

Calendar No. 638

104TH CONGRESS
2^D SESSION

S. 1221

[Report No. 104-392]

A BILL

To authorize appropriations for the Legal Services Corporation Act, and for other purposes.

SEPTEMBER 30, 1996

Reported with an amendment

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To authorize appropriations for the Legal Services Corporation Act, and
for other purposes.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 7 (legislative day, SEPTEMBER 5), 1995

Mrs. KASSEBAUM (for herself and Mr. JEFFORDS) introduced the following
bill; which was read twice and referred to the Committee on Labor and
Human Resources

SEPTEMBER 30, 1996

Reported by Mrs. KASSEBAUM, with an amendment

[Strike out all after the enacting clause and insert the part printed in *italic*]

A BILL

To authorize appropriations for the Legal Services
Corporation Act, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS; REF-**
 2 **ERENCE.**

3 (a) **SHORT TITLE.**—This Act may be cited as the
 4 “Legal Services Reform Act of 1995”.

5 (b) **TABLE OF CONTENTS.**—The table of contents is
 6 as follows:

- Sec. 1. Short title; table of contents; reference.
- Sec. 2. Findings.
- Sec. 3. Authorization of appropriations.
- Sec. 4. Prohibition on redistricting activity.
- Sec. 5. Protection against theft and fraud.
- Sec. 6. Solicitation.
- Sec. 7. Procedural safeguards for litigation.
- Sec. 8. Lobbying and rulemaking.
- Sec. 9. Timekeeping.
- Sec. 10. Authority of local governing boards.
- Sec. 11. Regulation of nonpublic resources.
- Sec. 12. Certain eviction proceedings.
- Sec. 13. Implementation of competition.
- Sec. 14. Research and attorneys’ fees.
- Sec. 15. Abortion.
- Sec. 16. Class actions.
- Sec. 17. Aliens.
- Sec. 18. Training.
- Sec. 19. Copayments.
- Sec. 20. Fee-generating cases.
- Sec. 21. Welfare reform.
- Sec. 22. Prisoner litigation.
- Sec. 23. Appointment of Corporation president.
- Sec. 24. Evasion.
- Sec. 25. Pay for officers and employees of the Corporation.
- Sec. 26. Location of principal office.
- Sec. 27. Definition.

7 (c) **REFERENCE.**—Whenever in this Act an amend-
 8 ment or repeal is expressed in terms of an amendment
 9 to or repeal of a section or other provision, the reference
 10 shall be considered to be made to section or other provi-
 11 sion of the Legal Services Corporation Act (42 U.S.C.
 12 2996 and following).

1 **SEC. 2. FINDINGS.**

2 Section 1001 (42 U.S.C. 2996) is amended to read
3 as follows:

4 “FINDINGS

5 “SEC. 1001. The Congress finds the following:

6 “(1) There is a need to encourage equal access
7 to the system of justice in the United States for in-
8 dividuals seeking redress of grievances.

9 “(2) There is a need to encourage the provision
10 of high quality legal assistance for those who would
11 otherwise be unable to afford legal counsel.

12 “(3) Encouraging the provision of legal assist-
13 ance to those who face an economic barrier to legal
14 counsel will serve the ends of justice consistent with
15 the purposes of the Legal Services Corporation Act.

16 “(4) It is not the purpose of the Legal Services
17 Corporation Act to meet all the legal needs of all po-
18 tentially eligible clients, but instead to be a catalyst
19 to encourage the legal profession and others to meet
20 their responsibilities to the poor and to maximize ac-
21 cess of the poor to justice.

22 “(5) For many citizens the availability of legal
23 services has reaffirmed faith in our government of
24 laws.

25 “(6) To preserve its strength, the legal services
26 program must be made completely free from the in-

1 fluence of political pressures and completely free of
 2 lobbying and political activity.

3 “(7) There are over 2,000 non-profit organiza-
 4 tions advocating on behalf of the poor throughout
 5 the United States and it is not appropriate for funds
 6 regulated under the Legal Services Corporation Act
 7 to be expended lobbying for or against positions
 8 taken by those groups.

9 “(8) Attorneys providing legal assistance must
 10 protect the best interests of their clients in keeping
 11 with the Code of Professional Responsibility, the
 12 Canon of Ethics, and the high standards of the legal
 13 profession.”.

14 **SEC. 3. AUTHORIZATION OF APPROPRIATIONS.**

15 Subsection (a) of section 1010 (42 U.S.C. 2996i) is
 16 amended to read as follows:

17 “(a) There are authorized to be appropriated for the
 18 purposes of carrying out the activities of the Corpora-
 19 tion—

20 “(1) \$278,000,000 for fiscal year 1996,

21 “(2) \$278,000,000 for fiscal year 1997,

22 “(3) \$278,000,000 for fiscal year 1998,

23 “(4) \$278,000,000 for fiscal year 1999, and

24 “(5) \$278,000,000 for fiscal year 2000.”.

1 **SEC. 4. PROHIBITION ON REDISTRICTING ACTIVITY.**

2 Section ~~1007(b)~~ (42 U.S.C. ~~2996f(b)~~) is amended—

3 (1) in paragraph (9), by striking “or” after the
4 semicolon;

5 (2) in paragraph (10), by striking the period
6 and inserting “; or”; and

7 (3) by adding at the end the following:

8 “(11) to—

9 “(A) advocate or oppose, or contribute or
10 make available any funds, personnel, or equip-
11 ment for use in advocating or opposing, any
12 plan or proposal; or

13 “(B) represent any party or participate in
14 any other way in litigation,

15 that is intended to or has the effect of altering, re-
16 vising, or reapportioning a legislative, judicial, or
17 elective district at any level of government, including
18 influencing the timing or manner of the taking of a
19 census.”.

20 **SEC. 5. PROTECTION AGAINST THEFT AND FRAUD.**

21 Section ~~1005~~ (42 U.S.C. ~~2996d~~) is amended by add-
22 ing at the end the following:

23 “(h) For purposes of sections 286, 287, 641, 1001,
24 and 1002 of title 18, United States Code, the Corporation
25 shall be considered to be a department or agency of the
26 United States Government.

1 “(i) For purposes of sections ~~3729~~ through ~~3733~~ of
2 title ~~31~~, United States Code, the term “United States
3 Government” shall include the Corporation, except that
4 actions that are authorized by section ~~3730(b)~~ of such title
5 to be brought by persons may not be brought against the
6 Corporation, any recipient, subrecipient, grantee, or con-
7 tractor of the Corporation, or any employee thereof.

8 “(j) For purposes of section ~~1516~~ of title ~~18~~, United
9 States Code—

10 “(1) the term ‘Federal auditor’ shall include
11 any auditor employed or retained on a contractual
12 basis by the Corporation,

13 “(2) the term ‘contract’ shall include any grant
14 or contract made by the Corporation, and

15 “(3) the term ‘person’, as used in subsection
16 (a) of such section, shall include any grantee or con-
17 tractor receiving financial assistance under section
18 ~~1006(a)(1)~~.

19 “(k) Funds provided by the Corporation under sec-
20 tion ~~1006~~ shall be deemed to be Federal appropriations
21 when used by a contractor, grantee, subcontractor, or sub-
22 grantee of the Corporation.

23 “(l) For purposes of section ~~666~~ of title ~~18~~, United
24 States Code, funds provided by the Corporation shall be

1 deemed to be benefits under a Federal program involving
2 a grant or contract.”.

3 **SEC. 6. SOLICITATION.**

4 Section 1007 (42 U.S.C. 2996f) is amended by add-
5 ing at the end the following:

6 “(i) Any recipient, and any employee of a recipient,
7 who has given in-person unsolicited advice to a nonattor-
8 ney that such nonattorney should obtain counsel or take
9 legal action shall not accept employment resulting from
10 that advice, or refer that nonattorney to another recipient
11 or employee of a recipient, except that—

12 “(1) an attorney may accept employment by a
13 close friend, relative, former client (if the advice
14 given is germane to the previous employment by the
15 client), or person whom the attorney reasonably be-
16 lieves to be a client because the attorney is currently
17 handling an active legal matter or case for that spe-
18 cific person;

19 “(2) an attorney may accept employment that
20 results from the attorney’s participation in activities
21 designed to educate nonattorneys to recognize legal
22 problems, to make intelligent selection of counsel, or
23 to utilize available legal services if such activities are
24 conducted or sponsored by a qualified legal assist-
25 ance organization;

1 “(3) without affecting that attorney’s right to
 2 accept employment, an attorney may speak publicly
 3 or write for publication on legal topics so long as
 4 such attorney does not emphasize the attorney’s own
 5 professional experience or reputation and does not
 6 undertake to give individual advice in such speech
 7 or publication; and

8 “(4) if success in asserting rights or defenses of
 9 a client in litigation in the nature of class action is
 10 dependent upon the joinder of others, an attorney
 11 may accept, but shall not seek, employment from
 12 those contacted for the purpose of obtaining that
 13 joinder.”.

