

Senate Bill No. 544

CHAPTER 54

An act to amend Sections 6200, 6203, and 6204 of the Business and Professions Code, to amend Sections 1219 and 1798.79 of the Civil Code, to amend Section 706.108 of the Code of Civil Procedure, to amend Section 68516 of the Government Code, and to amend Section 2620 of the Probate Code, relating to civil law.

[Approved by Governor August 5, 2009. Filed with
Secretary of State August 6, 2009.]

LEGISLATIVE COUNSEL'S DIGEST

SB 544, Committee on Judiciary. Civil law: omnibus bill.

(1) The State Bar Act provides that the Board of Governors of the State Bar shall establish, maintain, and administer a system for arbitration and mediation of disputes concerning fees or costs, or both, between attorneys and their clients.

This bill would make technical, nonsubstantive changes to these provisions.

(2) Existing law provides that certain documents or papers related to oil and gas leases, as provided, that are presented for recordation and set apart and separated from any other writing, typing, or printing, shall not be recorded if that document is preceded by the words or clearly marked "do not record" or "not to be recorded," as specified.

This bill would remove this provision and would make nonsubstantive, technical changes to related provisions.

(3) Existing law provides that a person or entity that intentionally remotely reads or attempts to remotely read a person's identification document using radio frequency identification (RFID) without his or her knowledge and prior consent, as described, shall be punished by imprisonment in a county jail for up to one year, a fine of not more than \$1,500, or both that fine and imprisonment, except as specified. Existing law also provides that a person or entity that knowingly discloses, or causes to be disclosed, specified operational system keys shall be punished by imprisonment in a county jail for up to one year, a fine of not more than \$1,500, or both that fine and imprisonment.

This bill would correct a cross-reference within these provisions.

(4) Existing law permits a judgment creditor to apply for an earnings withholding order for a judgment debtor and prescribes a process for this purpose. Existing law requires, as part of this process, that certain items be filed with the levying officer within 5 days after service of the order on the judgment debtor's employer.

This bill would provide that the items be filed with the levying officer, as described above, within 5 court days.

(5) Existing law authorizes the Judicial Council to establish a tax-exempt public benefit nonprofit corporation, or other tax-exempt entity, qualified under federal and state law to receive grants or other financial support from private or public sources for the purposes of undertaking or funding any survey, study, publication, proceeding, or other activity authorized by law to be undertaken by the Judicial Council. Existing law also authorizes the Administrative Office of the Courts to provide administrative support and oversight services, limited to ministerial support for meetings, and preparing, maintaining, and presenting financial records as needed for audits, to a tax-exempt public benefit nonprofit corporation or other tax-exempt entity established under these provisions, as specified.

This bill would authorize the Judicial Council to establish a tax-exempt public benefit nonprofit corporation, or other tax-exempt entity, as provided, for the purpose of undertaking or funding any lawful activity authorized to be undertaken by the Judicial Council. This bill would also remove the limitation on the administrative and support services that can be provided by the Administrative Office of the Courts.

(6) Existing law requires a guardian or conservator to present an accounting of the assets of the estate of the ward or conservatee to the court for settlement and allowance in a specified manner at the end of one year from the time of appointment and, after that, not less frequently than once every 2 years, unless otherwise ordered by the court to be more frequent. Existing law requires the guardian or conservator to file specified supporting documents with the accounting. Existing law requires the filing to include all account statements showing the account balance at the beginning of the accounting period and the account balance as of the closing date, as specified.

This bill would remove the requirement to show all account statements showing the account balance at the beginning of the accounting period.

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

SECTION 1. Section 6200 of the Business and Professions Code is amended to read:

6200. (a) The board of governors shall, by rule, establish, maintain, and administer a system and procedure for the arbitration, and may establish, maintain, and administer a system and procedure for mediation of disputes concerning fees, costs, or both, charged for professional services by members of the State Bar or by members of the bar of other jurisdictions. The rules may include provision for a filing fee in the amount as the board may, from time to time, determine.

(b) This article shall not apply to any of the following:

(1) Disputes where a member of the State Bar of California is also admitted to practice in another jurisdiction or where an attorney is only admitted to practice in another jurisdiction, and he or she maintains no office

in the State of California, and no material portion of the services were rendered in the State of California.

