

CO-85-2205

OFFICE OF
APPELLATE COURTS

JUL 05 2001

FILED

**ANNUAL REPORT
OF THE
MINNESOTA
CLIENT SECURITY BOARD**

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July 2001

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I. OVERVIEW AND YEAR IN REVIEW

Rule 1.10, Minnesota Rules of the Client Security Board (MRCBSB), provides:

At least once a year and at such other times as the Supreme Court may order, the Board shall file with the Court a written report reviewing in detail the administration of the fund, its operation, its assets and liabilities.

This fourteenth annual report of the Minnesota Client Security Board covers the Board's fiscal year, FY 2001, which began July 1, 2000, and ended on June 30, 2001. Highlights from the past year include:

Petition for Rule Change to Raise Maximum Payment. As was previewed in last year's annual report, in April 2001, the Client Security Board filed a petition for a rule change with the Supreme Court, requesting that Rule 3.14(c), Minnesota Rules of the Client Security Board, be amended to increase the maximum amount the Board may pay on a claim from its current level of \$100,000 to \$150,000 (*see* Appendix 1 for a copy of the petition and the Board's statement in support of the petition. A.1-8). No increase in the portion of the attorney registration fee received by the fund was requested.

The filing of the petition followed study of the issue by the Board at several Board meetings. A press release was issued along with the filing of the petition, and Assistant Director Martin Cole prepared articles for the MSBA's *Bench & Bar of Minnesota* magazine and for the Public Law Section's e-publication *Public Law News* describing the change in an effort to publicize and educate the bar about the proposal. The MSBA considered the matter at its recent annual convention and voted to recommend approval of the Board's request. Final action by the Supreme Court is anticipated by late summer or early fall of this year.

Restitution/Subrogation. Last year's annual report highlighted that the Board was engaged in several civil litigation matters involving third-party financial institutions. Those were all completed during the past year, with the Attorney

General's office successfully negotiating settlements. As a result, the Board will recover over \$85,000 on its subrogation rights, the second highest amount in any one year to date. The Board also intervened as an Amicus Curiae in the appeal of another matter against a bank commenced by a claimant previously paid by the Board. The appeal was successful in obtaining reversal of an adverse ruling from the district court. The case was remanded for trial. It is not clear yet what further involvement the Board will have in the proceedings.

Statistics. The Client Security Board paid out on only thirteen claims this year, in the total amount of \$98,073.94 (*see* Appendix 2, A.9). This is the second-lowest number and amount of claims paid in any year of the Board's history. The reasons for reduced numbers are never completely scrutable. To a large degree, it is a product of the fact that disciplinary proceedings have not been completed against a small number of attorneys against whom several claims remain pending into the new fiscal year. As has been the case in the past, years with low payouts are often followed by years with significantly increased claim activity. Ultimately, three to five-year averages must be reviewed to discern whether any patterns are developing.

In most instances, the Board is fortunate in being able to rely upon the findings from either disciplinary, civil or criminal proceedings in determining whether a claim is payable. This past year, on the other hand, several complex and highly contested matters had to be investigated and resolved by the Board and its staff without the benefit of such findings. Considerable staff time was required to determine the valid amount of the claimant's claim.

Forty-four claims were filed this past year. Twenty-four claims were carried-over from the previous year. As noted, thirteen claims were approved for

payment¹ and eleven claims were denied. Thus, at the end of June 2001, 44 claims against 14 lawyers remain pending before the Board. All but two of those remaining claims have related disciplinary or civil proceedings pending, completion of which the Board is awaiting prior to being able to resolve the claim. Because of the slightly reduced workload, the Board met only five times this past year, rather than holding the more usual six meetings.

Overall, after fourteen years of paying claims, the Board has now paid \$3.9-million on 317 claims against 93 lawyers (*see* Appendix 2, A.10).

II. THE CLIENT SECURITY BOARD AND ITS PROCEDURES

Board Members. As of June 30, 2001, the following individuals served on the Board (*see* Appendix 4; A. 12):

<u>Name</u>	<u>City</u>	<u>Term Expires</u>
Daniel L. Rust, Chair	Crookston	June 30, 2001 (second term)
Richard I. Diamond	Minnetonka	June 30, 2003 (second term)
Timothy J. Kuntz	South St. Paul	June 30, 2002 (second term)
Beverly K. McKinnell	St. Paul	June 30, 2002 (second term)
Judith A. Pinke	Minneapolis	June 30, 2001 (first term)
John S. Watson	Minneapolis	June 30, 2003 (first term)
Margaret J. Westin	Minneapolis	June 30, 2002 (first term)

Daniel Rust was elected and served as the Board's Chair for the past year, and has now completed his second and final term on the Board. Mr. Rust has been an outstanding spokesperson for outstate Minnesota for six years, participating in

¹ Claims were paid against the following attorneys in the following amounts:

John Ploetz - 1 claim	\$48,000
Glenn Smith - 2 claims	39,391
John Wylde - 1 claim	3,775
Stanley Leino - 1 claim	1,807
Gerald "Jay" McNabb - 2 claims	1,557
Mitchell Ross Ornstein - 1 claim	920
Richard Day - 1 claim	700
Richard Gomsrud - 1 claim	700
Pamela Magadance - 1 claim	585
Thomas Bieter - 1 claim	500
Dyan Campbell - 1 claim	139

meetings by conference call when winter weather made travel difficult. His leadership and ability to balance the competing concerns present in client protection claims will be missed. Pursuant to the Board's present policy of selecting the most senior lawyer member as its chair, the Board chose Timothy J. Kuntz as its new Chair for the upcoming year at its most recent meeting. Mr. Kuntz has served on the Board for five years.

