

THE IOLTA FUND OF THE BAR OF NEW JERSEY

2009 Annual Report





Message from the Chair

The IOLTA Fund of the Bar of New Jersey suffered a significant setback in 2009 as revenue from interest on attorney trust accounts fell to \$10.6 million. This was the lowest level since 1996 and represented an 80% decrease from \$50.1 million in 2007.

The cause of this change in the direction of our revenue was the 2008 drop in the federal funds target rate to an unprecedented low point: a range of 0% to 0.25% compared to a steady 5.25% in 2007. At the same time, the continued weak residential housing market affected the aggregate balances in IOLTA trust accounts held in NJ banks, resulting in a drop from \$3 billion in 2007 to less than \$2 billion in some quarters during 2009.

When IOLTA revenue drops, the effect is felt almost immediately by the legal services delivery system which is composed of Legal Services of New Jersey (LSNJ) and six regional providers of civil legal assistance. LSNJ receives the largest share of IOLTA funds and makes allocations to direct service providers according to the regional poverty population, as well as provides the network with centralized services such as telephone hotlines and information technology. With grant funds from the state and federal governments also shrinking, New Jersey's legal aid system is in dire straits. This is an especially difficult time because the needs of low-income people for legal assistance in civil matters such as consumer credit and employment problems, housing, family law, and access to medical care have increased while the economic recovery struggles.

IOLTA's second largest recipient of grant funds is the New Jersey State Bar Foundation (NJSBF) whose mission is to educate the public about the law. The capacity of the NJSBF to offer programs and publications about the law has also been curtailed as a result of lower funding support from IOLTA revenue. The loss of IOLTA funding has led to cuts in the number and amount of co-sponsored programs that could be supported by the NJSBF, although it continues to accomplish a great deal through educating and training teachers who leverage that knowledge with each classroom of students, professional development workshops for

healthcare workers, lawyers and school administrators, seminars for seniors and the disabled, as well as clinical fellowships at each of New Jersey's three law schools. The NJSBF's mock trial programs continue to enjoy tremendous popularity as do the many newsletters and theatrical productions designed to explore legal and justice-related topics suitable for every grade level.

The remainder of IOLTA's annual revenue is set aside for the next year's Discretionary Grant program. This is a competitive grant program with an upper limit of \$150,000. With grant priorities established for legal aid to the poor, improvements in the administration of justice and education of individuals with legal problems about the law, the program has been able to support legal assistance and advocacy in many different organizations, in all geographic corners of New Jersey. The areas of law addressed by these organizations are described later in this report.

The IOLTA Fund annually assists the roughly 36,000 attorneys in private practice with their responsibility to maintain and register an attorney trust account and must monitor and insure compliance with other requirements of Court Rule 1:28A. For budgetary reasons, this report and all of our publications are available only online.

John E. Keefe, Sr.
Board Chair
2009-2010



GRANTS

The purpose of New Jersey's IOLTA program is to make grants to qualifying organizations, which in turn provide law-related services. As specified in Rule 1:28A grants are made only for the following purposes:

- ❑ Legal Aid to the Poor
- ❑ Improvement in the Administration of Justice
- ❑ Education of Lay Persons in Legal and Justice-related Areas

New Jersey Supreme Court Rule 1:28A specifies that not less than 75% of net revenue be awarded to Legal Services of New Jersey, Inc. ("LSNJ") and, through sub-grants, to its local member Legal Services programs, to support the delivery of civil legal services to the poor throughout New Jersey. In addition, an award of not less than 12.5% of net revenue is made to the New Jersey State Bar Foundation to be used for the purposes as stated in the Rule. Through the IOLTA Discretionary Grant Program, the IOLTA Board of Trustees allocates the remaining net revenue to other grants supporting the purposes of the Rule,

Over \$339 million has been awarded to non-profit organizations in every county of New Jersey since 1989, when the first IOLTA grants were made. The grants have provided free civil legal assistance for the poor, victim assistance and advocacy, alternative dispute resolution, as well as legal help and advocacy for special populations including persons with disabilities, senior citizens, abused and neglected children, homeless youth, victims of domestic violence and immigrants.

2009 GRANTS

In 2009, total grants paid amounted to \$13,939,066. In addition to the Legal Services of New Jersey and the New Jersey State Bar Foundation allocations, eighty-one discretionary grants totaling \$4,506,300 were approved in 2008 to be paid in 2009.

