

By Senator Burton

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A bill to be entitled
An act relating to litigation financing consumer
protection; providing a short title; designating part
I of ch. 69, F.S., entitled "General Provisions";
creating part II of ch. 69, F.S., entitled "Litigation
Financing"; creating s. 69.101, F.S.; defining terms;
creating s. 69.103, F.S.; authorizing courts to
consider the existence of a litigation financing
agreement to determine if a class representative or
lead counsel or co-lead counsel to a class action
lawsuit would adequately and fairly represent the
interests of the class; creating s. 69.105, F.S.;
prohibiting specified acts by litigation financiers;
providing that all rights to make certain decisions in
a legal proceeding remain solely with the parties to
such legal proceeding; creating s. 69.107, F.S.;
requiring certain parties to a legal proceeding which
have entered into a litigation financing agreement
with a foreign person, a foreign principal, or a
sovereign wealth fund to file and serve a notice
identifying specified information with the court,
agency, or tribunal and all other parties to the legal
proceeding within a specified timeframe; requiring
that such notice also be filed with the Department of
Financial Services and the Office of the Attorney
General; providing that certain information in a
litigation financing agreement is not required to be
disclosed; authorizing the court, agency, or tribunal
to order that the notice or supporting documentation

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be filed under seal and issue protective orders to safeguard proprietary or confidential information; prohibiting a foreign litigation financier or person acting on its behalf from using a domestic entity or affiliate to conceal or evade such disclosure requirements or from receiving, transmitting, or sharing certain information obtained through litigation financing with certain foreign persons, foreign principals, or sovereign wealth funds; providing applicability; providing for sanctions; providing construction; creating s. 69.109, F.S.; providing that a litigation financing agreement is void and unenforceable in specified circumstances; providing for enforcement of specified violations under the Florida Deceptive and Unfair Trade Practices Act; authorizing any court, agency, or tribunal of competent jurisdiction to impose fines or other sanctions it deems appropriate for violations of certain provisions; providing severability; providing retroactive applicability; providing applicability; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. This act may be cited as the "Litigation Investment Safeguards and Transparency Act."

Section 2. Sections 69.011, 69.021, 69.031, 69.041, 69.051, 69.061, 69.071, and 69.081, Florida Statutes, are designated as part I of chapter 69, Florida Statutes, and entitled "General

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59 Provisions."

60 Section 3. Part II of chapter 69, Florida Statutes,
61 consisting of ss. 69.101, 69.103, 69.105, 69.107, and 69.109,
62 Florida Statutes, is created and entitled "Litigation
63 Financing," to read:

64
65 PART II

66 LITIGATION FINANCING

67 69.101 Definitions.—As used in this part, the term:

68 (1) "Foreign person" means a person or an entity that is
69 not:

70 (a) A citizen of the United States;

71 (b) An alien lawfully admitted for permanent residence in
72 the United States;

73 (c) An unincorporated association, a majority of members of
74 which are citizens of the United States or aliens lawfully
75 admitted for permanent residence in the United States; or

76 (d) A corporation incorporated in the United States.

77 (2) "Foreign principal" means:

78 (a) The government or a government official of any country
79 other than the United States;

80 (b) A political subdivision or political party, or the
81 officials thereof, of a country other than the United States; or

82 (c) Any partnership, association, corporation,
83 organization, or other combination of persons organized under
84 the laws of, or having its principal place of business in, a
85 country other than the United States whose shares or other
86 ownership interest is owned by the government or a government
87 official of a country other than the United States or owned by a

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political subdivision or political party, or the officials thereof, of a country other than the United States.

(3) "Foreign funder" means a foreign person, foreign principal, or sovereign wealth fund that provides funding directly or indirectly under a litigation financing agreement.

(4) "Health care practitioner" has the same meaning as in s. 456.001.

(5) "Litigation financier" means a person engaged in the business of providing litigation financing.

(6) "Litigation financing agreement" or "litigation financing" means a transaction in which a litigation financier agrees to provide financing to a person who is a party to, or an attorney or law firm representing a party, in a civil action, an administrative proceeding, a claim, or other legal proceeding in exchange for a right to receive payment, which right is contingent in any respect on the outcome of such action, claim, or proceeding or on the outcome of any matter within a portfolio that includes such action, claim, or proceeding and involves the same counsel or affiliated counsel. However, the term does not apply to any of the following:

(a) An agreement to provide funds for or to a party to a civil action, an administrative proceeding, a claim, or other legal proceeding for such person's use in paying his or her costs of living or other personal or familial expenses during the pendency of such action, claim, or proceeding which funds are not used to finance any litigation or other legal costs.

