#### STATE BAR OF CALIFORNIA

# CAN THE CLIENT SECURITY FUND HELP YOU?

**Can the Client Security Fund Help You?** 

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### **What is the Client Security Fund?**

This is a discretionary Fund that can reimburse clients who have lost money or property due to theft or acts tantamount to theft committed by a California lawyer acting in a professional capacity. This is a State Bar program funded entirely by California lawyers. The Client Security Fund can reimburse eligible applicants up to \$50,000 or \$100,000 for losses occurring on or after January 1, 2009.

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#### What kind of losses might qualify?

The Fund can reimburse up to \$50,000 or \$100,000, depending on when the loss occurred. It can reimburse money or property lost if a lawyer acted dishonestly. It does not reimburse a loss if the lawyer acted incompetently or failed to take a certain action.

#### **Typical losses include:**

- theft of personal injury settlement funds or other funds entrusted to the lawyer;
- failure to refund fees when the lawyer performed no services;
- the borrowing of money from a client without the intention or the reasonably anticipated ability to repay it;
- obtaining money or property from a client by representing that it would be used for investment purposes when no investment is made.

By law, the Fund is only allowed to reimburse for dishonest conduct. The Fund does not reimburse "interest," "incidental or consequential losses" or "expenses" caused by the attorney. Examples of incidental or consequential losses would include fees you paid another attorney or damages caused by the attorney's malpractice, negligence or incompetence.

To qualify for reimbursement from the Fund, you must be able to show that the money or property was received by the lawyer.

#### Who can apply?

If you believe your loss may qualify, you can apply for reimbursement. You do not have to be a United States citizen.

However, under our rules, certain applicants are excluded. If you are the spouse or other close relative of the lawyer in question, or the lawyer's business partner, employer or employee, or a business controlled by the lawyer, the Fund cannot reimburse you. Also, the Fund cannot reimburse for losses suffered by government entities or agencies.

#### Who decides whether an application will be paid?

The Client Security Fund Commission decides whether you qualify for reimbursement from the Fund, and, if so, whether part or all of the application will be paid. The Commission is made up of seven volunteers - four lawyers and three non-lawyers - appointed by the State Bar Board of Trustees.

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## How can I apply?

CSF application forms are available online or you may write or call:

THE STATE BAR OF CALIFORNIA The Client Security Fund 845 South Figueroa Street Los Angeles, CA 90017-2515 (213) 765-1140

Filing an application is free. You do not need a lawyer to apply.

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#### What other steps should I take?

If you have not already done so, you need to file a discipline complaint against the lawyer. The form is available online or you may write or call toll-free:

THE STATE BAR OF CALIFORNIA **Intake Unit** 845 South Figueroa Street Los Angeles, CA 90017-2515 Telephone: (800) 843-9053

http://www.calbar.ca.gov

The Fund can reimburse you <u>only</u> if a lawyer lost your money or property through an act of theft <u>and</u> has been disciplined through the State Bar discipline system. Depending on the seriousness of the offense, a lawyer can be put on probation, suspended from practicing law for a period of time, or disbarred – prohibited from practicing law in California.

The processing of an application for reimbursement from the Fund is separate from the handling of any discipline complaint you may have filed. The Client Security Fund is responsible for handling your application for reimbursement; the Office of the Chief Trial Counsel is responsible for your discipline complaint.

The Fund cannot proceed on the application until final discipline has been issued by the California Supreme Court, or your complaint is otherwise resolved.

Also depending on the circumstances, you may be able to take the lawyer to court or seek criminal charges against the lawyer. Since the law does not allow the State Bar to give you legal advice, you may want to consult a new lawyer about these matters. The filing of a CSF application does <u>not</u> stop any statute of limitations from running, so you should continue to explore other remedies available to you. For example, any legal deadline for filing a lawsuit is not stopped or extended because you filed an application. In case a deadline is approaching, you should act promptly. If you do not know a lawyer who can help, call a Lawyer Referral Service in your area; the services are listed on the State Bar's website.