



Iowa Room - Supreme Court

THE IOWA STATE BAR ASSOCIATION

EDWARD H. JONES, SECRETARY

1101 FLEMING BUILDING
DES MOINES, IOWA 50309
TELEPHONE 515-243-3179

KF
332
.183
15
1981

March 16, 1981

TO THE MEMBERS OF THE IOWA STATE BAR ASSOCIATION:

Re: Client Security Fund

Continuing our practice of keeping you as fully informed as possible, enclosed is the 1980 Annual Report of the Client Security and Attorney Disciplinary Commission.

Note the lawyer population figures beginning on page 4. As we indicated to you last year, when compared with your Association's paid membership records we can again report that our records coincide almost exactly with the figures in the report and it appears that 98 plus percent of the actively practicing lawyers in this state are, on a voluntary basis, supporting this Association and its programs by their dues payment. We also have over 900 non-resident dues paying members in other states and abroad. As nearly as can be determined The Iowa State Bar Association, on a percentage of membership basis, is the largest voluntary Bar Association in the world.

Your activity and interest is responsible for the progress your Association has made in your behalf and in the public interest. Hopefully with your continued help it will be able to maintain and improve its programs into the future. The Officers, Board of Governors, Committee Chairmen and Committee members, and the Headquarters Office and Staff, are deeply grateful for your longtime continuing, enthusiastic and cooperative support.

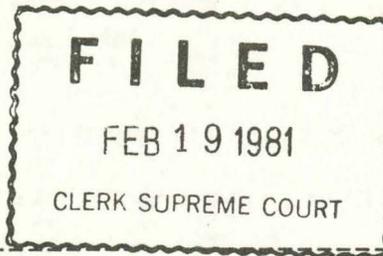
Respectfully,

EHJ/mjb
Encl.

IN THE SUPREME COURT OF IOWA

IN THE MATTER OF

THE CLIENT SECURITY AND
ATTORNEY DISCIPLINARY
COMMISSION



1980 ANNUAL REPORT

TO THE CHIEF JUSTICE AND JUSTICES OF THE IOWA SUPREME COURT:

The attached audit report shows that the balance in the Client Security Trust Fund at cost as of November 30, 1980, amounted to \$999,438.00. As will be discussed later there are some claims against the fund but even taking the claims into account it still leaves a fund in excess of \$600,000.00 and the Commission, therefore, certified that fact to the Court. In accordance with the orders of the Court, lawyers who have paid a total of \$200.00 into the fund are not required to pay any assessment into the fund in 1981. Judges, corporate and governmental employees who have been paying \$25.00 per year into the fund since 1974 will reach their \$200.00 ceiling in 1981 and, assuming that the existing rules continue to prevail and the fund continues to show the balances that it has in the past, will not be required to pay further into the fund.

ORGANIZATION

Rule 121 of the Court adopted December 5, 1973, provides for the Client Security and Attorney Disciplinary Commission and the Client Security Fund. The preamble to the rule cites Article III, Section 1 of the Constitution of the State of Iowa. The Court also had before it Section 610.1 of the Code. The Legislature has recognized that the

Client Security Fund is a Court administered fund in enacting Section 610.46 of the Code.

Rule 121 provides for appointment of seven members of the Client Security and Attorney Disciplinary Commission, two of whom shall not be lawyers. The non-lawyer members of the Commission are Mrs. Meredith Berryhill of Fort Dodge and Harris R. Stafford of Grinnell. The lawyer members of the Commission are David A. Elderkin of Cedar Rapids, James D. Lohman of Denison, Edwin L. Mitchell of Alton, John H. Neiman of Des Moines and Sanford A. Turner of Clarinda. James D. Lohman succeeds John E. Nagle of Davenport who has been a member of the Commission since its inception. The service of John Nagle has been invaluable. He has been one of the most hardworking members of the Commission, assisting not only on claims but in instituting the original accounting procedures and auditing procedures and the determination of tax status of the Commission and Client Security Fund. The Court, the Commission and the lawyers of Iowa are indebted to Mr. Nagle for his fine work.

