

1 ENGROSSED SENATE  
2 BILL NO. 1780

By: Crain of the Senate

3 and

4 McDaniel (Randy) of the  
5 House

6  
7 [ consumer lawsuit loans - transactions - contracts -  
8 enforcement provisions - remedies - codification -  
9 effective date ]

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BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

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SECTION 1. NEW LAW A new section of law to be codified

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in the Oklahoma Statutes as Section 800 of Title 15, unless there is  
created a duplication in numbering, reads as follows:

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A. As used in this act:

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1. "Consumer" means a natural person who:

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a. resides or is domiciled in this state, or

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b is a party to a legal action pending before a state or  
federal court located in this state;

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2. "Consumer lawsuit loan" means the funds provided directly or  
indirectly to a consumer by a consumer legal funding company in a  
consumer lawsuit loan transaction;

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3. "Consumer lawsuit loan company" means a person or entity

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that enters into a consumer lawsuit loan transaction with a

1 consumer. The term does not include an attorney who provides  
2 professional services to the consumer on a contingency basis in  
3 relation to the consumer's legal claim. The term does include, but  
4 is not limited to:

- 5 a. an affiliate or subsidiary of a consumer lawsuit loan  
6 company,
- 7 b. an entity or person who buys a whole or partial  
8 interest in a consumer lawsuit loan,
- 9 c. a person who acts as an agent to provide a consumer  
10 lawsuit loan from a third party for a fee,
- 11 d. a person who acts as an agent for a third party in  
12 providing a consumer lawsuit loan for a fee,  
13 regardless of whether approval or acceptance by the  
14 third party is necessary to create a legal obligation  
15 for the third party, or
- 16 e. any other person or entity that is determined by the  
17 attorney general to be engaged in a transaction that  
18 is a disguised consumer lawsuit loan or a subterfuge  
19 for the purpose of avoiding this act;

20 4. "Consumer lawsuit loan contract" means a written or oral  
21 agreement between a consumer and a consumer lawsuit loan company  
22 providing for a consumer lawsuit loan transaction;

23 5. "Consumer lawsuit loan transaction" means a transaction in  
24 which:

- 1 a. a consumer lawsuit loan company provides a consumer  
2 lawsuit loan to a consumer, and  
3 b. the consumer assigns, conveys or otherwise confers to  
4 the consumer lawsuit loan company the right to receive  
5 the proceeds, or part thereof, of the settlement,  
6 insurance payment, or award of damages obtained in the  
7 consumer's legal action;

8 6. "Legal action" means a bona fide civil action, statutory or  
9 regulatory claim for which damages may be awarded to the claiming  
10 party or a cause of action or legal claim upon which such civil  
11 action, statutory or regulatory claim may be based. The term  
12 includes, but is not limited to:

- 13 a. any settlement or negotiation toward settlement of a  
14 civil action, statutory or regulatory proceeding  
15 described in this paragraph. or  
16 b. any agreement or negotiation toward an agreement under  
17 which a civil action, statutory or regulatory  
18 proceeding based upon a cause of action described in  
19 this paragraph would not be initiated; and

20 7. "Proceeds" means the funds from a settlement, insurance  
21 payment or award of damages obtained in the consumer's legal action.

22 B. A consumer lawsuit loan company may not enter into a  
23 consumer lawsuit loan transaction with a consumer with respect to a  
24 legal action in which the consumer is a party. A consumer lawsuit

1 loan contract entered into in violation of this subsection shall be  
2 void from the inception of such contract.

3 C. A violation of this act shall constitute a prohibited  
4 practice in accordance with the Oklahoma Consumer Protection Act and  
5 shall be subject to any and all of the enforcement provisions of the  
6 Oklahoma Consumer Protection Act. The remedies and rights provided  
7 under this act are in addition to any remedy otherwise available  
8 under law to a consumer claiming relief, including any award for  
9 general, consequential or punitive damages.

10 SECTION 2. This act shall become effective November 1, 2012.

11 Passed the Senate the 13th day of March, 2012.

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Presiding Officer of the Senate

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15 Passed the House of Representatives the \_\_\_\_ day of \_\_\_\_\_,  
16 2012.

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Presiding Officer of the House  
of Representatives

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