

Maryland Legal Services Corporation

IOLTA / Interest on Lawyer Trust Accounts

Annual Report

July 1, 2002
to
June 30, 2003



Statement from the Chairman



Dear Friends and Colleagues:

I am pleased to present the Annual Report of the Maryland Legal Services Corporation (MLSC) for the fiscal year ending June 30, 2003. The Maryland General Assembly created MLSC and the Interest on Lawyer Trust Accounts (IOLTA) program in 1982 to help fund, preserve, improve, and expand civil legal services to Maryland's poor. Since our creation, MLSC has made grants totaling \$71,921,880 to help provide services in more than 1.1 million legal matters for our state's families.

This has been another very active and productive year for MLSC and the legal services community in our state. In July 2002 the Maryland Court of Appeals adopted rules regarding pro bono standards, reporting and planning, seeking to increase private attorney pro bono support for legal services. In March 2003 the U.S. Supreme Court upheld the constitutionality of IOLTA. In April the Maryland General Assembly approved \$300,000 in general revenue funding for MLSC to help us maintain grants for our services in the face of projected declines in IOLTA because of low interest rates.

As MLSC's chairman since 1994, I have had the privilege of working closely with the boards and staff of Maryland's legal services provider programs as they strive to meet the increasing legal needs of low-income Marylanders while operating under severe funding constraints. I am honored by the opportunities I have been given to support their work. Through my

appointment to the federal Legal Services Corporation's Board of Directors by President George W. Bush in April 2003, I hope to use my experiences of the past eight years at MLSC in other forums in furtherance of equal justice for all.

This serves as my last report as MLSC chairman, with my term ending on June 30, 2003. On July 2nd Governor Robert Ehrlich appointed former Maryland Senator F. Vernon Boozer to the MLSC Board of Directors, and on July 28th the Board elected Senator Boozer as their new chairman. I am delighted that MLSC and Maryland will receive his outstanding leadership in the work before us.

Sincerely,

A handwritten signature in dark ink, appearing to read "Herbert S. Garten". The signature is written in a cursive, slightly stylized font.

Herbert S. Garten
Chairman

Overview — Maryland Legal Services Corporation

The Maryland Legal Services Corporation (MLSC) was established by the Maryland General Assembly in 1982 (Maryland Code Article 10, Sections 45A - 45O). The Corporation receives and distributes funds to nonprofit grantees that provide legal assistance to eligible clients in noncriminal proceedings or matters. MLSC assures that grants and contracts are made so as to provide the most stable, economical and effective delivery of legal assistance. It also ensures that eligible clients in all areas of the state have access to such services.



The Corporation, a nonprofit organization, is governed by a nine-member Board of Directors appointed by the Governor and confirmed by the Senate for three-year terms. Five members are attorneys admitted to practice in Maryland; four members are non-attorneys. The Board appoints the Corporation's Executive Director, who serves *ex officio* as a nonvoting member of the Board.

The Maryland General Assembly also enacted the Interest on Lawyer Trust Accounts (IOLTA) program in 1982, which constitutes the Corporation's primary funding source. In 1984, the General Assembly amended Article 10, Section 45-O, effective July 1, 1985, directing the Governor to appropriate at least \$500,000 annually from the State Unclaimed Property Fund for the activities of the Corporation. During the 1989 legislative session, the General Assembly enacted legislation converting the State's voluntary IOLTA program to a mandatory program, effective July 1, 1989, in which all Maryland attorneys are required to place small or short-term client trust funds into an IOLTA account (Maryland Code Business Occupations, Section 10-303). During its 1998 term, the Maryland General Assembly amended Article 10, Section 45-O, and Business Occupations and Professions, Section 10-

303, effective July 1, 1998, establishing a \$10 filing fee surcharge on all cases filed in circuit court and a \$2 surcharge on district court cases to help fund civil legal services. The legislation also created the "Maryland Legal Services Corporation Fund," into which all IOLTA revenues, Abandoned Property Money, and filing fee surcharge revenue for civil legal services are collected. Money from the fund is appropriated by the Maryland General Assembly annually for the purposes articulated in the Maryland Legal Services Corporation statute. The Maryland General Assembly approved a \$300,000 general revenue appropriation for the Corporation for FY 2004.

MLSC is statutorily required to publish an annual report describing its activities. This annual report covers the fiscal year July 1, 2002 through June 30, 2003.

*A grandmother in **Prince George's County**, grieving over her daughter's murder, faced a fight to gain custody of her grandson. The father, who is serving time for the mother's murder, gave over his parental rights to his mother. With the pro bono help arranged by **Maryland Crime Victim's Resource Center** to gain custody of the child, the grandmother avoided another devastating loss.*

Highlights of Activities

◆ Losses in IOLTA revenue necessitated a 5% reduction in MLSC's FY 2003 grant level. This reduction was reflected in case services. MLSC grantees provided legal assistance in 105,410 cases during FY 2003, which represents a 4% decrease from the prior fiscal year.

◆ In addition to reporting on the numbers of cases opened and closed, during FY 2003 all MLSC grantees submitted an "Annual Report on Major Benefits Produced for Clients" to better document results achieved through their services. The programs reported that approximately 200,000 people (including client family members and others) directly benefited from services provided during this fiscal year.

◆ MLSC administered the second annual IOLTA Compliance requirement pursuant to Maryland Rule 16-608, effective January 1, 2002, requiring Maryland attorneys to report annually on their interest on lawyer trust account (IOLTA) compliance. The first year of the new reporting rule resulted in a 126% increase in new account registration for the period. Although overall revenue did not increase due to continued interest rate declines, an estimated \$115,000 of new IOLTA income was generated as a result of the requirement, helping to reduce IOLTA's shortfall.

