

August 28, 2018

The Honorable Mary E. Fairhurst, Chief Justice
Washington State Supreme Court
Temple of Justice
P.O. Box 40929
Olympia, Washington 98504-0929

Re: Limited Practice Officer – Client Protection Fund Assessment

Dear Justice Fairhurst:

I wrote to you concerning the proposed annual license fees for limited practice officers recommended by the Board of Governors of the Washington State Bar. I am writing separately to address a related issue, the \$30 LPO annual assessment for the Client Protection Fund maintained by the WSBA. As noted in the material submitted with my other letter, the recommendation to the BOG by the Budget and Audit Committee of the WSBA was not to assess the client security fee. The BOG decided not to follow this recommendation.

The recommendation to the BOG took into account the unique position of LPOs in the Washington regulatory landscape. LPOs are employed by title insurance companies, financial institutions and escrow companies. These entities are independently regulated by either the Office of the Commissioner of Insurance or the Department of Financial Institutions and are subject to specific statutory provisions concerning financial responsibility to protect the public. The BOG ignored these factors in proposing the assessment and assumed LPOs were in the same situation as practicing attorneys with respect to adequacy of financial reserves to protect clients. This was an erroneous assumption and not factually supported.

Escrow companies, governed by Chpt. 18.44 RCW, are required to maintain a fidelity bond in the amount of \$1 million (RCW 18.44.201(1)(a)) covering all employees, including LPOs; errors and omissions coverage not less than \$50,000 (RCW 18.44.201(1)(b)) and a separate \$10,000 bond to cover any other loss (RCW 18.44.201(1)(c)). Title insurance companies are subject to supervision of the Office of the Insurance Commissioner and are subject to extensive supervision and regulation to maintain adequate financial reserves for their operations. Maintaining mandated financial protection involves significant costs to these entities, but also provides protection to the members of the public dealing with escrow companies, title insurers and their LPO employees. Frankly, the level of public protection afforded by these alternative regulatory schemes is greater than that afforded under the CPF.

Attorneys do not bear the cost of mandatory bonds, errors and omissions insurance and financial reserves. As a means to provide some limited protection for the public dealing with attorneys, the Supreme Court has mandated the maintenance of the client protection fund. Given the regulatory framework applicable to LPOs, this method of client protection is duplicative and unnecessary. The

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BOGs proposal has the effect of imposing duplicative costs on LPOs in excess of costs imposed on practicing attorneys.

The potential exposure of the client protection fund to claims arising from LPOs is entirely the result of the BOG sponsored amendments to APR 15 making the client protection fund subject to claims from clients harmed by LPOs effective September 1, 2017. Although policy by anecdote is not necessarily the best practice, it is worth noting there is no record of unpaid client losses resulting from LPO defalcations. Given the financial resources available for client protection imposed by other regulatory bodies, there is no indication the client protection fund will ever be exposed to any losses as a result of LPO activity.

In light of these factors, the initial recommendation to the BOG should be adopted and the client protection fund assessment should not be applicable to LPOs.

Thank you again for your consideration.

Very truly yours,



Shelley Miner, Chair
Limited Practice Board

cc: William D. Pickett, President WSBA
Paula Littlewood, Executive Director WSBA



August 28, 2018

The Honorable Mary E. Fairhurst, Chief Justice
Washington State Supreme Court
Temple of Justice
P.O. Box 40929
Olympia, Washington 98504-0929

Re: Limited Practice Officer License Fees – FY 2018-2019

Dear Justice Fairhurst:

I am the current chair of the Limited Practice Board. At the LPB's meeting on August 14, 2018, we were informed of the recommendation of the Board of Governors of the Washington State Bar Association to increase the annual license fees for limited practice officers from \$110 per year to \$453 per year – an increase of more than four hundred percent (400%). The LPB unanimously instructed me to communicate with you the LPB's belief this proposed increase is unreasonable and financially unnecessary. Toward that end, I am writing to you to urge you to review and reconsider the recommendation of the BOG for the adjustment of the annual license fee charged Washington LPOs.

Attached is a copy of the recommendation of the Budget and Audit Committee of the WSBA concerning the adjustment of LPO license fees presented to the BOG at its July 2018 meeting in Vancouver, Washington. This recommendation accurately reflects the recommendation of the LPB to essentially double the LPO license fees for the upcoming fiscal year from \$110 to \$200. Although this was a substantial percentage increase, the fees have not been adjusted for some time. The proposed adjustment will generate enough revenue to ensure the LPO program covers all of its expenses, including the allocation of indirect overhead assessed by the WSBA.

At the meeting, the BOG did not accept this recommendation and instead approved an adjustment of the LPO license fees to \$453, the same amount proposed for active practicing attorneys. In addition, LPOs will be assessed a \$30 fee to participate in the WSBA client security fund. It is not possible to review the discussion and rationale of the BOG leading to this decision, since the July meeting location lacked audio-visual facilities and the meeting was not recorded.

The LPB believes a 400% increase in the annual LPO license fee is unreasonable and lacks any factual support. The \$200 annual fee proposed to the BOG fully covers all of direct and indirect expenses associated with the LPO program, which currently has approximately 770 licensees. In effect, the BOG wants LPOs to subsidize the expenses associated with licensed attorneys by an additional \$253 per LPO, or a total of approximately \$195,000.

Recently, the BOG proposed and adopted amendments to the WSBA bylaws making LPOs full members of the WSBA. This change in status does not, however, justify license fees for LPOs equal to those paid by practicing attorneys. The Bar's calculations demonstrate the costs of maintaining the LPO program

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(including an allocable share of WSBA overhead) are fully paid by a \$200 annual license fee. The simple fact is LPOs do not require the same level of administrative support or supervision as active attorneys. While the BOG has made LPOs full members of the Bar, there has been no demonstration the benefits associated with that status are comparable to those available and utilized by practicing attorneys; the very fact LPOs are allowed only to engage in a limited range of the practice of law suggests otherwise. Absent a demonstration the additional fees are required to offset the costs of the LPO program, the suggested annual fee is unreasonable.

The Supreme Court and by extension, the WSBA, have been active supporters of alternative methods of delivering legal services in a cost-effective manner. This broadens the access to the justice system and makes available to the general public the benefits of competent and informed legal assistance in everyday transactions. The LPO program is an essential and successful part of this effort. Imposing unnecessary costs on LPOs in the form of unreasonable license fees is contrary to this policy. I urge you to adjust the annual LPO license fee to \$200 as initially proposed and reject as unreasonable the 400% increase proposed by the BOG.

On behalf of the LPB and the 770 licensed LPOs, thank you for your consideration of this letter.

Very truly yours,


Shelley Miner, Chair
Limited Practice Board

cc: William D. Pickett, President WSBA
Paula Littlewood, Executive Director WSBA



WASHINGTON STATE BAR ASSOCIATION

To: Board of Governors

From: Budget and Audit Committee

Re: Budget and Audit Committee Recommendations to revise CLE Revenue Sharing Model, set LPO and LLLT License Fees and Client Protection Fund Assessment, and Increase Law Clerk Program Annual Fee

Date: July 19, 2018

ACTION: Approve recommendations of the Budget and Audit Committee to: (1) revise the CLE Revenue Sharing Model (Agenda Item 3.a.2), (2) set LPO and LLLT license fees and Client Protection Fund assessment (Agenda Item 3.a.3), and (3) increase Law Clerk Program Annual Fee (Agenda Item 3.a.4).

- **Agenda Item 3.a.2: Budget and Audit Committee Recommendation to Revise the CLE Revenue Sharing Model**

On April 26, 2018, the Budget and Audit Committee recommended that the Board of Governors approve proposed revisions to Chapter 10 of the Fiscal Policies and Procedures Manual regarding WSBA CLE and other programs presented in partnership with sections. The Board of Governors considered this recommendation on first reading at the May 17-18, 2018 Board meeting. All materials provided to the Board on first reading are set forth in Attachment A.

- **Agenda Item 3.a.3: Limited Practice Officer (LPO) and Limited License Legal Technician (LLLT) License Fees and Client Protection Fund Assessment**

On April 26, 2018, the Budget and Audit Committee recommended that, effective FY19, the Board of Governors (1) increase license fees for Active LPOs and LLLTs to \$200, (2) set license fees for inactive LPOs and LLLTs at \$100, (3) require active LLLTs to pay a \$30 assessment fee annually, and (4) not require active LPOs to pay any CPF fee. The Board of Governors considered this recommendation on first reading at the May 17-18, 2018 Board meeting. All materials provided to the Board on first reading, and supplemental background information included in the Budget and Audit Committee June 18, 2018 meeting materials, are set forth in Attachment B.

- **Agenda Item 3.a.4: Law Clerk Program Annual Fee**

On June 18, 2018, the Budget and Audit Committee recommended that the Board of Governors increase the Admission and Practice Rule (APR) 6 Law Clerk program annual fee from \$1,500 to \$2,000. All materials considered by the Committee are set forth in Attachment C.

WASHINGTON STATE
BAR ASSOCIATION

TO: Budget and Audit Committee
FROM: Jean McElroy, Chief Regulatory Counsel
Robert Henry, Regulatory Services Associate Director
DATE: April 16, 2018
RE: Limited Practice Officer and Limited License Legal Technician License Fees and Client Protection Fund Assessment

ACTION: Recommend to the Board of Governors (BOG) that: (1) license fees for Active Limited Practice Officers (LPO) and Limited License Legal Technicians (LLLT) be increased to \$200; (2) license fees for Inactive LPOs and LLLTs be set at \$100; (3) Active LLLTs pay a \$30 annual Client Protection Fund (CPF) assessment; and (4) Active LPOs not pay any CPF assessment.