(b) An agreement wherein an attorney consents to provide legal services on a contingency fee basis or to advance his or her client's legal costs, and where such services or costs are

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117 provided by the attorney in accordance with the Florida Rules of
118 Professional Conduct.

119 (c) An entity with a preexisting contractual obligation to
120 indemnify or defend a party to a civil action, an administrative
121 proceeding, a claim, or other legal proceeding.

122 (d) A health insurer that has paid, or is obligated to pay,
123 any sums for health care for an injured person under the terms
124 of a health insurance plan or agreement.

125 (e) The repayment of a financial institution as defined in
126 s. 655.005 for loans made directly to a party to a civil action,
127 an administrative proceeding, a claim, or other legal
128 proceeding, or to such party's attorney, when repayment of the
129 loan is not contingent upon the outcome of such action, claim,
130 or proceeding or on the outcome of any matter within a portfolio
131 that includes such action, claim, or proceeding and involves the
132 same counsel or affiliated counsel.

133 (f) Funding provided to a nonprofit organization exempt
134 from federal income tax under s. 501(c)(3) of the United States
135 Internal Revenue Code, provided that the nonprofit organization
136 uses the funding only to provide pro bono legal representation
137 on behalf of a client or to engage in litigation on behalf of
138 itself, its members, or a client and does not seek punitive
139 damages, regardless of whether the nonprofit organization seeks
140 an award of costs or attorney fees.

141 (g) Funding provided by a nonprofit organization exempt
142 from federal income tax under s. 501(c)(3) of the United States
143 Internal Revenue Code, by grant or otherwise, to cover the costs
144 and expenses of pro bono legal representation or litigation that
145 does not seek punitive damages, regardless of whether the

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146 recipient of the funding seeks an award of costs or attorney
147 fees. The nonprofit organization may, contingent upon the
148 outcome of the litigation, receive repayment not to exceed the
149 amount of funding provided.

150 (7) "National security interests" means those interests
151 relating to the national defense, foreign intelligence and
152 counterintelligence, international and domestic security, or
153 foreign relations.

154 (8) "Proprietary information" means information developed,
155 created, or discovered by a person, or which became known by or
156 was conveyed to a person, which has commercial value in the
157 person's business. The term includes, but is not limited to,
158 domain names; trade secrets; copyrights; ideas; techniques;
159 inventions, regardless of whether patentable, and other
160 information of any type relating to designs; configurations;
161 documentation; recorded data; schematics; circuits; mask works;
162 layouts; source code; object code; master works; master
163 databases; algorithms; flow charts; formulae; works of
164 authorship; mechanisms; research; manufacture; improvements;
165 assembly; installation; intellectual property, including patents
166 and patent applications; and information concerning the person's
167 actual or anticipated business, research, or development or
168 received in confidence by or for the person from any other
169 source.

170 (9) "Sovereign wealth fund" means an investment fund owned
171 or controlled by a foreign principal or an agent thereof.

172 69.103 Litigation financing agreement; representation of
173 client interests; adequate representation.—A court may take the
174 existence of a litigation financing agreement into account:

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175 (1) In a class action lawsuit brought in the courts of this
176 state, when determining whether a class representative or class
177 counsel would adequately and fairly represent the interests of
178 the class.

179 (2) In actions involving a common question of law or fact
180 pending before the court which may be or has been consolidated,
181 when determining whether the lead counsel or any co-lead counsel
182 would adequately and fairly represent the interests of the
183 parties to such actions.

184 69.105 Prohibited conduct.—A litigation financier may not:

185 (1) Direct, or make any decisions with respect to, the
186 course of any civil action, administrative proceeding, claim, or
187 other legal proceeding for which the litigation financier has
188 provided financing, or any settlement or other disposition
189 thereof. This prohibition includes, but is not limited to,
190 decisions in appointing or changing counsel, choice or use of
191 expert witnesses, and litigation strategy. All rights to make
192 decisions with respect to the course and settlement or other
193 disposition of the subject civil action, administrative
194 proceeding, claim, or other legal proceeding remain solely with
195 the parties to such action, claim, or proceeding and their
196 counsel of record.