14 **SEC. 7. PROCEDURAL SAFEGUARDS FOR LITIGATION.**

15 Section 1007 (42 U.S.C. 2996f), as amended by sec-
 16 tion 6 of this Act, is further amended by adding at the
 17 end the following:

18 “(j)(1) No recipient or employee of a recipient may
 19 file a complaint or otherwise pursue litigation against a
 20 defendant unless—

21 “(A) all plaintiffs have been specifically identi-
 22 fied, by name, in any complaint filed for purposes of
 23 litigation, except to the extent that a court of com-
 24 petent jurisdiction has granted leave to protect the
 25 identity of any plaintiff; and

1 “(B) a statement or statements of facts written
2 in English and, if necessary, in a language which the
3 plaintiffs understand, which enumerate the particu-
4 lar facts known to the plaintiffs on which the com-
5 plaint is based, have been signed by the plaintiffs
6 (including named plaintiffs in a class action); are
7 kept on file by the recipient, and are made available
8 to any Federal department or agency that is audit-
9 ing the activities of the Corporation or any recipient,
10 and to any auditor receiving Federal funds to con-
11 duct such auditing, including any auditor or monitor
12 of the Corporation.

13 Other parties shall have access to the statement of facts
14 referred to in subparagraph (B) only through the discov-
15 ery process after litigation has begun.

16 “(2) No recipient or employee of a recipient may en-
17 gage in precomplaint settlement negotiations with a pro-
18 spective defendant unless—

19 “(A) all plaintiffs have been specifically identi-
20 fied, except to the extent that a court of competent
21 jurisdiction has granted leave to protect the identity
22 of any plaintiff; and

23 “(B) a statement or statements of facts written
24 in English and, if necessary, in a language which the
25 plaintiffs understand, which enumerate the particu-

1 lar facts known to the plaintiffs on which the com-
2 plaint will be based if such negotiations fail, have
3 been signed by all plaintiffs (including named plain-
4 tiffs in a class action); are kept on file by the recipi-
5 ent, and are made available to all prospective de-
6 fendants or such defendants' counsel, to any Federal
7 department or agency that is auditing the activities
8 of the Corporation or any such recipient, and to any
9 auditor receiving Federal funds to conduct such au-
10 diting, including any auditor or monitor of the Cor-
11 poration.

12 “(3)(A) Subject to subparagraph (B), any Federal
13 district court of competent jurisdiction, after notice to po-
14 tential parties to litigation referred to in paragraph (1)
15 or to negotiations described in paragraph (2) and after
16 an opportunity for a hearing, may enjoin the disclosure
17 of the identity of any potential plaintiff pending the out-
18 come of such litigation or negotiations, upon the establish-
19 ment of reasonable cause to believe that such an injunc-
20 tion is necessary to prevent probable, serious harm to such
21 potential plaintiff.

22 “(B) Notwithstanding subparagraph (A), the court
23 shall, in a case in which subparagraph (A) applies, order
24 the disclosure of the identity of any potential plaintiff to
25 counsel for potential defendants upon the condition that

1 counsel for potential defendants not disclose the identity
 2 of such potential plaintiff (other than to investigators or
 3 paralegals hired by such counsel), unless authorized in
 4 writing by such potential plaintiff's counsel or the court.

5 “(C) In a case in which paragraph (1) applies, coun-
 6 sel for potential defendants and the recipient or employee
 7 counsel of the recipient may execute an agreement, in lieu
 8 of seeking a court order under subparagraph (A), govern-
 9 ing disclosure of the identity of any potential plaintiff.

10 “(D) The court may punish as a contempt of court
 11 any violation of an order of the court under subparagraph
 12 (A) or (B) or of an agreement under subparagraph (C).

13 “(4) Any funds received from a defendant by a recipi-
 14 ent on behalf of a class of eligible clients shall be placed
 15 in an escrow account until the funds may be paid to such
 16 clients. Any such funds which are not disbursed to clients
 17 within one year of the date on which such funds were re-
 18 ceived shall be returned to the defendant.”.

19 **SEC. 8. LOBBYING.**

20 Section 1007(a)(5) (42 U.S.C. 2996f(a)(5)) is
 21 amended to read as follows:

22 “(5) ensure that no funds made available to re-
 23 cipients are used at any time, directly or indirectly—

24 “(A) to influence the issuance, amendment,
 25 or revocation of any executive order or similar

1 promulgation by any Federal, State, or local
2 agency, or to undertake to influence the pas-
3 sage or defeat of any legislation by the Con-
4 gress of the United States, or by any State or
5 local legislative body, or State proposals made
6 by initiative petition or referendum, except to
7 the extent that a governmental agency, a legis-
8 lative body, a committee, or a member thereof
9 is considering a measure directly affecting the
10 recipient or the Corporation;

11 “(B) to pay for any publicity or propa-
12 ganda intended or designed to support or defeat
13 legislation pending before the Congress or State
14 or local legislative bodies or intended or de-
15 signed to influence any decision by a Federal,
16 State, or local agency;

17 “(C) to pay for any personal service, ad-
18 vertisement, telegram, telephone communica-
19 tion, letter, printed or written matter, or other
20 device, intended or designed to influence any
21 decision by a Federal, State, or local agency,
22 except when legal assistance is provided by an
23 employee of a recipient to an eligible client on
24 a particular application, claim, or case, which
25 directly involves the client’s legal rights or re-

1 responsibilities and which does not involve the is-
2 suance, amendment, or revocation of any agen-
3 cy promulgation described in subparagraph (A);

4 “(D) to pay for any personal service, ad-
5 vertisement, telegram, telephone communica-
6 tion, letter, printed or written matter, or any
7 other device intended or designed to influence
8 any Member of Congress or any other Federal,
9 State, or local elected official—

10 “(i) to favor or oppose any referen-
11 dum, initiative, constitutional amendment,
12 or any similar procedures of the Congress,
13 any State legislature, any local council, or
14 any similar governing body acting in a leg-
15 islative capacity;

16 “(ii) to favor or oppose an authoriza-
17 tion or appropriation directly affecting the
18 authority, function, or funding of the re-
19 cipient or the Corporation; or

20 “(iii) to influence the conduct of over-
21 sight proceedings of a recipient or the Cor-
22 poration; or

23 “(E) to pay for any personal service, ad-
24 vertisement, telegram, telephone communica-
25 tion, letter, printed or written matter, or any

1 other device intended or designed to influence
 2 any Member of Congress or any other Federal,
 3 State, or local elected official to favor or oppose
 4 any Act, bill, resolution, or similar legislation;
 5 and ensure that no funds made available to recipi-
 6 ents are used to pay for any administrative or relat-
 7 ed costs associated with an activity prohibited in
 8 subparagraph (A), (B), (C), (D), or (E).”.

9 **SEC. 9. TIMEKEEPING.**

10 Section ~~1008(b)~~ (42 U.S.C. ~~2996g(b)~~) is amended—

11 (1) by inserting “(1)” after “(b)”; and

12 (2) by adding at the end the following:

13 “(2) The Corporation shall require each recipient to
 14 maintain records of time spent on the cases or matters
 15 with respect to which that recipient is engaged in activi-
 16 ties. Pursuant to such requirements, each employee of
 17 such recipient who is an attorney or paralegal shall record,
 18 by the name of the case or matter, at the time such em-
 19 ployee engages in an activity regarding such case or mat-
 20 ter, the type (as defined by the Corporation) of case or
 21 matter, the time spent on the activity, and the source of
 22 funds to be charged for the activity.”.

23 **SEC. 10. AUTHORITY OF LOCAL GOVERNING BOARDS.**

24 Section ~~1007(e)~~ (42 U.S.C. ~~2996f(e)~~) is amended—

1 (1) by striking “(1)” and “(2)” and inserting
2 “(A)” and “(B)”, respectively;

3 (2) by inserting “(1)” after “(c)”; and

4 (3) by adding at the end the following:

5 “(2) The board of directors of any nonprofit organi-
6 zation that is—

7 “(A) chartered under the laws of one of the
8 States, a purpose of which is furnishing legal assist-
9 ance to eligible clients, and

10 “(B) receiving funds made available by or
11 through the Corporation;

12 shall set specific priorities pursuant to section
13 1007(a)(2)(C) for the types of matters and cases to which
14 the staff of the nonprofit organization shall devote its time
15 and resources. The staff of such organization shall not un-
16 dertake cases or matters other than in accordance with
17 the specific priorities set by its board of directors, except
18 in emergency situations defined by such board. The staff
19 of such organization shall report, to the board of directors
20 of the organization on a quarterly basis and to the Cor-
21 poration on an annual basis, all cases undertaken other
22 than in accordance with such priorities. The Corporation
23 shall promulgate a suggested list of priorities which boards
24 of directors may use in setting priorities under the para-
25 graph.”.

1 **SEC. 11. REGULATION OF NONPUBLIC RESOURCES.**

2 Section 1010(e) (42 U.S.C. 2996i(e)) is amended to
3 read as follows:

4 “(e)(1) Any non-Federal funds received by the Cor-
5 poration, and any funds received by any recipient from
6 any source other than the Corporation, shall be accounted
7 for and reported as receipts and disbursements separate
8 and distinct from Corporation funds. Any funds so re-
9 ceived, including funds derived from Interest on Lawyers
10 Trust Accounts, may not be expended by recipients for
11 any purpose prohibited by this title or the Legal Services
12 Reform Act of 1995. The Corporation shall not accept any
13 non-Federal funds, and any recipient shall not accept
14 funds from any source other than the Corporation, unless
15 the Corporation or the recipient, as the case may be, noti-
16 fies in writing the source of such funds that the funds
17 may not be expended for any purpose prohibited by this
18 title or the Legal Services Reform Act of 1995.

19 “(2) Paragraph (1) shall not prevent recipients
20 from—

21 “(A) receiving Indian tribal funds (including
22 funds from private nonprofit organizations for the
23 benefit of Indians or Indian tribes) and expending
24 them in accordance with the specific purposes for
25 which they are provided; or

1 “(B) using funds received from a source other
2 than the Corporation to provide legal assistance to
3 a client who is not an eligible client if such funds
4 are used for the specific purposes for which such
5 funds were received, except that such funds may not
6 be expended by recipients for any purpose prohibited
7 by this title or the Legal Services Reform Act of
8 1995 (other than any requirement regarding the eli-
9 gibility of clients).”.

