

ATTACHMENT A

Rules of the State Bar of California

Title 3. Programs and Services Division 4. Consumers

Chapter 2. Fee arbitration

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ARTICLE 1. GENERAL PROVISIONS

Rule 3.500 Scope

- (A) As required by statute, the Board of Trustees of the State Bar has adopted these rules for arbitration of disputes regarding attorney fees.¹
- (B) In these rules, unless otherwise indicated
- (1) “award” means the decision of the arbitrator or arbitrators in a fee arbitration hearing;
 - (2) “client” means the person who directly or through an authorized representative obtains an attorney’s legal services;
 - (3) “non-client” means a person who is not the client of an attorney but who may be liable for, or entitled to a refund of, the attorney’s fees; references to “client” also apply to “non-client”;
 - (4) “declaration” means a document that is based on personal knowledge and signed under penalty of perjury and otherwise complies with the requirements of Code of Civil Procedure section 2015.5;
 - (5) “fees” means attorney fees, costs, or both;
 - (6) “hearing” means a fee arbitration hearing conducted by the State Bar;
 - (7) “lay arbitrator” means a non-attorney who has not been admitted to practice law in any jurisdiction; who has never worked regularly for a court or a law practice of any kind as a paralegal, law clerk, or in any other capacity; or who has never attended law school;
 - (8) “presiding arbitrator” is the arbitrator to supervise the arbitrators in the State Bar Fee Arbitration program and to decide the matters indicated by these rules or the designee of the presiding arbitrator;
 - (9) “State Bar” means the Mandatory State Bar Fee Arbitration program;
 - (10) “trial” after non-binding arbitration means either an action in the court having jurisdiction over the amount in controversy or arbitration pursuant to the parties’ pre-existing arbitration agreement.
- (C) Unless otherwise provided by rule or law, the presiding arbitrator may delegate his or her duties.

¹ Business & Professions Code §§ 6010, 6200-6206.

Rule 3.501 Right to arbitration of fee disputes

- (A) California law entitles a client to arbitration of a dispute regarding an attorney's fees for legal services. If initiated by a client, fee arbitration is mandatory for an attorney.² Fee arbitration is voluntary for a client unless the parties have agreed in writing to submit their fee disputes to mandatory fee arbitration.³
- (B) An attorney must provide the mandatory State Bar Notice of Client's Right to Fee Arbitration form before or at the time of
 - (1) service of summons in a lawsuit against the client for fees; or
 - (2) commencing any other proceeding against the client for fees under a contract that provides for an alternative to mandatory fee arbitration.⁴
- (C) Failure to provide the notice is grounds for dismissal of the lawsuit or other proceeding.⁵
- (D) Where the existence of an attorney-client relationship is in dispute, the parties may stipulate to submit the issue for determination by the State Bar.

Rule 3.502 Waiver of right to arbitration

- (A) A client's right to request or maintain fee arbitration is waived⁶ if
 - (1) a complete State Bar Request for Arbitration has not been postmarked or received by the State Bar within thirty days of the client's receipt of the State Bar Notice of Right to Fee Arbitration;⁷
 - (2) the client commences a legal action or files a pleading seeking either of the following:
 - (a) judicial resolution of a fee dispute subject to arbitration; or
 - (b) affirmative relief against an attorney for alleged malpractice or professional misconduct; or
 - (3) the client receives a State Bar Notice of Right to Fee Arbitration but does either of the following before submitting a State Bar Request for Arbitration:

² Business & Professions Code § 6201.

³ Business & Professions Code § 6200(c).

⁴ Business & Professions Code § 6201(a).

⁵ Business & Professions Code § 6201(a).

⁶ Business & Professions Code § 6201.

⁷ Business & Professions Code § 6201(a).

- (a) answers or otherwise responds to a complaint filed in court by the attorney; or
 - (b) files a response in another proceeding regarding fees initiated by the attorney.
- (B) If the fee dispute is transferred to a different fee arbitration program after the Request for Arbitration is filed, the date that determines whether the request was made by the thirty-day deadline is one of the following:
 - (1) the date of the postmark of the Request for Arbitration;
 - (2) the date the request was received by the State Bar; or
 - (3) the date ordered by the presiding arbitrator.

