

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

HALT 

An Organization of Americans for Legal Reform

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2004

ANNUAL REPORT

From the Executive Director

Today, public confidence in the American legal system may be at an all-time low. Tens of millions of our fellow citizens simply cannot afford access to the civil justice system that is supposed to serve us all. And millions more despair at lawyers and judges who behave as a privileged elite that is not accountable for its misconduct.

Sadly, political opportunists are seizing on this widespread public frustration to advance partisan agendas that do nothing to address the twin crises of access and accountability. That is where HALT comes in.

Our core mission—helping all Americans handle their legal needs simply, affordably and equitably—leads to reforms that empower legal consumers and expand protections against a legal establishment that acts like a trade guild, more interested in stifling competition and maintaining high profits than in serving the public.

Over the past year, HALT's *Freedom of Legal Information* and *Small Claims Reform Projects* have won critical victories across the country expanding access to affordable legal services. Similarly, our *Lawyer Accountability* and *Judicial Integrity Projects* have played a catalytic role in winning reforms that improve consumer protections against negligent, incompetent and dishonest attorneys and that hold our judges to meaningful standards of ethics. The key reforms we advocate have also won unanimous endorsement by the Consumer Federation of America.

Providing Americans with the tools that allow us to deal with our own legal needs is the other half of our strategy. Here is just one example. Responding to the unprecedented public interest in advanced health-care planning triggered by the Terri Schiavo tragedy, we posted free state-specific living wills, durable powers of attorney and health-care proxies for download on www.halt.org and mailed hard copies of these documents to every HALT member. We did so because we believe that empowering people so they can exercise self-determination in these most personal of decisions is part of our fundamental mission. This is how our education program—with its full array of self-help books, *Citizens Legal Guides*, informational brochures and Internet resources—fills a critical niche in helping people find their way through the legal maze.

HALT believes that the best way to increase public confidence in our legal system is to implement reforms that increase access and accountability, and to provide educational resources that allow people to understand and use the system. Accomplishing this mission makes a huge difference to all Americans.

Sincerely,



James C. Turner

The Year in Review

With each year, HALT continues to chip away at the legal establishment's monopoly on providing services and its resistance to implementing reforms that strengthen lawyer accountability. Major advocacy achievements this year include the release of HALT's 2004 Small Claims Report Card, arguing against restrictive unauthorized practice of law rules in Georgia, Illinois, Nebraska and Utah, and persuading the Illinois Supreme Court to develop a mandatory malpractice insurance disclosure requirement for their attorneys. We helped convince the New Jersey Supreme Court's Professional Rules Committee to abolish its disciplinary "gag rule" and produced a comprehensive white paper that provides a state-by-state analysis of consumer fraud statutes and their application to deceptive practices by lawyers.

We also produced *How Courts & Judges Work: HALT's Guide to America's Civil Justice System*, published four new *Citizens Legal Guides* on topics ranging from estate planning to owning property in a homeowner association, and teamed up with Nolo for our first co-branded publication, *The Executor's Guide*. HALT members continue to receive our newsletter, *The Legal Reformer*, as well as our biweekly e-mailed *eJournal*. Finally, our Internet site www.halt.org offers a growing library of free self-help materials as part of our Legal Information Clearinghouse, which includes state-specific living wills, health-care proxies and durable powers of attorney.

Advocacy

Freedom of Legal Information

Even though millions of low and moderate income Americans are priced out of the civil justice system, many state bar associations are currently taking actions aimed at eliminating inexpensive alternatives to hiring a lawyer, such as independent paralegals, self-help legal information and volunteers. HALT believes that giving lawyers a monopoly on legal information is detrimental to democracy. We also advocate that speaking and writing about the legal system are protected by the First Amendment to the U.S. Constitution. The Freedom of Legal Information Project continues our long-standing efforts to defend the right of citizens to have access to legal information and to inexpensive alternatives to hiring a lawyer.