10 **SEC. 12. CERTAIN EVICTION PROCEEDINGS.**

11 Section 1007 (42 U.S.C. 2996f), as amended by sec-
12 tions 6 and 7 of this Act, is further amended by adding
13 at the end the following:

14 “(k)(1) No funds made available by or through the
15 Corporation may be used for defending a person in a pro-
16 ceeding to evict that person from a public housing project
17 if the person has been charged with the illegal sale or dis-
18 tribution of a controlled substance and if the eviction pro-
19 ceeding is brought by a public housing agency because the
20 illegal drug activity of that person threatens the health
21 or safety of other tenants residing in the public housing
22 project or employees of the public housing agency.

23 “(2) As used in this subsection—

1 “(A) the term ‘controlled substance’ has the
2 meaning given that term in section 102 of the Con-
3 trolled Substances Act (21 U.S.C. 802); and

4 “(B) the terms ‘public housing project’ and
5 ‘public housing agency’ have the meanings given
6 those terms in section 3 of the United States Hous-
7 ing Act of 1937 (42 U.S.C. 1437a).”.

8 **SEC. 13. IMPLEMENTATION OF COMPETITION.**

9 (a) **IN GENERAL.**—Section 1007 (42 U.S.C. 2996f),
10 as amended by sections 6, 7, and 12 of this Act, is further
11 amended by adding at the end the following:

12 “(1)(1) All grants and contracts awarded by the Cor-
13 poration for the provision or support of legal assistance
14 to eligible clients under this title shall be awarded under
15 a competitive bidding system.

16 “(2) Rights under sections 1007(a)(9) and 1011 shall
17 not apply to the termination or denial of financial assist-
18 ance under this title as a result of the competitive award
19 of any grant or contract under paragraph (1), and the
20 expiration of any grant or contract under this title as a
21 result of such competitive award shall not be treated as
22 a termination or denial of refunding under section
23 1007(a)(9) or 1011.

24 “(3) For purposes of this subsection, the term ‘com-
25 petitive bidding’ means a system established by regula-

1 tions issued by the Corporation which provide for the
2 award of grants and contracts on the basis of merit to
3 persons, organizations, and entities described in section
4 1006(a) who apply for such awards in competition with
5 others under promulgated criteria. The Corporation shall
6 ensure that the system incorporates the following:

7 “(A) The competitive bidding system shall com-
8 mence no later than one year after the date of enact-
9 ment of this provision and all previously awarded
10 grants and contracts shall be set aside and subjected
11 to this system within one year thereafter.

12 “(B) All awards of grants and contracts made
13 under this system shall be subject to periodic review
14 and renewed with the opportunity for others to com-
15 pete for the award, and in no event shall any award
16 be granted for a period longer than 5 years.

17 “(C) Timely notice for the submission of appli-
18 cations for awards shall be published in periodicals
19 of local and State bar associations and in at least
20 one daily newspaper of general circulation in the
21 area to be served by the award recipient.

22 “(D) The selection criteria shall include but not
23 be limited to the demonstration of a full understand-
24 ing of the basic legal needs of the eligible clients to
25 be served and a demonstration of the capability of

1 serving those needs; the reputations of the principals
2 of the applicant; the quality, feasibility, and cost ef-
3 fectiveness of plans submitted by the applicant for
4 the delivery of legal assistance to the eligible clients
5 to be served; a demonstration of willingness to abide
6 by the restrictions placed on those awarded grants
7 and contracts by the Corporation; and, if an appli-
8 cant has previously received an award from the Cor-
9 poration, the experiences of the Corporation with the
10 applicant.

11 ~~“(E) No previous recipient of an award of a~~
12 ~~grant or contract may be given any preference.~~

13 ~~“(m)(1) The Corporation shall define service areas~~
14 ~~and funds available for each service area shall be on a~~
15 ~~per capita basis pursuant to the number of poor people~~
16 ~~determined by the Bureau of the Census to be within that~~
17 ~~area. Funds for a service area may be distributed by the~~
18 ~~Corporation to one or more recipients as defined in section~~
19 ~~1006(a).~~

20 ~~“(2) The amount of the grants from the Corporation~~
21 ~~and of the contracts entered into by the Corporation under~~
22 ~~section 1006(a)(1) shall be an equal figure per poor per-~~
23 ~~son for all geographic areas, based on the most recent de-~~
24 ~~cennial census of population conducted pursuant to section~~
25 ~~141 of title 13, United States Code, regardless of the level~~

1 of funding for any such geographic area before the enact-
 2 ment of the Legal Services Reform Act of 1995.

3 “(3) Beginning with the fiscal year beginning after
 4 the results of the most recent decennial census have been
 5 reported to the President under section 141(b) of title 13,
 6 United States Code, funding of geographic areas served
 7 by recipients shall be redetermined, in accordance with
 8 paragraph (2), based on the per capita poverty population
 9 in each such geographic area under that decennial cen-
 10 sus.”

11 (b) REQUIREMENTS OF RECIPIENTS.—Section
 12 1007(e) (42 U.S.C. 2996f(e)), as amended by section 10
 13 of this Act, is further amended by adding at the end the
 14 following:

15 “(3) Funds appropriated for the Corporation may not
 16 be used by the Corporation in making grants or entering
 17 into contracts for legal assistance unless the Corporation
 18 ensures that the recipient is either—

19 “(A) a private attorney or attorneys;

20 “(B) State and local governments or substate
 21 regional planning and coordination agencies which
 22 are composed of substate areas whose governing
 23 board is controlled by locally elected officials; or

24 “(C) a qualified nonprofit organization char-
 25 tered under the laws of one of the States—

1 “(i) a purpose of which is furnishing legal
2 assistance to eligible clients; and

3 “(ii) the majority of the board of directors
4 or other governing body of which is comprised
5 of attorneys who are admitted to practice in one
6 of the States and are approved to serve on such
7 board or body by the governing bodies of State,
8 county, or municipal bar associations the mem-
9 bership of which represents a majority of the
10 attorneys practicing law in the locality in which
11 the organization is to provide legal assistance.

12 The approval described in subparagraph (B)(ii) may be
13 given to more than one group of directors.”.

14 **SEC. 14. POWERS, RESEARCH, AND ATTORNEYS' FEES.**

15 (a) **POWERS.**—Section 1006(a)(1)(A)(ii) is amended
16 to read as follows:

17 “(ii) State and local governments or sub-
18 state regional planning and coordination agen-
19 cies which are composed of substate areas
20 whose governing board is controlled by locally
21 elected officials,”.

22 (b) **RESEARCH.**—Section 1006(a) (42 U.S.C.
23 2996e(a)) is amended by inserting “and” at the end of
24 paragraph (1), by striking “; and” at the end of paragraph
25 (2) and inserting a period, and by striking paragraph (3).

1 (e) ATTORNEYS' FEES.—Section 1006 (42 U.S.C.
2 2996e(f)) is amended by striking subsection (f) and insert-
3 ing the following:

4 “(f)(1) A recipient, or any client of such recipient,
5 may not claim or collect attorneys’ fees from nongovern-
6 mental parties to litigation initiated by such client with
7 the assistance of such recipient.

8 “(2) The Corporation shall create a fund to pay de-
9 fendants or clients under paragraph (3). In addition to
10 any other amounts appropriated to the Corporation, there
11 is authorized to be appropriated to such fund for each fis-
12 cal year such sums as may be necessary.

13 “(3) If a Federal court has found an action com-
14 menced by a plaintiff with the assistance of a recipient
15 involves a violation of rule 11 of the Federal Rules of Civil
16 Procedure, or if the president of the Corporation finds
17 that an action commenced by a plaintiff with the assist-
18 ance of a recipient in any court involves a violation of the
19 standards of rule 11, or was commenced for the purpose
20 of retaliation or harassment, the president of the Corpora-
21 tion shall, upon application by the defendant, award from
22 the Fund all reasonable costs and attorneys’ fees incurred
23 by the defendant in defending the action.

24 “(g)(1) The Board within 90 days after the date of
25 the enactment of the Legal Services Reform Act of 1995,

1 shall issue regulations to provide for the distribution of
 2 attorneys' fees received by a recipient, in accordance with
 3 paragraph (2).

4 “(2) Such fees shall be transferred to the Corporation
 5 and the Corporation shall distribute such fees among its
 6 grantees for the direct delivery of legal assistance, except
 7 that, subject to approval by the Corporation—

8 “(A) a recipient shall not be required to trans-
 9 fer fees or other compensation received as a result
 10 of a mandated court appointed;

11 “(B) a recipient may retain reasonable costs
 12 customarily allowed in litigation against an unsue-
 13 cessful party; and

14 “(C) a recipient may retain the actual cost of
 15 bringing the action, including the proportion of the
 16 compensation of each attorney involved in the action
 17 which is attributable to that action.”.

18 **SEC. 15. ABORTION.**

19 (a) PROHIBITION.—Section 1007 (42 U.S.C. 2996f),
 20 as amended by sections 6, 7, 12, and 13 of this Act, is
 21 further amended by adding at the end the following:

22 “(n) No funds made available to any recipient from
 23 any source may be used to participate in any litigation
 24 with respect to abortion.”.

