

HOUSE BILL 1274

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By: **Delegate A. Johnson**

Introduced and read first time: February 7, 2025

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

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

3 FOR the purpose of prohibiting certain litigation financiers from engaging in certain
4 conduct with respect to litigation financing transactions and certain litigation
5 financing contracts; requiring that the litigation financing contracts contain certain
6 disclosures and be executed in a certain manner; requiring a certain disclosure of a
7 litigation financing contract in certain civil actions; imposing a fiduciary duty on
8 litigation financiers in certain class actions; requiring that a litigation financing
9 contract be rendered void and unenforceable under certain circumstances; providing
10 that a litigation financier may be subject to certain penalty and enforcement
11 mechanisms for usury; and generally relating to third-party litigation financing
12 transactions.

13 BY adding to

14 Article – Commercial Law

15 Section 14–5001 through 14–5010 to be under the new subtitle “Subtitle 50.
16 Maryland Transparency in Third-Party Litigation Financing Act”

17 Annotated Code of Maryland

18 (2013 Replacement Volume and 2024 Supplement)

19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
20 That the Laws of Maryland read as follows:

21 **Article – Commercial Law**

22 **SUBTITLE 50. MARYLAND TRANSPARENCY IN THIRD-PARTY LITIGATION**
23 **FINANCING ACT.**

24 **14–5001.**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

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

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

(E) "LITIGATION FINANCIER" MEANS A PERSON OR GROUP OF PERSONS ENGAGED IN OR FORMED, CREATED, OR ESTABLISHED FOR THE PURPOSE OF ENGAGING IN THE BUSINESS OF LITIGATION FINANCING OR ANY OTHER BUSINESS OR ECONOMIC ACTIVITY IN WHICH A PERSON OR GROUP OF PERSONS RECEIVES CONSIDERATION OF ANY KIND IN EXCHANGE FOR PROVIDING LITIGATION FINANCING.

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

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

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

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

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

(G) (1) "LITIGATION FINANCING CONTRACT" MEANS A WRITTEN CONTRACT IN WHICH A LITIGATION FINANCIER AGREES TO PROVIDE LITIGATION

1 FINANCING TO A CONSUMER IN CONJUNCTION WITH A CIVIL ACTION AS
2 CONSIDERATION FOR:

3 (I) REPAYMENT OF THE LITIGATION FINANCING;

4 (II) THE PAYMENT OF INTEREST, FEES, OR OTHER
5 CONSIDERATION TO THE LITIGATION FINANCIER; OR

6 (III) ASSIGNING TO THE LITIGATION FINANCIER A RIGHT TO
7 RECEIVE PAYMENT FROM THE VALUE OF:

8 1. ANY PROCEEDS OR OTHER CONSIDERATION
9 REALIZED FROM ANY JUDGMENT, AWARD, SETTLEMENT, OR VERDICT; OR

10 2. ANY OTHER FORM OF MONETARY RELIEF A
11 CONSUMER, A LEGAL REPRESENTATIVE, OR ANY OTHER PERSON MAY RECEIVE OR
12 RECOVER IN RELATION TO THE CIVIL ACTION.

13 (2) "LITIGATION FINANCING CONTRACT" DOES NOT INCLUDE AN
14 AGREEMENT, A CONTRACT, OR AN ENGAGEMENT OF A LEGAL REPRESENTATIVE TO
15 RENDER LEGAL SERVICES TO A CONSUMER ON A CONTINGENCY FEE BASIS,
16 INCLUDING THE ADVANCEMENT OF LEGAL COSTS BY THE LEGAL REPRESENTATIVE
17 IN WHICH THE SERVICES OR COSTS ARE PROVIDED TO OR ON BEHALF OF A
18 CONSUMER BY THE LEGAL REPRESENTATIVE WHO IS REPRESENTING THE
19 CONSUMER IN A CIVIL ACTION.

20 (H) "PORTFOLIO OF ACTIONS" MEANS AN ARRANGEMENT IN WHICH
21 LITIGATION FINANCIERS 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
24 CIVIL ACTIONS.

25 14-5002.

26 IT IS THE INTENT OF THE GENERAL ASSEMBLY TO PROMOTE CONSUMER
27 PROTECTION AND TRANSPARENCY IN THIRD-PARTY LITIGATION FINANCING
28 TRANSACTIONS THROUGH THE REGULATION AND DISCLOSURE REQUIREMENTS
29 PROVIDED UNDER THIS SUBTITLE.

30 14-5003.

31 THIS SUBTITLE DOES NOT APPLY TO:

(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:

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

(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;

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

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

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

(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

(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.

14-5004.

