



THE STATE BAR OF CALIFORNIA

FINANCE

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MEMORANDUM

DATE: July 21, 2016
TO: Members, Planning and Budget Committee
Members, Board of Trustees
FROM: Christine Wong, Chief Financial Officer
SUBJECT: Client Security Fund Report for the Quarter Ended June 30, 2016

Attached for your review are a series of reports for the applications activity within the Client Security Fund for the quarter ended June 30, 2016. These reports include:

- Applications Activity for the quarter ended June 30, 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- Analysis of New Applications Paid, Rejected or Withdrawn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 June 30, a total of 555 new applications in the amount of \$9.6 million were filed in 2016. The number of applications filed is down by 14.5% compared to 649 applications filed last year. The application amount increased by \$0.2 million, or 2.1% compared to \$9.4 million filed as of the same quarter in 2015.

For the second quarter ended June 30, 2016, total applications processed are 952 for approximately \$8.6 million. Total payouts for the reported quarter are \$4.2 million, increased by \$2.4 million compared to last year. Total applications pending for processing as of June 30, 2016 are 5,068 in the amount of \$51.0 million, and for the same period in 2015, there were 5,837 pending applications in the amount of \$50.2 million. Number of applications pending for processing as of June 30, 2016 is down by 769 or 13.2% 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 41.09%. Total applications outstanding as of June 30, 2016 are 5,068 for \$51.0 million. Applying the rolling average applications payout ratio to the outstanding application amounts, the estimated application payout as of June 30, 2016 is \$21.0 million, an increase of \$2.5 million or 13.5 % compared to \$18.5 million last year. As of June 30, 2016, cash and investments available for applications reimbursement in the CSF are approximately \$7.1 million.

THE STATE BAR OF CALIFORNIA
CLIENT SECURITY FUND
STATUS ON APPLICATIONS ACTIVITIES
JUNE 30, 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>	
	<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>	<u>#</u>	<u>Amount</u>	<u>#</u>	<u>Amount</u>
Prior Years' Applications	1,217	\$ 2,246,938	2,644	\$ 10,043,301	866	\$ 6,002,457	365	\$ 5,845,143	119	\$ 4,240,274	28	\$ 3,050,000	226	\$ 18,628,832	5,465	\$ 50,056,947
New Applications	123	\$ 204,124	133	\$ 519,288	107	\$ 777,334	96	\$ 1,558,750	27	\$ 1,019,816	14	\$ 700,000	55	\$ 4,801,535	555	\$ 9,580,846
Paid Applications	(165)	\$ (297,747)	(415)	\$ (1,617,232)	(147)	\$ (889,269)	(29)	\$ (369,673)	(9)	\$ (259,676)	(4)	\$ (191,125)	(8)	\$ (524,723)	(777)	\$ (4,149,446)
Rejected Applications	(3)	\$ (24,300)	(4)	\$ (104,386)	(2)	\$ (119,530)	(4)	\$ (155,523)	(2)	\$ (126,964)	(6)	\$ (358,875)	(7)	\$ (900,333)	(28)	\$ (1,789,911)
Withdrawn Applications	(42)	\$ (64,729)	(45)	\$ (181,882)	(19)	\$ (132,009)	(13)	\$ (191,022)	(3)	\$ (131,000)	(8)	\$ (400,000)	(17)	\$ (1,568,876)	(147)	\$ (2,669,517)
Applications Outstanding	1,130	\$ 2,064,286	2,313	\$ 8,659,090	805	\$ 5,638,984	415	\$ 6,687,675	132	\$ 4,742,449	24	\$ 2,800,000	249	\$ 20,436,434	5,068	\$ 51,028,918
New applications % to total	22.16%	2.13%	23.96%	5.42%	19.28%	8.11%	17.30%	16.27%	4.86%	10.64%	2.52%	7.31%	9.91%	50.12%	100.00%	100.00%
Applications paid % to total	21.24%	7.18%	53.41%	38.97%	18.92%	21.43%	3.73%	8.91%	1.16%	6.26%	0.51%	4.61%	1.03%	12.65%	100.00%	100.00%
Applications rejected or withdrawn % to total	25.71%	2.00%	28.00%	6.42%	12.00%	5.64%	9.71%	7.77%	2.86%	5.78%	8.00%	17.02%	13.71%	55.37%	100.00%	100.00%
Applications outstanding % to total	22.30%	4.05%	45.64%	16.97%	15.88%	11.05%	8.19%	13.11%	2.60%	9.29%	0.47%	5.49%	4.91%	40.05%	100.00%	100.00%

THE STATE BAR OF CALIFORNIA
CLIENT SECURITY FUND
APPLICATIONS AGING REPORT
AS OF JUNE 30, 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			(3)	(18,258)	(1)	(6,325)	(4)	(24,583.00)	425	1,310,023
2010	645	2,217,091			(4)	(10,770)	-	-	(4)	(10,770.00)	641	2,206,321
2011	779	4,127,117			(358)	(1,654,336)	(20)	(327,101)	(378)	(1,981,437)	401	2,145,681
2012	870	6,044,175			(112)	(834,621)	(14)	(269,618)	(126)	(1,104,239)	744	4,939,937
2013	661	7,541,876			(216)	(1,180,299)	(20)	(932,649)	(236)	(2,112,948)	425	5,428,928
2014	1069	13,972,576			(65)	(314,277)	(31)	(947,665)	(96)	(1,261,941)	973	12,710,634
2015	1011	14,817,811			(17)	(128,761)	(54)	(1,369,077)	(71)	(1,497,838)	940	13,319,973
2016		90	555	9,580,846	(2)	(8,125)	(35)	(606,993)	(37)	(615,118)	518	8,965,818
TOTAL	5,465	50,056,947	555	9,580,846	(777)	(4,149,446)	(175)	(4,459,427)	(952)	(8,608,873)	5,068	51,028,918

