



THE STATE BAR OF CALIFORNIA

FINANCE

180 HOWARD STREET, SAN FRANCISCO, CALIFORNIA 94105-1639

TEL (415) 538-2200

MEMORANDUM

DATE: May 7, 2015
TO: Members, Planning and Budget Committee
Members, Board of Trustees
FROM: Christine Wong, Finance Director
SUBJECT: Client Security Fund Report for the Quarter Ended March 31, 2015

Attached for your review are a series of reports for the applications activity within the Client Security Fund for the quarter ended March 31, 2015. These reports include:

- Applications Activity for the quarter ended March 31, 2015
- Applications Aging Report
- Cumulative Applications Aging Report
- 24 Month Rolling Average of Applications Paid
- Analysis of New Applications Paid, Rejected or Withdrawn

As of March 31, a total of 318 new applications in the amount of \$4.3 million were filed in 2015. The number of applications filed is down by 33.5% compared to 478 applications filed last year. The application amount decreased by \$1.0 million, or 18.9% compared to \$5.3 million filed as of the same quarter in 2014.

For the first quarter ended March 31, 2015, total applications processed are 218 for approximately \$3.14 million. Total payouts for the reported quarter are \$0.96 million, down by \$0.74 million compared to last year. Total applications pending for processing as of March 31, 2015 are 5,774 in the amount of \$47.9 million, and for the same period in 2014, there were 6,292 pending applications in the amount of \$49.1 million. Number of applications pending for processing as of March 31, 2015 is down by 518 or 8.2% 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 estimated the application payout amount based on a rolling average of 24 month historical applications payout ratio, currently 36.9%. Total applications outstanding as of March 31, 2015 are 5,774 for \$47.9 million. Applying the rolling average applications payout ratio to the outstanding application amounts, the estimated application

payout as of March 31, 2015 is \$17.7 million, a decrease of \$1.7 million or 8.8% compared to \$19.4 million last year.

As of March 31, 2015, cash and investments available for applications reimbursement are approximately \$8.0 million. Estimated application payout for the reported quarter is \$17.7 million, which exceeds the cash and investment available by \$9.7 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
MARCH 31, 2015
YEAR TO DATE ACTIVITIES**

	\$1 - 2,500		\$2,501 - 5,000		\$5,001 - 10,000		\$10,001 - 25,000		\$25,001 - 49,999		\$50,000		\$50,001 - 100,000		TOTAL	
	#	Amount	#	Amount	#	Amount	#	Amount	#	Amount	#	Amount	#	Amount	#	Amount
Prior Years' Applications	1,317	2,478,281.31	2,800	10,587,548.47	858	5,918,639.52	366	5,976,532.64	120	4,183,707.37	63	3,109,240.00	150	14,506,391.30	5,674	46,760,340.61
New Applications	53	87,301.04	123	471,155.62	65	455,749.20	33	549,410.21	22	792,271.32	6	300,000.00	16	1,604,307.00	318	4,260,194.39
Paid Applications	(20)	(79,483.67)	(48)	(176,324.12)	(18)	(118,305.84)	(7)	(86,336.14)	(7)	(158,311.56)	(4)	(191,417.24)	(3)	(145,572.74)	(107)	(955,751.31)
Rejected Applications	(5)	(8,399.00)	(2)	(8,700.88)	(2)	(26,056.53)	(2)	(55,930.20)	(2)	(146,875.44)	(2)	(115,022.76)	(5)	(705,648.98)	(20)	(1,066,633.79)
Withdrawn Applications	(20)	(38,244.00)	(29)	(117,830.84)	(21)	(151,190.00)	(8)	(134,548.00)	(7)	(263,777.58)	(3)	(150,000.00)	(3)	(265,227.72)	(91)	(1,120,818.14)
Applications Outstanding	1,325	2,439,455.68	2,844	10,755,848.25	882	6,078,836.35	382	6,249,128.51	126	4,407,014.11	60	2,952,800.00	155	14,994,248.86	5,774	47,877,331.76
New applications % to total	16.67%	2.05%	38.68%	11.06%	20.44%	10.70%	10.38%	12.90%	6.92%	18.60%	1.89%	7.04%	5.03%	37.66%	100.00%	100.00%
Applications paid % to total	18.69%	8.32%	44.86%	18.45%	16.82%	12.38%	6.54%	9.03%	6.54%	16.56%	3.74%	20.03%	2.80%	15.23%	100.00%	100.00%
Applications rejected or withdrawn % to total	22.52%	2.13%	27.93%	5.78%	20.72%	8.10%	9.01%	8.71%	8.11%	18.77%	4.50%	12.12%	7.21%	44.38%	100.00%	100.00%
Applications outstanding % to total	22.95%	5.10%	49.26%	22.47%	15.28%	12.70%	6.62%	13.05%	2.18%	9.20%	1.04%	6.17%	2.68%	31.32%	100.00%	100.00%

