



**THE IOLTA FUND
OF THE BAR OF NEW JERSEY**

2010 ANNUAL REPORT



Message from the Chair

Free legal services for low-income individuals with civil legal problems benefit the public, courts and business community. Helping disadvantaged, low-income families and individuals move toward economic self-sufficiency, avoid homelessness, achieve safety, access healthcare, and obtain knowledge about the laws affecting their basic needs is essential for New Jersey's vitality, productivity and civic life. The work of legal services attorneys helps litigants avoid court battles, protects the vulnerable and assures access to justice for those who cannot pay for an attorney.

Funding from the IOLTA program has been a welcome and necessary financial resource for legal service providers since 1989. IOLTA revenue, however, is largely dependent on market rates of interest which have been at historically low levels since December 2008 when the federal funds target rate dropped to its current range: 0% to 0.25%. As a result, revenue from the interest on lawyer trust accounts decreased from \$50.1 million in 2007 to \$12.0 million in 2010. The second part of the revenue equation is residential housing volume, the primary driver of the short term funds held in attorney trust accounts. House sales continue to be very weak. Lower balance levels in attorney trust accounts—now around \$2 billion compared to \$3 billion in 2007—reduce the earning power of the IOLTA program even more.

This 80% drop in annual revenue since 2007 has contributed to drastic reductions in staffing at New Jersey's legal services programs, which means that far fewer people can receive help when they need it most. The legal services delivery system 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. For efficiency, LSNJ also provides the network with centralized services such as telephone hotlines and information technology. New Jersey's legal aid system has been severely impacted recently, not just by the reduction of IOLTA revenue but by shrinking grants from state and federal governments. The demand for access to legal assistance in matters such as consumer credit, foreclosure relief, employment, housing, family law, and access to medical care has skyrocketed in the aftermath of the recession and cannot be met; only 1 person of every 3 can receive assistance.

The New Jersey State Bar Foundation (NJSBF) also receives a significant amount of IOLTA's net revenue. With a mission to educate the public about the law, NJSBF has had to curtail some

programs and publications because of lower support from IOLTA. Nonetheless, the NJSBF still offered many free public programs, teacher trainings, publications for schoolchildren, professional development workshops for healthcare workers, lawyers and school administrators, and seminars designed to assist groups such as seniors and the disabled in 2010. Clinical fellowships at each of New Jersey's three law schools had a favorable impact on their immediate vicinities in Newark and Camden as law students assist community members with their legal problems under the supervision of professors and volunteer lawyers. The NJSBF's mock trial programs enjoyed tremendous popularity at every grade level, as did the many newsletters and theatrical productions designed to explore legal and justice-related topics with students at all grade levels.

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. Grant priorities are established by the IOLTA Rule: legal aid to the poor, improvements in the administration of justice and education of individuals with legal problems about the law. The Discretionary Grant program has been able to support legal assistance and advocacy in many different organizations, in all corners of New Jersey, but both the number and amount of these grants has declined since 2008.

On behalf of the IOLTA Board I commend thousands of New Jersey attorneys who volunteered their services to handle a case *pro bono* in 2010 and I encourage all New Jersey attorneys to make an effort to do the same in the coming year. Opportunities abound—just look at our list of grant recipients. You will be rewarded many times over by the experience.

We would also like to thank the more than 130 financial institutions that maintained IOLTA accounts in 2010. We encourage all attorneys and law firms to take note of those banks appearing on pages 11 and 12 under Leadership Banks, Community Leader Banks and participants that paid 1% on high balance accounts. We are honored that these outstanding companies have chosen to work with the IOLTA Fund to have a larger positive impact on solving problems for New Jersey's neediest residents.

Edwin J. McCreedy
Board Chair
2010-2011

For budgetary reasons, this report is available only online.



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 \$351 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.

IOLTA Fund staff annually assists roughly 36, 000 attorneys in private practice with their responsibility to maintain and register an attorney trust account and monitors compliance with other requirements of Court Rule 1:28A.

2010 GRANTS

In 2010, total grants paid amounted to \$13,296,949. In addition to the Legal Services of New Jersey and the New Jersey State Bar Foundation allocations, seventy discretionary grants totaling \$2,939,960 were approved in 2009 to be paid in 2010.

