



# Board of Commissioners

## Agenda and Materials

January 24, 2025

STATE BAR OF MICHIGAN  
BOARD OF COMMISSIONERS

Friday, January 24, 2025  
Michael Franck Building  
Lansing, MI  
AGENDA  
9:30 a.m.

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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

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1. Call to Order.....Joseph P. McGill, President

**CONSENT AGENDA**

2. **Minutes**
  - A. November 22, 2024 Board of Commissioners meeting\*
  - B. November 7, 2024 Executive Committee meeting\*
  - C. December 12, 2024 Executive Committee meeting\*
3. **President’s Activities**.....Joseph P. McGill, President
  - A. Recent Activities\*
4. **Executive Director’s Activities**.....Peter Cunningham, Executive Director
  - A. Recent Activities\*
5. **Public Policy**..... Lisa J. Hamameh, Chairperson
  - A. Model Criminal Jury Instructions\*
6. **Finance and Audit** ..... Thomas H. Howlett, Chairperson
  - A. FY 2025 Financial Reports through November 2024\*
7. **Professional Standards** ..... David C. Anderson, Chairperson
  - A. Client Protection Fund Claims\*
  - B. Unauthorized Practice of Law Claims\*\*

8. **FY2024 Audit Update and Report from AHP**..... Thomas H. Howlett, Chairperson

**LEADERSHIP REPORTS**

- 9. **President’s and Executive Director’s Report** .....Joseph P. McGill, President  
Peter Cunningham, Executive Director
  - A. AI Work Group Report
  - B. MSC Commissions Update
  
- 10. **Open Discussion: Challenges & Opportunities for the Profession and Justice System**
  - A. SBM Reports: An overview and discussion
  
- 11. **Representative Assembly Report** ..... John W. Reiser, III, Chairperson
  
- 12. **Young Lawyers Section Report**..... Silvia A. Mansoor, Chairperson

**COMMISSIONER COMMITTEES**

- 13. **Public Policy**..... Lisa J. Hamameh, Chairperson
  - A. Court Rules\*\*
  - B. Legislation\*\*
  
- 14. **Strategic Planning and Engagement (SPEC)** .....Erika L. Bryant, Chairperson
  - A. Michigan Legal Milestones\*
  - B. Partner Programs
    - a. Paradigm PracticePanther\*
    - b. CosmoLex and Timesolv\*
  - C. SPEC subcommittees and workgroups
    - a. Strategic Planning Annual Report (SPAR) Review Subcommittee
    - b. Website Subcommittee
    - c. Great Lakes Legal Conference (GLLC) Workgroup
  
- 15. **Finance and Audit** ..... Thomas H. Howlett, Chairperson
  - A. Financial Report
  
- 16. **Professional Standards** ..... David C. Anderson, Chairperson

**FOR THE GOOD OF THE PUBLIC AND THE PROFESSION**

- 17. **Comments or questions from Commissioners**
- 18. **Comments or questions from the public**
- 19. **Adjournment**

\*Materials included with the agenda.

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

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

President McGill called the meeting to order at 9:42 a.m. on Friday, November 22, 2024, in the Boardroom at the Michael Franck building in Lansing, Michigan.

Commissioners present:

David C. Anderson, Secretary  
Erika L. Bryant, Vice President  
Aaron V. Burrell  
Hon. B. Chris Christenson  
Alena Clark  
Tanya N. Cripps-Serra  
Patrick J. Crowley  
Sherrie L. Detzler  
Robert A. Easterly  
Jacob G. Eccleston  
Nicole A. Evans  
Lisa J. Hamameh, President-Elect  
Claudnyse D. Holloman  
Thomas H. Howlett, Treasurer  
Elizabeth A. Kitchen-Troop  
Suzanne C. Larsen

Joshua A. Lerner  
James L. Liggins, Jr.  
James W. Low  
Ashley E. Lowe  
Elizabeth L. Luckenbach  
Silvia A. Mansoor  
Gerard V. Mantese  
Gerrow D. “Gerry” Mason  
Joseph P. McGill, President  
Thomas P. Murray Jr.  
Nicholas M. Ohanesian  
Hon. David A. Perkins  
John W. Reiser III  
Douglas B. Shapiro  
Danielle Walton

Commissioners absent:

Ponce D. Clay  
Takura N. Nyamfukudza

Hon. Kristen D. Simmons

Guest(s):

David Watson, ICLE

State Bar staff present:

Peter Cunningham, Executive Director  
Sarah Brown, Brand Designer  
Darin Day, Director of Outreach  
Robinjit Eagleson, Director of Lawyer Services  
Katherine Gardner, Asst. Executive Director  
Tatiana Goodkin, Chief Financial Officer  
Robert Mathis, Pro Bono & Justice Initiatives Counsel  
Dephanie Quah, Designer  
Molly Ranns, Director of Lawyers & Judges Assistance  
Linda Rawls, Unauthorized Practice of Law Counsel  
Marjory Raymer, Director of Communications  
Kristin Sewell, Director of Research & Analytics  
Carrie Sharlow, Administrative Assistant  
Janna Sheppard, Administrative Assistant  
Jeanette Socia, Director of Human Resources  
Laurin' Thomas, Public Services Counsel  
Kari Thrush, Assistant Executive Director  
Nathan Triplett, Director of Governmental Relations  
Mandi Tupper, Records Management Specialist

### Consent Agenda

The Board received the minutes from the September 19, 2024, Board meetings.  
The Board received the minutes from the September 5, 2024, Executive Committee meeting.  
The Board received the recent activities of the president.  
The Board received the recent activities of the executive director.  
The Board received the FY 2024 draft financial reports through September 30, 2024.  
The Board received Client Protection Fund claims.  
The Board received Character and Fitness Committee appointments.  
The Board received Proposed Bylaw Amendments for the Children's Law, Information Technology Law, and Young Lawyers sections.

Mr. McGill swore in the four Commissioners who were not present at the September meeting.

Mr. McGill asked if any items needed to be removed from the consent agenda. There were none. A motion was offered to approve the consent agenda. The motion was seconded and approved.

**President and Executive Director's Report:** Joe McGill, President and Peter Cunningham, Executive Director.

### President's Report

Ms. Hamameh shared that she, Mr. McGill, and Mr. Cunningham attended the Great Rivers Conference in San Antonio in October. The Great Rivers Conference is composed of the presidents, presidents-elect, and executive directors from the state bars of Michigan, Ohio, Indiana, Illinois, Wisconsin, Minnesota, Iowa, Nebraska, and Colorado where they discussed current "hot topics" facing state bars. Topics included attorney mental health, professionalism and civility, addressing lawyer shortages, and artificial intelligence.

### Artificial Intelligence Workgroup Update

Mr. McGill provided an update on the workgroup created to examine the impact artificial intelligence has on the legal profession. The work group has held multiple webinars with topics ranging from the basics of artificial intelligence to ethical issues to practice management. The workgroup is expecting to have a completed report in the first quarter of 2025. The topics of the report are to include practice management, ethics, access to justice, and the unauthorized practice of law.

### DEI Commission Update

Ms. Bryant provided a brief update of the September Commission meeting.

### Commission on Well-Being in the Law (WBIL)

Ms. Ranns shared that the full Commission met earlier this week at the State Bar building and gave a brief summary of the meeting.

### Licensing Fee Status

Mr. Cunningham provided a brief update on the status of license renewal for the 2024-2025 bar year. As of today, the number of members who have already renewed their licenses is slightly ahead of last year's numbers at this time last year. This year's license renewal process has been smooth, which has resulted in a decrease in call volume from members of the Bar and there have been no escalated calls from members.

Member enrollment in the Interim Administrator Program has met budget projections. As of the close of business yesterday, 2,000 members elected to enroll for FY 2025.

#### Staff Updates

Ms. Raymer introduced Dephanie Quah. Ms. Quah was hired as a Designer in September. This is a new position that was created to help increase the capacity for the Communications Team to support and promote SBM programs.

Ms. Thrush introduced Mandi Tupper. Ms. Tupper was hired in October to fill the position of Members Records Specialist in the IT department.

Mr. Cunningham recognized Ms. Carrie Sharlow, Administrative Assistant at SBM, who recently received the Avern Cohn Award for Excellence. This award is presented by the Court Historical Society for the Eastern District of Michigan. Ms. Sharlow has written 52 “Michigan Lawyers in History” articles over the past 13 years for the *Michigan Bar Journal*.

Mr. Cunningham also acknowledged the ongoing excellence of the Communications Department. They won the 2024 Luminary Award from NABE for their development of “brand to-go kits” for in-person kits. This is the second year in a row that the Communications Department has won the Luminary Award.

### **Open Discussions: Challenges & Opportunities for the Profession and Justice System**

#### SBM Support for Sections

Mr. Day gave an overview of the Sections of the State Bar. There are 43 sections, which include just over 24,000 individual section members, many of whom are a part of more than one section. In FY 2024, sections held 132 educational seminars. Of the 43 sections, 41 raise their own funds and conduct their own governance. The remaining two sections are non-practice-related sections and are not subject to Keller.

The State Bar of Michigan supports the sections in many ways, including SBM Connect, event support, finance, communication, public policy, and providing advice and guidance. The section liaisons help foster communication and support between the Board of Commissioners, staff, and section members.

#### **Representative Assembly (RA) Report:** John W. Reiser, III, Chairperson

Mr. Reiser shared that the Executive Committee of the RA has appointed members to the RA committees that conduct the work of the Assembly.

Mr. Reiser shared multiple goals for the RA for this year, including increasing membership and participation in the RA; increasing outreach by engaging with affinity Bars around the state; adding artificial intelligence to Representative Assembly discussions; and continuing discussions on legal deserts.

#### **Young Lawyers Section (YLS) Report:** Silvia A. Mansoor, Chairperson

Ms. Mansoor reported that the section held their annual retreat in September where they said goodbye to the previous leadership as they ended their term.

The section held the National Trial Advocacy Competition in October in Detroit. There were 16 teams from around the country. The team from Harvard Law School won for the third year in a row. The event will be held again next October 24-26, 2025, at the Coleman A. Young Municipal Center in Detroit. Organizers of the event are always looking for volunteers.

Ms. Mansoor shared that the annual ZooLAWgical event is scheduled to be held at the Detroit Zoo on July 12, 2025.

## COMMISSIONER COMMITTEES

### **Public Policy:** Lisa J. Hamameh, Chairperson

Ms. Hamameh provided the report for the Public Policy committee.

### Court Rules

#### **1. ADM File No. 2020-08: Proposed Amendments of MCR 2.107 and 3.203**

MCR 2.107(G) was adopted and simultaneously published for comment by the Court on July 26, 2021. The proposed amendment of MCR 2.107 in this order reflects an alternative proposal that would expand the use of electronic service by requiring its use unless a party opts out, as suggested by some commenters on the original proposal. The proposed amendment of MCR 3.203 clarifies the use of electronic service in domestic relations cases.

A motion was offered and seconded to support ADM File No. 2020-08 with an amendment to provide that, while parties represented by counsel should be required to *opt out* of electronic services, parties proceeding pro se should be required to *opt in* to electronic service as recommended by the Public Policy Committee. The motion was approved.

#### **2. ADM File No. 2021-27: Proposed Amendments of MCR 3.207 and 3.210**

The proposed amendment of MCR 3.207 would: (1) clarify the pleading requirements for requesting certain ex parte orders, (2) require that an evidentiary hearing be scheduled anytime the court enters an order that may change a child's established custodial environment, and (3) clarify the procedure following service of an ex parte order. The proposed amendment of MCR 3.210 would require courts to hold an evidentiary hearing prior to entering an order changing a child's established custodial environment in contested cases.

A motion was offered and seconded to support ADM File No. 2021-27 with the following amendments:

1. Strike "If a hearing date was set in the order, the court may cancel the hearing" from proposed MCR 3.207(B)(5)(a).
2. Reword MCR 3.207(B)(6) to read as follows: "3. The ex parte order will automatically become a temporary order if you do not file a written objection or motion to modify or rescind the ex parte order. The hearing scheduled in the order will take place regardless of whether an objection or motion is filed. Even if an objection or motion is filed, the ex parte order will remain in effect and must be obeyed unless changed by a later court order."

3. Reword MCR 3.207(B)(5)(b) as follows: “If a party files a motion to rescind or modify the ex parte order without filing an objection, the court must hold an evidentiary hearing and resolve the dispute within 21 days of the motion to rescind or modify being filed or on the hearing date specified in the ex parte order, if any.”

4. Reword MCR 3.207(B)(1)(a) as follows: “(a) A verified motion or pleading that requests an ex parte custody or parenting time order or that requests a change of custody or parenting time must include the following information: (i) facts establishing whether the child has an established custodial environment with either parent, or both parents, or neither parent; and”

The motion was approved.

**3. ADM File No. 2022-59: Proposed Amendment of MCR 6.302**

The proposed amendment of MCR 6.302 would require courts, after accepting a plea, to advise defendants of their ability to withdraw their plea and to specifically advise defendants of the consequences of misconduct in between plea acceptance and sentencing.

A motion was offered and seconded to support ADM File No. 2022-59 with an amendment striking “after” and inserting “before” in the proposed language of MCR 6.302(G). The motion was approved.

**4. ADM File No. 2023-07: Proposed Amendment of MCR 6.433**

The proposed amendment of MCR 6.433 would require an indigent defendant to provide certain information before a court can consider whether good cause exists to order transcription of additional proceedings.

A motion was offered and seconded to oppose ADM File No. 2023-07. The motion was approved.

**5. ADM File No. 2022-51: Proposed Amendment of MCR 6.509**

The proposed amendment of MCR 6.509 would clarify that defendants may file with the Court of Appeals an application for leave to appeal a trial court’s decision on: (1) a motion for relief from judgment; and (2) a timely-filed motion to reconsider an order deciding a motion for relief from judgment. Note that a separate proposal affecting MCR 6.509(A) is proposed under ADM File No. 2022-57.

A motion was offered and seconded to support ADM File No. 2022-51. The motion was approved.

**6. ADM File No. 2022-57: Proposed Amendments of MCR 6.508 and 6.509**

The proposed amendments of MCR 6.508 and 6.509 would: (1) require trial courts that make a partial decision on a postjudgment motion for relief to reissue the order in its entirety after it decides the remaining issues, and (2) clarify that a reissued order constitutes a decision under subchapter 6.500 of the Michigan Court Rules for purposes of filing an application for leave to appeal with the Court of Appeals. Note that a separate proposal affecting MCR 6.509(A) is proposed under ADM File No. 2022-51.

A motion was offered and seconded to support ADM File No. 2022-57. The motion was approved.



**7. ADM File No. 2023-04: Proposed Amendments of MCR 7.212, 7.305, and 7.312**

The proposed amendments of MCR 7.212, 7.305, and 7.312 would address the filing and timing of amicus curiae briefs. For both appellate courts, the proposal would: allow amicus curiae briefs in response to an application for leave to appeal; eliminate the motion filing fee; and expand the groups that are able to file a brief without a motion or invitation. For the Supreme Court, the proposal would also allow parties to file a response to an adverse amicus curiae brief, subject to certain timing and content requirements.

