



# THE STATE BAR OF CALIFORNIA

OFFICE OF THE CHIEF TRIAL COUNSEL

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Report title: Annual Report to the Legislature by The State Bar of California  
Provision of Financial Services by Lawyers

Statutory citation: Business and Professions Code, section 6175, et seq.

Date of report: December 30, 2013

The State Bar of California has submitted a report to the Legislature in accordance with Business and Professions Code, section 6177. Pursuant to section 6177, the State Bar shall report, each year by December 31, to the Legislature on the number of complaints filed against California attorneys alleging a violation of Article 10.5 of the State Bar Act, pertaining to the provision of financial services by lawyers.

The following summary of the report is provided per the requirements of Government Code, section 9795.

This annual report addresses “the number of such complaints, the type of charges made in each complaint, the number of resulting investigations initiated, and the number and nature of any [ensuing] disciplinary actions take[n] by the State Bar...”

In 2013, the State Bar received one complaint alleging violation of Business and Professions Code, section 6175, et seq. In addition to a violation of the disclosure requirements set forth in Bus. & Prof. Code, section 6175.3, the allegations in the complaint include false advertising (Rules of Professional Conduct, rule 1-400), charging or collecting exorbitant or unconscionable fees (Rules of Professional Conduct, rule 4-200), and misrepresentations by the member to the client (Bus. & Prof. Code, section 6106). This matter is currently pending as an investigation in the Office of the Chief Trial Counsel.

The full report is available for download on the State Bar’s web site at <http://www.calbar.ca.gov/AboutUS/Reports.aspx>.

A printed copy of the report can be ordered by calling 916.442.8018.



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This report is mandated by Business and Professions Code, section 6177. Pursuant to section 6177, the State Bar must annually inform the Legislature about all complaints alleging that attorneys have violated Article 10.5 of the State Bar Act, pertaining to the sale of financial product services by lawyers. The State Bar received one such complaint in 2013.

In 1999, the Legislature enacted Article 10.5 of the State Bar Act regulating the sale of financial products, including long-term care insurance and life insurance, by lawyers to clients who are elders or dependent adults (Bus. & Prof. Code, sections 6175-6176; added by Stats. 1999, Ch. 454, effective January 1, 2000 [Sen. Bill No. 72]). These sales must be fair and reasonable to the clients, and lawyers must make specific written disclosures (Bus. & Prof. Code, section 6175.3).

In 2000, the Legislature enacted a statute requiring the State Bar to report to the Legislature each year on complaints alleging violations of the financial products statutes by California attorneys (Bus. & Prof. Code, section 6177; added by Stats. 2000, Ch. 442; effective January 1, 2001 [AB 2107]). The report must address the number of such complaints, “the type of charges made in each complaint, the number of resulting investigations initiated, and the number and nature of any [ensuing] disciplinary actions take[n] by the State Bar . . . .”<sup>a</sup>

In 2013, the State Bar received one complaint alleging a violation of the financial products statutes. In addition to a violation of the disclosure requirements set forth in Bus. & Prof. Code, section 6175.3, the allegations in the complaint include false advertising (Rules of Professional Conduct, rule 1-400), charging or collecting exorbitant or unconscionable fees (Rules of Professional Conduct, rule 4-200),

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<sup>a</sup> Business and Professions Code, section 6177 reads, in its entirety:

The State Bar by December 31 of each year shall report to the Legislature on the number of complaints filed against California attorneys alleging a violation of this article. The report shall also include the type of charges made in each complaint, the number of resulting investigations initiated, and the number and nature of any disciplinary actions taken by the State Bar for violations of this article.

and misrepresentations by the member to the client (Bus. & Prof. Code, section 6106). This matter is currently pending as an investigation in the Office of the Chief Trial Counsel.

Since 2001, the State Bar has received 20 complaints alleging violations of the financial products statutes. The outcome or status of these complaints, including the matter received in 2013 are:

- 10 – Closed at investigation level
- 2 – Resulted in resignation with charges pending of two members
- 7 – Involved a single member and resulted in disbarment
- 1 – Currently pending investigation

For further information, please contact:

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