Client Protection Fund Board of Trustees
State Bar of Arizona
4201 N. 24th Street, Suite 100
Phoenix, Arizona 85016

November 5, 2018
10:00 a.m. – Agave Room

Meeting Minutes
(Approved January 22, 2019)

MEMBER ATTENDANCE: P = present in person; T = present telephonically; A= absent.

☒ Rosemary Rosales (P)
☒ James Penny (P)
☒ Robert Schmitt (P)
☒ Matthew Gerst (P)
☒ Sandra Etherton (P)

OTHER ATTENDEES:

Guests: None
State Bar Staff: Karen Oschmann, CPF Administrator
Kathy Gerhart, CFO
Lisa Panahi, General Counsel
Patricia Seguin, Legal Services Manager

Minutes taken by: Karen Oschmann, CPF Administrator

PUBLIC SESSION

I. CALL TO ORDER
   Called to Order by: Rosemary Rosales
   Time: 10:10 a.m.

II. REVIEW AND APPROVAL OF MEETING MINUTES

Individuals addressing the Board of Trustees: None

Discussion: The August 27, 2018 CPF meeting minutes were reviewed by the Trustees.

Motion: To approve the August 27, 2018 CPF meeting minutes
Made by: Robert Schmitt
Seconded by: Matthew Gerst
Motion: Passed – unanimous
III. FINANCIAL UPDATE

Individuals addressing the Board of Trustees: Kathy Gerhart, James Penny

Discussion: James Penny reported that the Fund’s third quarter cash on hand, $196,213, is nearly equal to the cash on hand at the end of 2017, and the CDARs balances are comparable as well. Dividends are up due to steadily increasing interest rates, and the Fund’s total assets are currently approximately $2.6 million. The Fund has paid approximately $242,000 in claims in the first three quarters of 2018, which is about $40,000 less than budgeted for 2018. With the claims approved at this meeting, the Fund is on track to pay out more in claims than originally budgeted for 2018.

Kathy Gerhart reported that a request for proposal was recently sent out for a new auditor. The applicants were narrowed down to three, and the Finance Committee chose Mayer Hoffman.

One of the Fund’s CDs is maturing on November 30, 2018, and after consideration of the claims on this meeting’s agenda, the Trustees discussed withdrawing money from that CD for payment of claims and the SBA invoice, and reinvesting the remaining amount for 52 weeks.

Motion: That $200,000 be withdrawn from the CD maturing on November 30, 2018, and the remaining $406,000 be reinvested for a term of 52 weeks.
Made by: Matthew Gerst
Seconded by: Robert Schmitt
Motion: Passed – unanimous

IV. APPROVAL OF THIRD QUARTER 2018 STATE BAR INVOICE

Discussion: The State Bar invoice for the third quarter 2018 was presented for payment approval.

Motion: To approve payment of the third quarter 2018 State Bar invoice.
Made by: Robert Schmitt
Seconded by: Sandra Etherton
Motion: Passed – unanimous

V. LITIGATION UPDATE

Individuals addressing the Board of Trustees: Lisa Panahi

Discussion: State Bar General Counsel, Lisa Panahi, reported on the complaint filed by former CPF respondent lawyer, Devin Andrich, against the State Bar of Arizona and the Client Protection Fund. The complaint is still in the statutory screening phase at the District Court. Counsel selected by our insurance provider is Greg Fairbourn, with Bonnett Fairbourn Friedman & Balint, PC. Lisa will keep the Trustees updated on any movement in the case.

Motion: N/A
Made by: N/A
Seconded by: N/A
Motion: N/A
VI. 2019 TRUSTEE MEETING SCHEDULE

Individuals addressing the Board of Trustees: Karen Oschmann

Discussion: The Trustees discussed various dates for the 2019 Trustee meetings, and the following meeting dates will be scheduled by Karen Oschmann: January 22, 2019, May 21, 2019, August 20, 2019, and November 19, 2019.

Motion: N/A
Made by: N/A
Seconded by: N/A
Motion: N/A

VII. NATIONAL CLIENT PROTECTION ORGANIZATION WORKSHOP

Individuals addressing the Board of Trustees: Karen Oschmann, Sandra Etherton

Discussion: Karen Oschmann reported on various topics discussed at the NCPO Workshop, which was held in Phoenix on September 17-18, 2018. Sandra Etherton reported that other jurisdictions are experiencing large numbers of claims against aging or deceased lawyers. Sandra will track similar claims considered over the next several meetings to see if this is an upcoming trend in Arizona as well.

