

FIRST REGULAR SESSION

# HOUSE BILL NO. 628

102ND GENERAL ASSEMBLY

---

INTRODUCED BY REPRESENTATIVE CHRISTOFANELLI.

0441H.011

DANA RADEMAN MILLER, Chief Clerk

---

## AN ACT

To amend chapter 436, RSMo, by adding thereto twenty-two new sections relating to litigation, with penalty provisions.

---

*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Chapter 436, RSMo, is amended by adding thereto twenty-two new sections, to be known as sections 436.550, 436.552, 436.554, 436.556, 436.558, 436.560, 436.562, 436.564, 436.566, 436.568, 436.570, 436.571, 436.572, 436.573, 436.574, 436.575, 436.576, 436.577, 436.578, 436.579, 436.580, and 436.581, to read as follows:

**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:**

EXPLANATION — Matter enclosed in bold-faced brackets ~~thus~~ in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

- 14           **(a) Resides or is domiciled in Missouri; and**  
15           **(b) Has a legal claim in Missouri;**  
16           **(4) "Consumer legal funding company" or "company", a person or entity that**  
17 **enters into a consumer legal funding contract with a consumer. The term shall not**  
18 **include:**  
19           **(a) An immediate family member of the consumer;**  
20           **(b) A bank, lender, financing entity, or other special purpose entity:**  
21           **a. That provides financing to a consumer legal funding company; or**  
22           **b. To which a consumer legal funding company grants a security interest or**  
23 **transfers any rights or interest in a consumer legal funding; or**  
24           **(c) An attorney or accountant who provides services to a consumer;**  
25           **(5) "Consumer legal funding contract", a nonrecourse contractual transaction**  
26 **in which a consumer legal funding company purchases and a consumer assigns to the**  
27 **company a contingent right to receive an amount of the potential proceeds of a**  
28 **settlement, judgment, award, or verdict obtained in the consumer's legal claim;**  
29           **(6) "Funded amount", the amount of moneys provided to or on behalf of the**  
30 **consumer in the consumer legal funding contract. "Funded amount" shall not include**  
31 **charges;**  
32           **(7) "Funding date", the date on which the funded amount is transferred to the**  
33 **consumer by the consumer legal company either by personal delivery, via wire,**  
34 **automated clearing house transfer, or other electronic means, or by insured, certified, or**  
35 **registered United States mail;**  
36           **(8) "Immediate family member", a parent; sibling; child by blood, adoption, or**  
37 **marriage; spouse; grandparent; or grandchild;**  
38           **(9) "Legal claim", a bona fide civil claim or cause of action, any alternative**  
39 **dispute resolution proceeding, or any administrative proceeding before any agency or**  
40 **instrumentality of this state;**  
41           **(10) "Resolution date", the date the amount funded to the consumer, plus the**  
42 **agreed-upon charges, is delivered to the consumer legal funding company.**

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

- 3           **(1) The contract shall be completely filled in when presented to the consumer for**  
4 **signature;**  
5           **(2) The contract shall contain, in bold and boxed type, a right of rescission**  
6 **allowing the consumer to cancel the contract without penalty or further obligation if,**  
7 **within five business days after the funding date, the consumer either:**

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

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

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

16           **(4) The contract shall require the consumer to give nonrevocable written**  
17 **direction to the consumer's attorney requiring the attorney to notify the consumer legal**  
18 **funding company when the legal claim has been resolved. Once the consumer legal**  
19 **funding company confirms in writing the amount due under the contract, the**  
20 **consumer's attorney shall pay, from the proceeds of the resolution of the legal claim,**  
21 **the consumer legal funding company the amount due within ten business days.**

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

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

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

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

**436.556. No consumer legal funding company shall:**

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

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

8           **(3) Intentionally advertise materially false or misleading information regarding**  
9 **its products or services;**

