

# **TPLF testimony sb985.pdf**

Uploaded by: Alonzo Washington

Position: FAV



THE SENATE OF MARYLAND  
ANNAPOLIS, MARYLAND 21401

**Testimony in Support of Senate Bill 985- Consumer Protection- Third-Party Litigation Financing**

SB 985 seeks to regulate the actions of Third-Party Litigation Financing (TPLF) groups regarding litigation financing contracts. This bill enshrines in law the right for all Marylanders to make decisions regarding the conduct of their court cases no matter who is responsible for funding them, imposes a fiduciary duty on TPLF firms in certain class-action circumstances, and establishes a framework for penalizing TPLF groups that engage in usury.

This bill also mandates ten simple disclosures which will protect Marylanders from predatory agreements. Most important among these disclosures are an explanation of the consumer's rights under Maryland law as well as an explanation of the total amount the consumer will have to repay if their litigation is successful.

No citizen of Maryland should be prevented from having their day in court because of a lack of financial resources. Similarly, no citizen of Maryland should be preyed upon because of this lack of resources. Senate Bill 985 will ensure that Marylanders who choose to seek out TPLF will have all the knowledge they need to make an informed decision. By imposing disclosures on TPLF providers, this bill will uphold the accessibility and fairness which are the central pillars of our judicial system.

**Effects of Gaps in Current Law**

Current Law allows Marylanders to be taken advantage of by wealthy TPLF firms who use opaque contracts to disguise how much the consumer is paying for the services they receive and to ensure that Marylanders remain ignorant of their rights.

**State-Level Precedents**

Wisconsin, Montana, Indiana, Louisiana, and West Virginia have already passed legislation mandating TPLF disclosures, and Arizona, Georgia, New Hampshire, Ohio, and Oklahoma all have pending legislation that will introduce some variation of the same mandatory disclosures contained in this bill.

By passing SB 985, Maryland will ensure that its residents know their rights and can more effectively engage with TPLF groups without falling victim to an onerous contract. This is a necessary step to protect the central values of accessibility and fairness which underpin the Maryland Justice system.

Therefore, I respectfully request a favorable report on SB 985.

# **SB 985\_MAMIC\_FAV.pdf**

Uploaded by: Bryson Popham

Position: FAV



191 Main Street, Suite 310 – Annapolis MD 21401 – 410-268-6871

March 4, 2025

The Honorable Pamela Beidle  
Chair, Senate Finance Committee  
3 East Miller Senate Office Building  
Annapolis, Maryland 21401

RE: Senate Bill 985- Consumer Protection - Third-Party Litigation Financing– FAVORABLE

Dear Chair Beidle and Members of the Committee,

We are writing in support of Senate Bill 985.

MAMIC is comprised of 12 mutual insurance companies that are headquartered in Maryland and neighboring states. Approximately one-half of our members are domiciled in Maryland, and are key contributors and employers in our local communities. Together, MAMIC members offer a wide variety of insurance products and services and provide coverage for thousands of Maryland citizens.

MAMIC companies represent an important component of the property and casualty insurance industry in Maryland. They are among the oldest providers of this vital insurance – one of our members was founded in 1794 and has offered its products continually since that date. Perhaps most important, mutual insurers are owned by their policyholders, which means the Maryland citizens who are our customers. MAMIC members are a stable, predictable presence in an industry that, at times, can be subject to disruptive economic forces that may damage insurance consumers.

One such force that has grown in recent years is the practice of litigation financing. As defined in the bill, this means the lending of money to plaintiffs in civil litigation in return for a share of the proceeds of such litigation. The recent growth of litigation financing has included such funders as sovereign wealth funds, and threatens to disrupt the orderly conduct of dispute resolution for insurance claims.

Senate Bill 985 places reasonable conditions for disclosures that must be included in any litigation financing contract. It also creates a fiduciary duty owed by a litigation financier to each member participating in class action litigation. It prohibits certain practices as well, such as the payment of a commission, referral fee or rebate, and related practices. Finally, it provides that the State Attorney General will enforce the provisions of the law.

MAMIC strongly believes that the protections set forth in this legislation are timely and needed benefits for persons engaged in civil litigation where insurance proceeds represent a primary source of recovery.

For these reasons, we strongly urge you to support Senate Bill 985.

Sincerely,

Melissa Shelley, President

cc: Bryson F. Popham

# **55208116-v1-SB 985 Support.pdf**

Uploaded by: Carville Collins

Position: FAV

## **MARYLAND EMPLOYERS FOR CIVIL JUSTICE REFORM COALITION**

### **SUPPORTS SB 985**

#### **Consumer Protection – Third-Party Litigation Financing**

Maryland Employers for Civil Justice Reform Coalition, comprised of many of the largest employers, businesses, and health care providers in Maryland, supports SB 985. The bill takes a thorough and balanced approach to provide consumer protection for plaintiffs in civil lawsuits and contractual transparency for defendants.

A significant feature of SB 985 is a mandatory disclosure requirement that a party in a civil action must provide -- to all other parties and each insurer defending other parties in the civil action -- a copy of the litigation financing contract. This common-sense provision will provide full disclosure to defendants and all parties. In addition, the bill mandates an array of required provisions and safeguards to be included in the actual litigation financing contract. These provisions and safeguards afford material and much-needed protections for plaintiffs who enter into these contracts. Other provisions that address the conduct of cases involving third-party litigation financing will govern discovery, amendments to these contracts, and those civil actions that are filed or certified as class actions.

A further set of requirements in the bill contain express requirements and prohibitions on litigation financiers. These requirements only add to transparency and the consumer-protection intent of the bill. Practically all of these provisions reflect existing concepts and practices in Maryland's current consumer protection statutes.

To the extent this legislation may have unintended consequences for the regulation or non-regulation of other types of lenders, the Coalition supports the addition or amendment of bill language to prevent the incidence of outcomes not intended by this legislation.

For all these reasons, the Coalition urges a favorable report on SB 985.

Carville B. Collins  
carville.collins@saul.com  
410-847-5598

Counsel for Maryland Employers for  
Civil Justice Reform Coalition

March 6, 2025

# **American Tort Reform Association SB985 FAV.pdf**

Uploaded by: Cary Silverman

Position: FAV



# American Tort Reform Association

1101 Connecticut Ave, NW ■ Suite 400 ■ Washington, DC 20036  
(202) 682-1163 ■ Fax: (202) 682-1022 ■ [www.atra.org](http://www.atra.org)

March 4, 2025

The Honorable Pamela Beidle  
Chair, Senate Finance Committee  
3 East Miller Senate Office Building  
Annapolis, Maryland 21401

Re: Senate Bill 985: Request for Favorable Report  
Hearing, Thursday, March 6, 2024, 1pm

Dear Chair Beidle:

On behalf of the American Tort Reform Association (ATRA), a national coalition of large and small businesses, nonprofits, and trade and professional associations with the mission promoting a fair and predictable civil justice system, we would like to express our support for Senate Bill 985.

The purpose of our civil justice system is to fairly and efficiently resolve disputes between parties. Traditional legal doctrines generally prohibited people or businesses who were not parties to the litigation from funding or having an financial interest in it due to concerns with outsiders meddling in litigation, incentivizing questionable lawsuits, and seeking extortionate settlements. As those doctrines fell to the wayside, and particularly over the past decade or so, we have seen a proliferation of third parties investing in litigation, viewing the civil justice system not as a way of resolving disputes and providing fair compensation, but purely as a profit-making opportunity.

Third party litigation funding (TPLF) primarily comes in two forms. The first is consumer litigation funding, in which lenders offer immediate cash, often with predatory interest rates and fees, to people who are plaintiffs in pending litigation, typically personal injury lawsuits. The money usually goes toward a plaintiff's personal expenses during litigation, not the litigation itself. This form of lawsuit lending is the legal equivalent of the payday loan.<sup>1</sup> Lenders are repaid out of the judgment or settlement. Often, recovery is a sure thing as a consumer is simply awaiting a final settlement and the check to arrive. Experience nationwide shows that these types of loans can come with sky-high interest rates and fees. At payback, a consumer may owe the lender three, five, or even ten times the advanced amount. Aside from raising predatory lending concerns, these arrangements can complicate the ability to reach a reasonable settlement, as the parties (and sometimes the plaintiffs' own lawyer) may be unaware that, after paying the lender and the attorney's contingency fee, there will be little to no money left for the injured party.

A second form of TPLF involves litigation finance firms, hedge funds, institutional investors, and others that provide money primarily to law firms to fund litigating a case or portfolio of cases. In return, much like an attorney operating on a contingency-fee basis, the investor is entitled to a portion of the recovery. Funders back the law firms behind a wide range of litigation—personal injury mass tort cases, IP, antitrust, and other cases. This outside investment in litigation raises the potential for conflicts of interest between funders, attorneys, and clients. While companies that engage in this practice often claim that they

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<sup>1</sup> ATRA appreciates that the Maryland Commissioner of Financial Regulation, has, on several occasions, invoked the Maryland Consumer Loan Law and the Interest and Usury law to take action against lenders that have offered lawsuit loans at rates in excess of those allowed by Maryland law. *In the Matter of Plaintiff Funding Holding, Inc. d/b/a LawCash*, No. CFR-FY2014-0052 (July 18, 2016); *In the Matter of National Lawsuit Funding, Inc.*, No. CFR-FY2012-128 (Oct. 4, 2012); *In the Matter of Oasis Legal Finance, LLC*, No. DFR-EU-2008-241, Settlement Agreement and Consent Order (Aug. 6, 2009).



The Honorable Pamela Beidle

March 4, 2025

Page two of two

do not influence the litigation or settlement, when such arrangements emerge from the shadows, we have seen funders reject settlements agreed to by the parties as “too low,” dictate the choice of counsel, or are otherwise pull the strings. Such situations are ethically problematic, can hurt ordinary people, and are typically hidden. This is a multibillion dollar industry that is projected to double by the end of the decade.

Senate Bill 985 provides needed safeguards for both of these forms of TPLF. First, the bill takes the critical step of providing transparency when a party is relying on TPLF in litigation. Requiring disclosure of litigation financing contracts ensures that all parties are aware that there is an arrangement or outside investor that may be influencing the case and its settlement. It also allows the parties to alert the court if the agreement raises predatory lending concerns or other ethical issues, such as conflicts of interest between funders, lawyers, and clients.

Second, the bill prohibits lenders from engaging in several ethically problematic practices, such as attempting to influence the litigation or settlement, or participating in referral relationships with lawyers and medical providers. It is also our understanding that the bill firmly establishes that a lender may not charge a consumer an interest rate that exceeds Maryland’s usury rate. The bill requires litigation financing contracts to include certain information to make consumers aware of how much of their recovery they may ultimately sacrifice in return for what may seem like a small “advance.”

Finally, ATRA would support an amendment to the bill providing an additional safeguard by ensuring that a lender cannot take more than 25% of any recovery. This provision would help avoid situations in which the plaintiff’s lawyer and lender receive substantially more of the recovery than the actual injured party. Outside parties should not be the primary beneficiaries of litigation.

For these reasons, ATRA respectfully urges the Committee to favorably report Senate Bill 985. Thank you for your consideration.