Background and Purpose

Historically, as discussed with the Committee in February, LPO license fees were established by the Limited Practice (LP) Board subject to Washington Supreme Court review; LLLT license fees were established by the LLLT Board subject to Court review; and clients of LPOs and LLLTs were not eligible to request gift awards from the WSBA Client Protection Fund (CPF). Effective September 1, 2017, under amended Admission and Practice Rules (APR) and according to the WSBA Bylaws, the BOG is responsible for establishing LPO and LLLT license fees subject to Court review. In addition, under the amended APR, LPO and LLLT clients may receive gifts from the CPF as prescribed by the CPF rules.

This memorandum provides feedback from the LP Board and the LLLT Board about proposed license fees for LPOs and LLLTs and about whether the BOG should recommend to the Court a CPF assessment for each of these limited license types. As requested, this memorandum also provides information showing the budget impact of a two-tier license fee structure. The information is provided so that the Committee can make an informed decision about establishing LPO and LLLT license fees and about whether the BOG should recommend to the Supreme Court that LPOs and LLLTs contribute to the CPF and, if so, how much the assessments should be.

To effect any changes for the 2019 licensing year, the Committee must make its recommendation as soon as possible. This will allow the BOG to similarly review the fees as soon as possible and send them to the Court, for review in time for the fees to be incorporated into the 2019 licensing processes that begin in October of 2018.

Two Tier License Fee Structure

One model we have been discussing with the Committee and with the LP and LLLT Boards is a two-tier license fee structure for WSBA members that has:

- 1) Active license fees for lawyers set at one amount (currently \$449); and
- 2) Active license fees for LPOs, LLLTs, and other licenses to engage in the limited practice of law only within defined scopes of practice, set at a different, lower amount (perhaps \$200, which is the license fee for Emeritus Pro Bono Lawyer members, who have a limited practice of law only within a defined scope of practice).

Discussions with LP Board and LLLT Board

Following the meeting, we continued discussions with the LP and LLLT Boards, including the possibility of the two-tier license fee structure discussed above, among other fee models. Both Boards support the two-tier fee structure, with the Active LPO and LLLT license fees set at \$200. In addition, we continued discussions with the Boards regarding possible CPF assessments. The LLLT Board supports a CPF assessment on Active LLLTs in the amount of \$30. The LP Board, on the other hand, recommends that Active LPOs not be required to pay any CPF assessment because LPO employers (and thereby LPOs) already have systems in place to protect clients. Letters from the chairs of both the LP and LLLT Boards are attached and explain their positions.

Budget Impact

At its February meeting, the Committee asked for information showing the budget impact of: (1) a \$200 license fee for Active LPOs and LLLTs; (2) a \$100 license fee for Inactive LPOs and LLLTs; and (3) the prorated license fee for new LPOs and LLLTs (consistent with the proration in place for new lawyers), as described in the WSBA Bylaw amendments (approved by the BOG on March 8, 2018).

Based on the present number of LPO and LLLT licensees, the implementation of a two-tier license fee structure as described above would result in increased revenue of \$64,185. Pursuant to the WSBA Bylaws adopted on March 8, 2018, new LPO and LLLT members in their first two full years of licensure will pay a prorated license fee regardless of whether there is any change to the license fees next year. The table below demonstrates the sources of license fee revenue from LPOs and LLLTs and how it would change in 2019 based on the license fees suggested by the Committee and recommended by the LP and LLLT Boards. This table does not take into account any anticipated increase in the number of LPO and LLLT licenses for 2019.

	2018 License Count	Current License Fee Structure		Proposed Two Tier Structure		Increase (Decrease) Revenue
		License Fee	Revenue	License Fee	Revenue	
Active LPOs	745	\$110	\$81,950	\$200	\$149,000	\$67,050
New Active LPOs	50	\$110	\$5,500	\$100	\$5,000	(\$500)
Inactive LPOs	174	\$110	\$19,140	\$100	\$17,400	(\$1,740)
Total LPO Fees			\$106,590		\$171,400	\$64,810
Active LLLTs	17	\$175	\$2,975	\$200	\$3,400	\$425
New Active LLLTs	11	\$175	\$1,925	\$100	\$1,100	(\$825)
Inactive LLLTs	3	\$175	\$525	\$100	\$300	(\$225)
Total LLLT Fees			\$5,425		\$4,800	(\$625)
COMBINED FEE REVENUE			\$112,015		\$176,200	\$64,185

As we have informed the BOG over the last two years, with the coordinated admissions and licensing implementation, some of the administrative work associated with the LPO and LLLT programs has been consolidated into the WSBA Admissions, Licensing and MCLE workgroups within RSD. Because of this consolidation, all revenue and expenses related to the LPO and LLLT licenses, except for the board and outreach expenses, were moved out of the LPO and LLLT cost centers and into the appropriate cost center, e.g., Admissions, MCLE, License Fees, etc. However, WSBA accounting and administrative staff are still able to identify and estimate budget items related to the LPO and LLLT licenses when necessary for analysis and planning.

With respect to LPO fiscal impacts, the FY18 budget anticipates a net loss for the LPO license in the amount of \$44,530. All things being equal, the additional LPO license fee revenue of \$64,810 based on the two-tier license fee structure would result in a net income of \$20,280. This figure does not take into account expected increases in expenses, other revenue sources and changes in LPO license numbers. We expect that after taking into account all of the many budgetary forecasts and considerations, there would still be a net income but it would be closer to \$15,000. It is important to note, however, that these numbers could change depending on whether and how much of an increase we see in the numbers of LPOs and LLLTs licensed in FY 2019. With respect to fiscal impacts on the LLLT license, which is still in a start-up phase, the proposed license fee changes would result in a nominal decrease in revenue and have an overall negligible effect on the budget.

Client Protection Fund Assessment

As discussed above, the LLLT Board supports a CPF assessment on Active LLLTs. However, the LP Board does not support a CPF assessment on Active LPOs because LPO employers are already required to have fidelity bonds or insurance, or are lawyers who pay into the CPF. The attached letter from the LP Board explains its position in detail. The table below demonstrates that the CPF would receive approximately \$24,690 annually if a \$30 assessment on both license types were ordered by the Court, based on current license counts. If the Court does not order an assessment on LPOs, the annual additional amount to the CPF would be the approximately \$840 that is paid by LLLTs only.

	2018 License Count	\$30 CPF Assessment
Active LLLT (including new)	28	\$840
Active LPO (including new)	795	\$23,850
Total Potential CPF Revenue	823	\$24,690

ATTACHMENTS:

1. Letter from Limited Practice Board
2. Letter from Limited License Legal Technician Board

April 11, 2018

Kim Risenmay, Treasurer, and Budget and Audit Committee
Washington State Bar Association
1325 4th Ave Ste 600
Seattle, WA 98101

RE: LPO License Fees and Client Protection Fund Assessment

Dear Mr. Risenmay and Committee Members:

I write on behalf of the Limited Practice Board (LP Board) regarding Limited Practice Officer (LPO) license fees and an assessment on LPOs for the Client Protection Fund (CPF). The LP Board recommends that the Board of Governors:

- 1) adopt a two tier fee structure for WSBA members that has
 - a) Active license fees for lawyers set at one amount (currently \$449),
 - b) Active license fees for LPOs and Limited License Legal Technicians [LLLTs] (both have licenses to engage in the limited practice of law only within defined scopes of practice) set at a different, lower amount, and
 - c) Based on a) and b), an Active LPO license fee set at \$200 (the same amount as the license fee amount for Emeritus Pro Bono lawyer members, who also have a license to engage in the limited practice of law only within a defined scope of practice) with the inactive LPO license fee set at \$100; and
- 2) recommend that the Supreme Court not order LPOs to pay an annual assessment for the CPF, for the reasons stated below.

LPO License Fees

At the LP Board's March 13, 2018 meeting, the LP Board heard from WSBA staff about:

- the reallocation of revenue and expenses from the LPO cost center to various cost centers within the Regulatory Services Department as a result of LPOs becoming members of the WSBA and the efforts to coordinate the admissions, MCLE, and licensing processes for all Washington licensed legal professionals;



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Kim Risenmay, Treasurer, and Budget and Audit Committee

April 11, 2018

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- the declining net income and, in recent years, the increasing net loss in the LPO cost center;
- the length of time since the last increase to LPO license fees, which occurred in 2006 (from \$85 to \$110);
- the approval by the BOG of the new admittee license fee proration Bylaw for new LPOs, thereby applying the same percentage license fee proration as is applied to new lawyer admittee license fees, resulting in a 50% reduction in the license fee for the first two full years after admission as a LPO; and
- several possible methods that could be recommended to the BOG for setting LPO license fees, including a two tier approach as described in this memo.

After considering and discussing all of the information provided, the LP Board unanimously endorsed and now recommends that the BOG adopt an Active LPO license fee of \$200 and an Inactive LPO license fee of \$100.