Allocations to Legal Services and the Bar Foundation are paid four times each year from the revenue collected in the preceding months, while the discretionary grants are paid from funds accrued for the program in the prior fiscal year.

LEGAL SERVICES OF NEW JERSEY

In calendar 2009, Legal Services of New Jersey ("LSNJ") received \$8,085,228, compared to \$25,718,614 in 2008 and \$40,226,156 in 2007.

The statewide Legal Services system consists of Legal Services of New Jersey (LSNJ) and six regional Legal Services programs, serving all 21 counties through 23 offices. The Legal Services system opened more than 69,000 cases in 2009, of which 1,700 were handled by volunteer attorneys. LSNJ reports that of the cases closed in 2009, 28% were housing cases, primarily tenant matters. Family law (divorce, separation, support and custody) accounted for 22% of the caseload, while consumer law (bankruptcy, collection, warranties, unfair sales practices and disputes with public utilities) and Income Maintenance matters (Social Security, SSI, food stamps) accounted for 18% and 16% respectively. Other legal problems including education, health, employment, juvenile matters and individual rights accounted for 16% of the annual volume. Four of every five cases were resolved without litigation by supplying a brief service, counseling session or telephone call. IOLTA funds also support centralized services for the provider network, such as training, technical assistance telephone hotlines and shared technology. LSNJ provides direct representation to clients in matters of broad or statewide significance and through special projects that respond to emergent legal needs of low-income people.

LSNJ also provides community education. For example, the "Looking Out for Your Legal Rights" newsletter offers short articles on a variety of timely legal topics. In addition to several *pro se* manuals and legal handbooks, LSNJ also maintains a special website, www.LSNJLAW.org, to assist the public with resources, legal information, forms, and publications.

NEW JERSEY STATE BAR FOUNDATION

The New Jersey State Bar Foundation received \$1,347,538, compared to \$4,286,436 in 2008 and \$6,704,359 in 2007.

The New Jersey State Bar Foundation promotes public understanding of the law through free education programs, publications and other media. Law-related seminars for the public and special groups, conflict resolution and teasing and bullying training for teachers, publications for consumers and classrooms, videotape loan library, speakers bureau, elementary, middle and high school mock trial competitions are among the main activities undertaken by the Foundation to meet its mission. Free seminars covering legal topics such as wills, buying and selling a home, legal matters of interest to seniors, special needs trusts, education law, starting a new business, and health care were made available to the public. Since 1991 the

Foundation has provided funding for Court Night programs, annual events opening courthouses throughout New Jersey so that the public can learn from judges, attorneys and administrators about the court system.

The Bar Foundation's educational publications and programs reach many thousands of children and adults. The annual High School Mock Trial Competition program registered 251 teams in the 2009 competition. Similarly, the Law Adventure program for middle school students generated 164 entries prepared by 1,274 students coached by 74 teachers. The grammar school program, Law Fair 2008, received 131 entries prepared by 1,336 students and 65 teachers. High School Mock Trial workbooks are free of charge to schools and home-school groups; students and teachers prepare original mock trial cases in the lower grades. The Foundation's Law-related Education Conference provided 290 educators with additional ways to incorporate education about the law into an existing curriculum. Each of three editions of *The Legal Eagle* newsletter reached an average of 336,000 students and the *Respect* newsletter for middle and high school students reached an average circulation of 276,000. Other free publications for students and teachers were distributed during the year, totaling 74,000 items: *Students Rights*, *Legal Consequences of Substance Abuse*, *Bill of Rights Bulletin*, *Constitutionally New Jersey* and *Historical Documents of NJ and the US*. Over 2 million publications, brochures, posters and videos were shipped in 2009.

DISCRETIONARY GRANTS

The 2009 Discretionary Grant Program awarded \$4,506,300.

The 2009 grantees by program area were:

LEGAL INFORMATION AND EDUCATION

Consumer Credit Counseling Service of New Jersey	\$11,120
Elizabeth Coalition to House the Homeless	25,000
Hudson Pride Connections	12,000
Project Self-Sufficiency of Sussex County	40,000
Women's Center at the County College of Morris	6,400
Women in Transition	2,500

These agencies provided information to individuals about a variety of law-related issues, such as housing, family law matters, and consumer credit. The groups served include displaced homemakers, families at risk of homelessness, consumers with credit problems, single parent heads of households and g/l/b/t individuals. Through legal clinics, workshops, newsletters, printed information and referrals, individuals unable to hire attorneys learned how to make informed decisions about common legal problems such as divorce, name changes, employment discrimination, applying for public assistance and consumer credit. Volunteer lawyers offered individualized counseling to help resolve those problems.

