

Senate Bill 69

By: Senators Kennedy of the 18th, Gooch of the 51st, Robertson of the 29th, Anavitarte of the 31st, Hatchett of the 50th and others

**AS PASSED**

A BILL TO BE ENTITLED

AN ACT

1 To amend Title 7 and Article 5 of Chapter 11 of Title 9 of the Official Code of Georgia  
2 Annotated, relating to banking and finance, and depositions and discovery under the  
3 "Georgia Civil Practice Act," respectively, so as to regulate third-party litigation financing  
4 practices in this state; to enact a new chapter regulating litigation financing practices; to  
5 provide for definitions; to require and provide for the registration of litigation financiers; to  
6 prohibit any person with relevant affiliations with foreign persons, foreign principals, or  
7 sovereign wealth funds from serving as litigation financiers; to require amended registration  
8 as a litigation financier; to provide for forms and filing fees; to provide for public disclosure  
9 of documents and information; to provide for denial of registration or amended registration  
10 as a litigation financier; to provide for notice of such denials; to provide for appeal of such  
11 denials; to provide for prohibitions applicable to litigation financiers and exceptions; to  
12 provide for joint and several liability for certain litigation financiers; to require litigation  
13 financing contracts to include indemnification provisions; to require litigation financing  
14 agreements to be memorialized in writing by litigation financing contracts; to provide for  
15 required provisions and disclosures to be included in litigation financing contracts; to require  
16 and provide for certain disclosures and acknowledgments in litigation financing agreements;

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17 to provide for exemptions; to provide for the cancellation of litigation financing agreements;  
18 to provide for a criminal offense; to provide for the authority of the Attorney General and  
19 prosecuting attorneys to institute criminal proceedings; to provide for penalties; to authorize  
20 and provide for the department's participation in the nation-wide multistate licensing system  
21 and registry and for matters related thereto; to provide for the authority of the department and  
22 the commissioner of banking and finance; to provide for the discovery of litigation financing  
23 agreements in civil actions; to provide a short title; to amend Title 40 of the Official Code  
24 of Georgia Annotated, relating to motor vehicles, so as to provide for admissibility of  
25 evidence related to seat safety belts; to provide for related matters; to provide for effective  
26 dates and applicabilities; to repeal conflicting laws; and for other purposes.

27 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

28 **SECTION 1.**

29 This Act shall be known and may be cited as the "Georgia Courts Access and Consumer  
30 Protection Act."

31 **SECTION 2.**

32 Title 7 of the Official Code of Georgia Annotated, relating to banking and finance, is  
33 amended by adding a new chapter to read as follows:

34 "CHAPTER 10

35 7-10-1.

36 As used in this chapter, the term:

- 37 (1) 'Affiliate' or 'affiliated' means a person that directly, or indirectly through one or more  
38 intermediaries, controls, is controlled by, or is under common control with another  
39 person.
- 40 (2) 'Commissioner' means the commissioner of banking and finance.
- 41 (3) 'Consumer' means any individual who resides, is present, or is domiciled in this state  
42 or who is or has standing to become a plaintiff, claimant, or complainant in a civil action,  
43 administrative proceeding, legal claim, or other legal proceeding or in pursuit of any  
44 claim or cause of action in this state.
- 45 (4) 'Department' means the Department of Banking and Finance.
- 46 (5) 'Entity' means any domestic or foreign corporation, partnership, limited partnership,  
47 limited liability company, trust, fund, plan, or any other business, enterprise, association,  
48 or organization of any kind or nature.
- 49 (6) 'Foreign person' means an individual or an entity that is not:
- 50 (A) A citizen of the United States;
- 51 (B) An alien lawfully admitted for permanent residence in the United States;
- 52 (C) An unincorporated association with a majority of members who are citizens of the  
53 United States or aliens lawfully admitted for permanent residence in the United States;  
54 or
- 55 (D) A corporation that is incorporated in the United States.
- 56 (7) 'Foreign principal' means:
- 57 (A) The government or a government official of any country other than the United  
58 States;
- 59 (B) A political subdivision or political party of a country other than the United States;  
60 or
- 61 (C) A partnership, association, corporation, organization, or other combination of  
62 persons organized under the laws of or having its principal place of business in a  
63 country other than the United States whose shares or other ownership interest is owned

64 by the government or a government official of a country other than the United States  
65 or is owned by a political subdivision or political party of a country other than the  
66 United States.