DISTRICT OF COLUMBIA—HALT submitted comments to the DC Bar Pro Bono Program supporting its newly drafted model *pro se* pleadings for family court. The comments draw on our knowledge of statistics nationwide regarding the growing number of *pro se* litigants in family court and the resultant need for such forms to assist them. The model *pro se* pleadings are now being used by the DC Family Court.

GEORGIA—HALT submitted comments to the Georgia Bar urging its Unlicensed Practice of Law Standing Committee to rule that nonlawyers preparing articles of incorporation for remuneration are not engaged in the practice of law. Our comments argued the committee is attempting to prevent economic competition, not to help consumers. We urged Georgia to consider allowing licensed document preparers to assist consumers, as they do in California and Arizona. A decision from the committee is expected in 2005.

ILLINOIS—HALT filed a successful *amicus* brief in *King v. First Capital Financial Services*, where the Illinois Supreme Court considered whether a mortgage lender completing contract forms is engaged in the unauthorized practice of law. The court agreed with HALT that this service falls under the *pro se* exception to the statute and does not constitute the unauthorized practice of law. We received media coverage for this victory in the *Chicago Tribune*, the *Chicago Daily Law Bulletin* and the *ABA Journal eReport*.

NEBRASKA—HALT submitted testimony to the Nebraska Supreme Court opposing its proposed definition of the practice of law. The definition is modeled on the overly broad

definition originally proposed by an American Bar Association task force in 2002. We blasted the proposal as a “Full Employment for Lawyers Act,” which fails to protect consumers and does little to improve access to the legal system. We expect a decision from the committee in mid-2005.

UTAH—HALT submitted comments to the Utah Supreme Court on its proposed definition of the practice of law. The proposed definition allows the establishment of a regulated system of legal document preparers. We praised the court for proposing this reform, while urging it to make clear its intentions to allow such a system. The court is expected to act on the proposal before the end of next year.

“It is also puzzling that a set of rules ostensibly designed to protect consumers takes so little account of consumer needs. In reality, contrary to its asserted purpose of consumer protection, this set of rules could easily be re-titled the ‘Full Employment for Attorneys Act.’”

—HALT Comments to the Nebraska Supreme Court

Small Claims Reform

HALT’s campaign to educate consumers and policymakers about small claims court reforms continues to make great strides. The project works not only to increase small claims jurisdiction (with a goal of \$20,000 as the maximum claim amount), but also to improve the process of collecting a small claims court judgment, grant small claims judges the power to issue court orders in addition to money damages, expand small claims dispute resolution programs and create more user-friendly courts. Highlights of this project include the release of our second Small Claims Report Card, a new publication aiding users of small claims courts and numerous policy reform victories nationwide.

ALASKA—HALT successfully urged Alaska Governor Frank Murkowski to approve legislation that increases the small claims dollar limit from \$7,500 to \$10,000, giving Alaska the second-highest small claims dollar limit in the country (tied with New Mexico). The legislation was signed into law in June 2004.

CALIFORNIA—HALT filed comments with the California Judicial Council in support of proposed plain-language small claims forms. These simple-to-use forms could become a model for courts nationwide of how to best serve newcomers to the court system intended for nonlawyers. The forms were put into use by the California courts in January 2005.

VIRGINIA—HALT filed comments with the Virginia State Bar opposing a proposed unauthorized practice of law opinion that states that a social worker preparing forms for *pro se* litigants in small claims court is engaged in the unauthorized practice of law. Our comments note that failing to allow the assistance of a social worker with the small claims process will hurt those who already have the least access to the courts. A decision by the bar is expected in mid-2005.

NATIONALLY—HALT released its 2004 Small Claims Report Card in May. The report card highlights some improvements in small claims court systems since the 2002 Report Card, and also shows that there is much work still to be done, particularly in the areas of dollar limits and assistance with collections. Report cards were sent to state legislatures and administrative offices of courts to further HALT’s advocacy efforts on these issues.

