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136th General Assembly
Regular Session
2025-2026

Sub. H. B. No. 105

To enact sections 1357.01, 1357.011, 1357.02, 1357.03, 1357.04, 1357.05, 1357.06, 1357.07, and 1357.08 and to repeal section 1349.55 of the Revised Code to revise and supplement state regulations concerning non-recourse litigation funding agreements.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 1357.01, 1357.011, 1357.02, 1357.03, 1357.04, 1357.05, 1357.06, 1357.07, and 1357.08 of the Revised Code be enacted to read as follows:

Sec. 1357.01. As used in this chapter:

(A) (1) "Advertise" means directly or indirectly publishing, disseminating, circulating, or placing before the public any written, oral, electronic, or printed communication for the purpose of inducing a consumer to enter into a consumer legal funding agreement.

(2) For the purposes of division (A) (1) of this section, "written, oral, electronic, or printed communication" includes communication by means of recorded telephone messages and



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transmission or broadcast on radio, television, the internet, or 19
other similar media of audio recordings, film strips, motion 20
pictures, or videos. 21

(B) (1) "Charges" means the amount of money to be paid to 22
the consumer legal funding company by or on behalf of a consumer 23
in excess of the funded amount. 24

(2) "Charges" include interest and all administrative, 25
origination, underwriting, and other fees, no matter how 26
denominated. 27

(C) (1) "Commercial litigation financier" means a person 28
engaged in the business of entering into commercial litigation 29
financing agreements with claimants or with lawyers or law firms 30
asserting legal claims on behalf of claimants. 31

(2) "Commercial litigation financier" does not include a 32
nonprofit organization determined by the internal revenue 33
service to be tax exempt pursuant to section 501(c) (3) of the 34
"Internal Revenue Code of 1986," 26 U.S.C. 1, or a person that 35
funds such a nonprofit organization, if the nonprofit 36
organization represents the claimant on a pro bono basis. 37
Seeking or accepting a settlement or judgment that includes 38
costs or attorney's fees does not, in itself, make a nonprofit 39
organization or an attorney contracted by a nonprofit 40
organization a "commercial litigation financier." 41

(D) (1) "Commercial litigation financing agreement" means, 42
with respect to any civil action or group of civil actions, a 43
written agreement that meets all of the following: 44

(a) A third party agrees to provide funds to a named party 45
or a law firm that represents a named party in the civil action 46
or group of civil actions. 47

(b) The agreement creates a direct or collateralized interest in the proceeds of a civil action or group of civil actions, by settlement, verdict, judgment, or otherwise. 48
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(c) The interest created by the agreement is based, in whole or part, on a funding obligation incurred in connection with the action or group of actions, the appearing counsel, any contractual co-counsel, or the law firm of the counsel or co-counsel, executed with any of the following: 51
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(i) Any attorney representing a party; 56

(ii) Any co-counsel in the civil action or group of actions with a contingent fee interest in representing a named party; 57
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(iii) Any third-party who has a collateral-based interest in the contingency fees of the counsel or co-counsel, or the law firm of the counsel or co-counsel, related in whole or part to the fees derived from representing that party. 60
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(2) "Commercial litigation financing agreement" includes a contract, such as an option, forward contract, futures contract, short position, swap, or similar agreement, that is substantially similar to an agreement described in division (D) (1) of this section. 64
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(3) "Commercial litigation financing agreement" does not include any of the following: 69
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(a) A consumer legal funding agreement; 71

(b) An agreement by an attorney or law firm to provide legal services on a contingency fee basis to the claimant or to advance the claimant's legal costs in accordance with the rules of professional conduct adopted by the supreme court; 72
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(c) A health insurer, medical provider, or assignee that 76
has paid, is obligated to pay, or is owed sums for a claimant's 77
health care under the terms of a health insurance plan or 78
agreement; 79

(d) A financial institution providing loans to the 80
claimant or the claimant's attorney or law firm, the repayment 81
of which is not contingent upon the outcome of the legal claim 82
or on the outcome of any matter within a portfolio that includes 83
the legal claim and involves the same attorney or law firm or 84
affiliated attorney or law firm; 85

(e) A person with a preexisting contractual obligation to 86
indemnify or defend a party to a legal claim. 87