Client Protection Fund Assessment

Also at the LP Board's March 13, 2018 meeting, the LP Board was provided with information and had a discussion about the CPF and assessments paid by lawyers for that fund. The LP Board was advised that the Admission and Practice Rules (APR) already permit gifts from the CPF to clients of LPOs who have been harmed by the dishonest acts of, or failure to properly account for client funds by, LPOs. WSBA staff discussed how the CPF currently awards gifts to clients harmed by lawyers (and potentially LPOs and LLLTs). Even though the APR permit gifts to LPO clients, the LP Board believes that LPOs and their employers are already able and required to provide for financial harm caused by LPOs of the type that would potentially be covered by a CPF gift by virtue of several requirements for LPOs and their employers, as described below

LPOs, for the most part, work for three primary types of employers: independent escrow companies, title insurance companies, and lawyers. An independent escrow company operates with a license issued by the Department of Financial Institutions, which requires the company to have a fidelity bond that will pay out in cases of fraud or theft (RCW 18.44.201). Likewise, a title insurance company licensed to do business in Washington must also have a fidelity bond or fidelity insurance (RCW 48.29.155). Finally, a lawyer licensed to practice law in Washington already pays an assessment to the CPF.

Additionally, although not directly applicable to the types of losses that would be eligible for gifts from the CPF, LPOs are required to prove that they have the ability to respond in damages resulting from their acts or omissions in the performance of LPO services by having Errors and



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Kim Risenmay, Treasurer, and Budget and Audit Committee

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Omissions insurance coverage or by submitting audited financial statements indicating specified amounts of net worth. Finally, some LP Board members stated that title companies are also required to have insurance that covers losses to clients if the companies go out of business.

Because they have all of these types of coverages, the LP Board believed that the likelihood of an LPO's client not being able to be made whole under one of these other forms of coverage would be small and would not warrant imposing a CPF assessment on every LPO.

Therefore, the LP Board unanimously recommends that the BOG should recommend to the Supreme Court that it not order LPOs to pay an assessment for the CPF.

Thank you for your consideration.

Sincerely,



Shelley Miner

Chair, Limited Practice Board



**WASHINGTON STATE
BAR ASSOCIATION**
Regulatory Services Department

LLLT Board
Established by Washington Supreme Court APR 28
Administered by the WSBA
Stephen Crossland, Chair

April 12, 2018

Kim Risenmay, Treasurer, and Budget and Audit Committee
Washington State Bar Association
1325 4th Ave Ste 600
Seattle, WA 98101

RE: LLLT License Fees and Client Protection Fund Assessment

Dear Mr. Risenmay and Committee Members:

I write on behalf of the Limited License Legal Technician Board (LLLT Board) regarding Limited License Legal Technician (LLLT) license fees and an assessment on LLLTs for the Client Protection Fund (CPF). The LLLT Board recommends that the Board of Governors:

- 1) adopt a two tier fee structure for WSBA members that has
 - a) Active license fees for lawyers set at one amount (currently \$449),
 - b) Active license fees for LLLTs and Limited Practice Officers [LPOs] (both have licenses to engage in the limited practice law only within defined scopes of practice) set at a different, lower amount, and
 - c) Based on a) and b), an Active LLLT license fee set at \$200 (the same amount as the license fee amount for Emeritus Pro Bono lawyer members, who also have a license to engage in the limited practice of law only within a defined scope of practice) with the Inactive LLLT license fee set at \$100; and
- 2) recommend that the Supreme Court order LLLTs to pay an annual assessment for the CPF in the amount of \$30, for the reasons stated below.

LLLT License Fees

At the LLLT Board's January 18, 2018 meeting, the Board unanimously endorsed and now recommends that the BOG adopt an Active LLLT license fee of \$200 and an Inactive LLLT license fee of \$100.

Client Protection Fund Assessment

Also at the LLLT Board's January 18, 2018 meeting, the LLLT Board discussed whether LLLTs should pay an assessment to the CPF. Although LLLTs currently are not required to pay into the



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Kim Risenmay, Treasurer, and Budget and Audit Committee

April 11, 2018

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fund, CPF funds are available to make gifts to LLLT clients who have been harmed by the dishonest acts of, or failure to properly account for client funds by, LLLTs. The LLLT Board endorsed and now recommends that the BOG should recommend that the Supreme Court order LLLTs to pay an assessment in the amount of \$30 for the CPF.

Thank you for your consideration.

Sincerely,



Stephen Crossland
Chair, LLLT Board



RCW 48.29.155

Agent license—Financial responsibility—Definitions.

(1) At the time of filing an application for a **title insurance** agent license, or any renewal or reinstatement of a title insurance agent license, the applicant shall provide satisfactory evidence to the commissioner of having obtained the following as evidence of financial responsibility:

(a) A fidelity bond or fidelity insurance providing coverage in the aggregate amount of two hundred thousand dollars with a deductible no greater than ten thousand dollars covering the applicant and each corporate officer, partner, escrow officer, and employee of the applicant conducting the business of an escrow agent as defined in RCW 18.44.011 and exempt from licensing under *RCW 18.44.021(6), or a guarantee from a licensed title insurance company as authorized by subsection (5) of this section; and

(b) A surety bond in the amount of ten thousand dollars executed by the applicant as obligor and by a surety company authorized, or eligible under chapter 48.15 RCW, to do a surety business in this state as surety, or some other security approved by the commissioner, unless the fidelity bond or fidelity insurance obtained by the licensee to satisfy the requirement in (a) of this subsection does not have a deductible. The bond shall run to the state of Washington as obligee, and shall run to the benefit of the state and any person or persons who suffer loss by reason of the applicant's or its employee's violation of this chapter. The bond shall be conditioned that the obligor as licensee will faithfully conform to and abide by this chapter and all rules adopted under this chapter, and shall reimburse all persons who suffer loss by reason of a violation of this chapter or rules adopted under this chapter. The bond shall be continuous and may be canceled by the surety upon the surety giving written notice to the commissioner of its intent to cancel the bond. The cancellation shall be effective thirty days after the notice is received by the commissioner. Whether or not the bond is renewed, continued, reinstated, reissued, or otherwise extended, replaced, or modified, including increases or decreases in the penal sum, it shall be considered one continuous obligation, and the surety upon the bond shall not be liable in an aggregate amount exceeding the penal sum set forth on the face of the bond. In no event shall the penal sum, or any portion thereof, at two or more points in time be added together in determining the surety's liability. The bond is not liable for any penalties imposed on the licensee, including but not limited to any increased damages or attorneys' fees, or both, awarded under RCW 19.86.090.

(2) For the purposes of this section, a "fidelity bond" means a primary commercial blanket bond or its equivalent satisfactory to the commissioner and written by an insurer authorized, or eligible under chapter 48.15 RCW, to transact this line of business in the state of Washington. The bond shall provide fidelity coverage for any fraudulent or dishonest acts committed by any one or more of the employees, officers, or owners as defined in the bond, acting alone or in collusion with others. The bond shall be for the sole benefit of the title insurance agent and under no circumstances whatsoever shall the bonding company be liable under the bond to any other party. The bond shall name the title insurance agent as obligee and shall protect the obligee against the loss of money or other real or personal property belonging to the obligee, or in which the obligee has a pecuniary interest, or for which the obligee is legally liable or held by the obligee in any capacity, whether the obligee is legally liable therefor or not. The bond may be canceled by the insurer upon delivery of thirty days' written notice to the commissioner and to the title insurance agent.

(3) For the purposes of this section, "fidelity insurance" means employee dishonesty insurance or its equivalent satisfactory to the commissioner and written by an insurer authorized, or eligible under chapter 48.15 RCW, to transact this line of business in the state of Washington. The insurance shall provide coverage for any fraudulent or dishonest acts committed by any one or more of the employees, officers, or owners as defined in the policy of insurance, acting alone or in collusion with others. The insurance shall be for the sole benefit of the title insurance agent and under no circumstances whatsoever shall the insurance company be liable under the insurance to any other party. The insurance shall name the title insurance agent as the named insured and shall protect the named insured against the loss of money or other real or personal property belonging to the named insured, or in which the named insured has a pecuniary interest, or for which the named insured is legally liable or held by the named insured in any capacity, whether the named insured is legally liable therefor or not. The insurance coverage may be canceled by the insurer upon delivery of thirty days' written notice to the commissioner and to the title insurance agent.

(4) The fidelity bond or fidelity insurance, and the surety bond or other form of security approved by the commissioner, shall be kept in full force and effect as a condition precedent to the title insurance agent's authority to transact business in this state, and the title insurance agent shall supply the commissioner with satisfactory evidence thereof upon request.

(5) A title insurance company authorized to do business in Washington under RCW 48.05.030 may provide a guarantee in a form satisfactory to the commissioner accepting financial responsibility, up to the aggregate amount of two hundred thousand dollars, for any fraudulent or dishonest acts committed by any one or more of the employees, officers, or owners of a title insurance agent that is appointed as the title insurance company's agent. A title insurance company providing a guarantee as permitted under this subsection may only do so on behalf of its properly appointed title insurance agents. If the title insurance agent is an agent for two or more title insurance companies, any liability under the guarantee shall be borne by the title insurance company for those escrows for which a title insurance commitment or policy was issued on behalf of that title insurance company. If no commitment or policy was issued regarding the escrow for which moneys were lost, including but not limited to collection escrows, each title insurance company, for which the agent was appointed at the time of the fraudulent or dishonest act, shares in the liability. The liability will be shared proportionally, as follows: The premium the agent remitted to the title insurance company in the year prior to the fraudulent or dishonest act will be compared to the total premium the agent remitted to all title insurance companies, for whom the title insurance agent was appointed, during the same period.