◆ The University of Baltimore Law School's Center for Families, Children and the Courts issued its evaluation report on

the "Model Child Custody Representation Project," a joint initiative of MLSC and the Administrative Office of the Courts. This pilot project to increase representation to low-income persons in complex child custody cases is in its fourth year of operation in Anne Arundel, Montgomery and Prince George's counties. Services are provided by the Legal Aid Bureau, Law Foundation of Prince George's County, Montgomery County Bar Foundation, YWCA of Annapolis and Anne Arundel County and private attorneys in those counties. The Report documents the project's tremendous benefits and strongly recommends statewide expansion. A full copy of the report is available by contacting MLSC.

◆ The Maryland Legal Assistance Network (MLAN) is a collaborative effort initiated and developed by MLSC in partnership with our state's major legal services programs to increase access to justice for low and moderate income persons. As MLAN enters its fifth year of development and implementation, an MLAN Evaluation Committee appointed by Chief Judge Robert Bell has undertaken a comprehensive review and assessment of the project to help guide future direction and development. The evaluation is scheduled for completion in March 2004.

◆ A \$425,000 *cy pres* award was directed to MLSC by the Court of Appeals upon the recommendation of Connie Kratovil Lavelle and the law firm of Beins, Goldberg

& Gleiberman. MLSC plans to use the funds to meet its current funding commitments as well as for special projects and other activities that do not require annualized support. This marked the first *cy pres* award in the Corporation's history.



◆ The IOLTA community celebrated two major victories in 2003 regarding challenges to the constitutionality of IOLTA programs. In March the U.S. Supreme Court held that the operation of Washington State's IOLTA program did not constitute a "taking," and thus is not a violation of the Fifth Amendment; and in November the Fifth Circuit Court of Appeals dismissed with prejudice nearly decade-long litigation which challenged the constitutionality of

the Texas IOLTA program on both First and Fifth Amendment grounds.

◆ MLSC filed an amicus brief in the case *Frase v. Barnhart*, brought by the Public Justice Center, urging the Maryland Court of Appeals to establish a right to counsel in certain civil actions. Other amici participating in the case were the Maryland State Bar Association, the University of Baltimore's Family Law Clinic and the Legal Aid Bureau joined by other legal services providers.

◆ At the close of FY 2003, MLSC committed grants totaling \$6,088,325 to 28 legal services programs for FY 2004, which is essentially the same as the prior year's grant funding. Although interest rates continued to decline throughout the fiscal year, the active real estate and refinancing markets helped compensate for the historically low rates, holding IOLTA revenues level with the prior year. Although MLSC was unable to restore grants to their FY 2002 levels, anticipated further funding reductions were forestalled. Our website, at www.mlsc.org, provides additional information about MLSC's grants, training, legal services employment opportunities, and other activities.

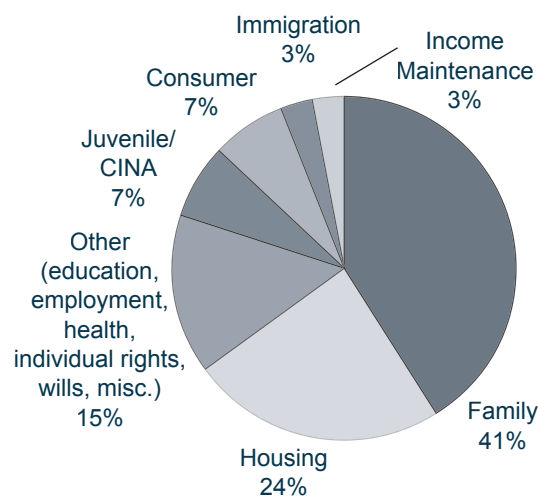
Legal Services Delivery Statistics • 2002 – 2003

Legal Services by MLSC Grantees

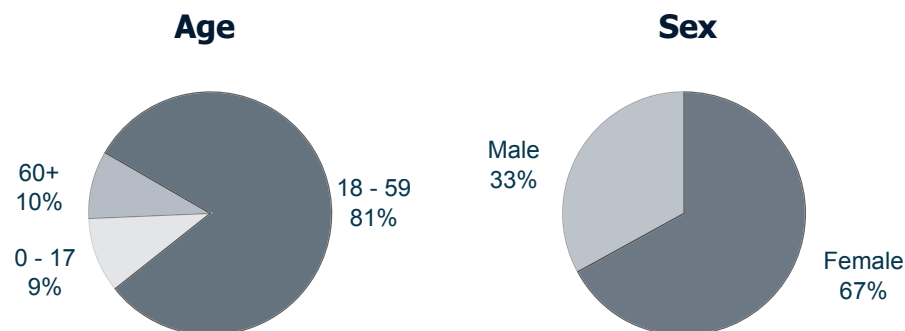
Between July 1, 2002 and June 30, 2003, MLSC-funded legal services programs provided legal assistance to low-income clients in every jurisdiction in Maryland.

County/City of Origin	No. Cases
Anne Arundel County	11,195
Baltimore City	34,187
Baltimore County	9,644
Central Maryland	6,620
Eastern Shore	5,221
Montgomery County	7,500
Prince George's County	16,033
Southern Maryland	4,272
Western Maryland	8,344
Other	2,394
	105,410

Types of Cases



Client Characteristics



In Anne Arundel County a mother and her two young children were abused for many years by a violent husband and father. With legal help from the YWCA Women's Center Child Custody Project, the mother got both custody and child support, improving the safety, security and well-being of her family.

Grants and Grantee Profiles

The Maryland Legal Services Corporation approved 2003-2004 operating grants totaling \$6,088,325 to 28 legal services providers, including \$250,000 in challenge grant funds. MLSC funding supplements other federal, state and private sources for civil legal assistance. The MLSC grant recipients are:

Allegany Law Foundation, Inc. - \$28,759. Becky Freeland, Executive Director. The Foundation serves low-income clients through the efforts of a small in-house staff and a panel of attorneys handling cases on a pro bono or reduced fee basis.

Alternative Directions, Inc. - \$128,558. Mary Joel Davis, Executive Director. Alternative Directions provides free legal assistance, primarily with family and domestic legal issues, to persons in prison or recently released from incarceration. The program also provides monthly workshops to prisoners on legal rights and responsibilities.

