

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

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July 2000

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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 thirteenth annual report of the Minnesota Client Security Board covers the Board's fiscal year, FY 2000, which began July 1, 1999, and ended on June 30, 2000.

For the second consecutive year, subrogation and restitution issues highlight this year's report. Last year (FY1999), the Board reported a record dollar-amount of restitution recovery. That result largely was due to recovery on one matter for which the Board received a substantial repayment. This past year, on the other hand, the Board spent a considerably greater percentage of its time than ever before dealing with collection efforts against lawyers, on whose behalf the Board had paid claims. In particular, the Board spent portions of several meetings reviewing complex issues involving potentially liable third parties, such as banks or insurers. While routine and recurring restitution matters are handled by the Attorney General's Office subject to review by the Board or the Director, many of these third-party issues arose for the first time in Board history, requiring the full Board's involvement. Ultimately the Board created a new subcommittee specifically to deal with subrogation and litigation matters between full Board meetings. Several settlements with banks were the end result of this process, resulting in a total restitution recovery for the Board this past year of over \$45,000.

After its sixth and final meeting of the year in June 2000, the Board had approved 21 claims this year against 11 former attorneys in the total amount of \$282,186.67.¹ In addition, \$200,000 was paid during this fiscal year on two claims against disbarred attorney Peter Orlins, claims approved last year which could not be paid until special trustee arrangements were completed on the claimants' behalf. In the thirteen years of the Board's operation, the Board now has approved 304 claims and paid out \$3,804,428.35 against 88 different lawyers (Appendix 2; A. 3-6). Twenty-three (23) claims will still be pending before the Board following its June meeting; only six of which will have been pending more than six months.

II. THE CLIENT SECURITY BOARD AND ITS PROCEDURES

Board Members. As of June 30, 2000, the following individuals served on the Board (*see* Appendix 4; A. 8):

| <u>Name</u> | <u>Location</u> | <u>Term Expires</u> |
|-------------------------|-----------------|---------------------|
| Daniel L. Bowles, Chair | Edina | June 30, 2000 |
| Richard I. Diamond | Minnetonka | June 30, 2000 |
| Timothy J. Kuntz | South St. Paul | June 30, 2002 |
| Beverly K. McKinnell | St. Paul | June 30, 2002 |
| Judith A. Pinke | Minneapolis | June 30, 2001 |
| Daniel L. Rust | Crookston | June 30, 2001 |
| Margaret J. Westin | Minneapolis | June 30, 2002 |

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

| | |
|--------------------------------|-----------|
| Glenn L. Smith - 1 claim | \$100,000 |
| Gerald "Jay" McNabb - 7 claims | 86,113 |
| Michael G. Singer - 1 claim | 63,000 |
| Donald A. Wheat - 1 claim | 12,842 |
| Helen A. Dovolis - 2 claims | 8,910 |
| Dennis L. Palm - 1 claim | 3,200 |
| Dyan L. Campbell - 4 claims | 2,815 |
| Stanley J. Leino - 1 claim | 1,807 |
| George C. Ramler - 1 claim | 1,500 |
| Gregory A. Carpenter - 1 claim | 1,000 |
| Thomas J. Bieter - 1 claim | 1,000 |

Daniel Bowles was elected and served as the Board's Chair for the past year, but has completed his second and final complete term on the Board. Mr. Bowles has a long history of involvement in the client protection system in Minnesota, and his expertise and consensus-building skills will be missed. His business and banking law knowledge has proven particularly useful in unraveling several claims, and in guiding the Board on some of its thorny subrogation actions.

The Board elected Daniel Rust as its new Chair for the upcoming year at its most recent meeting. Mr. Rust is a partner in a law firm in Crookston and has served on the Board for five years.

Minneapolis attorney Warren Sagstuen, an assistant public defender for Hennepin County, was nominated by the Minnesota State Bar Association (MSBA) to fill Mr. Bowles' seat on the Board. The Supreme Court approved the appointment by order dated May 22, 2000. Mr. Sagstuen should bring an additional public lawyer perspective to the Board and also a criminal defense perspective that has not previously been part of the Board's composition.