(6) All title insurance agents licensed on or before July 24, 2005, shall comply with this section within thirty days following July 24, 2005.

[2005 c 115 § 1; 2003 c 202 § 1.]

NOTES:

*Reviser's note: RCW 18.44.021 was amended by 2015 c 229 § 1, changing subsection (6) to subsection (1)(f).

RCW 18.44.201

Financial responsibility—Fidelity bond—Errors and omissions policy—Surety bond.

(1) At the time of filing an application for an **escrow agent** license, or any renewal or reinstatement of an escrow agent license, the applicant shall provide satisfactory evidence to the director of having obtained the following as evidence of financial responsibility:

(a) A fidelity bond providing coverage in the aggregate amount of one million dollars with a deductible no greater than ten thousand dollars covering each corporate officer, partner, escrow officer, and employee of the applicant engaged in escrow transactions;

(b) An errors and omissions policy issued to the escrow agent providing coverage in the minimum aggregate amount of fifty thousand dollars or, alternatively, cash or securities in the principal amount of fifty thousand dollars deposited in an approved depository on condition that they be available for payment of any claim payable under an equivalent errors and omissions policy in that amount and pursuant to rules and regulations adopted by the department for that purpose; and

(c) A surety bond in the amount of ten thousand dollars executed by the applicant as obligor and by a surety company authorized to do a surety business in this state as surety, unless the fidelity bond obtained by the licensee to satisfy the requirement in (a) of this subsection does not have a deductible. The bond shall run to the state of Washington as obligee, and shall run to the benefit of the state and any person or persons who suffer loss by reason of the applicant's or its employee's violation of this chapter. The bond shall be conditioned that the obligor as licensee will faithfully conform to and abide by this chapter and all rules adopted under this chapter, and shall reimburse all persons who suffer loss by reason of a violation of this chapter or rules adopted under this chapter. The bond shall be continuous and may be canceled by the surety upon the surety giving written notice to the director of its intent to cancel the bond. The cancellation shall be effective thirty days after the notice is received by the director. Whether or not the bond is renewed, continued, reinstated, reissued, or otherwise extended, replaced, or modified, including increases or decreases in the penal sum, it shall be considered one continuous obligation, and the surety upon the bond shall not be liable in an aggregate amount exceeding the penal sum set forth on the face of the bond. In no event shall the penal sum, or any portion thereof, at two or more points in time be added together in determining the surety's liability. The bond shall not be liable for any penalties imposed on the licensee, including but not limited to, any increased damages or attorneys' fees, or both, awarded under RCW 19.86.090.

(2) For the purposes of this section, a "fidelity bond" shall mean a primary commercial blanket bond or its equivalent satisfactory to the director and written by an insurer authorized to transact this line of business in the state of Washington. Such bond shall provide fidelity coverage for any fraudulent or dishonest acts committed by any one or more of the corporate officers, partners, sole practitioners, escrow officers, and employees of the applicant engaged in escrow transactions acting alone or in collusion with others. This bond shall be for the sole benefit of the escrow agent and under no circumstances whatsoever shall the bonding company be liable under the bond to any other party unless the corporate officer, partner, or sole practitioner commits a fraudulent or dishonest act, in which case, the bond shall be for the benefit of the harmed consumer. The bond shall name the escrow agent as obligee and shall protect the obligee against the loss of money or other real or personal property belonging to the obligee, or in which the obligee has a pecuniary interest, or for which the obligee is

legally liable or held by the obligee in any capacity, whether the obligee is legally liable therefor or not. An escrow agent's bond must be maintained until all accounts have been reconciled and the escrow trust account balance is zero. The bond may be canceled by the insurer upon delivery of thirty days' written notice to the director and to the escrow agent. In the event that the fidelity bond required under this subsection is not reasonably available, the director may adopt rules to implement a surety bond requirement.

(3) For the purposes of this section, an "errors and omissions policy" shall mean a group or individual insurance policy satisfactory to the director and issued by an insurer authorized to transact insurance business in the state of Washington. Such policy shall provide coverage for unintentional errors and omissions of the escrow agent and its employees, and may be canceled by the insurer upon delivery of thirty days' written notice to the director and to the escrow agent.

(4) Except as provided in RCW 18.44.221, the fidelity bond, surety bond, and the errors and omissions policy required by this section shall be kept in full force and effect as a condition precedent to the escrow agent's authority to transact escrow business in this state, and the escrow agent shall supply the director with satisfactory evidence thereof upon request.

[2013 c 64 § 4; 2010 c 34 § 7; 1999 c 30 § 5; 1979 c 70 § 1; 1977 ex.s. c 156 § 5; 1971 ex.s. c 245 § 4; 1965 c 153 § 5. Formerly RCW 18.44.050.]

The Supreme Court
State of Washington

MARY E. FAIRHURST
CHIEF JUSTICE
TEMPLE OF JUSTICE
POST OFFICE BOX 40929
OLYMPIA, WASHINGTON
98504-0929



(360) 357-2053
E-MAIL MARY.FAIRHURST@COURTS.WA.GOV

September 13, 2018

RECEIVED
SEP 19 2018

WSBA Regulatory Services Dept.

Shelley Miner, Chair
Limited Practice Board
Washington State Bar Association
1325 4th Avenue, Ste. 600
Seattle, WA 98101-2539

Re: Your letters dated August 28, 2018 regarding Limited Practice Officer
License fees for FY2018-2019 and client protection assessment

Dear Ms. Miner:

I received your letters dated August 28, 2018 and provided copies to the justices. The court appreciates receiving your comments and input regarding the Board of Governor's proposed license fee increase for Limited Practice Officers (LPOs) and proposed client protection fund assessment for LPOs.

On Wednesday, September 5, 2018, the court met at its regularly scheduled administrative en banc conference. The court discussed the LPO license fee increase and LPO client protection fund assessment and entered the enclosed order on September 7, 2018.

Very truly yours,

MARY E. FAIRHURST

Enc.

FILED
SEP - 6 2018
CLERK OF COURT
JANIS L. DILLON

THE SUPREME COURT OF WASHINGTON

IN THE MATTER OF THE SUPREME)
COURT'S REVIEW OF 2019 LICENSE FEES)
AND CLIENT PROTECTION FUND)
ASSESSMENTS FOR WSBA MEMBERS)
_____)
_____)

NO. 25700-B- 587

ORDER

As provided in General Rule (GR) 12.2(b)(22), the Washington State Bar Association (WSBA) may establish the amount of all license and other related fees, subject to review by the Supreme Court for reasonableness. The rule further provides that license fees established by the WSBA may be modified by order of the Court if the Court determines that a fee is not reasonable. In a letter dated August 28, 2018, from the Executive Director of the WSBA, the Court was advised that at its July 27, 2018, meeting, the WSBA Board of Governors approved the following license fees and Client Protection Fund assessments for 2019:

1. An increase for limited practice officers (LPOs) from \$110 to \$453, and an increase for Limited License Legal Technicians (LLLTs) from \$175 to \$453.
2. A license fee of \$100 for all inactive LPOs and LLLTs; and
3. A requirement that each active LPO and LLLT pay a \$30 assessment to the Client Protection Fund.

The Court considered the license fees as established by the Board of Governors and unanimously determined that the increase to the license fee for active LPOs and LLLTs is unreasonable and that a license fee of \$200 for both LPOs and LLLTs, as recommended by the

WSBA Budget and Audit Committee, is reasonable. In addition, pursuant to APR 15(c), the Court unanimously determined that the recommendation that LLLTs be required to pay a \$30 fee to the Client Fund Protection is approved, but the recommendation that LPOs also be required to pay a \$30 fee to the fund is rejected.

Now, therefore, it is hereby

ORDERED:

The WSBA's 2019 license fees for LPOs and LLLTs are approved except that the 2019 license fee for active LPOs and active LLLTs shall be \$200 and active LPOs shall not be required to pay a Client Protection Fund assessment.

DATED at Olympia, Washington this 6th day of September, 2018.