American Civil Liberties Union of Maryland (ACLU) - \$36,965. Susan Goering, Executive Director. ACLU receives MLSC funding to provide legal representation to low-income persons statewide in matters involving racial discrimination, police abuse and jail conditions.

Associated Catholic Charities - Baltimore (ACC) - \$27,000. Cindy Fickes, Director. Associated Catholic Charities Immigration Legal Services Project

provides client screening, counseling and legal representation for low-income persons in the Baltimore metropolitan area in a wide array of immigration matters.

Baltimore Neighborhoods, Inc. (BNI) - \$74,163. Joseph J. Coffey, Executive Director. MLSC's grant award supports BNI's operation of its statewide landlord/tenant counseling hotline.

CASA of Maryland, Inc. - \$57,376. Gustavo Torres, Executive Director. CASA continues to receive MLSC funding for its Employment Rights Project, which assists Latin Americans and other day laborers in Montgomery and Prince George's counties and Baltimore City with employment related legal issues.

Catholic Charities of the Archdiocese of Washington, Inc. - \$89,528. Edward Orzechowski, Executive Director. Catholic Charities/Archdiocese of Washington Immigration Legal Services provides legal assistance and representation to low-income persons with immigration problems from its offices in Silver Spring and Washington, D.C. The project's MLSC grant enables it to serve Maryland's immigrant population residing primarily in Prince George's and Montgomery counties.

Community Law Center, Inc. (CLC) - \$47,295. Anne Blumenberg, Executive Director. CLC provides legal counsel and representation to nonprofit organizations that represent issues of low-income people and are unable to afford private counsel. MLSC's grant supports CLC's pro bono project.

Domestic Violence Center of Howard County - \$24,130. Judith Clancy, Executive Director. Howard County's Domestic Violence Center receives funding from MLSC to support its legal services project, which serves low-income domestic violence victims in Howard County.

Harford County Bar Foundation, Inc. - \$33,160. Sharon Hill, Project Director. The Harford County Bar Foundation operates a pro bono legal services program, providing intake and referral services to low-income persons with civil legal problems.

Health Education Resource Organization (H.E.R.O.) - \$48,722. Leonardo Ortega, Executive Director. H.E.R.O. is a Baltimore-based nonprofit agency that helps persons with HIV infection and AIDS cope with the health, social, economic and emotional problems

caused by their illness. MLSC's grant enables the organization to provide legal services to this client population.

Heartly House, Inc. - \$39,092. Sue Hecht, Executive Director. Heartly House is a private, nonprofit agency serving victims of domestic violence, rape and sexual assault in Frederick County. MLSC's grant enables the organization to provide legal services to low-income victims of domestic violence.

Homeless Persons Representation Project (HPRP) - \$130,890. J. Peter Sabonis, Executive Director. HPRP provides staff and pro bono assistance in a range of housing and other legal matters to clients in homeless shelters in Baltimore City and Anne Arundel, Baltimore, Howard and Montgomery counties.

House of Ruth - \$242,254. Carole Alexander, Executive Director. House of Ruth's Domestic Violence Legal Clinic provides legal assistance to low-income victims of domestic violence from offices in Baltimore City and Prince George's and Montgomery counties. The clinic also provides technical assistance and training to spouse abuse centers and interested community organizations statewide.

Law Foundation of Prince George's County - \$111,834. Neal Conway, Executive Director. The Law Foundation of Prince George's County provides civil legal assistance to low-income persons of Prince George's County through a panel of volunteer attorneys.

Legal Aid Bureau, Inc. (LAB) - \$3,245,200; \$250,000 Challenge Grant. Wilhelm H. Joseph, Jr., Executive Director. Established in 1911, LAB is Maryland's primary provider of civil legal services to

low-income persons. MLSC funds are used to fund attorney and paralegal positions providing general civil legal assistance to low-income persons throughout Maryland.

Maryland Crime Victims Resource Center, Inc. - \$82,800. Russell Butler, Executive Director. Formerly the Stephanie Roper Foundation, this statewide victim's rights organization continues to receive MLSC funding. The project disseminates information on victim's rights to all Marylanders and provides specialized legal services to indigent crime victims.

Maryland Disability Law Center (MDLC) - \$475,537. Gary Weston, Executive Director. MDLC provides free representation for disabled children and adults statewide with legal problems related to their disabilities and continues its collaboration with the **Maryland Coalition for Inclusive Education** to provide representation to disabled children seeking to be educated in the least restrictive environment. MDLC, in conjunction with MVLS and LAB, also administers the School House Legal Services Project.

Maryland Public Interest Law Project (MPILP) - \$28,000. Carole Angel and Margaret Walsh, Co-Presidents. MPILP, located at the University of Maryland School of Law, encourages law students to enter public interest law practice and offers law students from the University of Maryland and the University of Baltimore paid internships at public interest organizations of their choice. MLSC's grant provides MPILP with funding for eight summer internships at MLSC-funded legal services programs.

Maryland Volunteer Lawyers Service (MVLS) - \$234,015. Winifred C. Borden, Executive Director. MVLS is a statewide program that places low-income persons with civil legal problems with volunteer or reduced-fee attorneys. In addition to funding for its direct referral program, MLSC also funds a litigation expense fund administered by MVLS for other pro bono programs throughout the state.

Mid-Shore Council on Family Violence, Inc. - \$26,125. Jeanne Yeager, Executive Director. The Mid-Shore Council continues to receive MLSC funding for its reduced-fee legal services program to provide representation for low-income victims of domestic violence in Caroline, Dorchester, Kent, Queen Anne's and Talbot counties.

Montgomery County Bar Foundation - \$104,580. Beverly C. Mondin-VanderHaar, Executive Director. The Montgomery County Bar Foundation operates a pro bono program in which attorneys are recruited to take pro bono cases in their area of expertise. The program also conducts community outreach to Montgomery County's Latin American population.