(2) Claims for affirmative relief against the attorney for damages or otherwise based upon alleged malpractice or professional misconduct, except as provided in subdivision (a) of Section 6203.

(3) Disputes where the fee or cost to be paid by the client or on his or her behalf has been determined pursuant to statute or court order.

(c) Unless the client has agreed in writing to arbitration under this article of all disputes concerning fees, costs, or both, arbitration under this article shall be voluntary for a client and shall be mandatory for an attorney if commenced by a client. Mediation under this article shall be voluntary for an attorney and a client.

(d) The board of governors shall adopt rules to allow arbitration and mediation of attorney fee and cost disputes under this article to proceed under arbitration and mediation systems sponsored by local bar associations in this state. Rules of procedure promulgated by local bar associations are subject to review by the board or a committee designated by the board to ensure that they provide for a fair, impartial, and speedy hearing and award.

(e) In adopting or reviewing rules of arbitration under this section, the board shall provide that the panel shall include one attorney member whose area of practice is either, at the option of the client, civil law, if the attorney's representation involved civil law, or criminal law, if the attorney's representation involved criminal law, as follows:

(1) If the panel is composed of three members the panel shall include one attorney member whose area of practice is either, at the option of the client, civil or criminal law, and shall include one lay member.

(2) If the panel is composed of one member, that member shall be an attorney whose area of practice is either, at the option of the client, civil or criminal law.

(f) In any arbitration or mediation conducted pursuant to this article by the State Bar or by a local bar association, pursuant to rules of procedure approved by the board of governors, an arbitrator or mediator, as well as the arbitrating association and its directors, officers, and employees, shall have the same immunity which attaches in judicial proceedings.

(g) In the conduct of arbitrations under this article the arbitrator or arbitrators may do all of the following:

(1) Take and hear evidence pertaining to the proceeding.

(2) Administer oaths and affirmations.

(3) Issue subpoenas for the attendance of witnesses and the production of books, papers, and documents pertaining to the proceeding.

(h) Participation in mediation is a voluntary consensual process, based on direct negotiations between the attorney and his or her client, and is an extension of the negotiated settlement process. All discussions and offers of settlement are confidential and may not be disclosed in any subsequent arbitration or other proceedings.

SEC. 2. Section 6203 of the Business and Professions Code is amended to read:

6203. (a) The award shall be in writing and signed by the arbitrators concurring therein. It shall include a determination of all the questions submitted to the arbitrators, the decision of which is necessary in order to determine the controversy. The award shall not include any award to either party for costs or attorney's fees incurred in preparation for or in the course of the fee arbitration proceeding, notwithstanding any contract between the parties providing for such an award or costs or attorney's fees. However, the filing fee paid may be allocated between the parties by the arbitrators. This section shall not preclude an award of costs or attorney's fees to either party by a court pursuant to subdivision (c) of this section or of subdivision (d) of Section 6204. The State Bar, or the local bar association delegated by the State Bar to conduct the arbitration, shall deliver to each of the parties with the award, an original declaration of service of the award.

Evidence relating to claims of malpractice and professional misconduct, shall be admissible only to the extent that those claims bear upon the fees, costs, or both, to which the attorney is entitled. The arbitrators shall not award affirmative relief, in the form of damages or offset or otherwise, for injuries underlying the claim. Nothing in this section shall be construed to prevent the arbitrators from awarding the client a refund of unearned fees, costs, or both previously paid to the attorney.

(b) Even if the parties to the arbitration have not agreed in writing to be bound, the arbitration award shall become binding upon the passage of 30 days after service of notice of the award, unless a party has, within the 30 days, sought a trial after arbitration pursuant to Section 6204. If an action has previously been filed in any court, any petition to confirm, correct, or vacate the award shall be to the court in which the action is pending, and may be served by mail on any party who has appeared, as provided in Chapter 4 (commencing with Section 1003) of Title 14 of Part 2 of the Code of Civil Procedure; otherwise it shall be in the same manner as provided in Chapter 4 (commencing with Section 1285) of Title 9 of Part 3 of the Code of Civil Procedure. If no action is pending in any court, the award may be confirmed, corrected, or vacated by petition to the court having jurisdiction over the amount of the arbitration award, but otherwise in the same manner as provided in Chapter 4 (commencing with Section 1285) of Title 9 of Part 3 of the Code of Civil Procedure.