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 2010, Legal Services of New Jersey (“LSNJ”) received \$8,877,419, compared to \$8,085,228 in 2009 and \$25,718,614 in 2008.

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. Of 62,000 cases opened in 2010, more than 1,900 were handled by volunteer attorneys on a *pro bono* basis.

LSNJ reports that of the cases closed in 2010, 28% were housing cases, primarily tenant matters. Family law (divorce, separation, support and custody) accounted for 21% 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 17% 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 the public with access to information about the law and the NJ court system. In addition to the "Looking Out for Your Legal Rights" newsletter which offers short articles on a variety of timely legal topics, *pro se* manuals and legal booklets, LSNJ also maintains a comprehensive 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 \$1,479,570, compared to \$1,347,538 in 2009 and \$4,286,436 in 2008.

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 such as grandparents or advocates for the disabled, 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 about the court system from judges, attorneys and administrators.

The Bar Foundation's educational publications and programs reach many thousands of children and adults. The annual High School Mock Trial Competition program registered 249 teams in the 2010 competition. Similarly, the Law Adventure program for middle school students generated 134 entries prepared by 983 students coached by 74 teachers. The grammar school program, Law Fair, received 122 entries prepared by 1,139 students and 75 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 285 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 345,000 students and the *Respect* newsletter for middle and high school students reached an average circulation of 271,000. Other free publications for students and teachers were distributed during the year, totaling 56,308 items: *Students Rights*, *Legal Consequences of Substance Abuse*, *Bill of Rights Bulletin*, *Constitutionally New Jersey* and *Historical Documents of NJ and the US*; 1,997,610 publications, brochures, posters and videos were shipped in 2010.

DISCRETIONARY GRANTS

The 2010 Discretionary Grant Program awarded \$2,939,960.

The 2010 grantees by program area were:

LEGAL INFORMATION AND EDUCATION

Consumer Credit Counseling Service of New Jersey	\$7,200
Project Self-Sufficiency of Sussex County	15,000
Women's Center at the County College of Morris	4,160

These agencies provided information to individuals about a variety of law-related issues, such as housing, family law, and consumer credit. The groups served include displaced homemakers, families at risk of homelessness, consumers with credit problems, and single parent heads of households. Through legal clinics, workshops, newsletter articles, 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	\$38,640
All About Hope	32,200

Community Health Law Project	112,500
Hyacinth AIDS Foundation	93,740
Planned Lifetime Assistance Network of New Jersey	30,280
SCARC Guardianship Services, Inc.	89,500

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. Two 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)	\$25,000
Alternatives to Domestic Violence (Bergen)	33,300
Atlantic County Women's Center	16,900
Camden Center for Law and Social Justice	45,140
Center for Family Services (Gloucester)	37,240
Coalition Against Rape and Abuse (Cape May)	47,840
Cumberland County Women's Center	13,960
Domestic Abuse and Sexual Assault Crisis Center (Warren)	35,060
Domestic Abuse and Sexual Assault Intervention Services, Inc. (Sussex)	26,000
Jersey Battered Women's Service (Morris)	29,240
Manavi, Inc.	33,900
New Jersey Association on Correction (Camden)	19,900
New Jersey Association on Correction (Passaic)	27,300
Providence House-Burlington of Catholic Charities	37,700
Providence House-Ocean of Catholic Charities	36,600
The Rachel Coalition/JFS of MetroWest	43,500
Resource Center of Somerset	36,780
SAFE in Hunterdon	45,000
Salem County Women's Services	19,500
Womanspace, Inc. (Mercer)	22,580
Women Aware (Middlesex)	23,260
YWCA of Eastern Union County	41,240

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

Advocates for Children of New Jersey (ACNJ, formerly Association for Children of NJ)	\$92,080
Disability Rights New Jersey	75,000
Education Law Center	112,500
Statewide Parent Advocacy Network (SPAN)	58,500

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 two of these programs to represent children from low-income families who cannot afford a specialized attorney help them. ACNJ staff attorneys intervene in disputes with school districts, solving problems related to school discipline, access to special education and testing, and appropriate placements, without resorting to costly litigation. SPAN 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	\$29,240
CASA of Atlantic and Cape May Counties	35,740
CASA of Burlington County, Inc.	16,240
CASA of Camden County, Inc.	22,740
CASA of Cumberland, Gloucester and Salem Counties	29,240
CASA of Mercer County	29,240
CASA of Middlesex County	18,500
CASA of Monmouth County	24,860
CASA of Morris and Sussex Counties, Inc.	53,040
CASA of Ocean County	19,500
CASA of Somerset, Hudson and Warren Counties	21,140
CASA of Union County	29,240
Essex County CASA	58,500
Hudson County CASA	50,700
Partners for Women and Justice, Inc.	62,600
Passaic County CASA	16,240

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.

