



## THE CHICAGO BAR FOUNDATION

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### NEWS RELEASE

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**FOR IMMEDIATE RELEASE**

### **\$3.62 Million Award Provides Key Support to Legal Aid**

*Unclaimed Funds from \$93 Million Portion of Class Action Settlement to Support Legal Aid Organizations in Illinois and throughout the Country*

Chicago, IL –

Illinois' pro bono and legal aid system received a critical boost this week as several organizations received a total of more than \$1.8 million from unclaimed settlement funds in the nationwide class action case of *Miller v. Royal Maccabees Life Ins. Co.* in the Circuit Court of Cook County. An additional \$1.8 million will be split among 111 legal aid organizations serving other states throughout the country in rough proportion to the unclaimed settlement funds in each of those states.

The *Miller* litigation was a 1997 class action stemming from a life insurance rate increase that was alleged to be a breach of contract. There were approximately 54,000 class members in 49 states (none were in Alaska), as well as the District of Columbia and Puerto Rico. The case settled in October, 2008, with the defendant agreeing to pay \$93 million in cash to the class members and to roll back the cost of insurance rate increases; this rollback had a present value of \$34.6 million. Two years were spent on settlement administration, with members of the class claiming more than 95% of the net settlement fund (i.e., the amount available for distribution after payment of attorneys' fees and expenses).

-More-

The law firm of Schad, Diamond & Shedden, P.C. was lead counsel for the plaintiff class. According to Lawrence W. Schad, one of the firm's principals and the leader of the firm's efforts in the case, "We are very proud of the outcome of this case and the settlement we obtained on behalf of the class. This case has been litigated for approximately ten years and was settled on the eve of trial. The settlement represents a major benefit for the class and the charitable organizations."

Schad continued that "Thanks to strenuous efforts to locate class members spread throughout the country, we were able to distribute more than 95% of the cash settlement funds to the class members. We recommended *cy pres* awards for the small percentage of the settlement funds that were unclaimed. We are pleased that these funds have been awarded to many admirable charitable organizations to assist them in providing pro bono and legal aid services for those in need."

While less than 5% of the overall settlement funds went unclaimed, those funds will provide critical support for pro bono and legal aid services here in Illinois and throughout the country. The awards to organizations serving the State of Illinois are as follows:

Legal Assistance Foundation of Metropolitan Chicago	\$550,000
The Chicago Bar Foundation	\$450,000
Illinois Bar Foundation	\$421,486
Land of Lincoln Legal Assistance Foundation	\$200,000
Prairie State Legal Services Inc.	\$200,000

The 111 organizations serving the other parts of the country receiving part of the *Miller* award were chosen because they each receive funding from the federal Legal Services Corporation (LSC) in a state or jurisdiction where there were unclaimed settlement funds from the class. The awards to these organizations range from \$2,500 to as much as \$82,000 depending on the number of LSC-funded organizations serving that State or jurisdiction and the rough proportion of unclaimed settlement funds there.

The collective award in *Miller* is one of the largest awards of residual funds in a class action (often referred to as *cy pres* awards) to support legal aid in recent years. These funds will provide critical support for legal aid organizations struggling to meet increased demands for services in a challenging funding climate. The recently released 2009 census numbers show that nearly 57 million Americans now qualify for civil legal assistance from programs funded by LSC, an increase of 3 million from 2008 and the highest number of people eligible for legal aid around the nation in the LSC's 35-year history according to LSC Board of Directors Chairman John G. Levi. At the same time, most other major sources of funding for legal aid are declining or under severe stress. As a result, people in desperate need of legal assistance--children and families, seniors, veterans, and other vulnerable individuals--are being turned away and left to solve complex

-More-

legal problems on their own because there is simply not enough capacity to serve them. The awards in Miller will make a significant impact on the ability of these organizations to meet the increased need.

According to Diana White, Executive Director of the Legal Assistance Foundation of Metropolitan Chicago (LAF), “This *cy pres* award could not come at a better time for the Legal Assistance Foundation and its clients. The last two years have been hard on everyone – especially poor and elderly people and families that were just getting by until the recession hit. LAF, like many other non-profits, has endured cutbacks, attrition, and layoffs. It is painful to have to shrink just when the need for legal aid is increasing.”

White continued that “We have concluded that we must change how we do business, so we can continue to provide high-quality service to as many people as possible in these difficult economic times. Over the next 12-18 months, we will bring all our staff into one Loop office, organizing ourselves into specialized practice groups and a “brief services” unit. We will also create a full-time community engagement unit to collaborate with social service providers throughout Cook County to reach out to people who might not otherwise find us. This *cy pres* award will give us the funds we need to carry out this plan and bring us closer to the goal of equal justice for all.”

As the courts continue to see growing numbers of unrepresented litigants as a result of the economic downturn, the award to the CBF will enable the CBF to continue its funding for several successful court-based pro bono and *pro se* assistance projects that are helping thousands of people in need. The CBF has worked closely with the Court and several of the legal aid organizations serving the Chicago area to launch many innovative projects that help the state and federal courts meet the needs of unrepresented litigants. As Bob Glaves, Executive Director of the CBF noted, “The CBF’s initial funding for these projects was made possible by *cy pres* awards, and awards like this one enable us to sustain our grant support for these important court-based projects for the longer term and to provide other critical support for pro bono and legal aid services in our community.”

Judge Mary Anne Mason, who presided over the case since mid-2006, noted that the parties in the case used extraordinary efforts to maximize distribution of the settlement funds to members of the class. “For the small percentage of the settlement funds that went unclaimed by class members, the Court is pleased that the settlement will provide support for organizations both here and throughout the country that help low-income people obtain necessary legal representation,” she added.

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