(c) Neither party to the arbitration may recover costs or attorney's fees incurred in preparation for or in the course of the fee arbitration proceeding with the exception of the filing fee paid pursuant to subdivision (a) of this section. However, a court confirming, correcting, or vacating an award under this section may award to the prevailing party reasonable fees and costs incurred in obtaining confirmation, correction, or vacation of the award including, if applicable, fees and costs on appeal. The party obtaining judgment confirming, correcting, or vacating the award shall be the prevailing party except that, without regard to consideration of who the prevailing party may be, if a party did not appear at the arbitration hearing in the manner provided by the rules adopted by the board of governors, that

party shall not be entitled to attorney's fees or costs upon confirmation, correction, or vacation of the award.

(d) (1) In any matter arbitrated under this article in which the award is binding or has become binding by operation of law or has become a judgment either after confirmation under subdivision (c) or after a trial after arbitration under Section 6204, or in any matter mediated under this article, if: (A) the award, judgment, or agreement reached after mediation includes a refund of fees or costs, or both, to the client and (B) the attorney has not complied with that award, judgment, or agreement the State Bar shall enforce the award, judgment, or agreement by placing the attorney on involuntary inactive status until the refund has been paid.

(2) The State Bar shall provide for an administrative procedure to determine whether an award, judgment, or agreement should be enforced pursuant to this subdivision. An award, judgment, or agreement shall be so enforced if:

(A) The State Bar shows that the attorney has failed to comply with a binding fee arbitration award, judgment, or agreement rendered pursuant to this article.

(B) The attorney has not proposed a payment plan acceptable to the client or the State Bar.

However, the award, judgment, or agreement shall not be so enforced if the attorney has demonstrated that he or she (i) is not personally responsible for making or ensuring payment of the refund, or (ii) is unable to pay the refund.

(3) An attorney who has failed to comply with a binding award, judgment, or agreement shall pay administrative penalties or reasonable costs, or both, as directed by the State Bar. Penalties imposed shall not exceed 20 percent of the amount to be refunded to the client or one thousand dollars (\$1,000), whichever is greater. Any penalties or costs, or both, that are not paid shall be added to the membership fee of the attorney for the next calendar year.

(4) The board shall terminate the inactive enrollment upon proof that the attorney has complied with the award, judgment, or agreement and upon payment of any costs or penalties, or both, assessed as a result of the attorney's failure to comply.

(5) A request for enforcement under this subdivision shall be made within four years from the date (A) the arbitration award was mailed, (B) the judgment was entered, or (C) the date the agreement was signed. In an arbitrated matter, however, in no event shall a request be made prior to 100 days from the date of the service of a signed copy of the award. In cases where the award is appealed, a request shall not be made prior to 100 days from the date the award has become final as set forth in this section.

SEC. 3. Section 6204 of the Business and Professions Code is amended to read:

6204. (a) The parties may agree in writing to be bound by the award of arbitrators appointed pursuant to this article at any time after the dispute over fees, costs, or both, has arisen. In the absence of such an agreement, either party shall be entitled to a trial after arbitration if sought within 30

days, pursuant to subdivisions (b) and (c), except that if either party willfully fails to appear at the arbitration hearing in the manner provided by the rules adopted by the board of governors, that party shall not be entitled to a trial after arbitration. The determination of willfulness shall be made by the court. The party who failed to appear at the arbitration shall have the burden of proving that the failure to appear was not willful. In making its determination, the court may consider any findings made by the arbitrators on the subject of a party's failure to appear.

(b) If there is an action pending, the trial after arbitration shall be initiated by filing a rejection of arbitration award and request for trial after arbitration in that action within 30 days after service of notice of the award. If the rejection of arbitration award has been filed by the plaintiff in the pending action, all defendants shall file a responsive pleading within 30 days following service upon the defendant of the rejection of arbitration award and request for trial after arbitration. If the rejection of arbitration award has been filed by the defendant in the pending action, all defendants shall file a responsive pleading within 30 days after the filing of the rejection of arbitration award and request for trial after arbitration. Service may be made by mail on any party who has appeared; otherwise service shall be made in the manner provided in Chapter 4 (commencing with Section 413.10) of Title 5 of Part 2 of the Code of Civil Procedure. Upon service and filing of the rejection of arbitration award, any stay entered pursuant to Section 6201 shall be vacated, without the necessity of a court order.