Pro Bono Resource Center (PBRC) - \$137,972. Sharon E. Goldsmith, Executive Director. PBRC is a statewide pro bono support center created in 1990 by the Maryland State Bar Association to coordinate pro bono training and activities and maximize volunteer attorney services provided to low-income Maryland residents. The Center provides support for pro bono programs throughout the state.

Public Justice Center, Inc. (PJC) - \$117,189. John Nethercut, Executive



Director. PJC provides legal representation to the underrepresented, particularly children, the mentally ill and victims of discrimination, through the services of both an in-house staff and pro bono attorneys. The Center also operates the Tenant Advocacy Project, providing low-income tenants representation in rent court by qualified lay advocates.

St. Ambrose Housing Aid Center, Inc. - \$97,888. Vincent P. Quayle, Executive Director. St. Ambrose Legal Services Program, a project of St. Ambrose Housing Aid Center, Inc., provides free legal assistance to low-income homeowners who are in danger of losing their homes because of fraudulent mortgage schemes, tax or judicial liens or have been victimized by home improvement fraud. Services are provided by in-house staff and a panel of volunteer attorneys.

University of Maryland School of Law - \$63,475. Brenda Blom, Clinical Director. An MLSC grant to the University of Maryland Clinical Law Office helps to continue the HIV Legal Representation Project, in which law students provide legal services to persons with AIDS and HIV infection at the University of Maryland Hospital.

Women's Center of Southern Maryland - \$39,318. Laura Joyce, Executive Director. The former St. Mary's Women's Center continues to provide legal services to low-income clients of St. Mary's and Calvert counties. Services provided are primarily in the area of domestic relations, with particular emphasis on cases involving domestic violence.

Women's Law Center, Inc. (WLC) - \$66,500. Tracy Brown, Executive Director. The Women's Law Center was established in 1971 to meet the special legal needs of women. MLSC's grant enables WLC to continue its statewide Family Law Hotline. In collaboration with the Legal Aid Bureau, WLC operates its hotline five days per week. It is staffed with experienced pro bono family law practitioners and LAB staff attorneys.

The MLSC Board of Directors also provided a \$250,000 grant made available through the Administrative Office of the Courts to continue the staff attorney component of the **Child Custody Project** undertaken by the **Legal Aid Bureau**, as well as granting \$129,000 for the reduced-fee component of the project to the **Law Foundation of Prince George's County**, the **Montgomery County Bar Foundation** and **YWCA of Annapolis and Anne Arundel County**.

What is IOLTA?

Attorneys routinely receive client funds to be held in trust for future use. If the amount is large or the funds are to be held for a long period, the attorney places the funds at interest for the benefit of the client. However, in the case of amounts that are small or are to be held for a short time, it is financially impractical to establish separate interest-bearing accounts for individual clients. Maryland Code Business Occupations Section 10-303 states that,

(a) In general. — Subject to this section a lawyer shall deposit trust money in an attorney trust account, all interest on which is payable to the Maryland Legal Services Corporation Fund established under §7-408 of the Courts Article.

(b) Trust money eligible for deposit. — A lawyer shall deposit trust money in an interest bearing account under this section whenever the lawyer reasonably expects that, for the period that the lawyer expects to hold the trust money, the interest that it would earn:

(1) would not exceed \$50; or

(2) (i) would exceed \$50; but

(ii) would not cover the cost of administering an interest bearing account on which interest is payable to the client or beneficial owner.

(c) Waiver. — The administrative office of the courts, in consultation with the Maryland Legal Services Corporation, may waive the provisions of subsection (b) of this section with respect to a lawyer or law firm that demonstrates that it will cost the Maryland Legal Services Corporation Fund more in service charges to open and maintain an attorney trust account with the interest payable to the Maryland Legal Services Corporation Fund than will be generated in interest by the attorney trust account.

(d) Duties of financial institutions.

(1) At least quarterly, each financial institution that has an account described under this section shall:

(i) deduct from the total interest accumulated in the account any service charge due on the account; and

(ii) pay the net interest to the Maryland Legal Services Corporation.

(2) A financial institution:

(i) may not charge against the individual accounts of a lawyer any service charges for trust moneys in an account under this section; and

(ii) may charge the Maryland Legal Services Corporation Fund.



LAWYERS — If you are a lawyer in private practice in the state of Maryland, you must place all eligible client trust funds into an IOLTA account. Your escrow accounts and banking relations will remain the same, and the Maryland Legal Services Corporation will pay reasonable and customary service charges on your IOLTA escrow account. (Maryland Rule 16-610 (b)(1)(D) prohibits extraordinary charges from deduction against IOLTA interest.)

FINANCIAL INSTITUTIONS — If you offer commercial checking accounts, you should provide the Interest on Lawyer Trust Accounts (IOLTA) Program to your lawyer customers. We will work directly with your representative to show you how easy it is to begin this worthwhile program. We urge you to participate in the IOLTA Honor Roll.

We encourage attorneys, financial institutions and other interested parties to call or write for more information:

Maryland Legal Services Corporation
Charles Towers
15 Charles Plaza, Suite 102
Baltimore, Maryland 21201
410.576.9494
Toll Free 1.800.492.1340
<http://www.mlsc.org>

Maryland Legal Assistance Network

Overview

The Maryland Legal Assistance Network project, initiated by the Maryland Legal Services Corporation, is a key component of Maryland's Access to Justice initiative. MLAN's approach to increase access to civil justice is through (1) **building strategic alliances** among the 28 MLSC-funded legal aid providers, the private bar, the courts and other stakeholders; (2) providing easy public access to existing legal resources in the state through the **use of technology and cross-program initiatives**; and (3) expanding and leveraging the resources in the community to **benefit the low and moderate-income public** seeking help from the judicial and legal system.