A motion was offered and seconded to support ADM File No. 2023-04 with the following amendments:

- (1) eliminate the limit of 3,200 words proposed in MCR 7.305(F) and MCR 7.312(A)(2)(c);
- (2) replace “in support of or in opposition to” in MCR 7.305(F) with “in response to;”
- (3) add tribal governments, the Legal Services Association of Michigan, the Michigan State Planning Body, and legal services programs that are annual grantees of the federal Legal Services Corporation or the Michigan State Bar Foundation to the list of those who are not required to file a motion for leave or receive an invitation to file an amicus brief in MCR 7.212 and 7.312.

The motion was approved.

**8. ADM File No. 2023-25: Proposed Amendment of MRPC 1.6 and Comment**

The proposed amendment of MRPC 1.6 would provide an exception to the confidentiality rule by permitting a lawyer to reveal, to certain individuals, confidences or secrets to the extent reasonably necessary to protect a client from self-harm that may result in the client’s death.

A motion was offered to oppose ADM File No. 2023-25 as drafted, but to support the concept. The motion was approved.

Legislation

**1. HCR 6** (Wilson) A concurrent resolution to approve the State Officers Compensation Commission determinations.

A motion was offered that this legislation is Keller permissible. The motion to support was seconded and approved.

A motion was offered and seconded to support HCR 6. The motion passed unanimously.

**Finance and Audit:** Thomas H. Howlett, Chairperson

Financial Report

Mr. Howlett shared that the Committee met earlier this week. A meeting is scheduled with the auditors on Tuesday, December 10, 2024. There is a deadline of December 31, 2024, to submit a report to the Supreme Court. Further updates will be available in January.

Mr. Cunningham provided a financial report for FY 2024 through September 30, 2024. The official audit report will be provided to BOC by the auditors in January. SBM's net position for FY 2024 is favorable to budget by \$1,676,023.

The amount budgeted for FY 2024 for operating revenue was \$12.6 million. The actual year to date operating revenue varied to \$388,440 favorable to budget. The amount budgeted for operating expenses was favorable to budget by \$1.0 million due to lower salary expenses, payroll taxes and benefits, and non-labor operating expenses. The amount of non-operating expenses was also favorable to budget by \$627,350 due to lower than budgeted expenses in many departments including IT, Facilities, and Communications.

Non-operating revenues net of expenses were \$1,034,012 higher than what was budgeted primarily due to higher interest rates and income of the SBM retiree healthcare trust. Retiree Healthcare Trust income, which was not budgeted was \$746,477. Overall, SBM net position increased from \$12,751,125 to \$16,066,844, of which \$3,902,838 is restricted for retiree healthcare. Excluding net assets restricted for retiree healthcare, the administrative fund net assets increased by \$2.5 million.

The Client Protection Fund balance continues to be healthy with a balance of \$3,125,627, an increase of \$603,634 from the beginning of the year. Much of this increase is due to lower claim payments offset by higher administration expenses to due to increased legal expenses.

The section balances are healthy with a combined overall balance of approximately 2.9 million.

As of September 30, 2024, the active, inactive, and emeritus membership in good standing totaled 46,934 attorneys, an increase of 110 attorneys since the beginning of the year with the number of paying attorneys decreased by 558. A total of 773 new attorneys have joined SBM since the beginning of the year.

#### Michigan Bar Journal for Emeritus Members

Mr. Howlett presented the *Michigan Bar Journal* subscriber cost assessment conducted by SBM staff.

On behalf of the Finance and Audit Committee, Mr. Howlett made the following motion, "For FY 2025 and thereafter, the SBM Finance and Audit Committee recommended implementing a fee for Emeritus members who wish to receive a mailed copy of the Bar Journal. The subscription fee for Emeritus members is to cover costs of production and mailing the Bar Journal and will provide Emeritus members with a discount of at least 50% from the subscription rate for non-members."

The motion was seconded and approved unanimously.

#### **Professional Standards:** David C. Anderson, Chairperson

Mr. Anderson stated there was a Professional Standards Committee meeting last week. He acknowledged and thanked the committee members for their hard work.

#### **Strategic Planning and Engagement Committee (SPEC):** Erika L. Bryant, Chairperson

Ms. Bryant reviewed the creation of the new committee, and acknowledged all the members, both SBM staff and Commissioners. Ms. Bryant identified the purpose of the SPEC: implementation of the strategic plan; to oversee new and existing programs and services of SBM; provide support for sections; review bylaw amendments; and to provide public outreach.

Ms. Bryant reported this year's inauguration event net promoter score increased by four points from last year's event.

## **FOR THE GOOD OF THE PUBLIC AND THE PROFESSION**

### **Comments or questions from Commissioners**

Mr. McGill shared that he just received confirmation that the keynote speaker for the Great Lakes Legal Conference in June will be Sateesh Nori. Mr. Nori presented to the AI Workgroup recently and was phenomenal.

### **Comments or questions from the public**

None.

### **Adjournment**

The meeting was adjourned at 12:33 p.m.

**State Bar of Michigan**  
**Executive Committee Virtual Meeting**  
**Thursday, November 7, 2024**  
**4:00 p.m.**

President McGill called the meeting to order at 4:01 p.m.

**Members Present:** President Joseph P. McGill, President Elect Lisa J. Hamameh, Treasurer Thomas H. Howlett, Secretary David C. Anderson, Representative Assembly Chair John W. Reiser III, Representative Assembly Vice Chair Nicole Evans, and Commissioners Aaron V. Burrell, Suzanne Larsen, and Hon. David Perkins

**Members Absent:** Vice President Erika L. Bryant

**State Bar Staff Present:** Peter Cunningham, Executive Director; Drew Baker, General Counsel; Margaret Bossenbery, Executive Coordinator; Assistant Executive Director Kathryn Gardner, and Marjory Raymer, Communications Director

**Minutes:**

A motion was offered to approve the September 5, 2024 meeting minutes. The motion was seconded and approved.

**President and Executive Director's Report**

President McGill reported on the events he has gone to since he became president of the State Bar on September 19. He also gave the committee an update on the activities of the Artificial Intelligence (AI) Workgroup.

Executive Director Cunningham stated that SBM was notified that Blue Cross Blue Shield (BCBS) is discontinuing their community partner programs this year because they are changing their marketing strategies in the face of a changing insurance market. BCBS has been paying SBM \$100K for marketing opportunities to Michigan attorney. This will create a \$75,000 shortfall in this year's non-license fee revenue budget, as have already received the first quarterly payment for SBM's fiscal year.

Mr. Cunningham reported that as of November 3, fifty-one percent of members renewed their licenses, and the Interim Administrator Program enrollment is at the same level as this time last year with 1,613 enrollees.

Mr. Cunningham informed the committee that the July Bar Exam results were released last month and that the pass rate for first time takers increased to 75%. Taken together with the February 2024 Bar results, there were approximately 50 more bar-passers (potential new SBM attorneys) than in 2023.

President McGill stated that he wants to encouraging board members to be more engaged as section liaisons. He asked if the executive committee members would be willing to contact 3-4 board members before the November 22 BOC meeting, encouraging board members to contact the sections chairs for their liaison assignments. Staff will provide the EC members the names of the board members to contact, the section(s) those members are a liaison to, and the contact number for them to use. It was also agreed that more information about sections and the recent section orientation would be shared with the Board at the November BOC meeting.

### Representative Assembly (RA) Report

RA Chair Reiser stated that the RA officers met and appointed committee chairs and the membership and discussed what the committees should focus on. He reported there will be a presentation on AI at the April 2025 meeting. He conveyed that the Legal Deserts workgroup has their first meeting scheduled on December 4.

### November 22, 2024 Board of Commissioners meeting agenda

A motion was offered to approve the agenda for the November 22, 2024 Board of Commissioners meeting.

Treasurer Howlett discussed a proposal that the Finance Committee will be considering at their November meeting and plans to bring to the Full Board. The proposal would allow emeritus members to receive a printed copy of the Bar Journal at a reduced subscription rate. Currently emeritus members can receive the Bar Journal for free, but the increased costs of paper and postage coupled with rising numbers of emeritus members, have made it unsustainable to continue to provide free printed and mailed copies of the Bar Journal to emeritus attorneys. The Bar would see immediate savings of approximately \$25,000 in the first year, with the bigger savings in subsequent years because the number of emeritus members is increasing each year. Emeritus members will still be able to receive the online version of the Bar Journal for free. Mr. Cunningham stated that the current subscription cost for a printed copy of the Bar Journal is \$60, and a reduced rate for emeritus members that covered the costs of printing and mailing would be less than half of that amount.

The motion to approve the November 22, 2024 agenda was seconded and approved

### Other

President-Elect Hamameh informed the committee members that the 2024 Great Rivers Bar Leaders Conference, hosted by the SBM, was a success. She gave the members an overview of the topics discussed at the conference. She thanked Mr. Cunningham and Executive Coordinator Bossenbery for their work organizing the conference.

President McGill thanked the executive committee members and state bar staff for all their work.

### Adjournment

The meeting was adjourned at 4:53 p.m.

**State Bar of Michigan**  
**Executive Committee Virtual Meeting**  
**Thursday, December 12, 2024**  
**4:00 p.m.**

President McGill called the meeting to order at 4:01 p.m.

**Members Present:** President Joseph P. McGill, President Elect Lisa J. Hamameh, Vice President Erika L. Bryant, Treasurer Thomas H. Howlett, Secretary David C. Anderson, Representative Assembly Chair John W. Reiser III, Representative Assembly Vice Chair Nicole Evans, and Commissioners Aaron V. Burrell, Suzanne Larsen, and Hon. David Perkins

**State Bar Staff Present:** Peter Cunningham, Executive Director; Drew Baker, General Counsel; Margaret Bossenbery, Executive Coordinator; Nancy Brown, Robin Eagleson, Kari Thrush, Assistant Executive Director, and Marjory Raymer, Communications Director

**Minutes:**

A motion was offered to approve the November 7, 2024 meeting minutes. The motion was seconded and approved.

**President and Executive Director's Report**

Mr. McGill gave the committee an update on the activities and future timeline of the Artificial Intelligence (AI) Workgroup.

Great Lakes Legal Conference (GLLC)

Mr. Cunningham provided the committee with a reminder of the current contract status with the Grand Hotel. The 2025 GLLC will be held at the Grand Hotel because there are significant penalties for canceling at this point. The contracts for 2026, 2027, and 2028 can be cancelled a year in advance without any penalties.

After discussion, it was agreed that the Strategic Planning and Engagement Committee (SPEC) would form a workgroup to examine options and provide recommendations for the future of the GLLC. The workgroup may include BOC members who are not on SPEC.

Website Redesign

Ms. Raymer provided the committee with an update on the website redesign project including an overview of the work done so far, how the Communications team plans to collect input from website users, some of the project's complexities, and the projected workflow for the project. SPEC will be forming a subcommittee to work with staff.

Legislative Update

Mr. Cunningham provided an update on two legislative priorities of SBM. The Judicial Protection Act and legislation to ensure that juvenile defendants are provided with their constitutionally guaranteed right to an attorney both passed the Senate. Both pieces of legislation need to be concurred by the House.

### Board Management Software

Mr. Cunningham reported that staff has been reviewing board management software that would allow commissioners to access board and committee agendas and materials from a single source, making it easier for commissioners to find current meeting materials and other resources. Staff is evaluating several options and may seek input from several commissioners before committing to a platform.

### Presidential Inauguration and Awards Luncheon

Mr. Cunningham reported that the SBM is still receiving bids for the 2025 Presidential Inauguration and Awards Luncheon in September. The format will remain the same with the Board meeting in the morning, the luncheon, and the RA meeting in the afternoon. The most likely dates for the luncheon are either Thursday, September 18 or Friday, September 19. The final date and location will be announced early in 2025.

### **Representative Assembly (RA) Report**

Mr. Reiser reported that the Legal Deserts committee met on December 4. There were 22 members present, including Co-chair Ms. Larsen, and Mr. Anderson and Mr. Cunningham. He stated that Mr. Rob Mathis and Ms. Carrie Sharlow are the staff liaisons to this committee.

Mr. Reiser mentioned that the speakers at the meeting were Ms. Nora Ryan from the MichiganLegalHelp.org, Ms. Janet Welch from the Justice for All Regulatory committee, and Mr. Brian Wagner from the State Court Administrator's Office, all of whom provided a lot of information pertinent to legal deserts.

Mr. Reiser stated that the next RA meeting takes place on April 26, 2025 in Lansing, will be in hybrid format and more than likely be held at the Hilton Garden Inn.

### **Adjournment**

The meeting was adjourned at 5:01 p.m.

**President Joseph P. McGill**  
**President's Activities**  
**November 23, 2024 to January 24, 2025**

Date	Event	Location
November 25	Artificial Intelligence (AI) Work Group meeting	Virtual
December 3	Detroit Bar Association Jingle Mingle Holiday Celebration	Detroit
December 5	Macomb County Young Lawyers Section Holiday Gathering	Mt. Clemens
December 5	Oakland County Bar Association Holiday Gala	Birmingham
December 10	Meeting with Peter Cunningham	Virtual
December 11	Federal Bar Association Holiday party	Detroit
December 12	Women Lawyers Association of Michigan Macomb Holiday Luncheon	Utica
December 12	Executive Committee meeting	Virtual
December 18	Straker Bar Association Holiday Party	Detroit
December 19	Incorporated Association of Irish American Lawyers Holiday Gathering	Detroit
January 9	Lapeer County Bar Association meeting	Lapeer
January 9	Executive Committee meeting	Virtual
January 22	AI Work Group meeting	Virtual
January 24	Board of Commissioners meeting	Lansing



**Executive Director Peter Cunningham**  
**Executive Director Activities**  
**November 23, 2024 to January 24, 2025**

Date	Event
November 25	Artificial Intelligence (AI) Work Group meeting
December 2	Meeting with the Chief Justice Clement
December 4	Legal Desserts Work Group meeting
December 6	Diversity, Equity, and Inclusion (DEI) Commission meeting
December 9	DEI Commission Workgroup D meeting
December 9	Justice for All (JFA) Commission meeting
December 10	Finance and Audit Committee meeting
December 10	Meeting with President McGill
December 12	JFA Executive Team meeting
December 12	Executive Committee meeting
December 13	Judicial Council Section meeting
December 19	Meeting with Chief Justice Clement
December 20	Michigan Association of Bar Executives
December 20	DEI Executive Team meeting
January 8	Commission on the Well-Being in the Law (CWBIL) Workgroup meeting - Incentivizing Wellness
January 9	Strategic Planning and Engagement Committee (SPEC) meeting
January 9	Executive Committee meeting
January 10	DEI Commission Workgroup Chairs meeting
January 13	Capitol Club meeting
January 13	Convene Board Software Training
January 14	Meeting with Chief Justice Clement
January 14	Public Policy Committee meeting
January 14	Professional Standards Committee meeting
January 17	DEI Executive Team meeting
January 21	Finance and Audit Committee meeting
January 22	AI Work Group meeting

<b>Date</b>	<b>Event</b>
January 23	JFA Executive Team meeting
January 23	State Planning Board meeting
January 24	Board of Commissioners meeting

To: Members of the Public Policy Committee  
Board of Commissioners

From: Nathan A. Triplett, Director of Governmental Relations

Date: January 15, 2025

Re: Model Criminal Jury Instructions – Authorization to Advocate

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In recent history, the State Bar of Michigan Board of Commissioners has not opted to adopt and advocate public policy positions on model criminal jury instructions. Instead, the Bar’s Criminal Law Section and Criminal Jurisprudence & Practice Committee are regularly called upon to offer feedback to the Michigan Supreme Court’s Committee on Model Criminal Jury Instructions on proposals to amend or repeal existing instructions, or to adopt new instructions.

