

Introduced: 2/12/70  
Referred: Labor & Management and State Affairs

1 IN THE HOUSE

BY HARRIS

2 HOUSE BILL NO. 665

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing a client security fund for  
7 legal malpractice."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 \* Section 1. AS 08.08 is amended by adding new sections to read:

10 ARTICLE 6. CLIENT SECURITY FUND.

11 Sec. 08.08.255. PLAN TO RELIEVE CLIENT LOSSES. The Board of  
12 Governors shall adopt a plan to relieve or mitigate pecuniary losses  
13 to the clients of active members caused by dishonest conduct of those  
14 members engaged in the practice of law. The plan shall provide for  
15 establishing, administering and dissolving a separate fund and for  
16 payments from that fund exclusively to reimburse those losses. The  
17 insurance laws of the state shall not apply to this fund.

18 Sec. 08.08.260. SOURCES OF CLIENT SECURITY FUND. A client  
19 security fund may include:

20 (1) transfers by the board from other funds of the Alaska  
21 Bar;

22 (2) voluntary contributions and payments by members under  
23 sec. 265 of this chapter;

24 (3) claims recovered under sec. 280 of this chapter; and

25 (4) income from investments of the fund.

26 Sec. 08.08.265. ANNUAL PAYMENT BY ALASKA BAR MEMBERS. To main-  
27 tain a client security fund, the board shall require an annual payment  
28 of not to exceed \$25 by every member of the Alaska Bar who pays an  
29 annual membership fee under sec. 150 of this chapter except judges

1 of courts required under AS 22 to have a seal. The payment authorized  
2 by this section shall be due at the same time, and enforced in the  
3 same manner, as payment of the annual membership fee.

4 Sec. 08.08.270. INVESTIGATION OF CLAIM OF LOSS. (a) Upon the  
5 filing of a claim, verified under oath, by a client claiming a pecuni-  
6 ary loss under sec. 255 of this chapter, the board or its designated  
7 representative shall investigate the claim. The board or its represen-  
8 tative shall first determine if the person named in the claim as the  
9 attorney whose dishonest conduct caused the loss

10 (1) has been found guilty of a crime arising out of the  
11 claimed dishonest conduct which caused the loss; or

12 (2) has had a judgment or decree entered against him in  
13 any proceedings arising out of the claimed dishonest conduct which  
14 caused the loss and, if a judgment for money was entered against him,  
15 has failed to pay the judgment and execution issued on the judgment  
16 has been returned uncollected.

17 (b) After complying with (a) of this section, if the board or  
18 representative requires additional information to determine the claim,  
19 it or he may compel by subpoena the person named in the claim as the  
20 attorney whose dishonest conduct caused the loss, or any other person  
21 with knowledge of the matter, to appear for the purpose of giving  
22 testimony, and may compel by subpoena the production of records and  
23 documents that are pertinent to the claim. The subpoena shall have  
24 the same force and effect as in a civil action in a state court, and  
25 may be enforced by order of the district court for the district in  
26 which the person was served.

27 Sec. 08.08.275. REIMBURSEMENT OF CLIENT. Reimbursement from  
28 the client security fund is discretionary; however, the board shall  
29 not authorize payment unless the conditions of sec. 270(a)(1) or (2)

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of this chapter are found to exist.

Sec. 08.08.280. SUBROGATION FOR AMOUNT PAID. The Alaska Bar is subrogated, in the amount that a client's claim is reimbursed from the client security fund, to all rights and remedies of that client against the attorney whose dishonest conduct caused the loss, or against his estate.

Sec. 08.08.285. DEFINITIONS. In this chapter

(1) "Alaska Bar" means the Alaska Bar Association;

(2) "board" means the Board of Governors of the Alaska Bar Association.