Sincerely,



Sherman Joyce  
President

cc: Members of the Senate Finance Committee

# **SB985\_NICB\_DeCampos\_FAV.pdf**

Uploaded by: Eric De Campos

Position: FAV



March 4, 2025

The Honorable Pam Beidle and Members of the Committee  
Senate Finance Committee  
Maryland Senate

RE: SB 985 – Third-Party Litigation Financing

Dear Chair Beidle and Members of the Committee:

The National Insurance Crime Bureau (NICB) is a national, century-old, not-for-profit organization supported by approximately 1,200 property and casualty insurance companies, including many who write business in Maryland. Working hand-in-hand with our member companies and Maryland state and local law enforcement, we help to detect, prevent, and deter insurance fraud and crimes. While NICB provides value to our member companies, we also serve a significant public benefit by helping to stem the estimated billions of dollars in economic harm that insurance fraud causes to individual policy holders across the country every year.

Insurance fraud is not a victimless crime. The FBI estimates that over a 10-year period, insurance fraud costs the average U.S. family between \$4,000 and \$7,000 in the form of increased premiums. Fraudsters will exploit every avenue, forum, and opportunity to bilk consumers and their insurers to line their own pockets, which ultimately increases costs for everyone. Unfortunately, the courtroom is not immune. Fraudsters and their affiliates have engaged in predatory and abusive litigation tactics and employed tools to advance—and conceal—their aims. NICB is concerned that, absent additional transparency and accountability, litigation financing can serve as a facilitator of fraud.

For example, NICB recently assisted the U.S. Department of Justice's investigation and prosecution of a massive trip-and-fall fraud scheme in New York, which defrauded businesses and their insurance providers of more than \$31 million. This organized insurance fraud scheme included deliberate, unnecessary surgeries performed on victims simply to drive insurance claims and lawsuits upward. The surgeries, as well as other medical procedures, were funded by litigation financing companies. The financiers also paid the fraud scheme organizers and participants referral fees for each patient who signed a funding agreement, charged the patients (who were overwhelmingly poor) absurdly high interest rates, and the majority of the proceeds awarded in the fraudulent lawsuits went right back to the financiers themselves.



Senate Bill 985 would provide important consumer protections and much-needed transparency on third-party litigation financing. Specifically, the bill would: require litigation financiers to disclose their name and address on a litigation financing contract; require litigation financiers to provide written disclosures and statements to consumers regarding their right of rescission and charges and fees related to the contract; and establish guardrails around prohibited activities by a litigation financier. These reforms, among others, would help protect consumers and provide regulators with critical information to identify and combat fraudulent activities.

**Accordingly, NICB respectfully requests your support for SB 985.**

We thank you for considering our views as you deliberate the merits of this bill. We encourage you to utilize NICB as a resource and partner in the fight against insurance crime. If you have any questions or need additional information, please contact me at [edecampos@nicb.org](mailto:edecampos@nicb.org) or 847.989.7104.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric M. DeCampos", with a long horizontal line extending to the right.

Eric M. DeCampos  
Senior Director  
Strategy, Policy and Government Affairs  
National Insurance Crime Bureau

# **MDCC\_SB 985\_FAV.pdf**

Uploaded by: Grason Wiggins

Position: FAV



## Senate Bill 985

**Position: Favorable**

Committee: Senate Finance

Date: March 6, 2025

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Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 7,000 members and federated partners working to develop and promote strong public policy that ensures sustained economic health and growth for Maryland businesses, employees, and families.

Senate Bill 985 (SB 985) reforms third-party litigation financing (TPLF) to facilitate transparency in litigation and limit the damage the unregulated world of TPLF has on the fair and efficient administration of justice. Specifically, SB 985 requires common-sense guardrails around the use of TPLF, including mandatory disclosure of TPLF agreements, increased discoverability of those arrangements in lawsuits, and state-level regulation of funders.

Third-party litigation financing is a growing and extremely concerning trend in our judicial system. TPLF occurs when an investor helps to finance a lawsuit in which the investor has no personal stake, utilizing outside resources instead of the litigant's own funds. In practice, third parties ensure high rates of return for their investment, turning lawsuits into profit centers.

TPLF is typically structured as a non-recourse investment by a funder in a lawsuit or arbitration. The funding is in exchange for an agreed-upon payment by the litigant to the funder from the proceeds of the legal proceeding – at an exorbitantly high interest rate or as a significant portion of the proceeds from the legal proceeding. Litigation should be controlled by the parties with a substantive interest in the outcome of a case and their lawyers, not by funders whose only interest is in securing a high rate of return on their investment. For these reasons, the Maryland Chamber of Commerce respectfully requests a **favorable report** on **SB 985**.

## **SB985\_APCIA\_FAV**

Uploaded by: Nancy Egan

Position: FAV



**Testimony of**  
**American Property Casualty Insurance Association (APCIA)**  
**Senate Finance Committee**  
**Senate Bill 985 - Consumer Protection- Third-Party Litigation Financing**  
**March 6, 2025**

**Favorable**

The American Property Casualty Insurance Association (APCIA) is the primary national trade organization representing nearly 66.9% of the personal auto market, 82.4% of commercial auto, and 75.4% of commercial general liability in the Maryland property casualty insurance market. Senate Bill 985 would put into statute the regulation of third party litigation financing (TPLF) including requiring that the contracts contain certain disclosures to the consumer as well as disclosures of the TPLF agreement in civil cases and imposing a fiduciary duty on litigation financiers in certain class actions.

Third party litigation financing is where outsiders invest in lawsuits in exchange for a portion of the recovery. With respect to consumer litigation financing, lenders provide immediate cash to individuals who are awaiting settlements or verdicts, typically in personal injury lawsuits. Unlike commercial TPLF, which funds the litigation expenses themselves, consumer TPLF provides money directly to a plaintiff (rather than a law firm) and funds a plaintiff's personal expenses during litigation, rather than funds the litigation itself. They are sometimes advertised as "cash for lawsuits."

The consumer litigation funding industry representatives say that the average lawsuit loan is about \$2,000,<sup>1</sup> but the amounts can be far greater. A quick internet search for companies offering consumer litigation funding in Maryland found that one company offered up to \$2 million. This type of TPLF is regulated by the Office of Consumer Regulation but has not been specified in statute but is the OFR's practice. The Office of Financial Regulation reached a settlement agreement with Oasis Legal Finance, LLC in August of 2009 regarding this type of loan and stated that Oasis could not operate unless licensed with the OFR and any lending rate of return was subject to CL Section 12-306. (See attached) The OFR has provided some amendment language to HB 1274 to clarify the licensing obligation and appears at the end of the testimony.

Another form of litigation financing, commercial TPLF, funds the litigation expenses themselves. We have seen a proliferation of third parties investing money in litigation, viewing the civil justice system not as a way of resolving disputes and providing fair compensation, but purely as a profit-making opportunity. Dedicated litigation finance firms, hedge funds, institutional investors, foreign sovereign wealth funds, and wealthy individuals are investing billions of dollars each year into funding U.S. lawsuits in exchange for a portion of a settlement or verdict. Major litigation funders alone had more than \$15 billion invested in U.S. litigation in 2023.<sup>2</sup> TPLF investment are projected to double to about \$30 billion over the next few years.<sup>3</sup> As one study found, in U.S. TPLF cases, up to 57% of legal costs and compensation go to lawyers, financiers and others, compared with an

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<sup>1</sup> See, e.g., [Testimony of Eric Schuller](#), President, The Alliance for Responsible Consumer Legal Funding (ARC), Before the Kansas House Committee on Judiciary, H.B. 2694, Feb. 15, 2022.

<sup>2</sup> Westfleet Advisors, [The Westfleet Insider: 2023 Litigation Finance Market Report](#), at 3 (2024).

<sup>3</sup> Swiss Re Institute, [U.S. Litigation Funding and Social Inflation](#), at 8 (Dec. 2021).



average of 45% in cases where TPLF is not involved.<sup>4</sup>

An outside funder's presence can turn what is traditionally a negotiation between two opposing parties into a multi-party affair with a "behind the scenes" funder interested solely in maximizing a return on investment. These TPLF arrangements can create serious ethical and other problems. Outside funders can interfere in an attorney's ethical obligation to the client and to exercise independent judgment. Funders may exert control over potential case settlements or other major litigation decisions in place of the law firm's client. We've seen this occur in antitrust litigation, where a major funder, Burford, blocked proposed settlements as too low and sought to take over the litigation.<sup>5</sup> One major funder even stated that their presence "make[s] it harder and more expensive to settle cases."<sup>6</sup>

This bill protects consumers and provides needed transparency. It requires certain disclosures so that consumer will have a better sense of how much these small loans will ultimately cost. The OFR has provided the following friendly amendment language to emphasize that these TPLF must be licensed by the OFR.

**Amendment language provided by the Office of Financial Regulation:**

**Add as a definition in 14-5001**

***"Commissioner" means the Commissioner of Financial Regulation in the Maryland Department of Labor.***

**Add as new 14-5010**

***Licensing***

***(a) (1) A Litigation Financier is subject to the licensing, investigatory, enforcement, and penalty provisions of this subtitle, Title 2, Subtitle 1 of the Financial Institutions Article, and Title 11, Subtitle 3 of the Financial Institutions Article.***

***(2) The licensing provisions of this subtitle do not apply to a person excluded from this subtitle by §14-5003.***

***(b)(1) A license required by this subtitle shall be issued by the Commissioner under Title 11, Subtitle 3 of the Financial Institutions Article.***

***(2) The unique identifier of the licensee shall constitute the license number for the license.***

**Change existing 14-5010 to 14-5011**

Most importantly, the bill requires disclosure of litigation financing contracts, treating such agreements in the same manner as how Maryland requires disclosure of insurance agreements which includes policy limits and the policy terms. This allows all parties to have an understanding of who has a financial interest in the litigation and is potentially influencing its direction and settlement, and allowing them to alert the court, if the agreement raises ethical or other issues. In the consumer lawsuit loan context, this transparency will inform the consumer

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<sup>4</sup> <https://www.swissre.com/reinsurance/insights/third-party-litigation-funding.html>; f

<sup>5</sup> See Editorial, *The Litigation Finance Snare*, Wall St. J., Mar. 21, 2023; Hannah Albarazi, *When a Litigation Funder is Accused of Taking Over the Case*, Law360, Mar. 15, 2023. A federal magistrate judge in Minnesota observed that Burford's actions created an "enormous" litigation burden for Sysco and caused "serious practical problems" that proposed to "allow a financier with no interest in the litigation beyond maximizing profit on its investment to override decisions made by the party that actually brought suit." *In re Pork Antitrust Litig.*, No. 18-cv-1776 (JRT/JFD), 2024 WL 511890, at \*1 (D. Minn. Feb. 9, 2024), *aff'd*, 2024 WL 2819438 (D. Minn. June 3, 2024). The federal judge that affirmed that ruling also noted that an agreement allowing a funder to take over litigation "threatens the public policy favoring the settlement of lawsuits." *In re Pork Antitrust Litig.*, 2024 WL 2819438, at \*4 (D. Minn. June 3, 2024).

<sup>6</sup> Jacob Gershman, *Lawsuit Funding, Long Hidden in the Shadows, Faces Calls for More Sunlight*, Wall St. J., Mar. 21, 2018 (quoting Allison Chock, chief investment officer for IMF Benthams U.S. division (now Omni Bridgeway)).

as well. In requiring disclosure of third party litigation funding and adopting other safeguards, Maryland will join other states that have taken similar steps in recent years, such as Indiana, Louisiana, Montana, West Virginia, Wisconsin. Legislation is also pending in 11 other states..<sup>7</sup> The US District Court for the District of Maryland has a rule requiring that TPLF be disclosed during litigation.<sup>8</sup>

APCIA supports this legislation and urges the Committee to issue a favorable report. Thank you for your consideration.

