



OFFICE OF CHAIRMAN PHIL MENDELSON
COUNCIL OF THE DISTRICT OF COLUMBIA

Statement of Introduction

“Settlement of Actions Involving Minor Children Act of 2024”

Today I am introducing the Settlement of Actions Involving Minor Children Act of 2024. This bill eliminates the mandatory guardianship system for minor child settlements in favor of an investment framework that will prevent costly annual guardianship reports which consume the proceeds of the child’s settlement.

Under this legislation, judicial review is required in settlements with a net recovery of \$10,000 or more. In all settlements (under and over \$10,000), the settlement proceed check will be made payable to a trustee on behalf of the child. These checks must be deposited into a blocked account at a financial institution, and the child is unable to withdraw the funds (with certain exceptions for medical expenses and education) until he or she reaches the age of 18 years old. In the alternative, the representative of the child may ask the judge to approve a different financial situation (other than a blocked account) such as a structured settlement, pooled trust, special needs trust, or another fiduciary arrangement in the best interest of the child. While court approval of cases with a net recovery under \$10,000 is not required, if the representative of the child prefers to deposit the funds in an account other than a blocked account, the representative must seek court approval to authorize the alternative financial plan.

The bill also maintains judicial discretion to order a guardianship when it is in the best interest of the child.


Chairman Phil Mendelson

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A BILL

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To amend Title 21 of the District of Columbia Official Code to protect settlements awarded to minor children in civil actions by requiring court approval of net settlements of \$10,000 or more, provide for court discretion of guardianship appointments, provide details for resolution payments, provide for authorization of investments of certain proceeds, and require court approval of certain withdrawals.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the “Settlement of Actions Involving Minor Children Act of 2024.”

Sec. 2. Chapter 1 of Title 21 of the District of Columbia Official Code is amended as follows:

(a) The table of contents is amended as follows:

(1) Strike the sentence “21-120. Settlement of actions involving minor children; appointment of guardian of estate.” and insert the sentence “21-120. Settlement of actions involving minor children; court approval for certain amounts and payments.” in its place.

(2) Add new section designations to read as follows:

“21-121. Bond not required; deposit or investment of proceeds of appointing check.

“21-122. Court order required for withdrawal.

“21-123. Petition to court for withdrawal.”.

34 (b) Section 21-120 is amended as follows:

35 (1) The heading is amended to read as follows:

36 “§21-120. Settlement of actions involving minor children; court approval required for certain
37 amounts; payment of claim on behalf of minors.”.

38 (2) Subsection (a) is amended to read as follows:

39 “(a) A person entitled to maintain or defend an action on behalf of a minor child,
40 including an action relating to real estate, is competent to settle an action so brought and, upon
41 settlement thereof or upon satisfaction of a judgment obtained therein, is competent to give a full
42 acquittance and release of all liability in connection with the action, but if the net value of the
43 money and property due to the minor is \$10,000 or more, such a settlement is not valid unless
44 approved by a judge of the court in which the action is pending.”.

45 (3) Subsection (b) is repealed.

46 (4) New subsections (c), (d), and (e) are added to read as follows:

47 “(c)(1) Unless a court appoints a guardian of the property of a minor under subsection
48 (d) of this section, if a minor or any other person in whose name a claim in tort is made or
49 judgment in tort obtained on behalf of a minor recovers a net sum of less than \$10,000, the
50 person responsible for the payment of that sum shall make payment for the benefit of the minor
51 by check made to the order of “ _____ [name of trustee] trustee under Title 21 of
52 the District of Columbia Official Code for _____ [name of minor], minor”. If a
53 party seeks the approval of the court in which the action is pending, the court may authorize:

54 “(A) The funding of a structured settlement on behalf of the minor;

55 “(B) The creation and/or funding of a special needs trust for the benefit of
56 the minor;

57 “(C) The participation and/or funding of a pooled trust for the benefit of
58 the minor; or

59 “(D) Any other trust or fiduciary arrangement that the court deems in the
60 best interest of the minor.

61 “(2) Unless a court appoints a guardian of the property of a minor under
62 subsection (d) of this section, if a minor or any other person in whose name a claim in tort is
63 made or judgment in tort obtained on behalf of a minor recovers a net sum of \$10,000 or more,
64 the person responsible for the payment of that sum shall make payment for the benefit of the
65 minor by check made to the order of “ _____ [name of trustee], trustee under Title
66 21 of the District of Columbia Official Code for _____ [name of minor],
67 minor” except the court may authorize:

68 “(A) The funding of a structured settlement on behalf of the minor;

69 “(B) The creation and/or funding of a special needs trust for the benefit of
70 the minor;

71 “(C) The participation and/or funding of a pooled trust for the benefit of
72 the minor; or

73 “(D) Any other trust or fiduciary arrangement that the court deems in the
74 best interest of the minor.

75 “(3) No other act is necessary to constitute the person named as trustee pursuant
76 to paragraph (1) or paragraph (2) of this subsection.

77 “(d)(1) In accordance with the procedures for the appointment of a guardian under this
78 section, the court may appoint a guardian of the property of a minor on whose behalf a recovery

79 in tort is sought or has been obtained if the court determines that the appointment would be in the
80 best interest of the minor.

