



General Assembly

February Session, 2008

**Raised Bill No. 534**

LCO No. 2455

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Referred to Committee on General Law

Introduced by:

(GL)

**AN ACT CONCERNING CASH ADVANCE CONTRACTS AND  
PLAINTIFFS IN PERSONAL INJURY AND WRONGFUL DEATH  
CASES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2008*) (a) As used in  
2 subsections (a) to (j), inclusive, of this section:

3 (1) "Cash advance contract" means any financial transaction  
4 resulting in an advance of compensation to a consumer who has a  
5 pending personal injury or wrongful death claim or civil action in  
6 exchange for the contractual right to receive any funds in excess of the  
7 amount of that advance from the proceeds of any realized settlement,  
8 judgment or verdict resulting from such claim or action, including, but  
9 not limited to, any nonrecourse capital advances made for such  
10 purposes.

11 (2) "Consumer" means any person, estate, legal representative or  
12 assignee of a person or estate, who has any financial interest in a  
13 pending personal injury or wrongful death claim or civil action or has  
14 a reasonable expectation of the receipt of compensation from such a

15 claim or action.

16 (3) "Cash advance company" means a person or entity that offers to  
17 provide or provides to a consumer in this state a nonrecourse capital  
18 advance, based on the consumer's status as a plaintiff in a pending  
19 personal injury or wrongful death claim or civil action.

20 (b) All cash advance companies, their employees, agents,  
21 subsidiaries, successors and assigns, who enter into cash advance  
22 contracts with consumers, shall comply with the following: (1) All cash  
23 advance contracts shall comply with sections 42-152 to 42-158,  
24 inclusive, of the general statutes; and (2) such contracts shall be filled  
25 in completely and contain the following disclosures on the first page,  
26 in 12-point or larger bold type, with a heading entitled "Disclosure  
27 Statement" and in a form approved by the Department of Consumer  
28 Protection: (A) The total amount to be advanced to the consumer; (B)  
29 itemization of all fees; (C) percentage fee or rate of return, and stated  
30 on an annualized basis, including frequency of compounding; (D) the  
31 total amount to be repaid by the consumer, calculated at six-month  
32 intervals, carried forward to thirty-six months, including all fees and  
33 any minimum required payment amount.

34 (c) (1) All cash advance contracts shall provide that the consumer  
35 may cancel the contract within five business days following the  
36 consumer's receipt of funds, without penalty or further obligation.  
37 Such contracts shall contain the following notice, written in a clear and  
38 conspicuous manner: "CONNECTICUT CONSUMER'S RIGHT TO  
39 CANCELLATION: YOU MAY CANCEL THIS CONTRACT  
40 WITHOUT PENALTY OR FURTHER OBLIGATION WITHIN FIVE  
41 BUSINESS DAYS FROM THE DATE YOU RECEIVE FUNDING  
42 FROM (insert the name of the cash advance company)". (2) Such  
43 contracts shall specify that, in order for the cancellation to be effective,  
44 the consumer must either (A) return the full amount of the disbursed  
45 funds to the cash advance company by delivering the cash advance  
46 company's uncashed check to the office address designated on the

47 disclosure statement, or (B) mail a notice of cancellation and include  
48 with the mailing a return of the full amount of disbursed funds, in the  
49 form of the cash advance company's check, a registered or certified  
50 check or a money order, by insured, registered or certified United  
51 States mail, postmarked within five business days of receiving the  
52 funds from the cash advance company, at the address specified for  
53 such cancellation in the cash advance contract.

54 (d) The consumer shall initial each page of a cash advance contract.  
55 All cash advance contracts shall contain a legend, immediately above  
56 the consumer's signature, in 12-point or larger bold type, reading: "DO  
57 NOT SIGN THIS CASH ADVANCE CONTRACT BEFORE YOU  
58 READ IT COMPLETELY OR IF IT CONTAINS ANY BLANK SPACE.  
59 YOU SHOULD OBTAIN THE ADVICE OF AN ATTORNEY BEFORE  
60 YOU SIGN THIS CONTRACT. YOU ARE ENTITLED TO A  
61 COMPLETELY FILLED IN COPY OF THIS CONTRACT."

62 (e) All cash advance contracts shall contain a written certification by  
63 the consumer's attorney of record stating the attorney has reviewed the  
64 contract and explained its terms to the consumer, including the  
65 annualized rate of return used to calculate the amount to be paid by  
66 the consumer.

67 (f) Except when oral negotiations are conducted in another  
68 language, all cash advance contracts shall be printed in both English  
69 and Spanish. In the event oral negotiations are conducted in any other  
70 language (1) the principal terms of the contract shall be translated in  
71 writing into the consumer's native language; (2) the consumer shall  
72 sign the translated document containing the principal terms and initial  
73 each page; and (3) the translator shall sign a notarized affirmation  
74 confirming that the principal terms have been presented to the  
75 consumer in his or her native language and acknowledged by the  
76 consumer, in writing. For purposes of this subsection, "principal terms"  
77 includes all of the items required by subsections (b) to (e), inclusive, of  
78 this section.

79 (g) If a cash advance contract provides for attorney's fees and costs  
80 in the case of a breach of the contract by either party, the contract shall  
81 provide that such attorney's fees and costs shall be reasonable and may  
82 be recovered by the prevailing party. Any limitation placed on such  
83 attorney's fees and costs shall apply equally to both parties.

84 (h) A cash advance contract shall not require mandatory arbitration  
85 to resolve disputes between the parties.

86 (i) A cash advance company shall register its name, address and  
87 principle place of business with the Department of Consumer  
88 Protection and shall submit any proposed cash advance contract form  
89 to be used in this state at least ninety days before entering into the  
90 contract with a consumer.

91 (j) Failure to comply with any provision of subsections (a) to (i),  
92 inclusive, of this section shall be a an unfair trade practice pursuant to  
93 subsection (a) of section 42-110b of the general statutes.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2008</i>	New section

**Statement of Purpose:**

To protect consumers from unfair trade practices regarding cash advances made to plaintiffs in personal injury and wrongful death cases.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*