



Board of Commissioners

Agenda and Materials

June 12, 2020

**STATE BAR OF MICHIGAN
BOARD OF COMMISSIONERS
FRIDAY, JUNE 12, 2020
VIA ZOOM
9:30 A.M.
AGENDA**

State Bar of Michigan Statement of Purpose

“...The State Bar of Michigan shall aid in promoting improvements in the administration of justice and advancements in jurisprudence, in improving relations between the legal profession and the public, and in promoting the interests of the legal profession in this state.”

Rule 1 of the Supreme Court Rules Concerning the State Bar of Michigan

- I. Call to Order..... Dennis M. Barnes President

CONSENT AGENDA

- II. **Minutes**
A. April 24, 2020 Board of Commissioners meeting*
B. April 14, 2020 Executive Committee meeting*
C. May 8, 2020 Executive Committee meeting*
- III. **President’s Activities**..... Dennis M. Barnes, President
A. Recent Activities*
- IV. **Executive Director’s Activities**.....Janet K. Welch, Executive Director
A. Recent Activities*
- V. **Finance**.....Daniel D. Quick, Chairperson
A. FY 2020 Financial Reports through April 2020*
- VI. **Professional Standards** James W. Heath, Chairperson
A. Client Protection Fund Claims*
B. Unauthorized Practice of Law Claims**
- VII. **Communications and Member Services**Dana M. Warnez, Chairperson
A. 50 Year Golden Celebration*

LEADERSHIP REPORTS

- VIII. **President’s and Executive Director’s Report** Dennis M. Barnes, President
Janet K. Welch, Executive Director
- A. Impact of Covid-19
B. State Bar Elections
 i. Timetable
 ii. Reapportionment
 iii. Officer Election
C. Litigation
D. Role of the State Bar (discussion)

- IX. **Representative Assembly Report** Aaron V. Burrell, Chairperson
- X. **Young Lawyers Section Report** Ryan Zemke, Chairperson

COMMISSIONER COMMITTEES

- XI. **Finance**.....Daniel D. Quick, Chairperson
 - A. FY 2020 Financial Results
 - B. Annual Bar Card Options*
- XII. **Audit**.....Daniel D. Quick Chairperson
- XIII. **Professional Standards** James W. Heath, Chairperson
- XIV. **Communications and Member Services**Dana M. Warnez, Chairperson
 - A. Liberty Bell Award*
- XV. **Public Policy**..... Robert J. Buchanan, Chairperson
 - A. Court Rules**
 - B. Other**

FOR THE GOOD OF THE PUBLIC AND THE PROFESSION

- XVI. **Comments or questions from Commissioners**
- XVII. **Adjournment**

*Materials included with agenda

**Materials delivered or to be delivered under separate cover or handed out

**STATE BAR OF MICHIGAN
BOARD OF COMMISSIONERS MEETING MINUTES**

President Barnes called the meeting to order at 9:30 a.m. on Friday, April 24, 2020 via videoconference.

Commissioners present:

Danielle Mason Anderson
David C. Anderson
Dennis M. Barnes, President
Joseph J. Baumann
Robert J. Buchanan, President-Elect
Aaron V. Burrell
Erika L. Butler
Hon. Clinton Canady III
B.D. “Chris” Christenson
Josephine A. DeLorenzo
Hon. Shauna L. Dunning
Thomas H. Howlett
Lisa J. Hamameh
Kara R. Hart-Negrich
James W. Heath, Secretary
Sarah E. Kuchon
Suzanne C. Larsen

James W. Low
E. Thomas McCarthy Jr.
Joseph P. McGill
Valerie R. Newman
Nicholas M. Ohanesian
Samantha J. Orvis
Hon. David A. Perkins
Barry R. Powers
Daniel D. Quick, Treasurer
Chelsea M. Rebeck
Thomas G. Sinas
Gregory L. Ulrich
Dana M. Warnez, Vice President
Erane C. Washington
Mark A. Wisniewski
Ryan Zemke

State Bar staff present:

Janet Welch, Executive Director
Marge Bossenbery, Executive Coordinator
Nancy Brown, Assistant Executive Director
Alecia Chandler, Client Protection Fund Program Director
Gregory Conyers, Diversity Development Program Director
Elizabeth Couch, Director of Communications
Peter Cunningham, Assistant Executive Director and Director, Governmental Relations
Darin Day, Outreach Program Director
Michelle Erskine, Research Assistant & Event Specialist
Elizabeth Goebel, Public Policy Counsel
Kathryn Hennessey, General Counsel
Robert Mathis, Pro Bono Services and Justice Initiatives Counsel
Molly Ranns, Clinical Case Manager
Carrie Sharlow, Administrative Assistant
Janna Sheppard, Administrative Assistant
Kari Thrush, Lawyer Services Program Director
Tish Vincent, Program Director, LJAP
Anne Vrooman, Research and Development Program Director
Becky Weaver, Financial Services Manager

Consent Agenda

The Board received the minutes from the January 24 and March 24, 2020 Board meetings.

The Board received the minutes from the January 14, February 25, March 13, 23, and 31, 2020 Executive Committee meetings.

The Board received the recent activities of the president.

The Board received the recent activities of the executive director.

The Board received the FY 2020 Financial Reports through February 2020, and the 2019 Report of the State Bar of Michigan Retirement Plan.

The Board received the Client Protection Fund Claims.

The Board received the proposed positions regarding Model Criminal Jury Instructions.

The Board received bylaw amendments from the Antitrust, Family Law, Government Law, Labor Law, and Litigation Services sections.

Mr. Barnes asked the Board if any items needed to be removed from the consent agenda.

A motion was offered and supported to approve the consent agenda. The motion was approved.

LEADERSHIP REPORTS

President's and Executive Director's Report: Dennis M. Barnes, President and Janet K. Welch, Executive Director

Mr. Barnes and Ms. Welch reported:

- on the State Bar's response to the Covid-19 pandemic, including remote operations, responding to emerging needs of the members and the public, low bono and first responder's rapid response initiatives, section input on remote notarization and witnessing resulting in an executive order, Sprint Task Force on transitioning back from COVID-19, plans for a mass swearing-in ceremony where Chief Justice McCormack will administer the oath to new lawyers, and interactions with sections and intergovernmental relations.
- that Ms. Couch is the State Bar's new communications director. Ms. Couch provided the Board with a slideshow showing the State Bar's social media response to the Covid-19 pandemic.
- on cancellations and postponements, specifically the 50-year Golden Celebration, the Bar Leadership Forum, and the Upper Michigan Legal Institute.
- on the recent activities of the Strategic Planning Committee.
- on the podcasts that Mr. Barnes and Chief Justice McCormack each taped.
- on the FY 2021 Financial Strategies and Timetables. Ms. Welch stated that the FY 2021 budget will be discussed at a special Board meeting in August, rather than in July, and will be more have greater uncertainty than in recent years.
- that the work of the Governance Committee has been temporarily postponed and that plans will be made for the committee to meet in the summer.
- on the Board and officer election process.

Representative Assembly (RA) Report: Aaron V. Burrell, Chairperson

Mr. Burrell reported:

- that the RA officers are prepared for the first virtual RA meeting tomorrow, and explained the presentation and practice sessions. He recognized SBM staff for their efforts in the planning of the virtual meeting.
- that the RA members were solicited for their feedback regarding information about Michigan's trial court operations during the pandemic.
- on the details of the calendar for the April 25, 2020 Representative Assembly meeting and responded to questions from the Board members.

Young Lawyers Section (YLS) Report: Ryan Zemke, Chairperson

Mr. Zemke reported that:

- the BOC and YLS challenge that usually took place after the April BOC meeting is postponed and that the YLS Executive Council is looking into virtual options because of the value they place on meeting with Board members.
- many programs that the YLS planned with new lawyers or law students are taking place via Zoom.
- the YLS Executive Council is monitoring the Governor's Executive Orders to determine if the Annual Summit, scheduled for September, will take place.
- YLS is promoting health and wellness programs.
- the YLS is looking to the SBM for information about job prospects for law school graduates or summer interns given the current climate. Mr. Quick and Mr. Barnes both expressed concern about graduates who were laid off or did not get a job.

COMMISSIONER COMMITTEES

Finance: Daniel M. Quick, Chairperson

Mr. Quick stated that while the budget process is being pushed back a little bit, committee deliberations are still ongoing.

Mr. Quick stated that consideration of a fee increase has been postponed until at least the April 2021 RA meeting.

Mr. Quick reported that the Finance Committee is looking at non-fee revenue sources and along with staff has developed a cross-committee working group to talk through some ideas. He stated that the Finance Committee is also working on identifying cost saving measures within the SBM.

Mr. Quick reviewed the FY 2020 financial results through February 2020.

Mr. Quick summarized the attached revisions to the Investment Policy. A motion was offered to adopt the revisions. The motion was seconded and approved.

Audit: Daniel M. Quick, Chairperson

Mr. Quick reported that the subsequent events audit is completed, and no future action is required.

Professional Standards: James W. Heath, Chairperson

Mr. Heath reported that the Professional Standards Committee met this morning and reviewed several Client Protection Fund (CPF) claims and considered recommendations for appointments by the SBM for vacancies on the ABA House of Delegates and the Michigan Indigent Defense Commission (MIDC).

Mr. Heath offered a motion that the names of Mr. David W. Jones, Mr. Sean Tate, and Ms. Kimberly A. Thomas be sent to the Governor's Office as the State Bar's selections for her appointment to the MIDC. The motion was seconded and approved.

Mr. Heath offered a motion that Mr. Thomas Rombach be reappointed and Mr. Carlos Escurel appointed to the American Bar Association House of Delegates representing the SBM. The motion was seconded and approved. Mr. Low abstained.

Communications and Member Services (CAMS): Dana M. Warnez, Chairperson

2020 SBM Awards Committee Recommendations

As recommended by the SBM Awards Committee and the CAMS Committee, Ms. Warnez offered a motion to award the Roberts P. Hudson Award to Barry L. Howard; the Frank J. Kelley Distinguished Public Service Award to Ronald J. Frantz and Anita Hitchcock; the Champion of Justice Award to the Thomas P. Boyd, Hon. Susan L. Dobrich, and James H. Fisher; the Kim Cahill Bar Leadership Award to the ATJ Mid-Northern Michigan Expungement Project; and the John W. Reed Michigan Lawyer Legacy Award to Professor Paul D. Reingold. The motion was seconded and approved.

2020 John W. Cummiskey Award

As recommended by the Justice Initiatives Committee and the CAMS Committee, Ms. Warnez offered a motion to award the John W. Cummiskey Pro Bono Award to Heidi Naasko. The motion was seconded and approved.

