

**Department of Fiscal Services**  
Maryland General Assembly

**FISCAL NOTE**  
**Revised**

Senate Bill 171 (Senator Kelley, *et al.*)

Judicial Proceedings

Referred to Judiciary

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

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This amended bill allows the Trustees of the Clients' Security Trust Fund of the Maryland Bar to seek reimbursement for payment of claims by the fund from the persons responsible for the acts or omissions giving rise to the claims. Each person against whom the trustees obtain a judgment for reimbursement of a claim paid by the fund are jointly and severally liable.

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**Fiscal Summary**

**State Effect:** Potential increase in Clients' Security Trust Fund revenues. Expenditures would not be affected.

**Local Effect:** None.

**Small Business Effect:** Potential meaningful effect on small businesses as discussed below.

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**Fiscal Analysis**

**State Revenues:** Currently, approximately 3% of the Clients' Security Trust Funds (trust) total revenues are derived from reimbursement for payment of claims. According to the Maryland Rules of Court, the Clients' Security Trust Fund cannot bring an action for reimbursement of claim payments until after the offending attorney has been suspended, disbarred, or dies. By the time the trust gets a judgment, there is usually nothing left to recover from the offending attorney.

Under the provisions of this bill, the trust would be a creditor of the offending attorney and would be entitled to a judgment for the amount that has not been reimbursed to the fund if the trustees prove that (1) payment was made by the fund based on an act or omission for which the attorney was responsible; (2) a period of at least 30 days has passed since payment was made by the fund; and (3) the person has not reimbursed the fund for the amount which the judgment is sought. This would enable the trust to reach the attorney's assets quicker and could increase the money collected by the trust from reimbursement of claim payments. Any increase in reimbursements cannot be reliably estimated at this time.

**Small Business Effect:** To the extent that attorneys would have to reimburse the fund, the bill could have a meaningful effect on small or single person law firms depending on the amount of the claim.

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**Information Source(s):** Judiciary (Administrative Office of the Courts), Clients' Security Trust Fund, Department of Fiscal Services

**Fiscal Note History:** First Reader - January 21, 1997  
mld Revised - Senate Third Reader - March 28, 1997

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