The MSBA recently nominated Fergus Falls attorney Michael Rengel to succeed Mr. Rust on the Board. The bar association nominates three of the Board's five lawyer members. Ms. Westin and Mr. Watson are also MSBA nominees. Ms. McKinnell and Judith Pinke are the Board's two non-lawyer members. Ms. Pinke was reappointed this year to a three year term. Mr. Watson joined the Board in December 2000, replacing Warren Sagstuen who was appointed to the district court bench. Although the Board lost a conscientious member in Mr. Sagstuen, it gained an informed advocate within the judiciary.

Justice Edward Stringer continued to serve as the Board's liaison justice on the Supreme Court throughout most of the past fiscal year. He again this year attended parts of several Board meetings and provided regular communication with the Board from the Court. In May 2001, the Supreme Court, as part of its regular reassignment of liaison duties, assigned Justice James Gilbert to be the Board's next liaison. He is expected to continue the Court's generous commitment of time and interest in the Board's activities. The Board greatly thanks Justice Stringer for his years of service.

Funding and Budget Procedures. All active lawyers in Minnesota pay \$17 per year to support the Fund. The Supreme Court's May 22, 1998, order implementing the current assessment created parameters for the fund of \$1.5-million and \$2.5-million, with the Board to report to the Court if the fund

drops below or exceeds these figures. The Board's recently filed budget for FY 2002 projects a year-end balance of \$2.48-million for June 30, 2002, just below the top-end parameter. At the Court's recent meeting to approve the Board's budget, Mr. Rust notified the Court of how close the fund is to its upper parameter.

If the Court approves the Board's request to raise the maximum payment as anticipated, with no change in the attorney registration fee, then the Board's year-end balance may be reduced slightly. Nevertheless, the Fund balance remains healthy at this time, such that the Board is well positioned to handle the increase in the maximum payment, as well as an increase in claims, should that occur.

The Board does not handle any funds directly nor the investment of the Fund. The assessment is collected through the Office of Attorney Registration and placed into a segregated fund within the State Treasury. This past year the assessment generated approximately \$325,000. The Board also received approximately \$140,000 in interest income and approximately \$85,000 in restitution payments from lawyers on whose behalf claims have been paid, or from third parties.

The Board prepares an annual budget that is presented for approval by the Supreme Court at one of the Court's May meetings. The Board's FY 2002 budget was recently presented by Mr. Rust to the Court. Based upon the \$17 per attorney per year assessment, plus interest and restitution, the Board anticipates total income this coming year of approximately \$533,000. With the expectation that the Court will approve the recommended increase in the maximum amount the Board may pay on a claim to \$150,000, the Board has budgeted \$405,000 in total expenditures for next year. Based upon the information presently available to the Board concerning pending claims or known potential claims, \$350,000 has been budgeted for claims payment next year. There also likely will be some carry-over of money budgeted for claims from the present year which was not paid, mainly due to

extended disciplinary proceedings against some attorneys against whom valid claims are pending. \$55,000 has been budgeted for staff services, travel for up to two Board members to attend a national conference on client protection, and administrative supplies and enhancements to the Board's computer database. Thus, with the likely claims carry-over, as has been true throughout the Board's history, approximately 90 percent of the Board's budget goes to paying claims.

Administration. Since the Board's inception in 1986, the Office of Lawyers Professional Responsibility has provided staff services to the Client Security Board. Edward Cleary is the Director of the Office of Lawyers Professional Responsibility and the Client Security Board. Assistant Director Martin Cole along with paralegal Patricia Jorgensen handle most daily operations for the Board, as they have for several years. Assistant Director Timothy Burke, who also assisted the Client Security Board in recent years, played a lesser role with the Board this year due to the reduced claims load, but remains available to handle major claim investigations if needed. Mr. Cole serves as a director-at-large of the National Client Protection Organization (NCPO), and is a member of the ABA's Advisory Commission on Client Protection Funds. Board member Margaret Westin recently attended the ABA's seventeenth annual Client Protection Forum, held this year in Miami, Florida. Topics discussed included funding mechanisms, publicity of fund actions and a workshop on resolving difficult claims. Involvement in such national-level activities allow the staff and Board to remain current with any trends or developments in the client protection field.

The Board maintains a computerized record-keeping system, for which several minor enhancements were undertaken and completed during the past year, allowing greater ability to answer queries from the Board, bar and public. Following each meeting, the Board issues a press release pursuant to the Board's

policy. The Board posts its press releases on the Board's Internet website² as well, in the hopes that the public better will be able to obtain information about the Board's activities. The site also contains copies of articles about the Board, as well as answers to frequently asked questions (FAQ), the Board's rules, claim form, staff directory, a copy of the latest annual report and an updated list of attorneys against whom claims have been paid, similar to that at Appendix 5 (A.13-17).

The Minnesota Attorney General provides legal services to the Client Security Board in enforcing its subrogation rights against attorneys on whose behalf the Board has paid claims, or against any third persons from whom payments may be legally obtained. Attorneys Thomas Vasaly and David Flowers and staff provide outstanding representation for the Board. Mr. Vasaly and Mr. Flowers began representation of the Board this past year, continuing a line of excellent attorneys assigned to the Board's work. The Board pays no attorney's fees for this representation, but is responsible for direct costs of collection efforts and litigation.