SBM Section Guidelines

Ms. Warnez reported that the CAMS Committee considered the memo in the Board materials regarding section guidelines. The proposed guidelines (attached) include guidance and clarification for the creation, modification, or discontinuance of sections. Ms. Warnez offered a motion to approve the proposed section guidelines as presented by the committee. The motion was seconded and approved.

The Mentor Newsletter

Ms. Warnez reminded the board that it committed to continue publishing *The Mentor* newsletter in the same January 2019 vote that dissolved the Master Lawyers Section as an opt-out section funded and staffed by the SBM. She also noted that, later in 2019, the board approved a request to form the new Senior Lawyers Section as more traditional section, voluntary and self-funded. Because Senior Lawyers now exists, and newsletters like *The Mentor* are typically published by sections, CAMS recommends that the SBM discontinue publishing *The Mentor* with an invitation to the Senior Lawyers Section to take over publication or create its own newsletter. Ms. Warnez offered this recommendation as a motion. The motion was seconded and approved.

Bar Journal Opt-In Change

Ms. Warnez referenced a report that the Board received from Mr. John Runyon, chair of the SBM Standing Committee of the *Michigan Bar Journal*. Regarding the proposed change to the method of distribution of the *Michigan Bar Journal*, Mr. Runyon states that the committee is reluctant to recommend changes to the means of distribution of the *Bar Journal*, but if change is necessary, it should be done incrementally and slowly. Mr. Runyon recommends that an “opt-in” procedure be developed for the print version of the *Journal* and suggests that if the change is made, members be instructed how to “opt in” to receive a print copy.

Based on the report and the recommendations of the Standing Committee of the *Michigan Bar Journal*, as approved by the CAMS Committee, Ms. Warnez offered a motion that the SBM adopt the recommendation to transition to an electronic delivery of the *Bar Journal* and create a process for an “opt-in” option for members to receive a print version of the *Journal*.

The motion was amended to add that implementing this process and “opt-in” option be added to the fee statement in the fall.

The motion was seconded and approved.

Based on recommendation of the Standing Committee of the *Michigan Bar Journal* and approved by the CAMS Committee, Ms. Warnez offered a motion that the April Resource Directory become an online resource for members and no longer be printed and distributed as a cost savings. She stated that the implementation date coincides with the other change.

The motion was seconded and approved.

Public Policy: Robert J. Buchanan, Chairperson

Legislation

HB 5296 (Hornberger) Family law; marriage and divorce; public disclosure of divorce filings; modify. Amends 1846 RS 84 (MCL 552.1 - 552.45) by adding sec. 6a.

A motion was offered and seconded that the legislation is *Keller* permissible. The motion was approved.

A motion was offered and seconded to support the bill with the amendment that the word “public” be clarified to mean “non-party.” A roll call vote was taken.

Commissioners voting for the position: Anderson, Danielle; Anderson, David; Barnes; Baumann; Buchanan; Burrell; Butler; Christenson; DeLorenzo; Hamameh; Hart-Negrich; Heath; Howlett; Kuchon; Larsen; Low; McGill; Newman; Ohanesian; Orvis; Perkins; Powers; Rebeck; Sinas; Warnez; Washington; Wisniewski; Zemke. Commissioners voting against the position: Canady, Dunning, McCarthy, Quick, Ulrich.

The motion was approved.

HB 5304 (Filler) Courts; judges; procedure for certain circuit court judges to sit as judges of the court of claims; establish. Amends secs. 6404, 6410 & 6413 of 1961 PA 236 (MCL 600.6404 et seq.).

A motion was offered that the legislation is *Keller* permissible. The motion was seconded and approved. A motion was offered and seconded to support the legislation as drafted. A roll call vote was taken.

Commissioners voting for the position: Anderson, Danielle; Anderson, David; Buchanan; Butler; Christenson; DeLorenzo; Dunning; Hamameh; Hart-Negrich; Heath; Howlett; Kuchon; Larsen; Low; McCarthy; McGill; Newman; Ohanesian; Orvis; Perkins; Powers; Quick; Rebeck; Sinas; Ulrich; Warnez; Washington; Wisniewski; Zemke. Commissioners voting against the position: Barnes, Baumann. Commissioners abstaining from the vote: Canady.

The motion was approved.

HB 5442 (Elder) Courts; district court; compensation for district court judges; increase. Amends sec. 8202 of 1961 PA 236 (MCL 600.8202).

A motion was offered that the legislation is *Keller* permissible. The motion was seconded and approved.

A motion was offered and seconded to support the bill as drafted. A roll call vote was taken.

Commissioners voting for the position: Anderson, Danielle; Anderson, David; Barnes; Baumann; Buchanan; Butler; Christenson; DeLorenzo; Hamameh; Hart-Negrich; Heath; Howlett; Kuchon; Larsen; McCarthy; McGill; Newman; Ohanesian; Orvis; Perkins; Quick; Rebeck; Sinas; Ulrich; Warnez; Washington; Wisniewski; Zemke. Commissioners voting against the position: Powers. Commissioners abstaining from the vote: Canady, Dunning, Low.

The motion was approved.

HB 5464 (Lightner) Criminal procedure; bail; requirements for the use of a pretrial risk assessment tool by a court making bail decision; create. Amends 1927 PA 175 (MCL 760.1 - 777.69) by adding sec. 6e to ch. V.

A motion was offered that the legislation is *Keller* permissible. The motion was seconded and approved.

A motion was offered to adopt the Access to Justice Policy Committee position to support the bill with amendments to:

(1) add language specifying that pretrial detention determinations should never be based on a pretrial risk assessment tool score alone, and (2) require PSA tools to be periodically peer reviewed and tested for bias.

The motion was seconded and approved.

SB 0724 (Lucido) Criminal procedure; indigent defense; appointment and compensation of defense attorneys for indigent defendants during certain stages of criminal cases; require. Amends sec. 11 of 2013 PA 93 (MCL 780.991).

A motion was offered that the legislation is *Keller* permissible. The motion was seconded and approved.

A motion was offered to oppose the bill as drafted as it is overly broad and interferes with the existing Michigan assigned appellate counsel system that appoints counsel to indigent defendants.

The motion was seconded and approved.

SB 0790 (Runestad) Civil procedure; other; video recordings of court proceedings; provide for availability and review. Amends 1961 PA 236 (MCL 600.101 - 600.9947) by adding sec. 1429.

A motion was offered that the legislation is *Keller* permissible. The motion was seconded and approved.

A motion was offered and seconded to oppose the bill. Reasons include:

1. Transcripts of hearings are already accessible, and video recordings under this bill would not be official recordings;
2. The bill was introduced prior to AO 2020-6, which provides procedures for remote court proceedings that are accessible online; and
3. This matter is more appropriately addressed by the Court.

A roll call vote was taken.

Commissioners voting for the position: Anderson, Danielle; Anderson, David; Barnes; Buchanan; Butler; Canady; Christenson; DeLorenzo; Dunning; Hamameh; Hart-Negrich; Heath; Howlett; Kuchon; Larsen; Low; McCarthy; McGill; Newman; Ohanesian; Orvis; Perkins; Powers; Quick; Rebeck; Sinas; Warnez; Wisniewski; Zemke. Commissioners voting against the position: Baumann, Ulrich, Washington.

The motion was approved.

SB 0792 (Barrett) Retirement; judges; contributions to tax-deferred accounts instead of retiree health benefits for certain employees; provide for, and establish auto enrollment feature for defined contribution plan. Amends secs. 301 & 604 of 1992 PA 234 (MCL 38.2301 & 38.2604) & adds secs. 509a & 714a.

A motion was offered that the legislation is *Keller* permissible. The motion was seconded and approved.

A motion was offered and seconded to support the bill to provide judges parity with other state employees for the level of matching contributions to their defined contribution plans.

A roll call vote was taken.

Commissioners voting for the position: Anderson, Danielle; Anderson, David; Barnes; Baumann; Buchanan; Butler; Christenson; DeLorenzo; Hamameh; Hart-Negrich; Heath; Howlett; Kuchon; Larsen; Low; McCarthy; McGill; Newman; Ohanesian; Orvis; Perkins; Powers; Quick; Rebeck; Sinas;

Ulrich; Warnez; Washington; Wisniewski; Zemke. Commissioners abstaining from voting: Canady, Dunnings.

The motion was approved.

FY 2020-2021 Budget for the Judiciary as contained in **HB 5554** and **SB 0802**, and the Executive Budget Recommendation, pages B-45 through B-47.

A motion was offered that the legislation is *Keller* permissible. The motion was seconded and approved.

A motion was offered and seconded to support the FY 2020-2021 Budget for the Judiciary as contained in HB 5554 and SB 0802, and the Executive Budget Recommendation, pages B-45 through B-47.

A roll call vote was taken.

Commissioners voting for the position: Anderson, Danielle; Anderson, David; Barnes; Baumann; Buchanan; Butler; Christenson; DeLorenzo; Hamameh; Hart-Negrich; Heath; Howlett; Kuchon; Larsen; Low; McCarthy; McGill; Newman; Ohanesian; Orvis; Perkins; Powers; Quick; Rebeck; Sinas; Ulrich; Warnez; Washington; Wisniewski; Zemke. Commissioners abstaining from voting: Canady, Dunnings.

The motion was approved.

FY 2020-2021 Budget for the Michigan Indigent Defense Commission as contained in **HB 5554** and **SB 0802**, and the Executive Budget Recommendation, pages B-55 through B-57.

A motion was offered that the legislation is *Keller* permissible. The motion was seconded and approved.

A motion was made to support the FY 2020-2021 Budget for the Michigan Indigent Defense Commission as contained in HB 5554 and SB 0802, and the Executive Budget Recommendation, pages B-55 through B-57.

The motion was seconded and approved.

Comments or questions from Commissioners

There were none.

Comments or questions from the public

There were none.

The meeting was adjourned at 12:35 p.m.

State Bar of Michigan
Executive Committee Conference Call
Tuesday, April 14, 2020
4:00 p.m.

Call to Order: President Barnes called the meeting to order at 4:02 p.m.

Members Present: President Dennis M. Barnes, President-Elect Robert J. Buchanan, Vice President Dana M. Warnez, Treasurer Daniel D. Quick, Representative Assembly Chair Aaron V. Burrell, Representative Assembly Vice Chair Chelsea M. Rebeck, and Commissioners Thomas H. Howlett, Joseph P. McGill, and Erane C. Washington.

Members Absent:
Secretary James W. Heath

State Bar Staff Present: Janet Welch, Executive Director; Margaret Bossenbery, Executive Coordinator; Nancy Brown, Assistant Executive Director; Peter Cunningham, Assistant Executive Director; Kathryn Hennessey, General Counsel; and Darin Day, Outreach Program Director.