1 (b) CONFORMING AMENDMENT.—Section 1007(b)
2 (42 U.S.C. 2996f(b)), as amended by section 4, is amend-
3 ed by striking paragraph (8) and redesignating para-
4 graphs (9), (10), and (11) as paragraphs (8), (9), and
5 (10), respectively.

6 **SEC. 16. CLASS ACTIONS.**

7 Section 1006(d)(5) (42 U.S.C. 2996e(d)(5)) is
8 amended—

9 (1) by striking “No” and inserting “(A) Subject
10 to subparagraph (B), no”; and

11 (2) by adding at the end the following:

12 “(B) No recipient or employee of a recipient may
13 bring a class action suit against the Federal Government
14 or any State or local government unless—

15 “(i) the governing body of the recipient has ex-
16 pressly approved the filing of such an action;

17 “(ii) the class relief which is the subject of such
18 an action is sought for the primary benefit of indi-
19 viduals who are eligible for legal assistance under
20 this title; and

21 “(iii) before filing such an action, the project
22 director of the recipient determines that the govern-
23 ment entity is not likely to change the policy or
24 practice in question, that the policy or practice will
25 continue to adversely affect eligible clients, that the

1 recipient has given notice of its intention to seek
2 class relief, and that responsible efforts to resolve
3 without litigation the adverse effects of the policy or
4 practice have not been successful or would be ad-
5 verse to the interest of the clients.”.

6 **SEC. 17. RESTRICTIONS ON USE OF FUNDS FOR LEGAL AS-**
7 **SISTANCE TO ALIENS.**

8 Section 1007 (42 U.S.C. 2996f), as amended by sec-
9 tions 6, 7, 12, 13, and 15 of this Act, is further amended
10 by adding at the end the following:

11 “(o) No funds made available to any recipient from
12 any sources may be expended to provide legal assistance
13 for or on behalf of any alien unless the alien is present
14 in the United States and is—

15 “(1) an alien lawfully admitted for permanent
16 residence as defined in section 101(a)(2) of the Im-
17 migration and Nationality Act (8 U.S.C.
18 1101(a)(20));

19 “(2) an alien who is either married to a United
20 States citizen or is a parent or an unmarried child
21 under the age of 21 years of such a citizen and who
22 has filed an application for adjustment of status to
23 permanent resident under the Immigration and Na-
24 tionality Act, and such application has not been re-
25 jected;

1 “(3) an alien who is lawfully present in the
2 United States pursuant to an admission under sec-
3 tion 207 of the Immigration and Nationality Act (8
4 U.S.C. 1157, relating to refugee admissions) or who
5 has been granted asylum by the Attorney General
6 under such Act;

7 “(4) an alien who is lawfully present in the
8 United States as a result of the Attorney General’s
9 withholding of deportation pursuant to section
10 243(h) of the Immigration and Nationality Act (8
11 U.S.C. 1253(h)); or

12 “(5) an alien to whom section 305 of the Immi-
13 gration Reform and Control Act of 1986 applies, but
14 only to the extent that the legal assistance provided
15 is that described in that section.

16 An alien who is lawfully present in the United States as
17 a result of being granted conditional entry pursuant to
18 section 203(a)(7) of the Immigration and Nationality Act
19 (8 U.S.C. 11553(a)(7)) before April 1, 1980, because of
20 persecution or fear of persecution on account of race, reli-
21 gion, or political opinion or because of being uprooted by
22 catastrophic natural calamity shall be deemed to be an
23 alien described in paragraph (3).”.

1 **SEC. 18. TRAINING.**

2 Section 1007(b)(6) (42 U.S.C. 2996f(b)(6)) is
3 amended to read as follows:

4 “(6) to support or conduct training programs
5 for the purpose of advocating particular public poli-
6 cies or encouraging political activities, labor or
7 antilabor activities, boycotts, picketing, strikes, or
8 demonstrations, including the dissemination of infor-
9 mation about such policies or activities, except that
10 this paragraph shall not be construed to prohibit the
11 training of attorneys or paralegal personnel nec-
12 essary to prepare them to provide adequate legal as-
13 sistance to eligible clients, to advise any eligible eli-
14 ent as to the nature of the legislative process, or to
15 inform any eligible client of the client’s rights under
16 any statute, order, or regulation;”.

17 **SEC. 19. COPAYMENTS.**

18 Section 1007 (42 U.S.C. 2996f), as amended by sec-
19 tions 6, 7, 12, 13, 15, and 17 of this Act, is further
20 amended by adding at the end the following:

21 “(p) The Corporation shall undertake one or more
22 demonstration projects in order to study the feasibility of
23 using client copayments to assist in setting the service pri-
24 orities of its programs. Based on those projects and such
25 other information as it considers appropriate, the Cor-

1 poration may adopt a permanent system of client copay-
 2 ments for some or all of its programs of legal assistance.”.

3 **SEC. 20. FEE-GENERATING CASES.**

4 (a) ~~REPRESENTATION IN FEE-GENERATING CASE.—~~
 5 Paragraph (1) of section 1007(b) (42 U.S.C. 2996f(b))
 6 is amended to read as follows:

7 “(1) to provide legal assistance with respect to
 8 any fee-generating case, except that this paragraph
 9 does not preclude representation of otherwise eligible
 10 clients in cases in which the client seeks benefits
 11 under titles II or XVI of the Social Security Act;”.

12 (b) ~~DEFINITION.—~~Section 1007(b) is amended by
 13 adding at the end the following: “For purposes of para-
 14 graph (1), the term ‘fee-generating case’ means any case
 15 which if undertaken on behalf of an eligible client by an
 16 attorney in private practice may reasonably be expected
 17 to result in a fee for legal services from an award to a
 18 client from public funds, from the opposing party, or from
 19 any other source.”.

20 **SEC. 21. WELFARE REFORM.**

21 Section 1007(b) (42 U.S.C. 2996f(b)), as amended
 22 by section 15(b), is amended—

23 (1) by striking “or” at the end of paragraph
 24 (9),

1 ~~(2)~~ by striking the period at the end of para-
2 graph ~~(10)~~ and inserting a semicolon, and

3 ~~(3)~~ by adding after paragraph ~~(10)~~ the follow-
4 ing:

5 “(11) to provide legal representation for any
6 person or participate in any other way in litigation,
7 lobbying, or rulemaking involving efforts to reform a
8 State or Federal welfare system, except that this
9 paragraph does not preclude a recipient from rep-
10 resenting an individual client who seeking specific
11 relief from a welfare agency where such relief does
12 not involve an effort to amend or otherwise challenge
13 existing law; or”.

14 **SEC. 22. PRISONER LITIGATION.**

15 Section 1007(b) (42 U.S.C. 2996f(b)), as amended
16 by section 21, is amended by adding after paragraph (11)
17 the following:

18 “(12) to provide legal representation in litiga-
19 tion on behalf of a local, State, or Federal pris-
20 oner.”.

21 **SEC. 23. APPOINTMENT OF CORPORATION PRESIDENT.**

22 Section 1005 (42 U.S.C. 2996d) is amended in sub-
23 section (a)—

1 **SEC. 26. LOCATION OF PRINCIPAL OFFICE.**

2 Section ~~1003(b)~~ (42 U.S.C. 2996b(b)) is amended by
3 striking “District of Columbia” and inserting “Washing-
4 ton D.C. metropolitan area”.

5 **SEC. 27. DEFINITION.**

6 As used in section ~~1009(d)~~ of Legal Services Cor-
7 poration Act, the term “attorney client privilege” protects
8 only a communication made in confidence to any attorney
9 by a client for the purpose of seeking legal advice. Claims
10 of such privilege and claims of confidentiality do not, ex-
11 cept to the extent provided by court order, protect from
12 disclosure to any Federal department or agency that is
13 auditing the activities of the Legal Services Corporation
14 or any recipient (as defined in section 1002 of the Legal
15 Services Corporation Act), or to any auditor receiving
16 Federal funds to conduct such auditing, including any
17 auditor or monitor of the Corporation, the names of plain-
18 tiffs that are a matter of public record or documents which
19 have been seen by third parties, including all financial
20 books and records. The Corporation shall not disclose any
21 such information, except to the Inspector General of the
22 Corporation, to Federal or State law enforcement, judicial,
23 or other officials, or to officials of appropriate bar associa-
24 tions for the purpose of conducting investigations of viola-
25 tions of rules of professional conduct.

