

Rule 1. Rules Governing the Client Security Board

1.01 Membership of the Board

The Supreme Court shall appoint seven members to the Client Security Board. Five shall be lawyers actively practicing in the state, three of whom shall be nominees of the Minnesota State Bar Association, and two shall be public members. The Board shall elect a Chair from its members.

(Amended effective July 1, 1995.)

1.02 Terms of Office

Appointments shall be for three-year terms. Terms of members shall be staggered. Any vacancy on the Board shall be filled by appointment of the Supreme Court for the unexpired term. No member may serve more than two consecutive three-year terms, in addition to any additional shorter term for which the person was originally appointed.

(Amended effective July 1, 1995; amended effective July 1, 2024.)

1.03 Reimbursement

Members shall serve without compensation, but shall be paid their regular and necessary expenses.

1.04 Meetings

The Board shall meet at least annually, and at other times as scheduled by the Chair. A quorum shall consist of four members.

(Amended effective July 1, 1995.)

1.05 Immunity

The Board and its staff are absolutely immune from civil liability for all acts in the course of their official duties.

1.06 Duties of the Board

The Board is authorized:

- a. To administer and operate the Minnesota Client Security Fund, pursuant to statutes, court rules and internal procedures;
- b. To make final determinations on disbursement from the Fund;
- c. To recommend to the Supreme Court limits for the amount payable per claim against the Fund, and for total reimbursement for claims arising from one lawyer's misconduct;
- d. To undertake investigation of claims, coordinating with the Office of Lawyers Professional Responsibility;
- e. To recommend to the Supreme Court means available to cover extraordinary losses in excess of the assets of the Fund;
- f. To annually establish an administrative budget which may be paid from the Fund;
- g. To enforce subrogation and lien rights of the Fund;
- h. To sue in the name of the Fund for restitution of payments made pursuant to claims;

- i. To cooperate in educational activities for theft prevention and risk management, and for remedial services for problem lawyers;
- j. To certify the financial condition of the Fund;
- k. To employ and compensate consultants, legal counsel and employees;
- l. To adopt internal rules of procedure not inconsistent with these rules, and make recommendations to the Supreme Court on rule changes.

1.07 Conflict of Interest

- a. A member of the Board who has or had a lawyer-client relationship or financial relationship with a claimant or the lawyer subject to the claim shall not participate in the investigation or adjudication of the matter.
- b. A member of the Board who is a member or of counsel in the same law firm or company as the lawyer subject to the claim shall not participate in the matter.

1.08 Duties of the Director

The Board may recommend to the Supreme Court a Director, who shall serve at the pleasure of the Court, to perform duties assigned to the Board, including but not limited to:

- a. Screening claims, coordinating investigations with the Lawyers Professional Responsibility Board, and presenting claims at Board hearings;
- b. Coordinating enforcement of liens, restitution and subrogation rights of the Fund;
- c. Maintaining records of the Board, suitable for audit of the Fund;
- d. Keeping current on legal and procedural developments of the client security funds in other states;
- e. Performing other duties as assigned by the Board.

(Amended effective July 1, 1995.)

1.09 Confidentiality

Claims, proceedings, records, and reports involving claims for reimbursement are confidential except as provided below.

- a. After authorization of the reimbursement, the Board shall publicize the nature of the claim, the amount of reimbursement and the name of the lawyer. The name and the address of the claimant shall not be publicized by the Board unless specific permission has been granted by the claimant.
- b. This Rule shall not be construed to deny access to relevant information by professional disciplinary, law enforcement, or client security agencies in furtherance of their duties. The Board may also use such relevant information as is necessary to pursue subrogation rights pursuant to Rule 3.17.
- c. Statistical information such as the number of claims presented to the Board, the number and amount of claims paid, the restitution collected from each attorney, the subrogation lawsuits filed, and the amount in the Fund shall be public information.

(Amended effective July 1, 2020.)

1.10 Annual Report

At least once a year and at such other times as the Supreme Court may order, the Board shall file with the Court a written report reviewing in detail the administration of the Fund, its operation, its assets and liabilities.