Rule 3.503 Exclusions

These rules do not apply to⁸

- (A) claims for fees that are determinable by statute or court order;
- (B) claims made by a party requesting arbitration who is not liable for the fees or entitled to a refund;
- (C) claims for damages or other affirmative relief based on alleged malpractice or professional misconduct;
- (D) claims for fees where services were not rendered in California in any material part by an attorney who maintains no office in California, whether the attorney is admitted in California or only in another jurisdiction;⁹
- (E) claims for fees where the client has assigned the claim; or
- (F) claims between attorneys for division of fees.

Rule 3. 504 Representation

A party to arbitration may be represented by an attorney at his or her expense.

⁸ Business & Professions Code § 6200(b).

⁹ Business & Professions Code § 6200(b)(1).

Rule 3.505 Original jurisdiction

- (A) Fee arbitration is conducted by a bar association in the county where the legal services giving rise to the fees in dispute were substantially performed or in the county where at least one attorney involved in the dispute had an office at the time the services were rendered.
- (B) Fee arbitration may be initiated and conducted by the State Bar if
 - (1) no local bar association program has jurisdiction;
 - (2) a party submits a State Bar Request for Arbitration that explains in a declaration why the party cannot obtain a fair hearing before the local bar association; or
 - (3) the local bar association that would normally arbitrate the matter demonstrates to the satisfaction of the State Bar that it has no jurisdiction or is otherwise unable to arbitrate the matter.
- (C) The State Bar will waive original jurisdiction if a local bar association is willing to accept it and the parties consent in writing to jurisdiction of the local bar association.

Rule 3.506 Removal jurisdiction

- (A) Arbitration within the jurisdiction of a local program may be removed to the State Bar when a party seeking removal establishes in a declaration under penalty of perjury a factual basis for removal and the presiding arbitrator determines there is good cause for the State Bar to arbitrate the dispute.
- (B) The State Bar serves notice of a request for State Bar jurisdiction on any other party identified in the request and on the local bar association that has jurisdiction. A written reply to the notice may be submitted to the State Bar. The reply must be received at the State Bar within fifteen days of service of the request.
- (C) The presiding arbitrator must deny a request for removal of a fee dispute within the jurisdiction of a local program if
 - (1) another party or the local program would be prejudiced by removal and such prejudice outweighs an allegation of inability to obtain a fair hearing;
 - (2) during the local arbitration proceedings the party requesting removal has acted in a manner inconsistent with the allegation of inability to obtain a fair hearing; or
 - (3) the party requesting removal has waived any claim of inability to obtain a fair hearing.

- (D) A party requesting removal of jurisdiction must provide any additional information the State Bar requires by the deadline it specifies.
- (E) The presiding arbitrator's decision regarding a request for removal is final.

Rule 3.507 Venue

- (A) State Bar arbitration of a fee dispute is heard in the county where the legal services giving rise to the fees in dispute were substantially performed or in the county where at least one attorney involved in the dispute had an office at the time the services were rendered. For good cause, a request for change of venue from the county of original jurisdiction¹⁰ may be submitted by
 - (1) a client no later than fifteen days after filing a Request for State Bar Arbitration; or
 - (2) an attorney no later than fifteen days after being served with a copy of a Request for Arbitration.
- (B) A party requesting a change of venue must provide any additional information the State Bar requires by the deadline it specifies.
- (C) The presiding arbitrator may for good cause grant or deny the request. The decision is final.

Rule 3.508 Non-binding and binding arbitration

- (A) Fee arbitration is non-binding unless every party agrees in writing to binding arbitration. The written agreement must be made after the dispute arises and before the taking of evidence at the arbitration hearing.¹¹
- (B) A non-binding fee arbitration award becomes final and binding unless within thirty days of service of the award a party requests a trial.¹²
- (C) A party who initiates a request for binding arbitration may submit a written election for non-binding arbitration instead if the respondent
 - (1) has not replied;
 - (2) has not agreed to binding arbitration in the reply; or

¹⁰ Rule 3.505(A).

¹¹ Business & Professions Code § 6204(a).

¹² Business & Professions Code § 6203(b).

- (3) has replied and agreed to binding arbitration, but sought to materially increase the amount in dispute, provided the election is sent to the State Bar within ten days of receipt of the reply.
- (D) Parties who have agreed in writing to binding arbitration may change their election to non-binding arbitration, provided they all agree in writing before the taking of evidence.

