AMENDED IN ASSEMBLY JUNE 28, 1999 AMENDED IN ASSEMBLY JUNE 21, 1999 AMENDED IN SENATE MAY 25, 1999 AMENDED IN SENATE MAY 6, 1999 AMENDED IN SENATE APRIL 21, 1999

SENATE BILL

No. 144

Introduced by Senator Schiff and Assembly Member Hertzberg

January 5, 1999

An act to amend Sections 6068, 6070, 6085, and 6141.1 of, to add Sections 6008.6, 6031.5, 6095.1, and 6140.05 to, to add and repeal Section 6140 of, and to repeal and add Section 6145 of, the Business and Professions Code, relating to the State Bar.

LEGISLATIVE COUNSEL'S DIGEST

SB 144, as amended, Schiff. State Bar: membership fees.

Existing law establishes the State Bar. The Board of Governors of the State Bar has broad responsibilities for the State Bar's operation and function, including, among other things, administration of the State Bar, admission to the practice of law, and disciplinary authority over its members.

This bill would revise various provisions relating to the State Bar.

(1) Existing rules and regulations of the State Bar provide for the creation of, and specify the functions and activities of, the Conference of Delegates, which represents locally based

general bar associations. Existing rules and regulations of the State Bar also provide for advisory organizations of the State Bar known as sections.

This bill would provide that the Conference of Delegates of the State Bar and State Bar sections shall not be funded with mandatory fees after January 1, 2000, but would authorize the State Bar to provide the Conference of Delegates and State Bar sections with administrative and support services, subject to full reimbursement, as specified.

(2) Existing law imposes various duties on attorneys. Among other things, it requires attorneys to cooperate and participate in any disciplinary investigation or other regulatory or disciplinary proceeding pending against the attorney.

This bill would provide that this requirement shall not be construed to require an attorney to cooperate with a request that requires the attorney to waive any constitutional or statutory privilege or to comply with a request for information or other matters within an unreasonable period of time in light of the time constraints of the attorney's practice, as specified.

Existing law provides that a person complained against in a disciplinary action of the State Bar shall be given a reasonable notice and have a reasonable opportunity to exercise various rights, including the right to defend, to receive exculpatory evidence, to be represented by counsel, and to examine and cross-examine witnesses.

This bill would also provide that the notice and rights shall be fair and adequate, as well as reasonable, and would also specify that the person has a right to exercise any right guaranteed by the California or United States Constitution, including the right against self-incrimination.

The bill would require the State Bar, beginning April 1, 2000, and through March 31, 2001, to compile statistics on attorney discipline and to report to legislative committees on procedures used in the disciplinary process to ensure that resources of the State Bar are used fairly and equitably, as specified. It would specifically require that procedures used in the disciplinary process ensure that resources of the State Bar are used fairly and equitably and that these procedures be

reported to specified legislative committees by the State Bar on or before June 30, 2001.

(3) Existing law requires the State Bar to request the California Supreme Court to adopt a rule authorizing a mandatory continuing legal education program. Existing law establishes minimum hours of participation, and exempts various persons from the requirement.

This bill would reduce the required hours, would eliminate the exemption for retired judges, would encourage the use of low-cost programs, would set forth findings, and would make related changes.

(4) Existing law, until January 1, 1998, required the Board of Governors of the State Bar to establish annual membership fees for active members based on the amount of time the member has been practicing law, as specified. Existing law also provides for additional fees.

This bill would provide for an annual fee not exceeding \$318. This provision would be repealed on January 1, 2001.

The bill would also require the invoice for the annual fee to provide each member the option of deducting \$5 from the annual fee if the member elects not to support lobbying and related activities, and would prohibit the Board of Governors of the State Bar from expending a sum exceeding the number of members paying the \$5 fee, multiplied by \$5.

The bill would require the Board of Governors of the State Bar to adopt a rule to permit members whose income from the practice of law is less than a specified amount to presumptively qualify for a waiver of a portion of the annual membership fees based on hardship.

Existing law requires the Board of Governors of the State Bar to prepare an annual financial statement for the State Bar, which is required to be certified under oath by the President and the Treasurer of the State Bar to the Chief Justice of the Supreme Court.