(c) If no action is pending, the trial after arbitration shall be initiated by the commencement of an action in the court having jurisdiction over the amount of money in controversy within 30 days after service of notice of the award. After the filing of such an action, the action shall proceed in accordance with the provisions of Part 2 (commencing with Section 307) of the Code of Civil Procedure, concerning civil actions generally.

(d) The party seeking a trial after arbitration shall be the prevailing party if that party obtains a judgment more favorable than that provided by the arbitration award, and in all other cases the other party shall be the prevailing party. The prevailing party may, in the discretion of the court, be entitled to an allowance for reasonable attorney's fees and costs incurred in the trial after arbitration, which allowance shall be fixed by the court. In fixing the attorney's fees, the court shall consider the award and determinations of the arbitrators, in addition to any other relevant evidence.

(e) Except as provided in this section, the award and determinations of the arbitrators shall not be admissible nor operate as collateral estoppel or res judicata in any action or proceeding.

SEC. 4. Section 1219 of the Civil Code is amended to read:

1219. Oil and gas leases may be acknowledged or proved, certified and recorded in like manner and with like effect, as grants of real property. However, an oil and gas lease may be recorded and constructive notice of the same and the contents of that lease given in the following manner:

Any person may record in the office of county recorder of any county fictitious oil and gas leases. Those fictitious oil and gas leases need not be

acknowledged, or proved, or certified, to be recorded or entitled to record. Oil and gas leases shall have noted upon the face thereof that they are fictitious. The county recorder shall index and record fictitious oil and gas leases in the same manner as other oil and gas leases are recorded, and shall note on all indices and records of the same that they are fictitious. Thereafter, any of the provisions of any recorded fictitious oil and gas lease may be included for any and all purposes in any oil and gas lease by reference therein to those provisions, without setting the same forth in full, if the fictitious oil and gas lease is of record in the county in which the oil and gas lease adopting or including by reference any of the provisions of the lease is recorded. The reference shall contain a statement, as to each county in which the oil and gas lease containing such a reference is recorded, of the date the fictitious oil and gas lease was recorded, the county recorder's office in which it is recorded, and the book or volume and the first page of the records or the recorder's instrument number in the recorder's office in which the fictitious oil and gas lease was recorded, and a statement by paragraph numbers or any other method that will definitely identify the same, of the specific provisions of any fictitious oil and gas lease that are being adopted and included therein. The recording of any oil and gas lease which has included any provisions by reference shall operate as constructive notice of the whole including the terms, as a part of the written contents of any oil and gas lease, of any provisions so included by reference as though the same were written in full therein. The parties bound or to be bound by provisions so adopted and included by reference shall be bound thereby in the same manner and with like effect for all purposes as though the provisions had been and were set forth in full in the oil and gas lease.

SEC. 5. Section 1798.79 of the Civil Code is amended to read:

1798.79. (a) Except as provided in this section, a person or entity that intentionally remotely reads or attempts to remotely read a person's identification document using radio frequency identification (RFID), for the purpose of reading that person's identification document without that person's knowledge and prior consent, shall be punished by imprisonment in a county jail for up to one year, a fine of not more than one thousand five hundred dollars (\$1,500), or both that fine and imprisonment.

(b) A person or entity that knowingly discloses, or causes to be disclosed, the operational system keys used in a contactless identification document system shall be punished by imprisonment in a county jail for up to one year, a fine of not more than one thousand five hundred dollars (\$1,500), or both that fine and imprisonment.

(c) Subdivision (a) shall not apply to:

(1) The reading of a person's identification document for triage or medical care during a disaster and immediate hospitalization or immediate outpatient care directly related to a disaster, as defined by the local emergency medical services agency organized under Section 1797.200 of the Health and Safety Code.

(2) The reading of a person's identification document by a health care professional for reasons relating to the health or safety of that person or an identification document issued to a patient by emergency services.

(3) The reading of an identification document of a person who is incarcerated in the state prison or a county jail, detained in a juvenile facility operated by the Division of Juvenile Facilities in the Department of Corrections and Rehabilitation, or housed in a mental health facility, pursuant to a court order after having been charged with a crime, or to a person pursuant to a court-ordered electronic monitoring.