Rule 3.509 Consolidation

- (A) A party may request consolidation of two or more arbitration matters for hearing. The request must be in writing. The State Bar will serve a copy of the request on the other parties. A written reply to the request must be submitted to the State Bar within fifteen days of service. The decision of the presiding arbitrator regarding a request for consolidation is final.
- (B) If an attorney is in arbitration with a non-client and the client then files a Request for Arbitration of the same dispute, the client is automatically joined to the arbitration and the matters are consolidated absent a showing of good cause.
- (C) Consolidation does not entitle a party to a refund or reduction of filing fees.

Rule 3.510 Withdrawal; dismissal

- (A) A client who has requested arbitration may withdraw from arbitration
 - (1) with the written consent of all parties if they have contractually agreed in writing to State Bar arbitration;
 - (2) with the written consent of all parties if the arbitration is binding and the matter has not been settled; or
 - (3) in all other cases, without the consent of other parties if withdrawal occurs before the taking of evidence.
- (B) Arbitration requested by an attorney may be dismissed only upon written agreement of each party.
- (C) The State Bar or sole arbitrator or panel chair appointed by the State Bar must dismiss arbitration without prejudice when the parties confirm that the dispute has been settled.

Rule 3.511 Stay of proceeding¹³

- (A) If an attorney or an attorney's assignee initiates a legal proceeding in a court or other forum to collect fees that are otherwise subject to arbitration, the proceeding is automatically stayed by filing a State Bar Request for Arbitration. The court or other forum must immediately be notified of the request, on an appropriate form if applicable, and be provided with a copy of the request by
 - (1) the party requesting arbitration; or
 - (2) the plaintiff in a legal proceeding in which the party requesting arbitration has not appeared or is not subject to jurisdiction of the court or other forum.¹⁴
- (B) Upon request, the State Bar may file the Judicial Council Notice of Stay of Proceedings form or provide a copy of the form to a party so that party may complete and file the form.

Rule 3.512 Confidentiality

- (A) A request for arbitration, a reply, a State Bar file, an exhibit, an award, and any other record of an arbitration proceeding are confidential and may not be disclosed by the State Bar unless disclosure is required by court order.
- (B) The award is confidential except in a judicial challenge to, confirmation of, or enforcement of an award.
- (C) Referral of an attorney for possible disciplinary investigation because of conduct disclosed in an arbitration proceeding does not violate the confidentiality required by these rules.¹⁵
- (D) Arbitration between an attorney and non-client does not abrogate an attorney's responsibility to exercise independent professional judgment on behalf of a client or to protect the client's confidential information,¹⁶ unless the law requires it or the client consents to allow the disclosure of confidential information for the purposes of the proceeding.
- (E) A party's statement of financial status is confidential and is not provided to an opposing party.

¹³ Business and Professions Code § 6201(b)-(d).

¹⁴ Rule of Court 3.650.

¹⁵ Rule 3.546.

¹⁶ Business & Professions Code § 6068(e); Rule of Professional Conduct 3-100.

Rule 3.513 Service; receipt; dates

- (A) Unless these rules provide otherwise, service is by personal delivery or by mail pursuant to Code of Civil Procedure section 1013(a). If a party is represented by counsel, service is required only upon that party's counsel, except for service of an award, which is served on the party as well as on counsel.
- (B) Service by mail is complete at the time of deposit in the United States mail or in a business facility used to collect and process correspondence for mailing with the United States Postal Service. The time for performing any act commences on the date service is complete and shall not be extended by reason of service by mail.
- (C) A client who is a party to an arbitration is served at the latest address provided to the State Bar. If a client fails to advise the State Bar of his or her current address, the State Bar may close a client request for arbitration or enforcement thirty days after learning that the address is not current.
- (D) An attorney who is a party to an arbitration or who represents a party in an arbitration is served at the attorney's address of record with the State Bar.¹⁷
- (E) A filing or other communication submitted to the State Bar electronically or by facsimile is deemed to be received on the date of receipt of the transmission only when the State Bar receives the original within five days of the electronic or facsimile submission.

Rule 3.514 Effect of time requirements

The failure of the State Bar or a sole arbitrator or panel appointed by the State Bar to comply with a time requirement of these rules does not by itself deprive the State Bar of jurisdiction, warrant dismissal of an arbitration, or provide grounds for invalidation or modification of an award.