Article VIII, Section 7 of the SBM Bylaws permits a section that has adopted a position on a *Keller*-permissible policy to publicly advocate that position on behalf of the section “unless expressly directed otherwise by the Board of Commissioners, the Representative Assembly, or, if the matter requires urgent attention, the Executive Committee of the State Bar.

State Bar entities other than sections—including standing committees—are not permitted, under Article VIII, Section 8 of the SBM Bylaws, to “publicly advocate a public policy position that has not been adopted by the Board of Commissioners or Representative Assembly unless authorized to do so by a majority vote of the Board of Commissioners or Representative Assembly.”

To comply with these Bylaws requirements, the Board’s consent agenda includes a proposed motion for consideration:

**To authorize the Criminal Law Section and the Criminal Jurisprudence & Practice Committee to advocate their respective positions on the following model criminal jury instruction proposals:**

- M Crim JI 7.3 and 16.11
- M Crim JI 7.11
- M Crim JI 14.1a
- M Crim JI 15.18a
- M Crim JI 20.31 20.32 and 20.33
- M Crim JI 41.4

Copies of the proposed instructions are attached to this memorandum.



FROM THE COMMITTEE  
ON MODEL CRIMINAL  
JURY INSTRUCTIONS

The Committee on Model Criminal Jury Instructions solicits comment on the following proposal by March 1, 2025. Comments may be sent in writing to Christopher M. Smith, Reporter, Committee on Model Criminal Jury Instructions, Michigan Hall of Justice, P.O. Box 30052, Lansing, MI 48909-7604, or electronically to [MCrimJI@courts.mi.gov](mailto:MCrimJI@courts.mi.gov).

PROPOSED

The Committee proposes amending two jury instructions, M Crim JI 7.3 (Lesser Offenses of Murder) and M Crim 16.11 (Involuntary Manslaughter-Firearm Intentionally Aimed), to reflect the repeal of the negligent homicide statute, former MCL 750.324, and statutory involuntary manslaughter’s status as a cognate lesser included offense of murder, see MCL 750.329; *People v Smith*, 478 Mich 64 (2007). Deletions are in ~~strike-through~~, and new language is underlined.

[AMENDED] M Crim JI 7.3 Lesser Offenses: Involuntary  
Manslaughter; ~~Intentional Aiming of  
Firearm; Careless Discharge of a  
Firearm; Negligent Homicide~~

- (1) However, even if the defendant is not guilty of murder, [he / she] may be guilty of a less serious offense. ~~{If [he / she] willingly did something that was grossly negligent toward human life or if [he / she] intended to cause injury / If the gun went off as (he / she) purposely pointed or aimed it at someone}~~, [he / she] may be guilty of involuntary manslaughter.
- (2) ~~Even if the defendant is not guilty of murder or involuntary manslaughter, you may decide that the defendant did something careless, reckless, or ordinarily negligent that caused the death. In that case, [he / she] may be guilty of [careless, reckless or negligent use of a firearm / negligent homicide].~~
- (3) ~~To sum up, when you consider the charge of murder, you should also consider whether the defendant is guilty~~  
of \_\_\_\_\_ or \_\_\_\_\_  
\_\_\_\_\_. In a few moments, I will

describe this these crimes in detail, and I will tell you what terms like “gross negligence” mean.

*Use Note*

Use (1) or (1) and (2) as applicable.

**[AMENDED] M Crim JI 16.11 Involuntary Manslaughter-Firearm Intentionally Aimed**

- (1) [The defendant is charged with the crime of \_\_\_\_\_/ ~~You may also consider the lesser charge of~~] involuntary manslaughter. To prove this charge, the prosecutor must prove each of the following elements beyond a reasonable doubt:
- (2) First, that the defendant caused the death of [*name deceased*], ~~that is, [*name deceased*] died as a result of [*state alleged act causing death*].~~
- (3) Second, that death resulted from the discharge of a firearm.<sup>1</sup> ~~[A firearm is an instrument from which (shot / a bullet) is propelled by the explosion of gunpowder.]~~
- (4) Third, at the time the firearm discharged ~~went off~~, the defendant was intentionally aiming or pointing it at [*name deceased*].
- ~~(5) Fourth, at that time, the defendant intended to point the firearm at [*name deceased*].<sup>+</sup>~~
- [(~~6~~ 5) ~~Fifth~~ Fourth, that the defendant caused the death without lawful excuse or justification.]<sup>2</sup>

*Use Note*

1. ~~This is a specific intent crime.~~ *Firearm* is defined in MCL 750.222(e) as “any weapon which will, is designed to, or may readily be converted to expel a projectile by action of an explosive.”
2. Paragraph (~~6~~ 5) should be given only if there is a claim by the defense that the killing was excused or justified.



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ON MODEL CRIMINAL  
JURY INSTRUCTIONS**

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**PROPOSED**

The Committee proposes amending M Crim JI 7.11 (Legal Insanity) to add a missing alternative method of satisfying the “substantial capacity” prong of the insanity defense under MCL 768.21a(1). Deletions are in ~~strike-through~~, and new language is underlined.

**[AMENDED]      M Crim JI 7.11      Legal Insanity; Mental Illness;  
Intellectual Disability; Burden of  
Proof**

(1) The defendant says that [he / she] is not guilty by reason of insanity. A person is legally insane if, as a result of mental illness or intellectual disability, [he / she] was incapable of appreciating the nature and quality of [his / her] conduct, or was incapable of understanding the wrongfulness of [his / her] conduct, or was unable to conform [his / her] conduct to the requirements of the law. The burden is on the defendant to show that [he / she] was legally insane.

(2) Before considering the insanity defense, you must be convinced beyond a reasonable doubt that the defendant committed the [crime / crimes] charged by the prosecutor. If you are not, your verdict should simply be not guilty of [that / those] offense[s]. If you are convinced that the defendant committed an offense, you should consider the defendant’s claim that [he / she] was legally insane.

(3) In order to establish that [he / she] was legally insane, the defendant must prove two elements by a preponderance of the evidence. A preponderance of the evidence means that [he / she] must prove that it is more likely than not that each of the elements is true.

(4) First, the defendant must prove that [he / she] was mentally ill and/or intellectually disabled.<sup>1</sup>

(a) “Mental illness” means a substantial disorder of thought or mood that significantly impairs judgment, behavior, capacity to recognize reality, or the ability to cope with the ordinary demands of life.

(b) “Intellectual disability” means significantly subaverage intellectual functioning that appeared before the defendant was 18 years old and impaired two or more of [his / her] adaptive skills.<sup>2</sup>

(5) Second, the defendant must prove that, as a result of [his / her] mental illness and/or intellectual disability, [he / she] either lacked substantial capacity to appreciate the nature and quality of [his / her] act, or lacked substantial capacity to appreciate the wrongfulness of [his / her] act, or lacked substantial capacity to conform [his / her] conduct to the requirements of the law.

(6) You should consider these elements separately. If you find that the defendant has proved both of these elements by a preponderance of the evidence, then you must find [him / her] not guilty by reason of insanity. If the defendant has failed to prove either or both elements, [he / she] was not legally insane.

### *Use Note*

An individual who was under the influence of voluntarily consumed or injected alcohol or controlled substances at the time of his or her alleged offense is not considered to have been legally insane solely because of being under the influence of the alcohol or controlled substances. MCL 768.21a(2).

1. This paragraph may be modified if the defendant is claiming only one aspect of this element.

2. The court may provide the jury with a definition of *adaptive skills* where appropriate. The phrase is defined in MCL 330.1100a(3) and means skills in 1 or more of the following areas:

- (a) Communication.
- (b) Self-care.
- (c) Home living.
- (d) Social skills.
- (e) Community use.
- (f) Self-direction.
- (g) Health and safety.

- (h) Functional academics.
- (i) Leisure.
- (j) Work.





**FROM THE COMMITTEE  
ON MODEL CRIMINAL  
JURY INSTRUCTIONS**

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**PROPOSED**

The Committee proposes a new jury instruction, M Crim JI 14.1a (Perjury Committed During Investigative Subpoena Proceeding), for the crime of making a false statement under oath at an investigative subpoena proceeding, as set forth in MCL 767A.9. This instruction is entirely new.

**[NEW]      M Crim JI 14.1a      Perjury Committed During Investigative  
Subpoena Proceeding**

- (1) The defendant is charged with the crime of perjury during investigative subpoena proceedings. To prove this charge, the prosecutor must prove each of the following elements beyond a reasonable doubt:
- (2) First, that the defendant took an oath. An oath is a solemn promise to tell the truth. \*
- (3) Second, that the defendant took that oath during an investigative subpoena proceeding.
- (4) Third, that while under that oath the defendant made a false statement. The statement that is alleged to have been made in this case is that [*give details of alleged false statement*].
- (5) Fourth, that the defendant knew that the statement was false when [he / she] made it.
- [(6) Fifth, that the investigation involved the crime of (*state capital crime being investigated*).]<sup>1</sup>

*Use Note*

- \* If appropriate, substitute “affirmation” for “oath.”
- 1. Use only where the allegations and evidence involve the aggravating factor of investigating a capital offense.



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**PROPOSED**

The Committee proposes a new jury instruction, M Crim JI 15.18a (Moving Violation in a Work Zone or School Bus Zone Causing Death or Injury), for the offense of committing a moving traffic violation in a work zone or school bus zone that results in death or injury, as defined in MCL 257.601b. This instruction is entirely new.

**[NEW]      M Crim JI 15.18a      Moving Violation in a Work Zone or  
School Bus Zone Causing Death or Injury**

(1) [The defendant is charged with the crime / You may consider the lesser charge<sup>1</sup>] of committing a moving traffic violation in a [work / school bus] zone that caused [the death of / an injury to] a person. To prove this charge, the prosecutor must prove each of the following elements beyond a reasonable doubt:

(2) First, that the defendant operated a motor vehicle.<sup>2</sup> To operate means to drive or have actual physical control of the vehicle.

(3) Second, that, while operating the motor vehicle, the defendant committed a moving violation by [*describe the moving violation that carries a 3 or more point penalty under MCL 257.320a*].

(4) Third, that when [he / she] committed the violation, the defendant was in a [work / school bus] zone:

[*Select from the following:*]

- (a) A work zone is a portion of a street or highway that is between a “work zone begins” sign and an “end road work” sign.
- (b) If construction, maintenance, or utility work activities were being conducted by a work crew and more than one moving vehicle, a work zone is a portion of a street or highway between a “begin work convoy” sign and an “end work convoy” sign.
- (c) If construction, maintenance, surveying, or utility work activities were conducted by a work crew and one moving or stationary vehicle exhibiting a rotating beacon or strobe light, a work zone is a portion of a street or highway between the following points:
  - (i) 150 feet behind the rear of the vehicle or the point from which the beacon or strobe light is first visible on the street or highway behind the vehicle, whichever is the point closest to the vehicle, and
  - (ii) 150 feet in front of the front of the vehicle or the point from which the beacon or strobe light is first visible on the street or highway in front of the vehicle, whichever is the point closest to the vehicle.
- (d) A “school bus zone” is the area within 20 feet of a school bus that has stopped and is displaying two alternately flashing red lights at the same level.<sup>3</sup>

(5) Fourth, that by committing the moving violation, the defendant caused [the death of (*name deceased*) / (*name injured person*) to suffer an injury<sup>4</sup>]. To cause [the death of (*name deceased*) / such injury to (*name injured person*)], the defendant’s moving violation must have been a factual cause of the [death / injury], that is, but for committing the moving violation, the [death / injury] would not have occurred. In addition, the [death / injury] must have been a direct and natural result of committing the moving violation.

[(6) Fifth, that the [death / injury] was not caused by the negligence of (*name deceased* / *name injured person*) in the work zone or school bus zone.

Negligence is the failure to use ordinary care like a reasonably careful person would do under the circumstances. It is up to you to decide what a reasonably careful person would or would not do.<sup>5</sup> ]<sup>6</sup>

*Use Note*

1. Use when instructing on this crime as a lesser offense.

2. The term *motor vehicle* is defined in MCL 257.33.
3. A *school bus zone* is defined in MCL 257.601b(5)(c) and does not include the opposite side of a divided highway per MCL 257.682(2).
4. The word *injury* is not statutorily defined.
5. This definition of *negligence* is drawn generally from M Civ JI 10.02 (Negligence of Adult – Definition).
6. Read this paragraph only where the defense has introduced evidence of negligence by the deceased or injured person. This appears to be an affirmative defense under MCL 257.601b(4).



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**PROPOSED**

The Committee proposes amending two jury instructions, M Crim JI 20.31 (Gross Indecency) and M Crim 20.33 (Indecent Exposure), to add an alternative element that would apply when the defendant is charged with being a sexually delinquent person under MCL 750.10a. The Committee also proposes deleting M Crim JI 20.32 (Sodomy) as being incompatible with the holding in *Lawrence v Texas*, 539 US 558 (2003). Deletions are in ~~strike-through~~, and new language is underlined.

**[AMENDED]      M Crim JI 20.31      Gross Indecency**

- (1) The defendant is charged with the crime of committing an act of gross indecency. To prove this charge, the prosecutor must prove each of the following elements beyond a reasonable doubt:
- (2) First, that the defendant engaged in a sexual act that involved one or more of the following:<sup>1</sup>

[Choose (a), (b), (c), (d), (e), or (f):]

- (a) entry into another person’s [vagina / anus] by the defendant’s [penis / finger / tongue / *(name object)*]. Any entry, no matter how slight, is enough. It does not matter whether the sexual act was completed or whether semen was ejaculated.

or

(b) entry into another person's mouth by the defendant's penis. Any entry, no matter how slight, is enough. It does not matter whether the sexual act was completed or whether semen was ejaculated.

or

(c) touching of another person's [genital openings / genital organs] with the defendant's mouth or tongue.

or

(d) entry by [any part of one person's body / some object] into the genital or anal opening of another person's body. Any entry, no matter how slight, is enough. It is alleged in this case that a sexual act was committed by [*state alleged act*]. It does not matter whether the sexual act was completed or whether semen was ejaculated.

or

(e) masturbation of oneself or another.

or

(f) masturbation in the presence of a minor, whether in a public place or private place.

