

BILL SUMMARY
1st Session of the 54th Legislature

Bill No.:	SB1016
Version:	CCS
Request Number:	N/A
Author:	Rep. Leslie Osborn
Date:	5/21/2013
Impact:	Not Required

Research Analysis

The Conference Committee Substitute for SB1016 establishes new laws to regulate consumer litigation funding agreements and provides for the licensure of a consumer litigation funder.

Section 1 (NEW LAW): Definitions.

Section 2 (NEW LAW): Nonapplicability of the Act. Consumer litigation funding agreements between a consumer and the an immediate family member of the consumer, an accountant providing services to the consumer or an attorney who has an attorney-client relationship with the consumer are not governed by the Act.

Section 3 (NEW LAW): Prohibits parties from entering into a litigation funding transaction with a consumer litigation funding agreement.

Section 4 (NEW LAW): Provides that at an attorney representing a consumer in the legal claim is not under a duty to assign payment from a settlement, judgment, award or verdict to the consumer litigation funding unless the attorney has agreed to do so in writing.

Section 5 (NEW LAW): Sets criteria for a consumer litigation funding agreement.

Section 6 (NEW LAW): Allows the consumer to cancel the agreement without penalty and sets delivery method for reimbursement of funds.

Section 7 (NEW LAW): Requires the consumer litigation funding agreement to contain certain disclosures. The agreement must list an itemization of one time charges, the total amount to be assigned by the consumer to the funder, a payment schedule, and a statement clarifying the consumer's right to cancel the agreement.

Section 8 (NEW LAW): Requires the agreement amount to be paid to the funder in periodic intervals.

Section 9 (NEW LAW): Requires a consumer litigation funder be licensed by the Administrator of the Department on Consumer Credit. The license fee will be \$200.

Section 10 (NEW LAW): Allow the Administrator to require an applicant or license holder to file a \$50,000 bond with the application.

Section 11 (NEW LAW): Provides that the Administrator may only issue license to businesses that will be operated honestly and fairly.

Section 12 (NEW LAW): Direct the Administrator to set a hearing to determine an applicant's qualifications for licensure.

Section 13 (NEW LAW): Allows for renewal of licenses every 2 years.

Section 14 (NEW LAW): Outlines prohibited activities of a consumer litigation funder.

Section 15 (NEW LAW): Sets penalties for violations of the Act.

Section 16 (NEW LAW): Requires the Administrator to adopt rules and procedures necessary to implement the act no later than July 1, 2014.

Section 17 (NEW LAW): Provides that the Act only applies to consumer litigation funding agreements entered on or after the effective date of the Act.

Section 18: Effective date. November 1, 2013.

Prepared By: Quyen Do

Fiscal Analysis

Not required.

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Other Considerations

None.