Board member Richard Diamond's term also expired at the end of June. He was eligible to be reappointed by the Court to a second term on the Board, which occurred by order dated May 22, 2000. Mr. Rust and Ms. Westin, along with Mr. Sagstuen, are MSBA nominees to the Board. Ms. McKinnell and Judith Pinke are the Board's two non-lawyer members.

Justice Edward Stringer remains the Board's liaison justice on the Supreme Court. He again this year attended parts of several Board meetings and provides regular communication with the Board from the Court.

Funding and Budget Procedures. The Supreme Court's May 22, 1998, order implementing the current assessment created parameters for the fund of \$2.5-million and \$1.5-million, with the Board to report to the Court if the fund exceeds or

drops below these figures. The Board's recently filed budget for FY 2001 projects a year-end balance of \$2.04-million for June 30, 2001, well within these parameters, but only so on the assumption that the Court will retain the current funding mechanism and amount. The Court just recently amended the attorney registration fee, in part creating the new Lawyer Assistance Program, but the Client Security Board's portion of the fee was not changed. Basically, all active lawyers in Minnesota pay \$17 per year to support the Fund.

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 \$316,000. The Board also received approximately \$96,000 in investment income and approximately \$45,000 in restitution payments from lawyers on whose behalf claims have been paid.

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 2001 budget was recently presented to and approved by the Court. Based upon the \$17 per attorney per year assessment, the Board anticipates total income this coming year of approximately \$466,000. The Board has budgeted \$504,000 in total expenditures for next year, which will represent a slight increase from the amount spent this year. Based upon the information presently available to the Board concerning pending claims or known potential claims, \$450,000 has been budgeted for claims payment next year. \$54,000 has been budgeted for staff services, travel for one or two Board members to attend a national conference on client protection, and administrative supplies and enhancements to the Board's computer database. As has been consistently true throughout the Board's history, almost 90 percent of the Board's budget goes to paying claims.

Administrative Staff. 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 Directors Martin Cole and Timothy Burke, along with paralegal Patricia Jorgensen handle most daily operations for the Board, as they have for several years. 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. In these positions, he taught sessions at national conferences on client protection this past year in Chicago and New Orleans for the NCPO and ABA. Board members Timothy Kuntz and Richard Diamond attended the NCPO conference in Chicago, and Mr. Diamond also attended an NCPO conference in Phoenix. Such 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, which was fully operational for the entire year. Having worked with the system, staff have identified several minor areas where enhancements are necessary, especially to allow greater ability to answer queries from the Board, bar and public. Revisions have been started and should be completed in the next year.

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 and a copy of the latest annual report (*see* Appendix 5; A. 9-11, which

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

is a copy of the part of the Board's internet website homepage). Following the completion of the Board's computerized database, the Board added to the website a list of attorneys against whom claims have been approved, similar to that in Appendix 2, which is updated regularly.

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. Mr. Burke oversees the Attorney General's collection efforts on behalf of the Board. Assistant Attorney General James Crassweller and his staff provide outstanding representation for the Board. Mr. Crassweller 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 this year is \$44,391.54. The Board has budgeted this coming year to recover \$35,000.

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 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.

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. No changes presently are anticipated this coming year either. The Board's maximum payment per claim remains at \$100,000, with no limit on the aggregate amount payable on behalf of an attorney. Only one claim was approved for the maximum amount this past year. At its April 2000 meeting, the Board first discussed the possibility of seeking authority to raise the current cap amount. Such an increase will require a rule change, with a petition to the Court followed by a comment period. This issue will be reviewed and discussed by the Board in the coming year. No decision has been reached as yet, but maximum (preferably full) payment of claimant losses is always a goal for any client protection system.

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

Despite having to deal with a large number of issues this past year, the Board remains current with its workload. The Board anticipates facing several substantial claims this year. As noted, the maximum amount payable will be studied this year, and the Board's computer database will be upgraded. A new Chair and one new lawyer member will influence the Board's direction next year, but with a settled funding amount in place as the new fiscal year begins, and with fewer complex restitution issues on the horizon, the Board hopes 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,

Dated: July 24, 2000.



