

HOUSE AMENDMENT NO. ____
TO
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Offered By

AMEND House Amendment No. ____ to House Committee Substitute for Senate Committee Substitute for Senate Bill No. 187, Page 6, Line 9 by inserting after all of said line the following:

"Further amend said bill, Page 58, Section 427.300, Line 214, by inserting after all of said section and line the following:

"436.550. Sections 436.550 to 436.570 shall be known and may be cited as the "Consumer Legal Funding Model Act".

436.552. As used in sections 436.550 to 436.570, the following terms mean:

(1) "Advertise", publishing or disseminating any written, electronic, or printed communication or any communication by means of recorded telephone messages or transmitted on radio, television, the internet, or similar communications media, including film strips, motion pictures, and videos, published, disseminated, circulated, or placed before the public, directly or indirectly, for the purpose of inducing a consumer to enter into a consumer legal funding contract;

(2) "Charges", the amount of moneys to be paid to the consumer legal funding company by or on behalf of the consumer above the funded amount provided by or on behalf of the company to a consumer under sections 436.550 to 436.570. Charges include all administrative, origination, underwriting, or other fees, no matter how denominated;

(3) "Consumer", a natural person who has a pending legal claim and:

(a) Resides or is domiciled in Missouri; and

(b) Has a legal claim in Missouri;

(4) "Consumer legal funding company" or "company", a person or entity that enters into a consumer legal funding contract with a consumer. The term shall not include:

(a) An immediate family member of the consumer;

(b) A bank, lender, financing entity, or other special purpose entity:

a. That provides financing to a consumer legal funding company; or

b. To which a consumer legal funding company grants a security interest or transfers any rights or interest in a consumer legal funding; or

Action Taken _____ Date _____

1 (c) An attorney or accountant who provides services to a consumer;

2 (5) "Consumer legal funding contract", a nonrecourse contractual transaction in which a
3 consumer legal funding company purchases and a consumer assigns to the company a contingent
4 right to receive an amount of the potential proceeds of a settlement, judgment, award, or verdict
5 obtained in the consumer's legal claim;

6 (6) "Funded amount", the amount of moneys provided to or on behalf of the consumer in the
7 consumer legal funding contract. "Funded amount" shall not include charges;

8 (7) "Funding date", the date on which the funded amount is transferred to the consumer by
9 the consumer legal company either by personal delivery, via wire, automated clearing house
10 transfer, or other electronic means, or by insured, certified, or registered United States mail;

11 (8) "Immediate family member", a parent; sibling; child by blood, adoption, or marriage;
12 spouse; grandparent; or grandchild;

13 (9) "Legal claim", a bona fide civil claim or cause of action, any alternative dispute
14 resolution proceeding, or any administrative proceeding before any agency or instrumentality of this
15 state;

16 (10) "Resolution date", the date the amount funded to the consumer, plus the agreed-upon
17 charges, is delivered to the consumer legal funding company.

18 436.554. 1. All consumer legal funding contracts shall meet the following requirements:

19 (1) The contract shall be completely filled in when presented to the consumer for signature;

20 (2) The contract shall contain, in bold and boxed type, a right of rescission allowing the
21 consumer to cancel the contract without penalty or further obligation if, within five business days
22 after the funding date, the consumer either:

23 (a) Returns the full amount of the disbursed funds to the consumer legal funding company
24 by delivering the company's uncashed check to the company's office in person; or

25 (b) Mails a notice of cancellation by insured, certified, or registered United States mail to
26 the address specified in the contract and includes a return of the full amount of disbursed funds in
27 such mailing in the form of the company's uncashed check or a registered or certified check or
28 money order;

29 (3) The contract shall contain the initials of the consumer on each page; and

30 (4) The contract shall require the consumer to give nonrevocable written direction to the
31 consumer's attorney requiring the attorney to notify the consumer legal funding company when the
32 legal claim has been resolved. Once the consumer legal funding company confirms in writing the
33 amount due under the contract, the consumer's attorney shall pay, from the proceeds of the
34 resolution of the legal claim, the consumer legal funding company the amount due within ten
35 business days.

36 2. The consumer legal funding company shall provide the consumer's attorney with a
37 written notification of the consumer legal funding contract provided to the consumer within three
38 business days of the funding date by way of postal mail, courier service, facsimile, or other means of
39 proof of delivery method.