The principal executive officer of the Commission is the Assistant Court Administrator who is John S. Courtney. 1980 was his first year of service. The decision to employ Mr. Courtney as Assistant Court Administrator has turned out to be an excellent decision.

REQUESTS FOR REIMBURSEMENT

There were no claims paid from the Client Security Trust Fund during 1980. There are at the present time five claims pending because of conduct by Attorney Martin R. Dunn of Des Moines who was

disbarred by consent on October 31, 1980. The Commission scheduled a special meeting and requested both Mr. Dunn and the parties filing requests for reimbursement to appear before it so that a determination could be made as to the validity of the claims. At the meeting held January 30, 1981, the Commission approved payment of three claims, one for \$15,000.21, one for \$15,766.67 and one for \$4,225.00. Payment was declined on a claim of \$1,937.05 because the Commission did not feel that it involved an attorney-client relationship. The Client Security Trust Fund is not a guarantor of debts of lawyers. Payment was also declined on a claim for \$11,100.00 because it appeared the claimant had full security, had been negligent in enforcing his rights, and it appeared that the entire transaction smacked more of a joint venture than an attorney-client relationship. We are aware of one other loss involving approximately \$25,000.00 in which recovery was made without resort to the Client Security Trust Fund.

There are also smaller claims pending against other lawyers totaling \$3,352.81 on which investigation has not been completed and which therefore have not been determined to be valid.

During 1980 claims totaling \$122,632.83 were filed with the Commission requesting reimbursement. That total does not include a request for reimbursement filed against two law firms claiming loss in excess of \$2,000,000.00 because the claim as filed did not involve trust funds and it was apparent that the party filing the claim was unhappy with the decisions in some lawsuits and that the loss, if any there were, did not involve any misapplication or misappropriation of client's funds.

DR1-103 of the Code of Professional Responsibility requires that a lawyer possessing unprivileged knowledge of a violation of DR1-102 (a general misconduct rule) report such knowledge to the proper authority, but we find that not only are lawyers reluctant to inform on other lawyers but that it is quite apparent that the general public has a reluctance to inform. After public notice of a disbarment of a lawyer, claimants come forward but seldom prior to that time. Early disclosure of possible violations protects both the lawyers and the public. Generally, the filing of a request for reimbursement causes an intensive investigation to make certain that an actual defalcation is involved as well as to determine whether any other rules of professional discipline have been violated. Generally, matters involving violations of the Code of Professional Responsibility for lawyers other than defalcations are referred to the Committee on Professional Ethics and Conduct. If the dispute is a question of fees, then the matter is referred to the Iowa State Bar Association's Arbitration Procedures.

COMPLIANCE

8,397 lawyers are currently licensed to practice law in the State of Iowa. Of that number, 2,550 have received certificates of exemption as they have either retired, practiced law in some state other than Iowa, or are not engaged in the practice of law. 802 lawyers were exempt from payment into the fund, being admitted to the bar within the past two years or being in military service. That left 5,045 lawyers subject to paying into the fund. Judges and magistrates (of which there were 163), government employees (of which there were

549) and corporate employees (of which there were 393) were required to pay \$25.00 each. 531 lawyers paid 1% of their net Iowa law practice income, they being other than full-time Iowa lawyers. That leaves 3,409 full-time practicing lawyers, the majority of whom have paid \$200.00 or more into the fund.

During 1980, 137 new certificates of exemption were issued. 27 lawyers who previously had received certificates of exemption were, at their request, reinstated to an active practice status. Five attorneys were suspended for failure to comply with Rule 121 because they did not file the annual questionnaires and statements during 1980.

The Court adopted a new rule in 1980 providing that lawyers who failed to file the required annual questionnaire and statement by March 1, 1980, be assessed a penalty of \$25.00 if the envelope is postmarked after March 1.