1 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS; REF-**
 2 **ERENCE.**

3 (a) *SHORT TITLE.*—*This Act may be cited as the*
 4 *“Legal Services Reform Act of 1996”.*

5 (b) *TABLE OF CONTENTS.*—*The table of contents is as*
 6 *follows:*

- Sec. 1. Short title; table of contents, reference.*
- Sec. 2. Findings.*
- Sec. 3. Authorization of appropriations.*
- Sec. 4. Prohibition on redistricting activity.*
- Sec. 5. Protection against theft and fraud.*
- Sec. 6. Solicitation.*
- Sec. 7. Procedural safeguards for litigation.*
- Sec. 8. Lobbying and rulemaking.*
- Sec. 9. Timekeeping.*
- Sec. 10. Authority of local governing boards.*
- Sec. 11. Regulation of nonpublic resources.*
- Sec. 12. Certain eviction proceedings.*
- Sec. 13. Implementation of competition.*
- Sec. 14. Research and attorneys’ fees.*
- Sec. 15. Abortion.*
- Sec. 16. Class actions.*
- Sec. 17. Aliens.*
- Sec. 18. Training.*
- Sec. 19. Copayments.*
- Sec. 20. Fee-generating cases.*
- Sec. 21. Welfare reform.*
- Sec. 22. Prisoner litigation.*
- Sec. 23. Appointment of Corporation president.*
- Sec. 24. Evasion.*
- Sec. 25. Pay for officers and employees of the Corporation.*
- Sec. 26. Location of principal office.*
- Sec. 27. Definition.*

7 (c) *REFERENCE.*—*Whenever in this Act an amend-*
 8 *ment or repeal is expressed in terms of an amendment to*
 9 *or repeal of a section or other provision, the reference shall*
 10 *be considered to be made to section or other provision of*
 11 *the Legal Services Corporation Act (42 U.S.C. 2996 and*
 12 *following).*

1 **SEC. 2. FINDINGS.**

2 *Section 1001 (42 U.S.C. 2996) is amended to read as*
3 *follows:*

4 *“FINDINGS*

5 *“SEC. 1001. The Congress finds the following:*

6 *“(1) There is a need to encourage equal access to*
7 *the system of justice in the United States for individ-*
8 *uals seeking redress of grievances.*

9 *“(2) There is a need to encourage the provision*
10 *of high quality legal assistance for those who would*
11 *otherwise be unable to afford legal counsel.*

12 *“(3) Encouraging the provision of legal assist-*
13 *ance to those who face an economic barrier to legal*
14 *counsel will serve the ends of justice consistent with*
15 *the purposes of the Legal Services Corporation Act.*

16 *“(4) It is not the purpose of the Legal Services*
17 *Corporation Act to meet all the legal needs of all po-*
18 *tentially eligible clients, but instead to be a catalyst*
19 *to encourage the legal profession and others to meet*
20 *their responsibilities to the poor and to maximize ac-*
21 *cess of the poor to justice.*

22 *“(5) For many citizens the availability of legal*
23 *services has reaffirmed faith in our government of*
24 *laws.*

25 *“(6) To preserve its strength, the legal services*
26 *program must be made completely free from the influ-*

1 *ence of political pressures and completely free of lob-*
 2 *bying and political activity.*

3 *“(7) There are over 2,000 non-profit organiza-*
 4 *tions advocating on behalf of the poor throughout the*
 5 *United States and it is not appropriate for funds reg-*
 6 *ulated under the Legal Services Corporation Act to be*
 7 *expended lobbying for or against positions taken by*
 8 *those groups.*

9 *“(8) Attorneys providing legal assistance must*
 10 *protect the best interests of their clients in keeping*
 11 *with the Code of Professional Responsibility, the*
 12 *Canon of Ethics, and the high standards of the legal*
 13 *profession.”.*

14 **SEC. 3. AUTHORIZATION OF APPROPRIATIONS.**

15 *Subsection (a) of section 1010 (42 U.S.C. 2996i) is*
 16 *amended to read as follows:*

17 *“(a) There are authorized to be appropriated for the*
 18 *purposes of carrying out the activities of the Corporation—*

19 *“(1) \$278,000,000 for fiscal year 1996,*

20 *“(2) \$278,000,000 for fiscal year 1997,*

21 *“(3) \$278,000,000 for fiscal year 1998,*

22 *“(4) \$278,000,000 for fiscal year 1999, and*

23 *“(5) \$278,000,000 for fiscal year 2000.”.*

24 **SEC. 4. PROHIBITION ON REDISTRICTING ACTIVITY.**

25 *Section 1007(b) (42 U.S.C. 2996f(b)) is amended—*

1 (1) *in paragraph (9), by striking “or” after the*
2 *semicolon;*

3 (2) *in paragraph (10), by striking the period*
4 *and inserting “; or”; and*

5 (3) *by adding at the end the following:*

6 “(11) *to—*

7 “(A) *advocate or oppose, or contribute or*
8 *make available any funds, personnel, or equip-*
9 *ment for use in advocating or opposing, any*
10 *plan or proposal, or*

11 “(B) *represent any party or participate in*
12 *any other way in litigation,*

13 *that is intended to or has the effect of altering, revis-*
14 *ing, or reapportioning a legislative, judicial, or elec-*
15 *tive district at any level of government, including in-*
16 *fluencing the timing or manner of the taking of a cen-*
17 *sus.”.*

18 **SEC. 5. PROTECTION AGAINST THEFT AND FRAUD.**

19 *Section 1005 (42 U.S.C. 2996d) is amended by adding*
20 *at the end the following:*

21 “(h) *For purposes of sections 286, 287, 641, 1001, and*
22 *1002 of title 18, United States Code, the Corporation shall*
23 *be considered to be a department or agency of the United*
24 *States Government.*

1 “(i) For purposes of sections 3729 through 3733 of title
2 31, United States Code, the term “United States Govern-
3 ment” shall include the Corporation, except that actions
4 that are authorized by section 3730(b) of such title to be
5 brought by persons may not be brought against the Corpora-
6 tion, any recipient, subrecipient, grantee, or contractor of
7 the Corporation, or any employee thereof.

8 “(j) For purposes of section 1516 of title 18, United
9 States Code—

10 “(1) the term ‘Federal auditor’ shall include any
11 auditor employed or retained on a contractual basis
12 by the Corporation,

13 “(2) the term ‘contract’ shall include any grant
14 or contract made by the Corporation, and

15 “(3) the term ‘person’, as used in subsection (a)
16 of such section, shall include any grantee or contrac-
17 tor receiving financial assistance under section
18 1006(a)(1).

19 “(k) Funds provided by the Corporation under section
20 1006 shall be deemed to be Federal appropriations when
21 used by a contractor, grantee, subcontractor, or subgrantee
22 of the Corporation.

23 “(l) For purposes of section 666 of title 18, United
24 States Code, funds provided by the Corporation shall be

1 *deemed to be benefits under a Federal program involving*
2 *a grant or contract.”.*

3 **SEC. 6. SOLICITATION.**

4 *Section 1007 (42 U.S.C. 2996f) is amended by adding*
5 *at the end the following:*

6 *“(i) Any recipient, and any employee of a recipient,*
7 *who has given in-person unsolicited advice to a nonattorney*
8 *that such nonattorney should obtain counsel or take legal*
9 *action shall not accept employment resulting from that ad-*
10 *vice, or refer that nonattorney to another recipient or em-*
11 *ployee of a recipient, except that—*

12 *“(1) an attorney may accept employment by a*
13 *close friend, relative, former client (if the advice given*
14 *is germane to the previous employment by the client),*
15 *or person whom the attorney reasonably believes to be*
16 *a client because the attorney is currently handling an*
17 *active legal matter or case for that specific person;*

18 *“(2) an attorney may accept employment that*
19 *results from the attorney’s participation in activities*
20 *designed to educate nonattorneys to recognize legal*
21 *problems, to make intelligent selection of counsel, or*
22 *to utilize available legal services if such activities are*
23 *conducted or sponsored by a qualified legal assistance*
24 *organization;*

1 “(3) without affecting that attorney’s right to ac-
2 cept employment, an attorney may speak publicly or
3 write for publication on legal topics so long as such
4 attorney does not emphasize the attorney’s own pro-
5 fessional experience or reputation and does not under-
6 take to give individual advice in such speech or publi-
7 cation; and

8 “(4) if success in asserting rights or defenses of
9 a client in litigation in the nature of class action is
10 dependent upon the joinder of others, an attorney
11 may accept, but shall not seek, employment from those
12 contacted for the purpose of obtaining that joinder.”.

13 **SEC. 7. PROCEDURAL SAFEGUARDS FOR LITIGATION.**

14 Section 1007 (42 U.S.C. 2996f), as amended by section
15 6 of this Act, is further amended by adding at the end the
16 following:

17 “(j)(1) No recipient or employee of a recipient may
18 file a complaint or otherwise pursue litigation against a
19 defendant unless—

20 “(A) all plaintiffs have been specifically identi-
21 fied, by name, in any complaint filed for purposes of
22 litigation, except to the extent that a court of com-
23 petent jurisdiction has granted leave to protect the
24 identity of any plaintiff; and

1 “(B) a statement or statements of facts written
2 in English and, if necessary, in a language which the
3 plaintiffs understand, which enumerate the particular
4 facts known to the plaintiffs on which the complaint
5 is based, have been signed by the plaintiffs (including
6 named plaintiffs in a class action), are kept on file
7 by the recipient, and are made available to any Fed-
8 eral department or agency that is auditing the activi-
9 ties of the Corporation or any recipient, and to any
10 auditor receiving Federal funds to conduct such au-
11 diting, including any auditor or monitor of the Cor-
12 poration.

13 Other parties shall have access to the statement of facts re-
14 ferred to in subparagraph (B) only through the discovery
15 process after litigation has begun.