Motion: N/A
Made by: N/A
Seconded by: N/A
Motion: N/A

VIII. ADMINISTRATOR’S QUARTERLY UPDATE

Individuals addressing the Board of Trustees: Karen Oschmann

Discussion: Karen Oschmann reported that there are 29 open claims, as of November 5, 2018 – two are pending review; one is stayed on a discipline hold; two are pending appeal from administrative denials; and 24 are in investigation.

Motion: N/A
Made by: N/A
Seconded by: N/A
Motion: N/A

EXECUTIVE SESSION – 11:07 a.m.

IX. CLAIMS CONSIDERATION

Discussion: The Trustees considered and decided on the following claims:
<table>
<thead>
<tr>
<th>Claim No.</th>
<th>Lawyer</th>
<th>Action Taken</th>
</tr>
</thead>
<tbody>
<tr>
<td>CPF-17-0086</td>
<td>John F. Goodson (deceased)</td>
<td>Approved $42,098.00</td>
</tr>
<tr>
<td>CPF-18-0003</td>
<td>James F. Brook (deceased)</td>
<td>Approved $83,333.33</td>
</tr>
<tr>
<td>CPF-18-0001</td>
<td>James F. Brook (deceased)</td>
<td>Approved $29,781.10</td>
</tr>
<tr>
<td>CPF-18-0019</td>
<td>Guy F. Brown (deceased)</td>
<td>Approved $3,990.00</td>
</tr>
<tr>
<td>CPF-18-0006</td>
<td>Harry P. Friedlander</td>
<td>Denied – Fee Dispute</td>
</tr>
<tr>
<td>CPF-18-0002</td>
<td>Jeffrey H. Greenberg</td>
<td>Approved $100,000.00</td>
</tr>
<tr>
<td>CPF-18-0013</td>
<td>Thomas F. Kelley</td>
<td>Denied – No client-lawyer relationship</td>
</tr>
<tr>
<td>CPF-18-0024</td>
<td>Tim Mackey</td>
<td>Approved $3,700</td>
</tr>
<tr>
<td>CPF-18-0025</td>
<td>Jesse Santana Wulsin</td>
<td>Approved $3,000</td>
</tr>
<tr>
<td>CPF-18-0030</td>
<td>Eric W. Messinger</td>
<td>Approved $300</td>
</tr>
<tr>
<td>CPF-18-0014</td>
<td>Eric W. Messinger</td>
<td>Approved $335</td>
</tr>
<tr>
<td>CPF-18-0023</td>
<td>Judd S. Nemiro</td>
<td>Approved $4,999.12</td>
</tr>
<tr>
<td>CPF-18-0010</td>
<td>Judd S. Nemiro</td>
<td>Approved $4,980.00</td>
</tr>
<tr>
<td>CPF-18-0004</td>
<td>Judd S. Nemiro</td>
<td>Denied – Fee Dispute</td>
</tr>
<tr>
<td>CPF-18-0016</td>
<td>Yuri B. Nielsen</td>
<td>Denied – Per attorney cap reached</td>
</tr>
<tr>
<td>CPF-18-0011</td>
<td>Lyndon B. Steimel</td>
<td>Approved $10,000.00</td>
</tr>
<tr>
<td>CPF-18-0017</td>
<td>Lyndon B. Steimel</td>
<td>Denied – Business claim</td>
</tr>
<tr>
<td>CPF-18-0009</td>
<td>Charlene Tarver</td>
<td>Approved $5,000.00</td>
</tr>
<tr>
<td>CPF-18-0007</td>
<td>James Roger Wood</td>
<td>Approved $1,750.00</td>
</tr>
<tr>
<td>CPF-18-0027</td>
<td>David R. Wroblewski</td>
<td>Approved $2,438.00</td>
</tr>
<tr>
<td>CPF-18-0021</td>
<td>Olga Zlotnik (deceased)</td>
<td>Approved $5,000.00</td>
</tr>
<tr>
<td>CPF-18-0028</td>
<td>Olga Zlotnik (deceased)</td>
<td>Approved $1,500.00</td>
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**PUBLIC SESSION – 12:00 p.m.**

**X. READING OF CLAIM DECISIONS**  – Rosemary Rosales

**XI. CALL TO THE PUBLIC**

Individuals addressing the Board of Trustees: None

**XII. ADJOURN**

**Motion:** To adjourn the meeting.  
**Made by:** Robert Schmitt  
**Seconded by:** Matthew Gerst  
**Motion:** Passed - unanimous

**Meeting adjourned by:** Rosemary Rosales  
**Time:** 12:15 p.m.