Nancy J. Egan,

State Government Relations Counsel, DC, DE, MD, VA, WV

[Nancy.egan@APCIA.org](mailto:Nancy.egan@APCIA.org)/Cell: 443-841-4174

Attachments: Amendment; Oasis consent decree

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<sup>7</sup> <https://www.swissre.com/reinsurance/insights/third-party-litigation-funding.html>; f

<sup>8</sup> District of Maryland L.R. 103.3(b) ("When filing an initial pleading... counsel shall file a statement (separate from any pleading) containing...[t]he identity of any corporation, unincorporated association, partnership, or other business entity, not a party to the case, which may have any financial interest whatsoever in the outcome of the litigation, and the nature of its financial interest.").

**Amendment language provided by the Office of Financial Regulation:**

**Add as a definition in 14-5001**

***“Commissioner” means the Commissioner of Financial Regulation in the Maryland Department of Labor.***

**Add as new 14-5010**

***Licensing***

***(a) (1) A Litigation Financier is subject to the licensing, investigatory, enforcement, and penalty provisions of this subtitle, Title 2, Subtitle 1 of the Financial Institutions Article, and Title 11, Subtitle 3 of the Financial Institutions Article.***

***(2) The licensing provisions of this subtitle do not apply to a person excluded from this subtitle by §14-5003.***

***(b)(1) A license required by this subtitle shall be issued by the Commissioner under Title 11, Subtitle 3 of the Financial Institutions Article.***

***(2) The unique identifier of the licensee shall constitute the license number for the license.***

**Change existing 14-5010 to 14-5011**

**IN THE MATTER OF:**

**OASIS LEGAL FINANCE, LLC**

**Respondent**

\* **BEFORE THE MARYLAND**  
\* **COMMISSIONER OF**  
\* **FINANCIAL REGULATION**  
\*  
\* **DFR-EU-2008-241**  
\*

\* \* \* \* \*

**SETTLEMENT AGREEMENT AND CONSENT ORDER**

This Settlement Agreement and Consent Order ("Agreement") is entered into this 6<sup>th</sup> day of **August, 2009**, by and between the Maryland Commissioner of Financial Regulation (the "Commissioner") and Oasis Legal Finance, LLC ("Oasis"), 40 North Skokie Boulevard, Suite 500, Northbrook, Illinois 60062.

WHEREAS, the Commissioner is charged under the Maryland Consumer Loan Law, Commercial Law Article ("CL"), Title 12, Subtitle 3, Annotated Code of Maryland, and Financial Institutions Article ("FI"), Title 11, Subtitle 2, Annotated Code of Maryland, with the responsibility of licensing and regulating consumer loans and advances in this State; and

WHEREAS, as a result of two complaints and an investigation by the Office of the Commissioner, it was alleged that Oasis engaged in the business of making loans or advances to Maryland consumers without the proper licenses under Maryland law; and

WHEREAS, in connection with these allegations, the Commissioner of Financial Regulation issued a Summary Order to Cease and Desist to Oasis on March 9, 2009, in which Oasis was ordered to cease and desist from engaging in the business of making advances to Maryland residents; and

WHEREAS, the Commissioner desires to ensure that Oasis will comply with all applicable licensing requirements and other provisions of Maryland law and regulations applicable to the making of advances in this State, and desires to avoid the cost to the taxpayers of lengthy hearings, court proceedings and appeals resulting from a litigated disposition of these allegations; and

WHEREAS, Oasis denies the allegations in the Summary Order to Cease and Desist issued to Oasis on March 9, 2009, and denies any liability under the Maryland Consumer Loan Law, or any other State laws or regulations applicable to lending in Maryland, and continues to assert that these transactions are non-recourse civil litigation funding transactions, that these are not "loans or advances" under the Commissioner's jurisdiction under current Maryland law, but has voluntarily entered into this Settlement Agreement and also desires to avoid the cost of a hearing and potential court proceedings resulting from a litigated disposition of these allegations; and

WHEREAS, Oasis acknowledges that it has voluntarily entered into this Agreement with full knowledge of its right to a hearing on the allegations set forth herein, pursuant to FI §§ 2-115(a) and 11-215(b), and the Maryland Administrative

Procedures Act (Md. Code Ann., State Gov't Article § 10-201 *et seq.*), and hereby waives its right to a hearing, and Oasis further acknowledges that it had an opportunity to consult with independent counsel in connection with its waiver of rights and negotiation and execution of this Agreement and has, in fact, consulted with its own counsel; and

NOW, THEREFORE, in consideration of the mutual promises contained herein, it is by the Maryland Commissioner of Financial Regulation, on the day and year first above written, hereby ORDERED that:

1. The Recitals set forth above are and shall form a part of this Agreement.

2. The Commissioner hereby vacates the Summary Cease and Desist Order issued to Oasis on March 9, 2009, and will withdraw the currently scheduled hearing from the Office of Administrative Hearings docket.

3. The Commissioner agrees that she will not bring an enforcement action of any kind, civil or administrative, against Oasis or against its officers, Board of Managers, employees, or investors, for any conduct related to the investigation referred to in the Summary Order to Cease and Desist issued to Oasis on March 9, 2009.

4. Oasis acknowledges that, as of the date it received the Summary Order to Cease and Desist, it has not engaged in any new transactions of the type described in the Summary Order to Cease and Desist, and it agrees that it will not

do business in Maryland as long as the current law is in effect in Maryland (or unless it chooses to get licensed as the Commissioner currently alleges that it must do).

5. Oasis will pay a settlement amount of \$105,000.00 in full and complete satisfaction of all penalties that could have been assessed in connection with the facts and circumstances that were the subject of the investigation and Summary Order to Cease and Desist.

6. Oasis acknowledges that, in the event it violates any provision of this Agreement, the Maryland Consumer Loan Law, or any other State laws or regulations applicable to lending in Maryland, the Commissioner may, at the Commissioner's discretion, take such enforcement actions as are permitted by, and are in accordance with, applicable law.

7. The Commissioner will permit Oasis to conclude all pending transactions with Maryland consumers [which Oasis characterizes as non-recourse civil litigation funding transactions], including those currently in escrow, by collecting the funded amount plus a rate of return not to exceed the rates set forth in CL §12-306. As defined herein, "Maryland consumers" and "do business in Maryland" shall refer to transactions involving Maryland residents only.

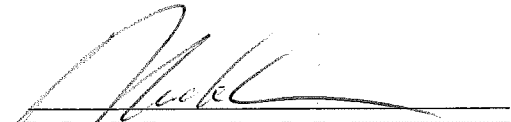
8. This Agreement constitutes the complete resolution of a disputed matter and does not constitute nor shall it be deemed an admission by Oasis, or by its officers, Board of Managers, employees, or investors, of liability or a violation,

willful or otherwise, of Maryland law.

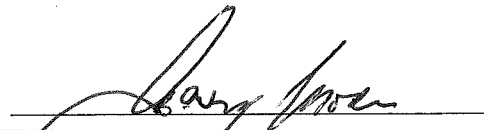
9. Oasis acknowledges that this Agreement is considered a Final Order of the Commissioner for the purposes of any future action by the Commissioner under the appropriate regulatory laws of the State of Maryland.

IN WITNESS WHEREOF, this Agreement is executed on the day and year first above written.

**COMMISSIONER OF FINANCIAL  
REGULATION**

  
By. Mark Kaufman  
Deputy Commissioner

**OASIS LEGAL FINANCE, LLC**

  
By. Gary D. Chodes  
Chief Executive Officer,  
Oasis Legal Finance, LLC



# **State Farm Testimony on TPLF .pdf**

Uploaded by: Marta Harting

Position: FWA

## STATE FARM INSURANCE COMPANIES

### House Bill 1274/Senate Bill 985 (Consumer Protection – Third-Party Litigation Financing)

Position: Favorable with Amendment

State Farm supports HB 1274/SB985 (Consumer Protection – Third Party Litigation Financing) with amendment. This bill would create a regulatory framework for third party litigation financing in Maryland, including disclosure and transparency requirements and other important consumer protection measures. State Farm requests that the bill be amended to further protect consumers by imposing a cap on the maximum amount that a litigation financier may receive from the award, consistent with the third-party litigation financing law in Montana.

Proposed Amendment:

On page 6, after line 9, insert:

“THE MAXIMUM AMOUNT THE LITIGATION FINANCER MAY RECEIVE OR RECOVER FROM ANY CONTINGENT PAYMENT IS 25% OF THE AMOUNT OF ANY JUDGMENT, AWARD, SETTLEMENT, VERDICT, OR OTHER FORM OF MONETARY RELIEF OBTAINED IN THE CIVIL ACTION THAT IS THE SUBJECT OF THE LITIGATION.”

On page 10, after line 16, insert:

“(12) A LITIGATION FINANCER MAY NOT RECEIVE OR RECOVER ANY PAYMENTS THAT EXCEED 25% OF THE AMOUNT OF ANY JUDGMENT, AWARD, SETTLEMENT, VERDICT, OR OTHER FORM OF MONETARY RELIEF OBTAINED IN THE CIVIL ACTION THAT IS THE SUBJECT OF THE LITIGATION.”

# **SB 0985 CPD Testimony Favorable with Amendments Fi**

Uploaded by: Wilson Meeks

Position: FWA

**CAROLYN A. QUATTROCKI**  
*Chief Deputy Attorney General*

**LEONARD J. HOWIE III**  
*Deputy Attorney General*

**CARRIE J. WILLIAMS**  
*Deputy Attorney General*

**SHARON S. MERRIWEATHER**  
*Deputy Attorney General*

**ZENITA WICKHAM HURLEY**  
*Chief, Equity, Policy, and Engagement*



**STATE OF MARYLAND**  
**OFFICE OF THE ATTORNEY GENERAL**  
**CONSUMER PROTECTION DIVISION**  
**LENDING AND FINANCE**

**ANTHONY G. BROWN**  
*Attorney General*

**WILLIAM D. GRUHN**  
*Division Chief*

**PETER V. BERNS**  
*General Counsel*

**CHRISTIAN E. BARRERA**  
*Chief Operating Officer*

**WILSON M. MEEKS III**  
*Assistant Attorney General*

March 6, 2025

To: The Honorable Pamela Beidle  
Chair, Senate Finance Committee

From: Wilson M. Meeks – Consumer Protection Division

Re: Senate Bill 0985– Consumer Protection – Third Party Litigation Financing (SUPPORT  
WITH AMENDMENTS)

---

The Consumer Protection Division of the Office of the Attorney General supports with amendments Senate Bill 0985, sponsored by Senator Alonzo T. Washington. Senate Bill 0985 outlines disclosure requirements for third-party litigation financing (“TPLF”) providers but does not make clear that existing licensing and consumer lending laws continue to apply to TPLF loans. Those laws provide important protections for Maryland consumers. With the appropriate amendments, the concerns of the Consumer Protection Division can be addressed.