DANIEL L. BOWLES, CHAIR
MINNESOTA CLIENT SECURITY BOARD

Dated: July 31, 2000.

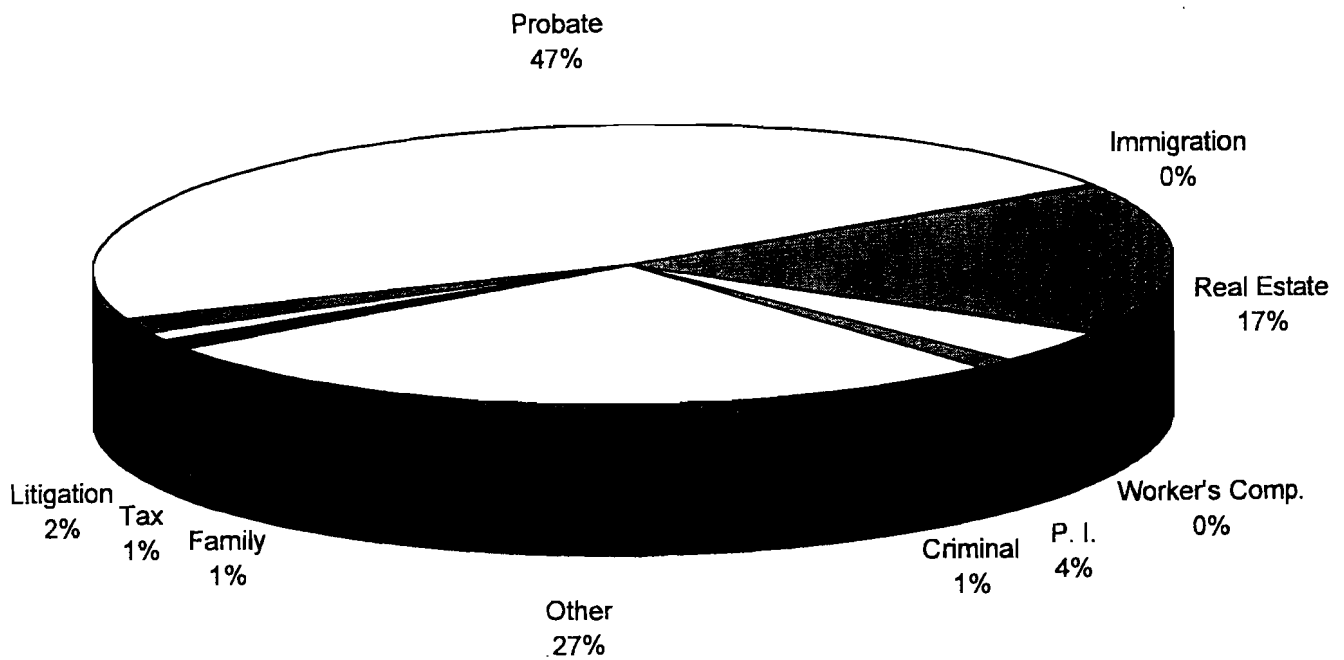


EDWARD J. CLEARY, DIRECTOR
MINNESOTA CLIENT SECURITY BOARD

**Awards of Reimbursement - July 1,1999
through June 30,2000**

**This table summarizes, by area of law, all claims for reimbursement
approved by the Board during fiscal year 2000.**

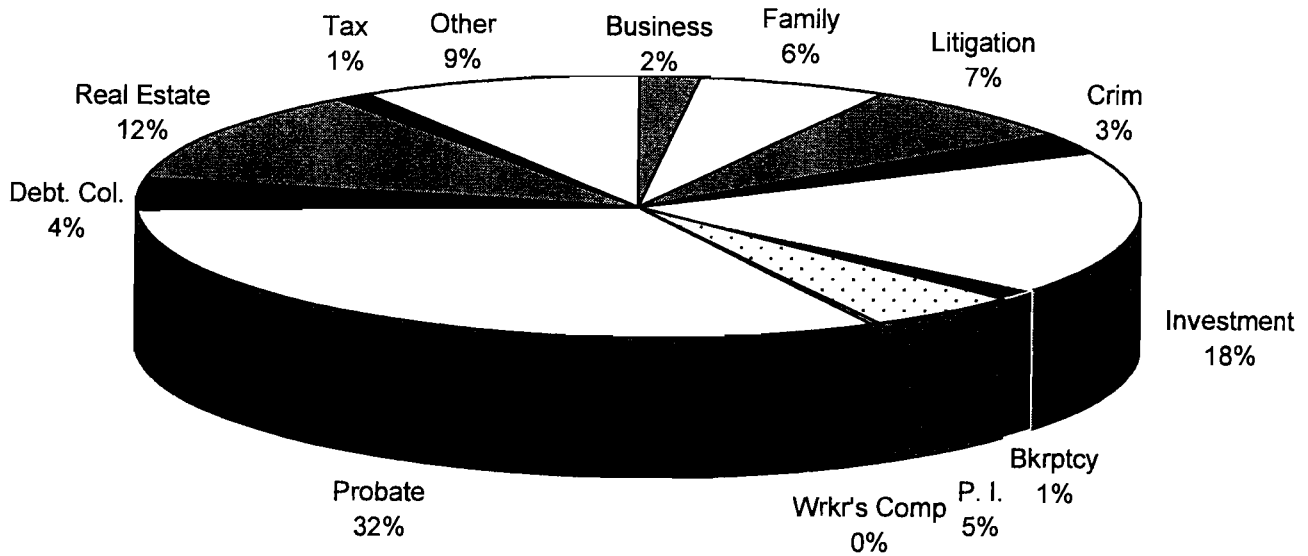
| Area of Law | Number of Awards | Amount of Awards |
|--------------------|-------------------------|-------------------------|
| Criminal | 1 | \$3,200.00 |
| Family | 4 | \$2,814.77 |
| Immigration | 1 | \$1,000.00 |
| Litigation | 2 | \$4,807.28 |
| Other | 2 | \$75,841.70 |
| Personal Injury | 3 | \$10,410.05 |
| Probate | 3 | \$131,629.69 |
| Real Estate | 2 | \$48,483.18 |
| Tax | 2 | \$3,000.00 |
| Workers Comp | 1 | \$1,000.00 |
| Total | 21 | \$282,186.67 |



**Awards of Reimbursement - July 1,1987
through June 30,2000**

**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 | 13 | \$102,429.69 |
| Debt Collection | 33 | \$147,270.05 |
| Family | 41 | \$226,017.30 |
| Immigration | 1 | \$1,000.00 |
| Investment | 11 | \$670,522.67 |
| Litigation | 31 | \$276,953.88 |
| Other | 42 | \$344,993.88 |
| Personal Injury | 19 | \$193,490.83 |
| Probate | 45 | 1,216,470.17 |
| Real Estate | 27 | \$450,589.61 |
| Tax | 9 | \$41,112.28 |