This bill would require the Board of Governors of the State Bar, commencing on January 1, 2000, and annually thereafter, to contract with a nationally recognized independent public accounting firm to conduct an audit of the State Bar's financial statement for the 12 months preceding. It would require the financial statement to be certified under oath by the

Treasurer of the State Bar, and a copy of the audit and the financial statement to be submitted within 120 days of the close of the fiscal year to the Board of Governors of the State Bar, the Chief Justice of the Supreme Court, and the Assembly and Senate Committees on Judiciary. It would also require the Board of Governors of the State Bar to contract with the Bureau of State Audits to conduct a performance audit of the State Bar's operations from July 1, 2000, through December 31, 2000, inclusive, and would require a copy of the performance audit to be submitted by May 1, 2001, to the Board of Governors of the State Bar, the Chief Justice of the Supreme Court, and the Assembly and Senate Committees on Judiciary. It would require that the Board of Governors contract with the Bureau of State Audits every 2 years thereafter to conduct a performance audit of the State Bar's operations for the respective fiscal year, commencing with January 1, 2002, through December 31, 2002, inclusive, and would require a copy of the performance audit to be submitted within 120 days of the close of the fiscal year for which the audit was performed to the Board of Governors of the State Bar, the Chief Justice of the Supreme Court, and the Assembly and Senate Committees on Judiciary.

The bill would prohibit the State Bar from awarding a contract for goods, services, or both, for an aggregate amount in excess of \$50,000, except pursuant to specified provisions of the Public Contract Code. The bill would make related changes. It would also provide that its provisions shall become operative only if SB 143 of the 1999–2000 Regular Session is enacted.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 6008.6 is added to the Business 2 and Professions Code, to read:

3 6008.6. The State Bar shall award no contract for 4 goods, services, or both, for an aggregate amount in excess 5 of fifty thousand dollars (\$50,000), except pursuant to the 6 standards established in Article 4 (commencing with

1 Section 10335) of Chapter 2 of Part 2 of Division 2 of the 2 Public Contract Code. The State Bar shall establish a 3 request for proposal procedure by rule, pursuant to the 4 general standards established in Article 4 (commencing 5 with Section 10335) of Chapter 2 of Part 2 of Division 2 of 6 the Public Contract Code.

7 SEC. 1.5. Section 6031.5 is added to the Business and 8 Professions Code, to read:

9 6031.5. (a) The Conference of Delegates, as 10 established under and pursuant to Article 6 of the Rules 11 and Regulations of the State Bar, shall not be funded after 12 January 1, 2000, with mandatory fees collected pursuant 13 to subdivision (a) of Section 6140.

14 The State Bar may provide the Conference of with administrative and 15 Delegates support services. 16 provided the State Bar shall be reimbursed for the full cost of those services out of funds collected pursuant to 17 18 subdivision (c), funds raised by or through the activities of the Conference of Delegates, or other funds collected 19 20 from voluntary sources. The financial audit specified in 21 Section 6145 shall confirm that the amount assessed by the 22 State Bar for providing the services reimburses the costs 23 of providing them, and shall verify that mandatory dues are not used to fund the Conference of Delegates. 24

(b) State Bar sections, as established under and
pursuant to Article 13 of the Rules and Regulations of the
State Bar, and their activities shall not be funded after
January 1, 2000, with mandatory fees collected pursuant
to subdivision (a) of Section 6140.

The State Bar may provide an individual section, or two 30 31 or more sections collectively, with administrative and support services, provided the State Bar shall 32 be reimbursed for the full cost of those services out of funds 33 34 collected pursuant to subdivision (c), funds raised by or 35 through the activities of the sections, or other funds 36 collected from voluntary sources. The financial audit specified in Section 6145 shall confirm that the amount 37 assessed by the State Bar for providing the services 38 reimburses the costs of providing them, and shall verify 39 that mandatory dues are not used to fund the sections. 40

(c) Notwithstanding the other provisions of 1 this section, the State Bar is expressly authorized to collect 2 voluntary fees to fund the Conference of Delegates or the 3 4 State Bar sections on behalf of those organizations in 5 conjunction with the State Bar's collection of its annual Funds collected pursuant to this 6 membership dues. 7 subdivision, and other funds raised by or through the activities of the Conference of Delegates or sections, or 8 9 collected from voluntary sources, for their support or 10 operation, shall not be subject to the expenditure 11 limitations of subdivision (b) of Section 6140.05.