(A) BEFORE A LITIGATION FINANCING CONTRACT MAY BE SIGNED BY A PARTY TO THE CONTRACT, THE TERMS AND CONDITIONS OF THE LITIGATION FINANCING CONTRACT SHALL BE RECORDED IN WRITING AND INCLUDE EACH TERM AND CONDITION INTENDED BY THE PARTIES WITHOUT OMISSION OF ANY INTENDED TERM OR CONDITION.

(B) A LITIGATION FINANCIER MAY NOT AMEND THE TERMS OR CONDITIONS OF AN EXECUTED LITIGATION FINANCING CONTRACT WITHOUT FULL DISCLOSURE TO, AND PRIOR WRITTEN CONSENT OF, EACH PARTY TO THE LITIGATION FINANCING CONTRACT.

14-5005.

(A) (1) A LITIGATION FINANCING CONTRACT SHALL CONTAIN THE DISCLOSURES AND STATEMENTS REQUIRED UNDER THIS SECTION.

(2) THE DISCLOSURES REQUIRED UNDER THIS SECTION SHALL CONSTITUTE THE MATERIAL TERMS OF A LITIGATION FINANCING CONTRACT.

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

(C) A LITIGATION FINANCING CONTRACT SHALL DISCLOSE:

(1) ON THE FIRST PAGE OF THE LITIGATION FINANCING CONTRACT, THE NAME, STREET ADDRESS, AND MAILING ADDRESS OF THE LITIGATION FINANCIER;

(2) THAT SOME OR ALL OF THE LITIGATION FINANCING MAY BE TAXABLE;

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

(4) AN ITEMIZATION OF CHARGES;

(5) THE TOTAL FUNDED AMOUNT PROVIDED TO THE CONSUMER UNDER THE LITIGATION FINANCING CONTRACT;

(6) THE TOTAL AMOUNT DUE FROM THE CONSUMER, IN 6-MONTH INTERVALS OVER A PERIOD OF 42 MONTHS, INCLUDING ALL CHARGES AND FEES;

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

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**
3 **CONTRACT;**

4 **(9) THAT IF THERE IS NO RECOVERY OF ANY MONEY FROM THE**
5 **CONSUMER'S CIVIL ACTION, THE CONSUMER SHALL OWE NOTHING TO THE**
6 **LITIGATION FINANCIER; AND**

7 **(10) THAT IF THERE IS NOT ENOUGH RECOVERY TO SATISFY THE**
8 **TOTAL AMOUNT ASSIGNED TO THE LITIGATION FINANCIER, THE CONSUMER SHALL**
9 **OWE NOTHING IN EXCESS OF THE CONSUMER'S RECOVERY AMOUNT.**

10 **(D) A LITIGATION FINANCING CONTRACT SHALL INCLUDE:**

11 **(1) TERMS EXPLAINED BY THE FOLLOWING TEXT:**

12 **"CONSUMER'S RIGHT TO CANCELLATION: YOU MAY CANCEL THIS CONTRACT**
13 **WITHOUT PENALTY OR FURTHER OBLIGATION WITHIN FIVE (5) BUSINESS DAYS**
14 **FROM THE DATE YOU SIGNED THIS CONTRACT OR RECEIVED FINANCING FROM**
15 **(INSERT NAME OF THE LITIGATION FINANCIER) BY RETURNING THE FUNDS TO**
16 **(INSERT NAME, OFFICE ADDRESS, AND OFFICE HOURS OF THE LITIGATION**
17 **FINANCIER) OR BY U.S. MAIL (INSERT NAME AND MAILING ADDRESS OF LITIGATION**
18 **FINANCIER). 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**
21 **CONSIDERED THE DATE OF RETURN.**

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 AND**
24 **THAT THE RIGHT TO MAKE THOSE DECISIONS REMAINS SOLELY WITH YOU AND YOUR**
25 **ATTORNEY.**

26 **THE LITIGATION FINANCIER AGREES THAT IT HAS NO RIGHT TO, AND WILL**
27 **NOT DEMAND, REQUEST, RECEIVE, OR EXERCISE ANY RIGHT TO, INFLUENCE,**
28 **AFFECT, OR OTHERWISE MAKE ANY DECISION IN THE HANDLING, CONDUCT,**
29 **ADMINISTRATION, LITIGATION, SETTLEMENT, OR RESOLUTION OF YOUR CIVIL**
30 **ACTION, CLAIM, CASE, CAUSE OF ACTION, OR ADMINISTRATIVE PROCEEDING. ALL**
31 **OF THESE RIGHTS REMAIN SOLELY WITH YOU AND YOUR LEGAL REPRESENTATIVE.**

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 **FINANCIER, YOU WILL NOT OWE ANYTHING IN EXCESS OF YOUR RECOVERY.**