67 (8) 'Legal representative' means any attorney, group of attorneys, or law firm duly  
68 licensed and authorized to practice law and to represent a consumer in a civil action,  
69 administrative proceeding, legal claim, or other legal proceeding seeking to recover  
70 damages in this state.

71 (9) 'Litigation financier' means any person engaged in or formed, created, or established  
72 for the purpose of engaging in any kind of business or economic activity that involves  
73 providing litigation financing in exchange for consideration of any kind.

74 (10)(A) 'Litigation financing agreement' or 'litigation financing' means an agreement  
75 in which a litigation financier agrees to provide financing to a consumer or entity that  
76 is or has standing to become a party to a civil action, administrative proceeding, legal  
77 claim, or other legal proceeding seeking to recover monetary damages, or to counsel  
78 for such consumer or entity, in exchange for a right to receive payment, which right is  
79 contingent in any respect on the outcome of such action, claim, or proceedings by  
80 settlement, judgment, or otherwise, or on the outcome of any matter within a portfolio  
81 that includes such action, claim, or proceedings and involves the same legal  
82 representative or affiliated representative.

83 (B) Such term shall not include:

84 (i) An agreement wherein a legal representative consents to provide legal services on  
85 a contingency fee basis or to advance his or her client's legal costs, and where such  
86 services or costs are provided by the legal representative in accordance with the  
87 Georgia Rules of Professional Conduct maintained and enforced by the State Bar of  
88 Georgia;

- 89 (ii) A preexisting contractual obligation to indemnify or defend a party to a civil  
90 action, administrative proceeding, legal claim, or other legal proceeding seeking to  
91 recover monetary damages, or any other legal proceeding;
- 92 (iii) Any obligation of a health insurer to pay any sums for healthcare for an injured  
93 person under the terms of a health insurance plan or agreement;
- 94 (iv) Any obligation to repay a financial institution, as such term is defined in Code  
95 Section 10-5A-1, for loans made directly to a party to a civil action, administrative  
96 proceeding, legal claim, or other legal proceeding seeking to recover monetary  
97 damages, or such party's legal representative, provided that such repayment of such  
98 loan is not contingent upon the outcome of such action, claim, or proceedings, or on  
99 the outcome of any matter within a portfolio that includes such action, claim, or  
100 proceedings, and involves the same legal representative or affiliated legal  
101 representative;
- 102 (v) Funding provided to a nonprofit organization that is funded by private donations,  
103 represents one or more clients on a pro-bono, no-cost basis, and seeks only injunctive  
104 relief on behalf of its clients; provided, however, that the provisions of this division  
105 shall not be construed to prohibit or otherwise affect any award of costs or attorney's  
106 fees to such nonprofit organization seeking only injunctive relief on behalf of a client  
107 that such nonprofit organization represents on a pro-bono, no-cost basis, or to such  
108 client; or
- 109 (vi) Banks, institutional investors, and persons that provide financing to a litigation  
110 financier but do not engage in the business of litigation financing; provided, however,  
111 that this exclusion shall not apply to banks, institutional investors, and persons  
112 affiliated with a litigation financier.
- 113 (11) 'Litigation financing contract' or 'contract' means a written contract memorializing  
114 the terms and conditions of a litigation financing agreement.

115 (12) 'Sovereign wealth fund' means an investment fund owned or controlled by a foreign  
116 principal or an agent of such foreign principal.

117 7-10-2.

118 (a) It is unlawful for a person to engage in litigation financing in this state unless such  
119 person is registered as a litigation financier as provided under this Code section.

120 (b) Each person registering as a litigation financier shall be authorized to do business in  
121 this state.