Fairhurst, CJ.
CHIEF JUSTICE

WASHINGTON STATE BAR ASSOCIATION

Budget & Audit Committee - Meeting Agenda

April 14, 2025, 12:00PM – 2:00PM

Remote Participant Information:

Link to access the Zoom meeting:

<https://wsba.zoom.us/j/89709022264?pwd=7hZ76lkngR3E5lrReC0js2YlZvqN1y.1>

Zoom Conference Call Lines: **LOCAL OPTION:** (253) 215-8782 | **TOLL-FREE OPTION:** (888) 788-0099

Meeting ID: 897 0902 2664 | Passcode: 204201

Quorum Bylaw	"Quorum" means the presence of a majority of the voting membership (i.e., more than half the voting members). A quorum must be present when votes are taken. Quorum: 5 members
Governing Document	<ol style="list-style-type: none">1. The President appoints a BOG Budget and Audit Committee, which consists of a minimum of two Governors from each class, not to exceed eight Governors, one of whom must be the Treasurer. The President, President-Elect, Executive Director and Director of Finance serve as ex officio, non-voting members, and the Treasurer serves as Chair of the Committee and has a vote on the committee.2. The Treasurer, together with the Budget and Audit Committee, will present a proposed Annual Budget to the BOG for approval prior to each fiscal year.3. Decisions regarding non-budgeted appropriations must be made in accordance with the BOG- approved fiscal policies and procedures.
Memberships	Tom Ahearne; Jordan Couch; Kevin Fay; Kristina Larry; Nam Nguyen; Kari Petrasek; Parvin Price; Alain Villeneuve

DISCUSSION/ACTION

1. Minutes from January 27, 2025 Meeting (Action)
2. FY25 Reforecast Budgets (Discussion/Action)
3. 2026 Client Protection Fund Fee Assessment (Discussion/Action)
4. WSBA Business Continuity Plan Updates (Action)
5. License Fee Philosophy (Discussion)
6. Fiscal Policy: Clarification on use of mileage/rewards points (Information)
7. Facilities Advisory Subcommittee Update (Information)
8. February 2025 Financial Reports (Information)
9. FY25 Q2 Budget Reallocations Report (Information)
10. Member Q&A

WASHINGTON STATE BAR ASSOCIATION

Office of General Counsel

Nicole Gustine, Assistant General Counsel

TO: Budget and Audit Committee of the WSBA Board of Governors, as Trustees of the Client Protection Fund

FROM: Nicole Gustine, Assistant General Counsel

DATE: March 24, 2025

RE: Client Protection Board Recommendations RE: Assessment and Admission and Practice Rule 15 Changes

ACTION REQUESTED:

The Client Protection Board recommends that the Board of Governors make the following recommendations to the Supreme Court:

1. Order that the Client Protection Fund assessment remain at \$20 for the 2026 licensing year.
2. Include Limited Practice Officers in the order setting the assessment to the Client Protection Fund starting with the 2026 licensing year and continuing thereafter.
3. Amend APR 15 Regulation 9(c) and (d) to increase the initial gift payment amount from \$5,000 to \$10,000.
4. Amend APR 15 Regulation 9(b) to increase the per claim limit on gifts from \$150,000 to \$250,000.

I. BACKGROUND

The purpose of the Client Protection Fund (Fund) is to promote public confidence in the administration of justice and the integrity of the legal profession. The Fund may be used to relieve or mitigate pecuniary loss by any person, caused by a licensed legal professional's dishonesty, or failure to account for money or property entrusted to them, as a result of or directly related to the practice of law or while acting as a fiduciary in a matter directly related to the licensed legal professional's practice of law. Admission and Practice Rule (APR) 15 (a) and (b)(3). The Client Protection Board (CPB) meets quarterly to review applications to the Fund and to make decisions on payment for eligible claims.

The CPB met on February 3, 2025, and in addition to considering claims to the Fund, considered the four recommendations contained in this memo. The CPB examined historical and financial data and voted to make these recommendations to the Budget and Audit committee of the Board of Governors (BOG), who serve as Trustees of the Fund.

II. The CPB recommends that the Board of Governors:

1. **Recommend to the Supreme Court that the Client Protection Fund assessment remain at \$20 for the 2026 licensing year.**



Per APR 15 Regulation 2. (b), the “Trustees may recommend to the Supreme Court that it order an annual assessment of all active lawyers, LLLTs, or LPOs of the Bar in an amount recommended by the Trustees to be held by them in trust for the purposes of the Fund.”

WSBA Director of Finance Tiffany Lynch shared a November 2024 memo to the Budget and Audit Committee with the CPB and asked that the CPB make a recommendation as to setting the assessment for the 2026 licensing year. (Appendix A). Between 2010 and 2020, the assessment was set at \$30. Due to the Covid-19 pandemic, the BOG recommended, and the Supreme Court agreed, to order that the assessment be set at \$10 in 2021. The assessment was raised to \$20 for 2022 and 2023, lowered to \$15 in 2024, and raised back to \$20 in 2025. (Appendix B). As of December 31, 2024, the Fund had a balance of \$4,987,804 (Appendix C). Since 2014, the amounts of gifts paid on eligible applications to the Fund ranged from a low of \$253,228 in 2016, to a high of \$926,434 in 2018. (Appendix D). Weighing both the healthy balance of the Fund with the potential for increasing gift demand, the CPB voted unanimously to keep the assessment at \$20 for 2026.

2. Recommend that the Supreme Court’s assessment order include LPOs starting with the 2026 licensing year and continuing thereafter.

Currently, WSBA lawyers on active status, lawyers with pro hac vice admissions, in-house counsel, house counsel, foreign law consultants, and Limited Licensed Legal Technicians (LLLTs) all pay an annual assessment to the Fund. Limited Practice Officers (LPOs) have not been included in the assessment. However, the CPB is authorized to accept and consider applications from, and award gifts to the injured clients of LPOs. APR 15(b)(3). To date, the CPB has received, considered, and approved a gift in the amount of \$2,800 on one claim regarding an LPO. Given the unpredictable nature of dishonesty and the resulting claims, there is the potential for more LPO-related applications to the Fund in the future. Therefore, the CPB is proposing that the BOG recommend that the Supreme Court include LPOs in the assessment order for the 2026 licensing year. An assessment of \$20 is reasonable because the clients of LPOs are equally at risk from the possibility of loss from their legal provider’s dishonest conduct. The CPB acknowledges that a lower assessment may be appropriate given that LPOs generally charge less for their services than lawyers and that so far, they have not created as much loss exposure to the Fund. In addition, LPOs bear the mandated expense of carrying malpractice insurance. The recommendation to include LPOs in the 2026 assessment was unanimously approved by the members of the CPB.

3. Recommend a rule change to APR 15 Regulation 9 (c) and (d) to increase the initial gift payment amount from \$5,000 to \$10,000.

In September 2017, APR 15 Regulation 9(c) and (d) were amended to the following:

(c) Applications approved for \$5,000 or less shall be paid in full upon approval by the Client Protection Board (and the Trustees, if required under these Rules and Regulations). Applications approved for more than \$5,000 shall be paid \$5,000 upon approval by the Client Protection Board (and the Trustees, if required under these Rules and Regulations); payment of the remaining balance approved shall be deferred until fiscal year end and shall be subject to any proration which may be approved by the Trustees.

(d) At the last meeting of the Trustees for each fiscal year, the Client Protection Board shall report the total outstanding balance on approved gifts and shall recommend whether the outstanding balance should be paid in full or prorated. When approved gifts are prorated, the prorated

payment shall reflect the total amount of the gift, less the initial \$5,000 payment made upon approval by the Client Protection Board

The CPB recommends amending the rule to raise the initial payment amount from \$5,000 to \$10,000. Because of the time it takes to process and approve a change to a court rule, acting on this recommendation now means that the initial payment amount will essentially be raised once within ten years, which is a reasonable economic adjustment. Further, this change will increase administrative efficiency and ease the accounting burdens of the Fund because amounts of \$10,000 or less could be fully processed at one time. Gift recipient satisfaction will also increase as they will receive either a more substantial initial payment or payment in full, earlier in the process. This will also save time and resources for WSBA staff processing the gift payments. This recommendation was unanimously approved by the members of the CPB.

4. Recommend a rule change to APR 15 Regulation 9(b) to increase the per claim limit on gifts from \$150,000 to \$250,000.

In September 2017 APR 15 Regulation 9(b) was amended to the following:

The maximum allowable amount of a gift is \$150,000. There is no limit on the number of gifts that can be made to reimburse clients for the wrongful acts of any one lawyer, LLLT, or LPO.

Prior to this 2017 change, the maximum gift amount had been \$75,000 since 2004. The Fund's balance has remained substantial in recent years since the 2017 increase to the \$150,000 gift limit. The CPB considered worst case scenarios, such as if in a future year, the Fund receives applications that qualify for payment in an amount that exceeds the resources of the Fund. The CPB determined that the Fund is protected in such a scenario because APR 15 Regulation 9(d) referenced above, gives the Trustees authority to prorate gifts at the end of the fiscal year. This rule provides the Trustees with flexibility to prorate and assure that the Fund's balance remains adequate to pay claims, even in the event of excessive claims.

The Fund continues to receive applications from injured clients who, through no fault of their own, have suffered losses over the \$150,000 limit. The CPB reviewed historical data to determine the number of approved applications since the 2017 change increasing the gift limit, where the applicant claimed a loss exceeding \$150,000, which would have otherwise been paid. There were six such claims paid between 2017 and 2024. (Appendix E). The gifts to these injured clients were more than \$700,000 less than needed to make them whole financially. Given the purpose of the Fund, and that revenue from assessments, restitution, and interest income have kept the financial condition of the Fund healthy and growing, the CPB unanimously approved a recommendation to a rule change increasing the maximum gift amount from the Fund to \$250,000.

III. Conclusion

The Client Protection Board thanks the Board of Governors for its consideration of its recommendations and welcomes additional questions or discussion.

WASHINGTON STATE BAR ASSOCIATION

To: Budget and Audit Committee

From: Tiffany Lynch, Director of Finance

Subject: 2026 Client Protection Fund Assessment

Date: November 20, 2024

The Client Protection Fund (CPF) assessment is charged to all licensed active members, House Counsel, Foreign Law Consultants, pro hac vice admissions, and Limited License Legal Technicians. The assessment is the main source of funding that supports gifts to compensate those financially victimized by legal professional dishonesty or failure to account for client funds/property. Over the past 20 years, the assessment has ranged from \$10 to \$30 and is set at \$20 for 2025. The CPF is WSBA's sole legally restricted fund, with revenue and expenses accounted for separately and with designated separate bank accounts and investments. Depending on the health of the CPF reserves, the assessment amount may be adjusted. The level of reserves is most significantly impacted by the awards given each year (see attachment for historical gifts and fund balances). Payments are limited to a maximum of \$150,000 per awardee, with a preliminary payment of no more than \$5,000 (remaining funds awarded are paid out at the end of the fiscal year).

