



THE SUPREME COURT *of* OHIO



ATTORNEY SERVICES FUND 2020 ANNUAL REPORT



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Summary of Activity for Fiscal Year 2020
And Report on Allocations for Fiscal Year 2021

NOVEMBER 2020



PRESENTED TO
MAUREEN O'CONNOR
CHIEF JUSTICE

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PATRICK F. FISCHER
R. PATRICK DEWINE
MICHAEL P. DONNELLY
MELODY J. STEWART
JUSTICES

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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 2020 (July 1, 2019 – June 30, 2020), and sets out budget allocations from the fund as approved by the Supreme Court for fiscal year 2021 (July 1, 2020 – June 30, 2021).

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,



Jeffrey C. Hagler, Esq.
Administrative Director



Gina White Palmer, Esq.
Director of Attorney Services



I. Attorney Services Fund; Registration Requirements and Fees

Biennial 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 are deposited into the Attorney Services Fund.

Gov.Bar R. VI imposes a biennial registration requirement on each attorney practicing law in 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 counsel status, must register with the Court on or before the first day of September in each odd-numbered year and pay a \$350 registration fee for active status. Emeritus *pro bono* status is available as a registration status for attorneys who wish to provide legal services solely on a *pro bono* basis with a qualified organization. The registration fee for emeritus *pro bono* status is \$75. In addition, attorney spouses of active duty members of the U.S. military stationed in Ohio may seek temporary admission to the practice of law in Ohio under certain conditions. The registration fee for military-spouse attorneys is \$350.

Registration fees are reduced or waived for attorneys who are admitted to practice in the second year of the registration biennium. Attorneys may participate in a \$50 voluntary “add on” fee to fund civil legal aid services for low-income populations in Ohio during the biennial attorney registration. 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 on time. 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. Effective, July 1, 2019, commencing with the start of fiscal year 2020, the Bar Admissions Fund was eliminated and Gov.Bar R. I was amended so that the fees charged and collected by the Court for admissions-related services are deposited into the Attorney Services Fund. The fund also receives revenue from other sources pursuant to the Rules for the Government of the Bar, including fees related to legal interns, the temporary certification program, foreign legal consultants, *pro hac vice*, 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 14, the moneys in the fund are used to (1) investigate complaints alleging misconduct pursuant to Gov.Bar R. V or Gov.Jud.R. II and alleging unauthorized practice of law pursuant to Gov.Bar R. VII; (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; (4) fund matters approved by the Court and related to the admissions of applicants to the practice of law; and (5) support 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 2019 and 2020 and allocations for fiscal year 2021.

Figure 1 — Fiscal Year 2020 Expenditures



II. Summary of Fund Activity in Fiscal Year 2020

Disciplinary-Related Expenses

In fiscal year 2020, \$10,678,640 was expended from the Attorney Services Fund.

In fiscal year 2020, \$5,756,984 was used to fund the disciplinary process established by the Court in Gov.Bar R. V and \$65,105 was used to fund Gov.Jud.R. II, “Disciplinary Procedure” for a total of \$5,822,089. This accounted for 54.5 percent of total fund expenditures in fiscal year 2020. Of this amount, \$3,114,333 was expended by the Office of Disciplinary Counsel, which accounts for the entire operational budget of that office.

A total of \$712,319 was expended by the Board of Professional Conduct to fund the operations of the Board. An additional \$1,930,332 was expended by the Board to reimburse local bar association certified grievance committees for disciplinary-related activities.

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's financial losses incurred as a result of the misconduct of his or her attorney. In fiscal year 2020, \$445,168 was expended by the Board of Commissioners of the Lawyers' Fund for Client Protection for its operations. In addition, the Supreme Court allocated \$750,000 to the Lawyers' Fund for Client Protection trust fund to replenish that fund. Together, these amounts represent 11.2 percent of Attorney Services Fund expenditures.

In fiscal year 2020, the Board awarded a total of \$352,632.64 from the trust fund to reimburse 43 eligible claimants. As of June 30, 2020, there were 59 claims pending, representing a potential liability to the fund of \$3,327,321.26. For more information regarding claims filed with the Lawyers' Fund for Client Protection, 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, verifying attorneys' statuses and issuing certificates of good standing, administering the Lawyer to Lawyer Mentoring Program, and maintaining attorney and judge attorney registration and continuing legal education records. The Office of Bar Admissions of the Supreme Court oversees the admissions process, including the administration of the biannual Ohio Bar Examination, and supports the Board of Commissioners on Character and Fitness and the Board of Bar Examiners. The office also administers Court rules that govern the Uniform Bar Examination, practice pending admission, the Ohio Law Component, admission of military spouse attorneys, the limited practice of law by legal interns, the temporary certification of non-Ohio attorneys to work in legal aid, public defender, or law school clinic programs, and the limited practice of law by foreign legal consultants.

