

2026 Regular Session

HOUSE BILL NO. 1219

BY REPRESENTATIVE VENTRELLA

CIVIL/LAW: Establishes regulations on consumer legal funding

1 AN ACT

2 To enact Chapter 2-E of Code Title XII of Code Book III of Title 9 of the Louisiana Revised
3 Statutes of 1950, to be comprised of R.S. 9:3580.21 through R.S. 9:3580.27, relative
4 to consumer legal funding; to create the "Consumer Legal Funding Act"; to provide
5 legislative purpose; to provide a rule of construction; to provide for definitions; to
6 establish a maximum rate of return in a consumer lawsuit funding transaction; to
7 provide for required disclosures; to prohibit certain practices in consumer lawsuit
8 funding transactions; to provide for exemptions; to provide penalties for violations;
9 to provide for enforcement by the attorney general, and to provide for related
10 matters.

11 Be it enacted by the Legislature of Louisiana:

12 Section 1. Chapter 2-E of Code Title XII of Code Book III of Title 9 of the Louisiana
13 Revised Statutes of 1950, comprised of R.S. 9:3580.21 through R.S. 9:3580.25, is hereby
14 enacted to read as follows:

15 CHAPTER 2-E. CONSUMER LAWSUIT FUNDING ACT

16 §3580.21. Legislative purpose; construction

17 A. The purpose of this Chapter is to do all of the following:

18 (1) Protect consumers who enter into litigation funding transactions from
19 excessive charges, unfair practices, and lack of transparency.

1 (2) Ensure that consumer lawsuit funding transactions are subject to
2 reasonable limits on rates of return consistent with the law of this state governing
3 extensions of credit.

4 (3) Promote full, fair, and conspicuous disclosure of the terms, costs, and
5 effective rates of return so that consumers may make informed financial decisions.

6 (4) Preserve the integrity of the attorney-client relationship and ensure that
7 third-party funding arrangements do not interfere with the control or resolution of
8 legal claims.

9 (5) Prevent the use of litigation funding arrangements to circumvent the
10 usury laws and consumer protection statutes of this state.

11 (6) Prohibit deceptive, misleading, abusive, or unfair practices in connection
12 with consumer lawsuit funding transactions, including practices that obscure the true
13 cost or impact of such transactions on a consumer's recovery.

14 B. This Chapter shall be liberally construed to effectuate its purpose of
15 protecting consumers who engage in lawsuit funding transactions and to ensure
16 transparency and fairness in such agreements.

17 §3580.22. Definitions

18 As used in this Chapter, the following words have the following meanings:

19 (1) "Consumer" means an individual who is or may become a plaintiff,
20 claimant, or adverse party in a dispute, whether in a judicial, administrative, or
21 alternative dispute resolution proceeding.

22 (2) "Consumer lawsuit funder" means any person or entity that engages in
23 consumer lawsuit funding.

24 (3) "Consumer lawsuit funding" means any of the following:

25 (a) Providing money or a thing of value to a consumer in connection with a
26 dispute, the repayment of which is conditioned upon and sourced from all or a
27 portion of the consumer's proceeds from the resolution of the dispute by judgment,
28 settlement, award, or otherwise.

1 (b) Purchasing from a consumer the right to receive all or a portion of the
2 proceeds of that consumer's dispute by judgment, settlement, award, or otherwise.

3 (4) "Dispute" means any of the following:

4 (a) Any civil action pending in a court of this state.

5 (b) Any administrative adjudication or hearing before a state or local
6 government agency.

7 (c) Any arbitration, mediation, or other alternative dispute resolution
8 proceeding pursuant to written agreement of the parties.

9 §3580.23. Maximum lawful rate of return in consumer lawsuit funding

10 A. A consumer lawsuit funder shall not collect from a consumer in a
11 consumer lawsuit funding transaction a percentage rate of return exceeding the
12 maximum conventional interest rate percentage allowable pursuant to R.S. 9:3500.

13 B. Any amount paid or payable to a consumer lawsuit funder under a
14 consumer lawsuit funding transaction that exceeds the amount advanced to, provided
15 to, or purchased from the consumer shall be considered for the purposes of
16 calculating the percentage rate of return for the purposes of this Chapter.

17 §3580.24. Contract requirements and disclosures

18 A. A consumer lawsuit funding agreement shall be in writing, signed by both
19 the consumer and the consumer lawsuit funder, and shall clearly set forth the terms
20 of the transaction, including all of the following:

21 (1) The total amount to be advanced to, provided to, or purchased from the
22 consumer.

23 (2) An itemized calculation of all fees, charges, or other amounts due to the
24 consumer lawsuit funder.

25 (3) The method by which the consumer lawsuit funder will be repaid from
26 proceeds of a settlement, judgment, award, or other resolution.