*[Add (3) unless only (2)(f) is being given.]*

(3) Second, that the sexual act was committed in a public place. A place is public when a member of the public, who is in a place the public is generally invited or allowed to be, could have been exposed to or viewed the act.<sup>2</sup>

*[Use the following paragraph only if the defendant is also charged with being a sexually delinquent person under MCL 750.10a.]*

[(4) Third, that the defendant was a sexually delinquent person. A person is sexually delinquent when his or her behavior is characterized by repetitive or compulsive acts that show (a disregard of consequences or the recognized rights of others / the use of force on another person in attempting sexual relations of any nature / the commission of sexual aggressions against children under the age of 16<sup>3</sup>).]

*Use Note*

<sup>1</sup> This list of acts is not intended to be exhaustive. *See People v Drake*, 246 Mich App 637; 633 NW2d 469 (2001).

<sup>2</sup> If necessary, the court may add that if the sexual act is committed in a public place, the consent of the participants or the acquiescence of any observer is not a defense.

3. Read any that apply according to the charges and evidence.

**M Crim JI 20.32                      Sodomy**

**DELETED as being incompatible with the holding in *Lawrence v Texas*, 539 US 558 (2003).**

**[AMENDED]                      M Crim JI 20.33                      Indecent Exposure**

(1) The defendant is charged with the crime of indecent exposure. To prove this charge, the prosecutor must prove each of the following elements beyond a reasonable doubt:

(2) First, that the defendant exposed [his / her] [*state part of body*].

(3) Second, that the defendant knew that [he / she] was exposing [his / her] [*state part of body*].

[*Use the following paragraph only if a violation of MCL 750.335a(2)(b) is charged.*]

(4) Third, that the defendant was fondling [his / her] [genitals / pubic area / buttocks / breasts\*].

(5) [Third / Fourth], that the defendant did this in a place under circumstances in which another person might reasonably have been expected to observe it and which created a substantial risk that someone



might be offended or in a place where such exposure is likely to be an offense against your community's generally accepted standards of decency and morality. In determining this, you must think about the nature of the act and all of the circumstances surrounding the act. [*State any other relevant factors, e.g., the age and experience of the persons who observed the act, the purpose of the act, etc.*]

[Use the following paragraph only if the defendant is also charged with being a sexually delinquent person under MCL 750.10a.]

[(6) (Third / Fourth / Fifth), that the defendant was a sexually delinquent person. A person is sexually delinquent when his or her behavior is characterized by repetitive or compulsive acts that show (a disregard of consequences or the recognized rights of others / the use of force on another person in attempting sexual relations of any nature / the commission of sexual aggressions against children under the age of 16).<sup>1</sup>]

*Use Note*

- \* Female defendants only.
- 1. Read any that apply according to the charges and evidence.



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**PROPOSED**

The Committee proposes a new jury instruction, M Crim JI 41.4 (Making, Possessing, or Providing an Eavesdropping Device), for the crime of manufacturing, possessing, or transferring an eavesdropping device as set forth in MCL 750.539f. This instruction is entirely new.

**[NEW]      M Crim JI 41.4      Making, Possessing, or Providing an  
Eavesdropping Device**

- (1) The defendant is charged with the crime of making, possessing, or providing an eavesdropping device. To prove this charge, the prosecutor must prove each of the following elements beyond a reasonable doubt:
- (2) First, that the defendant [made a device<sup>1</sup> / possessed a device / provided a device to (*identify recipient*)] that could overhear, record, amplify, or transmit the private discussion of other persons.
- (3) Second, that the defendant [intended to use the device / intended to allow the device to be used] to overhear, record, amplify, or transmit the private discussion of others without all persons' permission.<sup>2</sup>

[Persons can include individuals, partnerships, corporations, or associations.]<sup>3</sup>

[Use the following if the defendant is alleged to have provided the eavesdropping device to someone else:]

- (4) Third, that when the defendant provided the device, [he / she] knew that it was intended to be used to overhear, record, amplify, or transmit the private discussion of others without all persons' permission.

*Use Note*

1. MCL 750.539f provides “any device, contrivance, machine or apparatus designed or commonly used for eavesdropping.” The court may use any synonymous term.
2. This is the definition of *eavesdropping* found at MCL 750.539a(2).
3. MCL 750.539a(4) defines *person* as “any individual, partnership, corporation or association.” Use this definition where a complainant could be a partnership, corporation, or association.

# State Bar of Michigan Financial Results Summary

For the Two Months Ended November 30, 2024  
Fiscal Year 2025

## Administrative Fund - Summary of Results as of November 30, 2024

Operating Revenue	\$2,358,981
Operating Expense	<u>(2,256,151)</u>
Operating Income (Loss)	102,830
Non-Operating Income (Loss)	<u>158,027</u>
Change in Net Position	\$260,857
Net Position, October 1, 2024	<u>\$16,076,928</u>
Net Position, November 30, 2024	<u>\$16,337,785</u>

As of November 30, 2024, Net Position *excluding* net assets restricted for retiree healthcare was \$12,379,883, an increase of \$ \$215,876 since the beginning of the year and favorable to budget by \$280,841.

### **YTD Operating Revenue variance – \$80,617, favorable to budget (3.5%):**

- License fee and related revenue was higher than budget by \$5,580 (0.3%) due to higher delinquent license fees.
- Other operating revenue was higher than budget by \$75,037 (13.7%) notably due to higher IAP and advertising revenue.

### **YTD Operating Expense variance - \$210,595, favorable to budget (8.5%):**

Labor Operating Expenses - \$85,985, favorable (5%)

- Salaries expenses were lower than budget by \$27,718 (2.2%) due to vacancies.
- Employee Benefits & Payroll Taxes were lower than budget by \$58,267 (12.2%), primarily due to lower retirement and employee insurance expenses.

Non-Labor Operating Expenses - \$124,610, favorable (16.6%)

- Division 1 - \$26,211, favorable (40.5%) – Lower than budget with the largest variances in C&F and IAP.

- Division 2 - \$109,188, favorable (29.7%) – Lower than budget with the largest variances in Bar Journal, Digital, Facilities, and IT some due to timing.
- Division 3 - \$10,788, unfavorable 3.4% – Higher than budget in Finance due to timing of expenses.

**YTD Non-Operating Revenue Budget Variance - \$44,694, favorable to budget 39.4%:**

- Interest income is unfavorable to budget by \$10,371 (9.2%)
- Retiree Health Care Trust net investment gain of \$55,065 (this amount is not budgeted).

**Cash and Investment Balance**

As of November 30, 2024, the cash and investment balance in the State Bar Admin Fund net of *due to Sections, ADS, Client Protection Fund, and Retiree Health Care Trust* was \$17,260,298, an increase of \$5,416,710 from the beginning of the year primarily due to collection of license fees and other revenues.

**SBM Entities Retiree Health Care Trust**

As of November 30, 2024, the SBM retiree health care trust investments were \$4,744,609, an increase of \$55,065 since the beginning of the year. The change is due to investment gains of \$57,979, net of advisor and record keeping fees of \$2,914.

**Capital Budget**

Year-to-date capital expenditures totaled \$31,900, or 12.2% of the FY 2025 capital expenditures budget of \$293,980.

**Client Protection Fund**

The Net Position of the Client Protection Fund as of November 30, 2024, totaled \$3,139,426, an increase of \$13,799 from the beginning of the year. Claims expenses totaled \$17,000.

**SBM Membership**

As of November 30, 2024, the active, inactive, and emeritus membership in good standing totaled 47,180 attorneys, an increase of 246 attorneys since the beginning of the year; the number of fee-paying attorneys decreased by 349. A total of 340 new attorneys joined SBM this year compared to 169 for the same period of last year.

**STATE BAR OF MICHIGAN  
ADMINISTRATIVE FUND**

**Unaudited and For Internal Use Only**

**FINANCIAL REPORTS  
November 30, 2024**

**FY 2025**

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

**State Bar of Michigan**  
**Parent Company : State Bar of Michigan**  
**Summary- Statement of Revenue, Expense and Net Assets**  
**November 30, 2024**

Financial Row	Actual YTD (Oct 2024 - Nov 2024)	Budget YTD (Oct 2024 - Nov 2024)	Variance	Percentage	Prior YTD Actual (Oct 2023 - Nov 2023)	Actual Variance YTD	Actual Variance YTD %
<b>Operating Revenue</b>							
License Fees, Dues and Related	\$ 1,736,955	\$ 1,731,375	\$ 5,580	0.3%	\$ 1,775,750	\$ (38,795)	(2.2%)
All Other Op Revenue	\$ 622,026	\$ 546,989	\$ 75,037	13.7%	\$ 590,750	\$ 31,277	5.3%
<b>Total Operating Revenue</b>	<b>\$ 2,358,981</b>	<b>\$ 2,278,364</b>	<b>\$ 80,617</b>	<b>3.5%</b>	<b>\$ 2,366,500</b>	<b>\$ (7,518)</b>	<b>(0.3%)</b>
<b>Operating Expenses</b>							
Labor Operating Expenses							
Salaries	\$ 1,210,413	\$ 1,238,130	\$ (27,718)	(2.2%)	\$ 1,170,887	\$ 39,525	3.4%
Benefits and Payroll Taxes	\$ 420,493	\$ 478,760	\$ (58,267)	(12.2%)	\$ 407,407	\$ 13,085	3.2%
<b>Total Labor Operating Expenses</b>	<b>\$ 1,630,905</b>	<b>\$ 1,716,890</b>	<b>\$ (85,985)</b>	<b>(5.0%)</b>	<b>\$ 1,578,295</b>	<b>\$ 52,611</b>	<b>3.3%</b>
Non Labor Operating Expenses							
Non Labor Operating Expenses							
Division 1	\$ 38,558	\$ 64,768	\$ (26,211)	(40.5%)	\$ 44,390	\$ (5,832)	(13.1%)
Division 2	\$ 258,538	\$ 367,726	\$ (109,188)	(29.7%)	\$ 249,784	\$ 8,754	3.5%
Division 3	\$ 328,150	\$ 317,362	\$ 10,788	3.4%	\$ 254,402	\$ 73,748	29.0%
<b>Total Non Labor Operating Expenses</b>	<b>\$ 625,246</b>	<b>\$ 749,856</b>	<b>\$ (124,610)</b>	<b>(16.6%)</b>	<b>\$ 548,577</b>	<b>\$ 76,669</b>	<b>14.0%</b>
<b>Total Operating Expenses</b>	<b>\$ 2,256,151</b>	<b>\$ 2,466,746</b>	<b>\$ (210,595)</b>	<b>(8.5%)</b>	<b>\$ 2,126,872</b>	<b>\$ 129,280</b>	<b>6.1%</b>
<b>Operating Income (Loss)</b>	<b>\$ 102,830</b>	<b>\$ (188,382)</b>	<b>\$ 291,212</b>	<b>(154.6%)</b>	<b>\$ 239,628</b>	<b>\$ (136,798)</b>	<b>(57.1%)</b>
<b>Non Operating Revenue (Expenses)</b>							
Investment Income	\$ 102,963	\$ 113,333	\$ (10,371)	(9.2%)	\$ 121,029	\$ (18,066)	(14.9%)
Investment Income - Ret HC Trust	\$ 55,065	\$ -	\$ 55,065	0.0%	\$ 146,511	\$ (91,446)	(62.4%)
<b>Total Non Operating Revenue (Expenses)</b>	<b>\$ 158,027</b>	<b>\$ 113,333</b>	<b>\$ 44,694</b>	<b>39.4%</b>	<b>\$ 267,539</b>	<b>\$ (109,512)</b>	<b>(40.9%)</b>
<b>Increase (Decrease) in Net Position</b>	<b>\$ 260,857</b>	<b>\$ (75,049)</b>	<b>\$ 335,906</b>	<b>(447.6%)</b>	<b>\$ 507,168</b>	<b>\$ (246,310)</b>	<b>(48.6%)</b>
Net Position Beginning of Year*	\$ 16,076,928	\$ 16,076,928	\$ -	0.0%	\$ 12,751,125	\$ 3,325,803	26.1%
<b>Net Position End of Period*</b>	<b>\$ 16,337,785</b>	<b>\$ 16,001,879</b>	<b>\$ 335,906</b>	<b>2.1%</b>	<b>\$ 13,258,292</b>	<b>\$ 3,079,493</b>	<b>23.2%</b>
Change in Net Position Excluding Ret HC Trust Investment Income (Loss)	\$ 205,793	\$ (75,049)	\$ 280,841	(374.2%)	\$ 360,657	\$ (154,864)	(42.9%)

\*Reflects the dissolution of the Latin American Bar Section (\$10,084).

**State Bar of Michigan**  
**Parent Company : State Bar of Michigan**  
**SBM Statement of Net Position**  
**November 30, 2024**