1 3. A consumer legal funding contract shall be entered into only if the contract involves:

2 (1) An existing legal claim made by or on behalf of the consumer; or

3 (2) An existing proceeding that shall resolve the consumer's legal claim in which the
4 consumer is represented by an attorney.

5 436.556. No consumer legal funding company shall:

6 (1) Pay or offer to pay commissions, referral fees, or other forms of consideration to any
7 attorney, law firm, medical provider, chiropractor, or physical therapist or any of their employees for
8 referring a consumer to the company;

9 (2) Accept any commissions, referral fees, rebates, or other forms of consideration from an
10 attorney, law firm, medical provider, chiropractor, or physical therapist or any of their employees;

11 (3) Intentionally advertise materially false or misleading information regarding its products
12 or services;

13 (4) Refer, in furtherance of an initial legal funding, a customer or potential customer to a
14 specific attorney, law firm, medical provider, chiropractor, or physical therapist or any of their
15 employees. However, the company may refer the customer to a local or state bar association referral
16 service if a customer needs legal representation;

17 (5) Fail to promptly supply a copy of the executed contract to the consumer's attorney;

18 (6) Knowingly provide funding to a consumer who has previously assigned or sold a portion
19 of the right to proceeds from the consumer's legal claim unless the consumer legal funding company
20 pays or purchases the entire unsatisfied funded amount and contracted charges from the prior
21 consumer legal funding company or the two companies agree to a lesser amount in writing.
22 However, multiple companies may agree to contemporaneously provide funding to a consumer,
23 provided that the consumer and the consumer's attorney consent to the arrangement in writing;

24 (7) Receive any right to or make any decisions with respect to the conduct of the underlying
25 legal claim or any settlement or resolution thereof. The right to make such decisions shall remain
26 solely with the consumer and the attorney in the legal claim; or

27 (8) Knowingly pay or offer to pay for court costs, filing fees, or attorney's fees either during
28 or after the resolution of the legal claim by using funds from the consumer legal funding contract.
29 The consumer legal funding contract shall include a provision advising the consumer that the
30 funding shall not be used for such costs or fees.

31 436.558. 1. The contracted amount to be paid to the consumer legal funding company shall
32 be set as a predetermined amount based upon intervals of time from the funding date to the
33 resolution date and shall not be determined as a percentage of the recovery from the legal claim.

34 2. No consumer legal funding contract shall be valid if its terms exceed a period of forty-
35 eight months. No consumer legal funding contract shall be automatically renewed.

36 436.560. All consumer legal funding contracts shall contain the disclosures specified in this
37 section, which shall constitute material terms of the contract. Unless otherwise specified, the
38 disclosures shall be typed in at least twelve-point bold-type font and be placed clearly and
39 conspicuously within the contract, as follows:

1 (1) On the front page under appropriate headings, language specifying:

2 (a) The funded amount to be paid to the consumer by the consumer legal funding company;

3 (b) An itemization of one-time charges;

4 (c) The total amount to be assigned by the consumer to the company, including the funded
5 amount and all charges; and

6 (d) A payment schedule to include the funded amount and charges, listing all dates and the
7 amount due at the end of each one-hundred-eighty-day period from the funding date until the date
8 the maximum amount due to the company by the consumer to satisfy the amount due pursuant to the
9 contract;

10 (2) Within the body of the contract, in accordance with the provisions under subdivision (2)
11 of subsection 1 of section 436.554: "Consumer's Right to Cancellation: You may cancel this contract
12 without penalty or further obligation within five business days after the funding date if you either:

13 (a) Return the full amount of the disbursed funds to the consumer legal funding company by
14 delivering the company's uncashed check to the company's office in person; or

15 (b) Mail a notice of cancellation by insured, certified, or registered United States mail to the
16 company at the address specified in the contract and include a return of the full amount of disbursed
17 funds in such mailing in the form of the company's uncashed check or a registered or certified check
18 or money order.";

19 (3) Within the body of the contract, language specifying that the consumer legal funding
20 company shall have no role in deciding whether, when, or for how much the legal claim is settled
21 and that the consumer or the consumer's attorney shall notify the company of whether the outcome
22 of the legal claim will be by settlement or by adjudication prior to the resolution date. The company
23 may seek updated information about the status of the legal claim but in no event shall the company
24 interfere with the independent professional judgment of the attorney in the handling of the legal
25 claim or any settlement thereof;