SEC. 2. Section 6068 of the Business and ProfessionsCode is amended to read:

14 6068. It is the duty of an attorney to do all of the 15 following:

16 (a) To support the Constitution and laws of the United17 States and of this state.

18 (b) To maintain the respect due to the courts of justice 19 and judicial officers.

20 (c) To counsel or maintain those actions, proceedings, 21 or defenses only as appear to him or her legal or just, 22 except the defense of a person charged with a public 23 offense.

24 (d) To employ, for the purpose of maintaining the 25 causes confided to him or her those means only as are 26 consistent with truth, and never to seek to mislead the 27 judge or any judicial officer by an artifice or false 28 statement of fact or law.

(e) To maintain inviolate the confidence, and at everyperil to himself or herself to preserve the secrets, of his orher client.

32 (f) To abstain from all offensive personality, and to 33 advance no fact prejudicial to the honor or reputation of 34 a party or witness, unless required by the justice of the 35 cause with which he or she is charged.

36 (g) Not to encourage either the commencement or 37 the continuance of an action or proceeding from any 38 corrupt motive of passion or interest.

1 (h) Never to reject, for any consideration personal to 2 himself or herself, the cause of the defenseless or the 3 oppressed.

To cooperate and participate in any disciplinary 4 (i) 5 investigation or other regulatory or disciplinary proceeding pending against the attorney. However, this 6 subdivision shall not be construed to deprive an attorney 7 8 of any privilege guaranteed by the Fifth Amendment to 9 the Constitution of the United States or any other 10 constitutional or statutory privileges. This subdivision 11 shall not be construed to require an attorney to cooperate 12 with a request that requires the attorney to waive any 13 constitutional or statutory privilege or to comply with a 14 request for information or other matters within an 15 unreasonable period of time in light of the time 16 constraints of the attorney's practice. Any exercise by an attorney of any constitutional or statutory privilege shall 17 18 not be used against the attorney in a regulatory or 19 disciplinary proceeding against him or her.

20 (j) To comply with the requirements of Section 6002.1.

(k) To comply with all conditions attached to anydisciplinary probation, including a probation imposedwith the concurrence of the attorney.

24 (*l*) To keep all agreements made in lieu of disciplinary 25 prosecution with the agency charged with attorney 26 discipline.

27 (m) To respond promptly to reasonable status 28 inquiries of clients and to keep clients reasonably 29 informed of significant developments in matters with 30 regard to which the attorney has agreed to provide legal 31 services.

32 (n) To provide copies to the client of certain 33 documents under time limits and as prescribed in a rule 34 of professional conduct which the board shall adopt.

35 (o) To report to the agency charged with attorney 36 discipline, in writing, within 30 days of the time the 37 attorney has knowledge of any of the following:

(1) The filing of three or more lawsuits in a 12-month
period against the attorney for malpractice or other
wrongful conduct committed in a professional capacity.

1 (2) The entry of judgment against the attorney in any 2 civil action for fraud, misrepresentation, breach of 3 fiduciary duty, or gross negligence committed in a 4 professional capacity.

5 (3) The imposition of any judicial sanctions against the 6 attorney, except for sanctions for failure to make 7 discovery or monetary sanctions of less than one thousand 8 dollars (\$1,000).

9 (4) The bringing of an indictment or information 10 charging a felony against the attorney.

11 (5) The conviction of the attorney, including any 12 verdict of guilty, or plea of guilty or no contest, of any 13 felony, or any misdemeanor committed in the course of 14 the practice of law, or in any manner such that a client of 15 the attorney was the victim, or a necessary element of 16 which, as determined by the statutory or common law 17 definition of the misdemeanor, involves improper 18 conduct of an attorney, including dishonesty or other 19 moral turpitude, or an attempt or a conspiracy or 20 solicitation of another to commit a felony or any 21 misdemeanor of that type.

(6) The imposition of discipline against the attorneyby any professional or occupational disciplinary agency orlicensing board, whether in California or elsewhere.

25 (7) Reversal of judgment in a proceeding based in 26 whole or in part upon misconduct, grossly incompetent 27 representation, or willful misrepresentation by an 28 attorney.