Financial Row	Current Period (As of Nov 2024)	Prior Month (As of Oct 2024)	Variance	Variance %	Beginning of FY (As of Sep 2024)
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>					
Cash	\$ 2,563,575	\$ 1,283,080	\$ 1,280,495	99.8%	\$ 948,734
Investments	\$ 19,418,866	\$ 15,889,335	\$ 3,529,531	22.2%	\$ 13,980,956
Due from (to) CPF	\$ (92,085)	\$ (36,608)	\$ (55,478)	151.5%	\$ 65,075
Due from (to) Sections	\$ (3,753,383)	\$ (3,381,671)	\$ (371,713)	11.0%	\$ (3,116,272)
Due from (to) ADS	\$ (876,675)	\$ (136,465)	\$ (740,210)	542.4%	\$ (34,904)
<b>Net Administrative Fund Cash and Investment Balance</b>	<b>\$ 17,260,298</b>	<b>\$ 13,617,672</b>	<b>\$ 3,642,626</b>	<b>26.7%</b>	<b>\$ 11,843,588</b>
Accounts Receivable	\$ 221,349	\$ 194,569	\$ 26,779	13.8%	\$ 157,901
Prepaid Expenses	\$ 299,740	\$ 329,497	\$ (29,757)	(9.0%)	\$ 547,587
Capital Assets, Net	\$ 3,234,968	\$ 3,254,089	\$ (19,121)	(0.6%)	\$ 3,273,210
SBM Retiree Health Care Trust	\$ 4,744,609	\$ 4,620,377	\$ 124,232	2.7%	\$ 4,689,544
<b>Total Assets</b>	<b>\$ 25,760,964</b>	<b>\$ 22,016,204</b>	<b>\$ 3,744,759</b>	<b>17.0%</b>	<b>\$ 20,511,830</b>
<b>Deferred Outflows of Resources</b>					
Deferred Outflows of Resources Related to Pensions	\$ 14,627	\$ 14,627	\$ -	-	\$ 14,627
Deferred Outflows of Resources Related to OPEB	\$ 1,018,990	\$ 1,018,990	\$ -	-	\$ 1,018,990
<b>Total Deferred Outflows of Resources</b>	<b>\$ 1,033,618</b>	<b>\$ 1,033,618</b>	<b>\$ -</b>	<b>-</b>	<b>\$ 1,033,618</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 26,794,582</b>	<b>\$ 23,049,822</b>	<b>\$ 3,744,759</b>	<b>16.2%</b>	<b>\$ 21,545,448</b>
<b>LIABILITIES, DERERRED INFLOWS OF RESOURCES AND NET POSITION</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 103,871	\$ 115,596	\$ (11,725)	(10.1%)	\$ 417,434
Accrued Expenses	\$ 757,171	\$ 753,673	\$ 3,498	0.5%	\$ 750,672
Deferred Revenue	\$ 7,433,000	\$ 4,042,890	\$ 3,390,111	83.9%	\$ 2,147,744
GASB 96 Subscription Liability	\$ 132,660	\$ 132,660	\$ -	-	\$ 132,660
Net Pension Liability	\$ 216,283	\$ 216,283	\$ -	-	\$ 216,283
Net OPEB Liability	\$ 578,767	\$ 578,767	\$ -	-	\$ 578,767
<b>Total Liabilities</b>	<b>\$ 9,221,753</b>	<b>\$ 5,839,869</b>	<b>\$ 3,381,884</b>	<b>57.9%</b>	<b>\$ 4,243,560</b>
<b>Deferred Inflows of Resources</b>					
Deferred Inflows of Resources Related to Pensions	\$ 8,114	\$ 8,114	\$ -	-	\$ 8,114
Deferred Inflows of Resources Related to OPEB	\$ 1,226,930	\$ 1,226,930	\$ -	-	\$ 1,226,930
<b>Total Deferred Inflows of Resources</b>	<b>\$ 1,235,044</b>	<b>\$ 1,235,044</b>	<b>\$ -</b>	<b>-</b>	<b>\$ 1,235,044</b>
<b>Total Liabilities and Deferred Inflows</b>	<b>\$ 10,456,797</b>	<b>\$ 7,074,913</b>	<b>\$ 3,381,884</b>	<b>47.8%</b>	<b>\$ 5,478,604</b>
<b>Net Assets</b>					
Invested in Capital Assets, Net of Related Debt	\$ 3,102,308	\$ 3,121,429	\$ (19,121)	(0.6%)	\$ 3,140,550
Restricted for Retiree Health Care Trust	\$ 3,957,903	\$ 3,833,671	\$ 124,232	3.2%	\$ 3,902,838
Unrestricted	\$ 9,277,575	\$ 9,019,810	\$ 257,765	2.9%	\$ 9,023,456
<b>Total Net Position</b>	<b>\$ 16,337,785</b>	<b>\$ 15,974,909</b>	<b>\$ 362,876</b>	<b>2.3%</b>	<b>\$ 16,066,844</b>
<b>TOTAL LIABILITIES, DERERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 26,794,582</b>	<b>\$ 23,049,822</b>	<b>\$ 3,744,759</b>	<b>16.2%</b>	<b>\$ 21,545,448</b>
Net Position Excluding Impacts of Retiree Health Care Trust	\$ 12,379,883	\$ 12,141,239	\$ 238,644	2.0%	\$ 12,164,006



**State Bar of Michigan**  
**Parent Company : State Bar of Michigan**  
**Statement of Revenues, Expenses and Net Assets**  
**November 30, 2024**

Financial Row	Actual (Oct 2024 - Nov 2024)	Budget YTD (Oct 2024 - Nov 2024)	Budget Variance	Budget Variance %	Last YTD Actuals (Oct 2023 - Nov 2023)	Actuals Variance	Actuals Variance %
<b>Operating Revenues</b>							
License Fees and Related	\$ 1,736,955	\$ 1,731,375	\$ 5,580	0.3%	\$ 1,775,750	\$ (38,795)	(2.2%)
<b>Other Operating Revenues</b>							
<b>Division 1 Other Operating Revenues</b>							
Character & Fitness	\$ 39,075	\$ 39,137	\$ (62)	(0.16%)	\$ 42,395	\$ (3,320)	(7.83%)
Diversity	\$ -	\$ 100	\$ (100)	(100.00%)	\$ -	\$ -	0.00%
Ethics	\$ 1,625	\$ 416	\$ 1,209	290.63%	\$ 1,125	\$ 500	44.44%
IAP	\$ 174,060	\$ 125,000	\$ 49,060	39.25%	\$ 160,560	\$ 13,500	8.41%
Lawyer Referral Services	\$ 23,264	\$ 26,666	\$ (3,402)	(12.76%)	\$ 23,478	\$ (215)	(0.91%)
UPL	\$ 203	\$ -	\$ 203	0.00%	\$ -	\$ 203	0.00%
<b>Total - Division 1 Other Operating Revenues</b>	<b>\$ 238,227</b>	<b>\$ 191,319</b>	<b>\$ 46,908</b>	<b>24.52%</b>	<b>\$ 227,558</b>	<b>\$ 10,668</b>	<b>4.69%</b>
<b>Division 2 Other Operating Revenues</b>							
Bar Journal	\$ 97,249	\$ 82,548	\$ 14,700	17.8%	\$ 82,409	\$ 14,840	18.0%
Digital	\$ 9,012	\$ 6,668	\$ 2,344	35.2%	\$ 8,358	\$ 655	7.8%
E Journal	\$ 20,725	\$ 4,500	\$ 16,225	360.6%	\$ 22,814	\$ (2,089)	(9.2%)
Lawyer Services	\$ 36,668	\$ 39,027	\$ (2,359)	(6.0%)	\$ 34,934	\$ 1,735	5.0%
Lawyers & Judges Assistance Program	\$ 8,810	\$ 10,417	\$ (1,607)	(15.4%)	\$ 8,635	\$ 175	2.0%
Practice Management Resource Center	\$ -	\$ 233	\$ (233)	(100.0%)	\$ -	\$ -	0.0%
Print and Design	\$ 1,957	\$ 5,084	\$ (3,127)	(61.5%)	\$ 4,272	\$ (2,315)	(54.2%)
<b>Total - Division 2 Other Operating Revenues</b>	<b>\$ 174,421</b>	<b>\$ 148,478</b>	<b>\$ 25,943</b>	<b>17.5%</b>	<b>\$ 161,422</b>	<b>\$ 12,999</b>	<b>8.1%</b>
<b>Division 3 Other Operating Revenues</b>							
Administration	\$ 209,379	\$ 207,192	\$ 2,186	1.1%	\$ 201,770	\$ 7,609	3.8%
<b>Total - Division 3 Other Operating Revenues</b>	<b>\$ 209,379</b>	<b>\$ 207,192</b>	<b>\$ 2,186</b>	<b>1.1%</b>	<b>\$ 201,770</b>	<b>\$ 7,609</b>	<b>3.8%</b>
<b>Total Other Operating Revenues</b>	<b>\$ 622,026</b>	<b>\$ 546,989</b>	<b>\$ 75,037</b>	<b>13.7%</b>	<b>\$ 590,750</b>	<b>\$ 31,277</b>	<b>5.3%</b>
<b>Total Operating Revenues</b>	<b>\$ 2,358,981</b>	<b>\$ 2,278,364</b>	<b>\$ 80,617</b>	<b>3.5%</b>	<b>\$ 2,366,500</b>	<b>\$ (7,518)</b>	<b>(0.3%)</b>
<b>Operating Expenses</b>							
<b>Division 1</b>							
Character & Fitness	\$ 2,477	\$ 9,004	\$ (6,527)	(72.5%)	\$ 4,051	\$ (1,574)	(38.9%)
Client Protection Fund	\$ 1,232	\$ 3,652	\$ (2,420)	(66.3%)	\$ 942	\$ 290	30.8%
Diversity	\$ 7,526	\$ 6,866	\$ 660	9.6%	\$ 2,123	\$ 5,403	254.4%
Ethics	\$ 1,634	\$ 1,973	\$ (339)	(17.2%)	\$ 843	\$ 791	93.9%
IAP	\$ 1,713	\$ 14,061	\$ (12,348)	(87.8%)	\$ 769	\$ 944	122.8%
Justice Initiatives	\$ 510	\$ 1,217	\$ (707)	(58.1%)	\$ 565	\$ (55)	(9.8%)
Lawyer Referral Services	\$ 6,608	\$ 6,900	\$ (292)	(4.2%)	\$ 5,227	\$ 1,381	26.4%
Outreach	\$ 15,687	\$ 17,289	\$ (1,602)	(9.3%)	\$ 29,649	\$ (13,962)	(47.1%)
UPL	\$ 1,170	\$ 3,807	\$ (2,637)	(69.3%)	\$ 221	\$ 950	430.6%
<b>Total - Division 1 Operating Expenses</b>	<b>\$ 38,558</b>	<b>\$ 64,768</b>	<b>\$ (26,211)</b>	<b>(40.5%)</b>	<b>\$ 44,390</b>	<b>\$ (5,832)</b>	<b>(13.1%)</b>
<b>Division 2 Operating Expenses</b>							
50 Year Event	\$ -	\$ -	\$ -	0.0%	\$ 213	\$ (213)	(100.0%)
Bar Journal	\$ 56,934	\$ 71,125	\$ (14,191)	(20.0%)	\$ 42,677	\$ 14,257	33.4%
Digital	\$ 18,189	\$ 29,500	\$ (11,311)	(38.3%)	\$ 20,125	\$ (1,936)	(9.6%)
E Journal	\$ 2,974	\$ 3,880	\$ (906)	(23.4%)	\$ 1,829	\$ 1,145	62.6%
Facilities	\$ 49,945	\$ 65,774	\$ (15,829)	(24.1%)	\$ 61,247	\$ (11,302)	(18.5%)
General Communications	\$ 10,418	\$ 17,102	\$ (6,684)	(39.1%)	\$ 4,278	\$ 6,140	143.5%
IT	\$ 92,795	\$ 147,282	\$ (54,488)	(37.0%)	\$ 88,694	\$ 4,100	4.6%

Financial Row	Actual (Oct 2024 - Nov 2024)	Budget YTD (Oct 2024 - Nov 2024)	Budget Variance	Budget Variance %	Last YTD Actuals (Oct 2023 - Nov 2023)	Actuals Variance	Actuals Variance %
Inaugural and Awards Lunch	\$ -	\$ -	\$ -	0.0%	\$ 9,450	\$(9,450)	(100.0%)
Lawyer Services	\$ 5,418	\$ 7,451	\$(2,033)	(27.3%)	\$ 4,820	\$ 598	12.4%
Lawyers & Judges Assistance Program	\$ 15,315	\$ 12,198	\$ 3,117	25.6%	\$ 8,840	\$ 6,475	73.2%
Practice Management Resource Center	\$ 200	\$ 867	\$(667)	(76.9%)	\$ 827	\$(626)	(75.8%)
Print and Design	\$ 6,255	\$ 9,815	\$(3,560)	(36.3%)	\$ 6,493	\$(238)	(3.7%)
Research	\$ 95	\$ 2,732	\$(2,637)	(96.5%)	\$ 291	\$(196)	(67.4%)
<b>Total - Division 2 Operating Expenses</b>	<b>\$ 258,538</b>	<b>\$ 367,726</b>	<b>\$(109,188)</b>	<b>(29.7%)</b>	<b>\$ 249,784</b>	<b>\$ 8,754</b>	<b>3.5%</b>
<b>Division 3 Operating Expenses</b>							
Administration	\$ 38,810	\$ 41,553	\$(2,743)	(6.6%)	\$ 31,937	\$ 6,873	21.5%
Board of Commissioners	\$ 4,170	\$ 6,416	\$(2,246)	(35.0%)	\$ 4,612	\$(442)	(9.6%)
Executive Office	\$ 7,728	\$ 20,815	\$(13,087)	(62.9%)	\$ 4,144	\$ 3,583	86.5%
General Counsel	\$ 1,138	\$ 7,306	\$(6,168)	(84.4%)	\$ (583)	\$ 1,721	(295.3%)
Governmental Relations	\$ 10,986	\$ 11,674	\$(688)	(5.9%)	\$ 9,693	\$ 1,293	13.3%
Representative Assembly	\$ 188	\$ -	\$ 188	0.0%	\$ 56	\$ 132	233.4%
Human Resources							
Payroll Taxes	\$ 88,849	\$ 94,780	\$(5,931)	(6.3%)	\$ 86,077	\$ 2,772	3.2%
Benefits	\$ 331,644	\$ 383,980	\$(52,336)	(13.6%)	\$ 321,330	\$ 10,314	3.2%
Human Resources - Other	\$ 7,048	\$ 11,034	\$(3,987)	(36.1%)	\$ 8,073	\$(1,026)	(12.7%)
Total - Human Resources	\$ 427,540	\$ 489,794	\$(62,254)	(12.7%)	\$ 415,481	\$ 12,059	2.9%
Finance							
Depreciation	\$ 76,522	\$ 75,165	\$ 1,357	1.8%	\$ 70,553	\$ 5,969	8.5%
Finance	\$ 181,561	\$ 143,398	\$ 38,163	26.6%	\$ 125,916	\$ 55,644	44.2%
Total - Finance	\$ 258,083	\$ 218,563	\$ 39,519	18.1%	\$ 196,469	\$ 61,613	31.4%
<b>Total - Division 3 Operating Expenses</b>	<b>\$ 748,643</b>	<b>\$ 796,121</b>	<b>\$(47,479)</b>	<b>(6.0%)</b>	<b>\$ 661,810</b>	<b>\$ 86,833</b>	<b>13.1%</b>
<b>Salaries</b>	<b>\$ 1,210,413</b>	<b>\$ 1,238,130</b>	<b>\$(27,718)</b>	<b>(2.2%)</b>	<b>\$ 1,170,887</b>	<b>\$ 39,525</b>	<b>3.4%</b>
<b>Total Operating Expenses</b>	<b>\$ 2,256,151</b>	<b>\$ 2,466,746</b>	<b>\$(210,595)</b>	<b>(8.5%)</b>	<b>\$ 2,126,872</b>	<b>\$ 129,280</b>	<b>6.1%</b>
<b>Net Operating Income (Loss)</b>	<b>\$ 102,830</b>	<b>\$ (188,382)</b>	<b>\$ 291,212</b>	<b>(154.6%)</b>	<b>\$ 239,628</b>	<b>\$(136,798)</b>	<b>(57.1%)</b>
<b>Non Operating Revenue</b>							
Investment Income	\$ 102,963	\$ 113,333	\$(10,371)	(9.2%)	\$ 121,029	\$(18,066)	(14.9%)
Investment Income - Retiree HC Trust (Net)	\$ 55,065	\$ -	\$ 55,065	-	\$ 146,511	\$(91,446)	(62.4%)
<b>Total Non Operating Revenue</b>	<b>\$ 158,027</b>	<b>\$ 113,333</b>	<b>\$ 44,694</b>	<b>39.44%</b>	<b>\$ 267,539</b>	<b>\$(109,512)</b>	<b>(40.93%)</b>
<b>Increase (Decrease) in Net Assets</b>	<b>\$ 260,857</b>	<b>\$ (75,049)</b>	<b>\$ 335,906</b>	<b>(447.58%)</b>	<b>\$ 507,168</b>	<b>\$(246,310)</b>	<b>(48.57%)</b>