Partners for Women and Justice, Inc. provides legal assistance to women who cannot afford an attorney with family law and financial matters that arise as a result of domestic violence, such as restraining orders, divorce, child support custody or visitation.

IMMIGRATION

American Friends Service Committee	\$64,340
Catholic Charities of the Archdiocese of Newark-Detention Representation Project	35,200
Catholic Charities of the Archdiocese of Newark-NJ Catholic Consortium	112,500
International Institute of New Jersey	74,960
Jewish Family and Vocational Services of Middlesex County	37,100
La Casa de Don Pedro, Inc.	63,000
Lutheran Social Ministries of New Jersey	63,740
Servicios Latinos de Burlington County	30,000
Wind of the Spirit Immigration Resource Center	7,500

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 and later abused or abandoned. Others provide help by translating forms, court instructions, scheduling appointments and assistance with naturalization.

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. Many of these organizations also conduct informational training programs for other service agencies, attorneys, law enforcement officials and judges.

OTHER LEGAL AID

Asian American Legal Defense and Education Fund	\$62,000
Covenant House New Jersey	58,900
Essex County Legal Aid Association	83,100
Legal Aid Society of Monmouth County, Inc.	7,800
Legal Services of New Jersey-Health Care Access Project	89,540
Legal Services of New Jersey-Public Interest Summer Legal Intern Program	97,500
New Jersey Volunteer Lawyers for the Arts	7,800

Rutgers Law School-Camden <i>Pro Bono</i> Program	22,740
Rutgers Law School-Newark <i>Pro Bono</i> Program	5,000
Volunteer Lawyers for Justice	42,240

These grantees provided a variety of legal services, including legal aid, referral to volunteer attorneys 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.

**IOLTA accounts are eligible for unlimited FDIC insurance until 12/31/2012.
For more information, check www.ioltanj.org under “News.”**

In 2010, the IOLTA Fund earned trust account interest totaling \$12,016,504 from 133 banks compared to \$10,691,491 of interest from 136 banks in fiscal 2009 and \$20,053,771 from 134 banks in 2008.

The average rate on all IOLTA accounts, regardless of size, was 0.81% in 2010 compared to 0.84% in 2009 and 1.30% in 2008. Balances in all IOLTA accounts averaged \$2.09 billion compared to \$2.07 billion in 2009 and \$2.19 billion in 2008.

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 67% 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. 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 Best Customer Standard at their own financial institutions, some banks enrolled in the **IOLTA Leadership Bank** Program, agreeing 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 2010. These are **IOLTA Community Leader Banks**. Their rate choice takes them “above and beyond” in this very 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 December 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 December 31, 2010

Audubon Savings Bank	Franklin Bank
Century Savings Bank	TriState Capital Bank

2010 Other Bank Participation

The following banks also remitted interest to IOLTA during 2010. Banks that paid 1% on any Best Customer Standard option are marked with an asterisk.

Abacus Federal Savings Bank	Citibank
Allegiance Community Bank *	Citizens Bank *
Amboy National Bank *	Colonial Bank *
Atlantic Stewardship Bank *	Columbia Bank *
Banco Popular	Community First Bank *
Bank of America	Cornerstone Bank
Bank of New Jersey	Crest Savings Bank *
The Bank *	Cross River Bank *
The Bank of Princeton *	Crown Bank *
Bayonne Community Bank	Delanco Federal Savings Bank *
Beneficial Bank *	Enterprise National Bank NJ *