“It’s the lawmakers who have to recognize the need for expanded small claims jurisdiction, and it’s the lawmakers who must loosen their grip on the pursestrings and provide full funding to the programs in small claims courts that let the people using those courts have full access to them. Otherwise, these important forums will cease to be the true people’s courts.”

—HALT’s 2004 Small Claims Report Card press release

Lawyer Accountability

HALT's Lawyer Accountability Project works to improve consumer protections against unethical, negligent and incompetent lawyers. Over the last year, our advocacy efforts focused on improving rules that govern attorney discipline bodies, promoting mandatory legal malpractice insurance coverage, and reforming client protection funds nationwide, with successes in key jurisdictions, such as the District of Columbia, Illinois and New York.

DISTRICT OF COLUMBIA, MARYLAND AND VIRGINIA—HALT published a white paper analyzing attorney discipline bodies and client compensation programs in the District of Columbia, Maryland and Virginia. The in-depth study offers concrete recommendations and an action plan for each jurisdiction. The report's research and analysis have served as important tools as we evaluate this region for our upcoming Lawyer Discipline Report Card, to be released in 2005.

ILLINOIS—HALT successfully urged the Illinois Supreme Court to develop a mandatory malpractice insurance disclosure requirement. Attorneys are now required to include information related to their insurance status on annual registration statements.

"Considerations of fairness and our nation's modern trend of sunshine, transparency and government oversight demand that grievants be permitted to speak publicly about complaints they have filed against attorneys."

—Suzanne Mishkin, Associate Counsel, Testimony to New Jersey Supreme Court, May 17, 2004

NEW JERSEY—Through written testimony, HALT successfully argued that the New Jersey Supreme Court's Professional Rules Committee should abolish a disciplinary "gag rule" that held consumers in contempt for even disclosing the fact that they filed a grievance.

NEW YORK—HALT filed comments with the New York Second Department disciplinary commission, which oversees attorney conduct in the New York

City area, urging the disciplinary body to reject a statute of limitations on complaint filing, to increase lay representation on hearing panels and to permit complainants to attend disciplinary proceedings. The department approved these important reforms.

TENNESSEE—The Tennessee Supreme Court adopted HALT-supported reforms when it struck down a "gag rule" once enforced by Tennessee's attorney discipline body to prevent grievants from disclosing any information about a complaint against a lawyer. HALT successfully collaborated with Tennessee Bar officials to develop a more consumer-friendly confidentiality requirement that permits complainants to speak freely while also allowing bar counsel to conduct thorough investigations.

NATIONALLY—HALT produced a comprehensive white paper that provides a state-by-state analysis of consumer fraud statutes and their application to deceptive practices by lawyers. The paper outlines the need for statutory protection of victims of attorney fraud, the contexts in which attorneys may be held liable, the states that cover lawyers and the jurisdictions that exempt lawyers from coverage.

The *National Law Journal* collaborated with HALT to release an investigative report on the status of client security funds. Following the story's release, the *National Law Journal* published our commentary, explaining the need for increased lawyer assessments and the elimination of payout caps. Several other media outlets, including the *Chicago Tribune* and *Boston Herald*, have also relied on HALT's expertise in this area and published HALT's commentary.

Judicial Integrity

Americans deserve a legal system with judges who are honest and publicly accountable. HALT's Judicial Integrity Project works to prevent judicial conflicts of interest, expand financial disclosure rules and limit privately funded junkets for judges.

NATIONALLY—HALT filed written comments and testified before the American Bar Association's Joint Commission to Evaluate the Model Code of Judicial Conduct regarding the commission's revised gift rules for judges. HALT collaborated with judicial ethics experts and scholars to recommend changes that point to the need for clarification of the gift exception for "widely attended events" and activities "devoted to the improvement of the law, the legal system or the administration of justice." Following HALT's testimony, the commission decided to increase reporting requirements for judges and place strict limitations on gift receipt.