Update of 2003 Activities

All of the MLAN work is done in partnership with other entities in the state. Among MLAN's recent achievements:



The Peoples Law Library (PLL) at www.peoples-law.org has been updated, expanded and redesigned with nearly 900 pages, making it one of the most comprehensive sites of its type in the nation. Through a grant from the federal Legal Services Corporation, MLAN and the **Legal Aid Bureau** adopted a new platform for the website and added a multilingual section. Providers can now post new materials directly. **BNI** updated the Landlord-Tenant section within a new Housing section. MLAN, the Mediation and Conflict Resolution Office (**MACRO**) and the **Center for Dispute Resolution** at the University of Maryland School of Law created a searchable on-line directory of ADR Practitioners, which was launched for the public in the fall of 2003. MLAN worked with the **Women's Law Center** (WLC) and the Legal Aid

Domestic Task Force to develop a model online, multi-part substantive law outline of divorce. These multi-organization materials will soon be linked through the WLC website to support its pro bono network.

The shared, web-based database for the **centralized intake system** was launched in July 2003, providing one point of access to free legal help in the state and referrals to the private bar. Any MLSC-funded agency is able to key in the general needs of a caller and identify who in the state is likely to handle the case. This year MLAN completed (1) developing the intake software, (2) testing the database, (3) creating the on-line Help files, (4) assuring that **94 agency project/office profiles were entered by 30 agencies**, (5) getting the staff orientation and training underway and (6) programming and testing the telephone call distribution system.

MLAN partnered with the **Administrative Office of the Court's Department of Family Administration** to convene a statewide planning meeting of court, pro se and provider staff working on pro se issues and completed a number of projects including "Pro Se Best Practices." MLAN also contracted with the University of Baltimore Law School's **Center for Families, Children and the Courts** to survey the pro se projects.

This year MLAN added a Children and the Law Resource Center to the MDJustice.org website. MLAN worked with the **Pro Bono Resource Center**, Legal Aid and the Women's Law Center to create a four-part non-provider referral resource system available to on-line users at www.mdjustice.org/referral.htm.

The website www.unbundledlaw.org serves as an ad hoc national clearinghouse on the topic, and MLAN worked with the **Maryland State Bar Association** and a number of national entities to present some of the issues/tools/



*With the opening of a new outreach site in the **Carroll County Courthouse**, Peoples Law Library now has 16 outreach partnership sites in libraries, courthouses and community agencies in Maryland.*

approaches to private attorneys and lawyer referral services. The survey of ethical opinions and many state profiles were expanded and updated. They will be made available to the MSBA's Committee on the Delivery of Legal Services.

MLAN is working to **leverage existing resources to bring outside funding into the state to support access to justice**. This year MLAN worked with Legal Aid to secure grants to support its work on shared projects, including the Senior Hotline, the PLL website, an innovative approach to using technology developed by the Chicago-Kent Law School and others to help pro se litigants and the development of a Maryland version of an on-line earned income tax credit program.

Ayn Crawley, MLAN Director

Awards and Annual Reception

Each year, the Corporation solicits nominations and presents the Arthur W. Machen, Jr. Award, the Benjamin L. Cardin Distinguished Service Award and the William L. Marbury Outstanding Advocate Award to persons who have contributed significantly to the provision of legal services to the poor.

The Arthur W. Machen, Jr. Award is presented to a person who has rendered extraordinary public service by providing legal representation to the poor or by improving the delivery of legal services in Maryland. **The Benjamin L. Cardin Distinguished Service Award** is presented to an outstanding public interest lawyer who regularly provides civil legal services to the poor, and **The William L. Marbury Outstanding Advocate Award** was created to recognize a person who has demonstrated outstanding advocacy in Maryland on behalf of low-income persons.

*A woman in St. Mary's County learned how to deal with her landlord who was threatening to evict her because of her complaints to fix the sewage back-up in her apartment. With the advice of a telephone hotline counselor from **BNI**, the tenant knew she could go to court to avoid the retaliatory eviction.*

The Corporation honored award recipients at the Annual Awards Reception on December 8, 2003 at the Radisson Plaza Lord Baltimore Hotel. This year's Arthur W. Machen, Jr. Award was presented to **Stephen H. Sachs**, Of Counsel, Wilmer, Cutler & Pickering. During Mr. Sachs' tenure as Maryland's Attorney General (1979 – 1987), significant reforms which improved access to justice for the most vulnerable and disadvantaged Maryland citizens were put in place. Since early 2000, Mr. Sachs has volunteered countless hours with the Public Justice Center's Appellate Advocacy Project, contributing to numerous appellate victories for the poor and underrepresented. Most recently, Mr. Sachs has worked tirelessly for the recognition of a right to counsel in certain civil actions and recently argued this issue in a test case before the Maryland Court of Appeals.

The Benjamin L. Cardin Distinguished Service Award was presented to **Gregory L. Countess**, Assistant Director of Advocacy at the Legal Aid Bureau. Mr. Countess joined the Bureau in 1976, bringing his talents, commitment, and energy to Baltimore's Cherry Hill community. Combining traditional lawyering with innovative approaches, he has

been instrumental in helping residents create stronger communities for the past 27 years.

MLSC presented the William L. Marbury Outstanding Advocate Award to **Winifred C. Borden**, Executive Director of Maryland Volunteer Lawyers Service since 1991, and **Beverly Mondin-VanderHaar**, Executive Director of the Bar Association and Bar Foundation of Montgomery County, Maryland since 1979.

MLSC also presented the first **Herbert S. Garten Public Citizen Award**, created in honor of Mr. Garten's outstanding contributions to legal services throughout his distinguished career. The first recipient of this award was the **Maryland State Bar Association** for its consistent, demonstrable commitment, dedication and leadership in efforts to advance access to justice for all Marylanders.

Awards of Special Recognition for outstanding support for access to justice were also presented this year to **Diana L. Morris**, Open Society Institute's Executive Director, **Connie Kratovil Lavelle** and the law firm of **Beins, Goldberg & Gleiberman**. **Herbert S. Garten**, MLSC immediate past-chair, and **Jose A. Toro**, former MLSC board member, were also honored for their outstanding service on behalf of MLSC.