AUDIT

Augustine and Company, Certified Public Accountants, Des Moines, Iowa, audited the fund. The report of the accountants for the period December 1, 1979 through November 30, 1980, is attached to this report marked Exhibit A and by this reference made a part hereof. For accounting purposes, the Commission uses a November 30 fiscal year. The recap shows the following:

STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS AND FUND BALANCE
Years Ended November 30, 1980 And 1979

	1980	1979
RECEIPTS:		
Attorney assessments	\$ 80,091	\$109,339
Investment income	82,263	69,605
	<u>\$162,354</u>	<u>\$178,944</u>
 DISBURSEMENTS:		
Claims paid	\$ --	\$ 2,269
Salaries	36,307	34,113
Payroll taxes	2,433	2,183
Capital expenditures	--	82
Printing and supplies	652	520
Postage	1,256	1,431
Travel	4,282	4,718
Rent and utilities	2,137	1,468
Retirement	1,620	1,548
Repairs and maintenance	108	181
Employee insurance	1,020	465
Annual audit	771	626
Insurance and bonding	1,072	1,073
Miscellaneous expenses	362	316
Trustee fees	650	354
Repayment of Iowa State Bar Foundation Grant (Note 2)	--	20,000
	<u>\$ 52,670</u>	<u>\$ 71,347</u>
 Excess receipts over disbursements	 \$109,684	 \$107,597
Fund balance, beginning of year	<u>889,754</u>	<u>782,157</u>
Fund balance, end of year	<u>\$999,438</u>	<u>\$889,754</u>

The fund balance as of November 30, 1980, of \$999,438.00 is made up as follows:

Cash in banks	\$ 80,199.00
Investments at cost	<u>919,239.00</u>
TOTAL	\$999,438.00

The Commission has continued its policy of investing in longer term government-related securities. During 1980, \$210,000.00 was invested in a United States government obligation due May 15, 1985, at 14.375% interest, \$30,000.00 was invested in a United States government obligation due June 30, 1984, at 8.875% interest and \$65,000.00 was invested in a Federal Farm Credit Bank obligation due June 30, 1985, at 9.2% interest. Investments currently are as follows:

COMPOSITION OF FUND BALANCE
November 30, 1980

Cash balances were as follows:

Central National Bank:

Operating account	\$ 6,285
Investment account	16,434
Savings account	28,771
Trust account	28,709
	<u>\$ 80,199</u>

Investments

	Purchased	Maturity	Interest Rate	Face	Cost
Treasury notes:					
U.S. Government	4-15-76	5-15-81	7.375%	\$ 65,000	\$ 64,614
U.S. Government	8-15-79	8-15-82	9.0	105,000	105,000
U.S. Government	6-30-80	6-30-84	8.875	30,000	29,475
U.S. Government	3-03-80	5-15-85	14.375	210,000	209,492
Other notes:					
Federal Home Loan Banks	5-25-78	11-26-82	8.25	125,000	125,000
Federal National Mortgage Assoc	10-12-78	4-11-83	8.75	100,000	100,000
Federal National Mortgage Assoc	12-27-77	4-12-82	7.375	120,000	119,625
Federal National Mortgage Assoc	7-11-77	7-10-85	7.25	100,000	100,000
Federal Farm Credit Banks	7-01-80	6-30-85	9.2	65,000	65,000
Federated funds				1,033	1,033
				<u>\$921,033</u>	<u>\$919,239</u>

Summary

Bank accounts	\$ 80,199
Investments, at cost	<u>919,239</u>
	<u>\$999,438</u>

OPERATIONS

Funds, as received, are deposited in the investment accounts at Central National Bank and Trust Company which include both an investment checking account and a savings account. All checks drawn upon the investment checking account or withdrawals from the savings account require the signatures of two commissioners. The operating funds are deposited in a separate checking account with a maximum of \$5,000.00 being put into the account at any one time. The Assistant Court Administrator is authorized to write checks from that account up to a maximum of \$1,000.00, but checks over \$1,000.00 require also the signature of a commissioner. The trust savings account is used only temporarily to deposit interest received on investments. There is an \$800,000.00 surety bond covering the Assistant Court Administrator, all employees of the Commission and each commissioner.