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

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

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

18 “THE FUNDED AMOUNT AND AGREED-UPON CHARGES SHALL BE PAID ONLY
19 FROM THE PROCEEDS OF YOUR CIVIL ACTION AND SHALL BE PAID ONLY TO THE
20 EXTENT THAT THERE ARE AVAILABLE PROCEEDS FROM YOUR CIVIL ACTION. YOU
21 WILL NOT OWE (INSERT NAME OF THE LITIGATION FINANCIER) ANYTHING IF THERE
22 ARE NO PROCEEDS FROM YOUR CIVIL ACTION, UNLESS YOU HAVE VIOLATED ANY
23 MATERIAL TERM OF THIS CONTRACT OR YOU HAVE COMMITTED FRAUD AGAINST
24 THE LITIGATION FINANCIER.”; AND

25 (3) IMMEDIATELY ABOVE THE PLACE ON THE LITIGATION FINANCING
26 CONTRACT WHERE THE CONSUMER'S SIGNATURE IS REQUIRED, TERMS EXPLAINED
27 USING THE FOLLOWING TEXT IN 14 POINT, BOLD FONT AND IN ALL CAPITAL
28 LETTERS:

29 “DO NOT SIGN THIS CONTRACT BEFORE YOU READ IT COMPLETELY. IF THIS
30 CONTRACT CONTAINS ANY INCOMPLETE SECTIONS, YOU ARE ENTITLED TO A
31 COMPLETELY FILLED-IN COPY OF THE CONTRACT PRIOR TO SIGNING IT. BEFORE
32 YOU SIGN THIS CONTRACT, YOU SHOULD OBTAIN THE ADVICE OF AN ATTORNEY.
33 DEPENDING ON THE CIRCUMSTANCES YOU MAY WANT TO CONSULT A TAX ADVISOR,
34 A FINANCIAL PROFESSIONAL, OR AN ACCOUNTANT.”.

35 14-5006.

(A) (1) EXCEPT AS OTHERWISE STIPULATED OR ORDERED BY A COURT, A PARTY IN A CIVIL ACTION SHALL, WITHOUT WAITING FOR A DISCOVERY REQUEST, PROVIDE TO EACH OF THE OTHER PARTIES IN THE CIVIL ACTION AND EACH INSURER THAT HAS A DUTY TO DEFEND ANOTHER PARTY IN THE CIVIL ACTION ANY LITIGATION FINANCING CONTRACT UNDER WHICH A LITIGATION FINANCIER HAS A RIGHT TO RECEIVE COMPENSATION THAT IS CONTINGENT IN ANY RESPECT ON THE OUTCOME OF THE CIVIL ACTION.

(2) DISCLOSURE IS REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION REGARDLESS OF WHETHER A CIVIL ACTION HAS FORMALLY COMMENCED.

(3) (I) THE DISCLOSURE REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION IS A CONTINUING OBLIGATION.

(II) WITHIN 30 DAYS AFTER ENTERING INTO A LITIGATION FINANCING CONTRACT OR AMENDING AN EXISTING LITIGATION FINANCING CONTRACT, A PARTY IN A CIVIL ACTION SHALL DISCLOSE AND DELIVER A NEW OR AMENDED LITIGATION FINANCING CONTRACT TO ALL OTHER PARTIES AND EACH INSURER THAT HAS A DUTY TO DEFEND ANOTHER PARTY IN THE CIVIL ACTION.

(B) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE ADMISSIBILITY OF A LITIGATION FINANCING CONTRACT IN A CIVIL ACTION SHALL BE GOVERNED BY THE MARYLAND RULES OF EVIDENCE.

(2) A LITIGATION FINANCING CONTRACT MAY NOT BE ADMISSIBLE IN A CIVIL ACTION SOLELY ON THE BASIS OF THE DISCLOSURE REQUIRED UNDER THIS SUBTITLE.

(C) THE EXISTENCE OF A LITIGATION FINANCING CONTRACT AND EACH PARTICIPANT OR PARTY TO A LITIGATION FINANCING CONTRACT IS A PERMISSIBLE SUBJECT OF DISCOVERY IN ANY CIVIL ACTION FOR WHICH LITIGATION FINANCING IS PROVIDED UNDER THE LITIGATION FINANCING CONTRACT, REGARDLESS OF WHETHER A CIVIL ACTION HAS FORMALLY COMMENCED.

14-5007.

(A) THIS SUBTITLE APPLIES TO ANY CIVIL ACTION FILED OR CERTIFIED AS A CLASS ACTION IN WHICH A LITIGATION FINANCIER PROVIDES LITIGATION FINANCING TO A CONSUMER INVOLVED IN THE CIVIL ACTION.