Front, L-R: John Beins, Susan M. Erlichman, Beverly Mondin-VanderHarr, Winifred C. Borden, Diana L. Morris, Connie Kratovil Lavelle, F. Vernon Boozer; Back, L-R: Chief Judge Robert M. Bell, Herbert S. Garten, Stephen H. Sachs, Jose A. Toro, Gregory L. Countess, Harry S. Johnson.

Awards and Annual Reception

"In the year ahead, we will continue our efforts together to maintain and improve Maryland's legal services delivery system and access to justice," Chief Judge Robert M. Bell told guests at the MLSC Awards Reception.



An elderly Allegany County couple with limited income avoided a lawsuit on a car-financing debt incurred by their son. After the Allegany Law Foundation found a pro bono attorney to help the couple, they were relieved to have their credit report cleared of the \$7,000 debt.

The Corporation would like to thank the many persons from throughout Maryland who attended the Awards Reception and is pleased to acknowledge, with special appreciation, the support of the following individuals and organizations for their generous contributions:

PATRON

Artemis Properties, Inc.
Ballard Spahr Andrews & Ingersoll LLP
Fedder & Garten, PA
Gallagher Evelius & Jones LLP
Law Offices of Peter G. Angelos
M & T Bank
Tim & Kathy Meredith
Saul Ewing LLP
Wilmer, Cutler & Pickering

DONOR

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Arthur W. Machen, Jr.
George W. McManus Foundation, Inc.
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M. Peter Moser
Network Business Solutions
Nolan, Plumhoff & Williams, Chtd.
Karen Sarjeant

An immigrant living and working in Montgomery County will soon get his green card. His employer was willing to sponsor him, and the Montgomery County Bar Foundation found a pro bono attorney to help him through the maze of paperwork. After a three-year wait, the man, his wife and four children can look forward to a better future as permanent residents.

MLSC Awards Nominations

Nominations for the 2004 Arthur W. Machen, Jr. Award, the Benjamin L. Cardin Distinguished Service Award and the William L. Marbury Outstanding Advocate Award must be received by the Corporation NO LATER THAN 5:00 p.m., JUNE 30, 2004. Anyone may submit a nomination; however, current members of the Board of Directors and staff are not eligible for the awards. Nomination forms are available from the Corporation, but are not required. The Corporation will honor the awardees at the MLSC 2004 Annual Awards Reception. For further information, please contact the Maryland Legal Services Corporation (410.576.9494 or 1.800.492.1340).

Financial Statements 2003

Statement of Financial Position

June 30, 2003

ASSETS

CURRENT ASSETS:

Cash and Cash Equivalents	\$ 920,246
Repurchase Agreements	341,433
Investments	2,714,198
Due from the State	592,877
Other Current Assets	525
Total Current Assets	<u>4,569,279</u>

PROPERTY AND EQUIPMENT:

Equipment	48,294
Computer Software	21,083
Furniture and Fixtures	6,675
Leasehold Improvements	<u>3,261</u>
	79,313

Less: Accumulated Depreciation	62,521
Property and Equipment, Net	<u>16,792</u>

OTHER ASSETS	1,640
Total Assets	<u><u>\$ 4,587,711</u></u>

LIABILITIES AND DEFICIT

CURRENT LIABILITIES:

Accounts Payable and Accrued Expenses	64,414
Due to the State	80,290
Grant Awards Payable	6,241,664
Total Current Liabilities	<u>6,386,368</u>

DEFERRED COMPENSATION	53,911
Total Liabilities	<u>6,440,279</u>

NET ASSETS (DEFICIT):

Unrestricted	(2,136,277)
Temporarily Restricted	283,709
Total Deficit	<u>(1,852,568)</u>
Total Liabilities & Deficit	<u><u>\$ 4,587,711</u></u>

PUBLIC SUPPORT AND REVENUE

Public Support

Contributions	
State of Maryland Appropriations	
Legal Assistance	
Maryland Legal Assistance Network	

Revenue

Investment Income (Loss)	
Annual Awards Reception	
Anniversary Reception	
Program Service Revenue	
Other Income	
Net Assets Released from Restrictions	

Total Public Support and Revenue

EXPENSES

Program Services

Legal Assistance	
Maryland Legal Assistance Network	
Total Program Services	

Support Services

Management and General	
Total Expenses	
Change in Net Assets	

NET ASSETS (DEFICIT)

Beginning of Year

NET ASSETS (DEFICIT)

End of Year

Unrestricted	Temporarily Restricted	Total
\$ 2,549	\$ —	\$ 2,549
6,791,409	291,802	7,083,211
—	186,000	186,000
<u>6,793,958</u>	<u>477,802</u>	<u>7,271,760</u>
156,435	7,590	164,025
—	—	—
—	—	—
—	66,162	66,162
4,097	—	4,097
784,085	(784,085)	—
<u>944,617</u>	<u>(710,333)</u>	<u>234,284</u>
7,738,575	(232,531)	7,506,044
6,551,520	—	6,551,520
472,792	—	472,792
<u>7,024,312</u>	<u>—</u>	<u>7,024,312</u>
254,858	—	254,858
<u>7,279,170</u>	<u>—</u>	<u>7,279,170</u>
459,405	(232,531)	226,874
(2,595,682)	516,240	(2,079,442)
<u>\$ (2,136,277)</u>	<u>\$ 283,709</u>	<u>\$ (1,852,568)</u>

Financial Institution Relations

IOLTA accounts are offered to attorney clients by virtually every financial institution in the state that has been approved by the Attorney Grievance Commission of Maryland to receive escrow accounts of attorneys in accordance with Chapter 600 of the Maryland Rules governing Attorney Trust Accounts.

The Corporation publishes “A Guide to the IOLTA Program for Financial Institutions,” and regularly updates this publication. Updated copies of the guide are available by contacting MLSC at 410.576.9494 or 1.800.492.1340.