**State Bar of Michigan  
Administrative Fund  
FY 2025 Capital Expenditures vs Budget  
For the Two Months Ending November 30, 2024**

	<u>YTD Actual</u>	<u>FY 2025 Budget</u>	<u>Variance</u>
<b>FACILITIES, FURNITURE &amp; OFFICE EQUIPMENT</b>			
Installation of Fiber-optic Cable		15,400	15,400
New Postage Machine		8,900	8,900
Updates to the AC in the Server Room		40,000	40,000
<b>TOTAL FACILITIES, FURNITURE &amp; OFFICE EQUIPMENT</b>	<b>\$ -</b>	<b>\$ 64,300</b>	<b>\$ 64,300</b>
<b>INFORMATION TECHNOLOGY</b>			
<b>Application and Software Development:</b>			
Receivership /Interim Administrator Program Data Portal	\$ 6,380	\$ 31,600	\$ 25,220
E-commerce Store	-	10,000	
E-commerce Events	12,760	32,460	19,700
E-commerce License Fee Updates	12,760	40,600	27,840
e-Services Application to Court e-Filing (mi-File)	-	20,000	20,000
Firm Administration and Billing	-	11,000	11,000
Website Functionality Enhancements	-	12,680	12,680
Character & Fitness Module	-	34,800	34,800
Volunteer Application Updates	-	19,140	19,140
Consumer Portal (LRS)	-	17,400	17,400
<b>TOTAL INFORMATION TECHNOLOGY</b>	<b>\$ 31,900</b>	<b>\$ 229,680</b>	<b>\$ 197,780</b>
<b>TOTAL CAPITAL EXPENDITURES BUDGET</b>	<b>\$ 31,900</b>	<b>\$ 293,980</b>	<b>\$ 262,080</b>

**STATE BAR OF MICHIGAN  
CLIENT PROTECTION FUND**

**Unaudited and For Internal Use Only**

**FINANCIAL REPORTS  
November 30, 2024**

**FY 2025**

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

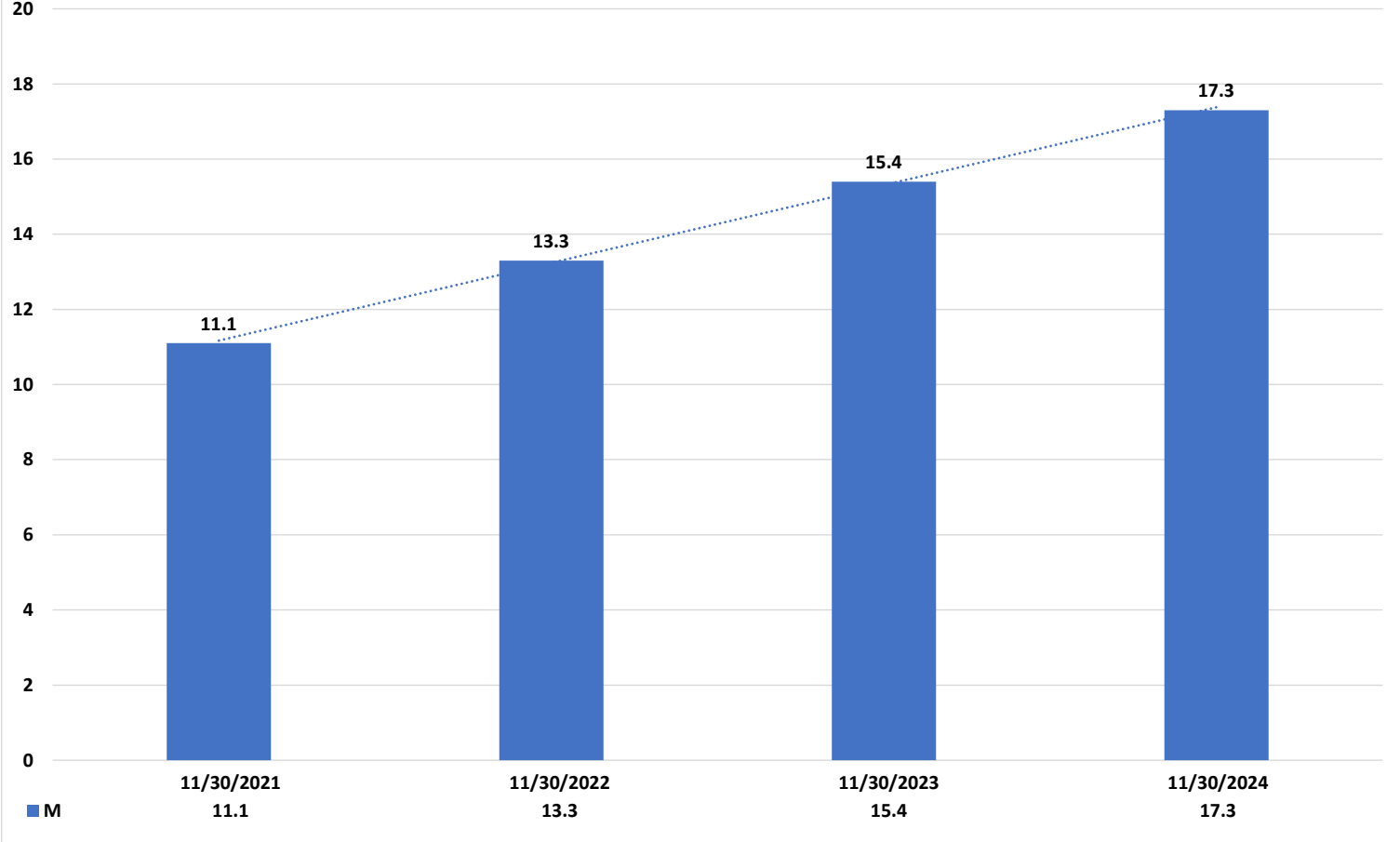
**State Bar of Michigan  
Client Protection Fund  
Comparative Statement of Net Assets  
November 30, 2024**

<b>Financial Row</b>	<b>As of Nov 2024</b>	<b>As of Oct 2024</b>	<b>Variance</b>	<b>Variance %</b>	<b>As of Sep 2024</b>
<b>Assets</b>					
Cash-Checking	\$ 32,933	\$ 24,893	\$ 8,040	32.3%	\$ 39,304
Savings	\$ 86,716	\$ 93,284	\$ (6,568)	(7.0%)	\$ 122,485
Investments	\$ 3,796,916	\$ 3,605,043	\$ 191,873	5.3%	\$ 3,500,195
Account Receivable	\$ 7,501	\$ 5,280	\$ 2,221	42.1%	\$ 2,937
Due (To) From SBM	\$ 92,085	\$ 36,608	\$ 55,478	151.5%	\$ (65,075)
<b>Total Assets</b>	<b>\$ 4,016,151</b>	<b>\$ 3,765,107</b>	<b>\$ 251,044</b>	<b>6.7%</b>	<b>\$ 3,599,846</b>
<b>Liabilities and Fund Balance</b>					
<b>Liabilities</b>					
Claims Payable	\$ 17,000	\$ 185	\$ 16,815	9,089.2%	\$ 185
Interpleader Funds	\$ 352,308	\$ 350,992	\$ 1,316	0.4%	\$ 349,668
Deferred Revenue	\$ 507,417	\$ 250,340	\$ 257,078	102.7%	\$ 124,365
<b>Total Liabilities</b>	<b>\$ 876,725</b>	<b>\$ 601,516</b>	<b>\$ 275,209</b>	<b>45.8%</b>	<b>\$ 474,218</b>
Fund Balance Beginning of Year	\$ 3,125,627	\$ 3,125,627	\$ -	0.0%	\$ 2,521,994
Net Income (Expense) Year to Date	\$ 13,799	\$ 37,963	\$ (24,164)	(63.7%)	\$ 603,634
<b>Total Fund Balance</b>	<b>\$ 3,139,426</b>	<b>\$ 3,163,591</b>	<b>\$ (24,164)</b>	<b>(0.8%)</b>	<b>\$ 3,125,627</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 4,016,151</b>	<b>\$ 3,765,107</b>	<b>\$ 251,044</b>	<b>6.7%</b>	<b>\$ 3,599,846</b>

**State Bar of Michigan  
Client Protection Fund  
Income Statement  
November 30, 2024**

<b>Financial Row</b>	<b>CY (Oct 2024 - Nov 2024)</b>	<b>PY (Oct 2023 - Nov 2023)</b>	<b>Variance</b>
<b>Income</b>			
40050 - License Fee	\$ 51,648	\$ 105,508	\$ (53,860)
40055 - Pro Hac Vice Fees	\$ 2,865	\$ 2,850	\$ 15
42965 - Claims Recovery	\$ 1,589	\$ 12,953	\$ (11,364)
42970 - Contributions Received	\$ 736	\$ 359	\$ 378
<b>Total Income</b>	<b>\$ 56,838</b>	<b>\$ 121,670</b>	<b>\$ (64,831)</b>
<b>Expenses</b>			
65285 - Bank Service Fees	\$ 70	\$ 70	\$ -
69060 - SBM Administrative/Service Fees	\$ 43,800	\$ 33,500	\$ 10,300
71005 - Claims Payments	\$ 17,000	\$ 19,630	\$ (2,630)
<b>Total Expenses</b>	<b>\$ 60,870</b>	<b>\$ 53,200</b>	<b>\$ 7,670</b>
<b>Investment Income</b>			
49010 - Interest & Dividends	\$ 1,176	\$ 1,314	\$ (138)
49015 - Gain or Loss on Investment JPM Brokerage	\$ 16,654	\$ 22,721	\$ (6,066)
<b>Total Investment Income</b>	<b>\$ 17,831</b>	<b>\$ 24,035</b>	<b>\$ (6,205)</b>
<b>Increase or Decrease in Net Posisiton</b>	<b>\$ 13,799</b>	<b>\$ 92,505</b>	<b>\$ (78,706)</b>
<b>Net Position, Beginning of Year</b>	<b>\$ 3,125,627</b>	<b>\$ 2,521,994</b>	<b>\$ 603,634</b>
<b>Net Position, End of Period</b>	<b>\$ 3,139,426</b>	<b>\$ 2,614,498</b>	<b>\$ 524,928</b>

**State Bar of Michigan Cash & Investments**  
**Excluding Sections, Client Protection Fund and Retiree Health Care Trust**  
**For the Two Months Ending November 30, 2024**  
**\$17.3M**



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

**Summary of Cash and Investment Balances by Financial Institution**

11/30/2024

<b>Assets</b>	<b>Bank Rating</b>	<b>Financial Institution</b>	<b>Amount</b>	<b>Interest Rates</b>
\$3.6 Trillion	4 stars	SBM Chase Checking	\$625,846.38	
		SBM Chase Credit Card	\$1,088,936.77	
		SBM Chase E Checking	\$454,939.92	
		SBM Chase Payroll	-	
		ADS Chase Checking	\$34,135.03	
		ADS Chase Petty Cash	\$3,340.25	
		CPF Chase Checking	\$32,933.07	
		<b>** Chase Total</b>	<b>\$ 2,240,131.42</b>	
\$7.9 Billion	4 stars	SBM Horizon Bank Money Market	\$ 9.06	
		<b>Horizon Bank Total w/CD</b>	<b>\$ 1,490,009.06</b>	
\$214 Billion	5 stars	SBM Fifth Third Commercial Now	\$ 189,555.16	0.30%
		<b>Fifth Third Total</b>	<b>\$ 189,555.16</b>	
\$8.1 Billion	4 stars	MSUFCU Savings	\$ 953.11	
		MSUFCU Checking	\$ 14,242.51	
		<b>MSUFCU Total</b>	<b>\$ 15,195.62</b>	
		<b>MSUFCU Total w/CDs</b>	<b>\$ 1,604,844.15</b>	
\$384 Million	5 stars	CASE Cr Un	\$ 5.00	
		<b>CASE Cr Un Total w/CD</b>	<b>\$ 250,000.00</b>	
\$541 Million	3 Stars	Grand River Bank	\$ -	
		<b>Grand River Bank Total w/CD</b>	<b>\$ 250,000.00</b>	
\$6.1 Billion	4 Stars	FNBA	\$ -	
		<b>FNBA Total w/CDs</b>	<b>\$ 960,000.00</b>	
\$114 Billion	3 stars	SBM Flagstar Savings	\$ 2,145.67	3.55%
		<b>Flagstar Total w/CD</b>	<b>\$ 877,145.67</b>	
		SBM Flagstar ICS Checking	\$ 186,941.45	3.05%
		ADS Flagstar ICS Checking Account	\$ 104,029.95	3.05%
		CPF Flagstar ICS Checking	86,716.34	3.05%
		<b>Flagstar Bank FDIC Insured with CDARs</b>	<b>\$ 1,827,687.74</b>	

<b>Fund Summary</b>	
Client Protection Fund	\$ 3,916,565
State Bar Admin Fund (including Sections) Attorney Discipline System	\$ 21,982,441
SBM - Retiree Health Care Trust	\$ 4,744,609
ADB - Retiree Health Care Trust	\$ 1,596,598
AGC - Retiree Health Care Trust	\$ 4,842,105
<b>Total</b>	<b>\$ 44,053,815</b>

**State Bar Admin Fund Summary**

Cash and Investments	\$ 21,982,441
Less:	
Due (to)/from Sections	\$ (3,753,383)
Due (to)/from ADS	\$ (876,675)
Due (to)/from CPF	\$ (92,085)
Due to Sections and CPF	\$ (4,722,143)
Net Administrative Fund	\$ 17,260,298
<b>SBM Average Weighted Yield:</b>	<b>4.03%</b>
<b>ADS Average Weighted Yield:</b>	<b>4.43%</b>
<b>CPF Average Weighted Yield:</b>	<b>4.47%</b>

**Notes:**

- All amounts are based on reconciled book balance and interest rates as of 11/30/24.
- Actual unreconciled Chase balance per statements was \$866,512.48(\*\*).
- Funds held in bank accounts are FDIC insured up to \$250,000 per bank.
- ICS and CDARS are invested in multiple banks up to the FDIC limit for each bank and are FDIC insured.
- Bank star rating from Bauer Financial.
- Average weighted yields exclude retiree health care trusts.
- Funds held in SBM Entities Trust with Schwab are invested in Tbills and government money market funds (28%), bond mutual funds (20%), and equity mutual funds (52%). Not FDIC insured.