DISABILITIES

AIDS Coalition of Southern New Jersey	\$103,060
Community Health Law Project	150,000
Hyacinth AIDS Foundation	125,000
Lifetime Support, Inc.	12,000
Planned Lifetime Assistance Network of New Jersey	46,600
SCARC Guardianship Services, Inc.	137,700
Volunteer Guardianship One-on-One, Inc.	11,700

These agencies provided assistance to disabled persons and their families. *Pro bono* (volunteer) and staff attorneys assisted clients with legal issues that result from living with a disability. Two of these organizations specialize in assisting individuals who have AIDS or who are HIV-positive and who face legal problems involving access to housing or medical care, job discrimination, and end of life issues. Three of these programs helped arrange guardianship of developmentally disabled, chronically mentally ill or elderly incapacitated individuals whose families, due to age, geography or competence, cannot fill that role. In some cases, a court-approved *pro se* (self-help) program guides the families through guardianship proceedings.

DOMESTIC VIOLENCE

180, Turning Lives Around (Monmouth)	\$45,000
Alternatives to Domestic Violence (Bergen)	51,260
Camden Center for Law and Social Justice	60,200
Coalition Against Rape and Abuse (Cape May)	63,800
Cumberland County Women's Center	21,500
Domestic Abuse and Sexual Assault Crisis Center (Warren)	53,940
Domestic Abuse and Sexual Assault Intervention Services, Inc. (Sussex)	40,000
Jersey Battered Women's Service (Morris)	45,000
Manavi, Inc.	45,240
New Jersey Association on Correction (Camden)	30,640
New Jersey Association on Correction (Passaic)	42,000
Partners for Women and Justice, Inc.- Family Justice Center	40,000
Providence House-Burlington	58,020
Providence House-Ocean	56,340
The Rachel Coalition/JFS of MetroWest	58,000
Resource Center for Women and Their Families (Somerset)	56,600
SAFE in Hunterdon	60,000
Salem County Women's Services	30,000
Womanspace, Inc. (Mercer)	34,740

Women Aware (Middlesex)	35,800
WomenRising, Inc. (Hudson)	55,000
YWCA of Eastern Union County	55,000

These grants support a variety of legal advocacy and court liaison programs assisting victims of domestic violence throughout the state--women, men, senior citizens and young people are all represented in their caseloads. IOLTA funds enable staff lawyers and legal advocates to provide assistance to victims of domestic violence during times of crisis. Often victims arrive in court without any prior knowledge of domestic violence laws or of the relief available to them under the law. Legal advocates provide legal options counseling, court accompaniment and assistance when a restraining order is sought. Advocates also work to educate court and law enforcement personnel to promote better handling of domestic violence cases. Manavi provides culturally appropriate domestic violence advocacy to women of South Asian origin.

EDUCATION LAW

Association for Children of New Jersey	\$122,780
Disability Rights New Jersey	100,000
Education Law Center	150,000
Statewide Parent Advocacy Network	90,000

These grants provide legal assistance and information to income eligible families having problems with education providers and to children receiving special education services. IOLTA grants permit these programs to represent children from low-income families who cannot afford a specialized attorney help them. Staff attorneys also inform school district personnel about education law and children’s rights. Statewide Parent Advocacy Network (SPAN) does not offer representation but provides intensive training and self-help materials for special education students who are about to make the transition from school to adult life.

