
By: Senators Kelley, Hoffman, Forehand, Middlebrooks, Stone, Middleton, Green, and Van Hollen

Introduced and read first time: January 22, 1996

Assigned to: Judicial Proceedings

Committee Report: Favorable

Senate action: Adopted

Read second time: February 6, 1996

CHAPTER ____

1 AN ACT concerning

2 **Lawyers - Clients' Security Trust Fund - Reimbursement of Fund**

3 FOR the purpose of requiring certain persons to reimburse the Clients' Security Trust
4 Fund of the Bar of Maryland for certain amounts after payment of a claim by the
5 Fund; establishing that certain persons are jointly and severally liable for certain
6 claims paid by the Fund; authorizing the trustees of the Fund to bring a certain
7 action themselves or by an agent or assignee against certain persons; providing that
8 the trustees are entitled to a judgment under certain circumstances; providing that
9 the Fund is a creditor of certain persons for the purpose of excepting to certain
10 bankruptcy discharges; and generally relating to reimbursement of the Clients'
11 Security Trust Fund of certain claims paid by the Fund.

12 BY adding to

13 Article - Business Occupations and Professions
14 Section 10-312.1
15 Annotated Code of Maryland
16 (1995 Replacement Volume and 1995 Supplement)

17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
18 MARYLAND, That the Laws of Maryland read as follows:

19 **Article - Business Occupations and Professions**

20 10-312.1.

21 (A) AFTER PAYMENT OF A CLAIM BY THE FUND, A PERSON WHOM THE
22 TRUSTEES FIND RESPONSIBLE FOR THE ACT OR OMISSION THAT GAVE RISE TO THE
23 CLAIM SHALL REIMBURSE THE FUND IN FULL FOR:

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1 (1) THE AMOUNT PAID BY THE FUND; AND

2 (2) INTEREST ON THE AMOUNT PAID BY THE FUND AT AN ANNUAL
3 RATE OF NOT GREATER THAN 10%, AS SET BY THE TRUSTEES.

4 (B) EACH PERSON WHOM THE TRUSTEES FIND RESPONSIBLE FOR THE ACT
5 OR OMISSION THAT GAVE RISE TO A CLAIM IS JOINTLY AND SEVERALLY LIABLE FOR
6 THE CLAIM.

7 (C) IF A PERSON DOES NOT REIMBURSE THE FUND AS PROVIDED IN
8 SUBSECTION (A) OF THIS SECTION, THE TRUSTEES MAY BRING AN ACTION AGAINST
9 THE PERSON FOR THE AMOUNT THAT HAS NOT BEEN REIMBURSED. THE TRUSTEES
10 MAY THEMSELVES SUE AS PLAINTIFFS OR MAY AUTHORIZE AN AGENT OR ASSIGNEE
11 TO ACT FOR THEM.

12 (D) THE TRUSTEES SHALL BE ENTITLED TO A JUDGMENT, WHICH SHALL BE
13 COLLECTIBLE AS OTHER JUDGMENTS, FOR THE AMOUNT THAT THE PERSON HAS
14 NOT REIMBURSED THE FUND IF THE TRUSTEES PROVE THAT:

15 (1) PAYMENT WAS MADE BY THE FUND BASED ON AN ACT OR OMISSION
16 FOR WHICH THE PERSON WAS RESPONSIBLE;

17 (2) A PERIOD OF AT LEAST 30 DAYS HAS PASSED SINCE PAYMENT WAS
18 MADE BY THE FUND; AND

19 (3) THE PERSON HAS NOT REIMBURSED THE FUND FOR THE AMOUNT
20 FOR WHICH THE JUDGMENT IS SOUGHT.

21 (E) FOR THE PURPOSE OF EXCEPTING TO A DISCHARGE OF A PERSON UNDER
22 11 U.S.C. § 523, THE FUND IS A CREDITOR OF THE PERSON FOR THE AMOUNT THAT
23 WAS PAID BY THE FUND BUT THAT HAS NOT BEEN REIMBURSED BY THE PERSON.

24 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
25 October 1, 1996.