



THE STATE BAR OF CALIFORNIA

OFFICE OF FINANCE

180 HOWARD STREET, SAN FRANCISCO, CALIFORNIA 94105-1639

TEL (415) 538-2200

MEMORANDUM

DATE: April 29, 2016
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, 2016

Attached for your review are a series of reports for the applications activity within the Client Security Fund for the quarter ended March 31, 2016. These reports include:

- Applications Activity for the quarter ended March 31, 2016
- 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- Analysis of New Applications Paid, Rejected or Withdrawn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 296 new applications in the amount of \$4.5 million were filed in 2016. The number of applications filed is down by 6.9% compared to 318 applications filed last year. The application amount increased by \$0.2 million, or 4.7% compared to \$4.3 million filed as of the same quarter in 2015.

For the first quarter ended March 31, 2016, total applications processed are 516 for approximately \$4.0 million. Total payouts for the reported quarter are \$2.3 million, increased by \$1.34 million compared to last year. Total applications pending for processing as of March 31, 2016 are 5,245 in the amount of \$50.5 million, and for the same period in 2015, there were 5,774 pending applications in the amount of \$47.9 million. Number of applications pending for processing as of March 31, 2016 is down by 529 or 9.2% compared to last year.

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 42.4%. Total applications outstanding as of March 31, 2016 are 5,245 for \$50.5 million. Applying the rolling average applications payout ratio to the outstanding application amounts, the estimated application payout as of March 31, 2016 is \$21.4 million, an increase of \$3.7 million or 20.9 % compared to \$17.7 million last year. As of March 31, 2016, cash and investments available for applications reimbursement in the CSF are approximately \$6.9 million.

**THE STATE BAR OF CALIFORNIA
CLIENT SECURITY FUND
STATUS ON APPLICATIONS ACTIVITIES
MARCH 31, 2016
YEAR TO DATE ACTIVITIES**

	<u>\$1 - 2,500</u>		<u>\$2,501 - 5,000</u>		<u>\$5,001 - 10,000</u>		<u>\$10,001 - 25,000</u>		<u>\$25,001 - 49,999</u>		<u>\$50,000</u>		<u>\$50,001 - 100,000</u>		<u>TOTAL</u>	
	#	Amount	#	Amount	#	Amount	#	Amount	#	Amount	#	Amount	#	Amount	#	Amount
Prior Years' Applications	1,217	\$ 2,244,438	2,644	\$ 10,036,672	866	\$ 5,982,918	365	\$ 5,843,893	119	\$ 4,240,274	28	\$ 3,000,000	226	\$ 18,627,715	5,465	\$ 49,975,911
New Applications	67	\$ 111,747	75	\$ 297,148	55	\$ 410,079	57	\$ 921,973	12	\$ 449,846	11	\$ 550,000	19	\$ 1,726,633	296	\$ 4,467,427
Paid Applications	(98)	\$ (172,049)	(245)	\$ (942,864)	(88)	\$ (511,299)	(19)	\$ (229,339)	(5)	\$ (135,843)	0	\$ -	(4)	\$ (309,325)	(459)	\$ (2,300,719)
Rejected Applications	(1)	\$ (15,993)	(2)	\$ (59,305)	(2)	\$ (86,205)	0	\$ (70,702)	0	\$ (38,964)	(1)	\$ (50,000)	(1)	\$ (233,850)	(7)	\$ (555,018)
Withdrawn Applications	(12)	\$ (19,584)	(15)	\$ (62,576)	(6)	\$ (37,945)	(6)	\$ (87,009)	(1)	\$ (45,000)	(2)	\$ (100,000)	(8)	\$ (782,000)	(50)	\$ (1,134,114)
Applications Outstanding	1,173	\$ 2,148,560	2,457	\$ 9,269,075	825	\$ 5,757,548	397	\$ 6,378,817	125	\$ 4,470,313	36	\$ 3,400,000	232	\$ 19,029,173	5,245	\$ 50,453,486
New applications % to total	22.64%	2.50%	25.34%	6.65%	18.58%	9.18%	19.26%	20.64%	4.05%	10.07%	3.72%	12.31%	6.42%	38.65%	100.00%	100.00%
Applications paid % to total	21.35%	7.48%	53.38%	40.98%	19.17%	22.22%	4.14%	9.97%	1.09%	5.90%	0.00%	0.00%	0.87%	13.44%	100.00%	100.00%
Applications rejected or withdrawn % to total	22.81%	2.11%	29.82%	7.22%	14.04%	7.35%	10.53%	9.34%	1.75%	4.97%	5.26%	8.88%	15.79%	60.14%	100.00%	100.00%
Applications outstanding % to total	22.36%	4.26%	46.84%	18.37%	15.73%	11.41%	7.57%	12.64%	2.38%	8.86%	0.69%	6.74%	4.42%	37.72%	100.00%	100.00%