TPLF is the practice by which a lender invests in litigation by lending a party (usually a plaintiff) money in exchange for an interest in any proceeds that result from the litigation. TPLF generally exists in two formats: commercial and consumer funding. Senate Bill 0985 focuses on consumer funding, *i.e.* funding provided to an individual or class of individuals rather than a commercial entity. Research shows that consumer TPLF providers tend to provide relatively smaller amounts ranging from \$1,000 to \$10,000.<sup>1</sup> Currently, these are loans that are subject to the regulations set forth in Title 12, Subtitle 3—Consumer Loans—Credit Provisions, also known as the Maryland Consumer Lending Laws (“MCLL”), among other subtitles. These should remain subject to the MCLL and usury laws and should not be treated differently than other loans made to Maryland consumers.

---

<sup>1</sup> *Third-Party Litigation Financing Market Characteristics, Data, and Trends*, UNITED STATES GOVERNMENT ACCOUNTABILITY OFFICE (December 2022), at pg. 13.

Senate Bill 0985 attempts to create transparency in the field of TPLF by focusing on disclosure requirements for TPLF contracts. Such transparency is a positive thing that the Division supports. However, the legislation should be clear that existing consumer protections apply to these loans.

*First*, Senate Bill 0985 should explicitly state that TPLF lenders must be licensed under Md. Code Ann., Fin. Inst. § 11-301 *et seq.* TPLF lenders must be licensed under the current laws, and Senate Bill 0985 should make clear that this requirement continues. *Second*, Senate Bill 0985 should explicitly incorporate the usury caps, definition of interest, interest rates disclosure requirements, and other provisions of Maryland’s consumer lending laws. In this way, consumers can be sure that TPLF lenders are properly calculating, capping and disclosing interest rates to consumers, who can then shop for a potentially better loan. As written, Senate Bill 0985 seems to limit the regulation of TPLF loans to Title 12, Subtitle 1 and exempts TPLF providers from other important consumer protection provisions including, but not limited to, those in Title 12, Subtitles 3 (MCLL), 9, and 10. *Third*, Senate Bill 0985 requires TPLF lenders to include in a TPLF contract disclosure of all “fees” and “charges” but does not include language defining or what constitutes “fees” and “charges.” Senate Bill 0985 should include such definitions. *Fourth*, Senate Bill 0985 should explicitly subject TPLF lenders to Title 12, Subtitles 1 and 3 to ensure that Maryland consumers are protected by these longstanding laws.

TPLF providers market themselves as increasing “access to justice” with little to no risk to consumers since their lending services are contingent and non-recourse—consumers only repay TPLF providers if there is recovery in the litigation. Any argument that these loans should be treated differently than other small loans because they are contingent on a successful recovery in litigation is not strong as the MCLL explicitly covers loans under \$25,000, even if they purport to be contingent and/or non-recourse.

While it is unclear what TPLF lenders typically charge for their loans as it appears to be a guarded secret in the industry, the Consumer Protection Division believes disclosure of the interest rates and any other costs of lending is important for transparency as Senate Bill 0985 purports to create. If the intent of the legislation is to create additional regulation of this industry by creating disclosure requirements, then Senate Bill 0985 should be thorough and clear, referencing all consumer lending and licensing provisions.

Accordingly, for the reasons set forth, the Consumer Protection Division supports Senate Bill 0985 with amendments addressing the concerns set forth herein.

cc. The Honorable Alonzo T. Washington  
Members, Senate Finance Committee

# **SB 985 CDIA - FWA.pdf**

Uploaded by: Zachary Taylor

Position: FWA



Consumer Data Industry Association  
1090 Vermont Ave., NW, Suite 200  
Washington, D.C. 20005-4905

March 4, 2025

P 202 371 0910

[CDIAONLINE.ORG](http://CDIAONLINE.ORG)

Senator Pamela Beidle  
Chair  
Senate Finance Committee  
Maryland Senate  
3 East Miller Senate Office Building  
Annapolis, Maryland 21401

Chair Beidle, Vice Chair Hayes, and Members of the Committee:

On behalf of the Consumer Data Industry Association (CDIA), I am writing to express our concerns regarding provisions in SB 985 that conflict with and are preempted by the federal Fair Credit Reporting Act (FCRA). For the reasons outlined below, we respectfully request an amendment to the bill that would strike lines 3 through 7 on page 10 to remove 14-5008 (9), which would restrict the reporting of certain information to consumer reporting agencies.

CDIA represents the consumer reporting industry, including nationwide credit bureaus, regional and specialized credit bureaus, background check companies, and more. Since our founding in 1906, we have promoted the responsible use of consumer data to empower financial opportunities, reduce fraud, and manage risk. Through data analytics, our members facilitate fair and secure transactions, foster competition, and expand consumers' access to tailored financial products.

The FCRA establishes a comprehensive framework for the collection, dissemination, and use of consumer information, including credit reporting. The FCRA imposes obligations on companies ("furnishers") that provide ("furnish") information to consumer reporting agencies ("CRAs"). These obligations are in 15 U.S. Code § 1681s-2, responsibilities of furnishers of information to consumer reporting agencies. The FCRA has extensive preemption provisions that prohibit state regulation in many areas of law relating to consumer reporting, including provisions that impact furnishing requirements.

A safe and sound credit economy needs a reliable credit reporting system. Suppression of credit reporting leads to increased inaccurate credit files, reduces the reliability of credit scores, and adds greater risk and uncertainty into the lending process. This is why Congress included language in the federal FCRA 15 U.S.C. § 1681t(b)(1)(F) which preempts "any subject matter regulated under... 15 U.S.C. § 1681s-2, relating to the responsibilities of persons who furnish information to consumer reporting agencies..."

While CDIA takes no position on the policy goal of SB 985, we are concerned by unnecessary inclusion of 14-5008 (9) and its restriction on reporting of information to consumer reporting agencies. As discussed above, Congress preempted the states from establishing prohibitions on the furnishing of information to consumer reporting agencies. As this limitation on furnishing information is inconsistent with the FCRA, it is preempted at 15 U.S.C. § 1681t(b)(1)(F).

With this in mind, we respectfully request that 14-5008 (9) be removed from the bill by striking lines 3 through 7 on page 10. This would eliminate any unintentional conflict with the FCRA, fully resolve our concerns, and avoid unnecessary legal uncertainties for consumer reporting agencies in relation to Maryland law. Thank you for your consideration of our concerns and please reach out with any additional questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Zachary W. Taylor", is written over a horizontal line.

Zachary W. Taylor  
Director, Government Relations  
Consumer Data Industry Association

# **MAJ UNFAV Third Party Funding HB1274.SB985.pdf**

Uploaded by: Chris Figueras

Position: UNF





## 2025 POSITION PAPER SB985/HB1274

### Consumer Protection – Third-Party Litigation Financing UNFAVORABLE

House Bill 1274, the "Maryland Transparency in Third-Party Litigation Financing Act," purports to protect consumers but, in reality, undermines their ability to seek justice by imposing excessive restrictions on third-party litigation financing (TPLF). This bill creates unnecessary barriers for consumers who rely on litigation financing to afford legal representation and access the courts. If enacted, HB 1274/SB985 would disproportionately harm individuals facing financial hardship while benefiting corporate defendants and insurance companies.

#### 1. Restricting Consumer Access to Justice

Litigation financing allows consumers—particularly those with limited resources—to pursue valid claims by providing their attorneys access to the necessary financial resources. HB 1274/SB985 places undue burdens on this practice by imposing excessive disclosure requirements and fiduciary duties on litigation financiers, which will discourage providers from offering much-needed financial support. Without access to these resources, many consumers will be unable to afford legal representation, effectively denying them their right to justice.

#### 2. Unwarranted Disclosure Mandates Invade Consumer Privacy

HB 1274/SB985 mandates that litigation financing contracts be disclosed to opposing parties and insurers, an unnecessary intrusion into consumers' financial arrangements. This requirement not only violates privacy but also provides strategic advantages to well-funded defendants, allowing them to exploit a plaintiff's financial position during litigation. **The Maryland Association for Justice (MAJ)** opposes this provision, noting that it grants defense counsel undue leverage rather than transparency, improperly positioning them as arbiters of compliance rather than the judge.

#### 3. Penalizing Consumers Instead of Protecting Them

The bill would penalize consumers rather than protect them. **Restricting financing terms would result in fewer funding options, disproportionately harming plaintiffs who lack alternative financial resources to sustain litigation.** The bill also invokes ethical considerations of invading attorney client privilege and attorney work product by mandating disclosure, only by one side, of these protected communications.

#### 4. Protecting Corporations and Insurers at the Expense of Consumers

By limiting litigation financing, HB 1274/SB985 serves the interests of deep-pocketed corporate defendants and insurers who want to minimize their financial liability. Many consumers face powerful adversaries with extensive legal teams and resources. Without third-party financing, these individuals will be unable to sustain lengthy legal battles, forcing them into settlements that do not reflect the true value of their claims.

#### Conclusion

HB 1274/SB985 is framed as a consumer protection measure, but its practical effect will be to deny consumers the financial tools they need to fight for their rights in court. This bill will widen the justice gap, favoring wealthy defendants at the expense of everyday Marylanders. **State and federal judges already have the authority to regulate TPLF through discovery rules when necessary, making these new disclosure mandates redundant and harmful.** For these reasons, we strongly oppose HB 1274/SB985 and urge policymakers to reject this anti-consumer legislation.

**The Maryland Association for Justice urges an UNFAVORABLE Report on SB985/HB1274**

## About Maryland Association for Justice

The Maryland Association for Justice (MAJ) represents over 1,250 trial attorneys throughout the state of Maryland. MAJ advocates for the preservation of the civil justice system, the protection of the rights of consumers and the education and professional development of its members.

10440 Little Patuxent Parkway, Suite 250  
Columbia, MD 21044

(410) 872-0990 | FAX (410) 872-0993  
[info@mdforjustice.com](mailto:info@mdforjustice.com)

[mdforjustice.com](http://mdforjustice.com)

# **Eric Schuller ARC written Testimony SB 985.pdf**

Uploaded by: Eric Schuller

Position: UNF

March 4, 2025

The Honorable Chair Beidle  
The Honorable Vice Chair Hayes  
Senate Finance Committee  
11 Bladen St  
Annapolis, MD 21401

RE: Opposition to SB 985

My name is Eric Schuller, and I am the President of The Alliance for Responsible Consumer Legal Funding (ARC).

ARC is the largest Trade Association that represents the companies that offer Consumer Legal Funding across the country.

Consumer Legal Funding is where a company provides financial assistance to a consumer who has a pending legal claim. In most cases it is a car accident. Those funds that are provided to the consumer are used for household needs such as paying their mortgage, rent, car payments, putting food on the table and keeping the lights on.

The funds we provide the consumer are not used to fund the litigation. They are not used to pay for the attorney, expert witnesses associated court cost or other related expenses to the legal claim.

Unfortunately, what has happened is the issue of Consumer Legal Funding is being confused with the practice of Litigation Financing.

Litigation Financing is where a company or organization provides funds or financial assistance to pay for the prosecution of the legal claim. Those funds are used directly to pay for the attorney, legal cost and other cost to ensure the legal claim can make it way through the legal system.

In Consumer Legal Funding the average amount of funds we provide a consumer is about \$3,000 to \$5,000. In Litigation Financing they typically start at \$3,000,000.

As drafted SB 985 confuses Litigation Financing with Consumer Legal Funding. It implies that the funds we are providing to the consumer are used to finance the litigation and as such we respectfully have to oppose the bill as drafted.

