

State bar asks for new way to help indigents

By Janice Brunson
staff writer

The Gramm-Rudman-Hollings Deficit Act will mean dramatic cuts in federal funding of legal services for the poor, but there is an alternate funding system that could be made available to Michigan residents, according to George T. Roumell, president, State Bar of Michigan.

Roumell recently petitioned the Michigan Supreme Court to establish an Interest on Lawyers' Trust Accounts program to help provide funding for legal services to the poor.

This plan, currently in place in 39 states but not in Michigan, permits the use of interest from client trust funds, too small or held too briefly to yield interest (in excess of bank charges) to their owners, to support

legal services for the poor.

"THIS PROGRAM is crucial to the survival of legal aid as we now know it," Roumell said. Otherwise, legal aid for the indigent will be left without a reliable source of funds. Some services previously provided have already been discontinued, he added.

Roumell believes a Michigan IOLTA program could raise over \$4.5 million a year to pay for legal services for the poor.

Few local attorneys object to the program.

Leonard Edelman, president of the Northwest Metropolitan Bar Association representing northwestern Wayne and southern Oakland counties, said he "would not object to the program in the least." Nor did he think any of the Association's 150

members would object, providing "trust accounts continue with the same protections that currently exist."

Mark Maronitis, secretary for the Suburban Bar Association of Western Wayne County, agreed.

"PERSONALLY, I have no objections. There is a growing gap in legal services for the poor that must be filled. Historically attorneys have provided pro-bono services but now we need new sources of funding."

Maronitis also raised questions how would interest payments on small or short-term trust funds be paid, and would the mechanics of such a program even be possible?

In 1982, when the program was first proposed in Michigan, the Livonia Bar Association did more than question. Members issued a position

paper opposing an IOLTA program.

Alan Helmkamp, then president of the Association explained: "We were concerned with the bureaucratic nightmare such a program suggests, but more important, we felt such a program would be taking property (money) that rightfully belongs to plaintiffs."

MICHAEL LEGG, current president of the Livonia Association, said his personal opinion has changed since the 1982 position paper. He now supports the program.

The program, as it exists in other states, is not funded by interest earnings that would otherwise be paid to clients. Legg said, "this distinction is not always clear. I would vehemently oppose any program suggesting the use of money normally paid to a client."

The lawyer trust account deposits, which are the subject of the IOLTA proposal, are funds that are either not large enough or held for too short a period of time to earn sufficient interest to offset the accounting and bank charges required to allocate that interest to the owner of the funds.

For that reason, lawyers deposit the client funds in pooled trust accounts. These are non-interest-bearing accounts in the sense that they pay no interest to the lawyer-depositor who is ethically prohibited from personally keeping interest earned on client funds and cannot cost-effectively allocate the interest among the clients whose funds are on deposit.

NEVERTHELESS, the depository in which such non-interest paying ac-

counts are maintained does put the money to work and earns interest. But because it does not have to pay interest to the depositor, the depository pockets those earnings for its own benefit. It is those earnings that are the subject of the IOLTA proposal.

Legg, who also serves as a commissioner for the State Bar Association of Michigan, said an IOLTA program takes interest-earned money only from depositories.

"Simply stated, an IOLTA program is taking money from banks. Only banks are impacted."

Because the state Supreme Court has exclusive jurisdiction over the practice of law in Michigan, only it has the authority to establish an IOLTA program. The Court has ruled against such a program in the past.

campaign notebook

Kuhn eyes Carr's seat in Congress

Oakland County Drain Commissioner George W. Kuhn said he is considering running for the U.S. House of Representatives in the 6th Congressional District.

The district runs from Pontiac through parts of western Oakland, Livingston, Ingham, Jackson, Shiawassee, Clinton and Genesee counties. It is considered a swing district represented by incumbent U.S. Rep. Robert Carr, D-East Lansing.

"I have been testing the waters of my candidacy since early April and have found abundant support among many Republican leaders and other office holders in Oakland County," Kuhn said.

Kuhn's main campaign issues will be the stamping out of international terrorism, supporting President Reagan on key international issues such as aid to the Contras in Nicaragua, and simplification of the federal income tax system.

Kuhn was mayor of Berkley for 10 years, state senator for four years and county drain commissioner for the last 14 years.

Oakland has software show

Accountants can see what's new in computer software for accounting and business application during the Sunday Software Symposium at Oakland University June 6-8.

The weekend also provides certified public accountants with an opportunity to earn up to 20 continuing professional education credits toward the July 1, 1986 recertification.

A new "Accounting for Pensions" course will include examining standardized methodology for determining pension expense and recognition of new liability for unfunded accumulated benefits.

Enrollees may take as many classes as needed or fit into their schedules. Registration fee is \$15, with tuition at \$15 each. An optional informal luncheon with faculty and other professionals is June 7 for \$5. Register by calling 370-3120.

OU sets class on software

A three-session course teaching Lotus software functions and capabilities will be offered from 9 a.m. to noon, Saturdays, June 7, 14 and 21 on Oakland University's Rochester campus.

Tuition for the course is \$98 and enrollment is limited. For information, call 370-3120.

Legal program is registering

Registrations for the Personal Assessment Inventory required for entry into the Legal Assistant Diploma Program offered by the Oakland University Division of Continuing Education are being accepted for June 11 tests.

To register, call 370-3120 from 8 a.m.-8 p.m. weekdays.

The inventory, which measures language skills and abstract reasoning, will be conducted from 7:30-9:30 p.m. in Room 128 to the Oakland Center on the Rochester campus.

The program provides training in a variety of law-related duties. It concludes with a flexible 60-hour internship.

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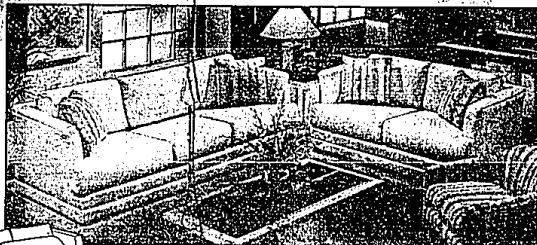
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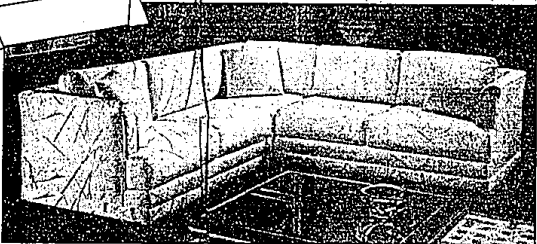
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