122 (c) To register as a litigation financier, a person shall file with the department a registration  
123 statement setting forth the following:

124 (1) The legal name of such person;

125 (2) The principal business address and preferred mailing address of such person;

126 (3) The telephone number and email address through which such person may be  
127 contacted;

128 (4) The name, principal business address, and preferred mailing address of such person's  
129 registered agent that is authorized to accept service of process on behalf of such person;

130 (5) The name, principal business address, and citizenship or country of incorporation or  
131 registration of any foreign person, foreign principal, or sovereign wealth fund affiliated  
132 with the person seeking to register as a litigation financier under this Code section in any  
133 capacity directly or indirectly related to such person's litigation financing business; and

134 (6) Any other information deemed necessary by the department.

135 (d) If the person seeking to register as a litigation financier is an entity, such entity shall  
136 file with the department a registration statement that provides, with respect to each person  
137 that directly or indirectly owns, controls, holds with the power to vote, or holds proxies  
138 representing 10 percent or more of the voting shares of the litigation financier, the  
139 following:

140 (1) The legal name of each such person;

- 141 (2) The principal business address and preferred mailing address of each such person;  
142 (3) If the person is an individual:  
143 (A) Such individual's occupation;  
144 (B) Any offices and positions held with the person seeking to register as a litigation  
145 financier during the past five years;  
146 (C) Any conviction of a crime other than misdemeanor traffic violations during the  
147 past ten years; and  
148 (D) The name, principal business address, and citizenship or country of incorporation  
149 or registration of any foreign person, foreign principal, or sovereign wealth fund  
150 affiliated with such individual in any capacity directly or indirectly related to such  
151 individual's litigation financing business;  
152 (4) If the person is an entity:  
153 (A) The nature of the entity's business operations during the past five years or a  
154 description of the business intended to be undertaken by the entity and such entity's  
155 subsidiaries, if any;  
156 (B) A list of all individuals who are or who have been selected to become directors or  
157 officers of the entity and each subsidiary of the entity, if any. Such list shall include for  
158 each individual the information required by paragraph (3) of this subsection; and  
159 (C) The name, principal business address, and citizenship or country of incorporation  
160 or registration of any foreign person, foreign principal, or sovereign wealth fund  
161 affiliated with the entity in any capacity directly or indirectly related to such entity's  
162 litigation financing business; and  
163 (5) Any other information deemed necessary by the department.  
164 (e) No person shall be registered as a litigation financier or shall engage in litigation  
165 financing in this state that is, in any capacity directly or indirectly related to such person's  
166 litigation financing business, affiliated with any foreign government or foreign  
167 nongovernment person or entity designated by the United States Secretary of Commerce

168 as a foreign adversary pursuant to 15 C.F.R. Section 7.4, or any foreign person, foreign  
169 principal, or sovereign wealth fund thereof.

170 (f) A person subject to registration under this Code section shall file, within 30 days of any  
171 change to the most recently filed registration or within 30 days of when such registration  
172 becomes inaccurate or incomplete in any respect, an amended registration with the  
173 department.

174 (g) The commissioner is authorized to prescribe the forms and the filing fees that he or she  
175 deems necessary for the purposes of this chapter.

176 (h) All documents and information filed with the department pursuant to this Code section  
177 are public records subject to disclosure pursuant to Article 4 of Chapter 18 of Title 50.

178 7-10-3.

179 (a) The department may deny a registration to act as a litigation financier or deny a  
180 registered litigation financier's amended registration pursuant to subsection (f) of Code  
181 Section 7-10-2 if the department finds that:

182 (1) The requirements of this chapter have not been met; or

183 (2) The applicant or registrant; any person who is a director, officer, partner, or owner  
184 of the applicant or registrant; or any individual who directs the affairs of or controls or  
185 establishes policy for the applicant or registrant has, within the last ten years, been  
186 convicted of a felony in any jurisdiction or of a crime which, if committed within this  
187 state, would constitute a felony under the laws of this state. For the purposes of this  
188 paragraph, a person shall be deemed to have been convicted of a crime if such person  
189 shall have pleaded guilty or nolo contendere to a charge thereof before a court or federal  
190 magistrate or shall have been found guilty of such crime by the decision or judgment of  
191 a court or federal magistrate or by the verdict of a jury, irrespective of the pronouncement  
192 of sentence or the suspension thereof and regardless of whether first offender treatment  
193 without adjudication of guilt pursuant to the charge was entered or an adjudication or