We appreciate the participation and support of Maryland’s financial institutions in the operation of the IOLTA program. We especially commend those banks and savings and loans which pay favorable interest rates on IOLTA accounts and have agreed to waive their normal account fees and service charges as an additional contribution to MLSC’s charitable activities.



IOLTA Honor Roll

We wish to acknowledge with special appreciation financial institutions of Maryland’s IOLTA Honor Roll. This initiative of the Maryland State Bar Association and MLSC recognizes financial institutions paying an annual net interest rate (gross interest minus charges) of at least 2% on all IOLTA deposits for Gold membership and at least 1.25% for Silver membership.

MLSC is pleased to recognize the 11 financial institutions participating in Maryland’s **IOLTA Honor Roll**.

Gold Members

American Bank
First United Bank & Trust
Harbor Bank of Maryland
Maryland Bank & Trust Co., N.A.
Maryland Permanent Bank & Trust Co.
NBRS Financial
Provident State Bank
Sandy Spring Bank

Silver Members

Bay National Bank
Mercantile Safe-Deposit & Trust
Susquehanna Bank

*A **Baltimore** woman and her two children did not know how they would get through the winter when she lost her cash assistance and had no utility service. The **Homeless Persons Representation Project** not only helped the family get the cash assistance and utility service restored but also helped them obtain back benefits and energy assistance.*

IOLTA Nationwide

The American IOLTA programs, modeled on similar programs begun successfully in Canada, Australia and elsewhere in the 1970s, originated in Florida in 1981 to help replace federal and state funding cuts to civil legal services for the poor. All 50 states and the District of Columbia have established IOLTA programs.

Twenty-six states in addition to Maryland have “comprehensive” or mandatory IOLTA programs (Arizona, Arkansas, California, Colorado, Connecticut, Florida, Georgia, Hawaii, Illinois, Iowa, Louisiana, Massachusetts, Michigan, Minnesota, Montana, New Jersey, New York, North Dakota, Ohio, Oregon, Pennsylvania, Texas, Vermont, Washington, West Virginia, Wisconsin), requiring all attorneys to deposit their non-interest-bearing client escrow funds in IOLTA accounts, while the remaining 24 programs allow for voluntary or “opt-out” participation.

The American Bar Association (ABA) Commission on IOLTA, the ABA IOLTA Clearinghouse and the National Association of IOLTA Programs provide technical assistance on the establishment and operation of IOLTA programs.

Board of Directors

F. Vernon Boozer, Chair – Towson – Principal, Cohavey & Boozer, P.A.; Former Member, Maryland Legislature – House of Delegates and Senate; Member, Gunpowder River Legacy Committee; Member, Advisory Committee of the University of Baltimore; Member, Board of the Maryland League of Conservation Voters; Member, Court of Appeals Rules Committee; Chair, Baltimore County Council Ethics Committee; State Advisory Council on Administrative Hearings; A.B., Duke University; J.D., University of Maryland School of Law.

Douglas M. Bregman – Bethesda – Partner, Bregman, Berbert, Schwartz & Gilday, LLC; Adjunct Professor of Law, Georgetown University Law Center; Author *Maryland Landlord/Tenant Law, Practice and Procedure* and co-author *Successful Real Estate Negotiations*; Past President, Bar Association of Montgomery County; Member, Past Chairman of Young Lawyers Section, Past Executive Committee Member, Board of Governors & Executive Committee, Maryland State Bar Association; Member, District of Columbia Bar Association; Member, American Bar Association, Past Member of House of Delegates; Member, Maryland State Bar Foundation; Member, Prince George's County Bar Association; B.A., Colgate University; J.D., Georgetown University Law Center.

Bedelia Commodore – Barclay – Chaplain, Eastern Pre-Release Unit; Pastor, Boardly's Chapel A.M.E. Church; Ministries to Youth, Women; Prisoners, Nursing Homes, and Battered Women; Member, Community Service Board; Acting Supervisor/Founder, Because You Are Special Literacy Program; Board of Directors, Hospice QAC; Former Paralegal, Legal Aid Bureau; Bachelor of Christian Ministry, Chesapeake Bible College & Seminary; Master of Ministry, Chesapeake Bible Seminary.

***Herbert S. Garten** – Baltimore – President, Fedder & Garten; Member, Board of Directors, Legal Services Corporation; Immediate Past Chair, American Bar Association (ABA) Commission on IOLTA; Member, ABA House of Delegates; Past President, Maryland State Bar Association; Past



Front, L-R: Connie J. Koenig, Susan M. Erlichman, Herbert S. Garten, F. Vernon Boozer; Back, L-R: Douglas S. Snyder, Reginald L. Jenkins, Robert J. Rhudy, Douglas M. Bregman. Not pictured: Bedelia Commodore, Nathaniel E. Jones, Jr., Robert B. Kershaw, Joyce Knox Moorehead, Jose A. Toro.

President, Maryland State Bar Foundation; A.B., Syracuse University; J.D., University of Maryland School of Law; B.C.S., University of Baltimore.

Reginald L. Jenkins, Vice-Chair – Silver Spring – Consultant, Safety Technologies; Manager, Safety and Environmental Technologies, Verizon Communications (retired); Past Professional Member, Maryland/D.C. Utilities Association; Past Board Member, Safety Council of Maryland; Member, Past President and Chapter Delegate, American Society of Safety Engineers – National Capital Chapter; Expert Panelist on Work Zone Protection for the Maryland State Highway Administration Traffic Engineers Seminar; Past Member, National Telecommunications Safety Panel; B.A., Macalester College; M.S., Safety Management, West Virginia University.

Nathaniel E. Jones, Jr. – Baltimore – Member, Jones & Associates, PC; Member, Bar Association of Baltimore City, Maryland State Bar Association, American Bar Association; Captain, U.S. Air Force (JAG); B.S., Cornell University; M.B.A., Stanford University; J.D., Stanford University.

