



MEMORANDUM

DATE: August 22, 2014
TO: Board of Trustees
FROM: Christine Wong, Finance Director
SUBJECT: Status of Applications Activities – Client Security Fund
For the Year Ended June 30, 2014

Attached for your review are a series of reports for the applications activity within the Client Security Fund for the quarter ended June 30, 2014. These reports include:

- Applications Activity for the quarter ended June 30, 2014
- Applications Aging Report
- Cumulative Applications Aging Report
- 24 Month Rolling Average of Applications Paid
- Analysis of New Applications Paid, Rejected or Withdrawn

As of June 30, a total of 904 new applications in the amount of \$11.0 million were filed in 2014. The number of applications filed is down by 7.7% compared to 979 applications filed in the second quarter of 2013, and the application amount increased by \$1.3 million, or 13.4% compared to \$9.7 million filed as of June 30, 2013.

Total applications processed for the second quarter ended June 30, 2014 are 1,223 for approximately \$13.2 million. Total payouts for the reported quarter are \$4.8 million, up by \$1.2 million compare to last year. Total application pending for processing as of June 30, 2014 is 6,023 applications in the amount of \$48.6 million, and for the same period in 2013, there were 7,426 pending applications in the amount of \$55.7 million. Number of applications pending for processing for the reporting quarter is down by 1,403 or 18.9% compared to last year. This is a result of a Board's decision in 2013 to devote additional financial resources to mitigate the pending application waiting time.

For this report, the Office of Finance estimates the application payout based on a rolling average of 24 month historical applications payout ratio, currently 39.43%. Total applications outstanding as of June 30, 2014 are 6,023 for \$48.6 million. Applying the rolling average applications payout ratio to the outstanding application amounts, the estimated application payout as of June 30, 2014 are \$19.2 million, a decreased of \$6.5 million or 25.3% compared to \$25.7 million last year.

As of June 30, 2014, cash and investments available for applications reimbursement are approximately \$7.3 million. Estimated application payout for the reporting quarter is \$19.2 million, which exceeds the cash and investment available by \$11.9 million.

If you have any questions or would like additional information, please contact Christine Wong at Christine.wong@calbar.ca.gov.

THE STATE BAR OF CALIFORNIA
CLIENT SECURITY FUND
STATUS ON APPLICATIONS ACTIVITIES

June 30, 2014
YEAR TO DATE ACTIVITIES

	#	\$1-2500	#	\$2,501-5,000	#	\$5,001-10,000	#	\$10,001- 25,000	#	\$25,001-49,999	#	\$50,000	#	\$50,001 -	#	TOTAL
Prior Years' Applications	1,550	\$ 2,876,812.31	3,077	\$11,520,088.35	915	\$ 6,435,873.36	434	\$ 6,965,621.51	126	\$ 4,311,235.87	86	\$ 4,300,000.00	154	\$ 14,399,808.97	6,342	\$50,809,440.37
New Applications '14	198	\$ 342,231.41	349	\$ 1,317,458.92	153	\$ 1,093,818.05	98	\$ 1,625,268.42	34	\$ 1,246,290.77	29	\$ 1,450,000.00	43	\$ 3,933,035.81	904	\$11,008,103.38
Paid Applications '14	(166)	(\$297,622.53)	(317)	(\$1,123,487.89)	(98)	(\$649,287.09)	(60)	(\$755,353.41)	(19)	(\$478,590.99)	(5)	(\$206,525.46)	(15)	(\$1,272,768.97)	(680)	(\$4,783,636.34)
Rejected Applications '14	(8)	(\$25,583.07)	(9)	(\$76,446.77)	(8)	(\$158,594.78)	(17)	(\$476,933.58)	(5)	(\$329,519.59)	(3)	(\$240,674.54)	(6)	(\$778,639.03)	(56)	(\$2,086,391.36)
Withdrawn Applications '14	(141)	(\$246,779.43)	(176)	(\$601,351.61)	(61)	(\$461,386.47)	(44)	(\$681,484.63)	(11)	(\$431,878.63)	(35)	(\$1,750,000.00)	(19)	(\$2,135,000.00)	(487)	(\$6,307,880.77)
Applications Outstanding	1,433	<u>\$2,649,058.69</u>	2,924	<u>\$11,036,261.00</u>	901	<u>\$6,260,423.07</u>	411	<u>\$6,677,118.31</u>	125	<u>\$4,317,537.43</u>	72	<u>\$3,552,800.00</u>	157	<u>\$14,146,436.78</u>	6,023	<u>\$48,639,635.28</u>
New applications % to total	21.90%	3.11%	38.61%	11.97%	16.92%	9.94%	10.84%	14.76%	3.76%	11.32%	3.21%	13.17%	4.76%	35.73%	100.00%	100.00%
Applications paid % to total	24.41%	6.22%	46.62%	23.49%	14.41%	13.57%	8.82%	15.79%	2.79%	10.00%	0.74%	4.32%	2.21%	26.61%	100.00%	100.00%
Applications rejected or withdrawn % to total	27.44%	3.24%	34.07%	8.07%	12.71%	7.39%	11.23%	13.80%	2.95%	9.07%	7.00%	23.71%	4.60%	34.71%	100.00%	100.00%
Applications outstanding % to total	23.79%	5.45%	48.55%	22.69%	14.96%	12.87%	6.82%	13.73%	2.08%	8.88%	1.20%	7.30%	2.61%	29.08%	100.00%	100.00%

