

REFERENCE TITLE: litigation financing; requirements; attorney general

State of Arizona  
House of Representatives  
Fifty-seventh Legislature  
First Regular Session  
2025

## **HB 2755**

Introduced by  
Representative Marshall

AN ACT

AMENDING TITLE 12, ARIZONA REVISED STATUTES, BY ADDING CHAPTER 28;  
RELATING TO FINANCING AGREEMENTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Title 12, Arizona Revised Statutes, is amended by adding  
3 chapter 28, to read:

4 CHAPTER 28

5 LITIGATION FINANCING

6 ARTICLE 1. GENERAL PROVISIONS

7 12-3501. Definitions

8 IN THIS CHAPTER, UNLESS THE CONTEXT OTHERWISE REQUIRES:

9 1. "FUNDED ACTION" MEANS A CIVIL ACTION, ADMINISTRATIVE PROCEEDING,  
10 CLAIM OR OTHER CAUSE OF ACTION FOR WHICH LITIGATION FUNDING HAS BEEN  
11 PROVIDED.

12 2. "LITIGATION BLIND POOL" MEANS AN INVESTMENT VEHICLE INTO WHICH  
13 INVESTORS DIRECTLY INVEST, BUT ARE NOT TOLD ANY IDENTIFYING DETAIL OF ANY  
14 CURRENT OR PENDING FUNDED ACTION FOR WHICH LITIGATION FINANCING HAS BEEN  
15 OR WILL BE PROVIDED.

16 3. "LITIGATION FINANCIER" MEANS A PERSON THAT HAS ENTERED INTO A  
17 LITIGATION FINANCING AGREEMENT WITH A PARTY TO AN ACTION OR COUNSEL OF  
18 RECORD FOR A PARTY TO AN ACTION.

19 4. "LITIGATION FINANCING AGREEMENT" OR "LITIGATION FINANCING":

20 (a) MEANS ANY AGREEMENT IN WHICH A PERSON PROVIDES FINANCING,  
21 FUNDING, ADVANCING OR LOANING MONIES TO PAY FOR FEES, COSTS, EXPENSES OR  
22 ANY OTHER SUMS THAT ARISE FROM OR IN ANY MANNER ARE RELATED TO AN ACTION  
23 IN EXCHANGE FOR THE RIGHT TO RECEIVE REPAYMENT, INTEREST, FEES OR OTHER  
24 CONSIDERATION THAT CUMULATIVELY EXCEEDS THE AMOUNT OF MONIES GIVEN BY THE  
25 PERSON AND THAT IS CONTINGENT IN ANY RESPECT ON THE OUTCOME OF AN ACTION  
26 OR ON THE OUTCOME OF ANY MATTER WITHIN A PORTFOLIO THAT INCLUDES THE  
27 ACTION AND INVOLVES THE SAME COUNSEL OR AFFILIATED COUNSEL.

28 (b) DOES NOT INCLUDE ANY OF THE FOLLOWING LOANS, AGREEMENTS,  
29 CONTRACTS OR ARRANGEMENTS THAT ARE ENTERED INTO WITH OR BY THE FOLLOWING:

30 (i) A NAMED PARTY TO THE ACTION IF PAYMENTS MADE TO THE NAMED PARTY  
31 ARE PROVIDED EXCLUSIVELY FOR PERSONAL AND FAMILY USE AND ARE PROVIDED ON  
32 CONDITION THAT THEY ARE NOT TO BE USED FOR LEGAL FILINGS, LEGAL DOCUMENT  
33 PREPARATION AND DRAFTING, APPEALS, CREATION OF A LITIGATION STRATEGY,  
34 DRAFTING TESTIMONY OR OTHER EXPENSES THAT ARE DIRECTLY RELATED TO  
35 LITIGATION.

36 (ii) A COUNSEL OF RECORD FOR LEGAL SERVICES THAT ARE PROVIDED ON A  
37 CONTINGENCY FEE BASIS OR ADVANCED LEGAL COSTS THAT ARE PROVIDED BY COUNSEL  
38 OF RECORD, WHERE THE SERVICES OR COSTS ARE PROVIDED BY A LEGAL COUNSEL OF  
39 RECORD IN ACCORDANCE WITH THE RULES OF PROFESSIONAL CONDUCT THAT ARE  
40 ADOPTED BY THE SUPREME COURT.

41 (iii) A PERSON WITH A PREEXISTING CONTRACTUAL OBLIGATION TO  
42 INDEMNIFY OR DEFEND A PARTY TO THE ACTION OR A HEALTH INSURER THAT HAS  
43 PAID OR IS OBLIGATED TO PAY ANY SUMS FOR HEALTH CARE SERVICES THAT ARE  
44 RENDERED TO AN INJURED PERSON UNDER THE TERMS OF A HEALTH INSURANCE  
45 POLICY, PLAN OR AGREEMENT.

