## Straight & Narrow: Protecting Client-Protection Funds from Attorney Bankruptcy

- 2. (Necessary) Maintain the conditional reinstatement to the state bar. Thus, keep the requirement that the attorney must make full payment/restitution with the CSF to be readmitted to the California Bar or to continue practicing. 3. (Highly Suggested) The debt to the Cal-CSF should be tailored to the facts and harm done to highlight the penal nature of the debt. Furthermore, the assessment of the debt should be discretionary and not automatically and precisely calculated to demonstrate that the state bar is more concerned with protecting the public, rather than with recouping the moneys paid out.
- 4. (Optional) Eliminate the subrogation language or alternatively keep the language and clarify that this language is present to ensure that wronged clients are paid and the state bar is the only person pursuing claims against the

attorney and maintaining a monopoly on disciplining members of the state bar.

## **Conclusion**

While this article has discussed the policy usage in California, other states would benefit from having statutes that create CPFs containing the aforementioned suggested provisions. These suggested provisions highlight a penal intent by directly incorporating the factors identified in the survey of § 523(a)(7) cases: rehabilitation, deterrence or punitive function to protect the public; discretionary assessment of the debt; and requiring repayment of readmission to the bar. In this way, dishonest attorneys will be unable to have their debts to the CPF discharged.

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