(E) "Consumer" means a natural person who has a pending 88
legal claim and who resides or is domiciled in Ohio. 89

(F) (1) "Consumer legal funding agreement" means a 90
nonrecourse agreement in which a consumer legal funding company 91
purchases, and a consumer assigns to the company, a contingent 92
right to receive an amount of the potential proceeds of any 93
settlement, judgment, award, or verdict obtained in the 94
consumer's legal claim. 95

(2) "Consumer legal funding agreement" does not include 96
any agreement involving a cash payment by the consumer legal 97
funding company of four hundred thousand dollars or more. 98

(G) (1) "Consumer legal funding company" means a person or 99
entity that enters into a consumer legal funding agreement with 100
a consumer. 101

(2) "Consumer legal funding company" does not include any 102
of the following: 103

<u>(a) A family member of the consumer;</u>	104
<u>(b) A bank, lender, financing entity, or other special</u>	105
<u>purpose entity that provides financing to a consumer legal</u>	106
<u>funding company and to which a consumer legal funding company</u>	107
<u>grants a security interest or transfers any rights or interest</u>	108
<u>in a consumer legal funding;</u>	109
<u>(c) An attorney or accountant who provides services to a</u>	110
<u>consumer.</u>	111
<u>(H) "Funded amount" means the amount of money provided to,</u>	112
<u>or on behalf of, the consumer in a consumer legal funding</u>	113
<u>agreement. "Funded amount" excludes charges.</u>	114
<u>(I) "Funding date" means the date on which the funded</u>	115
<u>amount is transferred to the consumer by the consumer legal</u>	116
<u>funding company by personal delivery; via wire, automated</u>	117
<u>clearing house, or other electronic means; or by certified or</u>	118
<u>registered mail.</u>	119
<u>(J) "Family member" means a spouse; sibling; child,</u>	120
<u>including adopted children and stepchildren; parent;</u>	121
<u>grandparent; aunt; uncle; cousin; or grandchild.</u>	122
<u>(K) "Legal claim" means a civil claim or cause of action.</u>	123
<u>(L) "Resolution date" means the date the funded amount,</u>	124
<u>plus the agreed upon charges, are delivered to the consumer</u>	125
<u>legal funding company by the consumer, the consumer's attorney,</u>	126
<u>or otherwise.</u>	127
<u>Sec. 1357.011.</u> <u>The general assembly, in enacting sections</u>	128
<u>1357.01 to 1357.08 of the Revised Code pursuant to this act,</u>	129
<u>hereby declares its intent to adopt regulations concerning a</u>	130
<u>narrow range of consumer legal funding agreements and commercial</u>	131

litigation financing agreements as contemplated in the holding 132
of the Ohio Supreme Court in *Rancman v. Interim Settlement* 133
Funding Corp., 99 Ohio St.3d 121 (2003). The general assembly 134
intends to preserve and reinforce the general public policy 135
expressed in that holding against champerty and maintenance. 136

Sec. 1357.02. (A) A consumer legal funding company shall 137
not enter into, or seek to enter into, a consumer legal funding 138
agreement unless all of the following apply: 139

(1) The agreement is written in a clear and coherent 140
manner using common language that enables the average consumer 141
who makes a reasonable effort under ordinary circumstances to 142
read and understand the terms of the agreement without having to 143
obtain the assistance of an attorney or other professional. 144

(2) The agreement is completely filled-in when presented 145
to the consumer for signature. 146

(3) The agreement includes space on each page for the 147
consumer's initials. 148

(4) The front page of the agreement includes all of the 149
following disclosures under appropriate headings: 150

(a) The funded amount to be paid to the consumer under the 151
agreement; 152

(b) An itemized list of all one-time and recurring charges 153
under the agreement, subject to section 1357.03 of the Revised 154
Code, and an explanation for how those charges accrue; 155

(c) The maximum amount that may be assigned by the 156
consumer to the company under the agreement, including the 157
funded amount and all charges, but excluding penalties that may 158
apply in the case of a material breach, fraud, or 159

misrepresentation by or on behalf of the consumer; 160

(d) If the consumer seeks to enter into more than one 161
consumer legal funding agreement with the same company, the 162
cumulative amount that may be assigned to the company under all 163
such agreements, including the funded amount and all charges, 164
but excluding penalties that may apply in the case of a material 165
breach, fraud, or misrepresentation by or on behalf of the 166
consumer. 167