FAMILIES AND CHILDREN

Bergen County CASA	\$45,000
CASA of Atlantic and Cape May Counties	55,000
CASA of Burlington County, Inc.	25,000
CASA of Camden County, Inc.	35,000
CASA of Cumberland, Gloucester and Salem Counties	45,000
CASA of Mercer County	45,000
CASA of Middlesex County	28,500
CASA of Monmouth County	38,260
CASA of Morris and Sussex Counties, Inc.	81,600
CASA of Ocean County	30,000
CASA of Somerset, Hudson and Warren Counties	43,880

CASA of Union County	45,000
Essex County CASA	90,000
Hudson County CASA	78,000
Partners for Women and Justice, Inc.- mPower Legal Assistance	83,500
Passaic County CASA	25,000

With more than 9,000 children in out-of-home placements in New Jersey, a Court Appointed Special Advocate (a “CASA,” a trained volunteer appointed by a judge) can be a catalyst for expedited adoption or family reunification. Children who have suffered abuse or neglect need to reach safe, permanent, nurturing homes as quickly as possible. IOLTA grants to CASA programs support investigational and reporting objectives, providing family court judges with reports about a child’s medical, psychological and physical condition and educational needs, giving those children a voice in court and an advocate for their best interest.

HOUSING

Bergen County Housing Coalition	\$30,000
Catholic Charities Emergency and Community Services	12,000
Fair Share Housing Center, Inc.	40,000

Two of these organizations offer information about the legal rights and responsibilities of tenants and landlords, serving families at risk of homelessness. A low-income family could face the loss of housing following an illness, a temporary disability or job loss. Some crises, court appearances, and evictions can be avoided through intervention with landlords. FSHC engages in the representation of lower-income households statewide, exclusively in the area of affordable housing.

IMMIGRATION

American Friends Service Committee-Detention Representation Collaboration	\$85,460
American Friends Service Committee-Immigrant Rights Program	85,800
Catholic Charities of the Archdiocese of Newark-NJ Catholic Consortium	150,000
First Hispanic Baptist Church of Trenton	12,000
Hispanic Development Corporation	20,000
International Institute of New Jersey	99,960
Jewish Family and Vocational Services of Middlesex County	49,500
La Casa de Don Pedro, Inc.	84,000
Latin American Legal Defense and Education Fund	9,440
Lutheran Social Ministries of New Jersey	85,000
Servicios Latinos de Burlington County	40,000
Wind of the Spirit Immigration Resource Center	10,000

These agencies provide services to income eligible legal immigrants seeking assistance for family reunification, representation in Immigration Court, citizenship applications, and work authorization, as well as Temporary Protective Status. Some programs also offer specialized help for immigrant battered women and young people who have been brought to this country, then abandoned.

The Detention Representation Project is a collaboration that gives assistance to detained asylum seekers and other detainees who are eligible for relief from detention or deportation. Following an initial screening and consultation at the prison, meritorious cases are referred to *pro bono* attorneys and charities that provide immigration legal services.

All of the immigration grant recipients work hard to offer immigrant communities authoritative and accurate information to counteract and thwart unscrupulous practitioners known as “notarios” who can delay, disrupt or destroy a person’s chances to work and live in the US.

OTHER LEGAL AID

Asian American Legal Defense and Education Fund	\$82,700
Covenant House New Jersey	78,560
Essex County Legal Aid Association	110,800
Legal Aid Society of Monmouth County, Inc.	12,000
Legal Services Foundation of Essex County- Volunteer Lawyers for Justice	65,000
Legal Services of New Jersey-Health Care Access Project	119,400
Legal Services of New Jersey-Public Interest Summer Legal Intern Program	150,000
New Jersey Crime Victims’ Law Center	40,000
New Jersey Volunteer Lawyers for the Arts	12,000
Rutgers Law School-Camden <i>Pro Bono</i> Program	35,000
Rutgers Law School-Newark <i>Pro Bono</i> Program	10,000

These grantees provided a variety of legal services, including legal aid, referral to volunteer attorneys, mediation, and information about the law. Legal aid programs offer income eligible individuals the opportunity to discuss their legal problems with an experienced attorney. After a client’s legal needs are assessed, services are usually provided by a staff or volunteer attorney.

The clients targeted in this group of grants include low-wage Asian workers seeking citizenship, assistance with discrimination issues or employer problems such as wage and hour violations, as well as young people, ex-convicts and juvenile offenders seeking help with civil legal matters such as child support, expungement and employment, artists seeking help with contracts, families having trouble accessing healthcare for children and individuals filing for bankruptcy protection. Grants to the law schools and LSNJ’s summer intern program provide

opportunities for students to contribute to the community through *pro bono* service or to work in the field of public interest law.



BANKS

Only financial institutions that are Court-approved trust account depositories may offer IOLTA accounts.

In 2009, the IOLTA Fund earned trust account interest totaling \$10,691,491 from 136 banks compared to \$20,053,771 of interest from 134 banks in fiscal 2008 and \$50,374,954 from 126 banks in 2007.