1 (iv) A FINANCIAL INSTITUTION, AS DEFINED IN SECTION 6-101, FOR  
2 REPAYMENT OF LOANS MADE DIRECTLY TO A PARTY OR A PARTY'S COUNSEL IF  
3 REPAYMENT OF THE LOAN IS NOT CONTINGENT ON THE OUTCOME OF AN ACTION BY  
4 SETTLEMENT, JUDGMENT OR OTHERWISE OR ON THE OUTCOME OF ANY MATTER WITHIN A  
5 PORTFOLIO THAT INCLUDES THE ACTION AND INVOLVES THE SAME COUNSEL OR  
6 AFFILIATED COUNSEL.

7 (v) FUNDING THAT IS PROVIDED TO A NONPROFIT ORGANIZATION, INCLUDING  
8 THOSE THAT ARE EXEMPT FROM TAXATION UNDER 501(c)(3) OF THE UNITED STATES  
9 INTERNAL REVENUE CODE.

10 (vi) A PERSON THAT PROVIDES FUNDING TO A MEDICAL PRACTICE OR  
11 FACILITY SOLELY FOR ITS RECEIVABLES.

12 5. "PERSON" MEANS ANY INDIVIDUAL OR ENTITY OF ANY KIND.

13 6. "PROPRIETARY INFORMATION" MEANS INFORMATION THAT IS DEVELOPED,  
14 CREATED OR DISCOVERED BY A PERSON OR THAT BECAME KNOWN BY OR WAS CONVEYED  
15 TO THE PERSON, THAT HAS COMMERCIAL VALUE IN THE PERSON'S BUSINESS,  
16 INCLUDING DOMAIN NAMES, TRADE SECRETS, COPYRIGHTS, IDEAS, TECHNIQUES,  
17 INVENTIONS, WHETHER PATENTABLE OR NOT, AND OTHER INFORMATION OF ANY TYPE  
18 RELATING TO DESIGNS, CONFIGURATIONS, DOCUMENTATION, RECORDED DATA,  
19 SCHEMATICS, CIRCUITS, MASK WORKS, LAYOUTS, SOURCE CODE, OBJECT CODE,  
20 MASTER WORKS, MASTER DATABASES, ALGORITHMS, FLOW CHARTS, FORMULAE, WORKS  
21 OF AUTHORSHIP, MECHANISMS, RESEARCH, MANUFACTURE, IMPROVEMENTS, ASSEMBLY,  
22 INSTALLATION, INTELLECTUAL PROPERTY, INCLUDING PATENTS AND PATENT  
23 APPLICATIONS, AND INFORMATION CONCERNING THE PERSON'S ACTUAL OR  
24 ANTICIPATED BUSINESS, RESEARCH OR DEVELOPMENT OR THAT IS RECEIVED IN  
25 CONFIDENCE BY OR FOR THE PERSON FROM ANY OTHER SOURCE.

26 7. "TRADE SECRET" HAS THE SAME MEANING PRESCRIBED IN SECTION  
27 44-401.

28 12-3502. Litigation blind pools; confidentiality

29 A. LITIGATION FINANCIERS SHALL MAINTAIN LITIGATION BLIND POOLS.

30 B. MAINTENANCE OF LITIGATION BLIND POOL INVESTMENT STRUCTURES IS  
31 PRIMA FACIE EVIDENCE OF COMPLIANCE WITH THIS SECTION.

32 C. LITIGATION FINANCIERS MAY NOT, DIRECTLY OR INDIRECTLY, CAUSE ANY  
33 IDENTIFYING INFORMATION THAT CONCERNS ANY EXISTING, PENDING OR FUTURE  
34 LITIGATION FOR WHICH FINANCING HAS BEEN OR MAY BE PROVIDED TO BE DISCLOSED  
35 TO THIRD PARTIES.

36 D. LITIGATION FINANCIERS MAY NOT DISCLOSE ANY OF THEIR INVESTORS'  
37 PROPRIETARY INFORMATION OR CONFIDENTIAL INFORMATION OR THE TRADE SECRETS  
38 OF ANY PARTY TO A FUNDED ACTION.

39 12-3503. Enforcement; powers of the attorney general

40 A. ONLY THE ATTORNEY GENERAL MAY BRING A CAUSE OF ACTION UNDER THIS  
41 ARTICLE.

42 B. IF THE ATTORNEY GENERAL HAS REASONABLE CAUSE TO BELIEVE THAT A  
43 PERSON HAS ENGAGED IN, IS ENGAGING IN OR IS ABOUT TO ENGAGE IN ANY  
44 PRACTICE OR TRANSACTION THAT VIOLATES THIS ARTICLE, AN ORDER UNDER THIS

1 ARTICLE PURSUANT TO SECTION 12-3504 OR AN ASSURANCE OF DISCONTINUANCE, THE  
2 ATTORNEY GENERAL MAY DO THE FOLLOWING:

3 1. REQUIRE THE PERSON TO FILE, ON FORMS PRESCRIBED BY THE ATTORNEY  
4 GENERAL, A STATEMENT OR REPORT IN WRITING, UNDER OATH, REGARDING THE FACTS  
5 AND CIRCUMSTANCES THAT CONCERN THE SALE OR ADVERTISEMENT OF MERCHANDISE BY  
6 THE PERSON, AND OTHER DATA AND INFORMATION THAT THE ATTORNEY GENERAL DEEMS  
7 NECESSARY.

