

LD1580180

HOUSE BILL NO. 1970**AMENDMENT IN THE NATURE OF A SUBSTITUTE**

(Proposed by the House Committee on Corporations, Insurance and Banking
on January 31, 1995)

(Patron Prior to Substitute—Delegate Croshaw)

A BILL to amend and reenact § 54.1-3916 of the Code of Virginia and to amend the Code of Virginia by adding a section numbered 54.1-3915.1, relating to Legal Aid Societies; interest on lawyer trust accounts.

Be it enacted by the General Assembly of Virginia:

1. That § 54.1-3916 of the Code of Virginia is amended and reenacted and that the Code of Virginia is amended by adding a section numbered 54.1-3915.1 as follows:

§ 54.1-3915.1. Rules regarding client accounts.

The Supreme Court shall not promulgate any disciplinary rules, rule or regulation requiring that attorneys or law firms deposit client funds in interest-bearing accounts, pooled or otherwise, on which the interest is required to be paid to any person or entity other than the client. Any disciplinary rule, rule or regulation previously promulgated which is inconsistent with this section is void and of no effect.

§ 54.1-3916. Legal aid societies.

A. The Virginia State Bar through its governing body is authorized to promulgate rules and regulations governing the function and operation of legal aid societies to further the objective of providing legal assistance to persons requiring such assistance but unable to pay for it. To the extent that interest is paid by a financial institution on client funds deposited by attorneys or law firms in pooled interest bearing accounts established and maintained under circumstances which do not conflict with § 54.1-3915.1, any interest earned on such accounts shall be paid by the financial institution periodically, but at least quarterly, to the Legal Services Corporation of Virginia.

B. The rules and regulations adopted under subsection A may be enforced by the Virginia State Bar, or by the Attorney General if so authorized by the Virginia State Bar.

C. It shall be a Class 1 misdemeanor for any person, firm, corporation or other organization to render legal services as a legal aid society, or for any attorney to render legal services at the instance or request of any such person, firm, corporation or organization unless the person, firm, corporation or organization complies with the rules and regulations adopted under subsection A hereof. In addition to the criminal penalty, an injunction shall lie to prevent any violation of this section or rule or regulation adopted hereunder.