

CLIENT SECURITY FUND
THE STATE BAR OF CALIFORNIA
845 S FIGUEROA STREET
LOS ANGELES, CALIFORNIA 90017-2515
TELEPHONE (213) 765-1140 | FAX (213) 765-1158
<http://www.calbar.ca.gov>

Information Sheet

Here is an application for reimbursement and a copy of the Rules of Procedure relating to Client Security Fund Matters. The Client Security Fund Commission suggests that you read this information sheet, the brochure entitled "Can the Client Security Fund Help You?", and the Rules carefully before filling out and sending in your application. All references to rules refer to the Rules of Procedure, Client Security Fund Matters, unless otherwise specified. The rules are the laws that govern the Fund. The rules explain the purpose of the Fund, the kinds of losses covered, the authority of the Commission, and the requirements for reimbursement.

In order to help you decide whether you qualify for reimbursement and the amount you may request, we have prepared the following answers to the questions most often asked about our program.

What do I need to know about the Fund?

The Client Security Fund is financed entirely by fees paid by California lawyers. The rules of the Fund provide that payments shall be made within the sole discretion of the State Bar and shall not be a matter of right. You are not automatically entitled to reimbursement. While your application will be given careful consideration and processing by our office, there is no assurance that reimbursement will be made. In order to qualify for reimbursement, your loss must meet all the requirements under the Rules of Procedure.

The Fund can reimburse you only if a lawyer lost your money or property through an act of theft and has been disciplined through the State Bar discipline system. If you have not already done so, you need to file a complaint with the discipline office. 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. 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. Once your discipline complaint is resolved, the Fund can proceed with the review and processing of your application.

Who can receive reimbursement?

To find out, you should read all of the enclosed Rules of Procedure to decide if you qualify for reimbursement. Some of the key rules to review are:

- ❖ Rule 2 – The loss must have been caused by the dishonest act of a lawyer as defined under Rule 6, and the lost money or property must have come into the hands of the lawyer.
- ❖ Rule 6 – Dishonest acts include theft of money or property, failure to refund an advance fee when no work was done, borrowing of money from a client without the intention to repay it, or obtaining money from a client for investment purposes when no such investment was made.

- ❖ Rule 9(a) – The lawyer must have been acting as a lawyer or in a fiduciary capacity customary to the practice of law.
- ❖ Rule 9(b) – If the lawyer is living, he or she must have been disciplined through the State Bar proceedings based on your underlying discipline complaint, disbarred or have voluntarily resigned from the practice of law before reimbursement is made.

Do I need to send anything with my application?

1. YES. It is important to send copies of documents that show the relationship between you and the attorney and the amount of your loss. In order to show your relationship with the attorney you might want to send such things as *a copy of your written retainer agreement, billing statements, and/or receipts* for fees. In order to prove your loss you **must** send copies of canceled checks (front and back), and copies of letters or other papers showing that the attorney received the money or property. Though you may have provided them to another department of the State Bar, if you send copies directly to us, it will shorten the amount of time it takes us to process your application. If you cannot send these items in, please explain why.
2. Attach a written summary of how your loss occurred in answer to Question 4(b) on the application. Your application cannot be processed without this information.

How long will it take to learn the decision on my application?

All applications are handled on a first-come, first-served basis and we must process approximately 1,200 applications received each year. In general, it takes an average of 12 months to complete the processing of an application. However, the processing time may be shorter or longer depending on three factors:

- Whether the lawyer has been disciplined;
- The availability of evidence to prove that you lost money due to a lawyer's dishonesty;
- How many applications were received ahead of yours.

Does the filing of a Client Security Fund application affect other legal rights I might have?

Possibly. The filing of a CSF application does not 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 with the Client Security Fund. In case a deadline is approaching, you should act promptly. 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.

Notice to Consumers pursuant to Alvarado Community Hospital v. Superior Court

The Court of Appeals decision in the case Alvarado Community Hospital v. Superior Court etc., City of San Diego (1985) 173 Cal App. 3d476 held that an applicant applying to the Client Security Fund may be giving up the right to pursue a civil action, for the same recovery, against a third party. In the Alvarado case, the court held that a client cannot accept money from the Client Security Fund and at the same time challenge the settlement from the original lawsuit.

Your completed application, written statement, and documents proving your loss should be returned to:

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