The Budget and Audit Committee will need to make a recommendation to the Board of Governors for the 2026 assessment rate (which is set by the Supreme Court) during this fiscal year. The CPF Board meets on a quarterly basis, with the next meeting scheduled for February 3, 2025, where they will be discussing and developing a recommendation for the 2026 assessment. Additionally, at their meetings this year the CPF Board may review the maximum award amount of \$150,000 (last raised from \$75,000 in 2016), consider increasing the preliminary payment from \$5,000 to \$10,000, and discuss applying the assessment to Limited Practice Officers. Approval of any of these changes could have an impact on future reserve balances.

We plan to include the 2026 CPF assessment on the B & A Committee's April 14, 2025 meeting agenda for action. If approved, the recommendation will be presented to the Board of Governors at the May 2-3, 2025 meeting.

Appendix A

Fiscal Year	Gifts To Injured Clients	Client Protection Fund Balance	Assessment Rate
2014	\$339,161	\$1,491,177	\$30
2015	\$490,357	\$2,144,289	\$30
2016	\$371,452	\$2,646,222	\$30
2017	\$318,584	\$3,242,299	\$30
2018	\$917,051	\$3,227,988	\$30
2019	\$379,818	\$3,816,144	\$30
2020	\$591,449	\$4,193,131	\$30
2021	\$499,637	\$4,046,247	\$10
2022	\$566,947	\$4,063,501	\$20
2023	\$342,424	\$4,513,398	\$20
2024	\$418,710	\$4,759,159	\$15
2025 Budget	\$500,000	\$5,000,335	\$20

Appendix B

Year	Assessment	Order
2025	\$20	25700-B-705
2024	\$15	25700-B-670
2023	\$20	25700-B-655
2022	\$20	25700-B-655
2021	\$10	25700-B-641, 25700-B-599
2010-2020	\$30	25700-B-587, 25700-B-496
2007-2009	\$15	
2001-2006	\$13	
1996-2000	\$10	

Appendix C

Statement of Financial Position

Unaudited
As of
12/31/2024

Assets

Checking Account	168,775
Accrued Interest Receivable	41,249
Money Market	2,790,747
Investments	2,466,671
Money Market	-
Total Assets	<u>5,467,443</u>

Liabilities and Net Assets

Approved gifts to injured clients payable	378,125
Liability to WSBA general fund	101,514
Net Assets	4,987,804
Total liabilities and net assets	<u>5,467,443</u>

Statement of Activities

Unaudited
As of
12/31/2024

Revenue

Restitution	13,967
Member Assessment	207,590
Interest	50,741
Total Revenue	<u>272,299</u>

Expenses

Misc.	(1,779)
Gifts to Injured Clients	-
CPF Board	-
Staff Membership Dues	-
Indirect (overhead)	46,407
Total Expense	<u>44,628</u>

Net Income (Expense)	227,670
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Statement of Changes in Net Assets

Balance at September 30, 2024	<u>4,759,353</u>
Net Income as of December 31, 2024	<u>227,670</u>
Balance as of December 31, 2024	<u>4,987,804</u>

Appendix D

Client Protection Fund Applications 2014-2023

Fiscal Year	# Of Members ¹	# Of Members With Approved Applications	# Of Applications Received	# Of Applications Approved	Gifts Approved
2014	31,495	14	141	44	\$337,160
2015	31,335	20	79	59	\$495,218
2016	32,969	16	56	44	\$253,228
2017	33,357	19	72	47	\$439,273
2018	33,858	18	119	46	\$926,434
2019	34,388	18	61	48	\$419,488
2020	34,905	16	57	33	\$586,266
2021	34,839	18	107	29	\$491,737
2022	33,121	13	49	33	\$587,815
2023	33,383	14	41	42	\$342,424

¹ Through December 31, 2018, only lawyers on Active status, pro hac vice, in-house counsel, house counsel, and foreign law consultants paid the assessment. Effective January 1, 2019, Limited Licensed Legal Technicians (LLLTs), also paid the assessment.

Appendix E

\$150k CPF Gift Payments - FY 2017 through November 2024

#	Attorney	Applicant	Application Amount	Status	Board Decision Date	Amount Paid	Unpaid
16-025	Gainer, Michael		244,207.00	Approved	11/8/2016	\$150,000	\$94,207.00
17-053	Neal, Christopher		262,815.00	Approved	5/7/2018	\$150,000	\$112,815.00
18-018	Johnson, Holly		430,000.00	Approved	11/6/2017	\$150,000	\$280,000.00
18-043	Siefkes, Michael		303,254.25	Approved	2/3/2020	\$150,000	\$153,254.25
18-098	Quick, Daniel		202,775.00	Approved	11/9/2020	\$150,000	\$52,775.00
19-043	Meade, Marcia		180,631.53	Approved	2/14/2022	\$150,000	\$30,631.53
			1,623,682.78			\$900,000	\$723,682.78

WASHINGTON STATE B A R A S S O C I A T I O N

Office of General Counsel

Brenda Jackson, Client Protection Fund Analyst

December 20, 2023

A Lynn Rivera
6947 Coal Creek, Pkwy, SE #187
Newcastle, WA 98059

Re: Client Protection Fund Application
CPF File No. 24-048

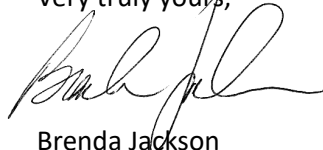
Dear Ms. Rivera:

Enclosed is a copy of the application to the Client Protection Fund filed by [REDACTED]

The Client Protection Fund Board meets periodically during the year to consider applications. Under APR 15 and the Fund Rules, you have 20 days from the date of this letter to respond to the application. A copy of the Fund Rules is enclosed for your information.

It is helpful to the Fund Board to know whether a member against whom a claim is made acknowledges that a debt is owed, and whether the member intends to compensate the client. Please confirm your position in your response. Moreover, you should be aware that if a gift is made from the the Fund, the applicant will be required to sign a subrogation agreement and we will seek reimbursement from you for sums expended by the Fund. We therefore look forward to receiving your response with 20 days of today's date.

Very truly yours,



Brenda Jackson
Client Protection Fund Analyst

BJ:bj
Enc.



WASHINGTON STATE
BAR ASSOCIATION

Office of General Counsel

Nicole Gustine, Assistant General Counsel

February 1, 2025



Re: Client Protection Fund Application
File No.: 24-048 Respondent: Aurora Lynn Rivera



I am pleased to inform you that the Client Protection Board Trustees have approved your application to the Fund in the amount of \$2,800 for losses sustained by you in dealing with member Aurora Lynn Rivera.

Before payment is made, we need to have the enclosed Subrogation Agreement signed, notarized, and returned to me. This is a legally binding document; please consult your lawyer. Although I cannot advise you, please feel free to call me if you have any questions.

Very truly yours,

A handwritten signature in cursive script that reads "N. Gustine".

Nicole Gustine
Assistant General Counsel

Enclosure
NG:bj

cc: Aurora Lynn Rivera



SUBROGATION AGREEMENT

In consideration of the sum of \$2,800 paid by the Washington State Bar Association Client Protection Fund ("Fund") to [REDACTED] ("Applicant"), for Applicant's loss occasioned by or arising out of Applicant's representation by respondent Aurora Lynn Rivera, Applicant assigns, transfers, and subrogates to the Washington State Bar Association ("Association") all rights, claims, interests, and rights of action to the extent of the amount above stated that Applicant may have against any party or person who, or firm or corporation that, may be liable for the loss. Applicant authorizes Association to sue, compromise, or settle in Applicant's name, and Association is fully substituted for Applicant and subrogated to all of Applicant's rights to the amount so paid. Any suit brought by Association may be brought in the name of Applicant, in the name of Association, or both, as Association in its sole judgment shall deem advisable.

In the event that the amount paid by Association to Applicant is not payment in full for all loss occasioned by or arising out of Applicant's representation by respondent Aurora Lynn Rivera, then any amount recovered by Association which remains in its hands after reimbursement to Association of the amount paid to Applicant, together with its costs of collection, shall be paid over to Applicant.

Applicant agrees to cooperate with Association in any efforts by Association in enforcing any claim, demand, cause of action, action, or suit related hereto against any party or person, firm or corporation. Applicant further agrees that all civil actions to be taken hereunder shall be under the full control of Association, and that Association may, in its sole discretion, prosecute, fail to prosecute, or abandon any such claim, demand, cause of action, action, or suit without the necessity of any consent or approval of the undersigned. Any action taken by Association shall be without charge or cost to Applicant.

Applicant warrants that no settlement has been made with any third party.

Applicant also agrees that if Applicant is subsequently reimbursed from another source in an amount that exceeds the difference between the principal misappropriated or not accounted for and the amount of this payment from the Fund, Applicant will repay the Fund that amount up to the amount of the payment from the Fund.

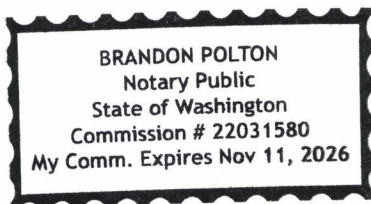
SIGNED AND SWORN to (or affirmed) before me on February 5th, 2025

By _____

Brandon Polton
NOTARY PUBLIC

My appointment expires: Nov 11, 2026

(seal)



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MAR 02 2022

WSBA Regulatory Services Dept.

