



Lawyers' Fund for Client Protection of the Hawai'i Supreme Court

2024 Annual Report

HISTORY & PURPOSE:

The Lawyers' Fund for Client Protection of the Hawai'i Supreme Court ("Fund," formerly known as the Client Security Fund) was established in 1981 as a trust by the Supreme Court of Hawai'i. The Fund provides a remedy for clients of attorneys who have suffered financial losses as a result of the dishonest conduct of their attorney.

The Fund is financed entirely by assessments from attorneys in private practice. No taxpayer dollars are involved. Our legal profession is one of the few professions that take on the challenge and responsibility of making victims of dishonest conduct whole. The Fund exists because of the good lawyers who practice law in our state.

The overwhelming majority of the members of Hawai'i's legal profession are honest, hard-working professionals who do their best for their clients. However, despite the profession's best efforts to establish and maintain high ethical standards, there are a few dishonest lawyers who take advantage of their clients. And unfortunately, these lawyers usually do not have the financial wherewithal to make restitution to their victims. This is the gap that the Fund attempts to address.

The Fund considers all claims resulting from the dishonest conduct of a member of the Hawai'i State Bar, provided that:

- The dishonest conduct occurred while the attorney was an active member of the Bar of Hawai'i;
- The claim originates from the attorney providing legal services in the state of Hawai'i;
- The Claimant engaged the attorney in the state of Hawai'i;
- The claim stems from an attorney-client relationship or a fiduciary relationship such as when an attorney acts as an administrator, executor, or trustee of a trust or estate; and
- The attorney has either:
 - ✓ Died
 - ✓ Become bankrupt
 - ✓ Been declared incompetent or incapacitated
 - ✓ Has been disbarred or suspended from the practice of law
 - ✓ Voluntarily resigned from the practice of law



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- ✓ Has become a judgment debtor of the claimant because of his or her dishonest conduct
- ✓ Has been judged guilty of a crime based on his or her dishonest conduct
- ✓ Left the state of Hawai’i and cannot be found.

There are several types of conduct under which the Fund does not reimburse. They are:

- Claims for reimbursement occurring outside of an attorney-client relationship, or outside of the lawyer’s fiduciary role.
- Loss not resulting from the lawyer’s dishonest conduct.
- Losses due to negligence, malpractice or incidental to the claimant’s cause.

The lawyer’s failure to refund unearned legal fees account for the majority of reimbursement applications.

2024 CLAIMS OVERVIEW:

The Office of Disciplinary Counsel staff who work on the Fund’s claims and administration logged a total of approximately 1,052 hours in 2024. Below is an overview of 2024 claims handling along with recent historical statistics:

	2024	2023	2022	2021	2020	2019	2018	2017
# Claims Opened during year	21	40	57	25	39	16	6	15
# Claims Disposed of during year	18	37	39	11	12	8	13	4
# Claims Pending at Year End	78	75	90	72	58	31	23	30



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	2024	2023	2022	2021	2020	2019	2018	2017
\$ Claims Pending at Year End	\$2,772,673	\$2,696,000	\$1,985,045	\$2,420,804	\$2,286,205	\$1,516,783	\$181,574	\$293,794
# Claims Approved and Reimbursed	11	13	13	2	3	4	6	0
\$ Claims Approved and Reimbursed	\$110,945	\$172,253	\$281,198	\$101,655	\$15,544	\$20,877	\$21,050	\$0
# Claims Dismissed – Fee Disputes	0	1	1	1	0	3	3	2
# Claims Dismissed – Lack of Cooperation from Claimant	1	0	0	0	0	0	0	0
# Claims Dismissed – Restitution by Atty or Other	0	0	0	2	1	1	4	1



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CLAIMS APPROVED IN 2024:

Attorney	Type	Number of Claims	Amount
Gary V. Dubin	Unearned Fee/Retainer	5	\$85,968.56
Leon E. Pasker	Retainer	1	\$2,000
Stuart E. Ragan	Unearned Fee	1	\$5,438
A. Edward Fyffe	Retainer	1	\$3,500
Brooks L. Bancroft	Unearned Fee	1	\$2,695
Brian J. De Lima	Unearned Fee	1	\$2,795

2024 CONSIDERATIONS:

The Fund saw fewer claims opened in 2024 compared to 2023 (i.e., 21 vs. 40). However, the Fund disposed of 18 claims, which almost mirrors the 21 claims opened in 2024. At yearend, 78 claims were pending (vs. 75 claims at 2023 yearend). That said, the monetary value of claims pending significantly increased to \$2,772,673 compared to \$2,696,000 for 2023 yearend.

The Fund continues to keep a watchful eye on claims considering the \$100,000 per claim and \$300,000 per attorney caps, as well as the Fund's financial balance (\$322,599 as of December 31, 2024 compared to approximately \$347,000 as of December 31, 2023). The Fund could potentially be exhausted by a few attorneys with multiple claims.

For calendar year 2025, the Fund was approved to receive a small annual fee assessment increase (i.e., increase of \$10 per year for regular members and \$50 per year for Pro Hac Vice and Foreign Law Consultant members). That said, to ensure the continuity of the Fund, the Trustees anticipate additional increases in assessments may become necessary shortly so that the fund balance does not come close to falling below \$300,000.

In recent history, the Fund had experienced a significant increase in the number of claims involving attorneys who were transferred to Inactive Status – Medical, as the respondent attorneys were considered to be incapable of defending themselves because of underlying health issues. While this trend has abated in the last couple of years, we expect incapacity issues related to aging to continue to be an issue in the foreseeable future. The Fund continues to monitor the aging demographic of the Hawai'i State bar, as 41.8% of the Hawai'i bar is 60 years old or more.



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ACTIVE HAWAI'I BAR LICENSES, excluding Judges and Government Attorneys:

Age	2024	2023	2022	2021	2020	2019	2018	2017
All Ages	3,884	3,927	3,951	3,840	3,870	3,902	3,905	3,898
70 and older	20.1%	18.16%	17.74%	16.9%	13.3%	12.5%	11.2%	9.9%
60 – 69	21.7%	22.31%	22.65%	24.2%	25.5%	25.4%	26.1%	26.2%
Aggregate of 60 and older	41.8%	40.46%	40.39%	41.1%	38.8%	37.9%	37.3%	36.1%

Note: 2024 calculations above based on statistics from

<https://hsba.org/images/hsba/Misc/2024%20Bar%20Statistics%20and%20Summaries.pdf>