

# HALT

*An Organization of Americans for Legal Reform*



*Dedicated to  
helping all Americans  
handle their legal  
affairs simply,  
affordably and  
equitably*

*2002 Annual Report*

# HALT

*An Organization of Americans for Legal Reform*

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## *From the Executive Director*

For the past quarter century, HALT has provided essential tools to empower America's legal consumers, while challenging the legal establishment to meet its responsibility of providing accessible and accountable civil justice.

It gives me great satisfaction to report that over the last twelve months we have held firm to our commitment to help educate all Americans so we can take charge of our own legal affairs. HALT made great strides in our basic empowerment mission by completing a new, expanded edition of *The Legal Resource Directory*, distributing thousands of copies of carefully reviewed and selected self-help books and making vast quantities of user-friendly legal information available on our Internet site [www.halt.org](http://www.halt.org).

Equally important during this same period, our advocacy efforts bore fruit, with important victories in both the accessibility and accountability arenas.


With our first national Small Claims Report Card we successfully worked to expand access to the real Peoples' Courts in Maryland, Iowa and Virginia, and our testimony and public opposition helped defeat an irresponsible ABA proposal that would have denied Americans access to inexpensive legal services provided by nonlawyers.

Similarly, our first national Lawyer Discipline Report Card focused public attention on the massive failures of the system of attorney self-discipline and succeeded in winning reform commitments from discipline bodies in Arizona, Pennsylvania and other states. And HALT's *amicus curiae* brief in an important attorney discipline case persuaded the District of Columbia to impose strict sanctions, including license revocation for lawyer misconduct. Finally, our brief in a key legal malpractice test case urges the California State Supreme Court to expand the remedies available to victims of attorney negligence, incompetence or misconduct.

We have enjoyed great successes, but as we move into our second quarter century of legal reform, HALT is needed now more than ever. We can achieve the promise of a simple, affordable and equitable justice system only by renewing our commitment to legal reform at both the individual and institution levels.

In short, while much still remains to be done, we are making a difference.

Sincerely,



James C. Turner

## The Year In Review

Gearing up for our 25th Anniversary, HALT released a National Report Card on Small Claims Courts and a National Report Card on Lawyer Discipline. Both report cards provide solid evidence of the need for reform in these areas and bolster HALT's reform efforts and legislative activities for years to come. HALT also filed an *amicus curiae* (friend of the court) brief in a precedent-setting legal malpractice case in California and testified before two American Bar Association Committees on "practice of law" issues.

On the education front, HALT updated and greatly expanded its book, *The Legal Resource Directory: Your Guide to Help, Hotlines & Hot Websites*, kept members informed with quarterly editions of its newsletter *The Legal Reformer*, answered over a thousand member inquiries through its Legal Information Clearinghouse and continued to update and add to its website ([www.halt.org](http://www.halt.org)) throughout the year.

## Advocacy

### Small Claims Reform Project

HALT's national reform campaign to educate consumers and policymakers about small claims court reforms made great strides in 2002. Our agenda includes raising dollar limits to \$20,000, granting small claims judges the power to issue court orders in addition to monetary damages, expanding small claims dispute resolution programs and creating user-friendly courts by pushing for evening and weekend hours.

Although state legislatures generally hold shorter sessions in election years, HALT pushed for small claims reform throughout the year and achieved notable successes in California, Iowa, Virginia and Maryland.

CALIFORNIA—The Administrative Office of the Courts commissioned a study of California's three-track litigation system, including its small claims courts. The study recommended a pilot program in a few counties increasing the small claims jurisdictional limit from \$5,000 to \$7,500. The California Law Revision Commission, a California government think tank charged with law improvement, issued a tentative recommendation that the limit be increased statewide to \$10,000. HALT's research on small claims was credited by the Commission as part of the reason for recommending the higher, statewide limit.

*"The Commission recommends that the jurisdictional limit for a small claims case be increased from \$5,000 to \$10,000, effective January 1, 2005."*

—Tentative Recommendation of the California Law Revision Commission, December 2002.

VIRGINIA—HALT's Action Alert was part of a successful campaign to raise Virginia's small claims jurisdictional limit from \$1,000 (the lowest in the country) to \$2,000.

IOWA—Legislation passed that raises Iowa's small claims dollar limit from \$4,000 to \$5,000.

MARYLAND—HALT's three years of work on small claims reform in Maryland have paid off. Governor Robert Ehrlich is expected to sign legislation raising that state's small claims jurisdictional limit from \$2,500 to \$5,000. HALT staff will attend a signing ceremony for the bill in April or May of 2003.