194 sentence was otherwise withheld or not entered on such charge, unless and until such plea  
195 of guilty or such decision, judgment, or verdict shall have been set aside, reversed, or  
196 otherwise abrogated by lawful judicial process or until probation, sentence, or both, of  
197 a first offender without adjudication of guilt have been successfully completed and  
198 documented or unless the person convicted of the crime shall have received a pardon for  
199 such crime from the President of the United States or the governor or other pardoning  
200 authority in the jurisdiction where the conviction occurred.

201 (b) Notice of the department's intention to enter an order denying a registration or an  
202 amended registration shall be provided to the applicant or registrant in writing, sent by  
203 registered or certified mail or statutory overnight delivery addressed to the principal place  
204 of business of such applicant or registrant. If a person refuses to accept service of the  
205 notice by registered or certified mail or statutory overnight delivery, the notice or order  
206 shall be served by the commissioner or the commissioner's authorized representative under  
207 any other method of lawful service, and the person shall be personally liable to the  
208 commissioner for a sum equal to the actual costs incurred to serve the notice or order.  
209 Such liability shall be paid upon notice and demand by the commissioner or the  
210 commissioner's authorized representative and shall be assessed and collected in the same  
211 manner as other fees or fines administered by the commissioner.

212 (c) Within 20 days of the date of the notice of intention to enter an order denying a  
213 registration or an amended registration, the applicant or registrant may request in writing  
214 a hearing to contest the order. If a hearing is not requested in writing within 20 days of the  
215 date of such notice of intention, the department shall enter a final order regarding the  
216 denial. Any final order of the department denying a registration or an amended registration  
217 shall state the grounds upon which it is based and shall be effective on the date of issuance.  
218 A copy of such order shall be forwarded promptly by mail addressed to the principal place  
219 of business of such applicant or registrant.

220 (d) A decision by the department denying a registration or an amended registration shall  
221 be subject to review in accordance with Chapter 13 of Title 50, the 'Georgia Administrative  
222 Procedure Act.'

223 7-10-4.

224 (a) A litigation financier shall not:

225 (1) Direct, or make any decisions with respect to, the course of any civil action,  
226 administrative proceeding, legal claim, or other legal proceeding for which such litigation  
227 financier has provided litigation financing, or any settlement or other disposition thereof.

228 Such prohibition includes, but is not limited to, decisions in appointing or changing legal  
229 representatives, choice or use of expert witnesses, and litigation strategy. All rights to  
230 make decisions with respect to the course and settlement or other disposition of the

231 subject civil action, administrative proceeding, legal claim, or other legal proceeding shall  
232 remain solely with the parties to such action, claim, or proceedings and their legal  
233 representatives. The provisions of this paragraph shall be strictly construed in favor of

234 the individual or entity receiving litigation financing and against the litigation financier;

235 (2) Pay or offer commissions, referral fees, rebates, or other forms of consideration to  
236 any person, including, but not limited to, an attorney or any employee of an attorney or  
237 a law firm, in exchange for referring a consumer or such consumer's legal representative

238 to a litigation financier; provided, however, that this paragraph shall not apply to an  
239 employee, agent, or affiliate of the litigation financier;

240 (3) Accept any commissions, referral fees, rebates, or other forms of consideration from  
241 any person, including, but not limited to, an attorney or any employee of an attorney or  
242 a law firm, for providing any goods or rendering any services to the consumer; provided,

243 however, that this paragraph shall not apply to an employee, agent, or affiliate of the  
244 litigation financier;

