)(c) restitution to read:

(c) Upon ordering restitution to the Wisconsin lawyers' fund for client protection under par. (a)2., the supreme court shall issue a judgment and furnish a transcript of the judgment to the Fund. The transcript of the judgment may be filed and docketed in the office of the clerk of court in any county and shall have the same force and effect as judgments docketed under ss. 809.25 and 806.16, stats.

The committee will continue with its collection process in fiscal year 2008 with an added emphasis on pursuing collection against an attorney who has been ordered to pay restitution by the Wisconsin Supreme Court, per the newly created SCR 21.16(2m)(c). The fund will also continue to

publicize the names of all attorneys who have claims approved against them per SCR 12.11-Confidentiality.

The committee will continue with the development and implementation of its strategic plan:

- Increase awareness of the fund among the public and members of the profession
- Improve the ability of the Fund to identify and pay eligible claims in a timely manner
- Collaborate with the Office of Lawyer Regulation, the courts and relevant State Bar entities to reduce the incidence of dishonest conduct by providing information to Wisconsin lawyers and judges on the extent of dishonest conduct and their role in reducing the problem of dishonest lawyer conduct.

Respectfully submitted,

WISCONSIN LAWYERS' FUND FOR CLIENT PROTECTION

By: _____
David M. Reddy, Chair

Date: _____, 2007

- Attachment 1 - Action on Claims
- Attachment 2 - Financial Statements
- Attachment 3 – Fiscal Year 2007 Claims by Attorney
- Attachment 4 – Fiscal Year 2007 Claims by Type of Theft