The average rate on all IOLTA accounts, regardless of size, was 0.84% in 2009 compared to 1.30% in 2008 and 2.25% in 2007. Balances in all IOLTA accounts averaged \$2.06 billion compared to \$2.19 billion in 2008 and \$2.87 billion in 2007.

The Supreme Court of New Jersey awards trust account business to all banks in New Jersey that comply with applicable guidelines without any competitive bidding process. In exchange, a fair, comparable and reasonable return is expected. The Best Customer Standard provides a mechanism to establish and ensure such a return.

About 68% of participating banks choose the Best Customer Standard “indexed option” as the rate they would pay on accounts with average balances of \$100,000 or more. The Supreme Court amended the option to include a 1% minimum in early 2009 because the federal funds target rate, reduced to a range from 0% to 0.25% in December 2008, was no longer functional as the benchmark for an overall comparable rate. Banks can alternatively choose to pay the best rate they make available to other, similarly-situated, high balance, non-IOLTA customers on any one of five other account types.

In determining how to meet the new Best Customer Standard at their own financial institutions, some banks enrolled in the **IOLTA Leadership Bank** Program. These banks agree to pay the greater of 80% of the Federal Funds Target Rate or 1% on qualifying, high average balance accounts (\$100,000 or more).

Another group of financial institutions paid an account rate higher than 1% in 2009. These are **IOLTA Community Leader Banks**. Their rate choice takes them “above and beyond” in this difficult market environment. Now more than ever, we encourage attorneys and law firms to leverage their trust account balances by banking at an **IOLTA Community Leader Bank** or a **Leadership Bank**. Links to information about IOLTA checking accounts at Leadership and Community Leader Banks are provided at www.ioltanj.org.

Leadership Bank Program As of March 31, 2010

Bank Asiana	New Millennium Bank
BNB Bank, NA	NewBank
Bogota Savings Bank	Newfield National Bank
City National Bank of New Jersey	North Jersey Community Bank
Community Bank of Bergen County	Ocean City Home Bank
1 st Constitution Bank	Oritani Savings Bank
First National Bank of Absecon	Parke Bank
Freedom Bank	The Provident Bank
Freehold Savings and Loan Association	RSI Bank
Grand Bank	Saddle River Valley Bank
Hudson City Savings Bank	Sturdy Savings Bank
Investors Savings Bank	Valley National Bank
Kearny Federal Savings	Woori America Bank
Magyar Bank	

Community Leader Banks As of March 31, 2010

Audubon Savings Bank	GCF Bank
Banco Popular North America	Rom-Asia Bank
Capital Bank of New Jersey	TriState Capital Bank
Franklin Bank	Wilshire State Bank

2009 Other Bank Participation

The following banks also remitted interest to IOLTA during 2009. Banks that paid 1% on any Best Customer Standard option are marked with an asterisk.

Abacus Federal Savings Bank	Liberty Bell Bank
Allegiance Community Bank*	Llewellyn-Edison Savings Bank*
Amboy National Bank*	M&T Bank
American Bank of New Jersey*	Manasquan Savings Bank*
Atlantic Stewardship Bank*	Mariner's Bank
Bank of America	Metuchen Savings Bank*
Bank of New Jersey	Millennium bcpcbank
The Bank of Princeton*	Millington Savings Bank*
The Bank*	Millville Savings and Loan*