Minutes

Mr. Barnes introduced the minutes from the February 25, March 13, 23, and 31 meetings and stated those minutes will be sent to committee members later for approval.

President's and Executive Director's Report

Mr. Barnes reported that the State Bar has launched a new initiative this week, the Frontline Responders Legal Helpline. Qualified volunteer attorneys who will provide pro bono services to first responders seeking crucial legal documents including medical powers of attorney, financial powers of attorney, and simple/statutory wills.

Mr. Barnes told the committee members he participated on a zoom meeting with a TV station in Grand Rapids regarding the Frontline Responders Legal Helpline which led to speaking about the COVID-19 Response Helpline.

Mr. Barnes stated that another program, a modest means-focused COVID-19 Rapid Response Helpline, was not launched last week because a potential antitrust issue was identified. However, it was rolled out today without a maximum fee schedule or set cost packages. This initiative will connect members of the general public with legal needs related to the crisis with lawyers who have agreed to quickly provide services.

Ms. Welch stated that ICLE will assist with the Frontline Responders program by offering free training for involved lawyers that will guide preparing, witnessing, and notarizing relevant documents.

Mr. Barnes reported on the State Bar's efforts to get clarification and greater discretion for attorneys to practice law safely but as needed for competent representation during the quarantine period. After discussion, Mr. Barnes stated that the SBM would continue to work to the greatest extent possible with the Court and the governor's office to achieve those ends.

Mr. Barnes stated that he had taped an SBM On Balance podcast and hoped that it would be posted soon because the topic discussed—practicing during a pandemic and the State Bar’s efforts to assist lawyers and the public -- is timely.

Ms. Welch reported that the May *Bar Journal* will not be printed, but instead SBM’s communications resources will be focused on daily updates and timely online information relevant to the pandemic. The predetermined theme for the June *Bar Journal*, fortuitously, is bankruptcy, which is relevant to the pandemic situation.

Ms. Hennessey reported that the next Strategic Planning Committee meeting is scheduled for April 20, and that the agenda and materials will be sent later this week.

Mr. Cunningham provided the committee with an overview on the process in place to run the Board and RA meetings via teleconferencing. Both of the meetings will be on livestream on the SBM YouTube.

Representative Assembly (RA) Chair’s Report

Representative Assembly Chair Burrell reported on the activities of the Nominations Committee in filling RA vacancies, the deadlines for award nominations, and noted that plans are underway for the virtual meeting. The Code of Judicial Conduct issue postponed from the September 2019 meeting will be on the RA calendar.

Agenda for the April 24, 2020 Board Meeting

Ms. Bossenbery reviewed the proposed agenda. The materials will be sent out at the end of the week. A motion was made to approve the agenda. The motion was seconded and approved.

Other

Mr. Quick asked when a meeting will be scheduled as a follow-up with the Reapportionment and Governance task forces. Mr. Barnes indicated that a meeting for the Reapportionment Task Force will be scheduled before the July Board meeting so there is adequate notice for any bylaw amendment to bring to the Board at their August meeting. The Governance Task Force meeting will be scheduled in August and more than likely be held remotely.

Ms. Welch stated that the response to *Jarchow v State Bar of Wisconsin* has been filed with the U.S. Supreme Court, recommended that the committee to go online to read it.

The meeting was adjourned at 5:10 p.m.

**State Bar of Michigan
Executive Committee Conference Call
Friday, May 8, 2020
12:00 p.m.**

Call to Order: President Barnes called the meeting to order at 12:02 p.m.

Members Present: President Dennis M. Barnes, President-Elect Robert J. Buchanan, Vice President Dana M. Warnez, Secretary James W. Heath, Treasurer Daniel D. Quick, Representative Assembly Chair Aaron V. Burrell, Representative Assembly Vice Chair Chelsea M. Rebeck, and Commissioners Thomas H. Howlett, Joseph P. McGill, and Erane C. Washington.

State Bar Staff Present: Janet Welch, Executive Director; Margaret Bossenbery, Executive Coordinator; Nancy Brown, Assistant Executive Director; Peter Cunningham, Assistant Executive Director; Kathryn Hennessey, General Counsel; and Kari Thrush, Lawyer Service Program Director.

President's and Executive Director's Report

Mr. Barnes reported on the internal communications with the governor's legal counsel on clarification of the stay at home order concerning the practice of law.

Emails for Election Candidates

Mr. Barnes reported that a few candidates for elected offices requested member email addresses for the purpose of sending campaign literature. Current SBM policies governing this do not allow for emails to be provided to individuals. A motion was offered and seconded that on an interim basis for this year's election to allow candidates to receive email addresses for their circuits or districts. After discussion of the pros and cons of various options, including the difficulties of reaching consensus so close to the election, the motion was withdrawn.

Bar Leadership Forum (BLF) and Upper Michigan Legal Institute (UMLI)

Due to the coronavirus, the BLE and UMLI were postponed from the original June 12–13 dates. After discussion, the Executive Committee decided that the BLF and the UMLI would not be rescheduled for 2020.

Lawsuit updates

Mr. Barnes and Ms. Welch provided the Executive Committee with information about pending lawsuits.

The meeting was adjourned 1:07 p.m.

President Dennis M. Barnes
President's Activities
April 26 through June 12, 2020

Date	Event	Location
Various Dates	Numerous zoom meetings and phone conversations with the SBM and outside entities regarding the State Bar's response to issues surrounding Covid-19	Various Locations
April 28	SBM COVID-19 Phase II Sprint Task Force meeting	Via Zoom
April 30	Meeting with Chief Justice Bridget McCormack, MSC, and SBM staff about Mass Swearing in Ceremony	Via Zoom
May 7	Meeting with Janet Welch, Executive Director	Phone Call
May 8	Executive Committee meeting	Via Zoom
May 11	Dress rehearsal for the Mass Swearing in Ceremony	Via Zoom
May 14	Rehearsal for Mass Swearing in Ceremony with Janet Welch	Via Zoom
May 15	Mass Swearing in Ceremony for New Members of the State Bar of Michigan	Via Zoom
May 15	Bar Association Receptions	Via Zoom
May 20	CLIO Webinar - COVID-19 and the Future of the Professions – A virtual event with Richard and Daniel Susskind	Via Zoom
June 2	Executive Committee meeting	Via Zoom
June 12	Board of Commissioners meeting	Via Zoom

Executive Director Janet K. Welch
Executive Director Activities
April 25 through June 12, 2020

Date	Event	Location
Various Dates from April 25 – June 12	Multitude of internal SBM leadership meetings, not separately noted below	Lansing
April 28	Meeting with Hon. Cynthia Diane Stephens	Phone call
April 28	Meeting with Dan Lear from Right Brain Law	Phone call
April 28	COVID-19 Sprint Task Force meeting	Via Zoom
April 29	International Working Group - Transition after Pandemic Restrictions meeting	Via Zoom
April 29	Meeting with Attorney Discipline System leaders, Katie Hennessey	Via Zoom
April 30	Mass Swearing in Ceremony meeting	Via Zoom
April 30	Mass Swearing in Ceremony meeting with Chief Justice Bridget McCormack, President Dennis Barnes, and Michigan Supreme Court and SBM staff	Via Zoom
April 30	NABE COVID-19 Pandemic Roundtable meeting	Via Zoom
May 1	Strategic Management Team meeting	Via Zoom
May 1	Meeting with Family Law Section leaders	Via Zoom
May 4	Mass Swearing in Ceremony meeting	Via Zoom
May 4	Capitol Club meeting	Via Zoom
May 5	Economics of Law Practice and Member Impact Surveys meeting	Via Zoom
May 6	International Working Group - Transition after Pandemic Restrictions meeting	Via Zoom
May 6	Strategic Management Team meeting	Via Zoom
May 6	Finance Committee meeting	Via Zoom
May 7	Meeting with Bob Craghead, Executive Director, Illinois State Bar Association	Phone call

Date	Event	Location
May 7	Meeting with Chief Justice Bridget McCormack	Phone call
May 7	Meeting with President Dennis Barnes	Phone call
May 7	Tech Rehearsal for Mass Swearing in Ceremony	Via Zoom
May 8	Executive Committee meeting	Via Zoom
May 11	Dress Rehearsal for Mass Swearing in Ceremony meeting with Chief Justice Bridget McCormack, President Dennis Barnes, and MSC and SBM staff	Via Zoom
May 12	Conference call with CloudLaw	Via Zoom
May 12	SPB meeting - post-COVID-19	Via Zoom
May 13	International Working Group - Transition after Pandemic Restrictions meeting	Via Zoom
May 13	Meeting with Attorney Discipline System leaders, Katie Hennessey, and Tish Vincent	Via Zoom
May 13	Integrated Tech meeting	Via Zoom
May 14	Mass Swearing in Ceremony rehearsal meeting with President Dennis Barnes	Via Zoom
May 14	Strategic Management Team meeting	Via Zoom
May 15	Mass Swearing in Ceremony for New Members of the State Bar of Michigan	Via Zoom
May 15	Local Bar Association Receptions	Via Zoom
May 18	Capitol Club meeting	Via Zoom
May 18	Meeting with Past President Reggie Turner	Phone call
May 18	Meeting with Interviewers for CFO position	Via Zoom
May 19	Interviews for CFO Position	Via Zoom
May 20	International Working Group - Transition after Pandemic Restrictions meeting	Via Zoom
May 20	Strategic Management Team meeting	Via Zoom
May 20	CLIO Webinar - COVID-19 and the Future of the Professions – A virtual event with Richard and Daniel Susskind	Via Zoom
May 20	All Staff meeting	Via Zoom
May 21	Virtual Courtroom Task Force meeting	Via Zoom

Date	Event	Location
May 21	Meeting with Anne Boomer, MSC Administrative Counsel and Katie Hennessey	Via Zoom
May 22	Affinity Bar Showcase	Via Zoom
May 26	Meeting with President Dennis Barnes	Phone call
May 26	Meeting with Past President Reggie Turner and Michigan Association of Justice (MAJ) Leaders	Via Zoom
May 27	International Working Group - Transition after Pandemic Restrictions meeting	Via Zoom
May 27	Integrated Tech meeting	Via Zoom
May 27	Strategic Management Team meeting	Via Zoom
May 27	Meeting with Attorney Discipline System leaders, Katie Hennessey, and Tish Vincent	Via Zoom
May 27	Meeting with Past President Bruce Neckers	Phone call
May 29	Meeting with Governor Whitmer, Governor's Legal Counsel Mark Totten, and MAJ and local bar leaders	Via Zoom
June 2	Executive Committee meeting	Via Zoom
June 3	International Working Group - Transition after Pandemic Restrictions meeting	Via Zoom
June 3	Strategic Management Team meeting	Via Zoom
June 4	Interview for CFO Position	Via Zoom
June 8	ICLE Executive Committee meeting	Ann Arbor
June 9	International Institute of Law Association Chief Executives Conference (IILACE) Financial Impact of Pandemic seminar	Via Zoom
June 10	Meeting with Attorney Discipline System leaders, Katie Hennessey, and Tish Vincent	Via Zoom
June 11	Public Policy Committee meeting	Via Zoom
June 12	Board of Commissioners meeting	Via Zoom

State Bar of Michigan Financial Results Summary

For the Seven Months Ended April 30, 2020

Fiscal Year 2020

Administrative Fund

Summary of YTD April 30, 2020 Actual Results

For the seven months ended April 30, 2020, the State Bar had an Operating Loss of \$505,622 and Non-Operating Loss of \$12,043, for a decrease in Net Position of \$517,661 so far in FY 2020. Net Position as of April 30, 2020 totaled \$11,699,559. Net Position excluding the impacts of the Retiree Health Care Trust net of the GASB 75 liability totaled \$9,861,444.