NATIONALLY—HALT issued its National Report Card on Small Claims Courts, which graded the small claims court systems of all fifty states and the District of Columbia. California and the District of Columbia received the highest grades, with a B and B minus respectively. Failing grades were given to Kansas,

Kentucky, Rhode Island and Virginia. Dozens of print and broadcast media outlets nationwide covered the small claims report card, which gave HALT a chance to spread its message about the advantages of small claims courts. The report card has also been a valuable comparative tool in state-by-state efforts to improve small claims court systems and has been cited as a resource by legislative bodies discussing small claims issues.

## Freedom of Legal Information

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HALT's Freedom of Legal Information Project defends consumers' rights to have access to self-help law books and software, law libraries and less expensive alternatives, such as independent paralegals, against attacks by the legal establishment. HALT successfully countered attacks by the legal profession in Arizona and Utah to restrict consumers' access to the law. This year, HALT has also testified before two American Bar Association Committees on the need to expand legal access, not to restrict it by narrowing the definition of the 'practice of law.'

ARIZONA—In response to a proposed rule that would have banned the use of independent paralegals and legal document assistants, HALT submitted comments to the Arizona Supreme Court opposing the rule change. HALT spoke on behalf of consumers, pointing out that such a rule would prevent users of the legal system from obtaining affordable access to legal assistance. The court relented and instituted a system of regulation under which independent paralegals will be governed by a Board of Legal Document Preparers. The soon-to-be-formed board has a majority of its seats reserved for paralegals, which will minimize the possibility that lawyers will regulate paralegals in order to insulate themselves from competition.

UTAH—A new state law incorporating HALT's definition of the practice of law has been enacted. The law, scheduled to take effect in May 2004, defines the practice of law as either appearing before a court as a representative or holding oneself out as an attorney.

NATIONALLY—HALT testified before the American Bar Association Standing Committee on the Delivery of Legal Services at the American Bar Association's annual meeting. HALT's testimony stated that there is a need for fundamental change in the way lawyers view their profession if access to the justice system is to be improved. The testimony focused on the need to allow access to nonlawyer legal service providers and to small claims courts as ways that the bar can increase legal access.

HALT's testimony in front of the American Bar Association Task Force on the Model Definition on the Practice of Law helped to defeat a proposed definition of the practice of law that would ban far more nonlawyer conduct than is currently prohibited by any state. The Task Force has punted the issue back to the states, telling them to come up with their own "practice of law" definitions.

## Lawyer Accountability

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HALT's Lawyer Accountability Project works to improve consumer protections against unethical, negligent or incompetent lawyers. HALT also works to improve the rules that govern attorney behavior, to promote mandatory disclosure by lawyers of their legal malpractice insurance coverage; and to eliminate "gag" rules which violate the First Amendment rights of those who choose to complain about a lawyer. With successes in Washington, DC, New Mexico and

*"If [a] state wants a model definition of the practice of law that protects consumers, they'd be better off with the definition put forward by an organization that's been protecting those consumers for twenty-five years."*

—TOM GORDON, *testifying before the ABA Task Force on the Definition of the Practice of Law*

Pennsylvania, HALT's advocacy efforts on behalf of its Lawyer Accountability Program are mounting and gaining increased press attention.

CALIFORNIA—In June, HALT filed an *amicus curiae* brief in an important legal malpractice case before the California Supreme Court. The outcome of *Viner v. Sweet* will set forth the appropriate approach and standard of proof to be used in legal malpractice cases in California and will likely set an important precedent for other states. HALT's brief seeks to ensure that victims of legal malpractice do not have to overcome near-impossible obstacles in order to recover damages caused by their attorneys' negligence. A decision is expected in late 2003.

DISTRICT OF COLUMBIA—Accepting the argument made in HALT's *amicus curiae* brief filed last year, the District of Columbia Court of Appeals revoked the license of American University law professor Mark Hager, who accepted a secret \$225,000 payment from an opposing party and jeopardized his clients' product liability case. After the District of Columbia Court of Appeals handed down its decision, HALT wrote the law school and asked whether the sanctioned professor was going to be retained on the faculty. In particular, HALT called the law school's attention to the findings of the District of Columbia Bar's hearing committee that Hager "traded on his status as a law professor" and is "teaching the next generation of lawyers and should be setting a better example for them." We received a response from Dean Claudio Grossman stating, "Professor Hager resigned on March 13, 2003 and is therefore no longer employed with American University Washington College of Law."

NEW MEXICO—HALT urged New Mexico's Supreme Court to restore the state's client protection fund. The fund, which is designed to reimburse clients whose attorneys cheat them, went bankrupt in January 2003.

PENNSYLVANIA—Our National Lawyer Discipline Report Card, which rated Pennsylvania's system as the worst in the nation, has prompted bar officials to examine the system's failures and join forces with HALT to bring about meaningful reforms. HALT is supporting Pennsylvania Bar's Office of Disciplinary Counsel's efforts to improve lawyer discipline by supplying information that will help them create the state's first public attorney discipline website.