| Workers Comp | 4 | \$7,337.29 |
| Total | 304 | \$3,804,428.35 |



CLAIMS AND AMOUNTS 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 | Grand Forks |
| Andrew, John M. | 2 | \$100,000.00 | Disbarred | Shoreview |
| Barta, Loren M. | 2 | \$3,947.93 | Suspended | Prior Lake |
| Batdorf, Richard K. | 1 | \$50,000.00 | Disbarred | Minneapolis |
| Benson, John T. | 1 | \$50,000.00 | Disbarred | St. Paul |
| Bieter, Thomas J. | 1 | \$1,000.00 | Disability | Duluth |
| Campbell, Dyan L. | 4 | \$2,814.77 | Suspended | North St. Paul |
| Carpenter, Gregory A. | 1 | \$1,000.00 | Suspended | Minneapolis |
| Chacon, Jeanne T. | 1 | \$700.00 | Disbarred | Shakopee |
| Cohen, Sr., Edward M. | 1 | \$2,245.83 | Disbarred | St. Louis Park |
| Danna, Anthony A. | 3 | \$81,625.00 | Disbarred | St. Paul |
| Davis, Daniel A. | 3 | \$44,486.66 | Disbarred | 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 | Winona |
| Feldman, John H. | 2 | \$12,954.00 | Disbarred | Minneapolis |
| Flanagan, John J. | 6 | \$113,626.59 | Disbarred | St. Paul |
| French, Rodney M. | 6 | \$4,062.50 | Suspended | Minneapolis |
| Getty, Paris DonRay | 5 | \$24,278.00 | Disbarred | St. Paul |
| Goldstein, Robert Mark | 4 | \$11,173.40 | Disbarred | St. Paul |
| Graham, Timothy E. | 3 | \$6,257.98 | Disbarred | Rochester |
| Grzybek, John E. | 1 | \$750.00 | Disbarred | St. Paul |