- 245 (4) Contract for, receive, or recover, whether directly or indirectly, any amount greater  
246 than an amount equal to the share of the proceeds collectively recovered by the plaintiffs  
247 or claimants in a civil action, administrative proceeding, legal claim, or other legal  
248 proceeding seeking to recover monetary damages financed by a litigation financing  
249 agreement after the payment of any attorney's fees and costs owed in connection to such  
250 action, claim, or proceedings;
- 251 (5) Advertise false or misleading information regarding its products or services;
- 252 (6) Refer or require any consumer to hire or engage any person providing any goods or  
253 rendering any services to the consumer;
- 254 (7) Fail to promptly deliver a fully completed and signed litigation financing contract to  
255 the consumer and the consumer's legal representative;
- 256 (8) Attempt to secure a remedy or obtain a waiver of any remedy, including, but not  
257 limited to, compensatory, statutory, or punitive damages, that the consumer may or may  
258 not be entitled to pursue or recover otherwise;
- 259 (9) Offer or provide legal advice to the consumer;
- 260 (10) Assign or securitize a litigation financing agreement in whole or in part; provided,  
261 however, that, if the litigation financier retains responsibility for collecting payment,  
262 administering, and otherwise enforcing the litigation funding contract, the prohibition  
263 provided in this paragraph shall not apply to an assignment:
- 264 (A) To a wholly owned subsidiary of the litigation financier;  
265 (B) To an affiliate of the litigation financier that is under common control; or  
266 (C) Granting a security interest under Article 9 of the Uniform Commercial Code or  
267 as otherwise permitted by law; or
- 268 (11) Report a consumer to a credit reporting agency if insufficient funds remain to repay  
269 the litigation financier in full from the proceeds received from any judgment, award,  
270 settlement, verdict, or other form of monetary relief obtained in a civil action,

271 administrative proceeding, legal claim, or other legal proceeding that is the subject of the  
272 litigation financing agreement.

273 (b) No person that provides any goods or renders any services related to the litigation to  
274 the consumer shall have a financial interest in litigation financing provided by a litigation  
275 financier to such consumer, and no such person shall receive any commissions, referral  
276 fees, rebates, or other forms of consideration from any litigation financier or the litigation  
277 financier's agents, employees, owners, or affiliates.

278 7-10-5.

279 (a) A litigation financier that agrees to provide \$25,000.00 or more in funding pursuant to  
280 a litigation financing agreement may be jointly and severally liable for any award or order  
281 imposing or assessing costs or monetary sanctions for frivolous litigation against a  
282 consumer, entity, or a legal representative of such consumer or entity arising from or  
283 relating to any civil action, administrative proceeding, legal claim, or other legal  
284 proceeding for which the litigation financier is providing litigation financing; provided,  
285 however, that where the litigation financier's right of repayment is a fixed amount set by  
286 contract, the liability of such litigation financier shall not exceed the right of repayment less  
287 the amount already extended.

288 (b) In each litigation financing contract, the litigation financier shall agree to indemnify,  
289 and shall indemnify even without such agreement, the plaintiffs and claimants to the civil  
290 action, administrative proceeding, legal claim, or other legal proceeding that is the subject  
291 of such litigation financing agreement and such plaintiffs' and claimants' legal  
292 representatives against any adverse costs, attorney's fees, damages, or sanctions that may  
293 be ordered or awarded against such persons in such action, claim, or proceedings; provided,  
294 however, that such indemnification shall not be required or enforceable for adverse costs,  
295 attorney's fees, damages, or sanctions that the litigation financier can show resulted from  
296 the intentional misconduct of such plaintiffs or claimants or their legal representatives.

297 7-10-6.

298 (a) The terms and conditions of a litigation financing agreement shall be set forth in a fully  
299 completed, written litigation financing contract with no material terms or conditions  
300 omitted, and such contract shall contain all material terms and conditions at the time it is  
301 signed by any party, including, but not limited to the right to cancel such litigation  
302 financing agreement without penalty or further obligation within five business days from  
303 the date the litigation financing contract is executed by or on behalf of the consumer or the  
304 date litigation financing is received from the litigation financier, whichever date is later.

305 (b) Upon execution of a litigation financing contract, a litigation financier shall not amend  
306 the terms or conditions of the litigation financing agreement that is memorialized by such  
307 contract without full disclosure to and prior written consent of all parties to such litigation  
308 financing agreement.

