S T A T E O F N E W Y O R K

880

2009-2010 Regular Sessions

I N S E N A T E

January 21, 2009

Introduced by Sen. KRUGER -- read twice and ordered printed, and when printed to be committed to the Committee on Judiciary

AN ACT to amend the judiciary law, in relation to the financing of lawsuits

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. The judiciary law is amended by adding a new article 15-A to read as follows:

ARTICLE 15-A
FINANCING OF LAWSUIT BY THIRD PARTY

SECTION 499-A. FINANCING OF LAWSUIT BY THIRD PARTY.

S 499-A. FINANCING OF LAWSUIT BY THIRD PARTY. 1. THE FINANCING OF A LAWSUIT, BEFORE OR AFTER SUCH LAWSUIT HAS BEEN FILED, BY A PERSON, PARTNERSHIP, CORPORATION, FIRM OR OTHER THIRD PARTY FOR INVESTMENT WITH THE EXPECTATION OF A RETURN WHICH EXCEEDS THE USURY LAWS OF THIS STATE IN THE EVENT THE FINANCED PARTY PREVAILS AND WITHOUT THE EXPECTATION OF A RETURN IN THE EVENT THE FINANCED PARTY DOES NOT PREVAIL SHALL BE CONSIDERED CHAMPERTOUS AND ILLEGAL UNDER THE LAWS OF THIS STATE.

2. ANY FINANCING OF A LAWSUIT BY A THIRD PARTY SHALL BE CONSIDERED A LOAN AND SUBJECT TO SECTION 5-501 OF THE GENERAL OBLIGATIONS LAW AND WHERE APPLICABLE, THE PROVISIONS OF ARTICLE ONE HUNDRED NINETY OF THE PENAL LAW RELATING TO CRIMINAL USURY.

3. THIS SECTION SHALL IN NO WAY APPLY TO CONTINGENCY FEES THAT ARE IN CONFORMANCE WITH THE LAWS OF THIS STATE, INCLUDING BUT NOT LIMITED TO SECTION FOUR HUNDRED EIGHTY-EIGHT OF THIS CHAPTER.

4. ANY VIOLATION OF THIS SECTION SHALL BE A MISDEMEANOR AND SUBJECT TO A FINE OF TWO THOUSAND FIVE HUNDRED DOLLARS PER VIOLATION.

S 2. This act shall take effect immediately.

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets [ ] is old law to be omitted.

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