THE STATE BAR OF CALIFORNIA
CLIENT SECURITY FUND
APPLICATIONS AGING REPORT
AS OF MARCH 31, 2016

<u>Year</u> <u>Application</u> <u>n Filed</u>	<u>Gross Applications Prior</u>		<u>Current Year</u>		<u>Applications Paid</u>		<u>Applications Rejected or</u> <u>Withdrawn</u>		<u>Total Applications</u> <u>Processed</u>		<u>Applications Outstanding</u>	
	<u>#</u>	<u>Amount</u>	<u>#</u>	<u>Amount</u>	<u>#</u>	<u>Amount</u>	<u>#</u>	<u>Amount</u>	<u>#</u>	<u>Amount</u>	<u>#</u>	<u>Amount</u>
2008	1	1,605			-	-	-	-	-	-	1	1,605
2009	429	1,334,606			-	-	-	-	-	-	429	1,334,606
2010	645	2,217,091			-	-	-	-	-	-	645	2,217,091
2011	779	4,059,617			(182)	(767,972)	(5)	(151,496)	(187)	(919,468)	592	3,140,149
2012	870	6,041,825			(77)	(580,713)	(1)	(59,948)	(78)	(640,662)	792	5,401,164
2013	661	7,530,770			(135)	(625,553)	(10)	(394,023)	(145)	(1,019,576)	516	6,511,194
2014	1069	13,972,576			(51)	(273,178)	(17)	(430,315)	(68)	(703,492)	1,001	13,269,083
2015	1011	14,817,811			(14)	(53,303)	(19)	(496,350)	(33)	(549,653)	978	14,268,157
2016		10	296	4,467,427	-	-	(5)	(157,000)	(5)	(157,000)	291	4,310,437
TOTAL	5,465	49,975,911	296	4,467,427	(459)	(2,300,719)	(57)	(1,689,132)	(516)	(3,989,851)	5,245	50,453,486

Applications Outstanding	\$50,453,486
Estimated Application Payout Ratio	42.36%
Estimated Application Payouts	\$21,372,096

THE STATE BAR OF CALIFORNIA
CLIENT SECURITY FUND
CUMULATIVE APPLICATIONS AGING REPORT
AS OF MARCH 31, 2016

<u>Year Application</u> <u>Filed</u>	<u>Gross Applications</u> <u>Prior Years</u>		<u>Current Year</u>		<u>Applications Paid</u>		<u>Applications</u> <u>Rejected and</u> <u>Withdrawn</u>		<u>Total Applications</u> <u>Processed</u>		<u>Applications</u> <u>Outstanding</u>	
	#	Amount	#	Amount	#	Amount	#	Amount	#	Amount	#	Amount
2007-2008	1	1,605			-	-	-	-	-	-	1	1,605
2007-2009	430	1,336,211			-	-	-	-	-	-	430	1,336,211
2007-2010	1,075	3,553,302			-	-	-	-	-	-	1,075	3,553,302
2007-2011	1,854	7,612,919			(182)	(767,972)	(5)	(151,496)	(187)	(919,468)	1,667	6,693,451
2007-2012	2,724	13,654,744			(259)	(1,348,685)	(6)	(211,445)	(265)	(1,560,130)	2,459	12,094,614
2007-2013	3,385	21,185,514			(394)	(1,974,239)	(16)	(605,467)	(410)	(2,579,706)	2,975	18,605,808
2007-2014	4,454	35,158,090			(445)	(2,247,416)	(33)	(1,035,782)	(478)	(3,283,198)	3,976	31,874,891
2007-2015	5,465	49,975,901			(459)	(2,300,719)	(52)	(1,532,132)	(511)	(3,832,851)	4,954	46,143,049
2007-2016					(459)	(2,300,719)	(57)	(1,689,132)	(516)	(3,989,851)	5,245	50,453,486
			296	4,467,427	(459)	(2,300,719)	(57)	(1,689,132)	(516)	(3,989,851)	5,245	50,453,486