ARTICLE 2. STATE BAR FEE ARBITRATION PROCEEDINGS AND AWARD

Rule 3.530 Request for Arbitration

- (A) When the State Bar has jurisdiction or accepts it in accordance with these rules, a Request for Arbitration may be filed by
 - (1) a client; or
 - (2) an attorney claiming entitlement to fees from a client or a non-client.

¹⁷ Rule 2.3.

- (B) If an attorney requests arbitration, the arbitration may proceed only if the client consents in writing on the approved form within thirty days of service of the request. Client consent is not required if the client has previously consented in writing to mandatory fee arbitration, or the request is for removal of arbitration initiated by the client.¹⁸
- (C) A client is entitled to appointment of an attorney arbitrator whose area of practice is civil law if the fee dispute relates to civil law, or criminal law if the dispute relates to criminal law.¹⁹ A client must make the election in the Request for Arbitration or a reply to a request.
- (D) The State Bar must serve a notice of a Request for Arbitration and any supporting documentation on
 - (1) any attorney identified in the Request for Arbitration as a respondent, together with the Notice of Attorney Responsibility;
 - (2) a client if a request submitted by a non-client has not been signed by the client; and
 - (3) a client if an attorney has requested fee arbitration and the client has consented.
- (E) A client's Request for Arbitration must be postmarked or received no later than thirty days from the date the client received the Notice of Client's Right to Fee Arbitration.
- (F) A Request for Arbitration may be amended up to fifteen days after its receipt by the State Bar. The State Bar may subsequently request clarification that requires amendment of the request. Later amendment by a party may be made only with the permission of the presiding arbitrator, or the sole arbitrator or panel chair if assigned. If an amendment increases the amount in dispute, the State Bar may request a corresponding increase in the filing fee from the requesting party.

Rule 3.531 Reply to Request for Arbitration

A respondent party may submit a reply to a Request for Arbitration to the State Bar within thirty days of service of the request.

Rule 3.532 Disputes below threshold minimum

If the amount in dispute is less than the minimum amount set forth in the Schedule of Charges and Deadlines, the party requesting arbitration and any party replying to the request must each submit a complete written statement, with all supporting documents, of the reasons for the dispute. The presiding arbitrator may then require any party to submit additional information

¹⁸ Rule 3.506.

¹⁹ Business & Professions Code § 6200(e).

within thirty days of receipt of the reply or the deadline for its receipt. The parties are not entitled to a hearing.

Rule 3.533 Denial of Request for Arbitration; reconsideration

If the State Bar believes that a Request for Arbitration is time barred or does not otherwise meet statutory requirements,²⁰ it must notify the parties and provide them an opportunity to submit additional written evidence in support of State Bar jurisdiction, or provide the initiating party an opportunity to submit new evidence in a written request for reconsideration. A request for reconsideration must be submitted within fifteen days of service of the notice. The request is decided by the presiding arbitrator, whose decision is final.

Rule 3.534 Fees; refund

- (A) The party requesting arbitration must submit the filing fee set forth in the Schedule of Charges and Deadlines with the Request for Arbitration or when the State Bar accepts removal of jurisdiction in accordance with these rules.²¹
- (B) Joining a party does not increase the filing fee.
- (C) If arbitration is settled or dismissed before the Request for Arbitration is served, the entire filing fee is refunded. If the arbitration is settled or dismissed after the request has been served, the State Bar retains some or all of the fee as set forth in the Schedule of Charges and Deadlines.
- (D) An award may include an allocation of all or part of a filing fee among the parties.
- (E) The filing fee is the only administrative fee that may be charged for arbitration. The hearing room must be provided without charge.
- (F) Each party is responsible for its own costs, such as those for interpreters and expert witnesses.

Rule 3.535 Waiver of filing fee

- (A) A Request for Waiver of Arbitration Filing Fee may be submitted by the party requesting arbitration. The State Bar may require that the request submitted by a party be supported by a statement of financial status.

²⁰ Business & Professions Code §§ 6200-6206.

²¹ Rule 3.506.

- (B) A Request for Waiver of Arbitration Filing Fee may be granted, in whole or in part, or denied for good cause. The decision is final.