26 (4) Within the body of the contract, in all capital letters and in at least twelve-point bold-
27 type font contained within a box: "THE FUNDED AMOUNT AND AGREED-UPON CHARGES
28 SHALL BE PAID ONLY FROM THE PROCEEDS OF YOUR LEGAL CLAIM AND SHALL BE
29 PAID ONLY TO THE EXTENT THAT THERE ARE AVAILABLE PROCEEDS FROM YOUR
30 LEGAL CLAIM. IF THERE IS NO RECOVERY OF ANY DAMAGES FROM YOUR LEGAL
31 CLAIM OR IF THERE IS NOT ENOUGH MONEY TO PAY BACK THE CONSUMER LEGAL
32 FUNDING COMPANY IN FULL, YOU WILL NOT BE OBLIGATED TO PAY THE
33 CONSUMER LEGAL FUNDING COMPANY ANYTHING IN EXCESS OF YOUR RECOVERY
34 UNLESS YOU HAVE VIOLATED THIS CONTRACT. YOU WILL NOT OWE (INSERT NAME
35 OF THE CONSUMER LEGAL FUNDING COMPANY) ANYTHING IF THERE ARE NO
36 PROCEEDS FROM YOUR LEGAL CLAIM UNLESS YOU OR YOUR ATTORNEY HAVE
37 VIOLATED ANY MATERIAL TERM OF THIS CONTRACT OR UNLESS YOU HAVE
38 COMMITTED FRAUD AGAINST THE CONSUMER LEGAL FUNDING COMPANY."; and

1 (5) Located immediately above the place on the contract where the consumer's signature is
2 required, in twelve-point font: "Do not sign this contract before you read it completely or if it
3 contains any blank spaces. You are entitled to a completely filled-in copy of the contract. Before
4 you sign this contract, you should obtain the advice of an attorney. Depending on the
5 circumstances, you may want to consult a tax, public or private benefits planning, or financial
6 professional. You acknowledge that your attorney in the legal claim has provided no tax, public or
7 private benefit planning, or financial advice regarding this transaction."

8 436.562. 1. Nothing in sections 436.550 to 436.570 shall be construed to restrict the
9 exercise of powers or the performance of the duties of the state attorney general that he or she is
10 authorized to exercise or perform by law.

11 2. If a court of competent jurisdiction determines that a consumer legal funding company
12 has intentionally violated the provisions of sections 436.550 to 436.570 in a consumer legal funding
13 contract, the consumer legal funding contract shall be voided.

14 436.564. 1. The contingent right to receive an amount of the potential proceeds of a legal
15 claim is assignable.

16 2. Nothing contained in sections 436.550 to 436.570 shall be construed to cause any
17 consumer legal funding contract conforming to sections 436.550 to 436.570 to be deemed a loan or
18 to be subject to any of the provisions governing loans. A consumer legal funding contract that
19 complies with sections 436.550 to 436.570 is not subject to any other statutory or regulatory
20 provisions governing loans or investment contracts. To the extent that sections 436.550 to 436.570
21 conflict with any other law, such sections shall supersede the other law for the purposes of
22 regulating consumer legal funding in this state.

23 3. Only attorney's liens related to the legal claim, Medicare, or other statutory liens related
24 to the legal claim shall take priority over claims to proceeds from the consumer legal funding
25 company. All other liens and claims shall take priority by normal operation of law.

26 4. No consumer legal funding company, regardless of the outcome of a claim to proceeds,
27 shall attempt to negatively impact a consumer's credit history, except in the cases of breach of
28 contract and fraud.

29 436.566. An attorney or law firm retained by the consumer in the legal claim shall not have
30 a financial interest in the consumer legal funding company offering consumer legal funding to that
31 consumer. Additionally, any practicing attorney who has referred the consumer to his or her
32 retained attorney shall not have a financial interest in the consumer legal funding company offering
33 consumer legal funding to that consumer.

34 436.568. No communication between the consumer's attorney in the legal claim and the
35 consumer legal funding company as it pertains to the consumer legal funding contract shall limit,
36 wave, or abrogate the scope or nature of any statutory or common-law privilege, including the
37 work-product doctrine and attorney-client privilege.