(5) The agreement allows the consumer to cancel the 168
agreement, without penalty or further obligation, by returning 169
the full amount of disbursed funds to the company within ten 170
business days after the funding date. The consumer may do either 171
of the following to effectuate the cancellation: 172

(a) Deliver the company's uncashed check to the company's 173
offices in person, within ten business days after the 174
disbursement of funds; 175

(b) Mail a notice of cancellation and include in that 176
mailing a return of the full amount of disbursed funds in the 177
form of the company's uncashed check, or a registered or 178
certified check or money order, by insured, registered, or 179
certified United States mail, postmarked within ten business 180
days after receiving funds from the company, at the address 181
specified in the agreement for cancellation. 182

(6) The body of the agreement includes all of the 183
following statements: 184

(a) "CONSUMER'S RIGHT TO CANCELLATION: YOU MAY CANCEL THIS 185
AGREEMENT WITHOUT PENALTY OR FURTHER OBLIGATION WITHIN TEN 186
BUSINESS DAYS AFTER THE FUNDING DATE IF YOU RETURN THE FULL 187
AMOUNT OF THE DISBURSED FUNDS TO [insert name of company]." 188

(b) "THE COMPANY HAS NO ROLE IN DECIDING WHETHER, WHEN, 189
AND HOW MUCH THE LEGAL CLAIM IS SETTLED FOR, HOWEVER, YOU OR 190
YOUR ATTORNEY MUST NOTIFY THE COMPANY OF THE OUTCOME OF THE 191
LEGAL CLAIM BY SETTLEMENT OR ADJUDICATION ON OR BEFORE THE 192
RESOLUTION DATE. THE COMPANY MAY SEEK UPDATED INFORMATION ABOUT 193
THE STATUS OF THE LEGAL CLAIM BUT IN NO EVENT SHALL THE COMPANY 194
ATTEMPT TO INTERFERE WITH, CONTROL, OR INFLUENCE THE INDEPENDENT 195
PROFESSIONAL JUDGMENT OF YOUR ATTORNEY IN THE HANDLING OF THE 196
LEGAL CLAIM OR ANY SETTLEMENT THEREOF." 197

(c) "THE FUNDED AMOUNT AND AGREED UPON CHARGES SHALL BE 198
PAID FROM THE PROCEEDS OF YOUR LEGAL CLAIM, AND SHALL BE PAID 199
ONLY TO THE EXTENT THAT THERE ARE AVAILABLE PROCEEDS FROM YOUR 200
LEGAL CLAIM. YOU WILL NOT OWE [insert name of company] ANYTHING 201
IF THERE ARE NO PROCEEDS FROM YOUR LEGAL CLAIM, UNLESS YOU HAVE 202
VIOLATED ANY MATERIAL TERM OF THIS AGREEMENT OR YOU HAVE 203
COMMITTED FRAUD AGAINST [insert name of company]." 204

(d) Immediately above the place on the agreement where the 205
consumer's signature is required: "DO NOT SIGN THIS AGREEMENT 206
BEFORE YOU READ IT COMPLETELY. DO NOT SIGN THIS AGREEMENT IF IT 207
CONTAINS ANY BLANK SPACES. YOU ARE ENTITLED TO A COMPLETELY 208
FILLED-IN COPY OF THIS AGREEMENT BEFORE YOU SIGN IT. BEFORE YOU 209
SIGN THIS AGREEMENT, YOU SHOULD OBTAIN THE ADVICE OF AN 210
ATTORNEY. DEPENDING ON THE CIRCUMSTANCES, YOU MAY WANT TO 211
CONSULT A TAX, PUBLIC OR PRIVATE BENEFIT PLANNING, OR FINANCIAL 212
PROFESSIONAL. YOU ACKNOWLEDGE THAT YOUR ATTORNEY IN THE LEGAL 213
CLAIM HAS PROVIDED NO TAX, PUBLIC OR PRIVATE BENEFIT PLANNING, 214
OR FINANCIAL ADVICE REGARDING THIS TRANSACTION. YOU FURTHER 215
ACKNOWLEDGE THAT YOUR ATTORNEY HAS EXPLAINED THE TERMS AND 216
CONDITIONS OF THIS AGREEMENT." 217