As noted in the highlights section, this past year saw considerable activity in the area of subrogation and restitution, particularly against third-party entities, such as banks that negotiated settlement checks over forged endorsements, or that were potentially negligent in overseeing accounts of attorneys known to have misused their trust accounts. Such claims have involved some difficult fact situations and aggressive presentation of defenses. The Attorney General's staff has had to spend considerably more time on these matters than in some previous years, but with remarkable success. The final amount anticipated to be recovered this year is \$85,275. The Board has budgeted this coming year to recover \$51,400.

Also as a part of the collection process, the Board may forward matters to the Minnesota Collections Enterprise (MCE), an agency created to assist government

² The Client Security Board's Internet address is: www.courts.state.mn.us/csb.

agencies in their collection work. Although the Attorney General continues to handle most matters for the Board that are to be contested, or that appear capable of prompt resolution, other matters are now referred to MCE to pursue, which obtained payments from several lawyers this past year after other collection efforts had failed.

Rules of the Minnesota Client Security Board. The Board's rules were last amended effective July 1, 1995, and underwent no changes in the past year. The proposed change in the Board's maximum payment to \$150,000 requires a rule change, which as noted earlier, is pending before the Court at this time. Until the rule is changed, the Board's maximum payment per claim remains at \$100,000, with no limit on the aggregate amount payable on behalf of an attorney. No claims were approved for the maximum amount this past year.

Claims Procedure. Claims are initiated by submitting the claim to the Director's Office on forms approved by the Board. Claimants are provided the forms and a brochure to help explain the process. The claim form, and copies of the Board's rules are also available via the Internet at the Board's website. The respondent attorney is provided an opportunity to respond in writing, although frequently no response is received. The Board also has access to all lawyer disciplinary files, from which considerable information is often obtained.

The rules provide that claimants are expected to pursue reasonably available civil remedies. In order to avoid hardship and provide prompt claim resolution and payment, the Board occasionally exercises its discretion by waiving this requirement when it is already known that the Attorney General will be pursuing litigation against the attorney under the Board's subrogation rights. One recurring situation where direct claimant efforts are appropriate is when the dishonesty involves forged instruments that were honored by a financial institution.

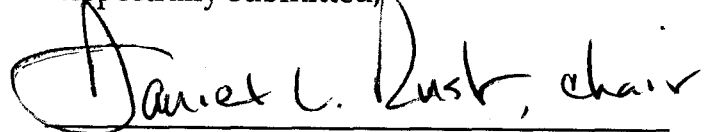
In most cases, attorney disciplinary proceedings will have been completed before any Client Security payment is made. The Board generally relies upon findings made in related lawyer disciplinary action concerning misappropriation, or in related civil or criminal cases whenever possible.

If a claim is denied, the claimant is notified in writing of the Board's determination and reasoning. The claimant has the right to request reconsideration and a discretionary meeting with the Board, so that all claimants have a full opportunity to present the merits of their claim.

III. GOALS AND OBJECTIVES

Due to the smaller number of claims ready for resolution this past year, the Board was able to turn its attention to raising the maximum payment and settling third-party litigation. Completion of the rule change will occur this year, when the Court determines whether to implement the higher cap. Once related disciplinary proceedings are completed, the Board anticipates facing several substantial claims this year. A new Chair and one new lawyer member will influence the Board's direction next year, but with fewer restitution issues to resolve, the Board anticipates being able to keep its attention on its core function of resolving claims promptly and paying victims of lawyer theft to the fullest possible amount.

Respectfully submitted,



DANIEL L. RUST, CHAIR
MINNESOTA CLIENT SECURITY BOARD

Dated: July 2nd, 2001.



EDWARD J. CLEARY, DIRECTOR
MINNESOTA CLIENT SECURITY BOARD

Dated: July 2nd, 2001.

FILE NO. C0-85-2205

STATE OF MINNESOTA

IN SUPREME COURT

In Re Petition to Amend the Rules of
the Minnesota Client Security Board

PETITION OF THE MINNESOTA
CLIENT SECURITY BOARD

TO THE SUPREME COURT OF THE STATE OF MINNESOTA:

WHEREAS, the Rules of the Minnesota Client Security Board (RMCSB) were adopted by the Minnesota Supreme Court effective July 1, 1987, and

WHEREAS, Rule 1.06(l), RMCSB, provides that the Board is authorized to make recommendations to the Court on rule changes, and

WHEREAS, the Board has studied a possible amendment to Rule 3.14(c), RMCSB, as fully set out below, which the Board approved on March 19, 2001, and

WHEREAS, adoption of this amendment would further fulfill the Board's obligation under Rule 2.01, RMCSB, to "aid those persons directly injured by the dishonest conduct of any lawyer during an attorney-client or fiduciary relationship," and therefore is in the public interest,

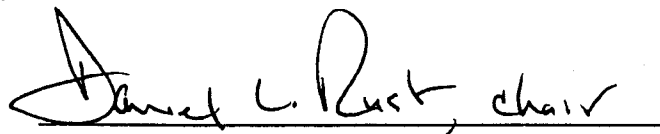
NOW, THEREFORE, the Minnesota Client Security Board respectfully recommends that the Minnesota Supreme Court amend Rule 3.14(c), RMCSB, to read as set out below:

c. The maximum amount that may be paid to any claimant for a single claim is ~~\$100,000~~ \$150,000. In exceptional circumstances, the Board may allow a greater or lesser amount based upon the factors set forth in subdivision (b) of this rule.

