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1	H.12 – Proposed Amendment to S.73
2	Sec. X. 8 V.S.A. § 2246 is added to read:
3	<u>§ 2246. CONSUMER LITIGATION FUNDING</u>
4	(a) Findings. The General Assembly finds that the relatively new business
5	of consumer litigation funding, as defined in subsection (b) of this section,
6	raises concerns about whether and, if so, to what extent such transactions
7	should be regulated by the Commissioner of Financial Regulation. Concerns
8	include: finance charges and fees; terms and conditions of contracts; rescission
9	rights; licensure or registration; disclosure requirements; enforcement and
10	penalties; and any other standards and practices the Commissioner deems
11	<u>relevant.</u>
12	(b) Definition. As used in this section, "consumer litigation funding"
13	means a nonrecourse transaction in which a person provides personal expense
14	funds to a consumer to cover personal expenses while the consumer is a party
15	to a civil action or legal claim and, in return, the consumer assigns to such
16	person a contingent right to receive an amount of the proceeds of a settlement
17	or judgment obtained from the consumer's action or claim. If no such
18	proceeds are obtained, the consumer is not required to repay the person the
19	funded amount, any fees or charges, or any other sums.
20	(c) Recommendation. On or before December 1, 2015, the Commissioner
21	of Financial Regulation and the Attorney General shall submit a

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1	recommendation or draft legislation to the General Assembly reflecting an
2	appropriate balance between:
3	(1) providing a consumer access to funds for personal expenses while
4	the consumer is a party to a civil action or legal claim; and
5	(2) protecting the consumer from any predatory practices by a person
6	who provides consumer litigation funding.
7	(d) Moratorium. A person shall not offer or enter into a consumer litigation
8	funding contract on or after the effective date of this act unless authorized to
9	do so by further enactment of the General Assembly.
10	(e) Enforcement. A person who violates subsection (d) of this section shall
11	be subject to the powers and penalties of the Commissioner of Financial
12	Regulation under sections 13 (subpoenas and examinations) and 2215 (licensed
13	lender penalties) of this title.
14	Sec. Y. EFFECTIVE DATE
15	This act shall take effect on passage.