

Introduced: 2/3/72
Referred: Judiciary

1 IN THE HOUSE

BY HARRIS

2 HOUSE BILL NO. 584

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH 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 pecuniary
6 loss under sec. 255 of this chapter, the board or its designated
7 representative shall investigate the claim. The board or its repre-
8 sentative 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)

1 of this chapter are found to exist.

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

7 Sec. 08.08.285. DEFINITIONS. In this chapter

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

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

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