The Board further recommends that the change to Rule 3.14(c), RMCSB, be applicable prospectively and to all unresolved claims filed with the Board as of the date of the Court's order adopting the change.

The Board further recommends that the Court hold public hearings concerning this proposed amendment. A statement in support of the proposed rule amendment is being filed by the Board with this petition.

Dated: April 13, 2001.

A handwritten signature in black ink that reads "Daniel L. Rust, chair". The signature is written in a cursive style and is positioned above a horizontal line.

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MINNESOTA CLIENT SECURITY BOARD
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FILE NO. C0-85-2205

STATE OF MINNESOTA

IN SUPREME COURT

In Re Petition to Amend the Rules of
the Minnesota Client Security Board

STATEMENT IN SUPPORT OF
PETITION OF THE MINNESOTA
CLIENT SECURITY BOARD

BACKGROUND

The Minnesota Client Security Board was created by this Court in April 1986. The Board's rules were adopted effective July 1, 1987. The Rules twice have been amended, in December 1993 and again in July 1995.

Prior to the 1993 amendments, the Rules provided no maximum amount that could be paid on a claim. Such a maximum amount is commonly referred to as a "cap" on the claim. Prior to 1993, the Board had operated under a policy that the cap was \$50,000 per claim. This policy had been adopted by the Board during its first year of operation and announced in the Board's first annual report.

The 1993 amendments were proposed by the Minnesota State Bar Association (MSBA) in a petition based upon a January 1993 report of the MSBA's Client Protection Committee. Amendments, including a new Rule 3.14(c), were proposed and adopted. By means of the new Rule 3.14(c), a cap was officially established at \$100,000 per claim. This has remained the maximum amount payable per claim to date.

THE PROCESS OF STUDYING THE ISSUE

As was set out in the Board's July 2000 annual report, the Board first considered the issue of raising its cap to some higher amount approximately one year ago. The Board, in its annual report, indicated it intended to study the issue further and, if appropriate, make a recommendation to the Court. The Board revisited the issue at two meetings during the current fiscal year. Information was obtained concerning the

maximum award amounts in other jurisdictions, the Board's history concerning all claims to which the cap had been applied, and the effects on the fund that would have occurred had the cap been at several different higher levels. Finally, in conjunction with the preparation of the Board's annual budget in March 2001, the Board analyzed the current fund balance and the impact that an increase in the cap would likely have upon it and upon future projections, if historical trends were to continue as before. In particular, the Board studied whether an increase in the cap could be handled without any increase in the attorney registration fee.

Minnesota already has one of the highest maximum payment levels in the United States. It appears that only six jurisdictions have maximum payment amounts of more than \$100,000 per claim. The Board did not believe that that fact should end its review, however. The goal of any client protection fund should be 100% reimbursement of all valid claims submitted, if possible. For a limited number of claimants whose losses exceed \$100,000, this obviously is not being accomplished. Plus, the size of the largest claims has grown over the years, such that the uncompensated portion of such claims above the cap has increased.

The statistical information showed that in the eight years since the cap had been formalized at \$100,000 in 1993, eight claims had exceeded the cap and thus received less than full recovery. Obviously, this averages to one such claim per year. Based upon the actual amount of the losses involved, had the cap instead been at \$150,000 throughout those eight years, the Board would have paid an additional \$302,000 on those eight claims, or an average of \$37,737 more per year. Even assuming that the full additional amount had been paid on all such claims, the increase would have been \$50,000 per year, or a total of \$400,000.

1. Effect on the Fund Balance

The fund currently has a balance of approximately \$2.4 million. The Court has established target parameters for the fund of \$1.5 million and \$2.5 million, between

which the fund may remain without adjustment.¹ Had the additional payouts set out above in fact occurred, the current fund balance would still be over \$2 million. The Board is requesting that application of the proposed rule change should be prospective in nature, but also include any pending claims already filed with the Board as of the date of the Court's order adopting this change. Two claims are pending at this time in which the claimant seeks payment of more than \$100,000. In each claim, the total sought is less than \$150,000. If the historical rate of large valid claims continues at an average of one per year, then prospective application of the increase will have minimal impact on the fund balance.

In an effort to determine what could occur should that historical average not prove accurate, however, the Board also considered whether some as yet unknown catastrophic claims situation would destroy the fund's ability to absorb the cap increase. The largest claims total paid by the Board in one year has been \$705,524, in FY96. Had the cap been at \$150,000 at that time, the amount would have been \$805,524. Using that figure, the Board determined what the effect would be in the unlikely event that the Board faced such a catastrophic payout in both of the next two years: the fund balance would fall but only to \$1.55 million, still above the bottom parameter set by the Court. See Attachment 1. Thus, it appears that an increase in the maximum payment per claim to \$150,000 can be safely handled by the fund.²

¹ By Supreme Court order dated May 22, 1998, the Client Security Board portion of the attorney registration fee was set at \$17 per licensed attorney per year. In that same order, the Court established "parameters" within which the fund balance could remain without there being any adjustment to the registration fee. Those parameters were set at \$1.5 million to \$2.5 million. They are to remain in effect until at least May 2003. If the fund balance goes below or above those amounts, the Board is required to report to the Court.