YTD Variance from Budget Summary:

YTD Operating Revenue - \$34,693 unfavorable to YTD budget, or (.6%)

YTD Operating Expense - \$388,796 favorable to YTD budget, or 6%

YTD Non-Operating Income - \$157,876 unfavorable to YTD budget, or (108.3%)

YTD Change in Net Position - \$196,230 favorable to YTD budget

YTD Key Budget Variances:

YTD Operating Revenue variance - \$34,693 unfavorable to budget:

- Operating revenue was unfavorable to budget primarily due to higher BJ Directory revenue, and license fee revenue (late fees), net lower LRS, Bar Journal 11, Print Center and Member Services revenue.

YTD Operating Expense variance - \$388,796 favorable to budget:

- Salaries and Employee Benefits/ Payroll Taxes - \$186,327 favorable - (4.4%)
 - Underage in salaries and benefits due to vacancies and health care.
- Non-Labor Operating Expenses - \$202,469, favorable - (8.9%)
 - Exec Offices - \$61,164 favorable - (14.3%) - Primarily Executive Office, HR, R&D, RA, BOC and other.
 - Finance & Admin - \$18,742 favorable - (2.1%) – Under in Administration and in Facilities Services due to timing.
 - Member & Communication Services - \$97,084 favorable - (10.9%) - Primarily Member & Endorsed Services, Website, Bar Journal, Print Center and Media Relations.
 - Professional Standards - \$25,479 favorable - (35%) - Primarily C&F, Ethics, UPL and Other.

YTD Non-Operating Revenue Budget Variance - \$157,876 unfavorable to budget

- Operating investment income is unfavorable to budget by \$5,136 or (3.5%).
- Retiree Health Care Trust investment income is unfavorable to budget by \$152,740 due to investment loss; however, no investment income or loss was budgeted.

Cash and Investment Balance – Admin Fund

As of April 30, 2020, the cash and investment balance in the State Bar Admin Fund (net of “*due to Sections, Client Protection Fund, and Retiree Health Care Trust*”) was \$9,574,619, an increase of \$1,311,434 so far this fiscal year due to the collection of license fees.

SBM Retiree Health Care Trust

As of April 30, 2020, the SBM Retiree Health Care Trust had a fund balance of \$3,352,705, which is a decrease of \$115,339 or (3%), so far in FY 2020 due to investment loss.

Capital Budget – Admin Fund

Through April 30, 2020, YTD capital expenditures totaled \$237,076 which is over the YTD capital budget by \$64,676 due to the elevator upgrade and two unbudgeted IT projects that will be offset by underspending on other IT projects.

Administrative Fund FY 2020 Year-End Financial Forecast

We are projecting to do better than the FY 2020 budget and continue to monitor the forecast. Our current projection shows us favorable to budget by \$520,543, not including the investment impacts of the retiree health care trust. This projection is based on lower operational expenses primarily in salary, benefits, travel, meetings and programs net lower revenue for canceled programs and loss of investment income.

Client Protection Fund

The Net Position of the Client Protection Fund as of April 30, 2020 totaled \$2,077,537, an increase of \$80,747 so far in FY 2020. Claims payments so far this year totaled \$224,475. In addition, there is a total of \$48,437.17 approved claims awaiting subrogation agreements.

SBM Membership

As of **April 30, 2020**, the total active, inactive and emeritus membership in good standing totaled 46,077 attorney members, a net decrease of 15 members so far in FY 2020. A total of 522 new members have joined the SBM so far during FY 2020.

**STATE BAR OF MICHIGAN
ADMINISTRATIVE FUND**

Unaudited and For Internal Use Only

**FINANCIAL REPORTS
April 30, 2020**

FY 2020

Note: License Fee revenue is recognized and budgeted as earned each month throughout the year.

State Bar of Michigan
Statement of Net Position
Administrative Fund
For the Months Ending March 31, 2020 and April 30, 2020
FY 2020

	March 31, 2020	April 30, 2020	Increase (Decrease)	%	Beginning of FY 2020 10/1/19
ASSETS AND DEFERRED OUTFLOWS					
Cash	3,641,461	3,527,157	(114,304)	-3.14%	1,767,913
Investments	9,578,528	9,078,528	(500,000)	-5.22%	8,753,528
Accounts Receivable	193,436	184,618	(8,818)	-4.56%	299,325
Due from (to) CPF	(353)	(128)	225	-63.85%	(7,740)
Due to Sections	(3,117,768)	(3,030,938)	86,831	-2.79%	(2,250,516)
Prepaid Expenses	284,216	267,112	(17,104)	-6.02%	434,486
Inventory	6,823	6,823	0	0.00%	23,538
Capital Assets	3,731,809	3,712,159	(19,650)	-0.53%	3,800,582
SBM Retiree Health Care Trust	3,047,527	3,352,705	305,178	10.01%	3,468,044
Total Assets	17,365,678	17,098,035	(267,642)	-1.54%	16,289,160
Deferred outflows of resources related to pensions	34,117	34,117	0	0.00%	34,117
Deferred outflows of resources related to OPEB	313,165	313,165	0	0.00%	313,165
Total Deferred outflows of resources	347,282	347,282	0	0.00%	347,282
TOTAL ASSETS AND DEFERRED OUTFLOWS	17,712,960	17,445,317	(267,642)	-1.51%	16,636,442
LIABILITIES, DEFERRED INFLOWS AND NET POSITION					
Liabilities					
Accounts Payable	598	972	374	62.46%	390,272
Accrued Expenses	461,081	474,750	13,669	2.96%	516,644
Deferred Revenue	3,662,679	3,083,222	(579,458)	-15.82%	1,325,491
Net Pension Liability	330,798	330,798	0	0.00%	330,798
Net OPEB Liability	1,603,186	1,603,186	0	0.00%	1,603,186
Total Liabilities	6,058,343	5,492,928	(565,415)	-9.33%	4,166,391
Deferred Inflows of resources related to pensions	28,262	28,262	0	0.00%	28,262
Deferred Inflows of resources related to OPEB	224,569	224,569	0	0.00%	224,569
Total Deferred inflows of resources	252,831	252,831	0	0.00%	252,831
Total Liabilities and Deferred Inflows	6,311,174	5,745,759	(565,415)	-8.96%	4,419,222
Net Assets					
Invested in Capital Assets, Net of Related Debt	3,731,809	3,712,159	(19,650)	-0.53%	3,800,582
Restricted for Retiree Health Care Trust	1,532,937	1,838,115	305,178	19.91%	1,953,454
Unrestricted	6,137,041	6,149,285	12,245	0.20%	6,463,184
Total Net Position	11,401,786	11,699,559	297,773	2.61%	12,217,220
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$17,712,960	\$17,445,317	(\$267,642)	-1.51%	\$16,636,442
Net Position <u>excluding</u> the impacts of retiree health care	\$ 9,868,849	\$ 9,861,444			

Note: Cash and investments actually available to the State Bar Administrative Fund, after deduction of the "Due to Sections" and "Due to CPF" and not including the "Retiree Health Care Trust" is \$9,574,619 (see below)

	March 31, 2020	April 30, 2020	Increase (Decrease)	%	Beginning of FY 2020 10/1/19
CASH AND INVESTMENT BALANCES					
Cash (including CD's and Money Market)	3,641,461	3,527,157	(114,304)	-3.14%	1,767,913
Investments	9,578,528	9,078,528	(500,000)	-5.22%	8,753,528
Total Available Cash and Investments	\$13,219,988	\$12,605,684	(\$614,304)	-4.65%	\$10,521,441
Less:					
Due to Sections	3,117,588	3,030,938	(86,650)	-2.79%	2,250,516
Due to CPF	353	128	(225)	-63.85%	7,740
Due to Sections and CPF	3,117,941	3,031,065	(87,056)	-2.79%	\$2,258,256
Net Administrative Fund Cash and Investment Balance	\$10,102,047	\$9,574,619	\$ (527,248)	-5.22%	\$ 8,263,185

State Bar of Michigan
Statement of Revenue, Expense, and Net Assets
Administrative Fund
For the Seven Months Ending April 30, 2020

YTD FY 2020 Revenue

Revenue	Actual YTD	Budget YTD	Variance	Percentage
Finance & Administration				
Dues	\$4,636,710	\$4,619,475	\$17,235	0.37%
Investment Income - SBM Operations	140,697	145,833	(5,136)	(3.52%)
Investment Income - Ret HC Trust	(152,740)	0	(152,740)	0.00%
Other Revenue	246,398	243,633	2,765	1.13%
Finance & Administration Total	4,871,065	5,008,941	(137,876)	(2.75%)
Member Services & Communications				
Bar Journal Directory	38,970	35,850	3,120	8.70%
Bar Journal 11 issues	104,879	118,113	(13,234)	(11.20%)
Print on Demand Dept	31,403	42,108	(10,705)	(25.42%)
e-Journal and Website	51,910	53,333	(1,423)	(2.67%)
BCBS Insurance	58,333	58,333	0	0.00%
Annual Meeting	540	500	40	8.00%
Labels	681	2,333	(1,652)	(70.81%)
PMRC	20	583	(563)	(96.57%)
Upper Michigan Legal Institute	2,535	8,400	(5,865)	(69.82%)
Other Member & Endorsed Revenue	53,143	65,673	(12,530)	(19.08%)
Lawyer Referral Service	99,627	109,055	(9,428)	(8.65%)
Bar Leadership Forum	1,631	1,856	(225)	(12.12%)
Member Services & Communications Total	443,672	496,137	(52,465)	(10.57%)
Professional Regulation				
Ethics	4,840	4,800	40	0.83%
Character & Fitness	271,000	273,013	(2,013)	(0.74%)
Lawyers and Judges Assistance Program	24,245	24,500	(255)	(1.04%)
Professional Regulation Total	300,085	302,313	(2,228)	(0.74%)
Total Revenue	5,614,822	5,807,391	(192,569)	(3.32%)
Less: Investment Income	140,697	145,833	(5,136)	(3.5%)
Investment Income - Ret HC Trust	(152,740)	0	(152,740)	N/A
Total Operating Revenue	\$5,626,865	\$5,661,558	(\$34,693)	0.2%