Currently the offices of the Commission are at 501 Capital City Bank Building, Des Moines, Iowa. There is some hope that during 1981 remodeling of the State House will be completed and the offices moved into the State Capitol. The staff consists of John S. Courtney, Assistant Court Administrator, Royal C. Prickett, former Assistant Court Administrator who works on a part-time basis performing examining services, William H. Bein, who works on a part-time basis performing examining services, and Darlene Chebuhar, Secretary. John S. Courtney also acts as the executive head of the Continuing Legal Education Commission. The quarters are combined and the two Commissions share staff, files and equipment.

The Commission has submitted the following operating budget for the fiscal year December 1, 1980 through November 30, 1981:

OPERATING EXPENDITURES

Salary and Salary Expense:

Administrator	\$13,250.00
Auditors	17,500.00
Clerical	10,500.00
Employee Insurance	1,500.00
FICA	2,750.00
IPERS	2,100.00

Travel Expenses

Administrator	2,000.00
Auditors	4,000.00

Auditing Expenses

Auditing Expenses	900.00
Rent & Utilities	2,600.00
Telephone	1,250.00
Office Supplies	500.00
Printing	350.00
Postage	1,500.00
Repairs and Maintenance	150.00
Employer's Insurance	1,400.00
Unemployment Insurance	250.00
Unclassified	<u>500.00</u>

TOTAL OPERATING EXPENSES

\$63,000.00

CAPITAL EXPENDITURES

-0-

LESS REIMBURSEMENTS

(1,000.00)

TOTAL EXPENSES

\$62,000.00

In addition to their duties with the Commission, the Assistant Court Administrator and the auditors at times are requested by the Committee on Professional Ethics and Conduct to make investigation with regard to complaints which have been filed with them. Usually such investigations are combined with an examination of the lawyers' trust account.

All commissioners serve without compensation and receive only a mileage allowance for attendance at meetings. The Commission continues to attempt to perform as many of its duties as possible by mail and hold only regular semi-annual meetings.

Cooperation among the Committee on Professional Ethics and Conduct, the Continuing Legal Education Commission and the Client Security and Attorney Disciplinary Commission continues to be excellent.

LEGAL SERVICES ORGANIZATIONS

By Court rule, the Court directed that organizations which recommend, furnish or pay for legal services for their members or beneficiaries file an annual report with the Commission. During 1980 five organizations filed such a report.

COMPLIANCE REVIEWS

During 1980 a total of 375 examinations of attorneys' trust accounts and fiduciary accounts were made. The examination endeavors to make certain that trust accounts and fiduciary accounts are properly maintained and used in accordance with the requirements of DR9-102 of the Code of Professional Responsibility. In addition, since the rules of the Court require that the attorney state on his or her annual questionnaire whether or not income tax returns have been filed, and

since the Court has requested that the auditor verify that filing at the time of the examination, such request is made of the lawyer being reviewed. Most attorneys produce a copy of the tax returns, together with canceled checks for the auditor, which verifies the filing. Occasionally, those documents are not at the lawyer's office and are not available prior to completion of the examination. In that case, the auditor requests that the attorney mail him some type of documentation such as copies of the canceled checks and a copy of the face of the returns (blocking out the income figures if the attorney desires). If the attorney does not send in the verification, the Commission makes a written request to the Iowa Department of Revenue to verify the filing of the return. Since copies of this report are furnished to members of the Bar, attention is directed to the order of the Court of January 15, 1980, specifically directing the Assistant Court Administrator and the auditors to obtain verification from attorneys of their answers on the annual questionnaire including those answers relating to the filing of the State and Federal income tax returns.

The same order of the Court authorized inquiry to the status of any probate inventory report delinquent for 60 days after notice. The auditors therefore check the status of delinquent probate matters and request the cooperation of the attorney involved in clearing up any delinquency. During the past year such examinations revealed three lawyers who were seriously delinquent in their conduct of estate matters. The Commission has recommended that one of the lawyers who seemed unable to cure the delinquency and continued to accept further employment in probate matters while continuing to apparently ignore the delinquency be subjected to disciplinary proceedings.

Generally, offices of all lawyers in active practice in the State of Iowa have been visited and their offices examined. The examinations are not a one time event since the compliance checks are made on a random basis and more than one call may be made to the same office. The fact that an audit is made does not indicate any violations suspected on the part of the attorney or attorneys involved. The cooperation by the members of the Iowa Bar has been excellent.