16 “(2) No recipient or employee of a recipient may en-
17 gage in precomplaint settlement negotiations with a pro-
18 spective defendant unless—

19 “(A) all plaintiffs have been specifically identi-
20 fied, except to the extent that a court of competent ju-
21 risdiction has granted leave to protect the identity of
22 any plaintiff; and

23 “(B) a statement or statements of facts written
24 in English and, if necessary, in a language which the
25 plaintiffs understand, which enumerate the particular

1 *facts known to the plaintiffs on which the complaint*
2 *will be based if such negotiations fail, have been*
3 *signed by all plaintiffs (including named plaintiffs in*
4 *a class action), are kept on file by the recipient, and*
5 *are made available to all prospective defendants or*
6 *such defendants' counsel, to any Federal department*
7 *or agency that is auditing the activities of the Cor-*
8 *poration or any such recipient, and to any auditor*
9 *receiving Federal funds to conduct such auditing, in-*
10 *cluding any auditor or monitor of the Corporation.*

11 *“(3)(A) Subject to subparagraph (B), any Federal dis-*
12 *trict court of competent jurisdiction, after notice to poten-*
13 *tial parties to litigation referred to in paragraph (1) or*
14 *to negotiations described in paragraph (2) and after an op-*
15 *portunity for a hearing, may enjoin the disclosure of the*
16 *identity of any potential plaintiff pending the out-come of*
17 *such litigation or negotiations, upon the establishment of*
18 *reasonable cause to believe that such an injunction is nec-*
19 *essary to prevent probable, serious harm to such potential*
20 *plaintiff.*

21 *“(B) Notwithstanding subparagraph (A), the court*
22 *shall, in a case in which subparagraph (A) applies, order*
23 *the disclosure of the identity of any potential plaintiff to*
24 *counsel for potential defendants upon the condition that*
25 *counsel for potential defendants not disclose the identity of*

1 *such potential plaintiff (other than to investigators or para-*
 2 *legals hired by such counsel), unless authorized in writing*
 3 *by such potential plaintiff's counsel or the court.*

4 “(C) *In a case in which paragraph (1) applies, counsel*
 5 *for potential defendants and the recipient or employee coun-*
 6 *sel of the recipient may execute an agreement, in lieu of*
 7 *seeking a court order under subparagraph (A), governing*
 8 *disclosure of the identity of any potential plaintiff.*

9 “(D) *The court may punish as a contempt of court*
 10 *any violation of an order of the court under subparagraph*
 11 *(A) or (B) or of an agreement under subparagraph (C).*

12 “(4) *Any funds received from a defendant by a recipi-*
 13 *ent on behalf of a class of eligible clients shall be placed*
 14 *in an escrow account until the funds may be paid to such*
 15 *clients. Any such funds which are not disbursed to clients*
 16 *within one year of the date on which such funds were re-*
 17 *ceived shall be returned to the defendant.”.*

18 **SEC. 8. LOBBYING.**

19 *Section 1007(a)(5) (42 U.S.C. 2996f(a)(5)) is amended*
 20 *to read as follows:*

21 “(5) *ensure that no funds made available to re-*
 22 *cipients are used at any time, directly or indirectly—*

23 “(A) *to influence the issuance, amendment,*
 24 *or revocation of any executive order or similar*
 25 *promulgation by any Federal, State, or local*

1 *agency, or to undertake to influence the passage*
2 *or defeat of any legislation by the Congress of the*
3 *United States, or by any State or local legisla-*
4 *tive body, or State proposals made by initiative*
5 *petition or referendum, except to the extent that*
6 *a governmental agency, a legislative body, a*
7 *committee, or a member thereof is considering a*
8 *measure directly affecting the recipient or the*
9 *Corporation;*

10 *“(B) to pay for any publicity or propa-*
11 *ganda intended or designed to support or defeat*
12 *legislation pending before the Congress or State*
13 *or local legislative bodies or intended or designed*
14 *to influence any decision by a Federal, State, or*
15 *local agency;*

16 *“(C) to pay for any personal service, adver-*
17 *tisement, telegram, telephone communication, let-*
18 *ter, printed or written matter, or other device,*
19 *intended or designed to influence any decision by*
20 *a Federal, State, or local agency, except when*
21 *legal assistance is provided by an employee of a*
22 *recipient to an eligible client on a particular ap-*
23 *plication, claim, or case, which directly involves*
24 *the client’s legal rights or responsibilities and*
25 *which does not involve the issuance, amendment,*

1 *or revocation of any agency promulgation de-*
2 *scribed in subparagraph (A);*

3 *“(D) to pay for any personal service, adver-*
4 *tisement, telegram, telephone communication, let-*
5 *ter, printed or written matter, or any other de-*
6 *vice intended or designed to influence any Mem-*
7 *ber of Congress or any other Federal, State, or*
8 *local elected official—*

9 *“(i) to favor or oppose any referendum,*
10 *initiative, constitutional amendment, or*
11 *any similar procedures of the Congress, any*
12 *State legislature, any local council, or any*
13 *similar governing body acting in a legisla-*
14 *tive capacity,*

15 *“(ii) to favor or oppose an authoriza-*
16 *tion or appropriation directly affecting the*
17 *authority, function, or funding of the recip-*
18 *ient or the Corporation, or*

19 *“(iii) to influence the conduct of over-*
20 *sight proceedings of a recipient or the Cor-*
21 *poration; or*

22 *“(E) to pay for any personal service, adver-*
23 *tisement, telegram, telephone communication, let-*
24 *ter, printed or written matter, or any other de-*
25 *vice intended or designed to influence any Mem-*

1 *ber of Congress or any other Federal, State, or*
 2 *local elected official to favor or oppose any Act,*
 3 *bill, resolution, or similar legislation;*
 4 *and ensure that no funds made available to recipients*
 5 *are used to pay for any administrative or related*
 6 *costs associated with an activity prohibited in sub-*
 7 *paragraph (A), (B), (C), (D), or (E);”.*

8 **SEC. 9. TIMEKEEPING.**

9 *Section 1008(b) (42 U.S.C. 2996g(b)) is amended—*
 10 *(1) by inserting “(1)” after “(b)”;* *and*
 11 *(2) by adding at the end the following:*
 12 *“(2) The Corporation shall require each recipient to*
 13 *maintain records of time spent on the cases or matters with*
 14 *respect to which that recipient is engaged in activities. Pur-*
 15 *suant to such requirements, each employee of such recipient*
 16 *who is an attorney or paralegal shall record, by the name*
 17 *of the case or matter, at the time such employee engages*
 18 *in an activity regarding such case or matter, the type (as*
 19 *defined by the Corporation) of case or matter, the time spent*
 20 *on the activity, and the source of funds to be charged for*
 21 *the activity.”.*

22 **SEC. 10. AUTHORITY OF LOCAL GOVERNING BOARDS.**

23 *Section 1007(c) (42 U.S.C. 2996f(c)) is amended—*
 24 *(1) by striking “(1)” and “(2)” and inserting*
 25 *“(A)” and “(B)”, respectively;*

1 (2) by inserting “(1)” after “(c)”; and

2 (3) by adding at the end the following:

3 “(2) The board of directors of any nonprofit organiza-
4 tion that is—

5 “(A) chartered under the laws of one of the
6 States, a purpose of which is furnishing legal assist-
7 ance to eligible clients, and

8 “(B) receiving funds made available by or
9 through the Corporation,

10 shall set specific priorities pursuant to section
11 1007(a)(2)(C) for the types of matters and cases to which
12 the staff of the nonprofit organization shall devote its time
13 and resources. The staff of such organization shall not un-
14 dertake cases or matters other than in accordance with the
15 specific priorities set by its board of directors, except in
16 emergency situations defined by such board. The staff of
17 such organization shall report, to the board of directors of
18 the organization on a quarterly basis and to the Corpora-
19 tion on an annual basis, all cases undertaken other than
20 in accordance with such priorities. The Corporation shall
21 promulgate a suggested list of priorities which boards of di-
22 rectors may use in setting priorities under the paragraph.”.

23 **SEC. 11. REGULATION OF NONPUBLIC RESOURCES.**

24 Section 1010(c) (42 U.S.C. 2996i(c)) is amended to
25 read as follows:

1 “(c)(1) *Any non-Federal funds received by the Cor-*
2 *poration, and any funds received by any recipient from any*
3 *source other than the Corporation, shall be accounted for*
4 *and reported as receipts and disbursements separate and*
5 *distinct from Corporation funds. Any funds so received, in-*
6 *cluding funds derived from Interest on Lawyers Trust Ac-*
7 *counts, may not be expended by recipients for any purpose*
8 *prohibited by this title or the Legal Services Reform Act*
9 *of 1996. The Corporation shall not accept any non-Federal*
10 *funds, and any recipient shall not accept funds from any*
11 *source other than the Corporation, unless the Corporation*
12 *or the recipient, as the case may be, notifies in writing the*
13 *source of such funds that the funds may not be expended*
14 *for any purpose prohibited by this title or the Legal Services*
15 *Reform Act of 1996.*

16 “(2) *Paragraph (1) shall not prevent recipients from—*

17 “(A) *receiving Indian tribal funds (including*
18 *funds from private nonprofit organizations for the*
19 *benefit of Indians or Indian tribes) and expending*
20 *them in accordance with the specific purposes for*
21 *which they are provided; or*

22 “(B) *using funds received from a source other*
23 *than the Corporation to provide legal assistance to a*
24 *client who is not an eligible client if such funds are*
25 *used for the specific purposes for which such funds*

1 *were received, except that such funds may not be ex-*
 2 *pende d by recipients for any purpose prohibited by*
 3 *this title or the Legal Services Reform Act of 1996*
 4 *(other than any requirement regarding the eligibility*
 5 *of clients).”.*

6 **SEC. 12. CERTAIN EVICTION PROCEEDINGS.**

7 *Section 1007 (42 U.S.C. 2996f), as amended by sec-*
 8 *tions 6 and 7 of this Act, is further amended by adding*
 9 *at the end the following:*

10 *“(k)(1) No funds made available by or through the Cor-*
 11 *poration may be used for defending a person in a proceed-*
 12 *ing to evict that person from a public housing project if*
 13 *the person has been charged with the illegal sale or distribu-*
 14 *tion of a controlled substance and if the eviction proceeding*
 15 *is brought by a public housing agency because the illegal*
 16 *drug activity of that person threatens the health or safety*
 17 *of other tenants residing in the public housing project or*
 18 *employees of the public housing agency.*

