

A Safety Net You Support: How the ARDC's Client Protection Program Strengthens the Profession and Serves the Public

The ARDC's Client Protection Program ("Program"), which each year returns money to individuals who lost funds through no fault of their own as a result of a lawyer's dishonest conduct, death, or disability, is funded entirely by attorneys who register to practice in Illinois. The Program is one of the most meaningful ways Illinois lawyers reinforce the public's trust in the legal profession and support legal consumers at their most vulnerable moments. It also stands as one of the clearest expressions of the ARDC's balanced approach to regulation of the profession as restorative, supportive and responsive to the needs of today's legal community.

On March 28, 1994, the Supreme Court of Illinois created the Program by adopting Supreme Court Rule 780. Prior to that, a program that was jointly administered by the Chicago Bar Association and the Illinois State Bar Association distributed funds to the victims of lawyer wrongdoing, using funds from voluntary contributions that eventually proved to be unable to meet the existing need. Since the Court's adoption of the Program, clients who suffered financial losses because a lawyer engaged in dishonest conduct, or because a lawyer died or was transferred to disability inactive status before providing legal services that were paid in advance, may seek reimbursement through the Program, which is funded by a \$25 assessment from each active-status lawyer's annual registration fee. The Program does not cover losses resulting from alleged professional negligence or malpractice, nor does it consider claims involving disputes over the amount of an attorney's fee. But, by restoring client funds when no other practicable source of recovery exists, such as insurance or civil litigation, the program demonstrates the profession's collective commitment to responsibility and compassion.

Despite its modest cost to individual lawyers, the program delivers substantial results. At its inception in 1994, the maximum per-award limit was \$10,000 and the per-lawyer limit was \$300,00. That year, the ARDC approved and paid 40 claims totaling \$162,111 involving 29 lawyers. Today, the maximum per-award limit is \$100,000 and the per-lawyer limit is \$1 million, and in 2024, the most recent year for which data is available, the ARDC approved 65 claims totaling \$1,422,273 against 22 lawyers. Four awards reached the \$100,000 per-claim maximum, and 16 payments were for \$2,500 or less. The 2024 data also shows that 54% of approved claims involved misappropriation of client funds, with the majority of the remaining claims based on allegations of a lawyer failing to return unearned fees or costs. Since its inception, the Program has reimbursed more than \$30 million in claimant losses.

The human impact of the Program can be illustrated through actual claimant experiences. In one circumstance in which ARDC staff had to make extra efforts to contact a claimant whose claim had been approved, the claimant reported that the outcome of their original legal matter had left them feeling hopeless. They had not been following the claim process because they did not expect anything related to the legal system to work in their favor. When told that the ARDC had approved their \$100,000 claim, the claimant was stunned and repeatedly expressed not only gratitude but indicated that the award would be life changing.

In another case, a disciplinary prosecution involving allegations of the financial exploitation of a vulnerable elderly person was unresolved when the ARDC received notice from the Cook

County Public Guardian that the victim died. Although the claim did not fit within the Program's guidelines, the Commission exercised its discretion to, at the Public Guardian's request, pay for a simple memorial service and cremation for the former client.

In another matter in which a lawyer converted over \$128,000 in death benefits that were intended to go to two minor children of a deceased police officer, the Program awarded the entire amount to the children's guardians for their benefit.

Experiences like these reveal how the Program supports the public, but they also highlight how the ARDC supports lawyers. When a lawyer dies or becomes disabled, the Program ensures that the lawyer's former clients are not left without recourse. By contributing to this Program through annual registration, Illinois lawyers collectively help ensure that isolated acts of misconduct or unexpected personal crises do not erode confidence in the profession as a whole. This helps the profession maintain its reputation for fairness and compassion, while reducing the collateral damage to a lawyer's clients in the event of their death or disability. The ARDC recognizes that lawyers face health crises, personal hardships, and economic uncertainty, and the Program responds to these realities with compassion to ensure that the lawyer's former clients are compensated for any losses resulting from their lawyer's inability to complete the services for which the clients paid.

And while these claimant experience stories have been anonymized, they underscore the importance of the Program. Taken in conjunction with the year-over-year growth in Program funding and payouts, these stories reflect both the ongoing demand for and the effectiveness of the Program, as well as the ARDC's commitment to addressing the evolving needs of lawyers and the public. This forward-looking approach and evolution is also demonstrated in recently announced changes to the Program. At the end of 2025 the Program will mark a leadership transition when its longtime Director, Eileen W. Donahue, is retiring after decades of dedicated service. Donahue, a charter member of the National Client Protection Organization, Inc. (NCPO), a not-for-profit membership corporation founded in 1998 to promote education and information-sharing among client protection fund programs across the United States and Canada, played a pivotal role in shaping the Program's national reputation. Under her leadership, the Program expanded into a model of client protection recognized for fairness, transparency, and effectiveness, and advanced its work within the broader framework established by the ABA Model Rules for Lawyers' Funds for Client Protection. Her contributions to the field earned her NCPO's 2024 Isaac Hecht Award for excellence in client protection, and she further advanced the organization's mission through her service as the NCPO's Midwest Regional Vice President and as Membership Chair for 17 years. As the Program enters this next chapter, the transition in leadership reflects both continuity in its core mission and renewed attention to strengthening the ARDC's supportive services.

The Program complements the ARDC's other supportive services (such as proactive education, the ethics inquiry program, and restorative responses in appropriate cases) illustrating a regulatory approach that balances accountability with support. As part of the ARDC's broader strategic efforts to strengthen and modernize its services, the Commission has also announced the creation of a new team — the Protective Services Group — which will administer the Client Protection Program, oversee receivership matters and conduct investigations into allegations of

the unauthorized practice of law. Receiverships, court-ordered appointments governed by Supreme Court Rule 776, allow an attorney or, when necessary, the ARDC's Administrator, to step in and wind down a law practice when a lawyer cannot continue due to death, disability, discipline, or disappearance. This essential function protects clients during periods of transition and reinforces the ARDC's core mission. For almost 30 years, John R. Cesario, Senior Counsel, Intake and Receiverships, played a central role in developing and carrying out this work, representing the ARDC in Rule 776 proceedings, shaping procedures and supporting receivers statewide. His upcoming retirement in the spring of 2026 marks another significant development in the ARDC's ongoing evolution. The ARDC has appointed attorney Myrrha Guzman to lead the new Protective Services Group.

This organizational innovation underscores the ARDC's commitment to being proactive, adaptive and service-oriented, both to clients and to the legal profession. Rather than focus solely on discipline, the ARDC balances regulation with resources, education, and services designed to help lawyers succeed. The creation of the Protective Services Group is a concrete expression of that evolution. By bringing together client protection, receiverships and unauthorized-practice investigations under one group, the ARDC ensures more consistent, efficient and responsive interactions with the public and members of the legal profession. Lawyers gain a clearer, single point of contact for several related functions. Consumers of legal services benefit from more coordinated protection. And the profession as a whole gains from a regulator that adapts to current challenges with an eye toward education, remediation and empathy.

By understanding and supporting the Client Protection Program, Illinois lawyers contribute to a broader mission: strengthening the public's confidence in the profession and ensuring that the legal system remains accountable. In staying informed about the Program and its impact, lawyers help sustain a vital public protection resource that reflects the profession's shared commitment to integrity and fairness. The Program is not only a remedy for financial loss; it is proof that the ARDC continues to innovate in furtherance of its mission to support and advance the integrity of the legal profession.