309 (c) Each litigation financing contract with a consumer shall set forth the name, principal  
310 business address, and preferred mailing address of the litigation financier on the first page  
311 of such contract, and the following disclosures shall be typed in at least 14 point bold font  
312 and placed clearly and conspicuously immediately above the consumer's signature line in  
313 the litigation financing contract:

314 IMPORTANT DISCLOSURES -- PLEASE READ CAREFULLY

315 1. Right to Cancellation: You, the consumer, or your legal representative may cancel  
316 this litigation financing agreement without penalty or further obligation within  
317 five (5) business days from the date you sign this contract or the date you receive  
318 financing from the litigation financier, whichever date is later. You or your legal  
319 representative may cancel this litigation financing agreement by sending a notice of  
320 cancellation to the litigation financier and returning to the litigation financier any  
321 funds received from the litigation financier at the litigation financier's preferred  
322 mailing address set forth on page 1 of this contract.

323 2. The maximum amount the litigation financier may receive or recover from any  
324 contingent payment provided for in this litigation financing agreement shall be no  
325 more than an amount equal to the share of the proceeds collectively recovered by the  
326 plaintiffs or claimants in a civil action, administrative proceeding, legal claim, or  
327 other legal proceeding seeking to recover monetary damages financed by this  
328 litigation financing agreement after the payment of any attorney's fees and costs owed  
329 in connection to such action, claim, or proceedings.

330 3. The litigation financier agrees that it has no right to, and will not demand, request,  
331 receive, or exercise any right to, influence, affect, or otherwise make any decision in  
332 the handling, conduct, administration, litigation, settlement, or resolution of your civil  
333 action, administrative proceeding, legal claim, other legal proceeding. All of these  
334 rights remain solely with you and your legal representative.

335 4. You, the consumer, are not required by the terms of this litigation financing  
336 agreement to continue to be represented by any particular legal representative, and the  
337 litigation financing agreement does not include any right for the litigation financier,  
338 any legal representative, or any other person to claim or seek to recover any  
339 assessment, charge, fee, penalty, or damages of any kind if you elect to change legal  
340 representatives at any time.

341 5. If there is no recovery of any money from your civil action, administrative  
342 proceeding, legal claim, or other legal proceeding, or if there is not enough money to  
343 satisfy in full the portion assigned to the litigation financier, you will not owe  
344 anything in excess of your recovery.

345 6. You are entitled to a fully completed litigation financing contract with no material  
346 terms or conditions omitted prior to signing. Before signing the litigation financing  
347 contract, or authorizing anyone to sign it on your behalf, you should read the contract  
348 completely and consult an attorney.'

349 (d) Only the consumer shall be authorized to execute a litigation financing contract on his  
350 or her own behalf, except in such cases where the consumer lacks the legal capacity to  
351 execute a contract. The consumer's legal representative in the civil action, administrative  
352 proceeding, legal claim, or other legal proceeding seeking to recover monetary damages  
353 financed by the corresponding litigation financing agreement shall not execute a litigation  
354 financing contract on behalf of the consumer. A litigation financing contract executed by  
355 such legal representative on behalf of such consumer shall be void and unenforceable as  
356 a matter of law.

357 (e) If the consumer is represented by a legal representative in the civil action,  
358 administrative proceeding, legal claim, or other legal proceeding that is the subject of the  
359 litigation financing agreement, the legal representative shall acknowledge in the litigation  
360 financing contract that the legal representative and the legal representative's employer and  
361 employees have not received or paid a commission, referral fee, rebate, or any other  
362 consideration from or to the litigation financier and have no obligation to do so in the  
363 future.

364 (f) If the consumer's legal representative is a party to a litigation financing agreement  
365 related to the consumer's civil action, administrative proceeding, legal claim, or other legal  
366 proceeding that is the subject of the consumer's litigation financing agreement, the legal  
367 representative shall disclose and deliver a copy of his or her litigation financing contract  
368 to the consumer. Following such disclosure and delivery, the consumer shall sign an  
369 acknowledgment that the consumer has read and understands the terms and conditions of  
370 his or her legal representative's litigation financing contract. Such consumer shall be  
371 provided with a copy of such signed acknowledgment.