19 *“(2) As used in this subsection—*

20 *“(A) the term ‘controlled substance’ has the*
 21 *meaning given that term in section 102 of the Con-*
 22 *trolled Substances Act (21 U.S.C. 802); and*

23 *“(B) the terms ‘public housing project’ and ‘pub-*
 24 *lic housing agency’ have the meanings given those*

1 *terms in section 3 of the United States Housing Act*
2 *of 1937 (42 U.S.C. 1437a).”.*

3 **SEC. 13. IMPLEMENTATION OF COMPETITION.**

4 *(a) IN GENERAL.—Section 1007 (42 U.S.C. 2996f), as*
5 *amended by sections 6, 7, and 12 of this Act, is further*
6 *amended by adding at the end the following:*

7 *“(1)(1) All grants and contracts awarded by the Cor-*
8 *poration for the provision or support of legal assistance to*
9 *eligible clients under this title shall be awarded under a*
10 *competitive bidding system.*

11 *“(2) Rights under sections 1007(a)(9) and 1011 shall*
12 *not apply to the termination or denial of financial assist-*
13 *ance under this title as a result of the competitive award*
14 *of any grant or contract under paragraph (1), and the expi-*
15 *ration of any grant or contract under this title as a result*
16 *of such competitive award shall not be treated as a termi-*
17 *nation or denial of refunding under section 1007(a)(9) or*
18 *1011.*

19 *“(3) For purposes of this subsection, the term ‘competi-*
20 *tive bidding’ means a system established by regulations is-*
21 *sued by the Corporation which provide for the award of*
22 *grants and contracts on the basis of merit to persons, orga-*
23 *nizations, and entities described in section 1006(a) who*
24 *apply for such awards in competition with others under*

1 *promulgated criteria. The Corporation shall ensure that the*
2 *system incorporates the following:*

3 “(A) *The competitive bidding system shall com-*
4 *mence no later than one year after the date of enact-*
5 *ment of this provision and all previously awarded*
6 *grants and contracts shall be set aside and subjected*
7 *to this system within one year thereafter.*

8 “(B) *All awards of grants and contracts made*
9 *under this system shall be subject to periodic review*
10 *and renewed with the opportunity for others to com-*
11 *pete for the award, and in no event shall any award*
12 *be granted for a period longer than 5 years.*

13 “(C) *Timely notice for the submission of applica-*
14 *tions for awards shall be published in periodicals of*
15 *local and State bar associations and in at least one*
16 *daily newspaper of general circulation in the area to*
17 *be served by the award recipient.*

18 “(D) *The selection criteria shall include but not*
19 *be limited to the demonstration of a full understand-*
20 *ing of the basic legal needs of the eligible clients to*
21 *be served and a demonstration of the capability of*
22 *servicing those needs; the reputations of the principals*
23 *of the applicant; the quality, feasibility, and cost ef-*
24 *fectiveness of plans submitted by the applicant for the*
25 *delivery of legal assistance to the eligible clients to be*

1 *served; a demonstration of willingness to abide by the*
2 *restrictions placed on those awarded grants and con-*
3 *tracts by the Corporation; and, if an applicant has*
4 *previously received an award from the Corporation,*
5 *the experiences of the Corporation with the applicant.*

6 *“(E) No previous recipient of an award of a*
7 *grant or contract may be given any preference.*

8 *“(m)(1) The Corporation shall define service areas and*
9 *funds available for each service area shall be on a per capita*
10 *basis pursuant to the number of poor people determined by*
11 *the Bureau of the Census to be within that area. Funds*
12 *for a service area may be distributed by the Corporation*
13 *to one or more recipients as defined in section 1006(a).*

14 *“(2) The amount of the grants from the Corporation*
15 *and of the contracts entered into by the Corporation under*
16 *section 1006(a)(1) shall be an equal figure per poor person*
17 *for all geographic areas, based on the most recent decennial*
18 *census of population conducted pursuant to section 141 of*
19 *title 13, United States Code, regardless of the level of fund-*
20 *ing for any such geographic area before the enactment of*
21 *the Legal Services Reform Act of 1996.*

22 *“(3) Beginning with the fiscal year beginning after the*
23 *results of the most recent decennial census have been re-*
24 *ported to the President under section 141(b) of title 13,*
25 *United States Code, funding of geographic areas served by*

1 recipients shall be redetermined, in accordance with para-
 2 graph (2), based on the per capita poverty population in
 3 each such geographic area under that decennial census.”.

4 (b) *REQUIREMENTS OF RECIPIENTS.*—Section 1007(c)
 5 (42 U.S.C. 2996f(c)), as amended by section 10 of this Act,
 6 is further amended by adding at the end the following:

7 “(3) Funds appropriated for the Corporation may not
 8 be used by the Corporation in making grants or entering
 9 into contracts for legal assistance unless the Corporation
 10 ensures that the recipient is either—

11 “(A) a private attorney or attorneys,

12 “(B) State and local governments or substate re-
 13 gional planning and coordination agencies which are
 14 composed of substate areas whose governing board is
 15 controlled by locally elected officials, or

16 “(C) a qualified nonprofit organization char-
 17 tered under the laws of one of the States—

18 “(i) a purpose of which is furnishing legal
 19 assistance to eligible clients, and

20 “(ii) the majority of the board of directors
 21 or other governing body of which is comprised of
 22 attorneys who are admitted to practice in one of
 23 the States and are approved to serve on such
 24 board or body by the governing bodies of State,
 25 county, or municipal bar associations the mem-

1 *bership of which represents a majority of the at-*
2 *torneys practicing law in the locality in which*
3 *the organization is to provide legal assistance.*

4 *The approval described in subparagraph (B)(ii) may be*
5 *given to more than one group of directors.”.*

6 **SEC. 14. POWERS, RESEARCH, AND ATTORNEYS’ FEES.**

7 (a) *POWERS.*—Section 1006(a)(1)(A)(ii) is amended
8 *to read as follows:*

9 *“(ii) State and local governments or sub-*
10 *state regional planning and coordination agen-*
11 *cies which are composed of substate areas whose*
12 *governing board is controlled by locally elected*
13 *officials,”.*

14 (b) *RESEARCH.*—Section 1006(a) (42 U.S.C. 2996e(a))
15 *is amended by inserting “and” at the end of paragraph*
16 *(1), by striking “; and” at the end of paragraph (2) and*
17 *inserting a period, and by striking paragraph (3).*

18 (c) *ATTORNEYS’ FEES.*—Section 1006 (42 U.S.C.
19 *2996e(f)) is amended by striking subsection (f) and insert-*
20 *ing the following:*

21 *“(f)(1) A recipient, or any client of such recipient,*
22 *may not claim or collect attorneys’ fees from nongovern-*
23 *mental parties to litigation initiated by such client with*
24 *the assistance of such recipient.*

1 “(2) *The Corporation shall create a fund to pay de-*
2 *pendants or clients under paragraph (3). In addition to any*
3 *other amounts appropriated to the Corporation, there is au-*
4 *thorized to be appropriated to such fund for each fiscal year*
5 *such sums as may be necessary.*

6 “(3) *If a Federal court has found an action commenced*
7 *by a plaintiff with the assistance of a recipient involves*
8 *a violation of rule 11 of the Federal Rules of Civil Proce-*
9 *dure, or if the president of the Corporation finds that an*
10 *action commenced by a plaintiff with the assistance of a*
11 *recipient in any court involves a violation of the standards*
12 *of rule 11, or was commenced for the purpose of retaliation*
13 *or harassment, the president of the Corporation shall, upon*
14 *application by the defendant, award from the Fund all rea-*
15 *sonable costs and attorneys’ fees incurred by the defendant*
16 *in defending the action.*

17 “(g)(1) *The Board within 90 days after the date of*
18 *the enactment of the Legal Services Reform Act of 1996,*
19 *shall issue regulations to provide for the distribution of at-*
20 *torneys’ fees received by a recipient, in accordance with*
21 *paragraph (2).*

22 “(2) *Such fees shall be transferred to the Corporation*
23 *and the Corporation shall distribute such fees among its*
24 *grantees for the direct delivery of legal assistance, except*
25 *that, subject to approval by the Corporation—*

1 “(A) a recipient shall not be required to transfer
2 fees or other compensation received as a result of a
3 mandated court appointed;

4 “(B) a recipient may retain reasonable costs cus-
5 tomarily allowed in litigation against an unsuccessful
6 party; and

7 “(C) a recipient may retain the actual cost of
8 bringing the action, including the proportion of the
9 compensation of each attorney involved in the action
10 which is attributable to that action.”.

11 **SEC. 15. ABORTION.**

12 (a) *PROHIBITION*.—Section 1007 (42 U.S.C. 2996f), as
13 amended by sections 6, 7, 12, and 13 of this Act, is further
14 amended by adding at the end the following:

15 “(n) No funds made available to any recipient from
16 any source may be used to participate in any litigation
17 with respect to abortion.”.

18 (b) *CONFORMING AMENDMENT*.—Section 1007(b) (42
19 U.S.C. 2996f(b)), as amended by section 4, is amended by
20 striking paragraph (8) and redesignating paragraphs (9),
21 (10), and (11) as paragraphs (8), (9), and (10), respec-
22 tively.