² The Board also considered recommending that the Court raise the cap to \$200,000 per claim, rather than only to \$150,000. The Board was not sure that an increase to that level could be accomplished at this time without a small increase in the attorney registration fee, however. Especially when analyzing the possibility of consecutive catastrophic years, a \$200,000 cap could drop the fund balance below the \$1.5 million mark. Thus, the more modest proposal to raise the cap to \$150,000 was approved.

2. Effect on the Attorney Registration Fee

The amount of the claims paid during the current fiscal year likely will be one of the lowest in the Board's history. The amount of recovery by the Board on its subrogation rights against lawyers on whose behalf claims have been paid has been increasing regularly in recent years. The increased level of the fund balance as a result of these facts generates an increased amount of interest income in favor of the fund. These collective gains will help offset the minimal impact that an additional \$50,000 per year will have on the fund. Therefore, the Board has determined that an increase in the cap can be safely accomplished without any change in the Board's income received through the attorney registration fee. The \$17 per attorney per year that the Board currently receives should remain fully adequate to handle this increase.

Three years ago, the Board voluntarily petitioned the Court to reduce the amount of the attorney registration fee that the Board receives³ because the Board had determined that \$17 per lawyer per year was sufficient to maintain a healthy fund within the Court's established parameters of \$1.5 to \$2.5 million. This has proven correct. Now, with the fund balance in the high end of these parameters, the Board believes that it is appropriate to take advantage of the fund's good health to benefit the victims of lawyer dishonesty, rather than seek to minimally reduce the registration fee again.

CONCLUSION

Ultimately, the issue is what is right. A voluntary cap of \$50,000 existed for six years, the \$100,000 cap rule has existed for eight years. The size of the largest claims faced by the Board has increased over the years. The fund is healthy. It is time to consider another increase. The fund can handle an increase in annual claim payouts

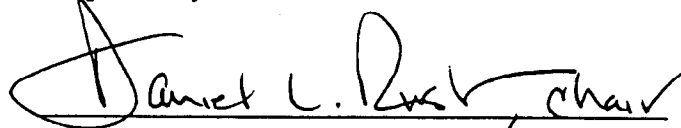
³ Prior to August 1997, the Client Security Board received \$20 per lawyer per year. By order dated August 6, 1997, the Court reallocated \$7 of that amount to the Board of Continuing Legal Education. That temporary reallocation was to terminate on June 30, 1998. The Client Security Board would then again have received \$20 per lawyer. The Board instead petitioned the Court to reduce the amount the fund would receive.

and do so without any increase in the attorney registration fee structure. The Board feels strongly that the recommendation to increase the maximum payment per claim to \$150,000 is the right step to take to better compensate victims of lawyer dishonesty and to remind the public that the Court, the Board and the Bar as a whole are doing all that can be done to protect the public from dishonest lawyers.

The Board recommends that the Court seek public comment and hold public hearings concerning this proposed amendment to the Rules of the Minnesota Client Security Board. The scrutiny and comment of the bar and the public will ensure that the Court has a complete record and basis upon which to adopt the recommended change.

Dated: April 13, 2001.

Respectfully submitted,



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MINNESOTA CLIENT SECURITY BOARD
Attorney No. 94560
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(651) 296-3952

and



EDWARD J. CLEARY, DIRECTOR
MINNESOTA CLIENT SECURITY BOARD
Attorney No. 17267

Client Security Board Budget Projections:
(with no increase in attorney registration fee)

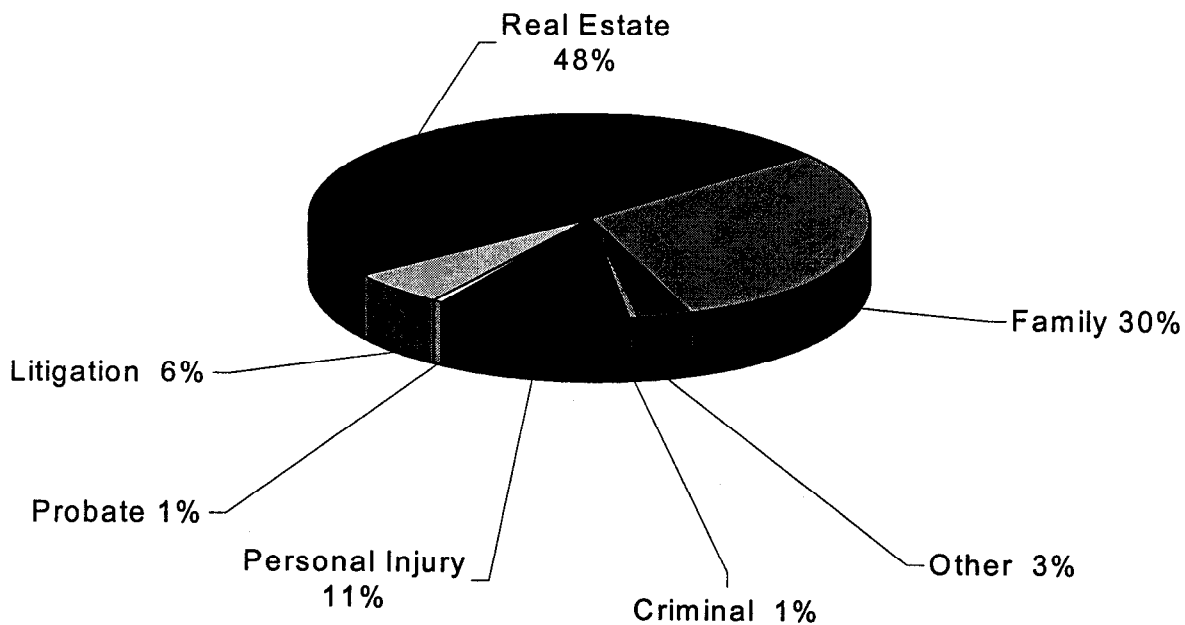
	FY01*	FY02	FY03
	(in millions)		
1. No change in \$100,000 cap	\$2.304	\$2.482	\$2.611
2. Cap increased to \$150,000 (\$37,737 more in claims per year)	\$2.304	\$2.443	\$2.518
3. Cap increased to \$150,000 (\$50,000 more in claims per year)	\$2.304	\$2.430	\$2.491
4. Cap increased to \$150,000 (\$805,524 more in claims per year)	\$2.304	\$1.980	\$1.556