HALT drew national attention to the critical problem of junkets for judges, by publishing commentary in *The Washington Post* and numerous regional papers calling on Congress to limit judicial attendance at privately funded, biased seminars, and to apply the standards set forth in the Ethics in Government Act to federal judges.

"Without any real accountability, Americans view judges not as public servants but as a privileged class who favor glamorous gifts and luxury vacations over justice and integrity. And as the public's image of the judiciary deteriorates, the system of justice itself declines."

—Executive Director James Turner and Associate Counsel Suzanne Mishkin, "Congress Needs to Step Up on Judicial Ethics," *The Washington Post*, December 22, 2004

Education

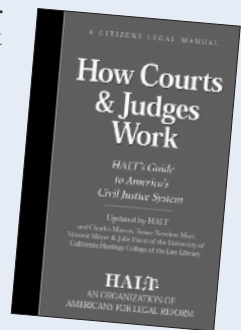
HALT believes that a major component of legal reform involves educating the public about America's legal system and their own rights. Over the last year, we increased the number of free and low-cost educational materials we produce to help citizens become more self-reliant in handling their legal affairs. We also responded to hundreds of individual inquiries about the law or lawyers and referred people to an ever-growing number of resources for further help. Finally, we kept consumers informed about the latest legal reform news and activities on our Web site, in our newsletter, and through the HALT *eJournal*.

How Courts & Judges Work: HALT's Guide to America's Civil Justice System is our newest Citizens Legal Manual. This plain-language guide explains the organization and hierarchy of our state and federal courts and the relationship between them. Filled with more than 50 graphics, *How Courts & Judges Work* offers a straightforward guide to the judiciary and answers consumers' everyday questions about where cases are tried, how judges are selected, and what it's like to go *pro se* (represent yourself).

Four new publications were added to our series of *Citizens Legal Guides* this year: *Plan Your Estate*; *Durable Powers of Attorney: Do You Need One*; *Probate: How to Settle an Estate*; and *Condos, Co-ops, & Home Associations: What You Need to Know*.

Just before the presidential election, HALT published a new *Everyday Law Series* piece, *Your Right to Vote*, which answers some of the most commonly asked questions about voting. Other recent additions to our *Everyday Law Series* include: *Changing Your Name*, *Owning Real Property*, *Your Right to a Jury*, *Help Thyself*, *Probate*, *Complaining About a Judge*, *Property Disputes*, *Tenants' Rights*, *Court Watching* and *Consumer Complaints*.

A strong proponent of self-help law products, HALT teamed up with Nolo—the largest publisher of self-help legal books and do-it-yourself legal products—to publish a co-branded edition of *The Executor's Guide*, a comprehensive resource that provides step-



by-step detailed instructions on how to settle an estate. It quickly became an all time best seller with our members.

Finally, HALT compiled and released a nationwide survey on summary “nonprobate” procedures for settling small estates, which allow consumers to settle estates quickly and inexpensively without court supervision. According to our survey—available at www.halt.org—39 states and the District of Columbia offer summary proceedings for settling estates, but set their dollar limits at \$50,000 or below. We continue to encourage states to raise their dollar limits for nonprobate procedures.

Internship Program

HALT’s internship program provides college and law students a unique opportunity to learn about issues affecting consumers of legal services, while at the same time providing invaluable research assistance and helping to train the next generation of public interest advocates. We host four interns for each semester, who conduct research, track legislation, answer queries from users of the legal system and write articles for our quarterly newsletter, *The Legal Reformer*.

Legal Information Clearinghouse

HALT’s Legal Information Clearinghouse helps legal consumers navigate through the frequently thorny civil justice system. Our no-nonsense approach helps ordinary Americans find legal malpractice lawyers, independent paralegals, lawyer referral services, mediators and a wealth of legal resources, including books, articles and law-related Web sites. In 2004, HALT responded to over 800 requests for legal information on such topics as attorney malpractice and going *pro se*.