That being said, we would like to offer some changes to the legislation that would clarify the product, and we believe would strengthen the consumer protection that the legislation was intended to do.

This would put the legislation in line with other states where we have enacted similar legislation.

We believe the attached changes are not unreasonable and are consistent with language that we have agreed to with the Insurance industry currently in New Hampshire and Iowa, where we have agreed to legislation pending.

We believe that with these changes we can fully support the legislation and help to ensure the consumers and the legal system in Maryland are protected for years to come.

Please see the attached description of our suggestions and a red-lined version of the bill.

If you have any questions, feel free to reach out to me directly, [eschuller@arclegalfunding.org](mailto:eschuller@arclegalfunding.org)

Thank you for your time and consideration in this matter.

*Eric Schuller*

Eric Schuller  
President

## Changes made to SB 985/HB 1274

- Changed the reference to “Litigation Financing” to “Consumer Legal Funding”
  - With this change it now clearly states what the product is and does
  - The product does not “finance litigation” so it should not be referenced as such
  - This is what it is referred to in other states to keep it consistent for consumers
- Removed the reference to “Loan” as the companies do not make loans
- On the disclosure to the consumer changed it to the first “two” pages.
  - With that font requirement and the other items required it would not fit on one page.
- Included a “Maximum Total Amount” to be included in the disclosure to the consumer.
  - This way the consumer and their attorney will know from the beginning the maximum amount of the obligation under the terms of the contract and there will be no surprises.
- Changed the disclosure of the contract to the other side to be consistent with what has been agreed to with APCIA, NAMIC and ILR in other legislation.
- In prohibited section
  - Clarified that the companies cannot refer to medical providers as well
  - Changed the anti-assignment/securitization section to what has been agreed to and passed in other states.
  - Added in a prohibition of paying for legal/court expenses
  - Added in that a funding company cannot fund a consumer who has already received funding from a previous company. Only one funding company at a time unless agreed to by all parties.
  - Added in that the companies are prohibited from enticing a consumer in bringing an action forward.
- Regarding violations added in “willful” so that a company that makes an honest mistake will not be punished unnecessarily.
- Removed reference to rate restriction under loan statute
- Added in that it is not a loan under Maryland Law
- Added in a provision to allow companies and the consumer's attorney to have conversations and not be subject to discovery

SENATE BILL 985

I3

5lr3302

By: Senator A. Washington

Introduced and read first time: January 28, 2025 Assigned to:  
Finance

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A BILL ENTITLED

1 AN ACT concerning

2 **Consumer Protection – ~~Third-Party Litigation Financing~~CONSUMER LEGAL  
FUNDING**

3 FOR the purpose of prohibiting certain ~~litigation financiers~~consumer legal funding company's from  
engaging in certain

4 conduct with respect to ~~litigation financing consumer legal funding~~ transactions and  
certain litigation

5 financing contracts; requiring that the ~~litigation financing consumer legal funding~~ contracts  
contain certain

6 disclosures and be executed in a certain manner; requiring a certain disclosure of a

7 ~~litigation financing consumer legal funding~~ contract in certain civil actions; imposing a  
fiduciary duty on

8 litigation financiers in certain class actions; requiring that a ~~litigation financing consumer  
legal funding~~

9 contract be rendered void and unenforceable under certain circumstances; providing

10 that a ~~litigation financier consumer legal funding company~~ may be subject to certain  
penalty and enforcement

11 mechanisms for usury; and generally relating to ~~third-party litigation financing~~consumer  
~~legal funding~~

12 transactions.

13 BY adding to

14 Article – Commercial Law

15 Section 14–5001 through 14–5010~~2~~, to be under the new subtitle “Subtitle 50.

~~16~~ Maryland Transparency in ~~Third-Party Litigation Financing Consumer Legal Funding Act”~~

~~1716~~ Annotated Code of Maryland

~~1817~~ (2013 Replacement Volume and 2024 Supplement)

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~~1918~~ SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

~~2019~~ That the Laws of Maryland read as follows:

~~2120~~ Article – Commercial Law

~~22~~ SUBTITLE 50. MARYLAND TRANSPARENCY IN ~~THIRD-PARTY LITIGATION~~CONSUMER LEGAL FUNDING

~~2321~~ FINANCING ACT,

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24 14–5001.

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1 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS  
2 INDICATED.

3 (B) "CIVIL ACTION" INCLUDES ANY LEGAL CLAIM, CASE, ADMINISTRATIVE  
4 PROCEEDING, OR PORTFOLIO OF ACTIONS TO RECOVER DAMAGES IN THE STATE.

5 (C) "CONSUMER" MEANS AN INDIVIDUAL WHO IS DOMICILED, RESIDES, OR  
6 IS PRESENT IN THE STATE OR WHO IS OR MAY BECOME A PLAINTIFF, CLAIMANT, OR  
7 COMPLAINANT IN A CIVIL ACTION IN THE STATE.

8 (D) "LEGAL REPRESENTATIVE" MEANS AN ATTORNEY, A GROUP OF  
9 ATTORNEYS, OR A LAW FIRM LICENSED AND AUTHORIZED TO PRACTICE LAW AND  
10 REPRESENT A CONSUMER IN A CIVIL ACTION IN THE STATE.

11 (E) "~~LITIGATION FINANCER~~CONSUMER LEGAL FUNDING COMPANY" MEANS A PERSON OR  
GROUP OF PERSONS  
12 ENGAGED IN OR FORMED, CREATED, OR ESTABLISHED FOR THE PURPOSE OF  
13 ENGAGING IN THE BUSINESS OF ~~LITIGATION FINANCING~~CONSUMER LEGAL  
FUNDING OR ANY OTHER BUSINESS  
14 OR ECONOMIC ACTIVITY IN WHICH A PERSON OR GROUP OF PERSONS RECEIVES  
15 CONSIDERATION OF ANY KIND IN EXCHANGE FOR PROVIDING ~~LITIGATION~~  
1613 ~~FINANCING~~CONSUMER LEGAL FUNDING.

1714 (F) "~~LITIGATION FINANCING~~CONSUMER LEGAL "FUNDING" MEANS  
THE FINANCING, FUNDING,  
18 ADVANCING, OR LOANING OF MONEY TO A CONSUMER OR A CONSUMER'S LEGAL  
1915 REPRESENTATIVE IF:

2016 (1) THE REPAYMENT OF ALL OR ANY PORTION OF THE AMOUNT  
2117 FINANCED, FUNDED, ADVANCED, OR LOANED IS:

22 (I) CONTINGENT ON THE OUTCOME OF A CIVIL ACTION; OR

23 (II) REQUIRED ONLY IF THE CONSUMER PREVAILS IN A CIVIL  
24 ACTION; OR

25 (2) THE MONEY OR FUNDS FOR THE REPAYMENT OF ANY AMOUNT OF  
26 FINANCING, FUNDING, ADVANCE, OR LOAN IS DERIVED OR SOURCED, DIRECTLY OR  
27 INDIRECTLY, FROM THE PROCEEDS OR OTHER CONSIDERATION REALIZED FROM  
28 ANY JUDGMENT, AWARD, SETTLEMENT, VERDICT, OR OTHER FORM OF MONETARY  
29 RELIEF THE CONSUMER MAY RECEIVE OR RECOVER IN RELATION TO A CIVIL  
30 ACTION.

31 (G) (1) "~~LITIGATION FINANCING~~CONSUMER LEGAL FUNDING CONTRACT"  
MEANS A WRITTEN  
32 CONTRACT IN WHICH A ~~LITIGATION FINANCER~~ CONSUMER LEGAL FUNDING

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~~132~~ ~~FINANCING CONSUMER LEGAL FUNDING~~ TO A CONSUMER IN  
CONJUNCTION WITH A CIVIL ACTION AS  
~~21~~ CONSIDERATION FOR;

~~32~~ (i) REPAYMENT OF THE ~~LITIGATION FINANCING CONSUMER LEGAL FUNDING~~;

~~43~~ (ii) THE PAYMENT OF INTEREST, FEES, OR OTHER  
~~54~~ CONSIDERATION TO THE LITIGATION FINANCIER; OR

~~6~~ (iii) ASSIGNING TO THE ~~LITIGATION FINANCIER CONSUMER LEGAL FUNDING~~  
~~COMPANY~~ A RIGHT TO

~~75~~ RECEIVE PAYMENT FROM THE VALUE OF;

~~86~~ 1. ANY PROCEEDS OR OTHER CONSIDERATION  
~~97~~ REALIZED FROM ANY JUDGMENT, AWARD, SETTLEMENT, OR VERDICT; OR

~~108~~ 2. ANY OTHER FORM OF MONETARY RELIEF A  
~~119~~ CONSUMER, A LEGAL REPRESENTATIVE, OR ANY OTHER PERSON MAY RECEIVE OR  
~~1210~~ RECOVER IN RELATION TO THE CIVIL ACTION.

~~1311~~ (2) "LITIGATION FINANCING CONSUMER LEGAL FUNDING CONTRACT"  
DOES NOT INCLUDE AN

~~1412~~ AGREEMENT, A CONTRACT, OR AN ENGAGEMENT OF A LEGAL REPRESENTATIVE TO  
~~1513~~ RENDER LEGAL SERVICES TO A CONSUMER ON A CONTINGENCY FEE BASIS,  
~~1614~~ INCLUDING THE ADVANCEMENT OF LEGAL COSTS BY THE LEGAL REPRESENTATIVE  
~~1715~~ IN WHICH THE SERVICES OR COSTS ARE PROVIDED TO OR ON BEHALF OF A  
~~1816~~ CONSUMER BY THE LEGAL REPRESENTATIVE WHO IS REPRESENTING THE  
~~1917~~ CONSUMER IN A CIVIL ACTION.

~~2018~~ (H) "PORTFOLIO OF ACTIONS" MEANS AN ARRANGEMENT IN WHICH

~~21~~ ~~LITIGATION FINANCIERS CONSUMER LEGAL FUNDING COMPANY~~ FINANCE  
MULTIPLE CIVIL ACTIONS BELONGING TO AN

~~22~~ ATTORNEY OR A LAW FIRM WITH ANY RETURN ON INVESTED CAPITAL COMING FROM  
~~23~~ THE SETTLEMENT OR JUDGMENT OF ANY INDIVIDUAL CIVIL ACTION OR GROUP OF  
~~2419~~ CIVIL ACTIONS.

~~2520~~ 14-5002.

~~2621~~ IT IS THE INTENT OF THE GENERAL ASSEMBLY TO PROMOTE CONSUMER  
~~2722~~ PROTECTION AND TRANSPARENCY IN ~~THIRD-PARTY LITIGATION~~  
~~FINANCING CONSUMER LEGAL FUNDING~~

~~2823~~ TRANSACTIONS THROUGH THE REGULATION AND DISCLOSURE REQUIREMENTS  
~~2924~~ PROVIDED UNDER THIS SUBTITLE.

~~3025~~ 14-5003.