* - The Client Security Board fiscal year runs from July 1 to June 30. The Board is currently, until June 30, 2001, in FY01.

**Awards of Reimbursement - July 1, 2000
through June 30, 2001**

This table summarizes, by area of law, all claims for reimbursement approved by the Board during fiscal year 2001.

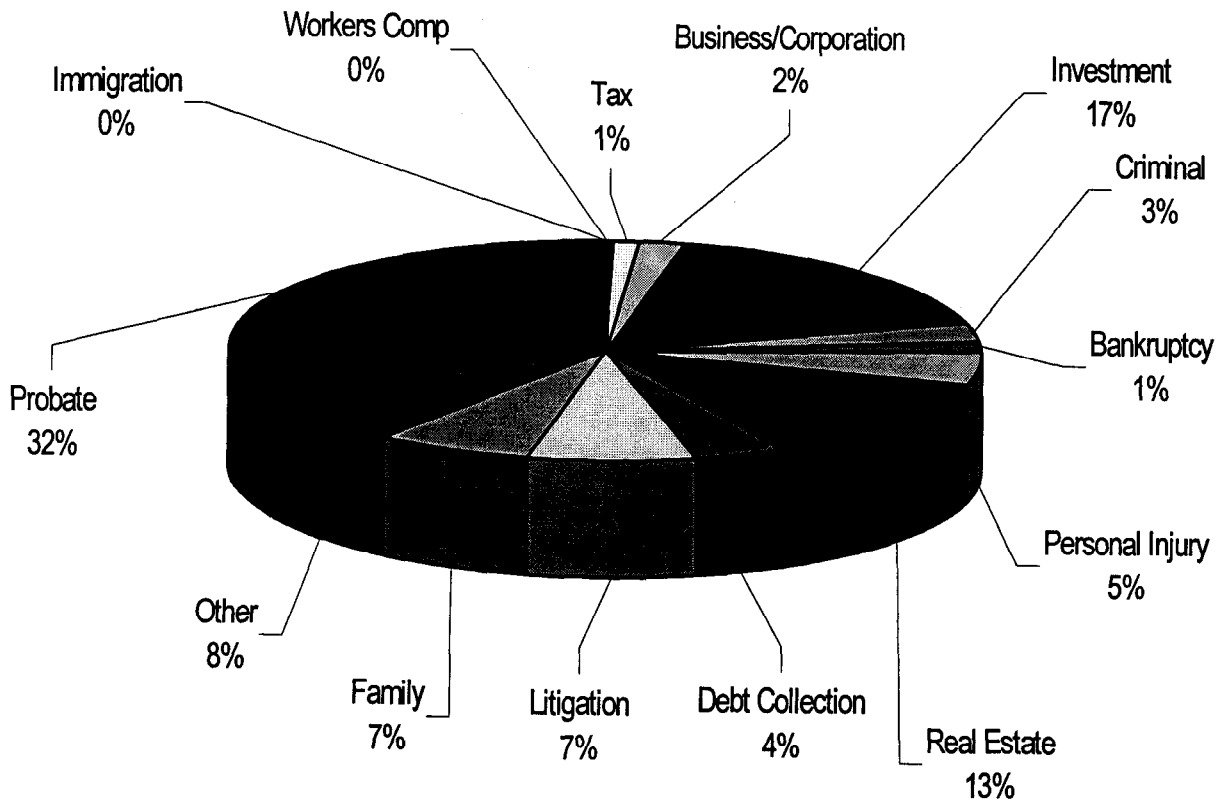
Area of Law	Number of Awards	Amount of Awards
Criminal	1	\$ 500.00
Family	3	\$ 29,399.81
Litigation	2	\$ 5,582.28
Other	3	\$ 2,919.75
Personal Injury	1	\$ 10,830.00
Probate	1	\$ 585.00
Real Estate	2	\$ 48,257.10
Total	13	\$ 98,073.94



**Awards of Reimbursement - July 1, 1987
through June 30, 2001**

**This table summarizes, by area of law, all claims for reimbursement
approved by the Board since 1987.**

Area of Law	Number of Awards	Amount of Awards
Bankruptcy	17	\$ 50,633.30
Business/Corporation	11	\$ 75,607.40
Criminal	14	\$ 102,929.69
Debt Collection	33	\$ 147,270.05
Family	44	\$ 255,417.11
Immigration	1	\$ 1,000.00
Investment	11	\$ 670,522.67
Litigation	33	\$ 282,536.16
Other	44	\$ 297,913.63
Personal Injury	20	\$ 204,320.83
Probate	47	\$1,267,055.17
Real Estate	29	\$ 498,846.71
Tax	9	\$ 41,112.28
Workers Comp	4	\$ 7,337.29
Total	317	\$3,902,502.29



