

2006 Annual Report

HALT

An Organization of Americans
for Legal Reform



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

From the Executive Director

This is the tenth time that I've had the privilege of reporting to HALT members and supporters, and it is extremely satisfying to look back on a decade of steady progress in educating and empowering legal consumers, while advocating reforms that make the civil justice system more accessible and accountable.

Whether it's distributing free living wills for every state, improving small claims courts, simplifying probate procedures, evaluating attorney discipline systems, improving judicial ethics rules or protecting consumers right to hire inexpensive non-lawyer legal service providers, HALT has been on the front line in every major legal reform battle for the past decade.

And today, there is still an urgent need for HALT's education programs and advocacy work. For the sad truth is that the outrageous cost for even the simplest legal services effectively slams the courthouse door in the faces of some 100 million Americans each year, while millions of others are victimized by a system that all too often places lawyers above the laws that apply to everyone else.

Here are a few highlights of our activities over the past year:

The *Lawyer Accountability Project* issued the 2006 *Lawyer Discipline Report Card*, completed state-by-state research on legal malpractice insurance requirements, won formal Consumer Federation of America support for lawyer discipline improvements, and advocated individual reforms that will strengthen transparency and attorney discipline in California, the District of Columbia, Massachusetts, Nevada, Pennsylvania and Tennessee.

The *Small Claims Reform Project* published HALT's *Small Claims Court Best Practices*—12 reforms from around the country that can help these courts be convenient, quick, accessible and affordable. Our recent legislative small claims work has focused on Massachusetts, Michigan, Oregon, New Hampshire and Virginia.

The *Freedom of Legal Information Project* conducted national research to document abuses in guardianship proceedings and to identify important reform initiatives, and sponsored a study by the University of California Hastings College of the Law analyzing how California is responding to the needs of *pro se* divorce litigants.

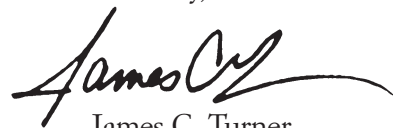
After years of highlighting the lack of transparency and impartiality in judicial accountability procedures, the *Judicial Integrity Project* achieved a major breakthrough when the Judicial Conference of the United States adopted new rules substantially strengthening protections against conflicts of interest in the federal judiciary. In addition, a blue-ribbon commission led by Supreme Court Justice Stephen Breyer issued a report recommending key improvements in the handling of misconduct complaints against federal judges.

HALT's education program also continued its empowerment efforts with the publication of two new **Citizens Legal Guides**—*Write Your Will and Living Trusts*; three new **Everyday Law Series** essays—“*How to Get Your Credit Report*,” “*Keeping Tabs on Your Attorney*” and “*Filing for Uncontested Divorce*”; and an online version of *Do-It-Yourself Law*, which reviews popular legal self-help products and identifies the best and the worst.

None of this would be possible without the tireless efforts of HALT's dedicated staff. Our Program Director, Terri Rudy, has been a champion of efforts to empower America's legal consumers since joining HALT in 1983. Our Senior Counsel, Suzy Blonder, has won widespread recognition in both legal circles and the consumer protection community as a leading voice for accountability reforms. Our Membership Coordinator, Stacie Branham, ensures that every HALT member receives prompt and courteous service, and keeps our office running smoothly. And our program staff, Mary Thuell, Rachel Decker and Emily Werth, are in the trenches every day conducting research, analyzing state-by-state developments, drafting reform proposals, ensuring our fiscal health and publicizing our reform efforts. It truly is an honor for me to work with this very special group of people.

All of us at HALT are proud of our progress, but we also understand that HALT's core mission—helping all Americans handle their legal needs simply, affordably and equitably—is a continuing one which requires the long term commitment of our staff, our members and our supports. It is that shared commitment which makes all of our accomplishments possible.

Sincerely,



James C. Turner
Executive Director

Advocacy

Each component of HALT's advocacy program—the **Lawyer Accountability Project**, the **Small Claims Reform Project**, the **Freedom of Legal Information Project** and the **Judicial Integrity Project**—enjoyed major successes in 2006.

Lawyer Accountability Project

The twin goals of HALT's lawyer accountability efforts are to make lawyers more responsive to legal consumers and to protect legal consumers from negligent, unscrupulous and incompetent attorneys. Through our well-known Report Cards, white papers, legislative work, appellate litigation, media campaigns and grassroots organization, HALT has been on the forefront in fights to improve attorney discipline systems and to help victimized consumers.