CLAIMS AND AMOUNTS PER ATTORNEY

| Attorney | Number of Claims Paid | Total of Claims Paid | Disciplinary Action | City of Practice |
|--------------------------------|------------------------------|-----------------------------|----------------------------|-------------------------|
| Gurstel, Norman K. | 33 | \$147,270.05 | Disbarred | Edina |
| Harp, Reynaud L. | 2 | \$3,702.00 | Disbarred | St. Paul |
| Heikens, Steven G. | 2 | \$12,800.00 | Suspended | Minneapolis |
| Heikkila, Neil D. | 2 | \$90,916.82 | Disbarred | Hopkins |
| Hendricksen, Harald F. | 2 | \$17,875.00 | Suspended | Glencoe |
| Henke, David E. | 1 | \$1,000.00 | Suspended | Spring Lake Park |
| Hollender, R. Fred Deceased | 1 | \$2,227.74 | None | Minneapolis |
| Hunter, James W. | 5 | \$21,900.00 | Disbarred | Minneapolis |
| Isaacs, Clark F. | 1 | \$535.78 | Disbarred | St. Paul |
| Johnson, Richard W. | 2 | \$9,362.00 | Disbarred | Red Wing |
| Johnson, Ronald J. | 1 | \$7,196.71 | Disbarred | Hopkins |
| Kinnunen, Steven J. | 1 | \$500.00 | Suspended | Minneapolis |
| LaChapelle, Arthur W. | 2 | \$18,400.00 | Disbarred | St. Paul |
| Ladd, William L. | 13 | \$49,542.60 | Disbarred | Minneapolis |
| Larsen, Dean D. | 1 | \$40,000.00 | Disbarred | Eden Prairie |
| Leino, Stanley J. | 1 | \$1,807.28 | Suspended | Buffalo |
| Levenstein, Eli C. | 1 | \$368.00 | Suspended | Minneapolis |
| Logan, Diana Smith | 3 | \$560.00 | Suspended | Minneapolis |
| Maresh, Thomas F. | 1 | \$6,500.00 | Disbarred | Eden Prairie |
| Marshall, Gary L. | 7 | \$24,170.00 | Disbarred | Hoffman |
| McCarthy, Justin H. | 2 | \$58,679.24 | Disbarred | Rochester |
| McGrath, F. Patrick | 1 | \$1,128.00 | Suspended | St. Paul |