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(1) A NONPROFIT ORGANIZATION THAT PROVIDES LITIGATION FINANCING, DIRECTLY OR INDIRECTLY, FOR THE BENEFIT OF THE NONPROFIT ORGANIZATION OR ONE OR MORE OF ITS MEMBERS WITHOUT RECEIVING AS CONSIDERATION FOR THE ~~LITIGATION FINANCING~~ CONSUMER LEGAL FUNDING;

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(I) THE PAYMENT OF INTEREST, FEES, OR OTHER CONSIDERATION; OR

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(II) EXCEPT FOR IN-HOUSE COUNSEL OF THE NONPROFIT ORGANIZATION, ANY RIGHT TO RECOVERY OR PAYMENT FROM THE AMOUNT OF ANY JUDGMENT, AWARD, SETTLEMENT, VERDICT, OR OTHER FORM OF MONETARY RELIEF OBTAINED IN THE CIVIL ACTION;

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(2) ~~LITIGATION FINANCING~~ CONSUMER LEGAL FUNDING – PROVIDED BY A PERSON ENGAGED IN COMMERCE OR BUSINESS ACTIVITY, BUT ONLY IF THE PERSON DOES NOT:

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(I) CHARGE OR COLLECT ANY INTEREST, FEES, OR OTHER CONSIDERATION;

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(II) RETAIN OR RECEIVE ANY FINANCIAL INTEREST IN THE OUTCOME OF A CIVIL ACTION; OR

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(III) RECEIVE ANY RIGHT TO RECOVERY OR PAYMENT FROM THE AMOUNT OF ANY JUDGMENT, AWARD, SETTLEMENT, VERDICT, OR OTHER FORM OF MONETARY RELIEF OBTAINED IN A CIVIL ACTION; OR

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(3) A BANKING INSTITUTION, AS DEFINED IN § 1-101 OF THE FINANCIAL INSTITUTIONS ARTICLE, THAT DOES NOT RECEIVE AS CONSIDERATION FOR LOANING MONEY TO A BORROWER A RIGHT TO RECEIVE PAYMENT FROM THE VALUE OF ANY PROCEEDS OR OTHER CONSIDERATION REALIZED FROM ANY JUDGMENT, AWARD, SETTLEMENT, VERDICT, OR OTHER FORM OF MONETARY RELIEF THE BORROWER MAY RECEIVE OR RECOVER IN RELATION TO A CIVIL ACTION.

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14-5004.

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(A) BEFORE A ~~LITIGATION FINANCING~~ CONSUMER LEGAL FUNDING – CONTRACT MAY BE SIGNED BY A

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PARTY TO THE CONTRACT, THE TERMS AND CONDITIONS OF THE ~~LITIGATION FINANCING~~ CONSUMER LEGAL FUNDING – CONTRACT SHALL BE RECORDED IN WRITING AND INCLUDE EACH TERM

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AND CONDITION INTENDED BY THE PARTIES WITHOUT OMISSION OF ANY INTENDED TERM OR CONDITION.

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1 (B) A ~~LITIGATION FINANCIER-CONSUMER LEGAL FUNDING COMPANY~~ MAY NOT AMEND THE TERMS  
OR CONDITIONS.

2 OF AN EXECUTED ~~LITIGATION FINANCING-CONSUMER LEGAL FUNDING~~ CONTRACT  
WITHOUT FULL DISCLOSURE.

3 TO, AND PRIOR WRITTEN CONSENT OF, EACH PARTY TO THE ~~LITIGATION~~  
~~FINANCING-CONSUMER LEGAL FUNDING~~

41 CONTRACT.

52 14-5005.

63 (A) (1) A ~~LITIGATION FINANCING-CONSUMER LEGAL FUNDING~~ CONTRACT SHALL  
CONTAIN THE

74 DISCLOSURES AND STATEMENTS REQUIRED UNDER THIS SECTION.

85 (2) THE DISCLOSURES REQUIRED UNDER THIS SECTION SHALL

96 CONSTITUTE THE MATERIAL TERMS OF A ~~LITIGATION FINANCING-CONSUMER LEGAL~~  
~~FUNDING~~ CONTRACT.

107 (B) UNLESS OTHERWISE SPECIFIED, THE DISCLOSURES AND STATEMENTS  
118 REQUIRED UNDER THIS SECTION SHALL BE TYPED IN AT LEAST 14 POINT, BOLD  
129 FONT AND BE PLACED CLEARLY AND CONSPICUOUSLY WITHIN THE LITIGATION  
1310 FINANCING CONTRACT.

1411 (C) A ~~LITIGATION FINANCING-CONSUMER LEGAL FUNDING~~ CONTRACT SHALL DISCLOSE:

1512 (1) ON THE FIRST ~~TWO PAGE~~PAGES OF THE ~~LITIGATION FINANCING-CONSUMER~~  
~~LEGAL FUNDING~~ CONTRACT,

1613 THE NAME, STREET ADDRESS, AND MAILING ADDRESS OF THE LITIGATION  
1714 FINANCIER;

18 (2) THAT SOME OR ALL OF THE ~~LITIGATION FINANCING-CONSUMER LEGAL~~  
19 ~~FUNDING~~ MAY BE  
TAXABLE;

20 (3) A DESCRIPTION OF THE CONSUMER'S RIGHT OF RECISSION;

21 (4) AN ITEMIZATION OF CHARGES;

22 (5) THE TOTAL FUNDED AMOUNT PROVIDED TO THE CONSUMER  
23 UNDER THE ~~LITIGATION FINANCING-CONSUMER LEGAL FUNDING~~ CONTRACT;

24 (6) THE TOTAL AMOUNT DUE FROM THE CONSUMER, IN 6-MONTH  
25 INTERVALS OVER A PERIOD OF 42 MONTHS INCLUDING THE MAXIMUM TOTAL AMOUNT  
TO BE ASSIGNED BY THE CONSUMER TO THE COMPANY, INCLUDING ALL CHARGES  
AND FEES;

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26                   (7) IF THE CONSUMER SEEKS OR HAS SOUGHT MORE THAN ONE  
27 ~~LITIGATION FINANCING~~CONSUMER LEGAL FUNDING CONTRACT, THE CUMULATIVE  
AMOUNT DUE FROM THE  
28 CONSUMER FOR EACH TRANSACTION AND CHARGE UNDER ALL LITIGATION  
29 ~~FINANCING~~CONSUMER LEGAL FUNDING CONTRACTS, IF REPAYMENT IS MADE ANY  
TIME AFTER THE CONTRACTS  
3027 ARE EXECUTED;

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1 (8) THAT THERE ARE NO CHARGES OR FEES TO BE PAID BY THE  
2 CONSUMER OTHER THAN WHAT IS DISCLOSED IN THE ~~LITIGATION-~~  
~~FINANCING~~ CONSUMER LEGAL FUNDING  
32 CONTRACT;

43 (9) THAT IF THERE IS NO RECOVERY OF ANY MONEY FROM THE  
54 CONSUMER'S CIVIL ACTION, THE CONSUMER SHALL OWE NOTHING TO THE  
65 ~~LITIGATION FINANCER~~ CONSUMER LEGAL FUNDING COMPANY; AND

76 (10) THAT IF THERE IS NOT ENOUGH RECOVERY TO SATISFY THE  
8 TOTAL AMOUNT ASSIGNED TO THE ~~LITIGATION FINANCER~~ CONSUMER LEGAL  
~~FUNDING COMPANY~~, THE CONSUMER SHALL  
97 OWE NOTHING IN EXCESS OF THE CONSUMER'S RECOVERY AMOUNT.

108 (D) A ~~LITIGATION FINANCING~~ CONSUMER LEGAL FUNDING CONTRACT SHALL INCLUDE:

119 (1) TERMS EXPLAINED BY THE FOLLOWING TEXT:

1210 "CONSUMER'S RIGHT TO CANCELLATION: YOU MAY CANCEL THIS CONTRACT  
1311 WITHOUT PENALTY OR FURTHER OBLIGATION WITHIN FIVE (5) BUSINESS DAYS  
1412 FROM THE DATE YOU SIGNED THIS CONTRACT OR RECEIVED FINANCING FROM  
15 (INSERT NAME OF THE ~~LITIGATION FINANCER~~ CONSUMER LEGAL FUNDING  
~~COMPANY~~) BY RETURNING THE FUNDS TO  
16 (INSERT NAME, ~~OFFICE ADDRESS~~ OFFICE ADDRESS, AND OFFICE HOURS OF  
THE ~~LITIGATION~~  
17 ~~FINANCER~~ CONSUMER LEGAL FUNDING COMPANY) OR BY U.S. MAIL (INSERT NAME AND MAILING  
ADDRESS OF ~~LITIGATION~~  
18 ~~FINANCER~~ CONSUMER LEGAL FUNDING COMPANY). FOR PURPOSES OF THE RETURN  
DEADLINE BY U.S. MAIL, THE  
19 POSTMARK DATE ON THE RETURNED FUNDS OR, IF MAILED BY REGISTERED OR  
20 CERTIFIED MAIL, THE DATE OF THE RETURN RECEIPT REQUESTED SHALL BE  
2113 CONSIDERED THE DATE OF RETURN.

22 THE ~~LITIGATION FINANCER~~ CONSUMER LEGAL FUNDING COMPANY AGREES THAT IT HAS NO RIGHT TO  
AND WILL NOT

2314 MAKE ANY DECISIONS ABOUT THE CONDUCT OF YOUR LAWSUIT OR DISPUTE AND  
2415 THAT THE RIGHT TO MAKE THOSE DECISIONS REMAINS SOLELY WITH YOU AND YOUR  
2516 ATTORNEY.

26 THE ~~LITIGATION FINANCER~~ CONSUMER LEGAL FUNDING COMPANY AGREES THAT IT HAS NO RIGHT  
TO, AND WILL

2717 NOT DEMAND, REQUEST, RECEIVE, OR EXERCISE ANY RIGHT TO, INFLUENCE,  
2818 AFFECT, OR OTHERWISE MAKE ANY DECISION IN THE HANDLING, CONDUCT,  
2919 ADMINISTRATION, LITIGATION, SETTLEMENT, OR RESOLUTION OF YOUR CIVIL  
3020 ACTION, CLAIM, CASE, CAUSE OF ACTION, OR ADMINISTRATIVE PROCEEDING. ALL  
3121 OF THESE RIGHTS REMAIN SOLELY WITH YOU AND YOUR LEGAL REPRESENTATIVE.

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~~32~~ IF THERE IS NO RECOVERY OF ANY MONEY FROM YOUR CIVIL ACTION, CLAIM,  
~~33~~ CASE, CAUSE OF ACTION, OR ADMINISTRATIVE PROCEEDING OR IF THERE IS NOT  
~~34~~ ENOUGH MONEY TO SATISFY IN FULL THE PORTION ASSIGNED TO THE LITIGATION  
~~35~~22 FINANCIER CONSUMER LEGAL FUNDING COMPANY, YOU WILL NOT OWE ANYTHING IN  
EXCESS OF YOUR RECOVERY.

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1 IF THE CONSUMER IS REPRESENTED BY A LEGAL REPRESENTATIVE IN THE  
 2 CIVIL ACTION THAT IS THE SUBJECT OF THE ~~LITIGATION FINANCING~~ CONSUMER  
 3 LEGAL FUNDING CONTRACT.  
 4 THE LEGAL REPRESENTATIVE SHALL ACKNOWLEDGE IN THE CONTRACT THAT THE  
 5 LEGAL REPRESENTATIVE AND THE LEGAL REPRESENTATIVE'S EMPLOYER AND  
 6 EMPLOYEES HAVE NOT RECEIVED OR PAID A REFERRAL FEE OR ANY OTHER  
 7 CONSIDERATION FROM OR TO THE TO THE LITIGATION  
 8 FINANCIER CONSUMER LEGAL FUNDING COMPANY, AND HAVE NO  
 9 OBLIGATION TO DO SO IN THE FUTURE.