State Bar of Michigan
Statement of Revenue, Expense and Net Assets
Administrative Fund
For the Seven Months Ending April 30, 2020

YTD FY 2020 Expenses

Expenses	Actual YTD	Budget YTD	Variance	Percentage
Executive Offices				
Executive Office	\$46,414	\$55,438	(\$9,024)	(16.28%)
Representative Assembly	(475)	8,250	(8,725)	(105.76%)
Board of Commissioners	25,804	34,717	(8,913)	(25.67%)
General Counsel	31,144	26,025	5,119	19.67%
Governmental Relations	34,594	42,110	(7,516)	(17.85%)
Human Resources	1,110,604	1,185,409	(74,806)	(6.31%)
Outreach	104,872	108,008	(3,136)	(2.90%)
Research and Development	8,270	16,442	(8,172)	(49.70%)
Justice Initiatives Department	79,334	86,450	(7,116)	(9.10%)
Diversity	5,901	10,475	(4,574)	(43.67%)
Salaries	894,773	918,023	(23,250)	(2.53%)
Executive Offices Total	2,341,235	2,491,347	(150,113)	(6.03%)
Administration				
Administration	16,462	22,110	(5,648)	(25.55%)
Facilities Services	213,049	228,075	(15,026)	(6.59%)
Financial Services	626,457	624,525	1,932	0.31%
Salaries	276,451	278,332	(1,881)	(0.68%)
Administration Total	1,132,419	1,153,042	(20,623)	(1.79%)
Member Services & Communications				
Bar Journal Directory	23,984	25,000	(1,016)	(4.06%)
Bar Journal 11 Issues	258,825	288,482	(29,657)	(10.28%)
Print Center	28,714	40,358	(11,644)	(28.85%)
Website	59,900	80,983	(21,083)	(26.03%)
e-Journal	19,663	19,596	67	0.34%
Media Relations	22,039	30,413	(8,374)	(27.53%)
Member & Endorsed Services	63,637	85,167	(21,530)	(25.28%)
50 Yr. Golden Celebration	1,643	5,090	(3,447)	(67.72%)
Annual Meeting	18,778	17,188	1,590	9.25%
Lawyer Referral Service	1,270	1,208	62	5.13%
Bar Leadership Forum	847	600	247	41.17%
PMRC	3,591	4,450	(859)	(19.30%)
UMLI	3,393	4,900	(1,507)	(30.76%)
IT	286,359	286,292	67	0.02%
Salaries	1,197,608	1,261,350	(63,742)	(5.05%)
Member Services & Communications Total	1,990,251	2,151,077	(160,826)	(7.48%)
Professional Standards				
Character & Fitness	16,616	25,807	(9,191)	(35.61%)
Client Protection Fund Dept	2,054	4,187	(2,133)	(50.94%)
LJAP	12,737	18,308	(5,571)	(30.43%)
Ethics	6,734	11,538	(4,804)	(41.64%)
UPL	9,179	12,959	(3,780)	(29.17%)
Salaries	621,262	653,018	(31,756)	(4.86%)
Professional Standards Total	668,582	725,817	(57,235)	(7.89%)
Total Expense	6,132,486	6,521,282	(388,796)	(5.96%)
Human Resources Detail				
Payroll Taxes	219,314	236,896	(17,582)	(7.42%)
Benefits	859,588	907,704	(48,116)	(5.30%)
Other Expenses	31,702	40,808	(9,106)	(22.31%)
Total Human Resources	1,110,604	1,185,408	(74,804)	(6.31%)
Financial Services Detail				
Depreciation	325,500	325,500	0	0.00%
Other Expenses	300,957	299,025	1,932	0.65%
Total Financial Services	626,457	624,525	1,932	0.31%
Salaries				
Executive Offices	894,773	918,023	(23,250)	(2.53%)
Finance and Administration	276,451	278,332	(1,881)	(0.68%)
Member Services & Communications	1,197,608	1,261,350	(63,742)	(5.05%)
Professional Standards	621,262	653,018	(31,756)	(4.86%)
Total Salaries Expense	2,990,094	3,110,723	(120,629)	(3.88%)
Non-Labor Expense Summary				
Executive Offices	367,559	428,723	(61,164)	(14.27%)
Finance and Administration	855,968	874,710	(18,742)	(2.14%)
Member Services & Communications	792,643	889,727	(97,084)	(10.91%)
Professional Standards	47,320	72,799	(25,479)	(35.00%)
Total Non-Labor Expense	2,063,490	2,265,959	(202,469)	(8.94%)

State Bar of Michigan
Statement of Revenue, Expense and Net Assets
For the Seven Months Ending April 30, 2020

YTD FY 2020 Increase (Decrease) in Net Position Summary

	Actual YTD	Budget YTD	Variance	Percentage	Last Year Actual YTD
Operating Revenue					
- License Fees, Dues & Related	4,636,710	4,619,475	17,235	0.4%	4,598,988
- All Other Op Revenue	990,155	1,042,083	(51,928)	(5.0%)	1,006,994
Total Operating Revenue	<u>5,626,865</u>	<u>5,661,558</u>	<u>(34,693)</u>	<u>(0.6%)</u>	<u>5,605,982</u>
Operating Expenses					
- Labor-related Operating Expenses					
Salaries	2,990,094	3,110,723	(120,629)	(3.9%)	2,895,276
Benefits and PR Taxes	1,078,902	1,144,600	(65,698)	(5.7%)	1,057,445
Total Labor-related Operating Expenses	<u>4,068,996</u>	<u>4,255,323</u>	<u>(186,327)</u>	<u>(4.4%)</u>	<u>3,952,721</u>
- Non-labor Operating Expenses					
Executive Offices	367,559	428,723	(61,164)	(14.3%)	411,526
Finance & Administration	855,968	874,710	(18,742)	(2.1%)	851,952
Member & Communication Services	792,643	889,727	(97,084)	(10.9%)	863,665
Professional Standards	47,320	72,799	(25,479)	(35.0%)	58,701
Total Non-labor Operating Expenses	<u>2,063,490</u>	<u>2,265,959</u>	<u>(202,469)</u>	<u>(8.9%)</u>	<u>2,185,844</u>
Total Operating Expenses	<u>6,132,486</u>	<u>6,521,282</u>	<u>(388,796)</u>	<u>(6.0%)</u>	<u>6,138,565</u>
Operating Income (Loss)	<u>(505,622)</u>	<u>(859,724)</u>	354,103	N/A	<u>(532,583)</u>
Nonoperating Revenue (Expenses)					
Investment Income	140,697	145,833	(5,136)	(3.5%)	164,081
Investment Income - Ret HC Trust	(152,740)	0	(152,740)	N/A	339,077
Net Nonoperating revenue (expenses)	<u>(12,043)</u>	145,833	<u>(157,876)</u>	<u>(108.3%)</u>	<u>503,158</u>
Increase (Decrease) in Net Position	<u>(517,661)</u>	<u>(713,891)</u>	<u>196,230</u>	N/A	<u>(29,425)</u>
Net Position - Beginning the Year	<u>12,217,220</u>	<u>12,217,220</u>	0	0.0%	<u>12,800,771</u>
Net Position - Year-to-Date	<u>\$11,699,559</u>	<u>\$11,503,329</u>	<u>\$196,230</u>	<u>1.7%</u>	<u>12,771,346</u>
Increase (Decrease) in Net Position Excluding Ret HC Trust Inv. Income	<u>(364,921)</u>	<u>(713,891)</u>	<u>348,970</u>	<u>(48.9%)</u>	<u>(503,158)</u>

State Bar of Michigan Administrative Fund
Revenues, Expenses and Net Assets
FY 2020 - Year-End Forecast
Updated May 21, 2020

	FY 2020 Year-End Forecast	FY 2020 Budget	Variance	Percentage	FY 2019 Actual
Operating Revenue					
- License Fees, Dues & Related	7,763,000	7,757,000	6,000	0.1%	7,750,310
- All Other Op Revenue	1,465,962	1,581,450	(115,488)	(7.3%)	1,601,165
Total Operating Revenue	<u>9,228,962</u>	<u>9,338,450</u>	<u>(109,488)</u>	<u>(1.2%)</u>	<u>9,351,475</u>
Operating Expenses					
- Labor-related Operating Expenses					
Salaries	5,277,885	5,441,927	(164,042)	(3.0%)	5,051,419
Benefits, PR Taxes, and Ret HC Exp	1,791,237	1,910,512	(119,275)	(6.2%)	1,833,191
Total Labor-related Operating Expenses	<u>7,069,122</u>	<u>7,352,439</u>	<u>(283,317)</u>	<u>(3.9%)</u>	<u>6,884,610</u>
- Non-labor Operating Expenses					
Executive Offices	689,188	842,169	(152,981)	(11.3%)	781,548
Finance & Administration	1,363,147	1,357,175	5,972	0.7%	1,246,714
Member & Communication Services	1,429,560	1,666,913	(237,353)	(14.2%)	1,529,513
Professional Standards	126,083	163,435	(37,352)	(22.9%)	123,002
Total Non-labor Operating Expenses	<u>3,607,978</u>	<u>4,029,692</u>	<u>(421,714)</u>	<u>(10.5%)</u>	<u>3,680,777</u>
Total Operating Expenses	<u>10,677,100</u>	<u>11,382,131</u>	<u>(705,031)</u>	<u>(6.2%)</u>	<u>10,565,387</u>
Operating Income (Loss)	<u>(1,448,138)</u>	<u>(2,043,681)</u>	595,543	N/A	<u>(1,213,912)</u>
Nonoperating Revenue (Expenses)					
Investment Income	175,000	250,000	(75,000)	(30.0%)	249,731
Investment Income - Ret HC Trust*	0	0	0	N/A	384,630
Loss on Disposal of Capital Assets	0	0	0	N/A	(4,000)
Net Nonoperating Revenue (Expenses)	<u>175,000</u>	<u>250,000</u>	<u>(75,000)</u>	<u>(30.0%)</u>	<u>630,361</u>
Increase (Decrease) in Net Position	<u>(1,273,138)</u>	<u>(1,793,681)</u>	<u>520,543</u>	N/A	<u>(583,551)</u>

Operating Revenue forecast

- Expect to be over in license fee revenues (primarily late fees) by \$6k, over in LJAP by \$1K, over in Website by \$5k for advertising.
- Expect to be under in UMLI, BLF, 50 year, LRS, advertising and other revenue.