23 **SEC. 16. CLASS ACTIONS.**

24 Section 1006(d)(5) (42 U.S.C. 2996e(d)(5)) is amend-
25 ed—

1 (1) by striking “No” and inserting “(A) Subject
2 to subparagraph (B), no”; and

3 (2) by adding at the end the following:

4 “(B) No recipient or employee of a recipient may bring
5 a class action suit against the Federal Government or any
6 State or local government unless—

7 “(i) the governing body of the recipient has ex-
8 pressly approved the filing of such an action;

9 “(ii) the class relief which is the subject of such
10 an action is sought for the primary benefit of individ-
11 uals who are eligible for legal assistance under this
12 title; and

13 “(iii) before filing such an action, the project di-
14 rector of the recipient determines that the government
15 entity is not likely to change the policy or practice in
16 question, that the policy or practice will continue to
17 adversely affect eligible clients, that the recipient has
18 given notice of its intention to seek class relief, and
19 that responsible efforts to resolve without litigation
20 the adverse effects of the policy or practice have not
21 been successful or would be adverse to the interest of
22 the clients.”.

1 **SEC. 17. RESTRICTIONS ON USE OF FUNDS FOR LEGAL AS-**
2 **SISTANCE TO ALIENS.**

3 *Section 1007 (42 U.S.C. 2996f), as amended by sec-*
4 *tions 6, 7, 12, 13, and 15 of this Act, is further amended*
5 *by adding at the end the following:*

6 *“(o) No funds made available to any recipient from*
7 *any sources may be expended to provide legal assistance for*
8 *or on behalf of any alien unless the alien is present in the*
9 *United States and is—*

10 *“(1) an alien lawfully admitted for permanent*
11 *residence as defined in section 101(a)(2) of the Immi-*
12 *gration and Nationality Act (8 U.S.C. 1101(a)(20));*

13 *“(2) an alien who is either married to a United*
14 *States citizen or is a parent or an unmarried child*
15 *under the age of 21 years of such a citizen and who*
16 *has filed an application for adjustment of status to*
17 *permanent resident under the Immigration and Na-*
18 *tionality Act, and such application has not been re-*
19 *jected;*

20 *“(3) an alien who is lawfully present in the*
21 *United States pursuant to an admission under sec-*
22 *tion 207 of the Immigration and Nationality Act (8*
23 *U.S.C. 1157, relating to refugee admissions) or who*
24 *has been granted asylum by the Attorney General*
25 *under such Act;*

1 “(4) an alien who is lawfully present in the
2 United States as a result of the Attorney General’s
3 withholding of deportation pursuant to section 243(h)
4 of the Immigration and Nationality Act (8 U.S.C.
5 1253(h)); or

6 “(5) an alien to whom section 305 of the Immi-
7 gration Reform and Control Act of 1986 applies, but
8 only to the extent that the legal assistance provided
9 is that described in that section.

10 An alien who is lawfully present in the United States as
11 a result of being granted conditional entry pursuant to sec-
12 tion 203(a)(7) of the Immigration and Nationality Act (8
13 U.S.C. 11553(a)(7)) before April 1, 1980, because of perse-
14 cution or fear of persecution on account of race, religion,
15 or political opinion or because of being uprooted by cata-
16 strophic natural calamity shall be deemed to be an alien
17 described in paragraph (3).”.

18 **SEC. 18. TRAINING.**

19 Section 1007(b)(6) (42 U.S.C. 2996f(b)(6)) is amended
20 to read as follows:

21 “(6) to support or conduct training programs for
22 the purpose of advocating particular public policies
23 or encouraging political activities, labor or antilabor
24 activities, boycotts, picketing, strikes, or demonstra-
25 tions, including the dissemination of information

1 *about such policies or activities, except that this para-*
 2 *graph shall not be construed to prohibit the training*
 3 *of attorneys or paralegal personnel necessary to pre-*
 4 *pare them to provide adequate legal assistance to eli-*
 5 *gible clients, to advise any eligible client as to the na-*
 6 *ture of the legislative process, or to inform any eligi-*
 7 *ble client of the client’s rights under any statute,*
 8 *order, or regulation;”.*

9 **SEC. 19. COPAYMENTS.**

10 *Section 1007 (42 U.S.C. 2996f), as amended by sec-*
 11 *tions 6, 7, 12, 13, 15, and 17 of this Act, is further amended*
 12 *by adding at the end the following:*

13 *“(p) The Corporation shall undertake one or more*
 14 *demonstration projects in order to study the feasibility of*
 15 *using client copayments to assist in setting the service pri-*
 16 *orities of its programs. Based on those projects and such*
 17 *other information as it considers appropriate, the Corpora-*
 18 *tion may adopt a permanent system of client copayments*
 19 *for some or all of its programs of legal assistance.”.*

20 **SEC. 20. FEE-GENERATING CASES.**

21 *(a) REPRESENTATION IN FEE-GENERATING CASE.—*
 22 *Paragraph (1) of section 1007(b) (42 U.S.C. 2996f(b)) is*
 23 *amended to read as follows:*

24 *“(1) to provide legal assistance with respect to*
 25 *any fee-generating case, except that this paragraph*

1 *does not preclude representation of otherwise eligible*
 2 *clients in cases in which the client seeks benefits*
 3 *under titles II or XVI of the Social Security Act;”.*

4 *(b) DEFINITION.—Section 1007(b) is amended by add-*
 5 *ing at the end the following: “For purposes of paragraph*
 6 *(1), the term ‘fee-generating case’ means any case which if*
 7 *undertaken on behalf of an eligible client by an attorney*
 8 *in private practice may reasonably be expected to result in*
 9 *a fee for legal services from an award to a client from public*
 10 *funds, from the opposing party, or from any other source.”.*

11 **SEC. 21. WELFARE REFORM.**

12 *Section 1007(b) (42 U.S.C. 2996f(b)), as amended by*
 13 *section 15(b), is amended—*

14 *(1) by striking “or” at the end of paragraph (9),*

15 *(2) by striking the period at the end of para-*
 16 *graph (10) and inserting a semicolon, and*

17 *(3) by adding after paragraph (10) the follow-*
 18 *ing:*

19 *“(11) to provide legal representation for any per-*
 20 *son or participate in any other way in litigation, lob-*
 21 *bying, or rulemaking involving efforts to reform a*
 22 *State or Federal welfare system, except that this*
 23 *paragraph does not preclude a recipient from rep-*
 24 *resenting an individual client who seeking specific re-*
 25 *lief from a welfare agency where such relief does not*

1 *involve an effort to amend or otherwise challenge ex-*
2 *isting law; or”.*

3 **SEC. 22. PRISONER LITIGATION.**

4 *Section 1007(b) (42 U.S.C. 2996f(b)), as amended by*
5 *section 21, is amended by adding after paragraph (11) the*
6 *following:*

7 *“(12) to provide legal representation in litiga-*
8 *tion on behalf of a local, State, or Federal prisoner.”.*

9 **SEC. 23. APPOINTMENT OF CORPORATION PRESIDENT.**

10 *Section 1005 (42 U.S.C. 2996d) is amended in sub-*
11 *section (a)—*

12 *(1) by striking “The Board shall” and inserting*
13 *“The President, by and with the advice and consent*
14 *of the Senate, shall”;*

15 *(2) by adding “who shall serve at the pleasure of*
16 *the President” after “the president of the Corpora-*
17 *tion,”;*

18 *(3) by striking “as the Board” and inserting “as*
19 *the President”;* and

20 *(4) by striking “by the Board” and inserting “by*
21 *the President”.*

22 **SEC. 24. EVASION.**

23 *The Legal Services Corporation Act is amended—*

24 *(1) by redesignating sections 1013 and 1014 as*
25 *sections 1014 and 1015, respectively; and*

1 (2) by inserting after section 1012 the following
2 new section:

3 “EVASION

4 “SEC. 1013. Any attempt, such as the creation or use
5 of ‘alternative corporations’, to avoid or otherwise evade the
6 provisions of this title or the Legal Services Reform Act of
7 1996 is prohibited.”.

8 **SEC. 25. PAY FOR OFFICERS AND EMPLOYEES OF THE COR-**
9 **PORATION.**

10 Section 1005(d) (42 U.S.C. 2996d(d)) is amended—

11 (1) by striking “V” and inserting “III”; and

12 (2) by striking “5316” and inserting “5314”.

13 **SEC. 26. LOCATION OF PRINCIPAL OFFICE.**

14 Section 1003(b) (42 U.S.C. 2996b(b)) is amended by
15 striking “District of Columbia” and inserting “Washington
16 D.C. metropolitan area”.

17 **SEC. 27. DEFINITION.**

18 As used in section 1009(d) of Legal Services Corpora-
19 tion Act, the term “attorney client privilege” protects only
20 a communication made in confidence to any attorney by
21 a client for the purpose of seeking legal advice. Claims of
22 such privilege and claims of confidentiality do not, except
23 to the extent provided by court order, protect from disclo-
24 sure to any Federal department or agency that is auditing
25 the activities of the Legal Services Corporation or any re-
26 cipient (as defined in section 1002 of the Legal Services

1 *Corporation Act), or to any auditor receiving Federal funds*
2 *to conduct such auditing, including any auditor or monitor*
3 *of the Corporation, the names of plaintiffs that are a matter*
4 *of public record or documents which have been seen by third*
5 *parties, including all financial books and records. The Cor-*
6 *poration shall not disclose any such information, except to*
7 *the Inspector General of the Corporation, to Federal or*
8 *State law enforcement, judicial, or other officials, or to offi-*
9 *cials of appropriate bar associations for the purpose of con-*
10 *ducting investigations of violations of rules of professional*
11 *conduct.*