A total of \$2,471,382 was expended for the Attorney Services Division in fiscal year 2020. These moneys, which represent 23.1 percent of total fund expenditures, supported the Office of Attorney Services (\$1,031,749), the Office of Bar Admissions (\$1,290,851), the Commission on Certification of Attorneys as Specialists (\$1,682), the Commission on Professionalism (\$132,211), and the Board on the Unauthorized Practice of Law (\$8,736). Further, \$6,153 was expended on reimbursement of expenses related to investigation and prosecution of unauthorized-practice-of-law matters.

Discretionary Grants

A total of \$1,190,000 in expenditures from the fund represented grants to 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 2020, the Court awarded grants of \$425,000 to the Ohio Foundation and \$765,000 to the Ohio Lawyers Assistance Program. These grants represent 4.0 percent and 7.2 percent respectively of the expenditures from the fund.

The Ohio Access to Justice 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.

Civil Justice Grant Program Fund

The annual *pro hac vice* registration fee for out-of-state attorneys is \$300, and \$150 of each registration is directed to help fund civil legal services for indigent Ohioans. There also is a \$50 voluntary add-on fee as part of the biennial attorney registration required of Ohio attorneys, which also is directed for this purpose. The funds generated from these two sources are deposited into the Civil Justice Grant Program Fund, which was established in fiscal year 2017. In fiscal year 2020, \$43,300 was voluntarily donated by attorneys and judges as part of the biennial attorney registration process. The fund's purpose is to provide grants to non-profit organizations and agencies dedicated to providing civil legal services to Ohio's indigent population through innovative programs aimed at increasing access to justice. This fund held \$810,445.89 as of June 30, 2020, of which \$155,485 was reserved for the balance of encumbered grants. The available fund balance was \$654,960.89 as of June 30, 2020.

During fiscal year 2020, the Supreme Court awarded grants totaling \$397,551 from the Civil Justice Grant Program to 13 non-profit organizations or agencies.

Fund Income and Balance

The fund realized income and revenue of \$17,577,935.77 in fiscal year 2020 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) (\$15,839,300)
- 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 (\$109,389.85)
- Investment income of \$68,876.58; however, there also were offsetting credit-card processing fees and associated bank fees totaling \$303,347.20 for fiscal year 2020. The result was a net total cost of (-\$234,470.62) to the fund.
- Revenue collected pursuant to Gov.Bar R. X (Attorney Continuing Legal Education) (\$311,509.04)
- Revenue collected for Certificates of Good Standing (\$20,805)
- Revenue collected pursuant to Gov.Bar R. I (Bar Admissions) (\$883,902.50)
- Revenue collected pursuant to Gov.Bar R. XII, Sec. 2(A) (4) (Pro Hac Vice) (\$604,200) of which (\$300,450 net of refunds) was transferred to the Civil Justice Grant Program Fund and \$303,750 was kept in the Attorney Services Fund as the Bar Admissions Fund has now merged with the Attorney Services Fund.
- Voluntary donations to the Civil Justice Grant Program Fund (\$43,300) by attorneys and judges as part of the biennial attorney registration process.

The fund had an estimated average monthly cash and investment balance of \$13,622,758 in fiscal year 2020.

Figure 2 — Fiscal Year 2021 Allocations



III. Report on Allocations for Fiscal Year 2021

Disciplinary-Related Expenses

The Supreme Court allocated \$10,924,650 from the Attorney Services Fund for the fiscal year beginning July 1, 2020. The allocations were made to nine entities representing 12 separate funds or activities.

The Court allocated \$6,462,883 (59.1 percent of total fund allocations) to support the operation of the disciplinary process. This figure includes separate allocations of \$3,632,883 to fund the Office of Disciplinary Counsel; \$830,000 to fund the operations of the Ohio Board of Professional Conduct; and \$2,000,000 to reimburse certified local grievance committees for their work in investigating and prosecuting disciplinary matters.

Lawyers' Fund for Client Protection

The operations of the Lawyers' Fund for Client Protection are funded by an allocation of \$466,104. This allocation represents 4.3 percent of the total fund allocations.