(8) As used in this subdivision, "against the attorney" includes claims and proceedings against any firm of attorneys for the practice of law in which the attorney was a partner at the time of the conduct complained of and any law corporation in which the attorney was a shareholder at the time of the conduct complained of unless the matter has to the attorney's knowledge already been reported by the law firm or corporation.

37 (9) The State Bar may develop a prescribed form for 38 the making of reports required by this section, usage of 39 which it may require by rule or regulation.

1 (10) This subdivision is only intended to provide that 2 the failure to report as required herein may serve as a 3 basis of discipline.

4 SEC. 3. Section 6070 of the Business and Professions 5 Code is amended to read:

6070. (a) The State Bar shall request the California 6 7 Supreme Court to adopt a rule of court authorizing the 8 State Bar to establish and administer a mandatory 9 continuing legal education program. The rule that the 10 State Bar requests the Supreme Court to adopt shall 11 require that, within designated 36-month periods, all 12 active members of the State Bar shall complete at least 25 13 hours of legal education activities approved by the State 14 Bar or offered by a State Bar approved provider, with four 15 of those hours in legal ethics. A member of the State Bar 16 who fails to satisfy the mandatory continuing legal education requirements of the program authorized by 17 18 the Supreme Court rule shall be enrolled as an inactive member pursuant to rules adopted by the Board of 19 20 Governors of the State Bar.

21 (b) For purposes of this section, statewide associations 22 of public agencies and incorporated, nonprofit 23 professional associations of attorneys, shall be certified as State Bar approved providers upon completion of an 24 25 appropriate application process to be established by the 26 State Bar. The certification may be revoked only by 27 majority vote of the board, after notice and hearing, and 28 for good cause shown. Programs provided by the 29 California District Attorneys Association or the California 30 Public Defenders Association, or both, including, but not 31 limited to, programs provided pursuant to Title 1.5 32 (commencing with Section 11500) of Part 4 of the Penal 33 Code. are deemed to be legal education activities 34 approved by the State Bar or offered by a State Bar 35 approved provider.

36 (c) Notwithstanding the provisions of subdivision (a),
37 officers and elected officials of the State of California, and
38 full-time professors at law schools accredited by the State
39 Bar of California, the American Bar Association, or both,
40 shall be exempt from the provisions of this section.

Full-time employees of the State of California, acting 1 2 within the scope of their employment, shall be exempt from the provisions of this section. Nothing in this section 3 shall prohibit the State of California, or any political 4 5 subdivision thereof, from establishing or maintaining its 6 own continuing education requirements for its 7 employees.

8 (d) The State Bar shall provide and encourage the 9 development of low-cost programs and materials by 10 which members may satisfy their continuing education 11 requirements. Special emphasis shall be placed upon the 12 use of internet capabilities and computer technology in 13 the development and provision of no-cost and low-cost 14 programs and materials. Towards this purpose, the State 15 Bar shall ensure that by July 1, 2000, any member 16 possessing or having access to the internet or specified generally available computer technology shall be capable 17 18 of satisfying the full self-study portion of his or her MCLE 19 requirement at a cost of fifteen dollars (\$15) per hour or 20 less.

SEC. 4. Section 6085 of the Business and Professions 21 22 Code is amended to read:

6085. Any person complained against shall be given 23 24 fair, adequate, and reasonable notice and have a fair, adequate, and reasonable opportunity and right: 25

(a) To defend against the charge by the introduction 26 27 of evidence.

- 28 (b) To receive any and all exculpatory evidence from the State Bar after the initiation of a disciplinary 29 proceeding in State Bar Court, and thereafter when this 30 31 evidence is discovered and available. This subdivision 32 shall not require the disclosure of mitigating evidence.
- 33 (c) To be represented by counsel.
- 34 (d) To examine and cross-examine witnesses.