The policy of the Commission with regard to trust accounts of lawyers is:

1. Lawyers must maintain a trust account whenever funds of clients are paid to them in trust, even though they remit the portion due the client the same day or the following day. Such deposits of client's funds should never go into a regular account.
2. Lawyers should maintain records on their trust accounts, showing at least the information on the minimal accounting record. They do not have to maintain the record in the exact form originally suggested by the Commission. They may desire more information than required by that but they should at least have a record showing the name and address of the client, the receipts and disbursements, the date of entry, the check number and the balance in the account.
3. No payments for personal or office expenses of the lawyers should be made from trust accounts. Some portion of the money in a trust account often belongs to the lawyer, because it is his or her fee. The lawyer should write a check on the trust account and transfer that portion to his or her regular

account and pay his or her expenses from the regular account.

4. Lawyers should regularly, preferably monthly, reconcile their trust account balance with their trust bank account.
5. The accounts of the lawyer which are the trust accounts should carry on them in the title of the account the words "Trust Account."
6. Lawyers should be encouraged to reconcile their trust accounts and to withdraw from the trust accounts the monies due them as fees, so as to avoid unexplained overages in the trust account and avoid any suggestion of impropriety.
7. While the Commission has not adopted a set of general accounting guidelines for law offices, as they feel their province is only to adopt guidelines concerning trust accounts, they have agreed that the accounting guidelines adopted by the State of Delaware are excellent accounting guidelines, and they can recommend their use to Iowa lawyers. Copies have been previously supplied to Iowa lawyers.
8. Sums received as retainer fees shall remain in the trust account and not withdrawn until earned, except (1) that when the amount paid is \$300.00 or less, it may be deposited in a regular account, but the attorney still has the duty of performing the services, and (2) when the retainer is received from the client on a regular and continuing basis.

In view of the fact that NOW accounts have become available, the policy of the Commission with regard to interest earned on trust

accounts should be restated. Interest earned on trust accounts is the property of the client. If several trust accounts are combined into one interest bearing trust account, the lawyer has the responsibility of determining the amount of interest each client earns. For tax purposes, the lawyer should advise the client of the total yearly interest income.

Examinations reveal that the vast majority of Iowa lawyers properly use their trust accounts. Commission auditors are happy to share their knowledge, experience and assistance to any lawyers who have questions on trust accounting.

Iowa was the first state to make random examinations of lawyers' trust accounts. We also have one of the largest Client Security Funds. We hesitate to say that the loss ratio has been small for fear of breaking the spell, but it is true that losses have been small. We feel that the examinations deter the very small percentage of lawyers who might make use of the funds of others and in addition if someone does make the mistake of taking funds of others the tendency is to catch that culprit while the amount is small so that he or she can make restitutions. Other states now have examination rules although none so far have been successful in implementing their rules so as to make the large number of examinations that have been made in Iowa.

Generally we find that the lawyers of Iowa are proud of the Client Security Fund. The examination procedures give the public a feeling of confidence and security. To some extent it gives the same feeling to lawyers.

We thank the Court and all the lawyers for their cooperation during the year.

Respectfully submitted,

Meredith Berryhill
David A. Elderkin
James L. Lohman (term commenced 1/1/81)
Edwin L. Mitchell
John E. Nagle (term expired 12/31/80)
Harris R. Stafford
Sanford A. Turner
John H. Neiman

By John H. Neiman
John H. Neiman, Chairman

CLIENT SECURITY AND ATTORNEY DISCIPLINARY COMMISSION
OF THE SUPREME COURT OF IOWA

FINANCIAL REPORT

NOVEMBER 30, 1980

AUGUSTINE & CO.
Certified Public Accountants

C O N T E N T S

	Page
INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS	1
FINANCIAL STATEMENTS	
Statements of assets, liabilities and fund balance arising from cash transactions	2
Statements of cash receipts and disbursements and fund balance	3
Notes to financial statements	4 and 5
INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY DATA	6
SUPPLEMENTARY DATA	
Composition of fund balance	7

