



General Assembly

Substitute Bill No. 534

February Session, 2008

* SB00534JUD__041108__ *

**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 or the 2008 supplement to the general
25 statutes; and (2) such contracts shall be filled in completely and contain
26 the following disclosures on the first page, in 12-point or larger bold
27 type, with a heading entitled "Disclosure Statement" and in a form
28 approved by the Department of Consumer Protection: (A) The total
29 amount to be advanced to the consumer; (B) itemization of all fees; (C)
30 percentage fee or rate of return, and stated on an annualized basis,
31 including frequency of compounding; and (D) the total amount to be
32 repaid by the consumer, calculated at six-month intervals, carried
33 forward to thirty-six months, including all fees and any minimum
34 required payment amount.

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

52 States mail, postmarked within five business days of receiving the
53 funds from the cash advance company, at the address specified for
54 such cancellation in the cash advance contract.

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

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

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

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

84 attorney's fees and costs shall apply equally to both parties.

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

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

92 (j) Failure to comply with any provision of subsections (a) to (i),
93 inclusive, of this section shall be an unfair trade practice pursuant to
94 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	October 1, 2008	New section

GL *Joint Favorable Subst.-LCO*

JUD *Joint Favorable*