**THE STATE BAR OF CALIFORNIA
CLIENT SECURITY FUND
APPLICATIONS AGING REPORT**

**As of June 30, 2014
(By Year)**

Yea Application Filed	#	Gross Applications Prior Year	#	Current Year	#	Applications Paid	#	Applications Rejected or Withdrawn	#	Total Applications Processed	#	Applications Outstanding
2007	1	50,000.00			0	0.00	(1)	(50,000.00)	(1)	(50,000.00)	0	0.00
2008	2	51,605.00			0	0.00	(1)	(50,000.00)	(1)	(50,000.00)	1	1,605.00
2009	451	1,470,856.76			(2)	(6,795.00)	(15)	(78,506.94)	(17)	(85,301.94)	434	1,385,554.82
2010	858	3,476,689.72			(94)	(423,916.87)	(76)	(507,867.93)	(170)	(931,784.80)	688	2,544,904.92
2011	1406	9,853,462.86			(243)	(1,884,200.49)	(134)	(1,557,375.56)	(377)	(3,441,576.05)	1029	6,411,886.81
2012	1768	16,159,519.44			(245)	(1,892,242.21)	(122)	(1,702,998.13)	(367)	(3,595,240.34)	1401	12,564,279.10
2013	1,856	19,747,306.59			(89)	(535,511.77)	(139)	(2,758,990.35)	(228)	(3,294,502.12)	1628	16,452,804.47
2014		-	904	\$11,008,103.38	(7)	(40,970.00)	(55)	(1,688,533.22)	(62)	(1,729,503.22)	842	9,278,600.16
TOTAL	6342	50,809,440.37	904	11,008,103.38	(680)	(4,783,636.34)	(543)	(8,394,272.13)	(1,223)	(13,177,908.47)	6023	48,639,635.28
Average		\$8,012		5,744,315.78 \$12,177		(3,058,752.02) \$7,035		(3,372,144.48) \$15,459		\$10,775		\$8,076

Estimated Application Payout Ratio: **39.43%**
Estimated Application Liability: **\$19,178,608**