38 436.570. 1. Unless a consumer legal funding company has first registered pursuant to this
39 section, the company shall not engage in the business of consumer legal funding in this state.

1 2. An applicant's registration shall be filed in the manner prescribed by the division of
2 finance and shall contain the information the division requires to make an evaluation of the
3 character and fitness of the applicant company. The initial application shall be accompanied by a
4 five-hundred-dollar fee. A renewal registration shall include a two-hundred-dollar fee. A
5 registration shall be renewed every two years and expire on September thirtieth.

6 3. A certificate of registration shall not be issued unless the division of finance, upon
7 investigation, finds that the character and fitness of the applicant company, and of the officers and
8 directors thereof, are such as to warrant belief that the business shall operate honestly and fairly
9 within the purposes of sections 436.550 to 436.570.

10 4. Every registrant shall also, at the time of filing such application, file with the division of
11 finance, if the division of finance so requires, a bond satisfactory to the division of finance in an
12 amount not to exceed fifty thousand dollars. In lieu of the bond at the option of the registrant, the
13 registrant may post an irrevocable letter of credit. The terms of the bond shall run concurrently with
14 the period of time during which the registration shall be in effect. The bond shall provide that the
15 registrant shall faithfully conform to and abide by the provisions of sections 436.550 to 436.570, to
16 all rules lawfully made by the administrator under sections 436.550 to 436.570, and to any such
17 person or persons any and all amounts of moneys that may become due or owing to the state or to
18 such person or persons from the registrant under and by virtue of sections 436.550 to 436.570 during
19 the period for which the bond is given.

20 5. Upon written request, the applicant is entitled to a hearing on the question of the
21 applicant's qualifications for registration if:

22 (1) The division of finance notifies the applicant in writing that the application is denied; or

23 (2) The division of finance has not issued a registration within sixty days of the date the
24 application for the registration was filed.

25
26 A request for a hearing shall not be made more than fifteen days after the division of finance mails a
27 written notice to the applicant stating that the application is denied and disclosing findings in
28 support of denial of the application.

29 6. Notwithstanding the prior approval requirement of subsection 1 of this section, a
30 consumer legal funding company that registered with the division of finance between the effective
31 date of sections 436.550 to 436.570 and six months thereafter may engage in consumer legal
32 funding while the company's registration is awaiting approval by the division of finance. All
33 funding contracts in effect prior to the effective date of sections 436.550 to 436.570 are not subject
34 to the terms of sections 436.550 to 436.570.

35 7. No consumer legal funding company shall use any consumer legal funding contract form
36 in this state unless it has been filed with the division of finance in accordance with the filing
37 procedures set forth by the division of finance.

38 8. The division of finance may, after notice and hearing under chapter 536, impose an
39 administrative fine not to exceed one thousand dollars per violation against a consumer legal

1 funding company that is found to have knowingly and willfully violated sections 436.550 to
2 436.570.

3 9. The division of finance shall have the authority to promulgate rules to carry out the
4 provisions of sections 436.550 to 436.570. Any rule or portion of a rule, as that term is defined in
5 section 536.010, that is created under the authority delegated in this section shall become effective
6 only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable,
7 section 536.028. This section and chapter 536 are nonseverable, and if any of the powers vested
8 with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to
9 disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking
10 authority and any rule proposed or adopted after August 28, 2023, shall be invalid and void.

11 436.571. As used in sections 436.571 to 436.580, the following terms mean:

12 (1) "Consumer", any natural person who resides, is present, or is domiciled in this state or
13 who is or may become a plaintiff or complainant in a lawsuit or other legal dispute in this state;

14 (2) "Legal representative", an attorney, group of attorneys, law firm, or other party who may
15 represent a person or persons in a legal dispute in this state;

16 (3) "Litigation activities", any legal work and advice directly related to the prosecution of a
17 legal claim as defined under subdivision (9) of section 436.552, including filings, legal document
18 preparation and drafting, appeals, creation of a litigation strategy, drafting testimony, and related
19 litigation. Funds provided to a consumer for his or her personal needs and use are not litigation
20 activities;

21 (4) "Litigation financier", a person, group of persons, or legal entity engaged in the business
22 of litigation financing or any other mechanism created with the intent of so doing;

