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## **Rule 4. Eligible Claims: Maximum Allowable Amount.**

Commencing with the publication date of this order, the criteria for the Committee's payment of claims will be as follows:

A. The loss must be caused by the dishonest conduct of the lawyer and shall have arisen out of and by reason of a lawyer-client relationship or a fiduciary relationship between the lawyer and the claimant.

B. The claim shall have been filed no later than three years after the claimant knew or should have known of the dishonest conduct of the lawyer.

C. As used herein, "dishonest conduct" means wrongful acts committed by a lawyer in the nature of theft or embezzlement of money or the wrongful taking or conversion of money, property, or other things of value. A dispute over the reasonableness of a lawyer's fee is not an eligible claim.

D. Except as provided by Section F herein, the following losses shall not be reimbursable:

- (1) Losses incurred by spouses, children, parents, grandparents, siblings, partners, associates, and employees of lawyer(s) causing the losses;
- (2) Losses covered by any bond, surety agreement, or insurance contract to the extent covered thereby, including any loss to which any bonding agent, surety, or insurer is subrogated, to the extent of that subrogated interest;
- (3) Losses incurred by any financial institution which are recoverable under a "banker's blanket bond" or similar commonly available insurance or surety contract;
- (4) Losses incurred by any business entity controlled by the lawyer, any person or entity described in Section D(1), (2), or (3) hereof;
- (5) Losses incurred by any governmental entity or agency.

E. In cases of extreme hardship or special and unusual circumstances, the Client Security Fund Committee may, in its discretion, recognize a claim which would otherwise be excluded under this Order. F. In cases where it appears that there will be unjust enrichment, or the claimant unreasonably or knowingly contributed to the loss, the Client Security Fund Committee may, in its discretion, deny the claim. Provided, however, that no claim shall be paid by the Committee until the Committee on Professional Conduct has certified that the member of the Bar of Arkansas has been disbarred or suspended from the practice of law, or has voluntarily resigned from the practice of law and surrendered his or her license to practice, or died before a disbarment, suspension, or surrender of license could take place. At that time the Executive Director of the Committee on Professional Conduct shall prepare for the Committee a summary of the evidence indicating the amount of the loss due to the

dishonesty of the lawyer. The Committee is authorized and empowered to admit or reject such claims in whole or in part to the extent that funds are available to it, and the Committee shall have complete discretion in determining the order and manner of payment of claims. No claim shall be allowed for an amount in excess of \$40,000. All reimbursements shall be a matter of grace and not of right, and no client or member of the public shall have any right in the Client Security Fund as third party beneficiary or otherwise. No attorney shall be compensated for prosecuting a claim against the Fund.

**Associated Court Rules:**

Rules of the Client Security Fund Committee

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