(B) A LITIGATION FINANCIER SHALL:

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

3 **(2) ACT IN A MANNER CONSISTENT WITH THE LITIGATION**
4 **FINANCIER'S FIDUCIARY DUTY THROUGHOUT THE CIVIL ACTION.**

5 **(C) (1) IN ADDITION TO THE DISCLOSURES REQUIRED UNDER THIS**
6 **SUBTITLE, A LEGAL REPRESENTATIVE OF A PUTATIVE OR CERTIFIED CLASS SHALL**
7 **DISCLOSE TO EACH PARTY, PUTATIVE OR CERTIFIED CLASS MEMBER, AND THE**
8 **COURT ANY LEGAL, FINANCIAL, OR OTHER RELATIONSHIP BETWEEN THE LEGAL**
9 **REPRESENTATIVE AND THE LITIGATION FINANCIER.**

10 **(2) THE LEGAL REPRESENTATIVE OF THE PUTATIVE OR CERTIFIED**
11 **CLASS SHALL DISCLOSE TO EACH PUTATIVE OR CERTIFIED CLASS MEMBER A TRUE**
12 **AND CORRECT COPY OF ANY LITIGATION FINANCING CONTRACT ON REQUEST.**

13 **14-5008.**

14 **(A) A LITIGATION FINANCIER 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;**

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

20 **(3) ADVERTISE FALSE OR MISLEADING INFORMATION REGARDING**
21 **THE LITIGATION FINANCIER'S PRODUCTS OR SERVICES;**

22 **(4) REFER OR REQUIRE A CONSUMER TO HIRE OR ENGAGE ANY**
23 **PERSON PROVIDING ANY GOODS OR RENDERING ANY SERVICES TO THE CONSUMER;**

24 **(5) FAIL TO PROMPTLY DELIVER A FULLY COMPLETED AND SIGNED**
25 **LITIGATION FINANCING CONTRACT TO A CONSUMER OR THE CONSUMER'S LEGAL**
26 **REPRESENTATIVE;**

27 **(6) ATTEMPT TO SECURE A REMEDY OR OBTAIN A WAIVER OF A**
28 **REMEDY, INCLUDING COMPENSATORY, STATUTORY, OR PUNITIVE DAMAGES, THAT A**
29 **CONSUMER MAY BE ENTITLED TO PURSUE OR OTHERWISE RECOVER;**

30 **(7) OFFER OR PROVIDE LEGAL ADVICE TO THE CONSUMER;**

1 (8) ASSIGN, INCLUDING SECURITIZING, A LITIGATION FINANCING
2 CONTRACT IN WHOLE OR IN PART;

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

8 (10) DEMAND, REQUEST, RECEIVE, OR EXERCISE A RIGHT OF THE
9 CONSUMER OR THE CONSUMER'S LEGAL REPRESENTATIVE TO INFLUENCE, AFFECT,
10 OR OTHERWISE MAKE A DECISION IN THE HANDLING, CONDUCT, ADMINISTRATION,
11 LITIGATION, SETTLEMENT, OR RESOLUTION OF A CIVIL ACTION FOR WHICH THE
12 LITIGATION FINANCIER HAS PROVIDED LITIGATION FINANCING; OR

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

17 (B) A PERSON WHO PROVIDES GOODS OR RENDERS A SERVICE TO A
18 CONSUMER MAY NOT:

19 (1) HAVE A FINANCIAL INTEREST IN THE CONSUMER'S LITIGATION
20 FINANCING CONTRACT; OR

21 (2) RECEIVE A COMMISSION, REFERRAL FEE, REBATE, OR OTHER
22 FORM OF CONSIDERATION FROM A LITIGATION FINANCIER OR AN AGENT OR
23 AFFILIATE OF THE LITIGATION FINANCIER.

24 **14-5009.**

25 (A) THE ATTORNEY GENERAL MAY ENFORCE THE PROVISIONS OF THIS
26 SUBTITLE.

27 (B) A VIOLATION OF THIS SUBTITLE BY A LITIGATION FINANCIER SHALL
28 RENDER A LITIGATION FINANCING CONTRACT VOID AND UNENFORCEABLE BY THE
29 LITIGATION FINANCIER AND ANY SUCCESSOR-IN-INTEREST TO THE LITIGATION
30 FINANCING 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

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

3 14-5010.

4 THIS SUBTITLE MAY BE CITED AS THE MARYLAND TRANSPARENCY IN
5 THIRD-PARTY LITIGATION FINANCING ACT.

6 SECTION 2. AND BE IT FURTHER ENACTED, That, if any provision of this Act or
7 the application of any provision of this Act to any person or circumstance is held invalid for
8 any reason in a court of competent jurisdiction, the invalidity does not affect other
9 provisions or any other application of this Act that can be given effect without the invalid
10 provision or application, and for this purpose the provisions of this Act are declared
11 severable.

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

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