BEFORE THE
LIMITED PRACTICE BOARD
OF THE
WASHINGTON STATE BAR ASSOCIATION

In re

A LYNN RIVERA,

Limited Practice Officer (LPO No. 846).

Proceeding No. LF22-00001

ODC File No. LP22-00003

Voluntary Cancellation in Lieu of Revocation
of A Lynn Rivera (ELPOC 9.2)

A Lynn Rivera, being duly sworn, hereby attests to the following:

1. I am over the age of eighteen years and am competent. I make the statements in this affidavit from personal knowledge.

2. I was admitted as a Limited Practice Officer (LPO) in the State of Washington on June 8, 1987.

3. I have voluntarily cancelled my certification as an LPO from the Washington State Bar Association (the Association) in lieu of further disciplinary proceedings under Rule 9.2 of the Rules for Enforcement of Limited Practice Officer Conduct (ELPOC).

4. Attached hereto as Exhibit A is Disciplinary Counsel's Statement of Alleged Misconduct for purposes of ELPOC 9.2(b). I am aware of the alleged misconduct stated in

1 Disciplinary Counsel's statement, but rather than defend against the allegations, I wish to
2 voluntarily cancel my certification as an LPO.

3 5. While not admitting to the alleged misconduct contained in Exhibit A, I agree that
4 the Board could prove by a clear preponderance of the evidence that I committed violations
5 sufficient to result in the revocation of my LPO certification. ELPOC 9.2(b)(1).

6 6. I am submitting with this affidavit a check in the amount of \$1,000 made out to the
7 Washington State Bar Association as payment for expenses and costs under to ELPOC 9.2(f), or
8 I am submitting with this affidavit an executed confession of judgment or deed of trust in the
9 amount of \$1,000.

10 7. I agree to pay any additional costs and expenses or restitution that may be ordered
11 by the Discipline Committee under ELPOC 9.2(g).

12 8. I understand that my voluntary cancellation is permanent and that any future
13 application by me for reinstatement as an LPO is currently barred. If the Supreme Court changes
14 this rule or an application is otherwise permitted in the future, it will be treated as an application
15 by one whose certification has been revoked for ethical misconduct, and that, if I file an
16 application, I will not be entitled to a reconsideration or reexamination of the facts, complaints,
17 allegations, or instances of alleged misconduct on which this voluntary cancellation was based.

18 9. I agree to (a) notify all other professional licensing agencies in any jurisdiction from
19 which I have a professional license of this voluntary cancellation in lieu of revocation; (b) seek
20 to resign permanently from any such license; and (c) provide Disciplinary Counsel or the Clerk
21 with copies of any of these notifications and any responses.

22 10. I agree that when applying for any employment or license, I will disclose the
23 voluntary cancellation in lieu of revocation in response to any question regarding disciplinary

1 action or the status of my limited license to practice law.

2 11. I understand that my voluntary cancellation becomes effective on Disciplinary
3 Counsel's endorsement and filing of this document with the Clerk, and that under ELPOC 9.2(c)
4 Disciplinary Counsel must do so promptly following receipt of this document and either payment
5 of costs and expenses or any executed confession of judgment or deed of trust.

6 12. When my voluntary cancellation becomes effective, I agree to be subject to all
7 restrictions that apply to an LPO whose certification has been revoked.

8 13. Upon filing of my voluntary cancellation, I agree to comply with the same duties
9 under Title 14 of the ELPOC as an LPO whose license has been revoked and comply with all
10 restrictions that apply to an LPO whose license has been revoked.

11 14. I understand that, after my voluntary cancellation becomes effective, it is permanent.
12 I will never be eligible to apply and will not be considered for admission to the practice of law
13 nor will I be eligible for admission or reinstatement for any limited practice of law.

14 15. I certify under penalty of perjury under the laws of the State of Washington that the
15 foregoing is true and correct.

16 2/25/2022
Date and Place

A Lynn Rivera
A Lynn Rivera, Bar No. 846LPO

17 SUBSCRIBED AND SWORN to before me on this 25th day of February, 2022.



May L Cleaver
NOTARY PUBLIC for the state of Washington, residing at
Newcastle, Wa.

23 My commission expires: 11-16-2024

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ENDORSED BY:



Henry Cruz, Disciplinary Counsel
Bar No. 38799

EXHIBIT A

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7 BEFORE THE
8 LIMITED PRACTICE BOARD
9 OF THE
10 WASHINGTON STATE BAR ASSOCIATION

11 In re

12 A LYNN RIVERA,

13 Limited Practice Officer (LPO No. 846).

Proceeding No. LF22-00001

ODC File No. LP22-00003

STATEMENT OF ALLEGED
MISCONDUCT UNDER ELPOC 9.2(b)(1)

14
15 The following constitutes a Statement of Alleged Misconduct under Rule 9.2(b)(1) of the
16 Rules for Enforcement of Limited Practice Officer Conduct (ELPOC).

17 I. ADMISSION TO PRACTICE

18 1. Respondent A Lynn Rivera was admitted as a Limited Practice Officer (LPO) in the
19 State of Washington on June 8, 1987.

20 II. ALLEGED FACTS

21 2. Respondent is the owner of Escrow Services of Washington, LLC (Escrow
22 Services).

23 3. On or about January 29, 2021, the Washington State Department of Financial

1 Institutions, Division of Consumer Service (DFI) licensed Respondent as an escrow officer and
2 Escrow Services as an escrow agent. Escrow Services designated Respondent as its designated
3 escrow officer (DEO).

4 4. As DEO and sole employee of Escrow Services, Respondent is solely responsible
5 for supervising Escrow Services' escrow transactions and escrow accounts.

6 5. Respondent maintained a bank account, ending in 6181, at Key Bank for the deposit
7 of client or third person funds held by Escrow Services.

8 6. In October 2021, Key Bank issued two Notices of Insufficient Funds for
9 Respondent's account ending in 6181. The notices stated that the balance in Respondent's
10 account was not enough to cover checks presented for payment.

11 7. In September and October 2021, Respondent knowingly made multiple
12 unauthorized disbursements of client and/or third person escrow funds via wire transfers to
13 unknown parties unrelated to the client and/or third party. The total loss of client and/or third
14 person escrow funds is estimated to be \$1,968,869.50.

15 8. In October 2021, when closing disbursements from Escrow Services were not being
16 made, Respondent initially explained to clients that Escrow Services' bank account had been
17 hacked. Respondent knew this statement to clients was false at the time it was made.

18 9. On November 10, 2021, Respondent sent two clients an email in which Respondent
19 admitted that "I was not very truthful when I said there was a problem with my bank" and further
20 stated that Respondent had willfully transferred the client funds to unknown parties under duress.

21 10. In a letter dated November 12, 2021 to clients, Respondent stated that Respondent
22 was the victim of extortion, which led to Respondent's failure to disburse escrow funds to the
23 appropriate parties. Respondent further stated in the letter that Respondent was sorry for "this

1 major lapse in judgment” and “unspeakable mistake” and that Respondent would “reimburse
2 every penny that has been taken from the aggrieved party.”

3 11. On November 18, 2021, DFI issued a Temporary Order to Cease and Desist and
4 Take Affirmative Action, ordering Respondent and Escrow Services to, *inter alia*, immediately
5 cease and desist from accepting new escrow service customers and not accept or disperse any
6 funds from the escrow accounts or general operating account. The order is still in effect.

7 12. On February 14, 2022, Respondent changed Respondent’s LPO status to inactive.


8 **III. ALLEGED MISCONDUCT.**

9 13. By knowingly making a false statement of material fact to clients and/or other parties
10 in the course of performing LPO services, Respondent violated Rule 1.7 of the Limited Practice
11 Officer Rules of Professional Conduct (LPORPC), LPORPC 1.10(c), and LPORPC 1.10(i) for
12 violating RCW 18.44.301(4).

13 14. By converting funds belonging to clients and/or third persons for Respondent’s own
14 use, Respondent violated LPORPC 1.12A(b).

15 15. By failing to promptly disburse escrow funds to clients and/or third parties,
16 Respondent violated LPORPC 1.12A(f).

17
18 DATED this 25th day of February, 2022.

19 
20 _____
21 Henry Cruz, Bar No. 38799
22 Disciplinary Counsel
23

THE SUPREME COURT OF WASHINGTON

ORDER ON THE JOINT)
ADMINISTRATION POLICY BETWEEN)
THE WASHINGTON STATE BAR)
ASSOCIATION AND THE SUPREME)
COURT BOARDS)
_____)

ORDER

NO. 25700-B-731

The Washington Supreme Court has plenary authority over the practice of law in Washington. The Washington State Bar Association (WSBA) serves under the delegated authority of the Court in regulating and administering licenses to practice law in Washington and effectuating other purposes and functions as set forth in General Rule (GR) 12 and 12.1 – 12.5.

On April 2, 2025, the Court reviewed a proposed Joint Administration Policy Between the Washington State Bar Association and the Supreme Court Boards approved by the Board of Governors at its July 19, 2024, meeting.