THE STATE BAR OF CALIFORNIA
CLIENT SECURITY FUND
APPLICATIONS AGING REPORT
AS OF MARCH 31, 2015

Year Application Filed	Gross Applications Prior Year		Current Year		Applications Paid		Applications Rejected or Withdrawn		Total Applications Processed		Applications Outstanding	
	#	Amount	#	Amount	#	Amount	#	Amount	#	Amount	#	Amount
2007	-	-			-	-	-	-	-	-	-	-
2008	1	1,605.00			-	-	-	-	-	-	1	1,605.00
2009	431	1,379,814.82			-	-	(1)	(41,209.00)	(1)	(41,209.00)	430	1,338,605.82
2010	659	2,295,697.26			(5)	(17,350.00)	(4)	(39,253.98)	(9)	(56,603.98)	650	2,239,093.28
2011	918	5,449,460.63			(35)	(373,442.24)	(3)	(169,315.76)	(38)	(542,758.00)	880	4,906,702.63
2012	1,101	8,704,890.58			(38)	(314,174.66)	(32)	(330,673.24)	(70)	(644,847.90)	1,031	8,060,042.68
2013	1,290	13,057,033.20			(26)	(240,184.41)	(21)	(678,697.17)	(47)	(918,881.58)	1,243	12,138,151.62
2014	1,274	15,871,839.12			(3)	(10,600.00)	(33)	(728,882.59)	(36)	(739,482.59)	1,238	15,132,356.53
2015			318	4,260,194.39	-	-	(17)	(199,420.19)	(17)	(199,420.19)	301	4,060,774.20
TOTAL	5,674	46,760,340.61	318	4,260,194.39	(107)	(955,751.31)	(111)	(2,187,451.93)	(218)	(3,143,203.24)	5,774	47,877,331.76
Average		\$8,241		\$13,397		\$8,932		\$19,707		\$14,418		\$8,292

Applications Outstanding **\$47,877,332**

Estimated Application Payout Ratio **36.90%**
Estimated Application Payouts **\$17,666,735**

THE STATE BAR OF CALIFORNIA
CLIENT SECURITY FUND
CUMULATIVE APPLICATIONS AGING REPORT
AS OF MARCH 31, 2015

Year Application Filed	Gross Applications		Current Year		Applications Paid		Applications Rejected or Withdrawn*		Total Applications Processed		Applications Outstanding	
	#	Amount										
2007 Only	-	-			-	-	-	-	-	-	-	-
2007-2008	1	1,605			-	-	-	-	-	-	1	1,605
2007-2009	432	1,381,420			-	-	(1)	(41,209)	(1)	(41,209)	431	1,340,211
2007-2010	1,091	3,677,117			(5)	(17,350)	(5)	(80,463)	(10)	(97,813)	1,081	3,579,304
2007-2011	2,009	9,126,578			(40)	(390,792)	(8)	(249,779)	(48)	(640,571)	1,961	8,486,007
2007-2012	3,110	17,831,468			(78)	(704,967)	(40)	(580,452)	(118)	(1,285,419)	2,992	16,546,049
2007-2013	4,400	30,888,501			(104)	(945,151)	(61)	(1,259,149)	(165)	(2,204,300)	4,235	28,684,201
2007-2014	5,674	46,760,341			(107)	(955,751)	(94)	(1,988,032)	(201)	(2,943,783)	5,473	43,816,558
2007-2015					(107)	(955,751)	(111)	(2,187,452)	(218)	(3,143,203)	5,774	47,877,332
			318	4,260,194	(107)	(955,751.31)	(111)	(2,187,451.93)	(218)	(3,143,203)	5,774	47,877,331.76