Rule 3.536 Arbitrators

- (A) Except for disputes below a threshold minimum,²² arbitration must be conducted by a sole attorney arbitrator or by a panel of three arbitrators appointed by the State Bar. A panel of three arbitrators must be chaired by an attorney arbitrator and include a lay arbitrator. A retired judge serving as an arbitrator must be an active member of the State Bar.
- (B) Whether the State Bar assigns a sole arbitrator or a panel of three arbitrators is determined by the amount in dispute that is set forth in the Schedule of Charges and Deadlines. If a three-member panel is assigned, the parties may stipulate to proceed with a sole attorney arbitrator conducting the arbitration. If the amount in dispute is less than the threshold minimum amount set forth in the schedule, the presiding arbitrator decides the arbitration in accordance with these rules.²³
- (C) An attorney arbitrator must be a civil or criminal practitioner if a client has elected such an appointment in the request and the dispute involves the same area of law.²⁴
- (D) A Notice of Appointment of Arbitrator must be served
 - (1) within sixty days of receipt of a reply to the Request for Arbitration;
 - (2) within sixty days of the passage of the reply deadline if no reply was received; or
 - (3) in either case as soon as reasonably possible after the receipt of the reply or the reply deadline.
- (E) No compensation will be paid to arbitrators for services other than for formal hearings extending beyond four hours. Compensation is hourly at the rate set forth in the Schedule of Charges and Deadlines and is paid equally by the parties. Any dispute regarding compensation is decided by the presiding arbitrator, whose decision is final.

Rule 3.537 Disqualification or discharge of arbitrators

- (A) A party may disqualify one arbitrator without cause. A party is entitled to unlimited challenges of an arbitrator for cause. The State Bar must be notified of the disqualification within fifteen days of serving the Notice of Arbitrator Assignment.

²² Rule 3.532.

²³ Rule 3.532.

²⁴ Rule 3.530(C).

- (B) An arbitrator who believes he or she cannot render a fair and impartial decision or who believes there is an appearance that he or she cannot render a fair and impartial decision must disqualify himself or herself or accede to a party's challenge for cause. If the arbitrator believes there are insufficient grounds to accede to a challenge for cause, the presiding arbitrator decides the challenge. The decision is final.
- (C) The presiding arbitrator, assistant presiding arbitrator, or a member of the Committee on Mandatory Fee Arbitration may not represent a party in a State Bar fee arbitration.
- (D) An arbitrator vacancy due to disqualification or inability to serve must be filled by the State Bar. If a panel member fails to appear at a hearing, the parties may stipulate in writing that the hearing may proceed with a single attorney arbitrator. In no event may arbitration proceed with only two arbitrators or a single non-attorney arbitrator.
- (E) The presiding arbitrator may discharge an arbitrator or panel of arbitrators for unreasonable delay or for other good cause.

Rule 3.538 Contact with arbitrator

A party or a person acting on a party's behalf may communicate with an arbitrator only

- (A) in writing with a copy submitted to the State Bar and all other parties or their counsel;
- (B) to schedule a hearing;
- (C) at a hearing; or
- (D) in an emergency.

Rule 3.539 Scheduling hearing

- (A) After service of the Notice of Assignment, the hearing will be scheduled
 - (1) within forty-five days if a sole arbitrator has been assigned; or
 - (2) within ninety days if a panel has been assigned.
- (B) Within fifteen days of assignment and at least fifteen days before the hearing, the sole arbitrator or panel chair will serve a Notice of Hearing on each party and the State Bar. Appearance at the hearing waives any claim of defective service of the notice.

- (C) The date of a scheduled hearing will be extended by fifteen days from the date a new arbitrator is assigned to replace an arbitrator who has been removed because of disqualification or challenge.²⁵
- (D) Upon stipulation or application to the assigned sole arbitrator or panel chair, the sole arbitrator or panel chair may continue a matter for good cause shown. A continuance of more than thirty days must be approved by the presiding arbitrator.