CLIENT SECURITY FUND FINANCIAL HISTORY

Fiscal Year	Contribution by Bar	Investment Income	Restitution	Number of Claims Paid	Amt. Paid to Claimants	Other Expenses	Balance Year End
1988	\$1,433,397	\$ 58,040	\$ 0	35	\$ 489,656	\$ 37,273	\$ 964,508
1989	93,318	79,049	0	21	236,016	24,068	876,791
1990	79,350	70,952	768	25	260,561	22,884	744,416
1991	137,851	66,264	39,249	23	235,316	28,905	723,559
1992	328,954	52,748	14,302	28	150,180	30,490	938,893
1993	353,560	49,156	12,104	16	200,681	33,170	1,119,862
1994	369,320	47,244	9,830	24	123,600	24,538	1,398,118
1995	349,424	85,075	37,075	14	62,421	25,471	1,781,800
1996	368,450	82,630	31,361	22	705,524	35,427	1,523,290
1997	375,730	94,547	23,797	12	103,073	27,207	1,887,084
1998	255,762	119,276	25,217	35	341,984	40,481	1,904,874
1999	325,207	118,078	200,416	42	413,231	35,575	2,099,769
2000	328,746	121,970	45,783	23	481,187	50,814	2,064,267

Minnesota Client Security Board Members 1987-2001

CHAIRS

Melvin I. Orenstein	Minneapolis	1987-1993
Nancy L. Vollertsen	Rochester	1993-1995
Bailey W. Blethen	Mankato	1995-1997
Kim Buechel Mesun	St. Paul	1997-1999
Daniel L. Bowles	Edina	1999-2000
Daniel L. Rust	Crookston	2000-2001

BOARD MEMBERS

*Sister Mary Madonna Ashton	St. Paul	1992-1998
Bailey W. Blethen	Mankato	1991-1997
Daniel L. Bowles	Edina	1994-2000
*Sandra Brown	Minnetonka	1990-1996
Kim Buechel Mesun	St. Paul	1993-1999
Richard I. Diamond	Minnetonka	1997-
Gilbert W. Harries	Duluth	1987-1991
*Jean L. King	St. Paul	1987-1992
Timothy J. Kuntz	South St. Paul	1996-
Earle F. Kyle IV	Minneapolis	1993-1996
*Beverly K. McKinnell	St. Paul	1996-
Melvin I. Orenstein	Minneapolis	1987-1993
*Constance S. Otis	St. Paul	1987-1990
*Judith A. Pinke	Minneapolis	1998-
Daniel L. Rust	Crookston	1995-2001
Warren R. Sagstuen	Minneapolis	2000
Ronald B. Sieloff	St. Paul	1987-1994
James B. Vessey	Minneapolis	1987-1993
Nancy L. Vollertsen	Rochester	1987-1995
John S. Watson	Minneapolis	2000-
Margaret L. Westin	Minneapolis	1999-

*Public Members

2001 CLAIMS PER ATTORNEY

Attorney	Number of Claims Paid	Total of Claims Paid	Disciplinary Action	City of Practice
Anderson, Harold W. E.	2	\$39,258.97	Disbarred	
Andrew, John M.	2	\$100,000.00	Disbarred	
Barta, Loren M.	2	\$3,947.93	Suspended	
Batdorf, Richard K.	1	\$50,000.00	Disbarred	
Benson, John T.	1	\$50,000.00	Disbarred	
Bieter, Thomas J.	2	\$1,500.00	Disability	Duluth
Campbell, Dyan L.	5	\$2,953.53	Suspended	North St. Paul
Carpenter, Gregory A.	1	\$1,000.00	Suspended	Minneapolis
Chacon, Jeanne T.	1	\$700.00	Disbarred	
Cohen, Sr., Edward M.	1	\$2,245.83	Disbarred	
Danna, Anthony A.	3	\$81,625.00	Disbarred	
Davis, Daniel A.	3	\$44,486.66	Disbarred	
Day, Richard G.	1	\$700.00	Suspended	Edina
Douglas, Bruce C. Deceased	11	\$225,309.60	None	Edina
Dovolis, Helen A.	15	\$68,317.19	Disbarred	Minneapolis
Erickson, Bruce E.	2	\$1,995.00	Suspended	
Feldman, John H.	2	\$12,954.00	Disbarred	
Flanagan, John J.	5	\$113,626.59	Disbarred	
French, Rodney M.	6	\$4,062.50	Suspended	
Getty, Paris DonRay	5	\$24,278.00	Disbarred	St. Paul
Goldstein, Robert Mark	4	\$11,173.40	Disbarred	
Gomsrud, Richard G.	1	\$700.00	pending	St Paul