10 IF THE CONSUMER'S LEGAL REPRESENTATIVE IS A PARTY TO A LITIGATION  
 11 FINANCING CONSUMER LEGAL FUNDING CONTRACT RELATED TO THE  
 12 CONSUMER'S CIVIL ACTION THAT IS THE  
 13 SUBJECT OF THE ~~LITIGATION FINANCING~~ CONSUMER LEGAL FUNDING  
 14 CONTRACT, THE LEGAL REPRESENTATIVE  
 15 SHALL DISCLOSE AND DELIVER THE ~~LITIGATION FINANCING~~ CONSUMER  
 16 LEGAL FUNDING CONTRACT TO THE  
 17 CONSUMER. FOLLOWING THIS DISCLOSURE AND DELIVERY, THE CONSUMER SHALL  
 18 SIGN AN ACKNOWLEDGMENT THAT THE CONSUMER HAS READ AND  
 19 UNDERSTANDS  
 20 THE TERMS AND CONDITIONS OF THE ~~LITIGATION FINANCING~~ CONSUMER  
 21 LEGAL FUNDING CONTRACT AND THE  
 22 CONSUMER MUST BE PROVIDED A COPY OF THE ACKNOWLEDGMENT.”;

23 (2) TERMS EXPLAINED USING THE FOLLOWING TEXT IN 14 POINT,  
 24 BOLD FONT AND IN ALL CAPITAL LETTERS CONTAINED WITHIN A BOX:

25 “THE FUNDED AMOUNT AND AGREED-UPON CHARGES SHALL BE PAID ONLY  
 26 FROM THE PROCEEDS OF YOUR CIVIL ACTION AND SHALL BE PAID ONLY TO THE  
 27 EXTENT THAT THERE ARE AVAILABLE PROCEEDS FROM YOUR CIVIL ACTION. YOU  
 28 WILL NOT OWE (INSERT NAME OF THE LITIGATION FINANCIER) ANYTHING IF THERE  
 29 ARE NO PROCEEDS FROM YOUR CIVIL ACTION, UNLESS YOU HAVE VIOLATED ANY  
 30 MATERIAL TERM OF THIS CONTRACT OR YOU HAVE COMMITTED FRAUD AGAINST  
 31 THE LITIGATION FINANCIER.”; AND

32 (3) IMMEDIATELY ABOVE THE PLACE ON THE ~~LITIGATION FINANCING~~ CONSUMER  
 33 LEGAL FUNDING  
 34 CONTRACT WHERE THE CONSUMER'S SIGNATURE IS REQUIRED, TERMS EXPLAINED  
 35 USING THE FOLLOWING TEXT IN 14 POINT, BOLD FONT AND IN ALL CAPITAL  
 36 LETTERS:

37 “DO NOT SIGN THIS CONTRACT BEFORE YOU READ IT COMPLETELY. IF THIS  
 38 CONTRACT CONTAINS ANY INCOMPLETE SECTIONS, YOU ARE ENTITLED TO A  
 39 COMPLETELY FILLED-IN COPY OF THE CONTRACT PRIOR TO SIGNING IT. BEFORE  
 40 YOU SIGN THIS CONTRACT, YOU SHOULD OBTAIN THE ADVICE OF AN ATTORNEY,  
 41 DEPENDING ON THE CIRCUMSTANCES YOU MAY WANT TO CONSULT A TAX ADVISOR,

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1. (A)

2. WITHIN 30 CALENDAR DAYS OF RECEIPT OF A WRITTEN REQUEST, A CONSUMER SHALL DISCLOSE TO ANY REQUESTING PARTY TO A LEGAL CLAIM AND EACH INSURER THAT HAS A DUTY TO DEFEND WHETHER THE CONSUMER HAS ENTERED INTO A CONSUMER LEGAL FUNDING CONTRACT.

3. IF A CONSUMER ENTERS INTO A CONSUMER LEGAL FUNDING CONTRACT AFTER RESPONDING TO A REQUEST PURSUANT TO SUBSECTION 1. OF THIS SECTION, THE CONSUMER HAS A CONTINUING OBLIGATION TO DISCLOSE AND SHALL DISCLOSE THIS FACT TO THE REQUESTING PERSON WITHIN 30 CALENDAR DAYS AFTER THE CONSUMER ENTERED INTO THE CONTRACT.

4. CONSUMER LEGAL FUNDING CONTRACTS, AND ALL PARTICIPANTS OR PARTIES TO THE CONSUMER LITIGATION CONTRACT, ARE PRESUMED TO BE DISCOVERABLE IN A CIVIL PROCEEDING, NOTWITHSTANDING ANY AGREEMENT OR PROVISION WITH RESPECT TO CONFIDENTIALITY. A CONSUMER MAY SEEK TO REBUT THIS PRESUMPTION.

5. CONSUMER LEGAL FUNDING TRANSACTIONS DISCLOSED UNDER SUBSECTION 1. AND 2. AND CONSUMER LEGAL FUNDING CONTRACTS DISCOVERED PURSUANT TO SUBSECTION 3. OF THIS SECTION ARE PRESUMED TO BE INADMISSIBLE AS EVIDENCE. A PARTY MAY SEEK TO REBUT THIS PRESUMPTION.

1 ~~(1) EXCEPT AS OTHERWISE STIPULATED OR ORDERED BY A COURT, A~~  
2 ~~PARTY IN A CIVIL ACTION SHALL, WITHOUT WAITING FOR A DISCOVERY~~  
3 ~~REQUEST,~~  
4 ~~PROVIDE TO EACH OF THE OTHER PARTIES IN THE CIVIL ACTION AND EACH~~  
5 ~~INSURER~~  
6 ~~THAT HAS A DUTY TO DEFEND ANOTHER PARTY IN THE CIVIL ACTION~~  
7 ~~ANY~~  
8 ~~LITIGATION FINANCING CONTRACT UNDER WHICH A LITIGATION FINANCIER~~  
9 ~~HAS A~~  
10 ~~RIGHT TO RECEIVE COMPENSATION THAT IS CONTINGENT IN ANY RESPECT ON~~  
11 ~~THE~~  
12 ~~OUTCOME OF THE CIVIL ACTION.~~  
13 ~~(2) DISCLOSURE IS REQUIRED UNDER PARAGRAPH (1) OF THIS~~  
14 ~~SUBSECTION REGARDLESS OF WHETHER A CIVIL ACTION~~  
15 ~~HAS FORMALLY~~  
16 ~~COMMENCED.~~  
17 ~~(3) (i) THE DISCLOSURE REQUIRED UNDER PARAGRAPH (1) OF~~  
18 ~~THIS SUBSECTION IS A CONTINUING OBLIGATION.~~  
19 ~~(ii) WITHIN 30 DAYS AFTER ENTERING INTO A LITIGATION~~  
20 ~~FINANCING CONTRACT OR AMENDING AN EXISTING LITIGATION~~  
21 ~~FINANCING~~

~~18 CONTRACT, A PARTY IN A CIVIL ACTION SHALL DISCLOSE AND DELIVER A~~  
~~19 AMENDED LITIGATION FINANCING CONTRACT TO ALL OTHER PARTIES AND~~  
~~20 INSURER THAT HAS A DUTY TO DEFEND ANOTHER PARTY IN THE CIVIL ACTION.~~  
~~21~~  
~~22 (B) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE~~  
~~23 ADMISSIBILITY OF A LITIGATION FINANCING CONTRACT IN A CIVIL ACTION~~  
~~24 BE GOVERNED BY THE MARYLAND RULES OF EVIDENCE.~~  
~~25~~  
~~26 (2) A LITIGATION FINANCING CONTRACT MAY NOT BE ADMISSIBLE IN~~  
~~27 A CIVIL ACTION SOLELY ON THE BASIS OF THE DISCLOSURE REQUIRED UNDER~~  
~~28 SUBTITLE.~~  
~~29~~  
~~30 (C) THE EXISTENCE OF A LITIGATION FINANCING CONTRACT AND EACH~~  
~~31 PARTICIPANT OR PARTY TO A LITIGATION FINANCING CONTRACT IS A~~  
~~32 SUBJECT OF DISCOVERY IN ANY CIVIL ACTION FOR WHICH LITIGATION~~  
~~33 IS PROVIDED UNDER THE LITIGATION FINANCING CONTRACT, REGARDLESS~~  
~~34 WHETHER A CIVIL ACTION HAS FORMALLY COMMENCED.~~

~~35~~ 14-5007.

~~36 (A) THIS SUBTITLE APPLIES TO ANY CIVIL ACTION FILED OR CERTIFIED AS~~  
~~37 A CLASS ACTION IN WHICH A LITIGATION FINANCIER CONSUMER LEGAL~~  
~~38 FUNDING COMPANY PROVIDES LITIGATION~~  
~~39 FINANCING CONSUMER LEGAL FUNDING TO A CONSUMER INVOLVED IN THE CIVIL~~  
~~40 ACTION.~~

~~41 (B) A LITIGATION FINANCIER CONSUMER LEGAL FUNDING COMPANY SHALL:~~

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1 (1) OWE A FIDUCIARY DUTY TO EACH CLASS MEMBER AND INTENDED  
2 BENEFICIARY OF A PUTATIVE OR CERTIFIED CLASS; AND

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3 (2) ACT IN A MANNER CONSISTENT WITH THE LITIGATION  
43 ~~FINANCIER'S~~ CONSUMER LEGAL FUNDING COMPANIES FIDUCIARY DUTY  
THROUGHOUT THE CIVIL ACTION.

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54 (c) (1) IN ADDITION TO THE DISCLOSURES REQUIRED UNDER THIS  
65 SUBTITLE, A LEGAL REPRESENTATIVE OF A PUTATIVE OR CERTIFIED CLASS SHALL  
76 DISCLOSE TO EACH PARTY, PUTATIVE OR CERTIFIED CLASS MEMBER, AND THE  
87 COURT ANY LEGAL, FINANCIAL, OR OTHER RELATIONSHIP BETWEEN THE LEGAL  
98 REPRESENTATIVE AND THE ~~LITIGATION FINANCIER~~ CONSUMER LEGAL FUNDER.

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109 (2) THE LEGAL REPRESENTATIVE OF THE PUTATIVE OR CERTIFIED  
110 CLASS SHALL DISCLOSE TO EACH PUTATIVE OR CERTIFIED CLASS MEMBER A TRUE  
11 AND CORRECT COPY OF ANY ~~LITIGATION FINANCING~~ CONSUMER LEGAL FUNDING -  
CONTRACT ON REQUEST.

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13 14-5008.