Rule 3.540 Preparation for hearing

- (A) Discovery is not permitted except as provided by this rule.
- (B) Nothing in these rules deprives a client of the right to inspect and obtain the client's file kept by the attorney. This provision does not apply to a non-client.
- (C) Before a hearing the parties
 - (1) are encouraged to agree to issues not in dispute and to voluntarily exchange documents;
 - (2) may be required by the sole arbitrator or panel chair to clarify issues, submit additional documentation, or exchange documents, and the sole arbitrator or panel may decline to admit into evidence any document a party was required to exchange but did not; and
 - (3) may request issuance of a subpoena in accordance with these rules.
- (D) A party seeking to have a subpoena issued must submit to the State Bar a completed but unsigned subpoena form approved by the State Bar, with proof of service on all parties. Upon a showing of good cause, the presiding arbitrator, or panel chair if appointed, may issue a signed subpoena. The requesting party is responsible for service of the subpoena and any witness fees.
- (E) At least ten days before the hearing a party may submit a written request that the sole arbitrator or panel chair permit the party to
 - (1) waive personal appearance and submit testimony and exhibits by declaration under penalty of perjury;
 - (2) appear by telephone; or
 - (3) designate an attorney or non-attorney representative because of inability to attend the hearing.

²⁵ Rule 3.536.

- (F) The personal representative of a deceased party or the guardian or conservator of an incompetent party may represent the party.

Rule 3.541 Hearing

- (A) Any relevant evidence is admissible at a hearing if it is of the sort responsible persons customarily rely on in the conduct of serious affairs, regardless of any common law or statutory rule to the contrary.
- (B) Evidence relating to claims of malpractice or professional misconduct is admissible only to the extent it affects the fees to which the attorney is entitled.
- (C) Testimony may be given under oath or affirmation administered by the assigned sole arbitrator or panel chair.
- (D) The order of proof is determined by the sole arbitrator or panel chair.
- (E) Upon a party's request, the sole arbitrator or panel chair may permit
 - (1) a client to be accompanied by another person;
 - (2) a client to be assisted by an interpreter at the client's expense;
 - (3) the attendance of other persons; and
 - (4) the attendance of witnesses during the hearing, absent the objection of a party.
- (F) A hearing is closed to the public; recording of any kind is prohibited; and any participant or attendee is bound by the confidentiality requirements of these rules.²⁶

Rule 3.542 Arbitration without a hearing

The parties may stipulate that the sole arbitrator or panel decide all matters without a hearing and base the decision on the request, the reply, and any other written material submitted by a party, which must be filed with the sole arbitrator or the panel and served on all other parties by the date ordered.

Rule 3.543 Failure to respond or participate

- (A) If a party required to participate in arbitration fails to do so, the arbitration may proceed as scheduled and an award will be made based on the evidence presented. The award may include findings regarding the willfulness of a party's failure to appear at the hearing.

²⁶ Rule 3.512.

- (B) A party who willfully fails to appear at a hearing is not entitled to request a trial after non-binding arbitration. That party has the burden of proving the non-appearance was not willful. The determination of willfulness is made by the court.²⁷

Rule 3.544 Award form and content; approval

- (A) Following the hearing, the original of the signed award will be submitted to the State Bar by
- (1) a sole arbitrator within fifteen days; or
 - (2) a panel chair within twenty-five days.
- (B) The award must be in writing on the State Bar Arbitration Award form and
- (1) be signed by the sole arbitrator or at least two concurring panel members and include a dissent, if any, signed by the dissenting panel member;
 - (2) determine all questions submitted to the panel that are necessary to resolve the controversy;
 - (3) indicate whether it is binding or non-binding; and
 - (4) identify all responsible attorneys.
- (C) The award may
- (1) include relevant findings of fact;
 - (2) state the circumstances regarding the willfulness of any party's non-appearance ;
 - (3) be a stipulated award that incorporates by reference a written settlement agreement reached by the parties before or after assignment of a sole arbitrator or panel;
 - (4) include a refund of unearned fees paid to an attorney; and
 - (5) allocate the filing fee.
- (D) The award may not
- (1) include any other fees, such as attorney fees for the arbitration, notwithstanding an agreement between the parties; or

²⁷ Business & Professions Code § 6204(a).

- (2) include damages, offset, or any other affirmative relief for malpractice or professional misconduct.
- (E) An award may be made in favor of a party who fails to appear at a hearing if the evidence so warrants, but may not be made against the absent party solely because of the absence. If only one party appears at the hearing, an award may be made; the party who is present must submit any evidence the sole arbitrator or panel chair requires to support the award. If no party appears or waiver of personal appearance has not been approved, the sole arbitrator or panel may issue an award based on the evidence submitted.
- (F) An award is not final until the State Bar approves it for procedural compliance. The State Bar serves each party with an approved award and the Notice of Rights After Arbitration.
- (G) When an award is issued in a binding arbitration, there can be no trial on the issue of fees, but for reasons set forth in statute²⁸ a trial court may correct,²⁹ vacate,³⁰ or confirm³¹ a binding award.