BCB Bank*	Monroe Savings Bank
Beneficial Bank*	New Jersey Community Bank*
BNY Mellon	NJM Bank*
Boiling Springs Savings Bank*	Northern State Bank*
Brunswick Bank and Trust	Northfield Savings Bank*
Cape Bank*	Nova Bank*
Capital One Bank*	NVE Bank*
Cathay Bank	Ocean First Bank*
Central Jersey Bank	Pamrapo Savings Bank*
Chinatrust Bank*	Pascack Community Bank*
Citibank	Peapack Gladstone Bank*
Citizens Bank*	Pennsville National Bank
Citizens Community Bank	PNC Bank*
Colonial Bank*	Ponce De Leon Federal Bank*
Columbia Bank*	Provident Bank
Community First Bank*	Regal Bank*
Cornerstone Bank	Republic First Bank*
Crest Savings Bank*	Rumson-Fair Haven Bank and Trust
Crown Bank*	Select Bank*
Delanco Federal Savings Bank*	Shore Community Bank*
Enterprise National Bank NJ*	Skylands Community Bank*
First Bank*	Somerset Hills Bank*
First Bank Americano	Somerset Savings Bank*
First Choice Bank*	Sovereign Bank*
1st Colonial National Bank*	Spencer Savings Bank*
First Hope Bank*	St. Edmond's Federal Savings Bank*
First National Bank of Elmer*	Sterling Bank
First State Bank*	Sun National Bank*
Firsttrust Bank	Susquehanna Bank
Fox Chase Bank*	Sussex Bank*
Garden State Community Bank*	TD Bank*
GSL Savings Bank*	TD Banknorth*
Harmony Bank*	Team Capital Bank*
Harvest Community Bank	Third Federal Savings Bank*
Heritage Community Bank*	Two River Community Bank*
Highlands State Bank*	Union Center National Bank*
Hilltop Community Bank*	Union County Savings Bank*
Hopewell Valley Community Bank*	Unity Bank*
HSBC Bank USA	Wachovia Bank
JP Morgan Chase Bank	Washington Mutual Bank*
Lakeland Bank*	Wawel Savings Bank



