

IN THE SUPREME COURT OF MARYLAND  
ADMINISTRATIVE ORDER REVISING OPERATING PROCEDURES FOR THE  
ATTORNEY GRIEVANCE DISCIPLINARY FUND AND THE CLIENT PROTECTION FUND

Whereas, Maryland Rule 19-705(a) provides that the Attorney Grievance Disciplinary Fund (the “Disciplinary Fund”) is created and administered pursuant to the Constitutional authority of the Supreme Court of Maryland to regulate the practice of law in the State of Maryland and that the Disciplinary Fund consists of contributions by attorneys, income from those contributions, and costs recovered pursuant to law or court order, and that the Disciplinary Fund is dedicated entirely to purposes established by the Rules in Title 19; and

Whereas, the Attorney Grievance Commission (the “Commission”) and the Client Protection Fund of the Bar of Maryland both serve critical functions in connection with the regulation of the legal profession and the protection of the public in Maryland; and

Whereas, it is essential that the Commission and the Client Protection Fund receive funding that is adequate to perform their respective missions, including access to sufficient reserve funds to address future needs; and

Whereas, the Commission and the Client Protection Fund are both funded largely through the annual assessment collected by the Client Protection Fund from each Maryland attorney; and

Whereas, it is appropriate for this Court to review the status of the funding of the Commission and the Client Protection Fund to ensure that they each have sufficient funds to perform their respective missions, including access to sufficient reserve funds to address future needs; that the funds raised through the annual assessment fee are being distributed and maintained appropriately; and that the annual assessment fee imposed on each Maryland attorney is reasonable; and

Whereas, by administrative order dated March 14, 2014, this Court required that the Commission maintain an annual carryover balance in the Disciplinary Fund consisting of an operational float and an emergency reserve totaling 75% of its prior fiscal year expenditures; and

Whereas, in the March 14, 2014 administrative order, this Court required that within 30 days after accounting for its operational float and emergency reserve requirements, the Commission transfer annually any available end of fiscal year balance in the Disciplinary Fund in excess of the 75% threshold to the Client Protection Fund; and

Whereas, the Commission did not satisfy the 75% threshold requirement at the end of fiscal year 2022, requiring the Court to authorize a waiver of that requirement; and

Whereas, based on projections and increasing expenses, the Commission does not expect to be able to satisfy the 75% threshold requirement at the end of fiscal year 2023; and

Whereas, the Court, after reviewing historical data and after consultation with the Commission, has determined that the Commission does not require an operational float and emergency reserve totaling 75% of its prior fiscal year expenditures, and that an operational float and emergency reserve totaling between 25% and 50% of prior fiscal year expenditures is more appropriate, provided the Commission has access to additional funds if necessary to fund its future operations; and

Whereas, the Court, after reviewing historical data and after consultation with the Client Protection Fund, has determined that the Client Protection Fund has sufficient funds to both provide for its current and anticipated future needs and, if necessary, return a portion of the funds the Commission has transferred to it to fund future operations of the Commission, without risk to the mission of the Client Protection Fund.

Now, therefore, it is this 3rd day of March 2023, effective immediately, ordered that:

1. The Commission shall maintain an annual carryover balance in the Disciplinary Fund consisting of an operational float and an emergency reserve totaling at least 25% but no more than 50% of its prior fiscal year expenditures, as documented by an independent audit, as of the end of each fiscal year.
2. Within 30 days after receiving a final accounting for each fiscal year beginning with fiscal year 2023,
  - a. If at the end of that fiscal year, the Disciplinary Fund contained more than 50% of the Commission's expenditures during that fiscal year, the Commission shall transfer the amount in excess of the 50% threshold to the Client Protection Fund;
  - b. If at the end of that fiscal year, the Disciplinary Fund contained less than 25% of the Commission's expenditures during that fiscal year, the Commission shall certify to the Client Protection Fund the amount by which it fell short of the 25% threshold. Within 30 days of receiving the certification, the Client

Protection Fund shall transfer to the Commission the amount necessary for the Commission to meet the 25% threshold, subject to paragraph 3 below.

- c. If at the end of that fiscal year, the Disciplinary Fund contained more than 25% but less than 50% of the Commission's expenses during that fiscal year, the Commission shall neither transfer any funds to, nor certify a need for any funds from, the Client Protection Fund.
3. The aggregate amount of all transfers from the Client Protection Fund made pursuant to paragraph 2.b. may never exceed the amount of funds the Commission transferred to the Client Protection Fund before the date of this administrative order plus any transfers made hereafter pursuant to paragraph 2.a.
4. Each year following the first year in which the Commission receives funds from the Client Protection Fund pursuant to paragraph 2.b., the Commission shall furnish the Court, the Client Protection Fund, and the State Court Administrator with a statement identifying (1) the aggregate amount of funds previously transferred by the Commission to the Client Protection Fund, and (2) the aggregate amount of funds received from the Client Protection Fund pursuant to paragraph 2.b. The statement shall be provided within 10 days of the later of any transfer of funds pursuant to paragraph 2.a., the receipt of funds pursuant to paragraph 2.b., or a final accounting pursuant to which no funds will be transferred as per paragraph 2.c.
5. The Commission and the Client Protection Fund shall cooperate in all matters with respect to the requirements of this order, including by the Commission providing the Client Protection Fund with updates, as appropriate and reasonable, concerning projections of its year-end expenses and fund balances.
6. If the Client Protection Fund concludes that its likely or potential future transfer obligations pursuant to paragraph 2.b. will place at risk its ability to fulfill its mission, it shall promptly inform the Court of its concern and the basis underlying it.
7. The March 14, 2014 Administrative Order Disbursing Funds from the Attorney Grievance Disciplinary Fund and Establishing Additional Fund Operating Procedures is hereby rescinded.

/s/ Matthew J. Fader  
Matthew J. Fader, Chief Justice

/s/ Shirley M. Watts  
Shirley M. Watts, Justice

/s/ Michele D. Hotten  
Michele D. Hotten, Justice

/s/ Brynja M. Booth  
Brynja M. Booth, Justice

/s/ Jonathan Biran  
Jonathan Biran, Justice

/s/ Steven B. Gould  
Steven B. Gould, Justice

/s/ Angela M. Eaves  
Angela M. Eaves, Justice

Filed: March 3, 2023

/s/ Gregory Hilton  
Gregory Hilton  
Clerk  
Supreme Court of Maryland

Pursuant to the Maryland Uniform Electronic Legal Materials Act (§§ 10-1601 et seq. of the State Government Article) this document is authentic.



Gregory Hilton, Clerk