Attorney Services Administration

A total of \$2,805,663 (25.7 percent of total fund allocations) was allocated to fund the activities of the Attorney Services Division of the Supreme Court. This allocation includes: (1) \$1,075,957 to the Office of Attorney Services; (2) \$1,469,661 to the Office of Bar Admissions; (3) \$11,700 to support the operation of the Board on the Unauthorized Practice of Law, and an additional \$55,000 to reimburse bar associations for costs incurred in investigating and prosecuting allegations of the unauthorized practice of law; (4) \$188,245 to support the activities of the Commission on Professionalism; and (5) \$5,100 to support the activities of the Commission on the Certification of Attorneys as Specialists.

Discretionary Grants

The Court approved a grant of \$425,000 to the Ohio Access to Justice Foundation for its work in supporting the delivery of civil legal services to indigent persons. The Court also awarded a grant of \$765,000 to the Ohio Lawyers Assistance Program for alcohol, substance-abuse, and mental-health intervention programs. Together these grants represent 3.9 percent and 7.0 percent respectively of the fund allocations for fiscal year 2021.

IV. Fund Balance and Projections

On June 30, 2020, the fund had a balance of \$10,884,425. In fiscal year 2021, the fund is projected to realize income of \$1,797,883 (including fees, reimbursements, and interest income) and expend an estimated \$10,343,604. On June 30, 2020, the fund will have an estimated balance of \$2,338,704

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 and appropriations to the Supreme Court. The most recent audit was conducted in the spring/summer of 2020 for the fiscal year ending June 30, 2020. At this point, we are not aware of any findings or instances of noncompliance or internal control weaknesses reported for the Attorney Services Fund. The audit report is expected to be released by the Auditor of the State in December 2020.

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 2020.

The fund's moneys are managed in a conservative, risk-averse 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 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. 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 assist lawyers who are suffering 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 it will maintain that position throughout fiscal year 2021.

VIII. Comments and Inquiries

Any comments and inquiries regarding this report or the fund may be directed to:

Jeffrey C. Hagler

Administrative Director, or

Gina White Palmer

Director of Attorney Services

The Supreme Court of Ohio
65 South Front Street
Columbus, Ohio 43215-3431



Schedule 1

Fund Expenditures FY 2019 and 2020/Allocations FY 2021

Office, Board, Commission	FY 2019 Expenditures	FY 2020 Allocations	FY 2020 Expenditures	% of FY 2020 Allocations Expended	FY 2021 Allocations	% of Total FY 2021 Allocations
Office of Disciplinary Counsel						
-Operations Budget	\$3,220,725	\$3,390,875	\$3,114,333	91.8%	\$3,632,883	33.3%
Ohio Board of Professional Conduct						
-Operations Budget	\$739,263	\$831,000	\$712,319	85.7%	\$830,000	7.6%
-Reimbursement of Expenses	\$1,815,161	\$1,950,000	\$1,930,332	99.0%	\$2,000,000	18.3%
Lawyers' Fund for Client Protection						
-Operations Budget	\$440,115	\$465,256	\$445,168	95.7%	\$466,104	4.3%
-Trust Fund	\$1,000,000	\$750,000	\$750,000	100.0%	\$0	0.0%
Office of Attorney Services						
-Operations Budget (1)	\$1,054,929	\$1,174,843	\$1,031,749	87.8%	\$1,075,957	9.8%
Office of Bar Admissions						
-Operations Budget	\$0	\$1,516,359	\$1,290,851	85.1%	\$1,469,661	13.5%
Board on the Unauthorized Practice of Law						
-Operations Budget	\$7,140	\$10,000	\$8,736	87.4%	\$11,700	0.1%
-Reimbursement of Expenses	\$32,485	\$55,000	\$6,153	11.2%	\$55,000	0.5%
Commission on Professionalism						
-Operations Budget	\$141,218	\$171,044	\$132,211	77.3%	\$188,245	1.7%
Commission on Certification of Attorneys as Specialists						
-Operations Budget	\$3,222	\$5,600	\$1,682	30.0%	\$5,100	0.0%
Ohio Access to Justice Foundation						
-Grant	\$400,000	\$425,000	\$425,000	100.0%	\$425,000	3.9%
Ohio Lawyers Assistance Program						
-Grant	\$765,000	\$765,000	\$765,000	100.0%	\$765,000	7.0%
General/Miscellaneous						
-Judicial Gov. Rule II	\$117	\$65,881	\$65,105	98.8%	\$0	0.0%
TOTAL	\$9,619,375	\$11,575,858	\$10,678,640	92.2%	\$10,924,650	100.0%



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