35 (e) To exercise any right guaranteed by the California 36 Constitution or the United States Constitution, including the right against self-incrimination. 37

He or she shall also have the right to the issuance of 38 subpoenas for attendance of witnesses to appear and 39

testify or produce books and papers, as provided in this 1 2 chapter. 3 SEC. 5. Section 6095.1 is added to the Business and 4 Professions Code, to read: 5 6095.1. (a) Beginning on April 1, 2000, and through March 31, 2002, the State Bar shall compile statistics 6 7 indicating the number of complaints against attorneys, 8 broken down to reflect the percentage of complaints 9 brought against attorneys practicing as solo practitioners, in small law firms or partnerships, and in large law firms. 10 The State Bar shall also compile statistics indicating the 11 12 percentage of complaints that are investigated and the 13 percentage of complaints that are prosecuted against solo practitioners, attorneys practicing in small law firms or 14 15 partnerships, and attorneys practicing in large law firms. 16 Practicing attorneys shall provide any information that is requested by the bar deemed necessary for the purpose 17 of compiling the statistics. For purposes of this section, 18 19 "small law firm" means a firm, partnership, association, 20 corporation, or limited liability partnership that includes 21 10 or fewer attorneys. 22 (b) On or before June 30, 2001, the State Bar shall issue 23 a written report to the Senate Committee on Judiciary 24 and the Assembly Committee on Judiciary on procedures 25 used in the disciplinary process to ensure that resources 26 of the State Bar are used fairly and equitably in the 27 investigation and prosecution of complaints against 28 attorneys. In particular, the report shall focus on whether 29 disciplinary proceedings are brought in disproportionate 30 numbers against attorneys practicing as solo practitioners 31 or in small law firms or partnerships, as compared to proceedings brought against attorneys practicing in large 32 33 law firms. The report shall also describe any procedures 34 in place or under consideration to correct any 35 institutional bias. After issuing the report, the State Bar 36 shall continue to compile and maintain statistics pursuant 37 to subdivision (a), and shall make those statistics available 38 to the public upon request. 39 (c) Procedures used in the disciplinary process shall

40 ensure that resources of the State Bar are used fairly and

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equitably in the investigation and prosecution of 1 2 complaints against all attorneys. Disciplinary 3 proceedings shall not be brought in disproportionate 4 numbers against attorneys practicing as solo practitioners 5 or in small law firms or partnerships, as compared to 6 proceedings brought against attorneys practicing in large law firms, unless the number of complaints against solo 7 practitioners, or attorneys practicing in small law firms or 8 partnerships, is commensurate with the higher number 9 10 of disciplinary proceedings. (d) The report of the State Bar prepared pursuant to this section shall not be used as a defense or mitigating 12 factor in any disciplinary proceeding against an attorney. 13 14 SEC. 6. SEC. 5. Section 6140 is added to the Business and 16 Professions Code, to read: 6140. (a) The board shall fix the annual membership 17 18 fee for active members at a sum not exceeding three hundred eighteen dollars (\$318). 19 20 (b) The annual membership fee for active members is 21 payable on or before the first day of February of each 22 year. If the board finds it appropriate and feasible, it may 23 provide by rule for payment of fees on an installment 24 basis with interest, by credit card, or other means, and 25 may charge members choosing any alternative method of payment an additional fee to defray costs incurred by that 26 27 election. 28 (c) This section shall remain in effect only until 29 January 1, 2001, and as of that date is repealed, unless a 30 later enacted statute, that is enacted before January 1, 31 2001, deletes or extends that date. SEC. 7. SEC. 6. Section 6140.05 is added to the Business and 34 Professions Code, to read: 35 6140.05. (a) The invoice provided to members for 36 payment of the annual membership fee shall provide each member the option of deducting five dollars (\$5) 37 38 from the annual fee if the member elects not to support lobbying and related activities by the State Bar outside of 39 the parameters established by the United States Supreme 40

Court in Keller v. State Bar of California (1990) 496 U.S.
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3 (b) For the support or defense of lobbying and related activities conducted by the State Bar on or after January 4 1, 2000, outside of the parameters of Keller v. State Bar of 5 California, and in support or defense of any litigation 6 arising therefrom, the Board of Governors of the State 7 8 Bar shall not expend a sum exceeding the following: the 9 product of the number of members paying their annual 10 dues who did not elect the optional deduction multiplied 11 by five dollars (\$5).

12 Moneys collected pursuant to this section shall not be 13 deemed voluntary fees or funds for the purpose of 14 subdivision (c) of Section 6031.5.