ALBERT A. AUGUSTINE, CPA
WILLIAM H. SHAMBAUGH, CPA
GEORGE A. OLSEN, CPA
RUTH E. KUNEY, CPA
CHARLES C. BROOKS, III, CPA
TELFORD A. LODDEN, CPA
JAMES E. BENBOW, CPA

2413 GRAND AVENUE
DES MOINES, IOWA 50312
PHONE 282-0254

AUGUSTINE & CO.
Certified Public Accountants

To the Commissioners
Client Security and Attorney
Disciplinary Commission of
the Supreme Court of Iowa
Des Moines, Iowa

We have examined the statements of assets, liabilities and fund balance arising from cash transactions of Client Security and Attorney Disciplinary Commission of the Supreme Court of Iowa as of November 30, 1980 and 1979, and the related statements of cash receipts and disbursements for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As described in Note 1 of the Notes to Financial Statements, the Commission's policy is to prepare its financial statements on the cash basis of accounting; accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly the assets, liabilities and fund balance arising from cash transactions of Client Security and Attorney Disciplinary Commission of the Supreme Court of Iowa as of November 30, 1980 and 1979, and the cash receipts and disbursements during the years then ended, in conformity with the Commission's cash basis accounting policy, as described in Note 1, applied on a consistent basis.

Augustine & Co.

Des Moines, Iowa
December 11, 1980

CLIENT SECURITY AND ATTORNEY DISCIPLINARY COMMISSION
OF THE SUPREME COURT OF IOWA

STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE
ARISING FROM CASH TRANSACTIONS
November 30, 1980 And 1979

ASSETS	1980	1979
Cash in bank	\$ 22,719	\$ 15,453
Certificate of deposit	--	100,000
Savings	28,771	6,204
Investments:		
Cash in trust	\$ 28,709	\$ 12,739
U.S. Government and Government Agency Securities, at cost	<u>919,239</u>	<u>755,358</u>
	<u>\$999,438</u>	<u>\$889,754</u>
LIABILITIES AND FUND BALANCE		
Liabilities	\$ --	\$ --
Fund balance	<u>999,438</u>	<u>889,754</u>
	<u>\$999,438</u>	<u>\$889,754</u>

See Notes to Financial Statements.

CLIENT SECURITY AND ATTORNEY DISCIPLINARY COMMISSION
OF THE SUPREME COURT OF IOWA

STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS AND FUND BALANCE
Years Ended November 30, 1980 And 1979

	1980	1979
RECEIPTS:		
Attorney assessments	\$ 80,091	\$109,339
Investment income	82,263	69,605
	<u>\$162,354</u>	<u>\$178,944</u>
DISBURSEMENTS:		
Claims paid	\$ - -	\$ 2,269
Salaries	36,307	34,113
Payroll taxes	2,433	2,183
Capital expenditures	- -	82
Printing and supplies	652	520
Postage	1,256	1,431
Travel	4,282	4,718
Rent and utilities	2,137	1,468
Retirement	1,620	1,548
Repairs and maintenance	108	181
Employee insurance	1,020	465
Annual audit	771	626
Insurance and bonding	1,072	1,073
Miscellaneous expenses	362	316
Trustee fees	650	354
Repayment of Iowa State Bar Foundation Grant (Note 2)	- -	20,000
	<u>\$ 52,670</u>	<u>\$ 71,347</u>
Excess receipts over disbursements	\$109,684	\$107,597
Fund balance, beginning of year	<u>889,754</u>	<u>782,157</u>
Fund balance, end of year	<u>\$999,438</u>	<u>\$889,754</u>

See Notes to Financial Statements.

CLIENT SECURITY AND ATTORNEY DISCIPLINARY COMMISSION
OF THE SUPREME COURT OF IOWA
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

Organization:

Client Security and Attorney Disciplinary Commission was created by the Supreme Court in the State of Iowa on December 5, 1973. The Commission was created to examine breaches of professional responsibility by attorneys to assist the court in administering attorney disciplinary procedures, and to administer the Client's Security Fund.