THE STATE BAR OF CALIFORNIA
CLIENT SECURITY FUND
CUMULATIVE APPLICATIONS AGING REPORT

As of June 30, 2014
(Cumulative)
YEAR TO DATE

Year Application Filed	#	Gross Applications Prior Years	#	Current Year	#	Applications Paid	#	Applications Rejected or Withdrawn	#	Total Applications Processed	#	Applications Outstanding
2007 Only	1	50,000.00	0	-	(1)	(50,000.00)	(1)	(50,000.00)	(1)	(50,000.00)	0	0.00
2007-2008	3	101,605.00	0	-	(2)	(100,000.00)	(2)	(100,000.00)	(2)	(100,000.00)	1	1,605.00
2007-2009	454	1,572,461.76	(2)	(6,795.00)	(17)	(178,506.94)	(19)	(185,301.94)	(19)	(185,301.94)	435	1,387,159.82
2007-2010	1,312	5,049,151.48	(96)	(430,711.87)	(93)	(686,374.87)	(189)	(1,117,086.74)	(189)	(1,117,086.74)	1,123	3,932,064.74
2007-2011	2,718	14,902,614.34	(339)	(2,314,912.36)	(227)	(2,243,750.43)	(566)	(4,558,662.79)	(566)	(4,558,662.79)	2,152	10,343,951.55
2007-2012	4,486	31,062,133.78	(584)	(4,207,154.57)	(349)	(3,946,748.56)	(933)	(8,153,903.13)	(933)	(8,153,903.13)	3,553	22,908,230.65
2007-2013	6,342	50,809,440.37	(673)	(4,742,666.34)	(488)	(6,705,738.91)	(1,161)	(11,448,405.25)	(1,161)	(11,448,405.25)	5,181	39,361,035.12
2007-2014			904	\$11,008,103.38	(680)	(4,783,636.34)	(543)	(8,394,272.13)	(1,223)	(13,177,908.47)	6,023.00	48,639,635.28

Applications as of June 30, 2014

	Net Asset in Client Security Fund :
As of 12/31/2013	5,575,542
As of 6/30/2014	7,298,918

*The number of rejected applications only reflects those applications that were 100% rejected or withdrawn.

**THE STATE BAR OF CALIFORNIA
CLIENT SECURITY FUND
24 MONTH ROLLING AVERAGE
OF APPLICATIONS PAID RATIO
Period of: July 12 through Jun 14**

Month Covered	PAID APPLICATIONS		Rolling Average	REJECTED / WITHDRAWN APPLICATIONS			PROCESSED		Total Percentage	
	Amount	Mo. Ave. Payout Ratio		Paid Total	Amount	Withdrawn Total	% To Total	Total Amount		Total Amount
JUL 12	460,277	32.57%		11,217,038	952,733	11,789,283	67.43%	1,413,010	23,006,321	100.00%
AUG 12	836,902	50.78%		12,053,940	811,045	12,600,328	49.22%	1,647,947	24,654,268	100.00%
SEPT 12	636,173	67.37%		12,690,113	308,130	12,908,458	32.63%	944,303	25,598,571	100.00%
OCT 12	558,062	51.29%		13,248,175	529,948	13,438,406	48.71%	1,088,010	26,686,581	100.00%
NOV 12	877,692	43.03%		14,125,867	1,162,110	14,600,516	56.97%	2,039,802	28,726,383	100.00%
DEC 12	564,631	31.89%		14,690,498	1,206,037	15,806,553	68.11%	1,770,668	30,497,051	100.00%
JAN 13	1,031,345	71.72%		15,721,843	406,678	16,213,231	28.28%	1,438,023	31,935,074	100.00%
FEB 13	337,007	35.17%		16,058,850	621,082	16,834,313	64.83%	958,089	32,893,163	100.00%
MAR 13	411,985	22.26%		16,470,835	1,438,752	18,273,065	77.74%	1,850,737	34,743,900	100.00%
APR 13	884,482	46.56%		17,355,317	1,015,172	19,288,237	53.44%	1,899,654	36,643,554	100.00%
MAY 13	293,856	18.49%		17,649,173	1,295,106	20,583,343	81.51%	1,588,962	38,232,516	100.00%
JUN 13	671,429	36.28%		18,320,602	1,179,476	21,762,819	63.72%	1,850,905	40,083,421	100.00%
JUL 13	2,469,803	60.85%		20,790,405	1,588,756	23,351,575	39.15%	4,058,559	44,141,980	100.00%
AUG 13	1,931,300	60.18%		22,721,705	1,278,079	24,629,654	39.82%	3,209,379	47,351,359	100.00%
Sept 13	399,005	34.94%		23,120,710	742,967	25,372,621	65.06%	1,141,972	48,493,331	100.00%
Oct 13	1,025,871	30.18%		24,146,581	2,373,042	27,745,663	69.82%	3,398,913	51,892,244	100.00%
Nov 13	460,576	34.55%		24,607,157	872,343	28,618,006	65.45%	1,332,919	53,225,163	100.00%
Dec 13	1,137,692	21.34%		25,744,849	4,192,663	32,810,669	78.66%	5,330,355	58,555,519	100.00%
Jan 14	0	0.00%		25,744,849	969,609	33,780,278	100.00%	969,609	59,525,127	100.00%
Feb 14	1,340,384	33.46%		27,085,233	2,665,390	36,445,668	66.54%	4,005,774	63,530,901	100.00%
Mar 14	384,500	21.70%		27,469,733	1,387,129	37,832,797	78.30%	1,771,629	65,302,530	100.00%
Apr 14	758,265	33.21%		28,227,999	1,525,322	39,358,119	66.79%	2,283,587	67,586,117	100.00%
May 14	1,230,402	72.16%		29,458,400	474,684	39,832,803	27.84%	1,705,086	69,291,203	100.00%
Jun 14	1,070,085	43.82%		30,528,485	1,372,138	41,204,941	56.18%	2,442,224	71,733,427	100.00%
	<u>19,771,724</u>		39.43%		<u>30,368,391</u>			<u>50,140,116</u>		