*Asset size & ratings updated 01/10/25*



<b>SBM US Treasuries &amp; Gov Money Market</b>		<b>Amount</b>	<b>Interest Rates</b>	<b>Maturity</b>
MQ7 \$	398,887.45	4.46%	12/24/24	
JR9 \$	332,857.07	4.68%	01/23/25	
JR9 \$	397,441.28	4.55%	01/23/25	
JR9 \$	312,985.00	4.55%	01/23/25	
LZ8 \$	397,081.96	4.62%	01/30/25	
NF0 \$	694,469.69	4.34%	02/04/25	
NK9 \$	593,271.10	4.34%	03/04/25	
MT1 \$	217,299.65	4.50%	03/13/25	
MV6 \$	344,855.24	4.33%	04/03/25	
NC7 \$	343,992.84	4.27%	04/24/25	
ND5 \$	196,393.75	4.31%	05/01/25	
ND5 \$	245,492.19	4.30%	05/01/25	
LB1 \$	367,649.90	5.00%	05/15/25	
LB1 \$	245,099.93	5.11%	05/15/25	
LB1 \$	269,609.92	5.10%	05/15/25	
LB1 \$	490,199.86	5.00%	05/15/25	
NM5 \$	244,890.78	4.30%	05/22/25	
LN5 \$	586,534.40	4.99%	06/12/25	
LW5 \$	472,587.23	4.78%	07/10/25	
LW5 \$	389,762.67	4.62%	07/10/25	
FE6 \$	594,597.65	4.25%	08/15/25	
4Z0 \$	641,938.48	4.28%	08/31/25	
FK2 \$	248,294.92	4.23%	09/15/25	
MS3 \$	241,261.32	4.07%	10/02/25	
MS3 \$	241,261.32	4.14%	10/02/25	
NA1 \$	384,805.00	4.16%	10/30/25	
NA1 \$	192,402.50	4.22%	10/30/25	
NA1 \$	384,805.00	4.26%	10/30/25	
KS9 \$	277,363.28	4.93%	05/31/26	
LB5 \$	501,054.69	4.16%	07/31/26	
LP4 \$	419,704.10	3.88%	09/30/26	
LS8 \$	569,198.44	4.10%	10/31/26	
SBM MM \$	816,174.15	4.61%		
<b>SBM US Treasuries &amp; Gov Money Market Total \$</b>	<b>13,054,222.76</b>		-	

<b>CPF US Treasuries &amp; Gov Money Market</b>		<b>Amount</b>	<b>Interest Rates</b>	<b>Maturity</b>
LR6 \$	398,451.72	5.13%	01/02/25	
KA4 \$	297,071.83	4.36%	02/20/25	
LB1 \$	323,531.91	4.98%	05/15/25	
NN3 \$	244,685.14	4.30%	05/29/25	
LN5 \$	1,173,068.80	4.99%	06/12/25	
NL7 \$	239,690.19	4.21%	11/28/25	
LB5 \$	350,738.28	4.16%	07/31/26	
US Gov MM Fund - GXX \$	469,677.66	4.45%		
<b>CPF US Treasuries &amp; Gov Money Market Total \$</b>	<b>3,496,915.53</b>			

<b>ADS US Treasuries &amp; Gov Money Market</b>	<b>Amount</b>	<b>Interest Rates</b>	<b>Maturity</b>
JR9 \$	312,985.00	4.72%	12/26/24
LR6 \$	298,838.79	4.44%	01/02/25
MT1 \$	237,054.17	4.67%	01/23/25
NF0 \$	396,839.82	4.35%	02/04/25
NH6 \$	173,346.83	4.34%	02/18/25
NK9 \$	247,196.29	4.34%	03/04/25
LB1 \$	294,119.92	4.50%	03/13/25
NR4 \$	197,426.56	4.35%	03/18/25
MV6 \$	197,060.14	4.35%	04/03/25
KS5 \$	295,111.93	4.27%	04/17/25
NC7 \$	245,709.17	4.35%	04/24/25
LN5 \$	415,461.87	5.11%	05/15/25
LW5 \$	453,099.10	4.99%	06/12/25
MG9 \$	330,249.33	4.78%	07/10/25
MH7 \$	532,361.68	4.36%	08/07/25
LB5 \$	330,696.10	3.87%	09/05/25
MS3 \$	144,756.79	4.14%	10/02/25
NA1 \$	168,352.19	4.16%	10/30/25
ZV4 \$	299,091.00	4.72%	12/26/25
LP4 \$	197,507.81	3.89%	09/30/26
LS8 \$	199,718.75	4.11%	10/31/26
UG Gov MM Fund \$	663,008.27	4.61%	
<b>ADS US Treasuries &amp; Gov Money Market Total \$</b>	<b>6,629,991.51</b>		

**US Treasuries & Gov Money Market Total \$ 23,181,129.80** -  
(not FDIC insured)

<b>CDARS</b>			
<b>Financial Institution</b>	<b>Amount</b>	<b>Interest Rates</b>	<b>Maturity</b>
SBM Flagstar CDARS \$	700,000.00	4.60%	02/06/25
SBM Flagstar CDARS \$	450,000.00	4.00%	09/25/25
CPF Flagstar CDARS \$	100,000.00	4.00%	09/25/25
ADS Flagstar CDARS \$	200,000.00	4.00%	09/25/25
<b>CDARS Total \$</b>	<b>1,450,000.00</b>		

<b>CDs</b>				
<b>Financial Institution</b>	<b>Amount</b>	<b>Interest Rates</b>	<b>Maturity</b>	
SBM-CD MSU Federal Credit Union	\$ 252,036.00	5.00%	05/29/25	
SBM-CD MSU Federal Credit Union	\$ 262,537.51	5.00%	05/29/25	
SBM-CD MSU Federal Credit Union	\$ 262,537.51	5.00%	05/29/25	
SBM-CD MSU Federal Credit Union	\$ 262,537.51	5.00%	05/29/25	
SBM-CD MSU Federal Credit Union	\$ 550,000.00	4.50%	08/02/25	
SBM-Horizon Bank	\$ 250,000.00	5.07%	11/30/24	<i>Funds received in December</i>
SBM-Horizon Bank	\$ 250,000.00	5.07%	11/30/24	<i>Funds received in December</i>
SBM-Horizon Bank	\$ 250,000.00	5.07%	11/30/24	<i>Funds received in December</i>
SBM-Horizon Bank	\$ 250,000.00	5.07%	11/30/24	<i>Funds received in December</i>
SBM-Horizon Bank	\$ 250,000.00	5.07%	12/04/24	
SBM-Horizon Bank	\$ 240,000.00	5.07%	12/04/24	
SBM-FNBA	\$ 250,000.00	4.29%	10/31/26	
SBM-FNBA	\$ 250,000.00	4.52%	10/29/25	
SBM-FNBA	\$ 250,000.00	4.29%	10/31/26	
SBM-FNBA	\$ 210,000.00	4.52%	10/29/25	
SBM-Grand River	\$ 250,000.00	4.50%	09/20/25	
SBM-Flagstar	\$ 250,000.00	4.20%	02/17/26	
SBM-Flagstar	\$ 425,000.00	4.20%	02/18/26	
SBM-CASE Cr Un	\$ 249,995.00	5.00%	07/07/25	
CPF-Flagstar	\$ 200,000.00	4.20%	02/17/26	
<b>CDs Total</b>	<b>\$ 5,414,643.53</b>			

**Total Cash & Investments \$ 32,870,503.00**

**Total Amount of Cash and Investments not FDIC-insured \$ 29,103,260.10 88.5%**  
(includes Tbills and Gov MM held at JPM)

**SBM Entities Retiree Healthcare Trust (Schwab)**

SBM - Ret Healthcare Trust \$ 4,744,609.05  
ADB - Ret Healthcare Trust \$ 1,596,598.48  
AGC - Ret Healthcare Trust \$ 4,842,104.60

**SBM Entities Retiree Healthcare Trust Total \$ 11,183,312.13**

**Total Investments \$ 44,053,815.13**

**Monthly SBM Attorney and Affiliate Report - November 30, 2024**

**FY 2025**

<b>Attorneys and Affiliates In Good Standing</b>	<b>September 30 2018</b>	<b>September 30 2019</b>	<b>September 30 2020</b>	<b>September 30 2021</b>	<b>September 30 2022</b>	<b>September 30 2023</b>	<b>September 30 2024</b>	<b>November 30 2024</b>	<b>FY Increase (Decrease)</b>
Active	42,342	42,506	42,401	42,393	42,395	41,985	41,427	41,382	(45)
Less than 50 yrs serv	40,973	41,036	40,559	40,504	40,680	40,115	39,399	39,022	(377)
50 yrs or greater	1,369	1,470	1,842	1,889	1,715	1,870	2,028	2,360	332
Voluntary Inactive	1,169	1,139	1,192	1,097	1,072	1,106	1,262	1,298	36
Less than 50 yrs serv	1,142	1,105	1,149	1,055	1,030	1,059	1,217	1,245	28
50 yrs or greater	27	34	43	42	42	47	45	53	8
Emeritus	2,204	2,447	2,727	3,033	3,306	3,733	4,245	4,500	255
<b>Total Attorneys in Good Standing</b>	<b>45,715</b>	<b>46,092</b>	<b>46,320</b>	<b>46,523</b>	<b>46,773</b>	<b>46,824</b>	<b>46,934</b>	<b>47,180</b>	<b>246</b>
<b>Fees paying Attorneys (Active &amp; Inactive less than 50 yrs of Serv)</b>	<b>42,115</b>	<b>42,141</b>	<b>41,708</b>	<b>41,559</b>	<b>41,710</b>	<b>41,174</b>	<b>40,616</b>	<b>40,267</b>	<b>(349)</b>
Affiliates									
Legal Administrators	10	10	8	5	2	2	4	4	-
Legal Assistants	401	393	317	219	214	194	195	202	7
<b>Total Affiliates in Good Standing</b>	<b>411</b>	<b>403</b>	<b>325</b>	<b>224</b>	<b>216</b>	<b>196</b>	<b>199</b>	<b>206</b>	<b>7</b>
<b>Total Attorneys and Former Attorneys in the Database</b>									
<b>State Bar of Michigan Attorney and Affiliate Type</b>	<b>September 30 2018</b>	<b>September 30 2019</b>	<b>September 30 2020</b>	<b>September 30 2021</b>	<b>September 30 2022</b>	<b>September 30 2023</b>	<b>September 30 2024</b>	<b>November 30 2024</b>	<b>FY Increase (Decrease)</b>
<b>Attorneys in Good Standing:</b>									
ATA (Active)	42,342	42,506	42,401	42,393	42,395	41,985	41,427	41,382	(45)
ATVI (Voluntary Inactive)	1,169	1,139	1,192	1,097	1,072	1,106	1,262	1,298	36
ATE (Emeritus)	2,204	2,447	2,727	3,033	3,306	3,733	4,245	4,500	255
<b>Total Attorneys in Good Standing</b>	<b>45,715</b>	<b>46,092</b>	<b>46,320</b>	<b>46,523</b>	<b>46,773</b>	<b>46,824</b>	<b>46,934</b>	<b>47,180</b>	<b>246</b>
<b>Attorneys Not in Good Standing:</b>									
ATN (Suspended for Non-Payment of Dues)	6,072	6,246	6,416	6,472	6,588	6,824	7,065	7,032	(33)
ATDS (Discipline Suspension - Active)	439	440	445	449	454	456	466	471	5
ATDI (Discipline Suspension - Inactive)	19	24	25	25	25	25	27	27	-
ATDC (Discipline Suspension - Non-Payment of Court Costs)	15	16	16	14	14	15	15	15	-
ATNS (Discipline Suspension - Non-Payment of Other Costs)	95	98	100	102	106	104	111	111	-
ATS (Attorney Suspension - Other)*	1	1	2	-	-	-	-	-	-
ATR (Revoked)	583	596	613	623	634	645	647	651	4
ATU (Status Unknown - Last known status was inactive)**	2,070	2,070	2,070	2,070	2,047	2,047	2,047	2,047	-
<b>Total Attorneys Not in Good Standing</b>	<b>9,294</b>	<b>9,491</b>	<b>9,687</b>	<b>9,755</b>	<b>9,868</b>	<b>10,116</b>	<b>10,378</b>	<b>10,354</b>	<b>(24)</b>
<b>Other:</b>									
ATSC (Former special certificate)	155	157	158	164	167	170	173	173	-
ATW (Resigned)	1,689	1,798	1,907	2,036	2,143	2,282	2,428	2,497	69
ATX (Deceased)	9,287	9,524	9,793	10,260	10,664	10,958	11,212	11,261	49
<b>Total Other</b>	<b>11,131</b>	<b>11,479</b>	<b>11,858</b>	<b>12,460</b>	<b>12,974</b>	<b>13,410</b>	<b>13,813</b>	<b>13,931</b>	<b>118</b>
<b>Total Attorneys in Database</b>	<b>66,140</b>	<b>67,062</b>	<b>67,865</b>	<b>68,738</b>	<b>69,615</b>	<b>70,350</b>	<b>71,125</b>	<b>71,465</b>	<b>340</b>

\* 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 attorneys 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 attorneys to determine a final disposition.

N/R - not reported

Note: Through November 30, 2024, 340 new attorneys joined SBM (November 30, 2023: 169).

**TO:** Board of Commissioners  
**FROM:** Professional Standards Committee  
**DATE:** January 24, 2025, BOC Meeting  
**RE:** Client Protection Fund Claims for Consent Agenda

Rule 14 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:

Consent Agenda:

	<b><u>Claim No.</u></b>	<b><u>Amt. Recommended</u></b>
1.	CPF 3829	\$600
2.	CPF 4173	\$1,270
3.	CPF 4179	\$2,500
4.	CPF 3722	\$150,000
5.	CPF 3925	\$2,500
6.	CPF 3944	\$750
7.	CPF 4071	\$13,333.33
	<b>TOTAL</b>	<b>\$170,953.33</b>

***CPF 3829 – \$600***

Claimant retained Respondent for representation in a criminal matter and paid a flat fee of \$600. Respondent only filed an appearance as substitute counsel and provided no other legal services to Claimant.

The Attorney Discipline Board (ADB) ordered Respondent to pay Claimant \$600 in restitution. Rule 10(D)(1) states that an order disciplining Respondent for the same dishonest conduct alleged in a claim is conclusive evidence that the lawyer committed the dishonest conduct.

Respondent did not complete the legal services before being suspended from the practice of law. Respondent's failure to return the unearned fee constitutes dishonest conduct and is a reimbursable loss as provided by CPF Rule 7(A)(1).

***CPF 4173 – \$1,270***

Claimant retained Respondent in a Chapter 13 Bankruptcy matter and paid Respondent a total of \$1,520 for the representation. Respondent filed a Bankruptcy petition on Claimant's behalf and ultimately abandoned the representation. Claimant learned of the abandonment of the case via letters from Bankruptcy Court that Respondent did not file the required paperwork on time. Claimant attempted to contact Respondent several times to no avail. Eventually Claimant terminated Respondent's legal services and hired a new attorney to handle the matter.

The ADB, in suspending Respondent's license to practice law found, among other things, that Respondent failed to refund the advance payment of an unearned fee after termination of the representation. Rule 10(D)(1) states that an order disciplining Respondent for the same dishonest conduct alleged in a claim is conclusive evidence that the lawyer committed the dishonest conduct.

Respondent did not complete the legal services before being suspended from the practice of law. Respondent's failure to return the unearned fee constitutes dishonest conduct and is a reimbursable loss as provided by CPF Rules 7(A)(1).

***CPF 4179 – \$2,500***

Claimant retained Respondent for representation in several pending legal matters for an initial fee of \$2,500.