(4) Law enforcement or government personnel who need to read a lost identification document when the owner is unavailable for notice, knowledge, or consent, or those parties specifically authorized by law enforcement or government personnel for the limited purpose of reading a lost identification document when the owner is unavailable for notice, knowledge, or consent.

(5) Law enforcement personnel who need to read a person's identification document after an accident in which the person is unavailable for notice, knowledge, or consent.

(6) Law enforcement personnel who need to read a person's identification document pursuant to a search warrant.

(d) Subdivision (a) shall not apply to a person or entity that unintentionally remotely reads a person's identification document using RFID in the course of operating a contactless identification document system unless it knows it unintentionally read the document and thereafter intentionally does any of the following acts:

(1) Discloses what it read to a third party whose purpose is to read a person's identification document, or any information derived therefrom, without that person's knowledge and consent.

(2) Stores what it read for the purpose of reading a person's identification document, or any information derived therefrom, without that person's knowledge and prior consent.

(3) Uses what it read for the purpose of reading a person's identification document, or any information derived therefrom, without that person's knowledge and prior consent.

(e) Subdivisions (a) and (b) shall not apply to the reading, storage, use, or disclosure to a third party of a person's identification document, or information derived therefrom, in the course of an act of good faith security research, experimentation, or scientific inquiry, including, but not limited to, activities useful in identifying and analyzing security flaws and vulnerabilities.

(f) Nothing in this section shall affect the existing rights of law enforcement to access data stored electronically on driver's licenses.

(g) The penalties set forth in subdivisions (a) and (b) are independent of, and do not supersede, any other penalties provided by state law, and in the case of any conflict, the greater penalties shall apply.

SEC. 6. Section 706.108 of the Code of Civil Procedure is amended to read:

706.108. (a) If a writ of execution has been issued to the county where the judgment debtor's employer is to be served and the time specified in subdivision (b) of Section 699.530 for levy on property under the writ has not expired, a judgment creditor may deliver an application for issuance of an earnings withholding order to a registered process server who may then issue an earnings withholding order.

(b) If the registered process server has issued the earnings withholding order, the registered process server, before serving the earnings withholding order, shall deposit with the levying officer a copy of the writ of execution, the application for issuance of an earnings withholding order, and a copy of the earnings withholding order, and shall pay the fee provided by Section 26750 of the Government Code.

(c) A registered process server may serve an earnings withholding order on an employer whether the earnings withholding order was issued by a levying officer or by a registered process server, but no earnings withholding order may be served after the time specified in subdivision (b) of Section 699.530. In performing this function, the registered process server shall serve upon the designated employer all of the following:

- (1) The original and one copy of the earnings withholding order.
- (2) The form for the employer's return.
- (3) The notice to the employee of the earnings withholding order.
- (4) A copy of the employer's instructions referred to in Section 706.127, except as otherwise prescribed in rules adopted by the Judicial Council.

(d) Within five court days after service under this section, all of the following shall be filed with the levying officer:

- (1) The writ of execution, if it is not already in the hands of the levying officer.
- (2) Proof of service on the employer of the papers listed in subdivision (c).
- (3) Instructions in writing, as required by the provisions of Section 687.010.

(e) If the fee provided by Section 26750 of the Government Code has been paid, the levying officer shall perform all other duties required by this chapter as if the levying officer had served the earnings withholding order. If the registered process server does not comply with subdivisions (b), where applicable, and (d), the service of the earnings withholding order is ineffective and the levying officer is not required to perform any duties under the order and may terminate the order and may release any withheld earnings to the judgment debtor.

(f) The fee for services of a registered process server under this section shall be allowed as a recoverable cost pursuant to Section 1033.5.

SEC. 7. Section 68516 of the Government Code is amended to read:

68516. (a) The Judicial Council is authorized to establish a tax-exempt public benefit nonprofit corporation, or other tax-exempt entity, qualified under federal and state law to raise revenues and receive grants or other financial support from private or public sources, for the purposes of undertaking or funding any lawful activity authorized to be undertaken by

the Judicial Council. Financial support sought by the nonprofit corporation or other tax-exempt entity shall be used solely for the governmental purposes approved by the Judicial Council for activities within the scope of authority of the Judicial Council.