California—HALT persuaded the State Bar of California to amend its ethics rules by extending discipline to lawyers who fail to render competent legal services and by requiring lawyers to report other lawyers' ethical violations. Additional HALT testimony convinced the bar to reform its fee arbitration system by clarifying clients' rights. HALT also urged the California Board of Governors to institute a new sanction—permanent disbarment—to address the most egregious cases of lawyer abuse.

District of Columbia—HALT brought national attention to the D.C. Board on Professional Responsibility's "old boys' network" method of board member recruitment. *The Legal Times* published HALT's commentary about a longtime consumer advocate's completely unwarranted dismissal from the Board.

Massachusetts—HALT persuaded Massachusetts to implement a new Supreme Judicial Court rule that requires lawyers to disclose whether they are covered by professional liability insurance.

Nevada—After HALT urged the President of the Nevada Bar to invest more resources into its bankrupt client security fund, the bar increased members' annual contributions and applied *pro hac vice* fees to the fund. For the first time in four years, the fund had sufficient monies to pay all claims in full. In 2006, the fund awarded more than \$200,000 to clients whose former lawyers had stolen from them and carried forward a substantial balance into this year.

Pennsylvania—After HALT filed comments, the Pennsylvania Supreme Court adopted a new rule requiring lawyers to disclose whether or not they are covered by legal malpractice insurance. At HALT's request, Pennsylvania's disciplinary system will make this information available on its Web site—a service that most disciplinary sites do not offer.

Tennessee—HALT called public and media attention to Tennessee's closed-door system of attorney discipline. Several newspapers in the state relied on HALT's expertise to shine light on the system's reliance on private sanctions and secret hearings.

Nationally—HALT issued the *2006 Lawyer Discipline Report Card*, which graded lawyer discipline systems in all 50 states and D.C., exposing an appalling pattern of toothless sanctions, unnecessary secrecy, biased procedures and endless delays. Nationwide, HALT also completed research on each state's legal malpractice insurance program, legal malpractice statute of limitations and reciprocal attorney discipline rules. At HALT's urging, the Consumer Federation of America resolved to

"In state after state, our 2006 Lawyer Discipline Report Card reveals that the disciplinary system not only fails consumers, but ultimately undermines the integrity of the legal profession. We hope this wake-up call will spur more disciplinary officials to join us in working for meaningful reforms."

—Suzanne M. Blonder, Senior Counsel, *2006 Lawyer Discipline Report Card*

push for reforms that strengthen fee arbitration systems, enhance probate Web sites, form access to justice commissions and increase electronic filing in courthouses.

Small Claims Reform Project

HALT's campaign to educate consumers and policymakers about small claims court reforms continues to make great strides. HALT works not only to increase small claims jurisdiction (with a goal

of pushing each state's limit to \$20,000), but also to ensure that court procedures are fair, to improve the process of collecting small claims judgments, to grant small claims judges the power to issue court orders, to expand small claims dispute resolution programs, and to create more user-friendly courts.

Virginia—Virginia Governor Tim Kaine signed House Bill 1201, raising the state's small claims dollar limit from \$2,000 to \$5,000. HALT worked hard for passage of this bill, testifying before the Virginia House of Delegates Committee on Courts of Justice, as well as its Civil Subcommittee. Before the increase, Virginia had the second-lowest dollar limit in the country.

Oregon—After a targeted Action Alert to HALT's Oregon members encouraging them to write to their local representatives, House Bill 2316, which increases Oregon's small claims dollar limit from \$5,000 to \$7,500, was enrolled. Oregon last increased its jurisdictional limit in 2002 from \$3,500 to \$5,000.

New Hampshire—HALT worked with Senator Joseph Foster's aide to introduce New Hampshire Senate Bill 32-FN, which increases the state's small claims dollar limit from \$5,000 to \$10,000. New Hampshire was given a "D" grade in HALT's 2004 Small Claims Report Card, mainly due to its low \$5,000 limit. After passing the Senate, the bill was referred to the House Judiciary Committee for a work session.

"Oregon has not increased its dollar limit since 2002, and its low limit earned the state a 'C' on HALT's Small Claims Court Report Card in 2004. This means that consumers often find themselves shut out of the one court that actually works well for ordinary citizens. House Bill 2316 will help assure that Oregonians have access to the true 'People's Court' to resolve their daily affairs without high legal fees or drawn-out cases."

—Action Alert to Oregon HALT Members

Michigan—After three years of work with Representative John Pastor in Michigan, the Michigan House passed a bill raising the state's small claims dollar limit from \$3,000 to \$6,000 in July. Unfortunately, the bill was not heard by the Michigan Senate before it recessed. HALT is now

working with Representative Pastor's office to reintroduce the bill and expects a hearing by May, 2007.