Net Asset in Client Security Fund:

As of 3/31/2015 **7,854,588**

*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 APPLICATIONS PAIDOUT RATIO

APRIL 2013 THROUGH MARCH 2015

Month Covered	PAID APPLICATIONS Montly Average		REJECTED/ WITHDRAWN APPLICATIONS	PROCESSED
	Amount	Payout Ratio	Amount	Amount
APR 13	884,482	46.56%	1,015,172	1,899,654
MAY 13	293,856	18.49%	1,295,106	1,588,962
JUN 13	671,429	36.28%	1,179,476	1,850,905
JUL 13	2,469,803	60.85%	1,588,756	4,058,559
AUG 13	1,931,300	60.18%	1,278,079	3,209,379
Sept 13	399,005	34.94%	742,967	1,141,972
Oct 13	1,025,871	30.18%	2,373,042	3,398,913
Nov 13	460,576	34.55%	872,343	1,332,919
Dec 13	1,137,692	21.34%	4,192,663	5,330,355
Jan 14	-	0.00%	969,609	969,609
Feb 14	1,340,384	33.46%	2,665,390	4,005,774
Mar 14	384,500	21.70%	1,387,129	1,771,629
Apr 14	758,265	33.21%	1,525,322	2,283,587
May 14	1,230,402	72.36%	469,884	1,700,286
Jun 14	1,070,085	43.82%	1,372,138	2,442,224
July 14	606,045	27.83%	1,571,864	2,177,909
Aug 14	940,626	32.47%	1,956,177	2,896,803
Sept 14	302,866	19.42%	1,256,392	1,559,257
Oct 14	813,687	37.73%	1,342,922	2,156,609
Nov 14	155,599	14.28%	933,993	1,089,592
Dec 14	1,428,927	65.09%	766,551	2,195,478
Jan 15	192,463	22.95%	646,123	838,586
Feb15	555,128	48.27%	594,992	1,150,120
Mar15	208,160	18.03%	946,337	1,154,498
	<u>19,261,152</u>		<u>32,942,427</u>	<u>52,203,578</u>

24 Month Rolling Average PaidOut Ratio: 36.90%

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

MARCH 31, 2015

	<u>1st Qtr</u>
Beginning Balance	5,674
Add: Reinstated Applications	
New Applications	318
Less: Paid / Rejected or	
Withdrawn	218
TOTAL	5,774
APPLICATIONS OUTSTANDING AMT.	\$47,877,332
# Of Active Attorneys	183,722
Cost Per Active Attorney	\$261

ESTIMATED APPLICATIONS LIAB.

Applications Payout Ratio	36.90%
Estimated Application Amount *	\$17,666,735
# of Active Attorneys	183,722
Cost per Active Attorney	\$96

APPLICATION ACTIVITIES IN %:

NEW APPLICATIONS - YTD

1 - 2,500	2.05%
2,501 - 5,000	11.06%
5,001 - 10,000	10.70%
10,001 - 25,000	12.90%
25,001 - 49,999	18.60%
50,000	7.04%
50,001 - 100,000	37.66%

APPLICATIONS PAID - YTD

1 - 2,500	8.32%
2,501 - 5,000	18.45%
5,001 - 10,000	12.38%
10,001 - 25,000	9.03%
25,001 - 49,999	16.56%
50,000	20.03%
50,001 - 100,000	15.23%

REJ./WDRAWN - YTD

1 - 2,500	2.13%
2,501 - 5,000	5.78%
5,001 - 10,000	8.10%
10,001 - 25,000	8.71%
25,001 - 49,999	18.77%
50,000	12.12%
50,001 - 100,000	44.38%

APPLICATIONS O/S-CUM. - YTD

1 - 2,500	5.10%
2,501 - 5,000	22.47%
5,001 - 10,000	12.70%
10,001 - 25,000	13.05%
25,001 - 49,999	9.20%
50,000	6.17%
50,001 - 100,000	31.32%

NET ASSET, END OF PERIOD	\$ 8,029,042
	(9,637,693)

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