23 (5) "Litigation financing", the funding of litigation activities by entities other than the
24 parties themselves, their counsel, or other entities with a preexisting contractual relationship with
25 one of the parties, such as an indemnitor or a liability insurer;

26 (6) "Litigation financing transaction", a nonrecourse transaction in which financing is
27 provided to a consumer in return for a consumer assigning to the litigation financier a contingent
28 right to receive an amount of the potential proceeds of the consumer's judgment, award, settlement,
29 or verdict obtained with respect to the consumer's legal claim or agreeing to pay the litigation
30 financier interest or other fees for the financing provided. "Litigation financing" shall not include
31 legal representation services provided to a consumer on a contingency fee basis, or legal costs
32 advanced by a legal representative, if such services or costs are provided to or on behalf of a
33 consumer by an attorney representing the consumer in the dispute and in accordance with rule 4 of
34 the rules of the supreme court;

35 (7) "Medical provider", any person or business providing medical services of any kind to a
36 consumer including, but not limited to, physicians, nurse practitioners, hospitals, physical therapists,
37 chiropractors, or radiologists as well as any of their employees or contractors or any practice groups,
38 partnerships, or incorporations of the same.

1 436.572. 1. (1) No litigation financier shall engage in a litigation financing transaction in
 2 this state unless it is registered as a litigation financier in this state.

3 (2) A litigation financier that is a business entity or partnership is registered in this state if:

4 (a) It has a status of active and in good standing as reflected in the records of the secretary
 5 of state; and

6 (b) Its charter, articles of organization, certificate of limited partnership, or other
 7 organizational document, or, if a foreign entity, its Missouri application for a certificate of authority,
 8 contains a statement that it shall be designated as a litigation financier pursuant to sections 436.571
 9 to 436.580.

10 (3) A litigation financier that is not a business entity or partnership is registered in this state
 11 if it files an application for registration as a litigation financier on a form prescribed by the secretary
 12 of state, along with a filing fee of one hundred dollars, that contains:

13 (a) The applicant's full legal name;

14 (b) The business name of the applicant, if any;

15 (c) The physical street address and mailing address of the applicant;

16 (d) A telephone number through which the applicant can be reached;

17 (e) The name, physical street address, mailing address, and telephone number for a Missouri
 18 registered agent appointed to accept service of process on behalf of the applicant;

19 (f) A statement that the applicant shall be designated as a litigation financier pursuant to
 20 sections 436.571 to 436.580; and

21 (g) Any other information the secretary of state deems necessary.

22 2. Each litigation financier shall file with the secretary of state a surety bond of not less than
 23 fifty thousand dollars. The bond shall be payable to this state for the use of the attorney general and
 24 any person who may have a cause of action against the obliger of the bond for any violation of
 25 sections 436.571 to 436.580. The bond shall continue in effect so long as a litigation financier is
 26 designated as a litigation financier in the records of the secretary of state.

27 3. A litigation financier shall amend its registration with the secretary of state under
 28 subsection 1 of this section within thirty days whenever the information contained in such record
 29 changes or becomes inaccurate or incomplete in any respect. A litigation financier that is not a
 30 business entity or partnership may amend its registration with the secretary of state by filing an
 31 amendment on a form prescribed by the secretary of state, along with a filing fee of twenty dollars.

32 4. All documents filed pursuant to this section are public record.

33 436.573. 1. A litigation financier shall not:

34 (1) Pay or offer commissions, referral fees, or other forms of consideration to any legal
 35 representative, medical provider, or any of their employees for referring a consumer to a litigation
 36 financier;

37 (2) Accept any commissions, referral fees, rebates, or other forms of consideration from a
 38 legal representative, medical provider, or any of their employees;

39 (3) Knowingly advertise false or misleading information regarding its products or services;

1 (4) Refer a consumer or potential consumer to a specific legal representative, medical
 2 provider, or any of their employees;

3 (5) Fail to promptly supply copies of any complete litigation financing contracts to the
 4 consumer and the consumer's legal representative;

5 (6) Attempt to secure a remedy or obtain a waiver of any remedy including, but not limited
 6 to, compensatory, statutory, or punitive damages, that the consumer might otherwise be or not be
 7 entitled to pursue;

8 (7) Attempt to effect arbitration or otherwise effect the waiver of a consumer's right to trial
 9 by jury;

10 (8) Offer or provide legal advice to the consumer regarding the litigation financing or the
 11 underlying dispute;

12 (9) Assign, which includes securitizing, a litigation financing contract in whole or part;

13 (10) Report a consumer to a credit reporting agency if insufficient funds remain from the net
 14 proceeds to repay the litigation financier; or

15 (11) Receive or exercise any right to direct, nor make any decisions with respect to, the
 16 conduct of the consumer's legal claim or any settlement or resolution thereof. The right to make
 17 such decisions shall remain solely with the consumer and his or her legal representative.