(b) The Administrative Office of the Courts may provide administrative support and oversight services to a tax-exempt public benefit nonprofit corporation or other tax-exempt entity established under this section. Any services provided shall be consistent with current limitations and practices of public employment.

SEC. 8. Section 2620 of the Probate Code is amended to read:

2620. (a) At the expiration of one year from the time of appointment and thereafter not less frequently than biennially, unless otherwise ordered by the court to be more frequent, the guardian or conservator shall present the accounting of the assets of the estate of the ward or conservatee to the court for settlement and allowance in the manner provided in Chapter 4 (commencing with Section 1060) of Part 1 of Division 3. By January 1, 2008, the Judicial Council, in consultation with the California Judges Association, the California Association of Superior Court Investigators, the California State Association of Public Administrators, Public Guardians, and Public Conservators, the State Bar of California, and the California Society of Certified Public Accountants, shall develop a standard accounting form, a simplified accounting form, and rules for when the simplified accounting form may be used. After January 1, 2008, all accountings submitted pursuant to this section shall be submitted on the Judicial Council form.

(b) The final court accounting of the guardian or conservator following the death of the ward or conservatee shall include a court accounting for the period that ended on the date of death and a separate accounting for the period subsequent to the date of death.

(c) Along with each court accounting, the guardian or conservator shall file supporting documents, as provided in this section.

(1) For purposes of this subdivision, the term “account statement” shall include any original account statement from any institution, as defined in Section 2890, or any financial institution, as defined in Section 2892, in which money or other assets of the estate are held or deposited.

(2) The filing shall include all account statements showing the account balance as of the closing date of the accounting period of the court accounting. If the court accounting is the first court accounting of the guardianship or conservatorship, the guardian or conservator shall provide to the court all account statements showing the account balance immediately preceding the date the conservator or guardian was appointed and all account statements showing the account balance as of the closing date of the first court accounting.

(3) If the guardian or conservator is a private professional or licensed guardian or conservator, the guardian or conservator shall also file all original account statements, as described above, showing the balance as of all periods covered by the accounting.

(4) The filing shall include the original closing escrow statement received showing the charges and credits for any sale of real property of the estate.

(5) If the ward or conservatee is in a residential care facility or a long-term care facility, the filing shall include the original bill statements for the facility.

(6) This subdivision shall not apply to the public guardian if the money belonging to the estate is pooled with money belonging to other estates pursuant to Section 2940 and Article 3 (commencing with Section 7640) of Chapter 4 of Part 1 of Division 7. Nothing in this section shall affect any other duty or responsibility of the public guardian with regard to managing money belonging to the estate or filing accountings with the court.

(7) If any document to be filed or lodged with the court under this section contains the ward's or conservatee's social security number or any other personal information regarding the ward or conservatee that would not ordinarily be disclosed in a court accounting, an inventory and appraisal, or other nonconfidential pleadings filed in the action, the account statement or other document shall be attached to a separate affidavit describing the character of the document, captioned "CONFIDENTIAL FINANCIAL STATEMENT" in capital letters. Except as otherwise ordered by the court, the clerk of the court shall keep the document confidential except to the court and subject to disclosure only upon an order of the court. The guardian or conservator may redact the ward's or conservatee's social security number from any document lodged with the court under this section.

(8) Courts may provide by local rule that the court shall retain all documents lodged with it under this subdivision until the court's determination of the guardian's or conservator's account has become final, at which time the supporting documents shall be returned to the depositing guardian or conservator or delivered to any successor appointed by the court.

(d) Each accounting is subject to random or discretionary, full or partial review by the court. The review may include consideration of any information necessary to determine the accuracy of the accounting. If the accounting has any material error, the court shall make an express finding as to the severity of the error and what further action is appropriate in response to the error, if any. Among the actions available to the court is immediate suspension of the guardian or conservator without further notice or proceedings and appointment of a temporary guardian or conservator or removal of the guardian or conservator pursuant to Section 2650 and appointment of a temporary guardian or conservator.

(e) The guardian or conservator shall make available for inspection and copying, upon reasonable notice, to any person designated by the court to verify the accuracy of the accounting, all books and records, including receipts for any expenditures, of the guardianship or conservatorship.