

YOUR LAWYERS' FUND FOR CLIENT PROTECTION

New Jersey Lawyers' Fund For Client Protection

Formerly known as the Clients' Security Fund, the New Jersey Lawyers' Fund for Client Protection has served the same noble purpose since its creation more than 45 years ago: To reimburse clients in those rare instances when a lawyer betrays a client's trust by misappropriating funds.

Administration

The Fund operates under the direction of a volunteer, seven-member, Board of Trustees. The five lawyers and two non-lawyers are appointed by the New Jersey Supreme Court and each member serves a 5-year term.

Proper Claimant and Proofs Required

To be a proper claimant, there must be proof of an attorney/client or fiduciary relationship with the lawyer as well as a "compensable loss", which generally means that the lawyer collected money on behalf of the claimant to be held in trust, and then stole it.

A claimant must be able to show that the lawyer:

- Received money or property from the Claimant;
- Converted the funds received; and
- Caused a loss due to dishonest conduct.

Specific proof of payment to the lawyer can include copies of cancelled checks, escrow agreements, retainer agreements, and settlement statements. Claimants must also provide a detailed explanation of the alleged loss caused by the lawyer's dishonest conduct with each claim form.

Each lawyer charged with wrongdoing in a claim will receive a copy of the claim with its supporting documentation and will be given an opportunity to reply and provide proofs.

Limits on Claims

There is a limit of \$400,000 per claimant for losses arising after Jan. 1, 2007, with an aggregate maximum for all claims against any single lawyer of \$1.5 million. These limits are among the highest in the country.

The Fund's Jurisdiction

Before the Fund can formally begin its investigation, the lawyer who is the subject of a claim must be suspended, disbarred, deceased, placed on disability inactive status, or convicted of embezzlement or misappropriation.

Claims involving pure fee disputes, unfortunate or ill-advised investments involving a lawyer, or professional negligence or malpractice, are not compensable. The Fund does not pay interest on losses or consequential damages.

How to File a Claim

Claim forms can be requested in writing or by telephone. Our staff will assist callers with the filing process. You also can access the forms on our website under the Public Information tab. The original and one copy of an executed claim form must be returned to us. There is no filing fee.

How Claims are Decided

The Fund has a legal staff that reviews and investigates all claims and then prepares a comprehensive agenda for the Board of Trustees who meet monthly to decide claims. Court Rule 1:28-3 gives the Trustees sole discretion to decide claims, including the amount, timing, and conditions of payment. In some instances, a hearing is held to take testimony from the claimant, the lawyer, and other persons with relevant knowledge concerning the matter.

Recovery of Payments Made

For every claim that is awarded a payment, the Fund and the claimant will sign a *Release, Assignment and Subrogation Agreement* that will then permit the Fund to pursue the claimant's rights against the dishonest lawyer and anyone else who might be liable under the law. The Trustees pursue reimbursement for all claims paid in order to protect the integrity of the pool of money that they administer on behalf of the Bar.

Fund Resources

The awards that are made by the Board of Trustees are *not tax dollars*. New Jersey lawyers and judges, as well as those lawyers granted permission to practice in New Jersey, such as *pro hac vice* lawyers (PHV), multi-jurisdictional practitioners (MJP), in-house counsel (IHC), and foreign legal consultants (FLC), pay into the Fund each year.

The fee that lawyers pay is \$25 for New Jersey lawyers in their third and the fourth calendar year of admission, and \$50 for those in the fifth through the 49th year. Those admitted more than 50 years in New Jersey are exempt.

Helping Victims and the Profession

One dishonest lawyer can cause significant harm to law clients and also to the reputation of the Bar. The Lawyers' Fund for Client Protection is often the only means available to reimburse victims when this aberrant behavior occurs.

New Jersey lawyers can be proud because the Supreme Court and the Bar are committed to protect the public against lawyer theft by maintaining a healthy and a responsive Lawyers' Fund for Client Protection. Lawyers who assist victims with their claims are prohibited from charging a fee (Rule 1:28-3(f)). It is good for the public and good for the Bar, serving both in the highest tradition of the New Jersey Judiciary.

New Jersey Lawyers' Fund For Client Protection

Hughes Justice Complex
25 Market St., PO Box 961
Trenton, NJ 08625-0961

For more information, visit
www.njcourts.gov/attorneys/cpf.html

Or call us:

Claims and Billing: 855-533-FUND (3863)

Fax: 609-815-2935

LFCP.mailbox@njcourts.gov



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"Our Commitment to Law Clients"