Rule 3.545 Correction or amendment of award

- (A) An award may be corrected or amended by the sole arbitrator or at least two concurring members of a panel. Correction is permitted only for an evident mistake in calculation or a description of a person, thing, or property, or for a defect of form not affecting the merits of the dispute.³² Amendment is permitted when an award is inadvertently incomplete and amendment does not substantially prejudice the legitimate interests of a party. Unless requested by the arbitrator, no additional testimony or documentary evidence may be submitted.
 - (1) Any party may submit a written request that the State Bar correct an award. The requesting party must submit the request to the State Bar with proof of service and serve a copy on each party within ten days after service of the award. The State Bar must serve a copy of the request on each party. Any correction will be made by the sole arbitrator or panel chair within thirty days of service of the award.
 - (2) A written request to correct an award does not extend the thirty-day deadline to request a trial or arbitration after a non-binding award has been issued.
 - (3) Any party may submit a written request that the State Bar amend an award. The requesting party must submit the request with proof of service and serve a copy on any other party at any time prior to judicial confirmation of the award.

²⁸ Code of Civil Procedure §§ 1285-1287.6.

²⁹ Code of Civil Procedure § 1286.8.

³⁰ Code of Civil Procedure § 1286.2.

³¹ Code of Civil Procedure § 1286.

³² Code of Civil Procedure § 1286.6.

- (B) Any party may submit to the State Bar a written objection to a request for correction or amendment.
- (C) The State Bar must serve all parties with a corrected or amended award or denial of a request for correction or amendment.

Rule 3.546 Referral to Office of Chief Trial Counsel

The State Bar or a sole arbitrator or panel appointed by the State Bar may refer an attorney to the State Bar Office of Chief Trial Counsel for possible disciplinary investigation because of conduct disclosed in an arbitration proceeding. Such a disclosure does not violate the confidentiality that otherwise applies to the proceeding.

ARTICLE 3. ENFORCEMENT

Rule 3.560 Enforcement authority

Upon request, the State Bar may assist in enforcing a final and binding arbitration award, judgment, stipulated award, or mediation settlement requiring the attorney to refund fees previously paid to the attorney if the attorney has not timely complied with the terms of the final and binding arbitration award, judgment, stipulated award, or mediation settlement.

Rule 3.561 Request for State Bar Enforcement

- (A) A client may submit a written request for enforcement no earlier than 100 days and no later than four years from the date of service of a final and binding arbitration award, judgment, stipulated award, or mediation settlement.³³ The request must be in writing on the State Bar Request for Enforcement form.³⁴ The request may include any other party who was awarded or who is liable for a refund of attorney fees. An arbitration award is not enforceable by the State Bar if it refunds the client only some or all of the arbitration filing fee and does not include a refund of attorney's fees or costs.
- (B) Before submitting a Request for State Bar Enforcement, a client must make a reasonable effort to obtain payment, including at a minimum a written request to the attorney for payment. The State Bar may require proof of such an effort before accepting the request.
- (C) The State Bar must serve the Request for State Bar Enforcement on the attorney.

³³ Business & Professions Code § 6203(d)(5).

³⁴ Rule 1.24.

- (D) If a client has filed a petition in a civil court to confirm the arbitration award, the State Bar may proceed with enforcement proceedings or, with approval of the client, abate enforcement until the court enters a judgment confirming the award.

Rule 3.562 Attorney response to Request for State Bar Enforcement

- (A) Within thirty days of service of a Request for State Bar Enforcement, an attorney must³⁵
- (1) provide the State Bar satisfactory proof of compliance;
 - (2) agree to a payment plan accepted by the State Bar or the client; or
 - (3) establish inability to pay or lack of personal responsibility for payment in accordance with statutory requirements³⁶ and the provisions of this rule.
- (B) To establish inability to pay, an attorney must support a response to a Request for Enforcement with an Attorney's Statement of Financial Status. Any party may challenge the response, and the presiding arbitrator may then hold a hearing or require the parties to submit additional information.
- (C) To establish lack of personal responsibility for payment because of changed circumstances subsequent to arbitration, an attorney must state reasons for this belief in the response to the client request for State Bar enforcement. The response may name another attorney or other attorneys as responsible for payment. The State Bar must serve each attorney named in the response with the Request for Enforcement and a copy of the attorney's response. Any counter-response must be submitted within twenty days of service.
- (D) After considering the request, the response, and supporting documentation, the presiding arbitrator must issue a final order. The final order may
- (1) require compliance;
 - (2) terminate or abate enforcement because the attorney is unable to comply; or
 - (3) find that another attorney is responsible for payment.