Labor forecast:

- Salaries - Expect to be under due to vacancies
- Benefits - Expect to be under due to vacancies and health care plan assumptions

Nonlabor forecast:

- Executive Offices - Expect to be under primarily in meetings, travel and other expenses
- Finance & Administration - Expect to be over in Finance by \$6K primarily due to credit card fees.
- Member Services & Communications - Expect to be under primarily in meetings, travel and other expenses.
- Professional Standards - Expect to be under primarily in meetings, travel and other expenses.

Non-Operating Income forecast:

- Investment Income - Expect to be under due to lower interest rates.
- Retiree Health Care Trust Investment income was not budgeted nor forecast

State Bar of Michigan
Administrative Fund
FY 2020 Capital Expenditures vs Budget
For the Seven Months Ending April 30, 2020

	YTD Actual	YTD Budget	YTD Variance	Variance Explanations	Total Approved FY 2020 Budget	FY 2020 Year-End Forecast	Projected Year-end Variance
<u>Building and Equipment</u>							
Elevator Modernization	132,251	120,000	12,251	Will be over on cab interior offset by Facilities operating expense	120,000	132,251	12,251
Replacement of floor copiers	0	0	0		35,000	35,000	0
<u>Information Technology</u>							
Network Firewalls (2)	0	0	0		25,000	25,000	0
Receivership /Interim Administrator Program Data Portal	0	0	0		30,000	30,000	0
E-commerce store (Phase 1)	12,425	12,425	0		20,000	20,000	0
e-service application for court e-filing (e-mail addresses)	0	0	0		10,000	10,000	0
Firm billing/invoices for dues	0	0	0		10,000	10,000	0
Firm administration application	4,975	4,975	0		10,000	10,000	0
Lawyer referral consumer portal (Ph 3)	25,000	25,000	0		40,000	40,000	0
UPL Portal (Phase 1)	0	0	0		20,000	20,000	0
Volunteer Application Portal	7,500	0	7,500		30,000	30,000	0
CPF Fund Portal (Phase 1)	0	0	0		10,000	10,000	0
Website functionality enhancements	12,450	10,000	2,450		10,000	10,000	0
Unspecified underages		0	0	Budgeted projects will be under but not specified at this time	0	(32,500)	(32,500)
Illinois State Bar LRS Portal Build	2,500	0	2,500	Not budgeted, project continued from last year	0	2,500	2,500
Character & Fitness BLE Portal	39,975	0	39,975	Not budgeted, project continued from last year	0	30,000	30,000
Total	\$237,076	\$172,400	\$64,676	Note: Any overages on unbudgeted projects will be offset by other project underages.	\$360,000	\$372,251	\$12,251

**STATE BAR OF MICHIGAN
CLIENT PROTECTION FUND**

Unaudited and For Internal Use Only

**FINANCIAL REPORTS
April 30, 2020**

FY 2020

Note: License fee revenue is recognized and budgeted as earned each month throughout the year.

State Bar of Michigan
Client Protection Fund
Comparative Statement of Net Assets
For the Seven Months Ending April 30, 2020

	March 31, 2020	April 30, 2020	Increase (Decrease)	%	Beginning of FY 2020 10/1/19
Assets					
Cash-Checking	\$19,464	\$12,976	(\$6,488)	(33.3%)	\$102,758
Savings	922,655	912,721	(9,935)	(1.1%)	752,362
Investment	1,250,000	1,250,000	0	0.0%	1,053,412
Account Receivable	160,800	160,899	99	0.1%	159,875
Due From SBM	353	128	(225)	(63.8%)	7,740
Accrued Interest Receivable	3,143	3,831	689	21.9%	7,314
Total Assets	\$2,356,415	\$2,340,555	(\$15,860)	(0.7%)	\$2,083,460
Liabilities					
Deferred Revenue	316,796	263,019	(53,777)	(17.0%)	86,670
Total Liabilities	316,796	263,019	(53,777)	(17.0%)	86,670
Fund Balance					
Fund Balance at Beginning of Year	1,996,790	1,996,790		0.0%	2,009,754
Net Income (Expense) Year to Date	42,830	80,747	37,917	88.5%	(12,964)
Total Fund Balance	2,039,620	2,077,537	37,917	1.9%	1,996,790
Total Liabilities and Fund Balance	\$2,356,415	\$2,340,555	(\$15,860)	(0.7%)	\$2,083,460

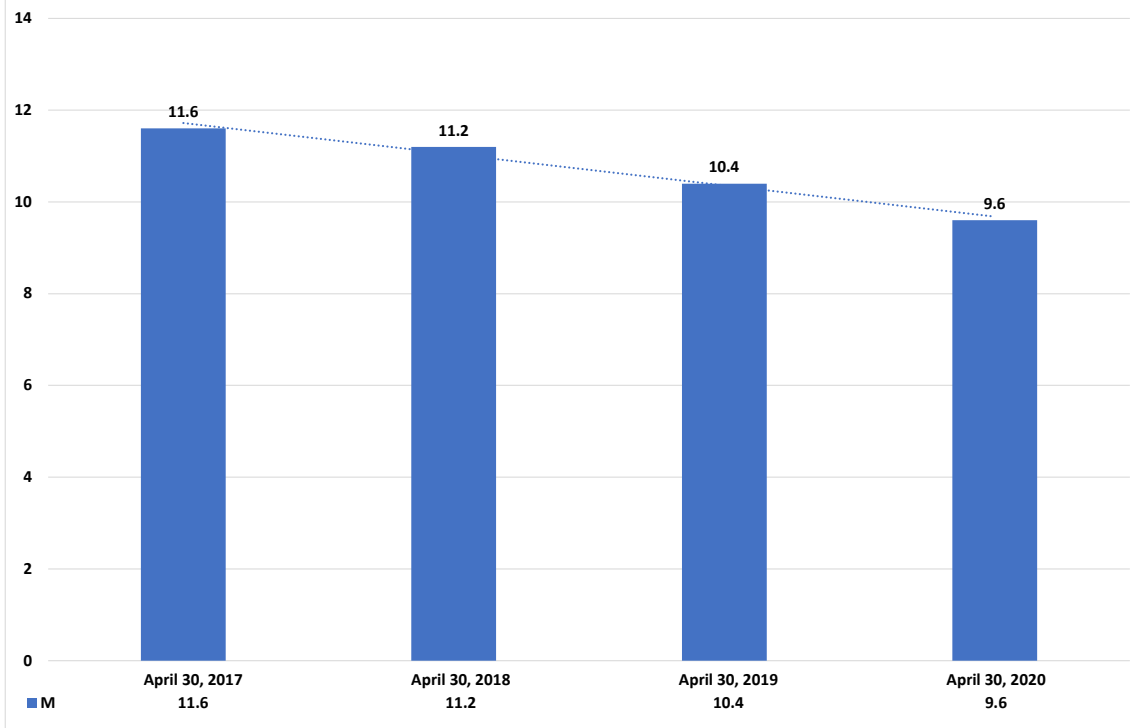
* Note: In addition there are \$48,437.17 authorized but unpaid claims awaiting signatures of subrogation.

State Bar of Michigan
Client Protection Fund
Statement of Revenue, Expenses and Changes in Net Assets
Administrative Fund
FY 2020

	FY 2020 YTD	Last Year FY 2019 YTD
Revenue		
3-7-00-000-0005 Contributions Received	553	25,235
3-7-00-000-0050 Membership Fees Assessment	379,274	375,445
3-7-00-000-0051 Pro Hac Vice Fees	7,260	8,085
3-7-00-000-0890 Claims Recovery	<u>31,695</u>	<u>3,525</u>
Total Revenue	418,782	412,290
Expenses:		
3-9-00-000-0200 Claims Payment *(see note below)	224,475	331,805
3-9-00-000-0910 Administrative Fee	127,167	123,667
3-9-00-000-0994 Bank Service Charges	<u>415</u>	<u>0</u>
Total Expenses	352,056	455,472
Investment Income	14,020	14,424
Increase (Decrease) in Net Position	<u><u>80,747</u></u>	<u><u>-43,182</u></u>
Net Position - Beginning of the Year	1,996,790	
Net Position - End of the Period	<u><u>2,077,537</u></u>	

* Note: In addition there are \$48,437.17 authorized but unpaid claims awaiting signatures of subrogation.

State Bar of Michigan Cash & Investments
Excluding Sections, Client Protection Fund and Retiree Health Care Trust
For the Seven Months Ending April 30, 2020
\$9.6M