(7) The agreement contains a written acknowledgement by 218

<u>the attorney retained by the consumer in the legal claim that</u>	219
<u>attests to all of the following:</u>	220
<u>(a) The attorney has reviewed the agreement and all</u>	221
<u>disclosures required by this section with the consumer.</u>	222
<u>(b) The attorney is being paid on a contingency basis</u>	223
<u>pursuant to a written fee agreement.</u>	224
<u>(c) All proceeds of the legal claim will be disbursed via</u>	225
<u>the trust account of the attorney or a settlement fund</u>	226
<u>established to receive the proceeds of the legal claim on behalf</u>	227
<u>of the consumer.</u>	228
<u>(d) The attorney agrees to disburse funds from the legal</u>	229
<u>claim and take any other steps necessary to ensure that the</u>	230
<u>terms of the consumer legal funding agreement are fulfilled.</u>	231
<u>(e) The attorney has not received a referral fee or other</u>	232
<u>consideration from the consumer legal funding company in</u>	233
<u>connection with the consumer legal funding, nor will the</u>	234
<u>attorney receive such a fee or other consideration in the</u>	235
<u>future.</u>	236
<u>(f) The attorney has provided no tax, public or private</u>	237
<u>benefit planning, or financial advice regarding this</u>	238
<u>transaction.</u>	239
<u>(B) (1) A violation of this section or section 1357.03 of</u>	240
<u>the Revised Code by a consumer legal funding company constitutes</u>	241
<u>an unfair or deceptive act or practice in violation of section</u>	242
<u>1345.02 of the Revised Code.</u>	243
<u>(2) A consumer injured by such a violation has a cause of</u>	244
<u>action and is entitled to the same relief available to a</u>	245
<u>consumer under section 1345.09 of the Revised Code.</u>	246

(3) All powers and remedies available to the attorney 247
general to enforce sections 1345.01 to 1345.13 of the Revised 248
Code are available to the attorney general to enforce this 249
section. 250

(C) In addition to remedies set forth in division (B) of 251
this section, any willful violation of this section, including 252
omission of the attorney acknowledgement required by division 253
(A) (7) of this section, renders the consumer legal funding 254
agreement unenforceable by the company, the consumer, or any 255
successor in interest to the agreement. A consumer terminating 256
the attorney who made the acknowledgment required by division 257
(A) (7) of this section or retaining a new attorney with respect 258
to the legal claim does not, in itself, render the agreement 259
unenforceable under this division. 260

Sec. 1357.03. A consumer legal funding company shall not 261
do any of the following: 262

(A) Pay or offer to pay a commission, referral fee, or 263
other form of consideration to any attorney, law firm, health 264
care provider, chiropractor, or physical therapist, or to any 265
employee or agent of the foregoing, for referring a consumer to 266
the company; 267

(B) Accept any commission, referral fee, rebate, or other 268
form of consideration from an attorney, law firm, health care 269
provider, chiropractor, or physical therapist, or from any 270
employee or agent of the foregoing; 271

(C) Purposefully advertise false or misleading information 272
regarding the company's products or services; 273

(D) Refer a consumer or potential consumer to a specific 274
attorney, law firm, medical provider, chiropractor, or physical 275

therapist, or to any employee or agent of the foregoing, except 276
that, if a consumer does not have legal representation, the 277
company may refer the consumer to a state or local lawyer 278
referral service operated by a bar association or nonprofit 279
organization, or a legal aid society, as defined in section 280
120.51 of the Revised Code; 281

(E) Fail to promptly supply copies of all complete 282
consumer legal funding agreements to the consumer and the 283
attorney representing the consumer in the legal claim; 284

(F) Knowingly enter into a consumer legal funding 285
agreement with a consumer for a legal claim respecting which the 286
consumer previously sold or assigned all or part of the 287
consumer's right to the proceeds, unless the company or the 288
consumer extinguishes the prior agreement by either repaying the 289
entire disbursed amount plus any contracted fees, or paying a 290
lesser amount expressly agreed to, in writing, by the consumer 291
and all other parties to the prior agreement. More than one 292
company may agree, contemporaneously, to enter into a consumer 293
legal funding agreement with the same consumer for the same 294
claim so long as the companies, the consumer, and the consumer's 295
attorney consent to the agreements in writing. 296