Applications Outstanding	\$51,028,918
Estimated Application Payout Ratio	41.09%
Estimated Application Payouts	\$20,967,783

THE STATE BAR OF CALIFORNIA
CLIENT SECURITY FUND
CUMULATIVE APPLICATIONS AGING REPORT
AS OF JUNE 30, 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			(3)	(18,258)	(1)	(6,325)	(4)	(24,583)	426	1,311,628
2007-2010	1,075	3,553,302			(7)	(29,028)	(1)	(6,325)	(8)	(35,353)	1,067	3,517,949
2007-2011	1,854	7,680,419			(365)	(1,683,364)	(21)	(333,426)	(386)	(2,016,790)	1,468	5,663,629
2007-2012	2,724	13,724,594			(477)	(2,517,985)	(35)	(603,044)	(512)	(3,121,028)	2,212	10,603,566
2007-2013	3,385	21,266,470			(693)	(3,698,284)	(55)	(1,535,693)	(748)	(5,233,977)	2,637	16,032,494
2007-2014	4,454	35,239,046			(758)	(4,012,560)	(86)	(2,483,358)	(844)	(6,495,918)	3,610	28,743,127
2007-2015	5,465	50,056,857			(775)	(4,141,321)	(140)	(3,852,434)	(915)	(7,993,755)	4,550	42,063,100
2007-2016					(777)	(4,149,446)	(175)	(4,459,427)	(952)	(8,608,873)	5,068	51,028,918
			555	9,580,846	(777)	(4,149,446)	(175)	(4,459,427)	(952)	(8,608,873)	5,068	51,028,918

Net Asset in Client Security Fund:

As of 6/30/2016 **\$ 7,136,178**

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

Month Covered	<u>PAID APPLICATIONS</u>		<u>REJECTED/ WITHDRAWN APPLICATIONS</u>	<u>PROCESSED</u>
	Amount	Montly Average Payout Ratio	Amount	Amount
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
Apr16	710,863	28.12%	1,816,690	2,527,553
May16	529,062	60.57%	344,346	873,408
Jun16	608,802	49.98%	609,260	1,218,061
	Total: 14,409,649		Total: 20,656,100	35,065,749
24 Month Rolling Average PaidOut Ratio:			41.09%	

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

JUNE 30, 2016

	<u>1ST QTR</u>	<u>2ND QTR</u>
Beginning Balance	5,465	5,245
Add: Reinstated Applications		
New Applications	296	259
Less: Paid / Rejected or		
Withdrawn	516	436
TOTAL	5,245	5,068
 APPLICATIONS OUTSTANDING AMT.	 \$50,453,486	 \$ 51,028,918
# Of Active Attorneys	186,067	186,606
Cost Per Active Attorney	\$271	\$273
 ESTIMATED APPLICATIONS LIAB.		
Applications Payout Ratio	42.36%	41.09%
Estimated Application Amount *	\$21,372,097	\$20,967,783
# of Active Attorneys	186,076	186,606
Cost per Active Attorney	\$115	\$112
 APPLICATION ACTIVITIES IN %:		
 NEW APPLICATIONS - YTD		
1 - 2,500	2.50%	2.13%
2,501 - 5,000	6.65%	5.42%
5,001 - 10,000	9.18%	8.11%
10,001 - 25,000	20.64%	16.27%
25,001 - 49,999	10.07%	10.64%
50,000	12.31%	7.31%
50,001 - 100,000	38.65%	50.12%
 APPLICATIONS PAID - YTD		
1 - 2,500	7.48%	7.18%
2,501 - 5,000	40.98%	38.97%
5,001 - 10,000	22.22%	21.43%
10,001 - 25,000	9.97%	8.91%
25,001 - 49,999	5.90%	6.26%
50,000	0.00%	4.61%
50,001 - 100,000	13.44%	12.65%
 REJ./WDRAWN - YTD		
1 - 2,500	2.11%	2.00%
2,501 - 5,000	7.22%	6.42%
5,001 - 10,000	7.35%	5.64%
10,001 - 25,000	9.34%	7.77%
25,001 - 49,999	4.97%	5.78%
50,000	8.88%	17.02%
50,001 - 100,000	60.14%	55.37%
 APPLICATIONS O/S-CUM. - YTD		
1 - 2,500	4.26%	4.05%
2,501 - 5,000	18.37%	16.97%
5,001 - 10,000	11.41%	11.05%
10,001 - 25,000	12.64%	13.11%
25,001 - 49,999	8.86%	9.29%
50,000	6.74%	5.49%
50,001 - 100,000	37.72%	40.05%
 NET ASSET, END OF PERIOD	 \$ 6,903,065	 \$ 7,136,178

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