8 2. EXAMINE UNDER OATH ANY PERSON CONNECTED TO THE SALE OR  
9 ADVERTISEMENT OF ANY MERCHANDISE.

10 3. EXAMINE ANY RECORD, BOOK, DOCUMENT, ACCOUNT OR PAPER THAT THE  
11 ATTORNEY GENERAL DEEMS NECESSARY.

12 4. PURSUANT TO AN ORDER OF THE SUPERIOR COURT, IMPOUND ANY RECORD,  
13 BOOK, DOCUMENT, ACCOUNT, PAPER OR SAMPLE OR MERCHANDISE MATERIAL TO THE  
14 PRACTICE AND RETAIN IT IN THE ATTORNEY GENERAL'S POSSESSION UNTIL ALL  
15 PROCEEDINGS UNDERTAKEN UNDER THIS ARTICLE OR IN THE COURTS ARE COMPLETE.

16 12-3504. Assurance of discontinuance of unlawful practice

17 IN ENFORCING THIS ARTICLE, THE ATTORNEY GENERAL MAY ACCEPT AN  
18 ASSURANCE OF DISCONTINUANCE OF ANY ACT OR PRACTICE DEEMED TO VIOLATE THIS  
19 ARTICLE FROM ANY PERSON ENGAGING IN, OR WHO HAS ENGAGED IN, SUCH AN ACT OR  
20 PRACTICE. AN ASSURANCE OF DISCONTINUANCE MAY INCLUDE A STIPULATION THAT  
21 THE PERSON PAY REASONABLE EXPENSES INCURRED BY THE ATTORNEY GENERAL OR  
22 RESTITUTION TO AGGRIEVED PERSONS, OR BOTH. ANY ASSURANCE OF  
23 DISCONTINUANCE SHALL BE IN WRITING AND SHALL BE FILED WITH AND SUBJECT TO  
24 THE APPROVAL OF THE SUPERIOR COURT OF THE COUNTY IN WHICH THE ALLEGED  
25 VIOLATOR RESIDES OR HAS ITS PRINCIPAL PLACE OF BUSINESS OR IN MARICOPA  
26 COUNTY. A VIOLATION OF AN ASSURANCE OF DISCONTINUANCE WITHIN SIX YEARS  
27 AFTER THE FILING OF THE ASSURANCE OF DISCONTINUANCE CONSTITUTES PRIMA  
28 FACIE PROOF OF A VIOLATION OF THIS CHAPTER. AN ASSURANCE OF  
29 DISCONTINUANCE MAY NOT BE CONSIDERED AN ADMISSION OF A VIOLATION FOR ANY  
30 PURPOSE.

31 12-3505. Remedies

32 FOLLOWING AN INVESTIGATION PURSUANT TO SECTION 11-532, AND WHEN IT  
33 APPEARS TO THE ATTORNEY GENERAL THAT A PERSON HAS ENGAGED IN OR IS  
34 ENGAGING IN ANY PRACTICE THAT IS DECLARED TO BE UNLAWFUL BY THIS ARTICLE,  
35 THE ATTORNEY GENERAL, IN A COURT OF COMPETENT JURISDICTION AND AFTER  
36 PROVIDING THE NOTICE THAT IS REQUIRED BY THE ARIZONA RULES OF CIVIL  
37 PROCEDURE, MAY SEEK AND OBTAIN AN INJUNCTION PROHIBITING THE PERSON FROM  
38 CONTINUING THE PRACTICES, ENGAGING IN THE PRACTICE OR DOING ANY ACTS IN  
39 FURTHERANCE OF THE PRACTICE. THE COURT MAY MAKE SUCH ORDERS OR JUDGMENTS  
40 AS MAY BE NECESSARY TO DO THE FOLLOWING:

41 1. PREVENT THE USE OF OR EMPLOYMENT BY A PERSON THAT ENGAGES IN ANY  
42 UNLAWFUL PRACTICES.

43 2. RESTORE TO ANY PERSON IN INTEREST ANY MONIES OR REAL OR PERSONAL  
44 PROPERTY THAT MAY HAVE BEEN ACQUIRED BY MEANS OF ANY UNLAWFUL PRACTICE  
45 UNDER THIS ARTICLE, INCLUDING APPOINTING A RECEIVER.

1           3. PROHIBIT A PERSON FOUND TO HAVE VIOLATED THIS ARTICLE FROM  
2 ENGAGING IN A SPECIFIED TRADE OR OCCUPATION.

3           Sec. 2. Applicability

4           A. This act applies to:

5           1. All litigation financing within this state, either pending or  
6 commenced on or after the effective date of this act.

7           2. All litigation financiers providing litigation funding within  
8 this state.

9           B. This act does not apply to litigation financiers who solely do  
10 business outside of this state.