



## 98TH GENERAL ASSEMBLY

### State of Illinois

### 2013 and 2014

### HB2300

by Rep. André M. Thapedi

#### SYNOPSIS AS INTRODUCED:

205 ILCS 670/21.5 new

815 ILCS 505/2E

815 ILCS 505/2K

from Ch. 121 1/2, par. 262E

from Ch. 121 1/2, par. 262K

Amends the Consumer Installment Loan Act. Defines "lawsuit lending", "lawsuit lender", and "dispute". Provides that the Act shall apply to all lawsuit lending and all lawsuit lenders. Provides that, in any dispute in which a lawsuit lender provides lawsuit lending to a party, any and all documents that the lawsuit lender obtained from the party in connection with making any decision to begin lawsuit lending shall be produced to the opposing party without awaiting a discovery request and any agreement between the lawsuit lender and the party must be disclosed to the court and produced to the opposing party. Amends the Consumer Fraud and Deceptive Business Practices Act. Provides that a lawsuit lender shall be considered a person who is regularly engaged in the business of making loans to consumers for the purposes of provisions concerning repeated violations of certain Acts and advertisements containing certain terms. Effective immediately.

LRB098 08622 MGM 38740 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning financial regulation.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Consumer Installment Loan Act is amended by  
5 adding Section 21.5 as follows:

6 (205 ILCS 670/21.5 new)

7 Sec. 21.5. Lawsuit lending.

8 (a) As used in this Section:

9 "Lawsuit lending" means:

10 (i) providing to any individual person who is a party  
11 to any dispute any money or its equivalent, with the  
12 repayment of the money or its equivalent conditioned upon  
13 and sourced from the person's proceeds of the dispute, by  
14 judgment or settlement or otherwise; or

15 (ii) purchasing from any individual person who is a  
16 party to any dispute, or receiving an assignment from the  
17 person, a contingent right to receive a share of the  
18 potential proceeds of the dispute, by judgment or  
19 settlement or otherwise.

20 "Lawsuit lender" means any individual or other person that  
21 engages in lawsuit lending.

22 "Dispute" means any civil action, any alternative  
23 dispute-resolution proceeding, or any administrative

1 proceeding before an agency or instrumentality of this State.

2 (b) Except as otherwise provided in this Section:

3 (1) this Act shall apply to all lawsuit lending entered  
4 into after the effective date of this amendatory Act of the  
5 98th General Assembly and to all lawsuit lenders who  
6 provide lawsuit lending after the effective date of this  
7 amendatory Act of the 98th General Assembly;

8 (2) Section 17.2 of this Act shall not apply to any  
9 lawsuit lending provided by a lawsuit lender; and

10 (3) when any lawsuit lending provided by a lawsuit  
11 lender would otherwise constitute a "small consumer loan"  
12 within the meaning of this Act, the annual percentage rate  
13 on that lawsuit lending shall be the rate provided in  
14 subsection (a) of Section 15 of this Act.

15 (c) In any dispute in which a lawsuit lender has provided  
16 lawsuit lending to a party:

17 (1) any and all documents that the lawsuit lender  
18 obtained from the party or the party's representative in  
19 connection with making any decision to begin or continue  
20 the lawsuit lending shall be produced to the opposing party  
21 without awaiting a discovery request; and

22 (2) any agreement between the lawsuit lender and the  
23 party must be disclosed to the court and produced to the  
24 opposing party.

25 Section 10. The Consumer Fraud and Deceptive Business

1 Practices Act is amended by changing Sections 2E and 2K as  
2 follows:

3 (815 ILCS 505/2E) (from Ch. 121 1/2, par. 262E)

4 Sec. 2E. Any person who is regularly engaged in the  
5 business of providing or furnishing merchandise to consumers or  
6 in making loans to consumers and who has committed in any  
7 calendar year 3 or more violations, as determined in any civil  
8 or criminal proceeding, of the "Consumer Finance Act"; the  
9 "Consumer Installment Loan Act"; the "Retail Installment Sales  
10 Act"; the "Motor Vehicle Retail Installment Sales Act"; "An Act  
11 to revise the law in relation to the rate of interest and to  
12 repeal certain acts therein named", approved May 24, 1879, as  
13 amended; "An Act to promote the welfare of wage-earners by  
14 regulating the assignment of wages, and prescribing a penalty  
15 for the violation thereof", approved July 1, 1935, as amended;  
16 or Part 8 of Article XII of the Code of Civil Procedure, as  
17 amended, or of any 2 or more of those Acts, is guilty of an  
18 unlawful practice within the meaning of this Act. Nothing in  
19 this Section prohibits the prosecution of a person under the  
20 Acts specified herein as well as under this Act. A lawsuit  
21 lender, as defined in Section 21.5 of the Consumer Installment  
22 Loan Act, shall be considered a person who is regularly engaged  
23 in the business of making loans to consumers for the purposes  
24 of this Section.

25 (Source: P.A. 82-783.)

1 (815 ILCS 505/2K) (from Ch. 121 1/2, par. 262K)

2 Sec. 2K. No person engaged in the making of loans to  
3 consumers or furnishing goods or services to consumers in a  
4 credit transaction may advertise using the terms "bank rates",  
5 "bank financing" or words of like import unless it is a bank,  
6 banking association or trust company authorized to do business  
7 under the laws of this State or of the United States. A person  
8 who violates this Section commits an unlawful practice within  
9 the meaning of this Act. A lawsuit lender, as defined in  
10 Section 21.5 of the Consumer Installment Loan Act, shall be  
11 considered a person engaged in the making of loans to consumers  
12 for the purposes of this Section.

13 (Source: Laws 1967, p. 2143.)

14 Section 99. Effective date. This Act takes effect upon  
15 becoming law.