SENATE COMMITTEE ON APPROPRIATIONS
Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

AB 2039 (Zbur) - Attorneys

Version: June 25, 2026
Urgency: No
Hearing Date: August 3, 2026

Policy Vote: JUD. 13 - 0
Mandate: No
Consultant: Bob Franzoia

Bill Summary: AB 2039 would increase ethical standards for attorneys to prevent unlawful loans to clients, further deter “capping,” and ensure that specified retaliation provisions of the Labor Code apply to law firms.

Fiscal Impact: Potentially significant costs to the courts to adjudicate new penalties depending on many unknowns, including the numbers of attorneys engaged in fraudulent activities and the factors unique to each case. An eight-hour court day costs approximately $10,500 based on the hourly rate of court personnel including at minimum the judge, clerk, bailiff, court reporter, jury administrator, administrative staff, and jury per-diems. While the courts are not funded on a workload basis, an increase in workload could result in delayed court services and would increase pressure to fund additional staff and resources. The FY 2026-27 Budget appropriated $70 million General Fund for this purpose (Trial Court Trust Fund, General Fund).

Minor costs to the Department of Justice (DOJ) for enforcement of the $25,000 per-violation civil penalty against attorneys engaged in capping. The AG is authorized but not required to bring these actions. To the extent DOJ pursues enforcement, costs would be partially offset by penalty recoveries and attorney’s fees awards.

Likely minor costs to the State Bar of California for processing and administering confidential or anonymous reporting mechanisms for attorney misconduct. (Special fund)

Background: Business and Professions Code 6151 defines a capper as any person, firm, association or corporation acting for consideration in any manner or in any capacity as an agent for an attorney at law or law firm, in the solicitation or procurement of business for the attorney at law or law firm

Proposed Law: Prohibits an attorney from entering into a loan or financial assistance arrangement with a client unless all the agreement is in a separate written contract distinct from the retainer agreement

Prohibits an attorney from charging the client interest on any loan or any funds that are advanced for any purpose, whether for case expenses or any other purpose, and prohibits all loan terms that materially impair a client’s autonomy or litigation decisions

Requires an attorney loaning a client funds, before the execution of such agreement, to advise the client in writing that the client may seek independent legal or financial advice, and to provide the client a cooling-off period of not less than five business days unless waived in writing after disclosure, as specified

1) Prohibits an attorney from doing any of the following:

   a) Conditioning legal strategy, settlement decisions, or continued representation on acceptance or repayment of a loan;

   b) Using a loan to acquire ownership, control, or leverage over the client's cause of action beyond lawful attorney liens; and

   c) Structuring financial assistance in a manner that interferes with independent professional judgment.

2) Provides that a violation of 1) through 4) may result in an attorney being liable for any of the following:

   a) Restitution, rescission or reformation of the agreement;

   b) Civil penalties in the amount of fifteen thousand dollars ($15,000) per offense;

   c) Injunctive relief; and

Disciplinary action by the State Bar of California, as specified