197 (2) Contract for or receive, whether directly or
198 indirectly, a larger share of the proceeds of any civil action,
199 administrative proceeding, claim, or other legal proceeding
200 financed by a litigation financing agreement than the share of
201 the proceeds collectively recovered by the plaintiffs to any
202 such action, claim, or proceeding after the payment of any
203 attorney fees and costs owed in connection to such action,

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claim, or proceeding.

(3) Pay or offer to pay a commission, referral fee, or other consideration to any person, including an attorney, a law firm, or a health care practitioner, for referring a person to the litigation financier.

(4) Assign or securitize a litigation financing agreement, in whole or in part.

(5) Be assigned rights to or in any civil action, administrative proceeding, claim, or other legal proceeding for which the litigation financier provided financing, other than the right to receive a share of the proceeds of such action, claim, or proceeding pursuant to the litigation financing agreement.

69.107 Transparency for foreign litigation financiers.-

(1) If a party to any civil action, administrative proceeding, claim, or other legal proceeding, or that party's counsel of record, has entered into a litigation financing agreement with a foreign person, foreign principal, or sovereign wealth fund, the party, or the party's counsel of record, must, within 14 days after execution of the agreement or within 7 days after filing such action, whichever occurs first, file and serve a notice that identifies:

(a) The existence of the funding relationship;

(b) The foreign person, foreign principal, or sovereign wealth fund by legal name and the jurisdiction under whose laws it is organized; and

(c) Each foreign person, foreign principal, or sovereign wealth fund that, directly or indirectly, owns or controls 3 percent or more of the capital, equity, or other beneficial

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ownership interests in the litigation financier, including the legal name, address, and citizenship or country of incorporation or registration of each such person or entity.

(2) The notice required in subsection (1) must be filed with the court, agency, or tribunal in which the action is pending, served on all parties, and provided to the Department of Financial Services and the Office of the Attorney General.

(3) The dollar amounts, financing terms, and other proprietary or trade secret information contained in or related to the litigation financing agreement are not required to be disclosed. The court, agency, or tribunal may order the notice or supporting documentation to be filed under seal and may issue protective orders as necessary to safeguard proprietary or confidential information.

(4) A foreign litigation financier or any person acting on its behalf may not:

(a) Use a domestic entity or affiliate to conceal or evade the disclosure requirements of this section; or

(b) Receive, transmit, or share proprietary, privileged, or national security-related information obtained through litigation financing with any foreign person, foreign principal, or sovereign wealth fund not a party or attorney to the action.

(5) The requirements of this section apply to a litigation financing agreement entered into with any litigation financier if a foreign person, foreign principal, or sovereign wealth fund has provided or will provide funds, whether directly or indirectly, to the litigation financier which amount to 5 percent or more of the funds the financier has provided or is committed to provide under the litigation funding agreement.

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(6) Failure to comply with this section may subject the noncomplying party to appropriate sanctions under s. 69.109 or the applicable rules of civil procedure. This section does not create a private cause of action.

69.109 Violations; enforcement.—

(1) A litigation financing agreement executed in violation of this part is void and unenforceable.

(2) A violation of s. 69.105 is a deceptive and unfair trade practice actionable under part II of chapter 501.

(3) A court, an agency, or a tribunal of competent jurisdiction may impose fines or any other sanction it deems appropriate upon any person who violates s. 69.107.

Section 4. If any provision of this act or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to this end the provisions of this act are severable.

Section 5. The disclosure requirements in s. 69.107, Florida Statutes, as created by this act, apply to any civil action, administrative proceeding, claim, or other legal proceeding pending or commenced on or after July 1, 2026. Any party to or counsel of record for any civil action, administrative proceeding, claim, or other legal proceeding pending on July 1, 2026, who would have been required to make a disclosure under s. 69.107, Florida Statutes, had it been in effect at the time the relevant action occurred must make the disclosure under that section by July 31, 2026. Failure to do so is sanctionable as provided in s. 69.109, Florida Statutes.

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291 Section 6. Except as otherwise provided in this act, this
292 act applies to a litigation financing agreement entered into on
293 or after July 1, 2026.

294 Section 7. This act shall take effect July 1, 2026.