Administration:

Commissioners

John E. Nagle	Sanford A. Turner
Meredith Berryhill	David A. Elderkin
John H. Neiman	Harris R. Stafford
Edwin L. Mitchell	

Supreme Court Administrator

William J. O'Brien

Assistant Court Administrator

John S. Courtney

Tax status:

The Commission is a part of the Judicial Branch of the State Government and therefore is exempt from Federal income tax.

Accounting policy:

The Commission's accounts are maintained, and the statements of assets, liabilities and fund balance and the statements of cash receipts and disbursements are presented on a cash basis, reflecting only cash received and disbursed. Therefore, receivables and payables, accrued income and expenses, and equipment and depreciation which may be material in amount are not reflected and these statements are not intended to present the financial position or results of operations in conformity with generally accepted accounting principles.

U. S. Government Securities:

The U. S. Government Securities are recorded at cost when purchased and any premium or discount is reflected in the interest income account in the year in which the security matures.

NOTES TO FINANCIAL STATEMENTS

Note 2. Iowa State Bar Association Grant

Pursuant to action by The Supreme Court of Iowa during the year ended November 30, 1979, Client Security and Attorney Disciplinary Commission was directed to pay \$20,000 to the Iowa State Bar Foundation for the purpose of returning the original Grant provided by the Foundation to start the fund.

ALBERT A. AUGUSTINE, CPA
WILLIAM H. SHAMBAUGH, CPA
GEORGE A. OLSEN, CPA
RUTH E. KUNEY, CPA
CHARLES C. BROOKS, III, CPA
TELFORD A. LODDEN, CPA
JAMES E. BENBOW, CPA

2413 GRAND AVENUE
DES MOINES, IOWA 50312
PHONE 282-0254

AUGUSTINE & CO.
Certified Public Accountants

To the Commissioners
Client Security and Attorney
Disciplinary Commission of
the Supreme Court of Iowa
Des Moines, Iowa

The accompanying additional financial information is presented for supplementary analysis purposes and is not considered necessary for a fair presentation of the basic financial statements. The supplementary financial information has been subjected to the applicable audit procedures we performed in our examination of the related basic financial statements.

In our opinion, the supplementary financial information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Augustine & Co.

Des Moines, Iowa
December 11, 1980

CLIENT SECURITY AND ATTORNEY DISCIPLINARY COMMISSION
OF THE SUPREME COURT OF IOWA

COMPOSITION OF FUND BALANCE
November 30, 1980

Cash balances were as follows:

Central National Bank:

Operating account	\$ 6,285
Investment account	16,434
Savings account	28,771
Trust account	28,709
	<u>\$ 80,199</u>

Investments

	Purchased	Maturity	Interest Rate	Face	Cost	Market Value At Novem- ber 30, 1980
Treasury notes:						
U. S. Government	4-15-76	5-15-81	7.375%	\$ 65,000	\$ 64,614	\$ 62,806
U. S. Government	8-15-79	8-15-82	9	105,000	105,000	97,256
U. S. Government	6-30-80	6-30-84	8.875	30,000	29,475	26,409
U. S. Government	3-03-80	5-15-85	14.375	210,000	209,492	217,088
Other notes:						
Federal Home Loan Banks	5-25-78	11-26-82	8.25	125,000	125,000	113,125
Federal National Mortgage Assoc.	10-12-78	4-11-83	8.75	100,000	100,000	90,375
Federal National Mortgage Assoc.	12-27-77	4-12-82	7.375	120,000	119,625	110,250
Federal National Mortgage Assoc.	7-11-77	7-10-85	7.25	100,000	100,000	79,750
Federal Farm Credit Banks	7-01-80	6-30-85	9.2	65,000	65,000	56,550
Federated funds				1,033	1,033	1,033
				<u>\$921,033</u>	<u>\$919,239</u>	<u>\$854,642</u>

Summary

Bank accounts	\$ 80,199
Investments, at cost	<u>919,239</u>
	<u>\$999,438</u>

STATE LIBRARY OF IOWA



3 1723 02117 0535