Massachusetts—HALT began a partnership with the Harvard Small Claims Advisory Service in Massachusetts to address collection agency abuses in small claims courts in Massachusetts, as the *Boston Globe* revealed in August 2006. HALT is working to implement a registered mail with return receipt requirement and is also working with Representative David Torrissi's office in support of House Bill 1746, which aims to raise the dollar limit from \$3,000 to \$5,000.

Nationally—HALT published *Small Claims Court Best Practices*—12 reforms from around the country that can help these courts be convenient, quick, accessible and affordable.

Freedom of Legal Information Project

Even though millions of low and moderate income Americans are priced out of the civil justice system, many states are eliminating inexpensive alternatives to hiring a lawyer, such as independent paralegals. The Freedom of Legal Information Project continues our longstanding efforts to defend the right of citizens to have access to legal information and to inexpensive alternatives to hiring a lawyer.

California—HALT collaborated with law students at the University of California Hastings College of the Law on a study that analyzes how California is responding to the needs of *pro se* divorce litigants. HALT's study concludes that the state's court-based self-help centers and Family Law Facilitator programs—which use innovative technologies and personalized assistance—fill an important need for litigants.

Illinois—A pair of HALT-backed bills were introduced in the Illinois legislature that would have greatly expanded consumer options in obtaining legal services. The bills would have allowed legal document preparers to prepare and file legal documents directly for consumers and also would have allowed consumers to receive general legal information from a document preparer. HALT has successfully advocated on behalf of nonlawyer document preparers in California and Arizona and will continue to promote this option for consumers in Illinois and elsewhere.

“Too often our court system fails to protect our most vulnerable citizens. Our study documents the systemic failures that allow unscrupulous guardians to victimize those whom they are supposed to protect.”

—**HALT Executive Director James C. Turner**

New Mexico—HALT opposed two bills introduced in the New Mexico House and Senate that would have rewritten the practice of law so broadly that it would require consumers to retain the services of a lawyer for virtually any legal need. Fortunately, both the House and Senate versions of the bill were tabled in committee. Because similar legislation has been introduced at least twice in the last three years, HALT will continue to monitor the New Mexico legislature for this threat to legal access.

Nationally—HALT embarked on national research to document abuses in guardianship proceedings and identify important reform initiatives. HALT’s research shows that the nation’s guardianship system is subject to abuse, offers few procedural protections, and has spawned a profit-driven “professional guardian” industry that often enriches itself at the expense of some of society’s most vulnerable members. In the coming year, HALT will create a *Citizens Legal Guide* that alerts people to these problems and explains how best to avoid them.

Judicial Integrity Project

Because Americans deserve a legal system operated by judges who are honest and publicly accountable, HALT promotes strict ethical standards for judges and works to empower litigants so they can ensure that their case is heard by an impartial judge.

Connecticut—HALT collaborated on an investigative series regarding Connecticut’s Judicial Review Council, which prohibits the public from attending judicial discipline hearings and has not formally sanctioned a judge in six years. HALT offered recommendations to Connecticut’s judicial discipline system and noted other areas of judicial regulation that require reform in Connecticut, such as the state’s lax rules regarding junket attendance and its confusing procedures for accessing judges’ financial disclosures.

Michigan—HALT submitted written testimony to the Michigan Supreme Court and published commentary in the *Detroit News* in support of rules that would require the state’s judicial disability system to provide complainants with written explanations for dismissals and would replace private sanctions with meaningful public discipline.

South Dakota—As the result of a recent failed ballot measure that would have allowed individuals to sue judges in South Dakota, HALT prepared information for the public about the doctrine of judicial immunity and offered alternative avenues for recourse against unethical judges.

Nationally—Through our work with the ABA, the Consumer Federation of America, Community Rights Counsel, investigative journalists across the country and Congress, HALT helped highlight a lack of transparency and impartiality in judicial accountability procedures. In September, the Judicial Conference of the United States adopted new rules substantially strengthening protections against conflicts of interest in the federal judiciary. In addition, a blue-ribbon commission led by Supreme Court Justice Stephen Breyer issued a report recommending key improvements in the handling of misconduct complaints against federal judges.