Note: The State Bar of Michigan has no bank debt outstanding

Summary of Cash and Investment Balances by Financial Institution
4/30/2020

Assets	Bank Rating	Financial Institution Summary			Interest Rates	Fund Summary	
		SBM Chase Checking	\$	227,613.54		Client Protection Fund	\$ 2,175,696.50
		SBM Chase Credit Card	\$	4,079.00		State Bar Admin Fund (including Sections)	\$ 12,605,684.53
		SBM Chase E Checking	\$	-		Attorney Discipline System	\$ 5,053,910.20
		SBM Chase Payroll	\$	-		SBM Retiree Health Care Trust	\$ 3,352,704.54
		SBM Chase Savings	\$	184,328.85	0.18%	ADB Retiree Health Care Trust	\$ 941,527.34
		ADS Chase Checking	\$	45,966.87		AGC Retiree Health Care Trust	\$ 3,457,653.45
		CPF Chase Checking	\$	12,975.92		Total	\$ 27,587,176.56
		CPF Chase Savings	\$	53,455.64	0.18%		
\$2.73 Trillion	5 stars	** Chase Totals	\$	528,419.82			
		ADS Bank of America Petty Cash	\$	1,612.99	0.00%		
\$2.38 Trillion	5 stars	Bank of America Totals	\$	1,612.99			
		SBM Fifth Third Commercial Now	\$	34,399.65	0.00% *		
\$171 Billion	5 stars	Fifth Third Totals	\$	34,399.65			
		Grand River Bank Money Market	\$	11,428.23	0.50%		
\$223 Million	5 stars	Grand River Bank Totals	\$	11,428.23			
		Grand River Bank Total w/CD	\$	491,428.23			
		Sterling Bank	\$	2,332.70	0.40%		
\$2.96 Billion	4 stars	Sterling Bank Total	\$	2,332.70			
		Sterling Bank Total w/CD	\$	947,332.70			
		Citizens Bank Checking	\$	10,000.00			
\$155 Billion	5 stars	Citizens Bank Money Market	\$	2,034,565.68	0.55%		
		Citizens Bank Totals	\$	2,044,565.68			
		MSUCU Savings	\$	8.92	0.10%		
\$4.2 Billion	5 stars	MSUCU Checking	\$	26,237.81	0.00%		
		MSU Credit Union Total	\$	26,246.73			
		MSU Credit Union Total w/CD	\$	2,166,246.73			
		SBM Flagstar ICS Checking	\$	911,102.60	0.20%		
		SBM Flagstar CDARS - 12 Month	\$	1,000,000.00	0.50%		
		SBM Flagstar CDARS - 12 Month	\$	500,000.00	0.50%		
		SBM Flagstar CDARS - 12 Month	\$	500,000.00	0.50%		
		SBM Flagstar CDARS - 13 Week	\$	500,000.00	0.55%		
		SBM Flagstar CDARS - 13 Week	\$	500,000.00	0.55%		
		ADS Flagstar ICS Checking Account	\$	2,087,390.20	0.20%		
		ADS Flagstar CDARS - 12 Month	\$	2,000,000.00	0.50%		
		ADS Flagstar CDARS - 13 Week	\$	1,000,000.00	0.55%		
		CPF Flagstar ICS Checking	\$	859,264.94	0.20%		
		CPF Flagstar CDARS - 12 Month	\$	1,000,000.00	0.50%		
		CPF Flagstar CDARS - 12 Month	\$	250,000.00	1.35%		
\$22 Billion	4 stars	Flagstar Bank Totals	\$	11,107,757.74			
		SBM - CD Chemical Bank	\$	250,000.00	1.75%		
\$21.5 Billion	4 stars	SBM - CD Chemical Bank	\$	250,000.00	1.75%		
		SBM - CD Chemical Bank	\$	250,000.00	1.75%		
	5 stars	SBM - Grand River Bank	\$	253,527.69	2.50%		
		SBM - Grand River Bank	\$	245,000.00	2.75%		
\$4 Billion	5 stars	SBM-CD Horizon Bank	\$	245,000.00	0.97%		
		SBM-CD Horizon Bank	\$	245,000.00	0.97%		
		SBM-CD Horizon Bank	\$	250,000.00	2.66%		
		SBM-CD Horizon Bank	\$	250,000.00	2.66%		
\$1.36 Billion	3.5 stars	SBM-CD First National Bank of America	\$	240,000.00	2.35%		
		SBM-CD First National Bank of America	\$	245,000.00	2.35%		
		SBM-CD First National Bank of America	\$	240,000.00	1.85%		
		SBM-CD First National Bank of America	\$	240,000.00	1.85%		
	4 stars	SBM-CD Sterling Bank	\$	245,000.00	2.50%		
		SBM-CD Sterling Bank	\$	245,000.00	2.50%		
		SBM-CD Sterling Bank	\$	245,000.00	2.50%		
		SBM-CD Sterling Bank	\$	240,000.00	2.50%		
	5 stars	SBM-CD MSU Credit Union	\$	235,000.00	2.05%		
		SBM-CD MSU Credit Union	\$	235,000.00	2.05%		
		SBM-CD MSU Credit Union	\$	235,000.00	2.05%		
		SBM-CD MSU Credit Union	\$	235,000.00	2.05%		
		SBM-CD MSU Credit Union	\$	240,000.00	2.00%		
		SBM-CD MSU Credit Union	\$	240,000.00	2.00%		
		SBM-CD MSU Credit Union	\$	240,000.00	2.00%		
		SBM-CD MSU Credit Union	\$	240,000.00	2.00%		
		Bank CD Totals	\$	6,078,527.69			
		Total Cash & Investments (excluding Schwab)	\$	19,835,291.23			
		SBM - Charles Schwab (Ret HC Trust)	\$	3,352,704.54		Mutual Funds	
		ADB - Charles Schwab (Ret HC Trust)	\$	941,527.34		Mutual Funds	
		AGC - Charles Schwab (Ret HC Trust)	\$	3,457,653.45		Mutual Funds	
		Charles Schwab Totals	\$	7,751,885.33			
		Grand Total (including Schwab)	\$	27,587,176.56			
		Total amount of cash and investments (excluding Schwab) not FDIC insured	\$	6,882,993.16	34.70%		

State Bar Admin Fund Summary

Cash and Investments	\$	12,605,684.53
Less:		
Due (to)/from Sections		(3,030,938.00)
Due (to)/from CPF		(128.00)
Due to Sections and CPF	\$	(3,031,066.00)
Net Administrative Fund	\$	9,574,618.53

SBM Average Weighted Yield: 1.22%
ADS Average Weighted Yield: 0.39%
CPF Average Weighted Yield: 0.47%

Maturity

Note: average weighted yields exclude retiree health care trusts

Notes:

- All amounts are based on reconciled book balance and interest rates as of 04/30/20
- CDARS are invested in multiple banks up to the FDIC limit for each bank
- Funds held in bank accounts are FDIC insured up to \$250,000 per bank
- The SBM funds held with Charles Schwab in the Retiree Health Care Trusts are invested in 80% equity and 20% fixed income mutual funds
- As of 04/30/20, the funds held by SBM attributable to ADS was **(\$81,059.86)**
- Bank Star rating from Bauer Financial.

*Lockbox fees are offset by 0.30% (annual rate) on average monthly balance.
**Actual unreconciled Chase balance per statements was \$549,664.86

Monthly SBM Member Report - April 30, 2020

FY 2020

	September 30 2014	September 30 2015	September 30 2016	September 30 2017	September 30 2018	September 30 2019	April 30 2020	FY Increase (Decrease)
Attorney Members and Affiliates in Good Standing								
Active	41,093	41,608	41,921	42,100	42,342	42,506	42,147	(359)
Less than 50 yrs serv	40,036	40,490	40,725	40,833	40,973	41,036	40,537	(499)
50 yrs or greater	1,057	1,118	1,196	1,267	1,369	1,470	1,610	140
Voluntary Inactive	1,211	1,218	1,250	1,243	1,169	1,139	1,214	75
Less than 50 yrs serv	1,184	1,195	1,230	1,217	1,142	1,105	1,177	72
50 yrs or greater	27	23	20	26	27	34	37	3
Emeritus	1,552	1,678	1,841	1,973	2,204	2,447	2,716	269
Total Attorneys in Good Standing	43,856	44,504	45,012	45,316	45,715	46,092	46,077	(15)
Dues Paying Members (Active & Inactive less than 50 yrs of Serv)	41,220	41,685	41,955	42,050	42,115	42,141	41,714	(427)
Affiliates								
Legal Administrators	14	13	13	13	10	10	10	0
Legal Assistants	413	425	405	400	401	393	411	18
Total Affiliates in Good Standing	427	438	418	413	411	403	421	18
Total Attorney Members and Former Members in the Database								
State Bar of Michigan Member Type								
Attorney Members in Good Standing:								
ATA (Active)	41,093	41,608	41,921	42,100	42,342	42,506	42,147	(359)
ATVI (Voluntary Inactive)	1,211	1,218	1,250	1,243	1,169	1,139	1,214	75
ATE (Emeritus)	1,552	1,678	1,841	1,973	2,204	2,447	2,716	269
Total Members in Good Standing	43,856	44,504	45,012	45,316	45,715	46,092	46,077	(15)
Attorney Members Not in Good Standing:								
ATN (Suspended for Non-Payment of Dues)	5,427	5,578	5,743	5,888	6,072	6,246	6,475	229
ATDS (Discipline Suspension - Active)	407	415	418	430	439	440	450	10
ATDI (Discipline Suspension - Inactive)	12	11	18	19	19	24	25	1
ATDC (Discipline Suspension - Non-Payment of Court Costs)	1	3	3	16	15	16	16	0
ATNS (Discipline Suspension - Non-Payment of Other Costs)	83	92	99	94	95	98	99	1
ATS (Attorney Suspension - Other)*	1	1	1	0	1	1	2	1
ATR (Revoked)	521	517	534	562	583	596	607	11
ATU (Status Unknown - Last known status was inactive)**	2,088	2,076	2,074	2,070	2,070	2,070	2,070	0
Total Members Not in Good Standing	8,540	8,693	8,890	9,079	9,294	9,491	9,744	253
Other:								
ATSC (Former special certificate)	136	140	145	152	155	157	158	1
ATW (Resigned)	1,429	1,483	1,539	1,612	1,689	1,798	1,898	100
ATX (Deceased)	8,127	8,445	8,720	9,042	9,287	9,524	9,701	177
Total Other	9,692	10,068	10,404	10,806	11,131	11,479	11,757	278
Total Attorney Members in Database	62,088	63,265	64,306	65,201	66,140	67,062	67,578	516

* ATS is a new status added effective August 2012 - suspended by a court, administrative agency, or similar authority

** ATU is a new status added in 2010 to account for approximately 2,600 members who were found not to be accounted for in the IMIS database. The last known status was inactive and many are likely deceased. We are researching these members to determine a final disposition.

NIR - not reported

Notes: Through April 30, 2020 a total of 522 new members joined the SBM in FY 2020

TO: Board of Commissioners
FROM: Professional Standards Committee
DATE: June 12, 2020, BOC Meeting
RE: Client Protection Fund Claims for Consent Agenda

Rule 15 of the Client Protection Fund Rules provides that “claims, proceedings and reports involving claims for reimbursement are confidential until the Board authorizes reimbursement to the claimant.” To protect CPF claim information as required in the Rule, and to avoid negative publicity about a lawyer subject to a claim, which has been denied and appealed, the CPF Report to the Board of Commissioners is designated “confidential.”

**CONSENT AGENDA
 CLIENT PROTECTION FUND**

Claims recommended for payment:

- a. Consent Agenda

	<u>Claim No.</u>	<u>Amt. Recommended</u>	<u>Totals</u>
1.	CPF 3379	\$4,000.00	
2.	CPF 3435	\$1,500.00	
3.	CPF 3625	\$3,000.00	
4.	CPF 3632	\$750.00	
	Subtotal	\$9,250.00	\$9,250.00
Pro-rated Single Respondent Claims that Exceed the Maximum Aggregate			
	<u>Claim No.</u>	<u>Amt. Recommended</u>	
5.	CPF 3417	\$1,280.45	
6.	CPF 3546 & 3547	\$150,000.00	
7.	CPF 3553	\$42,988.84	
8.	CPF 3564	\$30,730.71	
9.	CPF 3613	\$150,000.00	
	Subtotal	\$375,000.00	\$375,000.00
	Total		\$384,250.00

- b. Supporting documentation is provided separately.