**THE STATE BAR OF CALIFORNIA
CLIENT SECURITY FUND
ANALYSIS OF NEW APPLICATIONS PAID, REJECTED
OR WITHDRAWN, ESTIMATED
APPLICATIONS LIABILITY PER ACTIVE
ATTORNEY**

June 30, 2014

	1st Quarter	2nd Quarter
Beginning Balance	6261	6114
Add: Reinstated Applications		
New Applications	197	130
Less: Paid / Rejected or		
Withdrawn	166	221
TOTAL	6292	6023
APPLICATIONS OUTSTANDING AMT.	49,066,024	48,639,635
# Of Active Attorneys	181,002	181,410
Cost Per Active Attorney	\$271	\$268
ESTIMATED APPLICATIONS LIAB.		
Applications Payout Ratio	39.53%	39.43%
Estimated Application Amount *	\$19,395,799	\$19,178,608
# of Active Attorneys	181,002	181,410
Cost per Active Attorney	\$107	\$106
APPLICATION ACTIVITIES IN %:		
NEW APPLICATIONS - YTD		
1 - 2,500	3.39%	3.11%
2,501 - 5,000	14.92%	11.97%
5,001 - 10,000	10.13%	9.94%
10,001 - 25,000	13.65%	14.76%
25,001 - 49,999	8.29%	11.32%
50,000	24.70%	13.17%
50,001 - 100,000	24.93%	35.73%
APPLICATIONS PAID - YTD		
1 - 2,500	6.92%	6.22%
2,501 - 5,000	22.42%	23.49%
5,001 - 10,000	10.68%	13.57%
10,001 - 25,000	13.67%	15.79%
25,001 - 49,999	10.78%	10.00%
50,000	9.07%	4.32%
50,001 - 100,000	26.45%	26.61%
REJ./WDRAWN - YTD		
1 - 2,500	2.45%	3.24%
2,501 - 5,000	7.02%	8.07%
5,001 - 10,000	5.85%	7.39%
10,001 - 25,000	8.79%	13.80%
25,001 - 49,999	8.30%	9.07%
50,000	34.66%	23.71%
50,001 - 100,000	32.93%	34.71%
APPLICATIONS O/S-CUM. - YTD		
1 - 2,500	5.69%	5.45%
2,501 - 5,000	23.55%	22.69%
5,001 - 10,000	13.22%	12.87%
10,001 - 25,000	14.16%	13.73%
25,001 - 49,999	8.45%	8.88%
50,000	7.55%	7.30%
50,001 - 100,000	27.38%	29.08%
NET ASSET, END OF PERIOD	\$10,505,269	\$7,298,918

*Based upon 24 month rolling weighted average of applications paid ratio (See page 4)