NOW, THEREFORE, IT IS HEREBY ORDERED:

That the Joint Administration Policy Between the Washington State Bar Association and the Supreme Court Boards, as described above and as provided in the attached copy of the policy, is approved by this Court and shall be given full force and effect.

DATED at Olympia, Washington this 4th day of April, 2025.

For the court


CHIEF JUSTICE

Joint Administration Policy Between the Washington State Bar Association and the Supreme Court Boards

1.0 Introduction

Under Washington State Court [General Rule 12.3](#), the Supreme Court (Court) delegates to the Washington State Bar Association (WSBA),

“[t]he authority and responsibility to administer certain boards and committees established by court rule or order. This delegation of authority includes providing and managing staff, overseeing the boards and committees to monitor their compliance with the rules and orders that authorize and regulate them, paying expenses reasonably and necessarily incurred pursuant to a budget approved by the Board of Governors, performing other functions and taking other actions as provided in court rule or order or delegated by the Supreme Court, or taking other actions as are necessary and proper to enable the board or committee to carry out its duties or functions.”

Supreme Court Boards (Boards) report directly to the Court. The duties and functions these Boards perform on behalf of the Court are important to the public, the Court, and WSBA and its members.

2.0 Scope

This policy applies to all current and future Supreme Court Boards administered by WSBA.

3.0 Board Independence

Supreme Court Boards are created by and derive their authority from the Washington Supreme Court. Boards set their own priorities and goals and determine how to carry out their duties and functions as authorized by the Supreme Court. Boards' independence does not limit WSBA's authority or responsibilities under GR 12.3 or to direct its own activities, including taking action to protect the WSBA from liability.

3.1 Effect of Court Rules and Statutes on Board or Committee Independence

Boards are subject to Washington Statutes, and Washington court rules and orders, including such court orders or rules that authorized the Board, and which regulate each Board's duties and functions. This specifically includes GR 12.4 governing records and public access to records.

3.2 WSBA's Administration of Boards

WSBA recognizes that GR 12.3 provides each Board independence in terms of carrying out its activities consistent with any Court order or rule authorizing its existence. WSBA and the Boards will work cooperatively and maintain respect for the Boards' independence as needed to ensure that the Boards can carry out

their duties and functions as authorized by the Supreme Court and that the WSBA can fulfill its duties under GR 12.3.

3.3 Communication with the Public

WSBA acknowledges that Boards have the authority to communicate with the public. Boards will not state that any communication is being made on behalf of WSBA. Boards will not use WSBA letterhead for any public communication. Boards will not knowingly engage in any communications that would subject the WSBA to liability. If there is a reasonable question as to the risk a communication might pose, Boards will seek input from the Executive Director prior to publishing or distributing the communication. The prohibition on using WSBA letterhead does not apply to communications related to regulatory matters.

3.4 Lobbying Activities

WSBA acknowledges that Boards, in order to carry out their mission, may take positions on matters of public interest. These positions may include communicating with federal, state, and local governmental and community leaders. Constitutional limitation on the use of compelled license fees apply to the Boards' activities to the extent that they are funded by license fees.

3.5 WSBA Policy Changes

When there is proposed change to a WSBA policy, a proposed adoption of a new WSBA policy, or a WSBA proposal to change a Court rule, that the Executive Director believes will directly affect a Board's activities or functions, The Executive Director or their designee will notify the potentially affected Board(s) of the proposal as soon as is practicable and prior to final action, so each Board shall have the opportunity for comment with the Board of Governors, the Executive Director, and the Court.

3.6 Board Action

When a Board is considering taking action that it believes may expose the WSBA to liability, the Board chair will take steps to ensure that the WSBA Executive Director receives notice of the proposed action. The notice will be given so that the WSBA will have adequate time to provide input into the Board's decision-making process.

4.0 Staffing

The Executive Director provides and manages staff for each Board.

4.1 Staff Liaison

The Executive Director shall assign a staff member to serve as a Staff Liaison to each Board. The Staff Liaison shall serve as the primary contact between the Board and WSBA. The Executive Director shall allocate additional staff time to

support each Board in carrying out its duties and functions based on the projected workload for the Board and overall WSBA capacity.

4.2 Staff Liaison Responsibilities and Duties

The WSBA Staff Liaison will work with the Board and make available other WSBA resources as needed and available given WSBA's overall capacity.

The Staff Liaison is not a member of the Board. The Staff Liaison will not vote on matters before a Board that requires Board approval. The presence or absence of the Staff Liaison at any meeting does not affect the quorum for a meeting.

Although a Staff Liaison represents WSBA to the Board it is not the responsibility of the Staff Liaison to direct how the Board proceeds.

4.3 Staff Liaison and Support Personnel are WSBA Employees

Staff Liaisons supporting a Board are WSBA employees and will be hired and have their job performance evaluated per the WSBA Employee Handbook and other WSBA personnel policies.

When evaluating the performance of WSBA staff, the Executive Director, through their representative, should solicit feedback from each Board regarding the performance of the Staff Liaison and any supporting staff working with that Board.

The Board is not involved in the hiring of WSBA staff. However, with any employee whose primary or exclusive role is to support the duties and functions of a Board, WSBA should seek and may receive input from the Board as to skills and experience required for the role.

4.4 Board or Committee Membership

Each Board or Committee will add members to the Board and Committee per the Court rule or order that authorized and regulates the Board or Committee.

4.5 Board of Governors Liaison

The WSBA President may appoint a liaison between the Board of Governors and a Board.

The Board of Governor Liaison is not a member of the Board. They will not vote on matters before a Board that require Board approval. The presence or absence of the Board of Governors Liaison does not affect the quorum for a meeting.

4.6 Internal Structure of a Board

Unless otherwise defined by the court order or rule which authorizes and regulates a Board, the internal structure, such as the creation of subcommittees and appointment of members to such subcommittees, designating a chair or sub-chairs, and other decisions about how the Board conducts its duties and functions, is the sole province of each Board.

5.0 Oversight and Compliance Monitoring

Consistent with GR 12.3, WSBA shall oversee and monitor the compliance of Court Boards with the court rules and orders which authorize and regulate it. This includes GR 12.4 and First Amendment limitations relating to use of compelled license fees.

5.1 Reporting to the Court and WSBA

Boards shall submit an annual report to the Court and submit a copy of the report to the Executive Director and the Board of Governors. Boards shall submit other reports as stated in the court rules and orders authorizing them.

If the court rule or order which authorizes or regulates each Board is silent on the structure of an annual report the Board shall decide the format of the report.

5.2 Resolving Compliance Issues

5.2.1 Good Faith Standard—First Attempt to Resolve

If the Staff Liaison has a good faith belief that a Board is not complying with the court rules or orders which authorize and regulate the Board, the Staff Liaison shall first attempt to resolve the matter with the Board.

5.2.2 Escalation to Executive Director

If resolution fails and/or if the Staff Liaison is unable to address the matter directly, the Staff Liaison shall report any perceived non-compliance issue to the WSBA Executive Director who should attempt to work directly with the Board to resolve the issue.

5.2.3 Escalation to the Court

If these parties cannot resolve the matter, it may be presented to the Court for resolution.

6.0 Budget and Expenditures

6.1 Annual WSBA Budget Process

The Staff Liaison works collaboratively with the Board, and the Executive Director or their designee, to develop a budget that will allow the Board to fulfill its duties and functions, consistent with the rules and orders that authorize and regulate the Board.

The Board's budget will be submitted for approval to the Board of Governors as part of WSBA's overall budget.

WSBA and the Board of Governors cannot pass a budget for a Board without an opportunity for the Board to provide input to the WSBA and Board of Governors.

6.2 Funding Outside the Annual Budget Process

A Board may request additional funding outside of the budget cycle.

Such requests should be submitted to the Executive Director and will be considered by the Executive Director, the Budget & Audit Committee, or Board of Governors as authorized by WSBA Fiscal Policies & Procedures.

6.3 Funding a Board Duties and Functions as Described by GR 12.3

All reasonable and necessary Board duties and functions as defined by each Board's court order or rule must remain funded at a level that ensures the duties and functions can be met. The Boards acknowledge that WSBA has the authority to establish the budget for the WSBA and the Boards. The WSBA acknowledges that this authority cannot be used to interfere with a Board's independence as defined in section 3.0.

6.4 Board Fundraising

A Board may seek additional funding, above and beyond the funding which WSBA provides, including grants for a particular duty or function from a government, private, or public sector entity.

If a Board raises such funds, then WSBA shall not reduce the budget of the Board because of the funds raised, unless it is for the same work.

As a Board is not a legal entity entitled to have and manage a bank account, the Board will need to seek the approval of WSBA, the Washington State Bar Foundation (WSBF), or with the approval of WSBA or the Court another appropriate entity to accept and manage such funds on behalf of the Board.

7.0 Other Actions

Consistent with GR 12.3, WSBA may engage in other activities that are necessary and proper to enable Boards to carry out their duties and functions consistent with the overall capacity of WSBA. This might include access to other WSBA resources and teams, including communication channels, design and publication services, website presence, financial analysis, WSBA technology, and continuing legal education.

8.0 Immunity & Indemnification

8.1 Immunity

If a court order or rule that authorizes and regulates a Board extends immunity to the Board and the members serving on a Board, WSBA shall cooperate with the Board and the Court to provide and defend such immunity.

8.2 Indemnification from Lawsuits

WSBA Bylaw Article XIV indemnification applies to members of court created boards described by this policy to the same extent as volunteers appointed by the WSBA.