Robert B. Kershaw – Baltimore – Managing Principal, Ward Kershaw, P.A.; Certified civil case mediator; Member, House of Delegates, American Bar Association; Member, Board of Governors, Maryland State Bar Association; Member and Past President, Executive Council, Bar Association of Baltimore City; Member, Board of Directors, Baltimore Bar Foundation; Member, Board of Directors, Baltimore Courthouse and Law Museum Foundation, Inc.; Member and Past Chair, Maryland Humanities Council; Member and Past President, Board of Directors, Preservation Maryland, Inc.; Member, Board of Directors, Baltimore City Historical Society; A.B., Princeton University; J.D., University of Maryland School of Law.

Joyce Knox Moorehead, Treasurer – Baltimore – Managing Partner/Owner, Law Offices of Joyce H. Knox; Member, Court of Appeals Standing Committee on Rules of Practice and Procedure; Former President, Board of Directors, Citizens Planning and Housing Committee (CPHA); Former President, Board of Directors, Sexual Assault Recovery Center; Former President, Alliance of Black Women Attorneys; Former Secretary, Board of Directors, Planned Parenthood of Maryland; Member, Monumental City Bar Association; Former Member, Executive Council, Baltimore City Bar Association; B.S., Bethune Cookman College; M.S., Boston University; J.D., University of Arkansas.

Connie J. Koenig – Brunswick – Field Manager, Center for Studies on Alcohol, WESTAT; Secretary, Brunswick Planning & Zoning Commission; Former Chair, Brunswick Board of Appeals; Former Staff and Board Member, Heartly House, Frederick County; Former Member, Frederick County Task Force on Domestic Violence; Actress & Volunteer, Community Theatre Groups; B.S., University of Nebraska; M.S. and M.A., Hood College.

How Grants Are Made

Douglas S. Snyder – Bowie – Lecturer, Prince George's Community College; Professor of Sociology (emeritus), Bowie State University; Member, Honors Program Advisory Council, Bowie State University; Member, Social Action Committee, Potomac Association of the United Church of Christ; Past Chair, Bowie Human Relations Commission; Member, American Sociological Association; B.A., University of Iowa, M.S., Purdue University, Ph.D., University of Washington.

***Jose A. Toro** – Gaithersburg – Executive Vice President, Co-Founder and General Counsel, OmniViral Therapeutics LLC; Past Secretary General, Inter-American Bar Association; Past Chair, Bar Liaison Committee of the Hispanic National Bar Association; B.A., University of Maryland; J.D., School of Law, The Catholic University of America.

***Robert J. Rhudy**, *Ex officio*, Secretary, Executive Director, Maryland Legal Services Corporation; Board Member, Mediation and Conflict Resolution Office; Past President, National Association of IOLTA Programs; Past President, Maryland Association of Nonprofit Organizations; B.A., Virginia Polytechnic Institute; J.D., University of Iowa School of Law.

Susan M. Erlichman, *Ex officio*, Co-Chair, American Bar Association & National Association of IOLTA Programs Joint Training Committee; Immediate Past Chair, Maryland State Bar Association Delivery of Legal Services Section Council; Past Chair, Standards and Evaluation Committee, Maryland Coalition for Civil Justice; B.A., University of Vermont; J.D., Temple University School of Law.

**F. Vernon Boozer joined the MLSC Board in July 2003, replacing outgoing Chairman Herbert S. Garten, who served on the MLSC Board as chair from July 1, 1994 through June 30, 2003. Robert B. Kershaw joined the MLSC Board in July 2003 replacing Jose A. Toro who served on the MLSC Board from July 1, 1997 to June 30, 2003. On December 8, 2003, Susan M. Erlichman was appointed to replace Robert J. Rhudy, who served as executive director for 17 years. The Corporation wishes to thank Mr. Garten, Mr. Toro and Mr. Rhudy for their dedicated service and outstanding contributions to MLSC.*

How Grants Are Made

The Maryland Legal Services Corporation annually awards grants to nonprofit organizations which provide civil legal services to eligible persons. Grants are awarded pursuant to Maryland Code Article 10, Section 45 with an emphasis on areas of need identified in Maryland's legal needs study, "Action Plan for Legal Services to Maryland's Poor."

By statute, the Corporation's funds must be used by grantees to provide legal assistance to eligible clients in noncriminal proceedings or other matters. The definition of "legal assistance" means the legal representation of eligible clients and includes training, research, coordination with private attorneys and other activities necessary to insure the delivery of quality legal services.

MLSC annually requires programmatic and financial audits of each grantee to assure compliance with the terms and conditions of the grant award. The Corporation also encourages coordination among the grantees and provides technical assistance to promote improvements in legal services delivery.

For a more detailed description of funding guidelines, potential grantees should review Maryland Code Article 10, Section 45 and request a copy of MLSC's grant application packet. A nonprofit organization interested in applying for a grant should send a brief description of the proposed program to the Corporation. If the proposed program appears to fit grant guidelines, the Corporation will request a formal application and more detailed information.

A decision on each grant application is made by the Corporation's Board of Directors.

Timetable for the 2004-2005 Grant Awards

Deadline for Applications:	March 15, 2004
Selection of Grantees:	May 31, 2004
First Disbursement:	July 15, 2004

Requests for information and inquiries about grants should be directed to:

Susan M. Erlichman
Executive Director
Maryland Legal Services Corporation
15 Charles Plaza, Suite 102
Baltimore, Maryland 21201
410.576.9494 or
800.492.1340 (toll free)
e-mail: serlichman@mlsc.org

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Susan M. Erlichman, Esq., *Executive Director*
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Adrienne Chan, *MLAN Acting Program Coordinator*

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There is a need to provide equal access to the system of justice for individuals who seek redress of grievances. There is a need to continue and expand legal assistance to those who would otherwise be unable to afford adequate legal counsel. The availability of legal services reaffirms faith in our government of laws. The funding of legal assistance programs for those who are unable to afford legal counsel will serve the ends of justice and the general welfare of all Maryland citizens.

Preamble, Maryland Legal Services Corporation Act, Maryland Code, Article 10, Section 45B, 1982.



Maryland Legal Services Corporation

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