Rule 3.563 Payment plans

- (A) If the attorney proposes to comply with the arbitration award, judgment, or agreement by a payment plan, the State Bar promptly sends the proposed plan to the client.

³⁵ Business & Professions Code § 6203(d)(2).

³⁶ Business & Professions Code § 6203(d)(2).

- (B) The client may accept or reject a proposed payment plan. If the plan is rejected, the attorney must file a confidential Attorney's Statement of Financial Status with the State Bar so that the presiding arbitrator may
 - (1) determine that the plan is reasonable and approve it;
 - (2) reject the plan; or
 - (3) specify amendments that would make the plan acceptable.
- (C) The State Bar monitors an approved payment plan for compliance. If the client informs the State Bar that the attorney has failed to comply with the plan, the presiding arbitrator must request that the State Bar Court place the attorney on involuntary inactive status,³⁷ unless the attorney provides proof that he or she
 - (1) is unable to pay;
 - (2) has fully refunded the fees; or
 - (3) has received approval of a revised payment plan from the client or the State Bar.

Rule 3.564 Administrative penalties; rescission or modification of penalties

- (A) Prior to the filing a motion in State Bar Court to enroll an attorney as involuntarily inactive the presiding arbitrator may impose administrative penalties³⁸ on an attorney who fails to
 - (1) comply with a final and binding arbitration award, judgment, stipulated award, or mediation settlement that includes a refund of fees paid to the attorney;
 - (2) submit a written response to a Client Request for Enforcement of an Arbitration Award; or
 - (3) cooperate with the State Bar after an initial response to a Request for Enforcement.
- (B) An order for administrative penalties may not exceed twenty percent of the amount awarded or \$1,000, whichever is greater. Such an order is final. Unpaid penalties are added to the annual membership fees for the next calendar year.³⁹
- (C) In response to the attorney's written request, the presiding arbitrator may modify or rescind an order for administrative penalties if all of the following conditions are met:

³⁷ Rule 3.565.

³⁸ See also Rule 3.565.

³⁹ Business & Professions Code § 6203(d)(3).

- (1) the attorney agrees to comply with the award;
 - (2) the attorney was not served the order for administrative penalties; and
 - (3) the attorney satisfactorily establishes in a declaration under penalty of perjury that he or she promptly submitted a request that warranted modification or rescission of the penalties.
- (D) Before deciding an attorney's request to modify or rescind an order for administrative penalties, the presiding arbitrator may require the attorney to submit additional information or declarations under penalty of perjury within a specified time. Failure to comply is grounds for dismissal of the request.
- (E) The presiding arbitrator may rescind or modify an order imposing administrative penalties, but not if a request was made more than thirty days after service of the order because the attorney failed to maintain a current membership address with the State Bar.
- (F) The presiding arbitrator's decision to rescind or modify an order imposing penalties is final.

Rule 3.565 Inactive enrollment for noncompliance

The presiding arbitrator may move the State Bar Court to enroll an attorney involuntarily inactive⁴⁰ for failure to

- (A) refund client fees as required by a final and binding arbitration award, judgment, stipulated award, or mediation settlement;
- (B) agree to or comply with a payment plan;
- (C) prove an inability to comply with the terms of a final and binding arbitration award, judgment, stipulated award, or mediation settlement; or
- (D) prove lack of personal responsibility for compliance with the terms of a final and binding arbitration award, judgment, stipulated award, or mediation settlement.

Rule 3.566 Termination of enforcement

State Bar enforcement concludes upon submission of satisfactory proof of compliance with the arbitration award, judgment, stipulated award, or mediation settlement. The State Bar will notify the parties that its enforcement efforts have ended.

⁴⁰ Business & Professions Code §§ 6203(d)(1), 6006, and 6125 et seq.