The Professional Standards Committee recommends payment of these claims by the State Bar of Michigan Client Protection Fund:

1. CPF 3379 \$4,000.00

Claimant retained Respondent to file an I-589 and an EOIR – 42 B and paid \$4,000 toward an engagement fee of \$8,000. The Engagement Letter (Agreement) states that \$3,000 of the engagement fee is nonrefundable. Nonrefundable retainers are ethically permissible if the fee is reasonable and fee agreement is unambiguous. *Grievance Administrator v Cooper*, 482 Mich 1079 (2008). However, because Respondent could not file either application because Respondent’s license was suspended and later revoked. Respondent’s failure to return the \$4,000 unearned fee constitutes dishonest conduct and is a reimbursable loss as provided by CPF Rules 9(C)(1) and 9(C)(6).

2. CPF 3435 \$1,500.00

Claimant retained Respondent to file a FOIA request and FBI Background check for a fee of \$1,500. The Engagement Letter (Agreement) states that \$1,500 of the engagement fee is nonrefundable. Nonrefundable retainers are ethically permissible if the fee is reasonable and fee agreement is unambiguous. *Grievance Administrator v Cooper*, 482 Mich 1079 (2008). Respondent could not file either because Respondent’s license was suspended and later revoked. Respondent’s failure to return the \$1,500 unearned fee constitutes dishonest conduct and is a reimbursable loss as provided by CPF Rules 9(C)(1) and 9(C)(6).

3. CPF 3625 \$3,000.00

Claimant retained Respondent to represent him in an appeal and paid \$3,000. Respondent did not complete legal services. Respondent’s failure to return the \$3,000 unearned fee constitutes dishonest conduct and is a reimbursable loss as provided by CPF Rules 9(C)(1), 9(C)(6), and 11(B).

4. CPF 3632 \$750.00

Claimant retained Respondent to file a bankruptcy petition and paid a flat fee of \$750. Respondent did not file the petition or ensure that funds were available to provide a refund after Respondent’s death. Respondent, the law practice, or estate’s failure to reimburse the \$750 constitutes dishonest conduct and is a reimbursable loss as provided by CPF Rules 9(C)(1) and 9(D)(6).

Pro-rated Single Respondent Claims that Exceed the Maximum Aggregate

The following facts apply to the next five claims.

Respondent (now deceased) provided planning and asset protection services for clients. During the representation, Respondent learned the extend of the client’s assets. Respondent also owned an alleged real estate investment company (Company). In 2010, Respondent advised clients to invest in the Company, usually by instructing them to cash in other assets such as whole life policies and annuities. Respondent did not inform the clients that Respondent was the sole shareholder of the Company.

During this time, the Michigan Department of Licensing and Regulatory Affairs investigated the legitimacy of Respondent’s Company. Initially, the investigators found the fund funds, however, in March 2016, the Company entered into an Amended Administrative Consent Order prohibiting it from engaging in activities including “offering or selling any securities or accepting any loans from any individuals or non-financial institution entity that was not a then current investor ...”

In August 2018, the Michigan Department of Licensing and Regulatory Affairs, Securities and Commercial Licensing Bureau issued a Notice and Order to Cease and Desist against the Company, finding Respondent, as sole member, “failed to advise an investor with any disclosures regarding the nature of the investment,

including how it would generate returns, or what risks were attendant with the investment.” Further, Respondent offered and sold securities to new investors while prohibited by the Consent Order. In 2017, Respondent was again being investigated by Michigan Department of Licensing and Regulatory Affairs.

In 2017, when Respondent was suspended from the practice of law for numerous reasons related to not adequately providing estate planning services and failing to advise clients regarding Respondent’s interest in the real estate investment company Respondent passed away. An investigation found that Respondent misappropriated about \$10,000,000 from the company, much of which was invested by clients.

5. CPF 3417 \$1,280.45

Claimant retained Respondent to provide estate planning services under an agreement that provided for five-years of asset planning, veterans benefit planning, and Medicaid planning. Respondent drafted powers of attorney and provided some legal advice regarding veterans benefits and Medicaid before being suspended from the practice of law. Respondent did not provide all services set forth in the agreement and Claimant hired subsequent counsel to finish the work. It was determined that Claimant’s total loss is \$3,750. Respondent’s failure to return the unearned portion of the flat fee constitutes dishonest conduct and is a reimbursable loss as provided by CPF Rules 9(C)(1) and 9(D)(6). After pro-rating the \$375,000 maximum, Claimant’s reimbursable loss is calculated to be \$1,280.45.

6. CPF 3546 & 3547 \$150,000.00

Claimant and spouse retained Respondent to complete estate planning services. Respondent enticed Claimant, as Trustee of a Trust and children, to invest \$515,549.30 in the illegitimate business and misappropriated the investment. Pursuant to CPF Rule 9(C)(4),¹ Respondent engaged in dishonest conduct by encouraging a client to invest in the non-legitimate investment vehicle. The Trustee also filed a claim as the trustee also invested, with the original client, as part of the trustee’s own estate plan. These claims have been combined, because some investments in Respondent’s business were made jointly by Claimant and the current Trustee. After pro-rating the \$375,000 maximum and applying CPF Rule 12(B), single claimant maximum of \$150,000, Claimant’s reimbursable loss is calculated to be \$150,000.00.

7. CPF 3553 \$42,988.84

Claimant retained Respondent to complete estate planning services. Respondent enticed Claimant to invest \$125,900 in the illegitimate business and misappropriated the investment. Pursuant to CPF Rule 9(C)(4), Respondent engaged in dishonest conduct by encouraging a client to invest in the non-legitimate investment vehicle. After pro-rating the \$375,000 maximum Claimant’s reimbursable loss is calculated to be \$42,988.84.

¹ CPF Rule 9(C)(4) defines dishonest conduct as:

Receiving funds or property from a client to invest the funds or property where:

- a. The lawyer knew the clients(s) had funds to invest because of information acquired through a lawyer-client relationship regardless of whether there was an on-going or existing lawyer-client relationship at the time of the investment, and
- b. The lawyer possessed a higher degree of sophistication and knowledge than the client or where there is a historical relationship of trust and reliance on the lawyer by the client, and
- c. The investment vehicle or project:
 1. Did not exist, or
 2. The actual nature and characteristics of the investment vehicle or project differed substantially from the representations made to the client regarding the investment vehicle or project, or
 3. The disbursement was made directly to the lawyer, friend, relative of the lawyer or an entity controlled by either, where the investment vehicle or project could reasonably be viewed as a non-legitimate investment vehicle or project under the totality of the facts.

8. CPF 3564 \$30,730.71

Claimant and spouse retained Respondent to complete estate planning services. Respondent enticed Claimant to invest \$90,000 in the illegitimate business and misappropriated the investment. Pursuant to CPF Rule 9(C)(4), Respondent engaged in dishonest conduct by encouraging a client to invest in the non-legitimate investment vehicle. After pro-rating the \$375,000 maximum Claimant's reimbursable loss is calculated to be \$30,730.71.

9. CPF 3613 \$150,000.00

Claimant retained Respondent to complete estate planning services. Respondent enticed Claimant to invest \$450,000 in the illegitimate business and misappropriated the investment. Pursuant to CPF Rule 9(C)(4), Respondent engaged in dishonest conduct by encouraging a client to invest in the non-legitimate investment vehicle. After pro-rating the \$375,000 maximum and applying CPF Rule 12(B), single claimant maximum of \$150,000, Claimant's reimbursable loss is calculated to be \$150,000.00.

For all Claims, CPF staff is granted permission to adjust the amount payable on any claim listed above to reflect any payments made on behalf of the Respondent and received by the Claimant or payee before the Fund receives an executed subrogation agreement and issues a check, without further review.

Total payments recommended: \$384,250.00

State Bar of Michigan

on the recommendation of its Board of Commissioners, recognizes and honors

Honoree Name

for proudly serving our profession since 1970. We thank you for your unfailing loyalty and extraordinary contributions to the welfare of the citizens you serve. Your dedication to the rule of law and commitment to supporting the Constitutions of our nation and state, respecting our courts and judges, and practicing law with integrity, civility, and concern for the public are deeply appreciated.



Dennis M. Barnes
President of the State Bar of Michigan

To: SBM Board of Commissioners
From: SBM Finance Committee
Date: June 2, 2020
Re: Recommendation to change the automatic receipt of a bar card

Background:

The Finance Committee met with select SBM staff on May 6, 2020 to discuss potential areas to reduce SBM costs. The annual bar card that active members receive was included in this discussion. In 2018 we stopped providing bar cards to emeritus members and inactive members since neither can practice law in the state and by default, do not need a card.

Bar Card Costs:

On an annual basis, the cost of the bar card is approximately \$45K or \$1.00 per card, inclusive of the postage costs.

Bar Card Stats:

During the annual license fee renewal process, attorney records are automatically flagged to receive a bar card unless they select the opt-out option. There are approximately 850 active attorneys who have opted-out of receiving their bar card.

Finance Committee Recommendation:

During the annual license fee renewal process, change the bar card selection from an automatic opt-in option to an automatic opt-out. Specifically, this change will require the attorney to select yes if they want to receive a bar card.

p 517-346-6300

p 800-968-1442

f 517-482-6248

www.michbar.org

306 Townsend Street

Michael Franck Building

Lansing, MI

48933-2012

To: Board of Commissioners
From: James Heath and Dana M. Warnez, Awards Committee Co-Chairs
Date: May 27, 2020
Subject: 2020 State Bar of Michigan Liberty Bell Award Recommendation

The State Bar of Michigan Awards Committee recommends that Timothy (Tim) Skubick receive the 2020 State Bar of Michigan Liberty Bell Award.

Tim Skubick received the Ingham County Bar Association's 2020 Liberty Bell Award in acknowledgement of his considerable contributions to the public's understanding of important public issues. As the moderator of the longest televised (47 years) state-based public affairs program, he has informed and educated Michigan citizens about significant political and legal developments. His *Off the Record* show is truly a public record of public affairs in Michigan.

Tim has epitomized all that is great about our First Amendment's guarantee of free speech and free press. His civic contributions have reinforced the rule of law not only locally but also on a statewide basis.

We believe Mr. Skubick embodies everything this award stands for.

To view all SBM award nominations, visit <http://bit.ly/SBMAwards>. This is a password-protected website, so you will have to enter your SBM username or P number, and then the password you use to access the member area of michbar.org.

SBM

STATE BAR OF MICHIGAN

MICHAEL FRANCK BUILDING
306 TOWNSEND STREET
LANSING, MI 48933-2012

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