18 2. A legal representative retained by a consumer, a medical provider for such consumer, or
 19 any employee thereof shall not have a financial interest in litigation financing and shall not receive a
 20 referral fee or other consideration from any litigation financier, its employees, its owners, or its
 21 affiliates.

22 436.574. 1. The terms of the litigation financing agreement shall be set forth in a written
 23 contract that is completely filled in. There shall be no incomplete sections when the contract is
 24 offered or presented to the consumer.

25 2. Litigation financing contracts shall contain the disclosures specified in this section, which
 26 shall constitute material terms of the litigation financing contract.

27 3. The disclosures shall be typed in at least fourteen-point bold font and be placed clearly
 28 and conspicuously immediately above the consumer's signature line in the litigation financing
 29 contract and shall be in substantially the following form:

Consumer's Right to Cancellation: You may cancel this contract
without penalty or further obligation within five (5) business days
from the date you signed this contract or received financing from
[insert name of the litigation financier] by either returning the funds to
[insert name, office address and office hours of the litigation
financier] or by U.S. mail, [insert name and mailing address of
litigation financier]. For return by U.S. mail, the postmark date on the
returned funds or, if mailed by registered or certified mail, the date of
the return receipt requested shall be the date of return.

The fees charged pursuant to this agreement shall not exceed
[litigation financier to insert annual interest percentage rate,

percentage of award or settlement proceeds, or dollar amount].

The litigation financier agrees that it has no right to and will not make any decisions about the conduct of your lawsuit or dispute and that the right to make those decisions remains solely with you and your legal representative.

If there is no recovery of any money from your legal claim or if there is not enough money to satisfy the portion assigned to [insert name of the litigation financier] in full, you will not owe anything in excess of your recovery.

Do not sign this contract before you read it completely. If this contract contains any incomplete sections, you are entitled to a completely filled-in copy of the contract prior to signing it. Before you sign this contract, you should obtain the advice of an attorney. Depending on the circumstances you may want to consult a tax advisor, a financial professional, or an accountant.

1 4. If the consumer is represented by a legal representative in the dispute that is the subject of
2 the litigation financing contract, the legal representative shall acknowledge in the contract that the
3 legal representative or its employer or employees have neither received nor paid a referral fee or any
4 other consideration from or to the litigation financier, nor will in the future do so.

5 5. If the consumer's legal representative is a party to a litigation financing agreement related
6 to the consumer's legal proceeding, the legal representative shall share with the consumer the
7 agreement between the legal representative and the litigation financier. The agreement shall be
8 accompanied by the disclosure required by this section, and the consumer shall sign both an
9 acknowledgment that the agreement has been read and the required disclosure.

10 436.575. 1. Except as otherwise stipulated or ordered by the court, a consumer or the
11 consumer's legal representative shall, without awaiting a discovery request, provide to all parties to
12 the litigation, including the consumer's insurer if prior to litigation, any litigation financing contract
13 or agreement under which anyone, other than a legal representative permitted to charge a contingent
14 fee representing a party, has a right to receive compensation or proceeds from the consumer that are
15 contingent on and sourced from any proceeds of the civil action, by settlement, judgment, or
16 otherwise.

17 2. The existence of litigation financing and all participants in such financing arrangements
18 are permissible subjects of discovery in all personal injury litigation or matters arising out of
19 personal injuries.