(G) Make or influence any decision with respect to the 297
conduct of the consumer's legal claim or the settlement or 298
resolution of that legal claim, including appointing or changing 299
counsel, choice or use of expert witnesses, litigation strategy, 300
and settlement or other resolution of the claim; 301

(H) Attempt to obtain a waiver of any remedy, including 302
compensatory, statutory, or punitive damages, to which the 303
consumer might otherwise be entitled; 304

<u>(I) Knowingly pay or offer to pay for court costs, filing</u>	305
<u>fees, or attorney's fees before, during, or after the resolution</u>	306
<u>of the legal claim;</u>	307
<u>(J) (1) Charge or collect from a consumer either of the</u>	308
<u>following in connection with a consumer legal funding agreement:</u>	309
<u>(a) A prepayment penalty or fee;</u>	310
<u>(b) A one-time service fee that exceeds seven per cent of</u>	311
<u>the initial funded amount.</u>	312
<u>(2) Charges in excess of the amount specified in division</u>	313
<u>(A) (4) (c) of section 1357.02 of the Revised Code and fees</u>	314
<u>prohibited by division (J) (1) of this section are unenforceable.</u>	315
<u>(K) Enter into a consumer legal funding agreement if an</u>	316
<u>attorney or a law firm retained by the consumer for the legal</u>	317
<u>claim on which the agreement is based has a financial or</u>	318
<u>ownership interest in the company.</u>	319
<u>(L) Collude with or knowingly assist a lawyer or law firm</u>	320
<u>that is enticing or intends to entice a consumer to bring a</u>	321
<u>claim that the company knows or has reason to know is fabricated</u>	322
<u>or otherwise not brought in good faith. Any consumer legal</u>	323
<u>funding agreement resulting from a violation of this division is</u>	324
<u>void ab initio.</u>	325
<u>(M) Knowingly offer or collude to provide funding as an</u>	326
<u>inducement to a consumer who is presently represented by counsel</u>	327
<u>to terminate that engagement and engage another lawyer or law</u>	328
<u>firm to represent the consumer in the same matter. Any consumer</u>	329
<u>legal funding agreement resulting from a violation of this</u>	330
<u>division is void ab initio.</u>	331
<u>Sec. 1357.04. (A) An attorney retained by a consumer in a</u>	332

legal claim shall not disclose confidential or privileged 333
information to a consumer legal funding company without first 334
obtaining written consent from the consumer and without first 335
ensuring that the disclosure is not prohibited by court rules, a 336
court order, or the rules of professional conduct adopted by the 337
supreme court. 338

(B) (1) Within thirty days after receiving a written 339
request from any party to the legal claim or an insurer that has 340
a duty to defend any party to the legal claim, the consumer 341
shall disclose to that party or insurer whether the consumer has 342
entered into a consumer legal funding agreement. 343

(2) If a consumer enters into a consumer legal funding 344
agreement pertaining to the action in question after responding 345
to a request under division (B) (1) of this section in the 346
negative, the consumer shall disclose that fact to the 347
requesting party or insurer within thirty days after the 348
consumer enters into the agreement. 349

(3) No law firm or attorney that has a financial interest 350
in a consumer legal funding company and no attorney whose family 351
member has a financial interest in a consumer legal funding 352
company shall do either of the following: 353

(a) Represent a consumer in any legal claim respecting 354
which the consumer has entered into a consumer legal funding 355
agreement with the company; 356

(b) Provide consumer legal funding directly to a consumer 357
the attorney or law firm represents; 358

(c) Refer a consumer to the consumer's retained attorney 359
in any legal claim respecting which the consumer has entered 360
into a consumer legal funding agreement with the company. 361