After receipt of payment, Respondent abandoned Claimant's matter, failing to communicate with Claimant or appear for Court hearings. Claimant proceeded in pro persona in the matters

for which Claimant retained Respondent.

The ADB, in suspending/revoking Respondent's license to practice law found, among other things, that Respondent failed to refund the advance payment of an unearned fee after termination of the representation. Rule 10(D)(1) states that an order disciplining Respondent for the same dishonest conduct alleged in a claim is conclusive evidence that the lawyer committed the dishonest conduct.

Respondent did not complete the legal services before being suspended from the practice of law and later disbarred. Respondent's failure to return the unearned fee constitutes dishonest conduct and is a reimbursable loss as provided by CPF Rule 7(A)(1).

***CPF 3722 - \$150,000***

Claimant is requesting a total refund of \$167,011.78 (\$20,000 from Respondent as ordered by the ADB, and \$147,011.78 as order by the Court as restitution owed to by Respondent's employee/disbarred attorney). However, the Funds aggregate payable limit is \$150,000, thus the Professional Standards Committee recommends the maximum payment to Claimant.

Respondent was retained to represent Claimant related to reversing fraudulent transfers and collection of judgment proceeds, estate planning, and a potential legal malpractice claim. The parties entered into Capped Fee Retainer Agreement and Claimant remitted \$20,000 for the representation.

Respondent encouraged Claimant to remit \$154,511.78 be held in safekeeping until Respondent established a Trust for Claimant's benefit where the funds would be eventually deposited.

Respondent hired a clerical assistant, CA, who was a disbarred attorney without any investigation into CA's prior misconduct. Claimant did not meet or interact with CA. Claimant remitted three checks to Respondent totalling \$154,511.78 to be held in the Trust. However, CA intercepted the payments, forged Respondent's signature, deposited them into Respondent's IOLTA, and almost immediately thereafter, transferred the Funds from the IOLTA into the Operating Account. Then CA used the Law Firm debit cards to pay their own expenses and transferred substantial amounts of Claimant's funds to CA's personal investment accounts.

The decision by the Attorney Grievance Commission entered into a stipulated order for discipline with Respondent, requiring restitution in the amount of \$20,000 in attorney fees. As this was a stipulated agreement, it does not prevent recovery from the Fund for the full sum embezzled. The order disciplining the Respondent for failure to safeguard the funds is

conclusive evidence that Respondent engaged in the dishonest conduct per CPF Rule 10(D)(1), but the amount of restitution ordered is not binding on this Committee.

Respondent failed to monitor or safeguard their IOLTA as required by MRPC 1.15, leading to the embezzlement “of property that came to the possession of the lawyer as the result of a lawyer-client relationship”. CPF Rule 7(A)(2) also classifies this as Respondent’s misconduct as theft or embezzlement of money or the wrongful taking or conversion of property that came into the possession of the lawyer as the result of a lawyer-client or other fiduciary relationship related to the practice of law.

Further, there is precedent for reimbursement by the Fund when a lawyer allowed a non-lawyer to embezzle funds from a client. In 2019, this Committee approved two claims, CPF 3605 and CPF 3253. In that matter, Respondent was hired by a law firm with the understanding that that the firm owner was seeking licensure in Michigan. Unbeknownst to the Respondent, the “Firm owner” was impersonating a New York licensed attorney with the same name; had passed the Michigan Bar exam, but due to criminal convictions during law school was denied licensure due to lack of requisite character and fitness; and illegally “owned” the law firm. The Client Protection Fund reimbursed the claims as the only licensed attorney in the office was the Respondent. Respondent failed to adhere to the duties under MRPC 1.15 to safeguard client proceeds and was held liable for the theft. Similarly, here, Respondent was the only person licensed to practice law and in a position to protect their client. More concerning here is that the client was unaware that CA even existed. In the former matters, the clients engaged the “Firm owner”, but Respondent was still held liable.

Therefore, pursuant to CPF Rule 7(A)(2) and CPF Rule 11(A), limiting claims to \$150,000, the Committee recommends reimbursement to Claimant in the amount of \$150,000.

***CPF 3925 - \$2,500***

Claimant retained Respondent to for representation in a litigation matter for a flat fee of \$3,000, of which Claimant paid \$2,500.

Claimant stored a boat but failed to pay outstanding storage and boat slip fees. The storage company sold the boat to cover the outstanding fees. Claimant asserted that the storage company failed to provide notice of the outstanding fees, forfeiture of the boat, or the sale. Thus, Claimant retained counsel to seek damages for the illegal sale of the boat and treble damages for illegal conversion in an amount in excess of \$25,000.

Respondent gave Claimant the impression that the case was eventually settled for \$19,000 owed to Claimant by the boat storage company, to be paid in 4 installments of \$5,000 on April 25, May 25, and June 25, 2022, with a final payment due of \$4,000 on July 25, 2022.



However, Respondent failed to inform Claimant that the Circuit Court entered a Judgment in favor of the Defendant boat storage company in the amount of \$12,687.50. This Order was final and closed the case. Over the next several months, Respondent continued to misrepresent the status of the case to Claimant, even texting Claimant stating that funds were received from the Defendant. Respondent then issued a personal check in the amount of \$5,000 to Claimant for the first installment of the “settlement”. When Claimant attempted to deposit the check, the bank teller advised that the account had insufficient funds.

In Respondent’s answer to the Attorney Grievance Commission’s Request for Investigation, Respondent admitted to making the situation worse by not being truthful with Claimant and intended to compensate Claimant for the boat and is embarrassed at how the matter was handled. It is our understanding that Respondent intended to make personal payments to Claimant to give the impression that Respondent was able to negotiate a settlement.

The Committee recommends reimbursement to Claimant due to the services provided by Respondent being of no use to Claimant. Even though Respondent spoke with Claimant and drafted documents to be filed with the Court, these conversations were untruthful, and the case was closed before the documents were able to be presented to the Court or opposing counsel. The Committee recommends reimbursement under CPF Rule 7(A)(1).

***CPF 3944 - \$750***

Claimant retained Respondent for representation in a child custody matter for a fee of \$750, to be billed against at \$75 per hour.

Respondent communicated with client on a few occasions in preparation for an upcoming hearing, but passed away before providing any legal services. Respondent did not complete the legal services for before passing away. Respondent’s failure to return the unearned fee constitutes dishonest conduct and is a reimbursable loss as provided by CPF Rules 7(A)(1).

***CPF 4071 - \$13,333.33***

Claimant retained Respondent for representation related to an auto accident matter under a one-third contingency fee agreement. After the trial, a Judgment of No Cause of Action was entered. However, during the matter, \$20,000 was interpleaded to the Circuit Court to be held

for the benefit of Claimant. The funds were received by Respondent; but Respondent provided no accounting of the funds and did not provide Claimant with any portion of the proceeds.

In representing Claimant through trial, Respondent is entitled to a one-third contingent fee after costs are subtracted. Unfortunately, Respondent failed to provide the Fund or Claimant with any documentation regarding costs expended. Under a one-third contingent fee, the total sum due to Respondent of the \$20,000 could be estimated at \$6,666.67 and the remaining \$13,333.33 due to Claimant.

The Committee recommends reimbursement of this claim payable to Claimant for \$13,333.33, which differs from the amount requested by Claimant. Respondent's failure to distribute the interpleaded fund constitutes dishonest conduct and is a reimbursable loss as provided by CPF Rule 7(A)(1). Respondent would be entitled to \$6,666.67 per CPF Rule 8(C) because a full refund to Claimant would be unjust enrichment. Respondent provided services to Claimant; therefore, earning the \$6,666.67.

**Total: \$170,953.33**



## MEMORANDUM

**To:** SBM Board of Commissioners (BOC)  
SBM Strategic Planning & Engagement Committee (SPEC)

**From:** SBM Public Outreach and Education Committee (POEC)

**Date:** January 14, 2025

**Re:** **Proposed Michigan Legal Milestone (MLM) #45: *That Strange Summer***

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The POEC proposes and seeks approval for MLM #45: *That Strange Summer*, an early example of community activism in the Filipino-American community, where many were involved in the outpouring of support in defense of two Filipino nurses who were ultimately exonerated in a federal case concerning the deaths of 10 patients at the Ann Arbor Veterans Administration (V.A.) Hospital. In the end, a federal judge exhibited courage in dismissing the case, citing insufficient evidence to support a finding of the nurses' culpability – a rare occurrence after a jury verdict.

Proposed by: Roland Hwang

University of Michigan Department of American Culture, Asian/Pacific American Studies

In the summer of 1975, an alarming number of patients at the V.A. Hospital in Ann Arbor experienced mysterious respiratory failures. As it happened, *Pavulon*, a powerful muscle relaxant that can cause paralysis in the lungs, was discovered in the IV drip bags of several patients, causing 10 deaths. During the investigation into the deaths, the FBI narrowed its focus to two well-liked Filipino nurses, Leonora Perez and Filipina Narciso, disregarding evidence of another suspect, the troubled nursing supervisor who later committed suicide. Many in the media and the community, particularly in the Filipino-American community, suspected that racism played a role in the investigation's choice of direction.

In a Detroit federal court, the jury rendered a guilty verdict against Perez and Narciso. Subsequently, Judge Philip Pratt entered an order for judgment notwithstanding the verdict, citing insufficient evidence to support the jury's finding and ultimately dismissing the matter.

The documentary film *That Strange Summer*, produced by Michigan State University professor Geri Zeldes, explores the Perez-Narciso matter, investigation, and court case. These events are also the subject of the book *Paralyzing Summer*, co-authored by Elizabeth Oneal and Dr. S. Martin Lindenauer, former Chief of Staff at Ann Arbor V.A. Hospital. The Perez-Narciso matter is also studied and critiqued each year in Roland Hwang's "APIAs in the Civil Rights Movement" course at the University of Michigan.



**To:** Strategic Planning and Engagement Committee

**From:** Robin Eagleson

**Date:** January 9, 2025

**Re:** Potential Partner Program: Paradigm's PracticePanther Case Management Software

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A request was received by the State Bar of Michigan from legal software Paradigm to be considered as a potential partnership program for their case management software, PracticePanther. The following provides a summary of the potential partnership:

- Advertising yearly contract spend: \$6,000.
  - The State Bar of Michigan would provide advertising through digital, print, and via website as well as provide directed emails for opt-in members to the program.
- Paradigm has expressed interest in providing additional sponsorship funds and a potential exhibit for the 2025 Great Lakes Legal Conference.
- Discount to State Bar of Michigan Members: 15%
  - Note: The standard discount is 10% but if the agreement is completed by January 31, 2025, Paradigm agrees to increase the discount to 15%.
- Initial term of this agreement: 1 calendar year and will automatically renew unless either party provides written notice of its intent not to renew at least sixty (60) days prior to the expiration date of the current term.

PracticePanther is a lawyer practice management software enabling law firms to automate their operations. Paradigm advertises their PracticePanther software provides seamless case management to access documents, data, contracts and matters details streamlining tasks and important deadlines with automatic workflows. It further provides a built-in, secure payments and invoicing platform along with centralizing appointments. Examples of the software screens may be found [here](#).

During conversations with Paradigm, they stated while their program is best used by solo, small, and medium-sized firms, that large firms may also use the software depending on their internal systems. PracticePanther uses a cloud storage system to automatically secure and back-up data in real time so that all information is accessible anywhere a lawyer may go. PracticePanther partners with over 50 Bar Associations including, but not limited to, the Beverly Hills Bar Association, the State Bar of Texas, Minnesota State Bar Association, and the Oklahoma Bar Association.

Currently, the State Bar of Michigan partners with MyCase, Rocket Matter, and CLIO. Each case management software program offers a 10% discount to our members. In reviewing other bar associations, the average number of case management software programs that are advertised range from five (5) to eight (8) different programs.

**Recommendation:** It is recommended that the Strategic Planning and Engagement Committee recommend for approval that PracticePanther through Paradigm become a partner program of the State Bar of Michigan to the Board of Commissioners pending a contract review by General Counsel.



**To:** Strategic Planning and Engagement Committee

**From:** Robin Eagleson

**Date:** January 9, 2025

**Re:** Potential Partner Programs: CosmoLex and TimeSolv

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During contract renewal conversations and advertising cost negotiations with Rocket Matter, a request was received by the State Bar of Michigan to consider including TimeSolv and CosmoLex as potential partnership programs. The State Bar of Michigan has already renewed their contract with Rocket Matter for a yearly advertising contract spend of \$3,000, 10% lifetime discount for new customers and a 20% lifetime discount for current customers. The following provides a summary of the potential partnership:

- Advertising yearly contract spend for CosmoLex: \$3,000.
  - The State Bar of Michigan would provide advertising through digital, print, and via website as well as provide directed emails for opt-in members to the program.
- Advertising yearly contract spend for TimeSolv: \$3,000.
  - The State Bar of Michigan would provide advertising through digital, print, and via website as well as provide directed emails for opt-in members to the program.
- Discount to State Bar of Michigan Members for each program: 10%
- Term of this agreement: 1 year from the effective date and will automatically renew unless either party provides written notice of its intent not to renew at least thirty (30) days prior to the expiration date of the current term.

CosmoLex is a legal practice management software providing legal case management, legal billing and payments, and law office accounting. CosmoLex advertises that it is a legal-specific CRM (Client Relationship Management) software designed to streamline client intake, track prospective clients, and keep current clients engaged. It further provides a fully integrated approach to billable time and maintains a passive desktop time tracker that tracks work activities that lawyers may edit and assign to matters. The program further provides that the system maintains enterprise-grade security, document management and creation allowing lawyers to assemble, store, share, and secure electronic signatures, calendar management and workflows, trust accounting tools, and built-in payment processing. Examples of the software demos may be found [here](#).

TimeSolv is a stand-alone legal tracking and billing software providing time tracking, invoicing and budgeting, and a billing and payments system. TimeSolv advertises that it tracks billable hours whether online or offline, provides credit card and ACH integration, access to performance metrics, creates budgets, and automates time entries, invoicing, and payments. It further programs that it provides top-tier data security and automatically provides cloud back-ups every ten (10) minutes. Examples of software demos may be found

During conversations with Rocket Matter, they stated while their program is best used by solo, small, and medium-sized firms, that large firms may also use the software depending on their internal systems. CosmoLex and TimeSolv use a cloud storage system to automatically secure and back-up data so that all information is accessible anywhere a lawyer may go. CosmoLex and TimeSolv partners with several Bar Associations including, but not limited to, the Illinois State Bar Association, Indiana State Bar Association, Kansas Bar Association, and the American Bar Association.

Currently, the State Bar of Michigan partners with MyCase, Rocket Matter, and CLIO. Each case management software program offers a 10% discount to our members. The State Bar of Michigan does not currently partner with any stand-alone billing software programs. In reviewing other bar associations, the average number of case management software programs that are advertised range from five (5) to eight (8) different programs.

**Recommendation:** It is recommended that the Strategic Planning and Engagement Committee recommend for approval that CosmoLex and TimeSolv become partner programs of the State Bar of Michigan to the Board of Commissioners pending a contract review by General Counsel.

**SBM**

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STATE BAR OF MICHIGAN

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