81 “(2) The petition for guardianship may be made by an interested person or a
82 trustee designated under this title or under subsection (c) of this section.

83 “(e) If a court appoints a guardian of the property of a minor under subsection (d) of this
84 section or a guardian has already been appointed and the minor or any other person in whose
85 name a claim in tort is made or judgment in tort obtained on behalf of the minor, the person
86 responsible for the payment of that sum shall make payment for the benefit of the minor by
87 check made to the order of “_____ (name of guardian), guardian under Title 21 of the
88 District of Columbia Official Code for _____ (name of minor), minor” except the
89 court may authorize:

- 90 (1) “The funding of a structured settlement on behalf of the minor;
91 (2) “The creation and/or funding of a special needs trust for the benefit of the minor;
92 (3) “The participation and/or funding of a pooled trust for the benefit of the minor; or
93 (4) “Any other trust or fiduciary arrangement that the court deems in the best interest
94 of the minor”.

95 A new section 21-121 is added to read as follows:

96 “§ 21-121. Bond not required; deposit or investment of proceeds of appointing check.

97 “(a) The trustee need not give bond.

98 “(b)(1) Except as otherwise approved by the court pursuant to §21-120 (c)(1)(A)
99 through (c)(1)(D) or (c)(2)(A) through (c)(2)(D), a trustee who receives a check under §21-
100 120(c)(1) or (c)(2) shall:

101 “(A) Deposit the check in any financial institution. Financial institution means:

102 i. Depository institution, as defined in the Federal Deposit Insurance
103 Act under 12 U.S.C. § 1813(c); or

104 ii. Federal credit union or State credit union, as defined in the Federal
105 Credit Union Act under 12 U.S.C. § 1752;

106 “(B) If the trustee deposits the check in a financial institution under subparagraph
107 (A) of this paragraph, the trustee may direct the financial institution to invest or reinvest the
108 proceeds of the check in a certificate of deposit or other interest-bearing account.

109 “(2) Except as otherwise approved by the court pursuant to §21-120(c)(1)(A)
110 through (c)(1)(D) or §21-12(c)(2)(A) through (c)(2)(D), deposits may be made in one or more
111 accounts in a financial institution under paragraph (1)(A) of this subsection, provided that the
112 amount deposited in any account or institution shall not exceed the amount to which accounts
113 are insured.”.

114 (c) A new section 21-122 is added to read as follows:

115 “§ 21-122. Court order required for withdrawal.

116 “(a) Except on the order of the court, the financial institution specified in §21-
117 121(b)(1)(A) may not allow the withdrawal of any of the money except to pay it to the minor on
118 the minor’s attainment of the age of 18 years or to pay to the personal representative of the
119 minor’s estate on the death of the minor before the minor’s attaining the age of 18 years.

120 “(b) Payment, without the need of a court order, shall be made to the minor on or after the
121 minor’s 18th birthday, upon presentation of a valid government identification.

122 “(c) Payment by any institution or association in accordance with an order of the court, or
123 to the minor on or after the minor’s 18th birthday, or to the personal representative after the death

124 of the minor, is a complete discharge of liability of the institution or association for the money
125 paid.”.

126 (d) A new section 21-123 is added to read as follows:

127 “§21-123. Petition to court for withdrawal.

128 “(a) A trustee shall file a petition for withdrawal of any of the money of the minor in the
129 Superior Court of the District of Columbia.

130 “(b)

131 “(1) The petition shall be verified and state in detail the purposes for which the
132 withdrawal of the money is desired.

133 “(2) On receiving a petition, the court shall make any inquiry necessary before
134 granting or denying the petition in whole or in part.

135 “(c) If money is desired for any purpose other than to pay for medical expenses of the
136 minor, or to further the education of the minor, including reasonable expenditures for room and
137 board, the court shall require a strong showing of necessity by the trustee in a hearing.

138 “(d) If the trustee dies or is discharged, a petition filed under this section shall include a
139 prayer for the appointment of another trustee.

140 “(e) In its order on a petition, the court may direct the institution where the funds of the
141 minor are on deposit to make its check to the order of:

142 “(1) The trustee for the use of the minor; or

143 “(2) The person, firm, or organization which has performed or is to perform a
144 service for or furnish goods to the minor.

145 “(f) The court also may direct payment of a reasonable fee for an attorney and the costs of
146 the proceedings, but may not in any event direct or provide for the payment of any fees or
147 commissions to the trustee.”.

148 Sec. 3. Fiscal impact statement.

149 The Council adopts the fiscal impact statement in the committee report as the fiscal
150 impact statement required by section 4a of the General Legislative Procedures Act of 1975,
151 approved October 16, 2006 (120 Stat. 2038; D.C. Official Code § 1-301.47a).

152 Sec. 4. Effective date.

153 This act shall take effect following approval of the Mayor (or in the event of veto by the
154 Mayor, action by the Council to override the veto), a 30-day period of congressional review as
155 provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December
156 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)), and publication in the District of
157 Columbia Register.