

FIRST REGULAR SESSION

# SENATE BILL NO. 440

97TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR MUNZLINGER.

Read 1st time February 28, 2013, and ordered printed.

TERRY L. SPIELER, Secretary.

1894S.011

## AN ACT

To amend chapter 434, RSMo, by adding thereto one new section relating to consumer litigation loans.

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

Section A. Chapter 434, RSMo, is amended by adding thereto one new section, to be known as section 434.110, to read as follows:

**434.110. 1. Any contract or agreement for the advancement or provision of funds to a consumer in exchange for the purchase, assignment, or other interest, in whole or in part, of the proceeds of the consumer's legal action, as defined in this section, is void as against public policy and wholly unenforceable.**

**2. The provision of subsection 1 of this section shall not apply to an attorney who provides professional services to the consumer on a contingency fee basis, including the extension of litigation expenses, in relation to the consumer's legal action.**

**3. For purposes of subsection 1 of this section, the following terms shall mean:**

**(1) "Consumer", a natural person who:**

**(a) Resides or is domiciled in Missouri; or**

**(b) Is a party to a legal action pending before a state or federal court located in Missouri;**

**(2) "Legal action":**

**(a) A bona fide civil action, statutory, or regulatory claim for which damages may be awarded to the claiming party; or**

**(b) A cause of action or legal claim upon which a civil action or statutory claim described in paragraph (a) of this subdivision may be based;**

22           **(3) "Legal action" includes:**

23           **(a) Any settlement or negotiations toward settlement of a civil**  
24 **action or regulatory proceeding described in paragraph (a) of**  
25 **subdivision (2) of this subsection; and**

26           **(b) Any agreement or negotiations toward an agreement under**  
27 **which a civil action or regulatory proceeding based upon a cause of**  
28 **action described in paragraph (b) of subdivision (2) of this subsection**  
29 **would not be initiated;**

30           **(4) "Proceeds", the funds from a settlement, insurance payment,**  
31 **or award of damages obtained in the consumer's legal action.**

Unofficial ✓

Bill

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