372 7-10-7.

373 The provisions of this chapter shall not apply to:

374 (1) A nonprofit entity that provides litigation financing, directly or indirectly, for the  
375 benefit of such nonprofit entity or one or more of its members without receiving, in  
376 consideration for the litigation financing:

377 (A) The payment of interest, fees, or other consideration; or

378 (B) Except for in-house counsel of such nonprofit entity, any right to recovery or  
379 payment from the amount of any judgment, award, settlement, verdict, or other form  
380 of monetary relief obtained in the civil action, administrative proceeding, legal claim,  
381 or other legal proceeding;

382 (2) Any litigation financing provided by an entity engaged in commerce or business  
383 activity; provided, however, that this exemption shall apply only if such entity does not:

384 (A) Charge, contract for, collect, or receive any interest, fees, or other consideration;

385 (B) Retain or receive any financial interest in the outcome of the civil action,  
386 administrative proceeding, legal claim, or other legal proceeding; or

387 (C) Retain or receive any right to recovery or payment from the amount of any  
388 judgment, award, settlement, verdict, or other form of monetary relief obtained in the  
389 civil action, administrative proceeding, legal claim, or other legal proceeding; or

390 (3) A lender that does not receive, in consideration for loaning money to any person, a  
391 right to receive payment from the value of any proceeds or other consideration realized  
392 from any judgment award, settlement, verdict, or other form of monetary relief any  
393 person may receive or recover in relation to any civil action, administrative proceeding,  
394 legal claim, or other legal proceeding.

395 7-10-8.

396 Any violation of this chapter by a litigation financier renders the litigation financing  
397 agreement void and unenforceable by such litigation financier or any successor-in-interest  
398 to the litigation financing agreement.

399 7-10-9.

400 (a) It is unlawful for a litigation financier to enter into or offer to enter into a litigation  
401 financing agreement unless such litigation financier is registered under this chapter.

402 (b) A person that willfully violates this chapter shall be guilty of a felony and upon  
403 conviction thereof, shall be imprisoned not less than one nor more than five years, or fined  
404 not more than \$10,000.00, or both; provided, however, that on the recommendation of the  
405 jury trying the case, when such recommendation is approved by the judge presiding on the  
406 trial, such crime shall be punished as a misdemeanor. If the judge trying the case deems  
407 it proper, such judge may, in fixing the punishment, reduce such felony to a misdemeanor.

408 (c) The commissioner may refer to the Attorney General or the proper prosecuting attorney  
409 the name of any person acting as a litigation financier that is not registered or any applicant  
410 or registrant that is or may not be in compliance with this chapter; provided, however, that  
411 the Attorney General or the proper prosecuting attorney may institute criminal proceedings  
412 under this chapter with or without such referral.

413 (d) This chapter does not limit the power of this state to punish a person for conduct that  
414 constitutes a crime under other laws of this state.

415 7-10-10.

416 (a) The department is authorized to:

417 (1) Participate in the nation-wide multistate licensing system and registry in order to  
418 facilitate the sharing of information and standardization of the registration processes for  
419 litigation financiers by electronic or other means;

420 (2) Enter into operating agreements, information sharing agreements, interstate  
421 cooperative agreements, and other contracts necessary for the department's participation  
422 in the nation-wide multistate licensing system and registry;

423 (3) Request that the nation-wide multistate licensing system and registry adopt an  
424 appropriate privacy, data security, and security breach notification policy that is in full  
425 compliance with existing state and federal law;

426 (4) Disclose or cause to be disclosed without liability via the nation-wide multistate  
427 licensing system and registry registration information, including, but not limited to,  
428 violations of this chapter and enforcement actions;

429 (5) Establish and adopt, by rule or regulation, requirements for participation by  
430 registrants in the nation-wide multistate licensing system and registry upon the  
431 department's determination that each new or amended requirement is consistent with both  
432 the public interest and the purposes of this chapter; and

433 (6) Pay all fees received from applicants and registrants related to registrations to the  
434 Office of the State Treasurer; provided, however, that the department may net such fees  
435 to recover the cost of participation in the nation-wide multistate licensing system and  
436 registry.