CLAIMS AND AMOUNTS PER ATTORNEY

| Attorney | Number of Claims Paid | Total of Claims Paid | Disciplinary Action | City of Practice |
|---|------------------------------|-----------------------------|----------------------------|-------------------------|
| McNabb, Gerald | 11 | \$146,308.96 | Disbarred | St. Paul |
| Merlin, Carol Sue | 1 | \$500.00 | Suspended | Minneapolis |
| Moe, Carlton E. | 1 | \$89,325.52 | Disbarred | West St. Paul |
| Morgeson, Sr., Dennis JohnWyant, Bruce P. | 8 | \$547,922.67 | Disability | Edina |
| Mose, William G. | 2 | \$400.00 | Suspended | Bloomington |
| Murphy, Gerald W. | 9 | \$4,980.99 | Disbarred | Duluth |
| Olsen, Lawrence E. | 1 | \$50,000.00 | Disbarred | Bloomington |
| Orlins, Peter I. | 11 | \$419,843.39 | Disbarred | Richfield |
| Ostfield, Benjamin J. | 3 | \$15,297.72 | Disbarred | Minneapolis |
| Ostroot, Timothy V. | 1 | \$1,200.00 | Disbarred | Champlin |
| Palm, Dennis L. | 2 | \$4,080.00 | Disability | St. Louis Park |
| Pang, Gary Y. | 3 | \$6,323.00 | Disbarred | Minneapolis |
| Pearson, Kenneth R. | 2 | \$39,000.00 | Disbarred | Golden Valley |
| Pegg, J. C. | 1 | \$2,500.00 | Reprimanded | Owatonna |
| Ploetz, John W. | 1 | \$60,494.71 | Disbarred | St Paul |
| Plowman, George E. Deceased | 4 | \$81,144.77 | Disbarred | Prior Lake |
| Polt, Thomas M. | 3 | \$17,082.02 | Disbarred | Eyota |
| Pucel, Cherylyn T. | 1 | \$3,500.00 | Suspended | North St. Paul |
| Pyles, David A. | 1 | \$16,450.00 | Suspended | Bloomington |
| Ramler, George C. | 1 | \$1,500.00 | Disbarred | Chanhassen |
| Randall, Michael H. | 2 | \$4,708.00 | Disbarred | Brooklyn Center |
| Rothstein, Morry N. | 3 | \$7,500.00 | Disbarred | Minneapolis |

CLAIMS AND AMOUNTS PER ATTORNEY

| Attorney | Number of Claims Paid | Total of Claims Paid | Disciplinary Action | City of Practice |
|--|------------------------------|-----------------------------|----------------------------|-------------------------|
| Ruttger III, Max J. Deceased | 1 | \$25,678.15 | Disbarred | Brainerd |
| Sampson, Mark A. | 20 | \$404,742.04 | Disbarred | Fridley |
| 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 | Stillwater |
| Simonson, Paul L. | 1 | \$2,360.23 | Disbarred | Minneapolis |
| Singer, Michael G. | 1 | \$63,000.00 | Suspended | Minnetonka |
| Skonnord, James T. | 5 | \$2,349.26 | Suspended | St. Paul |
| Smith, Glenn L. | 1 | \$100,000.00 | Disbarred | Edina |
| Soderberg, James W. | 1 | \$557.87 | Suspended | Winona |
| Stockman, William L. | 1 | \$25,000.00 | Disbarred | Duluth |
| Strid, Dennis W. | 1 | \$1,197.00 | Suspended | Minneapolis |
| 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 | Detroit Lakes |
| Ulstad, Bjorn Deceased | 1 | \$2,500.00 | None | St. Paul |
| Vinitsky, Richard S. | 2 | \$20,000.00 | Disability | Golden Valley |
| Walker Jr., Samuel | 5 | \$19,945.00 | Disbarred | St. Paul |
| Weems, Mark T. | 7 | \$70,901.64 | Disbarred | Shoreview |
| Wheat, Donald A. | 3 | \$37,841.70 | Disbarred | Eagan |
| Total Number of Respondents: 88 | 304 | \$3,804,428.35 | | |

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 |

Minnesota Client Security Board Members 1987-2000

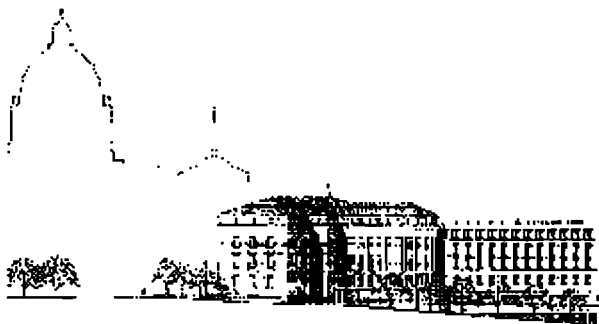
CHAIRS

| | | |
|---------------------|-------------|-----------|
| 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- |

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- |
| Warren R. Sagstuen | Minneapolis | 2000- |
| Ronald B. Sieloff | St. Paul | 1987-1994 |
| James B. Vessey | Minneapolis | 1987-1993 |
| Nancy L. Vollertsen | Rochester | 1987-1995 |
| Margaret L. Westin | Minneapolis | 1999- |

*Public Members



Minnesota Client Security Board

MINNESOTA CLIENT SECURITY BOARD

What's New?