Public Outreach

HALT on the Internet

Our Web site, www.halt.org, now offers visitors an unparalleled selection of past *Legal Reformer* newsletter articles, informational brochures, our *Everyday Law Series* and testimony on current legal reform activities. Each week our Web site provides information to more than 2,300 unique visitors.

New on our site this year are free state-specific living wills, durable powers of attorney and health-care proxies for download. The legal forms were posted in response to the unprecedented public interest in advanced health-care planning triggered by the Terri Schiavo tragedy.

HALT’s *eJournal* reaches more 1,100 subscribers twice a month, informing our members and other legal reform advocates about happenings at HALT and across the country.

“I would like to thank you and your staff for the information you have sent me, for it’s been a great deal more helpful than anyone else I’ve written...”

—Garry Otto, HALT Supporter

HALT in the Media

HALT continues to focus media attention for its important legal reform work. Some of the news sources that featured HALT’s work in 2004 include:

The New York Times, Chicago Tribune, The Washington Post, Los Angeles Daily Journal, The National Law Journal, The Boston Herald, Des Moines Register, The Hartford Courant, The Salt Lake Tribune, The Augusta Chronicle, Honolulu Star-Bulletin, The Palm Beach Post, Wisconsin State Journal, KSTP 5 News (Minneapolis, Minn.), KVBC News 3 (Las Vegas, Nev.), WTOP Radio (Washington, DC), New York Law Journal, Chicago Daily Law Bulletin, New Jersey Lawyer, Daily Business Review, The Connecticut Law Tribune, Associated Press and BottomLine Personal.

Summary 2004 Financial Statement

BALANCE SHEET

(with comparative totals for 2003)

ASSETS		
	2004	2003
Current Assets		
Cash & Cash Equivalents	\$62,557	\$108,080
Investments	2,965,935	3,088,369
Accounts Receivable	248	150
Prepaid Expenses	9,067	27,620
Books and Pamphlets	98,077	85,687
Lease Deposit	4,565	4,565
Furniture and Equip. Rental	18,049	29,749
Total Current Assets	3,158,498	3,344,220
TOTAL ASSETS	\$3,158,498	\$3,344,220
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$39,782	\$18,800
Accrued Expenses	8,489	—
Deferred Compensation	35,509	28,822
Total Current Liabilities	83,780	47,622
Net Assets		
Unrestricted	3,074,718	3,296,598
TOTAL LIABILITIES AND NET ASSETS	\$3,158,498	\$3,344,220

Excerpted from the financial audit completed by
Handel & Associates, P.C., Certified Public Accountants

REVENUES & EXPENSES

(with comparative totals for 2003)

REVENUE		
	2004	2003
Support and Revenue		
Contributions	\$243,522	\$2,048,953
Dues	639,596	533,999
Investment Income	129,823	98,140
Rental Income	6,630	7,073
Other Income	11,959	12,576
TOTAL SUPPORT AND REVENUE	\$1,031,530	\$2,700,741
EXPENSES		
Program Services		
Education	\$700,636	\$344,400
Advocacy	346,054	325,676
Research & Planning	147,383	172,935
Total Program Services	1,194,073	843,011
Supporting Services		
Membership Development	13,696	76,992
Fund Raising	171,362	44,552
General & Administrative	51,413	20,063
Total Supporting Services	236,471	141,607
TOTAL EXPENSES	\$1,430,544	\$984,618
Change in Unrestricted Net Assets		
from Operations	(399,014)	1,716,123
Unrealized Gain/(Loss)	177,134	460,516
Change In Unrestricted Net Assets	(221,880)	2,176,639
Unrestricted Net Assets, Beginning of Year	3,296,598	1,119,959
Unrestricted Net Assets, End of Year	\$3,074,718	\$3,296,598

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