27 (4) A conspicuous written disclosure that the agreement may affect the
28 consumer's net recovery from the dispute.

1 B. The annual percentage rate applicable to the consumer lawsuit funding
2 transaction, if any, shall be clearly and conspicuously disclosed in bold typeface not
3 smaller than twelve-point font on the first page of the contract.

4 §3580.25. Prohibited practices

5 A consumer lawsuit funder shall not do any of the following:

6 (1) Charge, contract for, or receive an effective rate of return that exceeds
7 the lawful maximum as provided by R.S. 9:3580.22.

8 (2) Misrepresent the terms of a consumer lawsuit funding agreement or the
9 effect of a consumer lawsuit funding transaction on the consumer's rights or
10 recovery.

11 (3) Require a consumer to waive any substantive rights or remedies available
12 under law.

13 §3580.26. Exemptions

14 The provisions of this Chapter do not apply to any of the following:

15 (1) Any agreement, advance, loan, or other extension of credit made to or on
16 behalf of an attorney or law firm, including but not limited to any of the following:

17 (a) Loans, lines of credit, or other financing provided for the operation of a
18 law practice.

19 (b) Contingent fee agreements between an attorney and client governed by
20 the Rules of Professional Conduct.

21 (c) Any advance of costs or expenses by an attorney in connection with the
22 representation of a client.

23 (2) Any agreement or arrangement for the provision of medical care,
24 treatment, or services to a consumer, including but not limited to any of the
25 following:

26 (a) Medical liens, privileges, or assignments recognized pursuant to the law
27 of this state.

28 (b) Agreements for payment of healthcare services contingent upon the
29 outcome of a dispute.

1 (c) Third-party financing or payment arrangements for medical treatment,
2 provided that such arrangements are made primarily for the purpose of delivering
3 healthcare services and not for the purchase of an interest in litigation proceeds.

4 §3580.27. Enforcement; remedies

5 A. A violation of any provision of this Chapter shall constitute an unfair
6 trade practice pursuant to the Unfair Trade Practices and Consumer Protection Law,
7 R.S. 51:1401 et seq.

8 B. A consumer whose rights pursuant to this Chapter have been violated may
9 bring a civil action to recover all of the following:

10 (1) Actual damages.

11 (2) Reasonable attorney fees and costs.

12 (3) Any other remedy available under law.

13 C. The attorney general may bring suit to enforce this Chapter and seek
14 injunctive or other relief to prevent or restrain violations.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 1219 Original

2026 Regular Session

Ventrella

Abstract: Regulates the practice of consumer legal funding by establishing a maximum rate of return for consumer lawsuit funders.

Proposed law provides legislative purpose for proposed law.

Proposed law provides for a rule of construction.

Proposed law defines "consumer", "consumer lawsuit funder", "consumer lawsuit funding", and "dispute".

Proposed law provides that no consumer lawsuit funder shall collect a rate of return from a consumer exceeding the maximum conventional interest rate allowable pursuant to present law.

Proposed law provides that any amount collected by the consumer lawsuit funder in excess of the amount advanced to, provided to, or purchased from the consumer shall be considered for the purposes of calculating the percentage rate of return pursuant to proposed law.

Proposed law provides that a consumer lawsuit funding agreement shall be in writing, executed by both the consumer and the consumer lawsuit funder, and shall clearly set forth the terms of the transaction, including all of the following:

- (1) The total amount to be advanced, provided, or purchased;
- (2) An itemized calculation of all fees, charges, or other amounts due to the funder;
- (3) The method by which the funder will be repaid from proceeds of settlement, judgment, award, or other resolution; and
- (4) A conspicuous written disclosure that the agreement may affect the consumer's net recovery from the dispute.

Proposed law provides that the annual percentage rate applicable to the consumer lawsuit funding transaction, if any, shall be clearly and conspicuously disclosed in bold typeface not smaller than 12-point font on the first page of the contract.

Proposed law provides that no consumer lawsuit funder shall do any of the following:

- (1) Charge, contract for, or receive an effective rate of return that exceeds the lawful maximum as provided by present law.
- (2) Misrepresent the terms of a consumer lawsuit funding agreement or the effect of a consumer lawsuit funding transaction on the consumer's rights or recovery.
- (3) Require a consumer to waive any substantive rights or remedies available under law.

Proposed law exempts from the provisions of proposed law any agreement, advance, loan, or other extension of credit made to or on behalf of an attorney or law firm or any agreement or arrangement for the provision of medical care, treatment, or services to a consumer.

Proposed law declares a violation of proposed law an unfair trade practice in accordance with present law.

Proposed law provides for remedies available to consumers injured by violations of proposed law.

Proposed law provides for enforcement by the attorney general.

(Adds R.S. 9:3580.21-3580.27).