Client Protection by the Numbers - Making a Difference - by Michael J. Knight, Sr.¹

Client Protection Funds are often referred to as the “best kept secret” of the legal profession. This characterization is puzzling given that these lawyer-financed programs provide meaningful reimbursement to victims of dishonest lawyers and reflect the noble commitment of the overwhelming majority of honest lawyers to restore the public’s faith and promote confidence in the legal profession. In fact, the legal profession is the only profession that offers such protection to its clients.

Every state has a client protection fund with a shared goal: to protect legal consumers from dishonest conduct in the practice of law. These efforts go well beyond payment of reimbursement claims to restore money or property misappropriated or misapplied in the practice of law. They also include development and implementation of legislation, court rules, and other programs to improve the profession and increase safeguards for law clients.

The American Bar Association’s Standing Committee on Public Protection in the Provision of Legal Services² has, for decades, promoted and supported the creation and improvement of states’ client protection fund programs. The Standing Committee, through the ABA Center For Professional Responsibility, conducts a Survey of Lawyers’ Funds for Client Protection. Triennially, sixty (60) questionnaires are distributed to 50 States plus the District of Columbia as well as nine (9) Canadian Provinces. Since 2011, the National Client Protection Organization³ has proudly assisted in underwriting the cost of conducting the survey.

This article provides a brief analysis of these surveys from 1980 through 2016.⁴ These results are also sorted by Region - Northeast (NE), Southeast (SE), Southwest (SW), Midwest (MW) and West (W), and Attorney Population⁵ - large states with an attorney population of more than 40,000 registered attorneys; medium states with an attorney population of 15,000 to 40,000 and small states with an attorney population less than 15,000.

¹ Mr. Knight is the Executive Director and Counsel for the New York State Lawyers’ Fund for Client Protection. He is also past Counsel and President of the National Client Protection Organization, Inc.

² Formerly the Standing Committee on Lawyers’ Responsibility for Client Protection (1996), and then the Standing Committee on Client Protection (2017).

³ The National Client Protection Organization, Inc. (NCPO) is a not-for-profit membership corporation organized in May 1998. NCPO is foremost an educational resource for the exchange of information among law client protection funds throughout the United States and Canada. NCPO’s purposes include providing help and support to protection funds and programs to protect legal consumers from dishonest conduct in the practice of law.


⁵ See attached state tables by region and attorney population.
Number of Claims Filed

In 37 years, more than 144,000 client protection reimbursement claims have been filed in the United States. This averages to nearly 3,900 claims annually. On average, each state received about 78 new claims per year. Regionally, Western states recorded the most claims filed - 50,520 (35%), followed by Northeastern States with 42,405 (29%).

As expected, states with the largest attorney populations account for 109,862 or 76% of all claims filed since 1980. Since 1980, new claim filings have steadily increased, spiking nationally in 2011. The ebb and flow of claim filings appears to be related to national economic trends.
Number of Awards Approved

In 37 years, nearly 75,000 claims for reimbursement have been approved in the United States. This averages to more than 2,000 awards approved annually. On average, each state approved 40 claims per year. Regionally, Western states reported the largest number of reimbursement awards - 25,824 (35%), followed closely by Northeastern States with 21,823 (29%). Again, as expected, states with the largest attorney populations account for 55,212 or 74% of all awards approved since 1980. As in claims filed, 2011 is the largest reported year for approved claims.

Number of Awards Approved, 1980-2016
Total Number of Awards: 74,827

Number of Awards: 74,827
Average # Annual Awards: 2,022

Average # Annual Awards Per State: 40
Amount of Awards Approved

Perhaps the most remarkable statistic is that since 1980, client protection funds have reimbursed more than $770 million to eligible law clients in the United States. This averages to over $20 million a year. The per-state average reimbursement calculates to just over $400,000 a year.

Regionally, the Northeastern States have paid out over $457 million in awards (59%). Western states have paid out $152 million (20%). Large states are credited with $612 million in awards, or 80% of all awards paid. 2015 was the largest year for Fund payouts, nearly $70 million was restored to law clients nationwide.
### Conclusion

Instances of attorney dishonesty resulting in a financial loss to a client are extremely rare. However, it's important to recognize the (mostly unsung) and vital contributions made by Client Protection Funds in addressing these ‘debts of honor’ on behalf of the legal profession. These efforts...YOUR efforts, make a difference.

All client protection programs have room for improvement. These survey results reflect the ongoing commitment of our nations’ Lawyers’ Funds for Client Protection to address the need and restore faith in the legal profession and the administration of justice. This commitment is shared by the National Client Protection Organization and the ABA Standing Committee on Public Protection in the Provision of Legal Services.

In New York we have a saying that the Lawyers’ Fund exists because of good lawyers. You should share the same sense of pride in your Lawyers’ Fund.