Nationally—In June, HALT Senior Counsel Suzanne M. Blonder served as the featured expert on privately sponsored trips for judges on a judicial ethics panel at the ABA’s Annual Convention held in Vancouver. Speaking to an audience of judges, lawyers and scholars, she critiqued the revised Model Code of Judicial Conduct’s ambiguous guidelines for attendance at junkets and recusal from cases that involve junket-sponsoring parties. She urged the ABA to adopt more stringent rules, including a specific cap on

“The Breyer committee endorsed review of complaints by outside judges to avoid ‘home court’ bias, improved training, increased public disclosure and improved public Internet resources. These actions implement judicial accountability reforms that HALT has long sought to address the lack of transparency and impartiality. As Justice Breyer acknowledged, ‘we decided to respond directly to the criticism, and the criticism turned out to be constructive.’”

—**James C. Turner and Suzanne M. Blonder, “Accountability Shouldn’t End at Courthouse Steps,” *Traverse City Record-Eagle*, September 23, 2006**

the amount a judge can be compensated for his attendance at a junket and clear requirements for recusal.

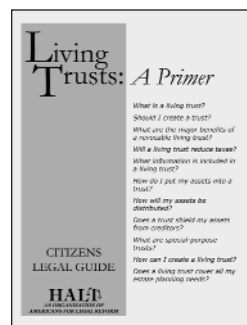
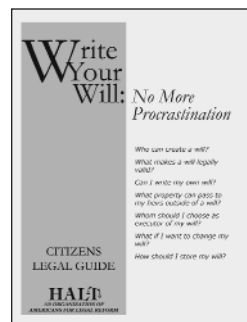
Public Education & Research

Through our series of books, guides and online publications, HALT educates the public about America's legal system and helps citizens become more self-reliant in handling their legal affairs. Over the last year, we produced several new Internet publications, responded to hundreds of individual inquiries about the law, and kept consumers informed about the latest legal reform news and developments through our Internet site, our newsletter and the HALT *eJournal*.

This year HALT's selection of Internet publications grew with two new **Citizens Legal Guides**—*Write Your Will: No More Procrastination* and *Living Trusts: A Primer*. Wills, trusts and durable powers of attorney are the most common

tools people use to plan their estates, yet according to the AARP, among Americans 50 and older only 17 percent have all three. HALT's plain-language educational guides explain why these documents are so important and let consumers know how they can create these documents by using do-it-yourself books or software or by working with a professional.

We also added several new articles to our **Everyday Law Series** including: "How to Get Your Credit Report," "Keeping Tabs on Your Attorney," and "Filing for



Uncontested Divorce." Our guide "Americans with Disabilities Act" was comprehensively updated this year and includes the rights of the disabled under Title I (employment), Title II (state and local government activities) and Title III (public accommodations), and what to do if those rights are violated.

In 2006, we launched the inaugural online issue of *Do-It-Yourself Law* which reviews the most popular self-help products on the market and identifies the best and worst in common legal areas such as estate planning, real estate and small business. Just in time for the 2006 tax season, we posted reviews of *TurboTax*, *TaxAct* and *TaxCut* to help consumers pick the right product for their needs.

Finally, we began distributing consumer news articles to media outlets across the country. In 2006,

we distributed: "Stop Making Excuses," "Take Charge of Your Fate: Write Your Living Will," "Is Your Car a Lemon?," "Living Trusts: What You Need to Know" and "Tenants' Rights: What You Should Know."

"Thank you for your recent piece in the Detroit News regarding the private activities of our judiciary. Many of us are demanding the same open courts that you are. Your efforts are much appreciated."

—Larry Holland

Internships

HALT's internship program offers college and law students a unique opportunity to learn about the critical challenges of increasing access and improving accountability facing the legal profession, while at the same time providing invaluable research assistance and helping to train the next generation of public interest advocates.

Over the last 18 months HALT has hosted an outstanding group of interns including: Carson Baucher, Cody Gray, Ian Quin (UC, Berkeley); Payal Pathak (UC, Irvine); Rachel Rubin, Adam Engelhart (UC, Hastings College of the Law); Emily Smith (American University); Ben Woodruff (Harvard University); Caroline Charmhali (University of Manchester, England); Hannah Schieber (Kenyon College); Chad Jimenez (Claremont McKenna); Roger Dinh (Santa Clara University); Andrew McCormick, Meredith Beach (George Mason University School of Law); Jordan Segal (George Washington University Law School); Daniel Bernstein (George Washington University) and Emily Weisslitz (Benjamin N. Cardozo, School of Law).