437 (b) Irrespective of its participation in the nation-wide multistate licensing system and  
438 registry, the department retains full and exclusive authority over determinations whether  
439 to grant registrations to litigation financiers under this chapter. Nothing in this Code  
440 section shall be construed to reduce this authority.

441 (c) Applicants and registrants shall be required to pay any charges associated with their  
442 utilization of the nation-wide multistate licensing system and registry.

443 7-10-11.

444 The commissioner is authorized to adopt rules and other policies in overseeing the practice  
445 of litigation financing consistent with this chapter."

446 **SECTION 3.**

447 Article 5 of Chapter 11 of Title 9 of the Official Code of Georgia Annotated, relating to  
448 depositions and discovery under the "Georgia Civil Practice Act," is amended in Code  
449 Section 9-11-26, relating to general provisions governing discovery, by adding a new  
450 paragraph to subsection (b) to read as follows:

451 "(2.1)(A) **Litigation financing agreement.** A party may obtain discovery of the  
452 existence and terms and conditions of any litigation financing agreement, as such term  
453 is defined in Code Section 7-10-1, the subject of which is or includes the pending  
454 action; provided, however, that this subparagraph shall not apply to nonparties unless  
455 the litigation financing agreement is for \$25,000.00 or more in funding.  
456 (B) Information concerning the litigation financing agreement is not by reason of  
457 disclosure admissible in evidence at trial; provided, however, that nothing in this  
458 subparagraph shall be construed to limit the admissibility of such information as  
459 evidence of a party's claim or defense;"

460 **SECTION 4.**

461 Title 40 of the Official Code of Georgia Annotated, relating to motor vehicles, is amended  
462 in Code Section 40-8-76.1, relating to use of safety belts in passenger vehicles, by revising  
463 subsection (d) as follows:

464 "(d)(1) The failure of an occupant of a motor vehicle to wear a seat safety belt in any seat  
465 of a motor vehicle which has a seat safety belt or belts shall not be considered evidence  
466 of negligence or causation, shall not otherwise be considered by the finder of fact on any  
467 question of liability of any person, corporation, or insurer, shall not be any basis for  
468 cancellation of coverage or increase in insurance rates, and shall not may be considered  
469 in any civil action as evidence admissible on the issues of negligence, comparative  
470 negligence, causation, assumption of risk, or apportionment of fault or for any other  
471 purpose and may be evidence used to diminish any recovery for damages arising out of  
472 the ownership, maintenance, occupancy, or operation of a motor vehicle; provided,

473 however, that this paragraph shall not prevent a court from determining the admissibility  
474 of such evidence pursuant to Code Section 24-4-403 or any other statutory or common  
475 law rule of evidence.

476 (2) The failure of an occupant of a motor vehicle to wear a seat safety belt in any seat of  
477 a motor vehicle which has a seat safety belt or belts shall not be any basis for a  
478 cancellation of insurance coverage or an increase in insurance rate."

479 **SECTION 5.**

480 (a) Except as provided in subsections (b) and (c) of this section, this Act shall become  
481 effective on January 1, 2026.

482 (b) Section 3 of this Act shall become effective upon its approval by the Governor or upon  
483 its becoming law without such approval and shall apply to:

484 (1) Any civil action, administrative proceedings, legal claims, or other legal proceedings  
485 commenced on or after the effective date of this Act; and

486 (2) Any contracts entered into on or after the effective date of this Act.

487 (c)(1) Section 4 of this Act shall become effective upon its approval by the Governor or  
488 upon its becoming law without such approval.

489 (2) Section 4 of this Act shall not apply to causes of action pending on the effective date  
490 of this Act. Section 4 of this Act shall apply only to causes of action commenced on or  
491 after the effective date of this Act, and any causes of action commenced prior to the  
492 effective date of this Act shall be governed by prior law.

493 **SECTION 6.**

494 All laws and parts of laws in conflict with this Act are repealed.