Net Asset in Client Security Fund:
As of 3/31/2016 **\$ 6,925,915**

THE STATE BAR OF CALIFORNIA
CLIENT SECURITY FUND
24 MONTH ROLLING AVERAGE APPLICATIONS PAIDOUT RATIO
APRIL 2014 THROUGH MARCH 2016

Month Covered	<u>PAID APPLICATIONS</u>		<u>REJECTED/ WITHDRAWN APPLICATIONS</u>	<u>PROCESSED</u>
	Amount	Montly Average Payout Ratio	Amount	Amount
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	1,154,497
Apr 15	162,537	14.20%	982,280	1,144,817
May15	243,019	55.01%	198,752	441,771
Jun15	439,778	35.28%	806,642	1,246,420
July15	136,556	44.92%	167,453	304,009
Aug15	603,625	30.26%	1,391,476	1,995,101
Sept15	1,507,143	71.86%	590,210	2,097,353
Oct 15	485,367	53.03%	429,944	915,311
Nov 15	1,138,956	83.32%	228,042	1,366,998
Dec 15	339,721	19.68%	1,386,523	1,726,244
Jan 16	585,226	49.06%	607,752	1,192,979
Feb16	886,832	67.24%	432,125	1,318,957
Mar16	828,661	56.07%	649,255	1,477,916
	Total: 15,619,674		Total: 21,253,149	36,872,824
24 Month Rolling Average PaidOut Ratio:			42.36%	

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

MARCH 31, 2016

	<u>1st Qtr</u>
Beginning Balance	5,465
Add: Reinstated Applications	
New Applications	296
Less: Paid / Rejected or	
Withdrawn	516
TOTAL	5,245

APPLICATIONS OUTSTANDING AMT.	\$50,453,486
# Of Active Attorneys	186,067
Cost Per Active Attorney	\$271

ESTIMATED APPLICATIONS LIAB.	
Applications Payout Ratio	42.36%
Estimated Application Amount *	\$21,372,097
# of Active Attorneys	186,076
Cost per Active Attorney	\$115

APPLICATION ACTIVITIES IN %:

NEW APPLICATIONS - YTD	
1 - 2,500	2.50%
2,501 - 5,000	6.65%
5,001 - 10,000	9.18%
10,001 - 25,000	20.64%
25,001 - 49,999	10.07%
50,000	12.31%
50,001 - 100,000	38.65%

APPLICATIONS PAID - YTD	
1 - 2,500	7.48%
2,501 - 5,000	40.98%
5,001 - 10,000	22.22%
10,001 - 25,000	9.97%
25,001 - 49,999	5.90%
50,000	0.00%
50,001 - 100,000	13.44%

REJ./WDRAWN - YTD	
1 - 2,500	2.11%
2,501 - 5,000	7.22%
5,001 - 10,000	7.35%
10,001 - 25,000	9.34%
25,001 - 49,999	4.97%
50,000	8.88%
50,001 - 100,000	60.14%

APPLICATIONS O/S-CUM. - YTD	
1 - 2,500	4.26%
2,501 - 5,000	18.37%
5,001 - 10,000	11.41%
10,001 - 25,000	12.64%
25,001 - 49,999	8.86%
50,000	6.74%
50,001 - 100,000	37.72%

NET ASSET, END OF PERIOD	\$ 6,903,065
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*Based upon 24 month rolling weighted average of applications payout ratio (See page 4)