



Rep. Curtis J. Tarver, II

Filed: 3/16/2023

10300HB0073ham001

LRB103 03589 SPS 59368 a

1 AMENDMENT TO HOUSE BILL 73

2 AMENDMENT NO. _____. Amend House Bill 73 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Consumer Legal Funding Act is amended by
5 changing Sections 5 and 55 as follows:

6 (815 ILCS 121/5)

7 Sec. 5. Definitions.

8 "Advertise" means publishing or disseminating any written,
9 electronic, or printed communication, or any communication by
10 means of recorded telephone messages or transmitted on radio,
11 television, the Internet, or similar communications media,
12 including film strips, motion pictures, and videos, published,
13 disseminated, circulated, or placed before the public,
14 directly or indirectly, for the purpose of inducing a consumer
15 to enter into a consumer legal funding.

16 "Charges" means the fees, as set forth in Section 25, to be

1 paid to the consumer legal funding company by or on behalf of
2 the consumer above the funded amount provided by or on behalf
3 of the company to an Illinois consumer pursuant to this Act.

4 "Consumer" means a natural person who has a pending legal
5 claim and who resides or is domiciled in Illinois.

6 "Consumer legal funding" or "funding" means a nonrecourse
7 transaction in which a company purchases and a consumer
8 transfers to the company an unvested, contingent future
9 interest in the potential net proceeds of a settlement or
10 judgment obtained from the consumer's legal claim; and in
11 which, if no proceeds are obtained from the consumer's legal
12 claim, the consumer is not required to repay the company the
13 consumer legal funding amount or charges.

14 "Consumer legal funding company" or "company" means a
15 person or entity that enters into, purchases, or services a
16 consumer legal funding transaction with an Illinois consumer.

17 "Consumer legal funding company" does not include:

18 (1) an immediate family member of the consumer;

19 (2) a bank, lender, financing entity, or other special
20 purpose entity:

21 (A) that provides financing to a consumer legal
22 funding company; or

23 (B) to which a consumer legal funding company
24 grants a security interest or transfers any rights or
25 interest in a consumer legal funding; or

26 (3) an attorney or accountant who provides services to

1 a consumer.

2 "Department" means the Department of Financial and
3 Professional Regulation.

4 "Funded amount" means the amount of moneys provided to, or
5 on behalf of, the consumer in the consumer legal funding.

6 "Funded amount" does not include charges except for charges
7 that are deducted from the funded amount.

8 "Funding date" means the date on which the funded amount
9 is transferred to the consumer by the consumer legal funding
10 company either by personal delivery; via wire, ACH, or other
11 electronic means; or mailed by insured, certified, or
12 registered United States mail.

13 "Immediate family member" means a parent; sibling; child
14 by blood, adoption, or marriage; spouse; grandparent; or
15 grandchild.

16 "Legal claim" means a bona fide civil claim or cause of
17 action.

18 "Resolution amount" means the funded amount plus the
19 agreed-upon charges that are delivered to the consumer legal
20 funding company on the resolution date.

21 "Resolution date" means the date the resolution amount is
22 delivered to the consumer legal funding company.

23 "Secretary" means the Secretary of Financial and
24 Professional Regulation or the Secretary's designee.

25 (Source: P.A. 102-987, eff. 5-27-22.)

1 (815 ILCS 121/55)

2 Sec. 55. Consumer legal funding license scope.

3 (a) It shall be unlawful for any person or entity to
4 operate as a consumer legal funding provider in this State
5 except as authorized by this Act and without first having
6 obtained a license in accordance with this Act. No person or
7 entity may engage in any device, subterfuge, or pretense to
8 evade the requirements of this Act. However, any company that
9 has a license in good standing under the Consumer Installment
10 Loan Act on the effective date of this Act shall be entitled to
11 make consumer legal fundings under the terms of this Act upon
12 the effective date of this Act if that company files an
13 application for a consumer legal funding license within 60
14 days after the Department issues forms for the filing of that
15 application and until the Department approves or denies the
16 application for a funding license. Any consumer legal funding
17 contract made by any person or entity in violation of this
18 subsection shall be null and void and the person or entity who
19 entered into the consumer legal funding transaction shall have
20 no right to collect, attempt to collect, receive, or retain
21 any principal, interest, or charges related to the consumer
22 legal funding transaction.

23 (b) The provisions of this Act do not apply to a bank,
24 savings bank, savings association, or credit union organized
25 under the laws of this State, any other state, or under the
26 laws of the United States.

1 (b-1) The provisions of this Act do not apply to consumer
2 legal funding if (i) the amount of funding is greater than
3 \$500,000 and (ii) the consumer does not use or intend to use
4 any of the proceeds for personal, family, or household
5 expenses.

6 (c) Any consumer legal funding made by a person not
7 licensed under this Act, including a person holding an
8 inactive license, and not exempt under this Act shall be null
9 and void, and no person or entity shall have any right to
10 collect, attempt to collect, receive, or retain any principal,
11 fee, interest, or charges related to the funding.

12 (Source: P.A. 102-987, eff. 5-27-22.)".