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

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

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

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

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

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

5           **2. No consumer legal funding contract shall be valid if its terms exceed a period**  
6 **of forty-eight months. No consumer legal funding contract shall be automatically**  
7 **renewed.**

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

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

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

8           **(b) An itemization of one-time charges;**

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

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

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

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

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

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

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

49           (5) Located immediately above the place on the contract where the consumer's  
50 signature is required, in twelve-point font: "Do not sign this contract before you read it  
51 completely or if it contains any blank spaces. You are entitled to a completely filled-in

52 copy of the contract. Before you sign this contract, you should obtain the advice of an  
53 attorney. Depending on the circumstances, you may want to consult a tax, public or  
54 private benefits planning, or financial professional. You acknowledge that your  
55 attorney in the legal claim has provided no tax, public or private benefit planning, or  
56 financial advice regarding this transaction.".

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

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

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

3 2. Nothing contained in sections 436.550 to 436.570 shall be construed to cause  
4 any consumer legal funding contract conforming to sections 436.550 to 436.570 to be  
5 deemed a loan or to be subject to any of the provisions governing loans. A consumer  
6 legal funding contract that complies with sections 436.550 to 436.570 is not subject to  
7 any other statutory or regulatory provisions governing loans or investment contracts.  
8 To the extent that sections 436.550 to 436.570 conflict with any other law, such sections  
9 shall supersede the other law for the purposes of regulating consumer legal funding in  
10 this state.

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

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

436.566. An attorney or law firm retained by the consumer in the legal claim  
2 shall not have a financial interest in the consumer legal funding company offering  
3 consumer legal funding to that consumer. Additionally, any practicing attorney who has  
4 referred the consumer to his or her retained attorney shall not have a financial interest  
5 in the consumer legal funding company offering consumer legal funding to that  
6 consumer.

436.568. No communication between the consumer's attorney in the legal claim  
2 and the consumer legal funding company as it pertains to the consumer legal funding

3 contract shall limit, waive, or abrogate the scope or nature of any statutory or common-  
4 law privilege, including the work-product doctrine and attorney-client privilege.

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

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

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

14 4. Every registrant shall also, at the time of filing such application, file with the  
15 division of finance, if the division of finance so requires, a bond satisfactory to the  
16 division of finance in an amount not to exceed fifty thousand dollars. In lieu of the bond  
17 at the option of the registrant, the registrant may post an irrevocable letter of credit.  
18 The terms of the bond shall run concurrently with the period of time during which the  
19 registration shall be in effect. The bond shall provide that the registrant shall faithfully  
20 conform to and abide by the provisions of sections 436.550 to 436.570, to all rules  
21 lawfully made by the administrator under sections 436.550 to 436.570, and to any such  
22 person or persons any and all amounts of moneys that may become due or owing to the  
23 state or to such person or persons from the registrant under and by virtue of sections  
24 436.550 to 436.570 during the period for which the bond is given.

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

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

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

31

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

35           **6. Notwithstanding the prior approval requirement of subsection 1 of this**  
36 **section, a consumer legal funding company that registered with the division of finance**  
37 **between the effective date of sections 436.550 to 436.570 and six months thereafter may**  
38 **engage in consumer legal funding while the company's registration is awaiting approval**  
39 **by the division of finance. All funding contracts in effect prior to the effective date of**  
40 **sections 436.550 to 436.570 are not subject to the terms of sections 436.550 to 436.570.**

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

44           **8. The division of finance may, after notice and hearing under chapter 536,**  
45 **impose an administrative fine not to exceed one thousand dollars per violation against a**  
46 **consumer legal funding company that is found to have knowingly and willfully violated**  
47 **sections 436.550 to 436.570.**