20 436.576. 1. Each litigation financier shall file a report annually with the secretary of state in
21 accordance with such procedures as the secretary may require. The report shall contain at least the
22 following:

23 (1) For each person that, directly or indirectly, owns, controls, holds with the power to vote,
24 or holds proxies representing at least five percent of the voting securities of the litigation financier:

1 (a) The legal name and address of each person;

2 (b) If the person is an individual, his or her principal occupation, offices, and positions held
 3 during the past five years and any conviction of criminal offenses other than minor traffic violations
 4 during the past ten years;

5 (c) If the person is not an individual, a report of the nature of its business operations during
 6 the past five years or the entirety of the person and any predecessor's existence, whichever is shorter,
 7 a narrative description of the business intended to be done by the person and the person's
 8 subsidiaries and a list of all individuals who are or who have been selected to become directors or
 9 executive officers of the person. The list shall include for each individual the information required
 10 under subdivision (2) of this subsection; and

11 (2) For each litigation financing transaction entered in this state or involving a claim to be
 12 litigated in this state, the litigation financier shall identify:

13 (a) The amount, dates of payment, and name and address of each person that received any
 14 amount of financing from a litigation financier during the previous calendar year;

15 (b) The amount, date of payment, and source of payment for all proceeds obtained by the
 16 litigation financier during the previous calendar year from any judgment, award, settlement, or
 17 verdict in a litigation financing transaction; and

18 (c) Any other information the secretary of state deems necessary to the administration of
 19 justice.

20 2. (1) The secretary of state shall provide to the commissioner of insurance an annual report
 21 within six months of the receipt of the information in subsection 1 of this section containing all of
 22 the information therein and a summary. This report as filed shall not be made available to the public
 23 and shall be confidential by law and privileged, shall not be subject to the provisions of chapter 610,
 24 shall not be subject to subpoena, and shall not be subject to discovery or admissible in evidence in
 25 any private civil action.

26 (2) The secretary of state shall release the report and summary described under subdivision
 27 (1) of this subsection to the public after removing all personally identifiable information of any
 28 consumer. Nothing in this subsection shall affect the obligation to disclose litigation financing
 29 contracts or other agreements under section 436.575.

30 436.577. Sections 436.571 to 436.580 shall apply to any class action. Putative class
 31 members and the court shall be advised that the proposed class attorney has a legal or financial
 32 relationship with a litigation financier.

33 436.578. Sections 436.571 to 436.580 shall not apply to litigation financing provided to
 34 commercial enterprises in support of litigation strictly between commercial enterprises. This
 35 exemption does not apply to any personal injury claim, situations arising from a personal injury
 36 claim, or an aggregation of personal injury claims, whether by subrogation, assignment, or any other
 37 basis.

38 436.579. The practice of litigation financing shall be regulated by the division of finance.
 39 The commissioner of the division of finance may promulgate all necessary rules and regulations for

1 the administration of this section. Any rule or portion of a rule, as that term is defined in section
2 536.010, that is created under the authority delegated in this section shall become effective only if it
3 complies with and is subject to all of the provisions of chapter 536 and, if applicable, section
4 536.028. This section and chapter 536 are nonseverable, and if any of the powers vested with the
5 general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and
6 annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any
7 rule proposed or adopted after August 28, 2023, shall be invalid and void.

8 436.580. Any violation of the provisions of sections 436.571 to 436.580 shall make the
9 litigation financing contract unenforceable by the litigation financier, the consumer, or any
10 successor-in-interest to the litigation financing contract.

11 436.581. It shall be unlawful for any person or entity to operate as a consumer legal funding
12 provider in this state except as authorized by the consumer legal funding model act and without first
13 having obtained a license in accordance with the consumer legal funding model act. No person or
14 entity may engage in any devise, subterfuge, or pretense to evade the requirements of the consumer
15 legal funding model act. However, any company that has a license in good standing under section
16 436.550 to 436.570 on the effective date of the consumer legal funding model act shall be entitled to
17 make consumer legal fundings under the terms of the consumer legal funding model act upon the
18 effective date of the consumer legal funding model act, if that company files an application for a
19 consumer legal funding license, for sixty days or until the division approves or denies the
20 application for a funding license, whichever is sooner. Any consumer legal funding contract by any
21 person or entity in violation of this subsection shall be null and void and the person or entity that
22 entered into the consumer legal funding transactions shall have no right to collect, attempt to collect,
23 receive, or retain any principal, interest or charges related to the consumer legal funding
24 transaction."; and"; and

25
26 Further amend said bill by amending the title, enacting clause, and intersectional references
27 accordingly.

28
29 THIS AMENDS 0845H03.06H