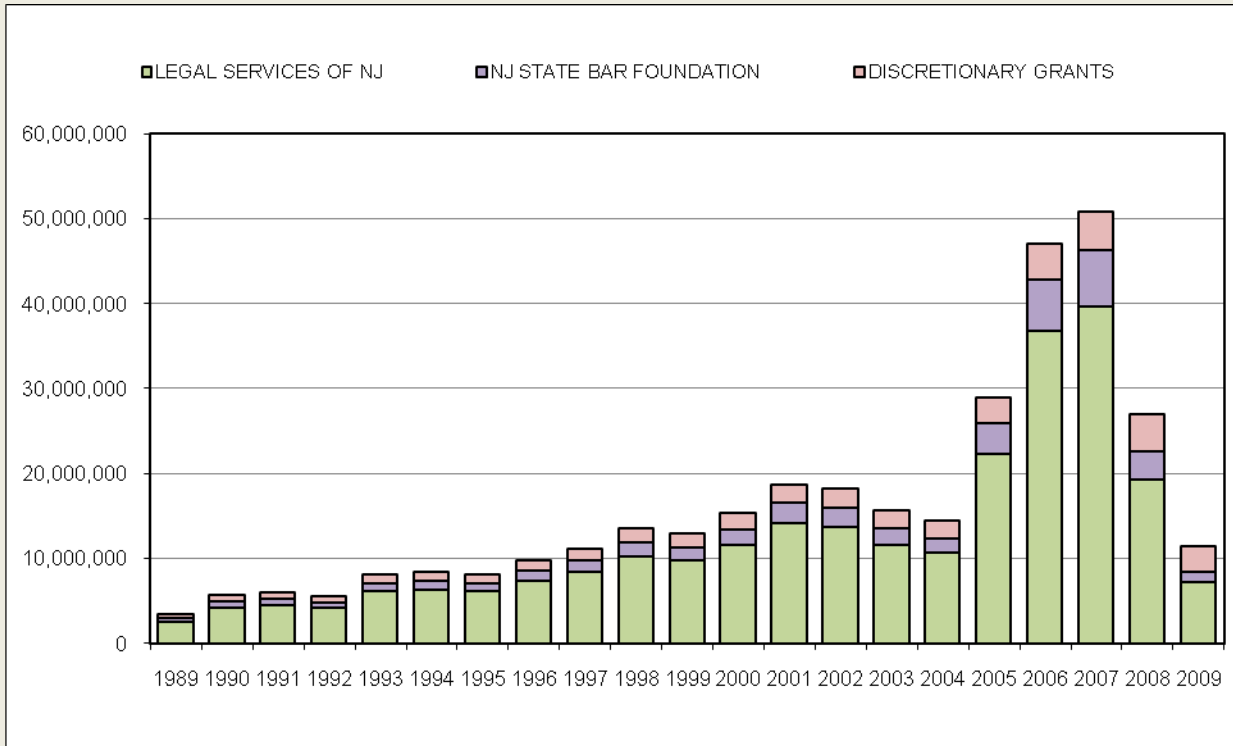
FINANCIAL INFORMATION

2009 Financial Information

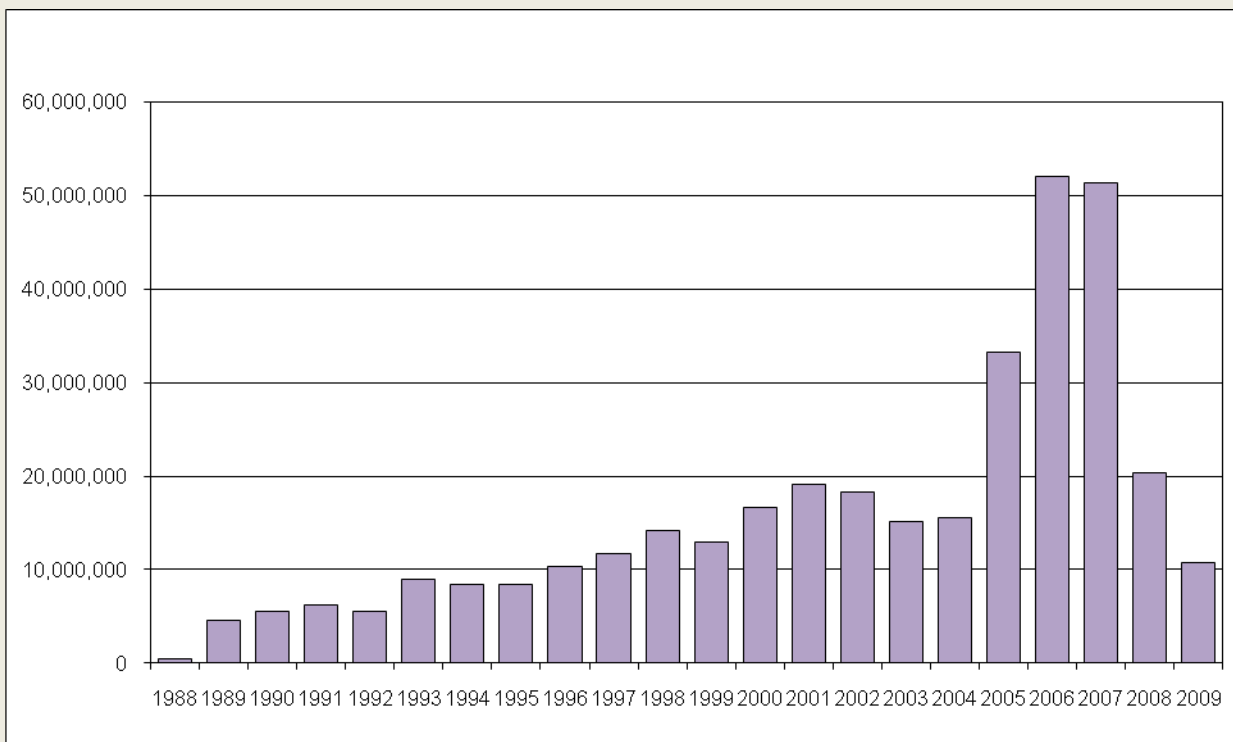
	2009	2008
Revenue		
Net IOLTA Interest Earned	\$ 10,691,491	\$ 20,037,004
Investment Interest Income	28,916	282,165
Total Revenue	<u>\$ 10,720,407</u>	<u>\$ 20,319,169</u>
Expenses		
General and Administrative Expenses	\$ 456,824	\$ 476,247
Authorized Grant Allocations	11,361,458	26,980,518
Total Expenses	<u>\$ 11,818,282</u>	<u>\$ 27,456,765</u>
Net Increase/(Decrease) in Temporarily Restricted Net Assets for the Year	\$ (1,097,875)	\$ (7,137,596)

**Figures are excerpted from the 2009 audited financial statements prepared by Barre & Company, Certified Public Accountants and Consultants. The audit may be examined by appointment during business hours at the Fund's offices.*

IOLTA GRANTS 1989 – 2009 (\$)



IOLTA REVENUE 1989 – 2009 (\$)





ADMINISTRATION

A nine member Board of Trustees governs the IOLTA Fund of the Bar of New Jersey. The Court appoints six members. Ex-officio members are: President, Legal Services of New Jersey, Inc.; President, New Jersey State Bar Association; and President, New Jersey State Bar Foundation or designee.

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