- [April 2000 Press Release Regarding Payment of Claims](#)
- [CSB Claims Paid Listed by Attorney](#)

The Minnesota Client Security Board

- [About the Minnesota Client Security Board and Client Security Fund](#)
- [Board Member and Staff Directory](#)

Filing a Claim with the Minnesota Client Security Board

- [Frequently Asked Questions](#) (including instructions for filing a claim and information regarding claim procedures)
- [Claim Form](#)

Rules Governing the Minnesota Client Security Board

- [Minnesota Client Security Board Rules](#)

Other Resources

- [Annual Report](#)
- [Index of articles](#) concerning Minnesota Client Security Board Issues



Minnesota Client Security Fund

Minnesota Client Security Board
25 Constitution Avenue
Suite 105
St. Paul, MN 55155-1500
(651) 296-3952
(Outstate) 1-800-657-3601
Fax: (651) 297-5801

What is the Client Security Fund?

The Client Security Fund is a fund established by the Minnesota Supreme Court to reimburse clients who suffer loss of money or other property from the dishonest conduct of their attorney. The Fund is a remedy of last resort for clients who cannot be repaid from other sources, such as from insurance or from the attorney involved. Claimants are expected to make reasonable efforts to collect from these other sources first.

Why was the Client Security Fund Established?

The legal profession depends upon the trust of clients. When a lawyer betrays that trust by taking client funds, it is important that the victims be fairly compensated.

How is the Fund Financed?

All active Minnesota lawyers pay for the Client Security Fund. None of the money in the Fund comes from clients' fees. No tax dollars are used.

Who Administers the Client Security Fund?

The Fund is administered by a Board appointed by the Minnesota Supreme Court. The Board has five lawyer members and two non-lawyer members. All serve without compensation as a public service. The Office of Lawyers Professional Responsibility provides staff services for the Board.

How Does the Client Security Board Operate and Make Decisions?

The Minnesota Supreme Court has adopted written rules for the Client Security Board. The Board follows these rules in its procedures and decisions. The Board is allowed a good deal of discretion in deciding what claims to pay and deny, and the amount of payment. You may view the Minnesota Client Security Board's Rules by clicking [here](#).

What Kinds of Losses are Covered?

A. 10

The Client Security Fund covers most situations in which lawyers have stolen clients' money or other property entrusted to them. The attorney in question must be a Minnesota lawyer, and must have served the client as an attorney, in a fiduciary capacity (as administrator, executor, trustee of an express trust, guardian, or conservator), or as an escrow agent arising from an attorney-client relationship. The maximum amount the Board may pay on a claim is \$100,000. Payment by the Board is a matter of grace, not of right.

What Kinds of Losses are Not Covered?

The Fund does not cover losses resulting from the malpractice or negligence of lawyers. The Board does not have the authority to discipline attorneys for misconduct, to resolve fee disputes, or to determine legal malpractice claims. Such matters should be reported to the Office of Lawyers Professional Responsibility or may be the subject of civil lawsuits.

What Happens When a Claim is Filed?

Each claim is reviewed to determine eligibility for payment. If a claim is denied, the claimant will be advised of the reasons for denial. The Board determines the merit of all claims, and the amount of any reimbursement. In most instances, claimants meet personally with someone from the Board's staff.

How is a Claim Filed?

A copy of the claim form may be viewed by clicking [here](#) and can be obtained by contacting:

**Minnesota Client Security Board
25 Constitution Avenue, Suite 105
St. Paul, Minnesota 55155-1500
(651) 296-3952
Toll-free 1-800-657-3601
Fax (651) 297-5801
TTY users call MN Relay service
Toll-free at 1-800-627-3529**