These bright and committed young people have written policy papers on attorney discipline best practices, performed research regarding small claims court dollar limits, surveyed bar-sponsored fee arbitration systems, analyzed the needs of *pro se* divorce litigants in California, evaluated judicial discipline Web sites in all 50 states and the District of Columbia, embarked on national research to document abuses in guardianship proceedings and identify important reform initiatives, contributed articles to *The Legal Reformer*, responded to inquiries from legal consumers and drafted pieces for our *Everyday Law Series*. Our interns work directly with our staff and participate in the HALT Intern Enrichment Series

which presents seminars on public interest law, legal reform issues and cases in the news, and sponsors field trips to the United States Supreme Court, Capitol Hill and local small claims courts.

Legal Information Clearinghouse

HALT's *Legal Information Clearinghouse* helps legal consumers navigate the civil justice system by providing a wealth of legal resources including downloadable living will forms and referrals to books, articles and law-related Web sites. Consumers also use the Clearinghouse for referrals to legal service providers such as legal malpractice lawyers, lawyer referral services and mediators. In addition, during 2006 HALT responded to more than 700 written requests for legal information on topics such as attorney malpractice, *pro se* practices and estate planning.

"Please accept my apology for not getting back to you sooner regarding my request for your help with my dispute... The dispute managed to be resolved satisfactorily. I did not want to let another day pass without letting you know how deeply appreciative I am."

—Robin Denegal, HALT member

Outreach

Our Internet site, www.halt.org, receives more than 7,000 visits each month and provides an unparalleled selection of informational brochures, self-help information, and notices on current legal reform activities. We also launched our revitalized Legal Information Clearinghouse, which now combines what were formally two separate consumer information sections, and organizes HALT's resources by subject area. Now in its fourth year, the HALT *eJournal* reaches more than 1,400 subscribers twice a month, providing timely updates to legal reform advocates across the country.

HALT focused public attention on its legal reform work throughout the year, with news articles and staff commentary featured in the *Dallas Morning News*, *The Detroit News*, *Associated Press*, *Legal Times*, *Orlando Sentinel* (Orlando, FL), *Pittsburgh Tribune-Review*, *The Star-Ledger* (Newark, NJ) and in legal publications and local newspapers from Connecticut to California. Staff also appeared as featured guests on talk radio programs in the District of Columbia, Salt Lake City and Chicago.

"The more I read your Journal, the more I become resourceful in the area of legal issues."

—Asrat

HALT Board of Directors

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Fund for Constitutional Government

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Project on Government Oversight

Katherine S. Broderick

UDC Clarke School of Law

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Government Accountability Project

Sally Greenberg

Consumers Union

Catherine Elias-Jermany

National Self-Help Law Project

George A. Miller

George A. Miller Family Fund

Jake Warner

Co-Founder of Nolo and Nolo.com

HALT Staff

James C. Turner

Executive Director

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Program Director

Suzanne M. Blonder

Senior Counsel

Stacie Branham

Membership Coordinator

Rachel Decker

Program Staff

Mary Thuell

Program Staff

Emily Werth

Program Staff

Summary 2006 Financial Statement

BALANCE SHEET

ASSETS

Current Assets

Cash & Cash Equivalents	\$35,291
Investments	2,695,723
Accounts Receivable	1,030
Prepaid Expenses	16,726
Books and Pamphlets	88,276
Lease Deposit	4,565
Furniture and Equipment, net	9,617
Total Current Assets	2,851,228

TOTAL ASSETS **\$2,851,228**

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	\$61,946
Accrued Expenses	9,354
Line of Credit Payable	47,769
Deferred Compensation	40,606
Annuity Payable	46,076
Total Current Liabilities	205,751

Net Assets

Unrestricted	2,645,477
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**TOTAL LIABILITIES
AND NET ASSETS** **\$2,851,228**

REVENUES & EXPENSES

REVENUE

Support and Revenue

Contributions	\$178,230
Membership Dues	669,937
Investment Income	166,225
Rental Income	9,984
Other Income	10,670

**TOTAL SUPPORT
AND OTHER REVENUE** **\$1,035,046**

EXPENSES

Program Services

Education	\$464,340
Advocacy	341,096
Research & Planning	210,370
Total Program Services	1,015,806

Supporting Services

Membership Development	20,951
Fund Raising	110,013
General & Administrative	27,971
Total Supporting Services	158,935

TOTAL EXPENSES **\$1,174,741**

Change in Unrestricted Net Assets from Operations	(139,695)
Unrealized (Loss) Gain on Investments	150,030

Change In Unrestricted Net Assets 10,335

**Unrestricted Net Assets,
Beginning of Year** 2,635,142

**Unrestricted Net Assets,
End of Year** **\$2,645,477**