NATIONALLY—HALT conducted extensive research on attorney discipline systems and issued a report card that graded the lawyer discipline systems of all 50 states and the District of Columbia in six categories to determine how well they serve consumers. The report card is a scathing indictment of attorney discipline systems nationwide—of the fifty-one jurisdictions we evaluated, thirty-nine earned a C- or lower and twenty-one of these received Ds or lower. Two states

*"HALT's Report Card is an all too sobering reminder of the shameful state of bar disciplinary systems. As an American Bar Association report on these systems notes, the public generally regards the process as 'too slow, too secret, too soft and too self-regulated.' HALT's systematic research shows why. Bar disciplinary procedures are anything but user friendly to the consumer and most are more responsive to the profession's interests than the public's. Only through increased accountability is lawyer regulation likely to improve and candid assessments like HALT's are a necessary step in that direction."*

—DEBORAH L. RHODE,  
Ernest W. McFarland Professor of Law, Stanford University,  
Past-President, American Association of Law Schools

flunked outright. The results expose an appalling pattern of toothless sanctions, unnecessary secrecy, biased procedures and endless delays. HALT staff produced a comprehensive ‘white paper,’ which summarizes the history of disciplinary reform, describes the report card’s methodology and presents a detailed analysis of findings. HALT’s report card has been hailed as an important tool to galvanize the public and the profession to demand meaningful reforms. In October, HALT released the Lawyer Discipline Report Card at a press conference held in Washington, DC at the National Press Club. In the weeks following the press conference, the report card was featured in numerous publications, including the *U.S. News & World Report*, *Philadelphia Inquirer*, *The Washington Post*, *Florida Times-Union*, *Legal Times*, *Hartford Courant* and *St. Petersburg Times*. In addition, the editors of the *Denver Post*, *New Jersey Law Journal* and *Pittsburgh Tribune-Review* published HALT criticism of the failing attorney discipline system and the *Los Angeles/San Francisco Daily Journal* featured HALT’s full-page opinion piece.

HALT dissuaded the American Bar Association’s Standing Committee on Client Protection from abandoning a proposal which would require lawyers to disclose whether or not they carry malpractice insurance. In response to HALT’s appeal, the chair of the standing committee agreed to reconsider the requirement and is now encouraging local bar associations to implement malpractice disclosure requirements in their states.

## Education

This year HALT updated and greatly expanded its book, *The Legal Resource Directory: Your Guide to Help, Hotlines & Hot Websites*. Released in the fall of 2002, *The Legal Resource Directory* includes a wealth of information and referral contacts for consumers of legal services. Whether buying or selling a car, filing a complaint against an attorney or local business, reporting fraud or abuse of a government program, applying for social security benefits or resolving credit card debt problems, HALT’s guide offers something for everyone. First published in 1997, HALT’s new edition includes an additional five year’s worth of contact information and several new chapters. Featured in *BottomLine Personal*, the book is available through HALT.

HALT added to its series of HALT Legal Tips—information produced on wallet-sized cards that offers quick and concise details on topics like writing a will, pre-paid legal service plans, hiring lawyers, lemon laws, resolving consumer disputes and telemarketing “do-not-call” lists.

HALT staff also reviewed and selected popular self-help titles to help members deal with consumer legal needs, including *Sign Here: How To Understand Any Contract Before You Sign It*, *IRA & 401K Investing: Learn How To Make the Most of Your Money* and *Fed Up With the Legal System: What’s Wrong & How to Fix It*.

HALT keeps members informed through its quarterly newsletter, *The Legal Reformer*. This eight-page publication includes—in addition to news, analysis and opinion—many regular features such as HALT in the Media, HALT Interviews and From the Mailbox. This year, a new feature called Self Help Law which evaluates the latest in legal books, kits, software and websites was added.

*“Over the years I’ve enjoyed **The Legal Reformer’s** clear and concise writing about complex legal issues, in the David vs. Goliath struggle of the average citizen vs. the enormous power of the legal profession. One current issue is extremely important – increasing the dollar limit and accessibility of small claims courts.”*

—JOAN T. BASSON,  
Indiana

## Internship Program

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HALT's internship program continues to provide college and law students an opportunity to learn about issues affecting consumers of legal services, while at the same time providing invaluable research assistance to HALT staff. The generosity of HALT founder Paul Hasse has allowed HALT to hire four interns for each semester and summer. In addition to their research responsibilities, interns track legislation, answer queries from users of the legal system and write articles for HALT's quarterly newsletter *The Legal Reformer*.

*"The projects I completed at HALT allowed me to work with lawyers and legal consumers across the nation, giving me real world exposure to the field."*

— FIRAS AYOUB,  
HALT intern, summer 2002

## Legal Information Clearinghouse

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HALT's Legal Information Clearinghouse helps members and the general public navigate through the frequently thorny civil justice system, putting individuals in touch with the legal information or help they're seeking. Our no-nonsense, common-sense approach to helping Americans take control of their legal affairs is a service unique to HALT and valued by our members.