2001 CLAIMS PER ATTORNEY

Attorney	Number of Claims Paid	Total of Claims Paid	Disciplinary Action	City of Practice
Graham, Timothy E.	3	\$6,257.98	Disbarred	
Grzybek, John E.	1	\$750.00	Disbarred	
Gurstel, Norman K.	33	\$147,270.05	Disbarred	
Harp, Reynaud L.	2	\$3,702.00	Disbarred	
Heikens, Steven G.	2	\$12,800.00	Suspended	
Heikkila, Neil D.	2	\$90,916.82	Disbarred	
Hendricksen, Harald F.	1	\$17,875.00	Suspended	Glencoe
Henke, David E.	1	\$1,000.00	Suspended	
Hollender, R. Fred Deceased	1	\$2,227.74	None	Minneapolis
Hunter, James W.	5	\$21,900.00	Disbarred	
Isaacs, Clark F.	1	\$535.78	Disbarred	
Johnson, Richard W.	2	\$9,362.00	Disbarred	
Johnson, Ronald J.	1	\$7,196.71	Disbarred	
Kinnunen, Steven J.	1	\$500.00	Suspended	
LaChapelle, Arthur W.	2	\$18,400.00	Disbarred	
Ladd, William L.	13	\$49,542.60	Disbarred	
Larsen, Dean D.	1	\$40,000.00	Disbarred	
Leino, Stanley J.	2	\$3,614.56	Suspended	Scandia
Levenstein, Eli C.	1	\$368.00	Suspended	
Logan, Diana Smith	3	\$560.00	Suspended	
Magadance, Pamela M.	1	\$585.00	Private Probation	New Richmond
Maresh, Thomas F.	1	\$6,500.00	Disbarred	

2001 CLAIMS PER ATTORNEY

Attorney	Number of Claims Paid	Total of Claims Paid	Disciplinary Action	City of Practice
Marshall, Gary L.	7	\$24,170.00	Disbarred	
McCarthy, Justin H.	2	\$58,679.24	Disbarred	Rochester
McGrath, F. Patrick	1	\$1,128.00	Suspended	
McNabb, Gerald	12	\$147,866.06	Disbarred	Falcon Heights
Merlin, Carol Sue	1	\$500.00	Suspended	Minneapolis
Moe, Carlton E.	1	\$89,325.52	Disbarred	
Morgeson, Sr., Dennis John Wyant, Bruce P.	8	\$547,922.67	Disability	
Mose, William G.	2	\$400.00	Suspended	
Murphy, Gerald W.	9	\$4,980.99	Disbarred	
Olsen, Lawrence E.	1	\$50,000.00	Disbarred	
Orlins, Peter I.	11	\$419,843.39	Disbarred	Minneapolis
Ornstein, Mitchell Ross	1	\$919.75		
Ostfield, Benjamin J.	2	\$15,297.72	Disbarred	
Ostroot, Timothy V.	1	\$1,200.00	Disbarred	
Palm, Dennis L.	2	\$4,080.00	Disability	St. Louis Park
Pang, Gary Y.	3	\$6,323.00	Disbarred	
Pearson, Kenneth R.	2	\$39,000.00	Disbarred	
Pegg, J. C.	1	\$2,500.00	Reprimanded	
Ploetz, John W.	2	\$108,494.71	Disbarred	St Paul
Plowman, George E. Deceased	4	\$81,144.77	Disbarred	
Polt, Thomas M.	3	\$17,082.02	Disbarred	
Pucel, Cherylyn T.	1	\$3,500.00	Suspended	North St. Paul

2001 CLAIMS PER ATTORNEY

Attorney	Number of Claims Paid	Total of Claims Paid	Disciplinary Action	City of Practice
Pyles, David A.	1	\$16,450.00	Suspended	
Ramler, George C.	0	\$1,500.00	Disbarred	Minneapolis
Randall, Michael H.	2	\$4,708.00	Disbarred	
Rothstein, Morry N.	3	\$7,500.00	Disbarred	
Ruttger III, Max J. Deceased	1	\$25,678.15	Disbarred	Brainerd
Sampson, Mark A.	19	\$404,742.04	Disbarred	
Scott, John O. Deceased	2	\$57,821.34	None	Perham
Seiler, Victor P. Deceased	1	\$2,810.77	None	Minneapolis
Sheffey, Ralph E.	1	\$5,000.00	Suspended	Rochester
Simonet, William B.	5	\$50,411.56	Disbarred	
Simonson, Paul L.	1	\$2,360.23	Disbarred	
Singer, Michael G.	1	\$63,000.00	Suspended	Minneapolis
Skonnord, James T.	5	\$2,349.26	Suspended	
Smith, Glenn L.	3	\$139,391.05	Disbarred	Edina
Soderberg, James W.	1	\$557.87	Suspended	
Stockman, William L.	1	\$25,000.00	Disbarred	
Strid, Dennis W.	1	\$1,197.00	Suspended	
Sullivan, Kevin P. Deceased	1	\$200.00	Suspended	Elk River
Swerine, Brian A.	8	\$23,645.40	Disbarred	Minneapolis
Thompson, Joel R.	2	\$6,160.00	Suspended	
Ulstad, Bjorn Deceased	1	\$2,500.00	None	St. Paul
Vinitzky, Richard S.	2	\$20,000.00	Disability	Golden Valley

2001 CLAIMS PER ATTORNEY

Attorney	Number of Claims Paid	Total of Claims Paid	Disciplinary Action	City of Practice
Walker Jr., Samuel	5	\$19,945.00	Disbarred	
Weems, Mark T.	7	\$70,901.64	Disbarred	
Wheat, Donald A.	3	\$37,841.70	Disbarred	Eagan
Wylde, John R Deceased	1	\$3,775.00	None	
Total Number of Respondents: 93	317	\$3,902,502.29		