BNY Mellon	First Bank *
Boiling Springs Savings Bank *	First Choice Bank *
Brunswick Bank & Trust	1st Colonial National Bank *
Cape Bank	First Hope Bank *
Capital Bank of New Jersey *	First National Bank of Elmer *
Capital One Bank *	First State Bank *
Central Jersey Bank	Firsttrust Bank
Chinatrust Bank *	Fox Chase Bank
Garden State Community Bank	Pennsville National Bank
GCF Bank	PNC Bank *
GSL Savings Bank *	Ponce De Leon Federal Bank *
Harmony Bank *	Provident Bank
Harvest Community Bank	Regal Bank *
Heritage Community Bank	Republic First Bank *
Highlands State Bank *	Roma Bank
Hilltop Community Bank	RomAsia Bank *
Hopewell Valley Community Bank *	Rumson-Fair Haven Bank & Trust
HSBC Bank USA *	Schuyler Savings Bank
JP Morgan Chase Bank	Select Bank *
Lakeland Bank *	Shore Community Bank *
Liberty Bell Bank	Sklylands Community Bank *
Llewellyn-Edison Savings Bank *	Somerset Hills Bank *
M & T Bank	Somerset Savings Bank *
Manasquan Savings Bank *	Sovereign Bank *
Mariner's Bank	Spencer Savings Bank *
Metuchen Savings Bank *	St. Edmond's Federal Savings Bank *
Millennium bcpbank	Sterling Bank
Millington Savings Bank *	Sun National Bank *
Millville Savings & Loan *	Susquehanna Bank
Monroe Savings Bank	Sussex Bank *
New Jersey Community Bank *	TD Bank *
NJM Bank *	Team Capital Bank *
Northern State Bank *	Third Federal Savings *
Northfield Savings Bank *	Two River Community Bank *
Nova Bank	Union Center National Bank *
NVE Bank *	Union County Savings Bank *
OceanFirst Bank	Unity Bank *
Pamrapo Savings Bank	Wachovia Bank
Pascack Community Bank *	Wavel Savings Bank *
Peapack-Gladstone Bank *	Wilshire State Bank