The public contacts us by e-mail, fax or postal mail. This year, HALT responded to some 1,000 requests for legal information and referrals. Many take the time to provide us with feedback on our program. One such individual, Dr. Melvin Hershkowitz of Rhode Island, wrote:

*"My compliments on your ongoing excellent work at HALT in the areas of attorney discipline, legal reform and methods of compensation for lawyers in the United States. The failures of the legal disciplinary system are an insult to aggrieved clients and I support your aggressive efforts to stimulate publicity and accomplish radical changes on behalf of all citizens embroiled in all legal affairs."*

To meet the needs of HALT members and the general public, we have enhanced our tracking system so that by the end of next year, we will be able to analyze the most frequent questions and concerns raised by legal consumers.

## Public Outreach

### HALT on the Internet

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Those interested in learning more about HALT's legal reform activities and latest advocacy efforts should visit [www.balt.org](http://www.balt.org). Our website has grown over the years and offers visitors monthly, weekly and sometimes even daily updates on our progress—both nationally and locally. Visitors can download for free past newsletter articles, informational brochures, handouts from our Everyday Law Series and HALT testimony on current legal reform activities. In addition, HALT's site also supports secure online ordering for many of the self-help publications we offer.

### HALT in the Media

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HALT's progressive work made news in the media. Some of the news sources that featured HALT's work include:

*The New York Times, U.S. News & World Report, The Washington Post, Legal Times, The Los Angeles Daily Journal, The National Law Journal, ABA Journal, The Baltimore Sun, Hartford Courant, The Philadelphia Lawyer, Dallas Morning News, Gazette Newspapers, The Philadelphia Inquirer, Denver Post, Pittsburgh Tribune-Review, St. Petersburg Times, Associated Press, BottomLine Personal and The Drudge Report.*

# 2002 Financial Statement

## BALANCE SHEET

(with comparative totals for 2001)

ASSETS	2002	2001
<b>Current Assets</b>		
Cash & Cash Equivalents	\$ 94,139	\$ 63,010
Investments	986,404	31,834
Accounts Receivable	10,926	130
Prepaid Expenses	8,425	7,624
Inventory	67,171	45,353
<b>Total Current Assets</b>	<b>1,167,065</b>	<b>147,951</b>
<b>Long-Term Assets</b>		
Property & Equipment (Net)	25,726	24,460
Donated Property	—	620,000
<b>Other Assets</b>		
	4,565	4,565
<b>TOTAL ASSETS</b>	<b>\$ 1,197,356</b>	<b>\$ 796,976</b>

## LIABILITIES AND NET ASSETS

<b>Current Liabilities</b>		
Accounts Payable	\$ —	\$ 4,576
Accrued Liabilities	54,394	27,703
Deferred Compensation	23,003	17,417
<b>Total Current Liabilities</b>	<b>77,397</b>	<b>49,696</b>
<b>Net Assets</b>		
Unrestricted	1,119,959	747,280
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,197,356</b>	<b>\$ 796,976</b>

Excerpted from the financial audit completed by Bert Smith & Co., Certified Public Accountants

## REVENUES & EXPENSES

(with comparative totals for 2001)

REVENUE	2002	2001
<b>Support and Revenue</b>		
Contributions	\$ 850,427	\$ 144,760
Donated Property	—	620,000
Dues	538,295	474,884
Investment Income	35,135	2,899
Rental Income	6,386	5,197
Other Income	35,664	5,185
<b>TOTAL SUPPORT AND REVENUE</b>	<b>\$ 1,465,907</b>	<b>\$ 1,252,925</b>
<b>EXPENSES</b>		
<b>Program Services</b>		
Education	\$ 251,671	\$ 253,827
Advocacy	175,018	139,713
Research & Planning	128,101	79,878
Membership Programs	241,230	174,487
<b>Total Program Services</b>	<b>796,020</b>	<b>647,905</b>
<b>Supporting Services</b>		
Membership Development	1,447	3,738
Fund Raising	87,188	98,743
General & Administrative	76,001	75,487
<b>Total Supporting Services</b>	<b>164,636</b>	<b>177,968</b>
<b>TOTAL EXPENSES</b>	<b>\$ 960,656</b>	<b>\$ 825,873</b>
Unrealized Gain/(Loss)	(106,504)	—
<b>Increase In Net Assets</b>	<b>505,251</b>	<b>427,052</b>
<b>Net Assets, Beginning of Year</b>	<b>721,212</b>	<b>320,228</b>
<b>Net Assets, End of Year</b>	<b>\$ 1,119,959</b>	<b>\$ 747,280</b>

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