(C) If a court orders a party to the legal claim to disclose of the existence or contents of any insurance agreement pursuant to the Rules of Civil Procedure or any other authority, or if a party to the legal claim discloses the existence or contents of an insurance agreement without a court order or directive, both of the following apply: 362
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(1) Any consumer legal funding agreements concerning the legal claim and all parties to such agreements are presumed to be subject to discovery in the civil proceeding. 368
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(2) A party that has entered into a consumer legal funding agreement concerning the legal claim shall, without delay, disclose the contents of and parties to the agreement to all other parties to the legal claim. 371
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(D) Any provision of a consumer legal funding agreement entered into, amended, or renewed on or after the effective date of this section that prohibits or limits discovery of the agreement or the parties to the agreement is void and unenforceable. 375
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(E) Consumer legal funding agreements disclosed or discovered under this section are presumed to be inadmissible as evidence in a civil proceeding. 380
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(F) Communications between a consumer's attorney and a consumer legal funding company to allow the company to ascertain the status or expected value of a legal claim are not subject to discovery in any civil proceeding. 383
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Sec. 1357.05. A consumer legal funding agreement places a lien on the proceeds of the consumer's legal claim that supersedes all subsequently perfected liens on such proceeds other than liens directly related to the legal claim and 387
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expressly authorized by state or federal law, such as a lien for 391
attorneys fees, a lien by the department of medicaid under 392
section 5160.37 of the Revised Code, a medicare lien under 42 393
U.S.C. 1395y, or a workers' compensation lien under section 394
4123.931 of the Revised Code. 395

Sec. 1357.06. (A) No consumer legal funding company shall 396
knowingly enter into a consumer legal financing agreement with a 397
person or entity that is not domiciled in the United States or 398
respecting a legal claim that is financed, directly or 399
indirectly, by a person or entity not domiciled in the United 400
States. 401

(B) No commercial litigation financier shall knowingly 402
enter into a commercial litigation financing agreement with a 403
person or entity that is not domiciled in the United States or 404
respecting a legal claim that is financed, directly or 405
indirectly, by a person or entity not domiciled in the United 406
States. 407

(C) The general assembly declares its intent in enacting 408
this section is to achieve the legitimate state interest of 409
protecting due process rights for all litigants in the courts of 410
this state by addressing the grave risk posed by foreign actors 411
that seek to interfere with those courts by supporting meritless 412
cases, overwhelming dockets, and profiting from litigation. 413

Sec. 1357.07. (A) No claimant, attorney or law firm 414
representing a claimant, or affiliated attorney or law firm 415
shall disclose or share any documents or information with a 416
commercial litigation financier that are subject to a protective 417
or sealing order from a court. 418

(B) A commercial litigation financier shall not make any 419

decision, have any influence, or direct any decisions with 420
respect to the course of a legal claim, including decisions in 421
appointing or changing counsel, choice or use of expert 422
witnesses, litigation strategy, and settlement or other 423
resolution. 424

(C) A claimant or the claimant's attorney shall, without 425
awaiting a discovery request, provide any commercial litigation 426
financing agreement at the time a legal claim is asserted or 427
commenced and any time thereafter that a commercial litigation 428
financing agreement is executed or amended, to both of the 429
following: 430

(1) All named parties to the legal claim; 431

(2) All insurers that have or may have a potential duty to 432
defend or indemnify a named party to the legal claim. 433

(D) If a court orders a party to a legal claim to disclose 434
the existence or contents of any insurance agreement pursuant to 435
the Rules of Civil Procedure or any other authority, or if a 436
party to a legal claim discloses the existence or contents of an 437
insurance agreement without a court order or directive, both of 438
the following apply: 439

(1) Any commercial litigation financing agreements 440
concerning the legal claim and all parties to such agreements 441
are presumed to be subject to discovery in the civil proceeding. 442

(2) A party that has entered a commercial litigation 443
financing agreement concerning the legal claim shall, without 444
delay, disclose the contents of and parties to the agreement to 445
all other parties to the legal claim. 446

(E) Any provision of a commercial litigation financing 447
agreement entered into, amended, or renewed on or after the 448

effective date of this section that prohibits or limits 449
discovery of the agreement or the parties to the agreement is 450
void and unenforceable. 451

Sec. 1357.08. The attorney general may file a complaint 452
seeking any equitable remedy, including barring a commercial 453
litigation financier from doing business in Ohio, if the 454
commercial litigation financier is found by a court of competent 455
jurisdiction to have violated this chapter. 456

Section 2. That section 1349.55 of the Revised Code is 457
hereby repealed. 458