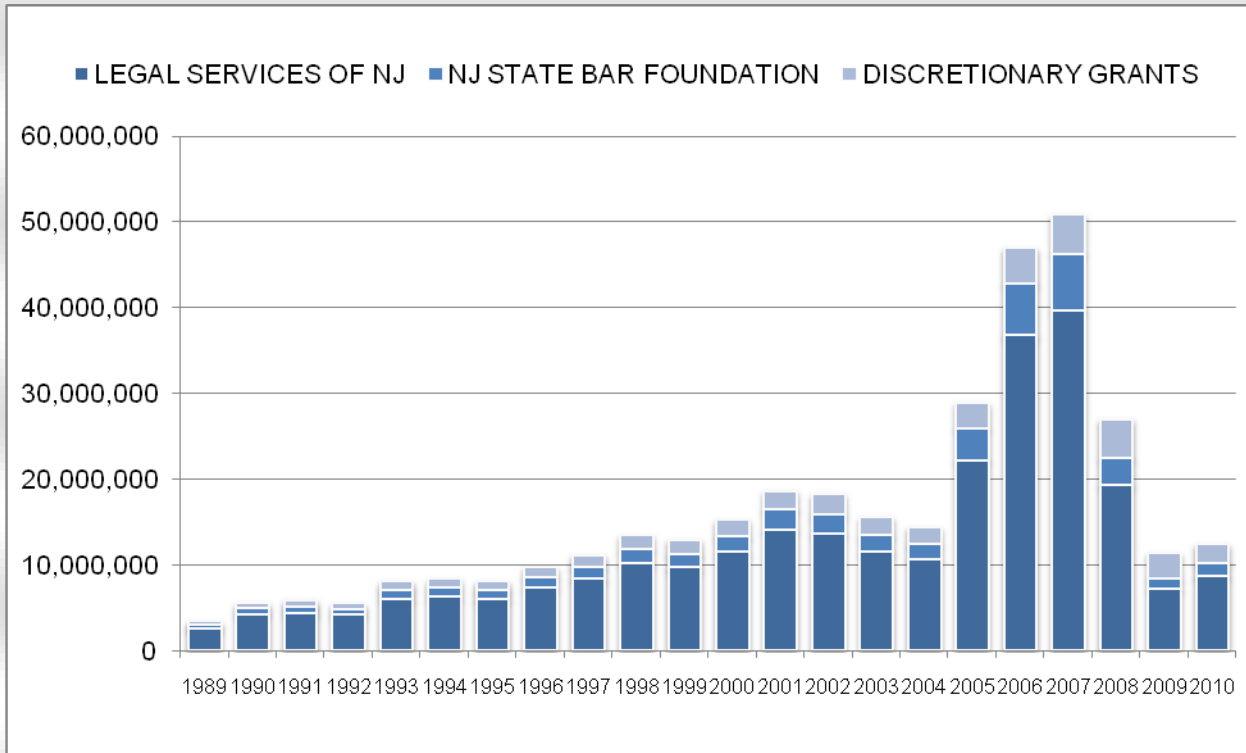
FINANCIAL INFORMATION

2010 Financial Information

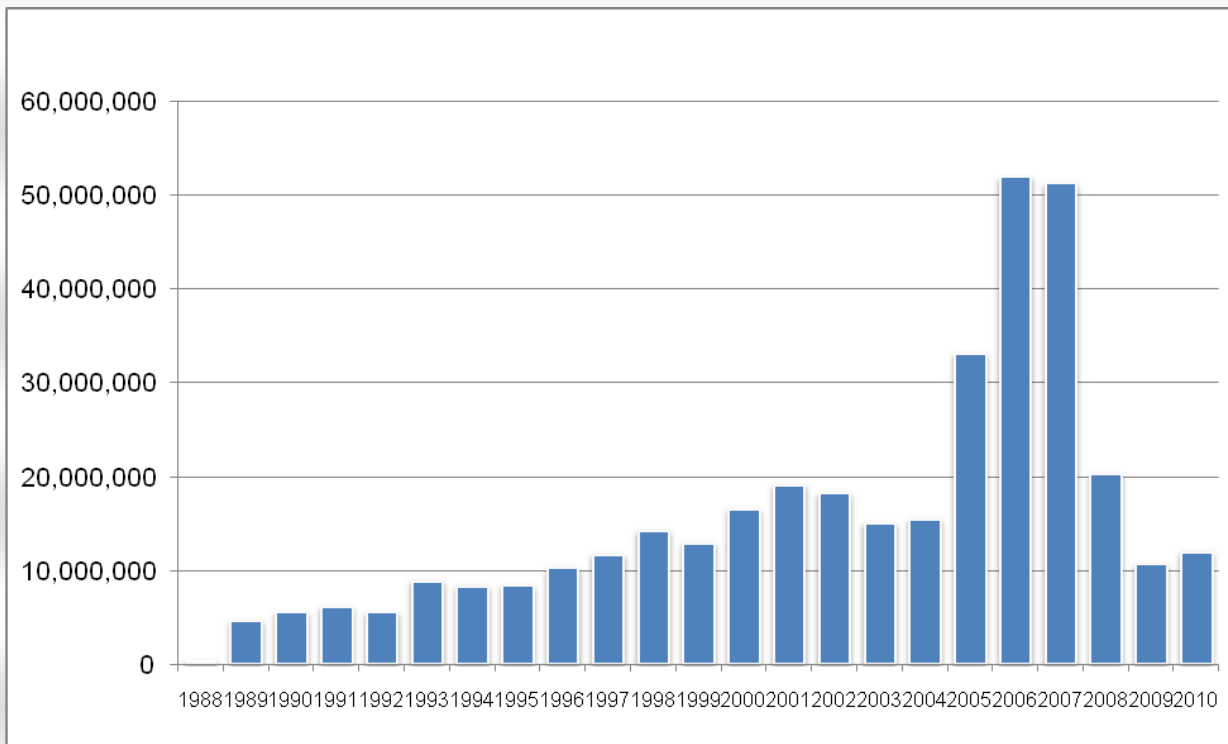
	2010	2009
Revenue		
Net IOLTA Interest Earned	\$ 12,016,504	\$ 10,691,491
Investment Interest Income	14,652	28,916
Total Revenue	\$ 12,031,156	\$ 10,720,407
Expenses		
General and Administrative Expenses	\$ 461,723	\$ 456,824
Authorized Grant Allocations	12,422,410	11,378,865
Total Expenses	\$ 12,884,133	\$ 11,835,689
Additional Grant Activity	\$ 9,281	\$ 17,407
Net Increase/(Decrease) in Temporarily Restricted Net Assets for the Year	\$ (843,696)	\$ (1,097,875)

**Figures are excerpted from the 2010 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 – 2010 (\$)



IOLTA REVENUE 1988 – 2010 (\$)





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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