48           **9. The division of finance shall have the authority to promulgate rules to carry**  
49 **out the provisions of sections 436.550 to 436.570. Any rule or portion of a rule, as that**  
50 **term is defined in section 536.010, that is created under the authority delegated in this**  
51 **section shall become effective only if it complies with and is subject to all of the**  
52 **provisions of chapter 536 and, if applicable, section 536.028. This section and chapter**  
53 **536 are nonseverable, and if any of the powers vested with the general assembly**  
54 **pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul**  
55 **a rule are subsequently held unconstitutional, then the grant of rulemaking authority**  
56 **and any rule proposed or adopted after August 28, 2023, shall be invalid and void.**

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

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

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

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

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

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

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

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

          436.572. 1. (1) No litigation financier shall engage in a litigation financing  
2 transaction in 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  
4 this state if:

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

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

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

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

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

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

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

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

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

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

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

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

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

436.573. 1. A litigation financier shall not:

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

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

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

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

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

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

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

18           **(8) Offer or provide legal advice to the consumer regarding the litigation**  
19 **financing or the underlying dispute;**

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

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

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

28           **2. A legal representative retained by a consumer, a medical provider for such**  
29 **consumer, or any employee thereof shall not have a financial interest in litigation**  
30 **financing and shall not receive a referral fee or other consideration from any litigation**  
31 **financer, its employees, its owners, or its affiliates.**

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

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

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

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

19           **The fees charged pursuant to this agreement shall not exceed**  
20 **[litigation financier to insert annual interest percentage rate,**  
21 **percentage of award or settlement proceeds, or dollar amount].**

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

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

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

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

41           **5. If the consumer's legal representative is a party to a litigation financing**  
42           **agreement related to the consumer's legal proceeding, the legal representative shall**  
43           **share with the consumer the agreement between the legal representative and the**  
44           **litigation financier. The agreement shall be accompanied by the disclosure required by**  
45           **this section, and the consumer shall sign both an acknowledgment that the agreement**  
46           **has been read and the required disclosure.**

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

9           **2. The existence of litigation financing and all participants in such financing**  
10 **arrangements are permissible subjects of discovery in all personal injury litigation or**  
11 **matters arising out of personal injuries.**

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

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

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

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

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

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

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

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

26           **(c) Any other information the secretary of state deems necessary to the**  
27 **administration of justice.**

28           **2. (1) The secretary of state shall provide to the commissioner of insurance an**  
29 **annual report within six months of the receipt of the information in subsection 1 of this**  
30 **section containing all of the information therein and a summary. This report as filed**  
31 **shall not be made available to the public and shall be confidential by law and privileged,**  
32 **shall not be subject to the provisions of chapter 610, shall not be subject to subpoena,**  
33 **and shall not be subject to discovery or admissible in evidence in any private civil action.**

34           **(2) The secretary of state shall release the report and summary described under**  
35 **subdivision (l) of this subsection to the public after removing all personally identifiable**  
36 **information of any consumer. Nothing in this subsection shall affect the obligation to**  
37 **disclose litigation financing contracts or other agreements under section 436.575.**

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

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

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

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

**436.581. It shall be unlawful for any person or entity to operate as a consumer**  
2 **legal funding provider in this state except as authorized by the consumer legal funding**  
3 **model act and without first having obtained a license in accordance with the consumer**  
4 **legal funding model act. No person or entity may engage in any devise, subterfuge, or**  
5 **pretense to evade the requirements of the consumer legal funding model act. However,**  
6 **any company that has a license in good standing under section 436.550 to 436.570 on the**  
7 **effective date of the consumer legal funding model act shall be entitled to make**  
8 **consumer legal fundings under the terms of the consumer legal funding model act upon**  
9 **the effective date of the consumer legal funding model act, if that company files an**  
10 **application for a consumer legal funding license, for sixty days or until the division**  
11 **approves or denies the application for a funding license, whichever is sooner. Any**  
12 **consumer legal funding contract by any person or entity in violation of this subsection**

13 **shall be null and void and the person or entity that entered into the consumer legal**  
14 **funding transactions shall have no right to collect, attempt to collect, receive, or retain**  
15 **any principal, interest or charges related to the consumer legal funding transaction.**

✓