

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011

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HOUSE BILL 714
Committee Substitute Favorable 6/6/11

Short Title: Legal Services.

(Public)

Sponsors:

Referred to:

April 7, 2011

1 A BILL TO BE ENTITLED
2 AN ACT TO SUPPORT AND ASSIST SMALL BUSINESSES AND ASSOCIATION
3 MEMBERS WITH AFFORDABLE LEGAL SERVICES BY ALLOWING NONPROFIT
4 CORPORATIONS OPERATING AS A LABOR ORGANIZATION OR PROFESSIONAL
5 AND TRADE ASSOCIATION OR A BUSINESS LEAGUE TO PROVIDE LEGAL
6 SERVICES TO ITS MEMBERS USING ATTORNEYS DULY LICENSED TO
7 PRACTICE LAW IN THIS STATE.

8 The General Assembly of North Carolina enacts:

9 SECTION 1. G.S. 84-5 is amended by adding a new subsection to read:

10 "(c) Nothing in this section shall prohibit, subject to the rules and regulations of the
11 North Carolina State Bar, as approved by the Supreme Court of North Carolina, a nonprofit
12 corporation, tax exempt under 26 U.S.C. § 501(c)(5) or (6), organized or authorized under
13 Chapter 55A of the General Statutes and operating as a labor organization or professional and
14 trade association or business league as defined by the applicable Internal Revenue Service
15 guidelines, from rendering legal services solely by and through attorneys duly licensed to
16 practice law in North Carolina to its members consistent with the mission, charter, or purpose
17 of such nonprofit corporation. The nonprofit corporation must have a governing structure that
18 does not permit an individual or group of individuals other than an attorney duly licensed to
19 practice law in North Carolina to control the manner or course of the legal services rendered
20 and must continually satisfy the criteria established by the Internal Revenue Service for 26
21 U.S.C. § 501(c)(5) or (6) status, whether or not any action has been taken to revoke that status.
22 The attorney providing such legal services shall be governed by and subject to all of the Rules
23 of Professional Conduct of the North Carolina State Bar to the same extent as all other
24 attorneys licensed by this State, including Rule 1.13, "Organization Client." Further, any
25 association providing legal services to an organization or corporate member shall provide to
26 such member, before accepting legal matters, its written policy regarding identification of the
27 client served, the process for avoiding or resolving potential conflicts of interest, the scope of
28 services available, and any fees that may apply. The written policy shall be made available to
29 the North Carolina State Bar upon request. Notwithstanding any other provision of law, such a
30 nonprofit corporation may charge for the legal services of its officers, employees, and agents
31 rendered to its members under this section, may collect for those charges, and may compensate
32 those who render the legal services."

33 SECTION 2. This act is effective when it becomes law.