14 (A) A ~~LITIGATION FINANCIER~~ CONSUMER LEGAL FUNDING COMPANY MAY NOT:

15 (1) PAY, OFFER, OR ACCEPT A COMMISSION, REFERRAL FEE, REBATE,  
16 OR OTHER FORM OF CONSIDERATION TO OR FROM ANY PERSON IN EXCHANGE FOR  
17 REFERRING A CONSUMER TO A ~~LITIGATION FINANCIER~~ CONSUMER LEGAL FUNDING  
COMPANY;

18 (2) CHARGE A RATE OF INTEREST THAT EXCEEDS THE RATE OF  
19 INTEREST ALLOWED UNDER TITLE 12, SUBTITLE 1 OF THIS ARTICLE;

2018 (3) ADVERTISE FALSE OR MISLEADING INFORMATION REGARDING  
2119 THE ~~LITIGATION FINANCIER'S~~ CONSUMER LEGAL FUNDING PRODUCTS OR SERVICES;

22 (4) REFER, IN FURTHERANCE OF AN INITIAL LEGAL FUNDING, A CUSTOMER OR  
POTENTIAL CUSTOMER TO A SPECIFIC ATTORNEY, LAW FIRM, MEDICAL PROVIDER,  
CHIROPRACTOR OR PHYSICAL THERAPIST OR ANY OF THEIR EMPLOYEES; PROVIDED,  
HOWEVER, IF A CUSTOMER NEEDS LEGAL REPRESENTATION, THE COMPANY MAY REFER  
THE CUSTOMER TO A LOCAL OR STATE BAR ASSOCIATION REFERRAL SERVICE REFER OR  
REQUIRE A CONSUMER TO HIRE OR ENGAGE ANY

2320 PERSON PROVIDING ANY GOODS OR RENDERING ANY SERVICES TO THE CONSUMER;

2421 (5) FAIL TO PROMPTLY DELIVER A FULLY COMPLETED AND SIGNED  
25 ~~LITIGATION FINANCING~~ CONSUMER LEGAL FUNDING - CONTRACT TO A CONSUMER  
OR THE CONSUMER'S LEGAL  
2622 REPRESENTATIVE;

2723 (6) ATTEMPT TO SECURE A REMEDY OR OBTAIN A WAIVER OF A

~~2824~~ REMEDY, INCLUDING COMPENSATORY, STATUTORY, OR PUNITIVE DAMAGES, THAT A  
~~2925~~ CONSUMER MAY BE ENTITLED TO PURSUE OR OTHERWISE RECOVER;

~~3026~~ (7) OFFER OR PROVIDE LEGAL ADVICE TO THE CONSUMER;

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(1) ~~(8)~~ ASSIGN A CONTRACT IN WHOLE OR IN PART TO A THIRD PARTY. PROVIDED,

~~HOWEVER, IF THE COMPANY RETAINS RESPONSIBILITY FOR COLLECTING  
PAYMENT, ADMINISTERING, AND OTHERWISE ENFORCING THE CONSUMER  
LITIGATION FUNDING~~

~~CONTRACT, THE PROHIBITION IN THIS SUBDIVISION (10) SHALL NOT APPLY TO  
AN ASSIGNMENT:~~

~~(A) TO A WHOLLY OWNED SUBSIDIARY OF THE COMPANY;~~

~~(B) TO AN AFFILIATE OF THE COMPANY THAT IS UNDER COMMON CONTROL  
WITH~~

~~(C) GRANTING A SECURITY INTEREST UNDER ARTICLE 9 OF THE UNIFORM,  
1 COMMERCIAL CODE OR AS OTHERWISE PERMITTED BY LAW, ASSIGN,  
INCLUDING SECURITIZING, A LITIGATION FINANCING  
2 CONTRACT IN WHOLE OR IN PART;~~

~~31 (9) REPORT A CONSUMER TO A CONSUMER CREDIT REPORTING  
4 AGENCY IF INSUFFICIENT FUNDS REMAIN TO REPAY THE LITIGATION FINANCIER-  
CONSUMER LEGAL FUNDING COMPANY IN  
5 FULL FROM THE PROCEEDS RECEIVED FROM ANY JUDGMENT, AWARD,  
6 SETTLEMENT, VERDICT, OR OTHER FORM OF MONETARY RELIEF OBTAINED IN A  
72 CIVIL ACTION THAT IS THE SUBJECT OF THE LITIGATION FINANCING CONSUMER  
LEGAL FUNDING CONSUMER LEGAL FUNDING CONTRACT;~~

~~83 (10) DEMAND, REQUEST, RECEIVE, OR EXERCISE A RIGHT OF THE  
94 CONSUMER OR THE CONSUMER'S LEGAL REPRESENTATIVE TO INFLUENCE, AFFECT,  
105 OR OTHERWISE MAKE A DECISION IN THE HANDLING, CONDUCT, ADMINISTRATION,  
116 LITIGATION, SETTLEMENT, OR RESOLUTION OF A CIVIL ACTION FOR WHICH THE  
127 LITIGATION FINANCIER-CONSUMER LEGAL FUNDING COMPANY HAS PROVIDED  
LITIGATION FINANCING CONSUMER LEGAL FUNDING; OR~~

~~138 (11) KNOWINGLY ENTER INTO AN AGREEMENT CREATING A RIGHT FOR  
149 ANYONE OTHER THAN THE NAMED PARTIES, COUNSEL OF RECORD, OR LAW FIRM OF  
1510 RECORD TO MAKE OR RECEIVE ANY PAYMENT THAT IS CONTINGENT ON THE  
1611 OUTCOME OF A CIVIL ACTION.~~

~~1712 (B) A PERSON WHO PROVIDES GOODS OR RENDERS A SERVICE TO A THE  
1813 CONSUMER MAY NOT;~~

~~19 (1) HAVE A FINANCIAL INTEREST IN THE CONSUMER'S LITIGATION  
2014 FINANCING CONSUMER LEGAL FUNDING CONTRACT; OR~~

~~2115 (2) RECEIVE A COMMISSION, REFERRAL FEE, REBATE, OR OTHER  
22 FORM OF CONSIDERATION FROM A LITIGATION FINANCIER-CONSUMER LEGAL  
FUNDING COMPANY OR AN AGENT OR~~

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~~16~~ **AFFILIATE OF THE LITIGATION FINANCIER CONSUMER LEGAL FUNDING COMPANY,**

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~~(12) KNOWINGLY PAYING OR OFFERING TO PAY FOR COURT COSTS, FILING FEES OR ATTORNEY'S FEES EITHER DURING OR AFTER THE RESOLUTION OF THE LEGAL CLAIM, USING FUNDS FROM THE CONSUMER LEGAL FUNDING TRANSACTION,~~

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~~(13) KNOWINGLY PROVIDING FUNDING TO A CONSUMER WHO HAS PREVIOUSLY ASSIGNED AND/OR SOLD A PORTION OF THE CONSUMER'S RIGHT TO PROCEEDS FROM HIS OR HER LEGAL CLAIM WITHOUT FIRST MAKING PAYMENT TO OR PURCHASING A PRIOR UNSATISFIED CONSUMER LEGAL FUNDING COMPANY'S ENTIRE FUNDED AMOUNT AND CONTRACTED CHARGES, UNLESS A LESSER AMOUNT IS OTHERWISE AGREED TO IN WRITING BY THE CONSUMER LEGAL FUNDING COMPANIES, EXCEPT THAT MULTIPLE COMPANIES MAY AGREE TO CONTEMPORANEOUSLY PROVIDE FUNDING TO A CONSUMER PROVIDED THAT THE CONSUMER AND THE CONSUMER'S ATTORNEY CONSENT TO THE ARRANGEMENT IN WRITING,~~

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~~(14) COLLUDING WITH OR KNOWINGLY ASSISTING A LAWYER OR LAW FIRM THAT IS ENTICING OR INTENDS TO ENTICE A CONSUMER TO BRING A CLAIM THAT THE COMPANY KNOWS OR HAS REASON TO KNOW IS FABRICATED OR OTHERWISE NOT BROUGHT IN GOOD FAITH. ANY CONSUMER LEGAL FUNDING CONTRACT ENTERED INTO IN VIOLATION OF THIS PARAGRAPH SHALL BE VOID AB INITIO.~~

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~~2417,14-5009.~~

~~2518~~ (A) THE ATTORNEY GENERAL MAY ENFORCE THE PROVISIONS OF THIS

~~2619~~ SUBTITLE.

~~27~~ (B) A **WILLFUL** VIOLATION OF THIS SUBTITLE BY A ~~LITIGATION FINANCIER CONSUMER LEGAL FUNDING COMPANY~~ SHALL

~~28~~ **RENDER A LITIGATION FINANCING CONSUMER LEGAL FUNDING CONTRACT VOID AND UNENFORCEABLE BY THE**

~~29~~ ~~LITIGATION FINANCIER CONSUMER LEGAL FUNDING COMPANY~~ AND ANY SUCCESSOR ~~IN INTEREST TO THE LITIGATION~~

~~3020~~ **FINANCING CONSUMER LEGAL FUNDING CONTRACT.**

~~31~~ (C) IF A ~~LITIGATION FINANCIER~~ CHARGES A RATE OF INTEREST THAT

~~32~~ ~~EXCEEDS THE RATE OF INTEREST ALLOWED UNDER TITLE 12, SUBTITLE 1 OF THIS~~

~~ARTICLE, THE LITIGATION FINANCIER IS SUBJECT TO THE ENFORCEMENT AND  
PENALTY PROVISIONS CONTAINED IN TITLE 12, SUBTITLE 1 OF THIS ARTICLE.~~

14-5010

A CONSUMER LEGAL FUNDING TRANSACTION THAT COMPLIES WITH THIS ARTICLE  
IS NOT A LOAN AND IS NOT SUBJECT TO ANY PROVISION OF LAW GOVERNING  
LOANS OR INVESTMENT CONTRACTS. TO THE EXTENT THAT THIS ARTICLE  
CONFLICTS WITH ANY OTHER LAW, THIS ARTICLE SUPERSEDES THAT LAW FOR  
PURPOSES OF REGULATING CONSUMER LEGAL FUNDING TRANSACTIONS IN THIS  
STATE.

14-5011 EFFECT OF COMMUNICATION ON PRIVILEGES

COMMUNICATIONS BETWEEN A CONSUMER'S ATTORNEY AND A  
CONSUMER LEGAL FUNDING COMPANY TO ALLOW THE CONSUMER  
LEGAL FUNDING COMPANY TO ASCERTAIN THAT STATUS OF A LEGAL  
CLAIM OR A LEGAL CLAIM'S EXPECTED VALUE SHALL NOT BE  
DISCOVERABLE BY A PERSON AGAINST WHOM THE LEGAL CLAIM IS  
ASSERTED OR FILED.

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32 ~~14-50102.~~

43 ~~THIS SUBTITLE MAY BE CITED AS THE MARYLAND TRANSPARENCY IN~~  
54 ~~THIRD-PARTY LITIGATION FINANCING CONSUMER LEGAL FUNDING ACT.~~

65 ~~SECTION 2. AND BE IT FURTHER ENACTED, That, if any provision of this Act or~~  
76 ~~the application of any provision of this Act to any person or circumstance is held invalid for~~  
87 ~~any reason in a court of competent jurisdiction, the invalidity does not affect other~~  
98 ~~provisions or any other application of this Act that can be given effect without the invalid~~  
109 ~~provision or application, and for this purpose the provisions of this Act are declared~~  
110 ~~severable.~~

1211 ~~SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall be construed to~~  
1312 ~~apply only prospectively and may not be applied or interpreted to have any effect on or~~  
1413 ~~application to any litigation-financing CONSUMER LEGAL FUNDING contract, as defined in § 14-5001~~  
~~of the Commercial~~  
1514 ~~Law Article, as enacted by Section 1 of this Act, entered into before the effective date of this~~  
1615 ~~Act.~~

1716 ~~SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect~~  
18 ~~October 1, 2025.~~

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