15 (c) As used in this section, "lobbying and related 16 activities by the State Bar" includes the consideration of 17 measures by the Board of Governors of the State Bar that 18 are deemed outside the parameters established in Keller 19 v. State Bar, the purview determination, lobbying and the 20 preparation for lobbying of the measures, and any 21 litigation in support or defense of that lobbying. The 22 determination of these costs shall include, but not be 23 limited to, overhead and administrative costs.

24 <u>SEC. 8.</u>

25 *SEC.* 7. Section 6141.1 of the Business and Professions 26 Code is amended to read:

6141.1. (a) The payment by any member of the 27 28 annual membership fee, any portion thereof, or any penalty thereon, may be waived by the board as it may 29 provide by rule. The board may require submission of 30 31 recent federal and state income tax returns and other proof of financial condition as to those members seeking 32 33 waiver of all or a portion of their fee or penalties on the ground of financial hardship. 34

35 (b) The board shall adopt rules providing that:

36 (1) An active member who can demonstrate annual 37 income from the practice of law of less than forty 38 thousand dollars (\$40,000) shall presumptively qualify for 39 a waiver of 25 percent of the annual membership fee.

1 (2) An active member who can demonstrate annual 2 income from the practice of law of less than twenty-five 3 thousand dollars (\$25,000) shall presumptively qualify for 4 a waiver of 50 percent of the annual membership fee. 5 <u>SEC. 9</u>.

6 SEC. 8. Section 6145 of the Business and Professions 7 Code is repealed.

8 <u>SEC. 9.5.</u>

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9 SEC. 9. Section 6145 is added to the Business and 10 Professions Code, to read:

11 6145. (a) Commencing on January 1, 2000, and annually thereafter, the board shall contract with a 12 13 nationally recognized independent public accounting 14 firm for an audit of its financial statement for the 12 15 months preceding. The financial statement shall be 16 promptly certified under oath by the treasurer of the 17 State Bar, and a copy of the audit and financial statement 18 shall be submitted within 120 days of the close of the fiscal 19 year to the board, the Chief Justice of the Supreme Court, 20 and to the Assembly and Senate Committees on Judiciary.

The audit shall examine the receipts and expenditures of the State Bar, the Conference of Delegates, and the State Bar sections, to assure that the receipts of the Conference of Delegates and the sections are being applied, and their expenditures are being made, in compliance with subdivisions (a) and (b) of Section 6031.5, and that the receipts of the Conference of Delegates and the receipts of the sections are applied only to the work of the Conference of Delegates and the sections, respectively.

31 (b) The board shall contract with the Bureau of State 32 Audits to conduct a performance audit of the State Bar's 33 operations from July 1, 2000, to December 31, 2000, 34 inclusive. A copy of the performance audit shall be 35 submitted by May 1, 2001 to the board, to the Chief Justice 36 of the Supreme Court, and to the Assembly and Senate 37 Committees on Judiciary.

38 Every two years thereafter, the board shall contract 39 with the Bureau of State Audits to conduct a performance 40 audit of the State Bar's operations for the respective fiscal

1 year, commencing with January 1, 2002, through 2 December 31, 2002, inclusive. A copy of the performance 3 audit shall be submitted within 120 days of the close of the 4 fiscal year for which the audit was performed to the 5 board, to the Chief Justice of the Supreme Court, and to 6 the Assembly and Senate Committees on Judiciary.

7 SEC. 10. The Legislature finds and declares that it is 8 in the public interest to continue the mandatory 9 continuing legal education requirements for attorneys licensed to practice law. The Legislature further finds 10 11 and declares that officers and elected officials of the State 12 of California, and their full-time employees, undergo 13 ongoing continuing legal education in their review of the 14 implementation of current statutes and regulations, court interpretation of a 15 including any statute or 16 regulation, and in their consideration and analysis of 17 proposed changes in those statutes and regulations, warranting 18 thereby their exemption from the 19 requirements of Section 6070 of the Business and 20 Professions Code. The Legislature also finds and declares 21 that full-time law professors at accredited law schools also 22 undergo ongoing continuing legal education in their 23 review of the statutes and regulations of this state. including any court interpretation of 24 a statute or regulation, thereby warranting their exemption from the 25 26 requirements of Section 6070 of the Business and 27 Professions Code.

28 SEC. 11. This act shall become operative only if 29 Senate Bill 143 of the 1999–2000 Regular Session is enacted 30 and becomes effective on or before January 1, 2000.

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