

Article 52.

Prohibit Litigation Investments Act.

§ 66-521. Short title.

This Article may be cited as the Prohibit Litigation Investments Act. (2026-14, s. 1.)

§ 66-522. Definitions.

The following definitions apply in this Article:

- (1) Civil proceeding. – A civil action, arbitration, mediation, administrative proceeding, or other proceeding to resolve a civil legal claim.
- (2) Immediate family member. – Defined in G.S. 53-244.030.
- (3) Litigation investment. – The provision of money, whether as a direct payment, advancement, loan, investment, or otherwise, for the fees, costs, and expenses of or related to a pending or potential civil proceeding in exchange for a right to receive repayment or other consideration that is contingent in any respect on the outcome of the pending or potential civil proceeding. The term does not include any of the following:
 - a. The provision of legal services on a contingency basis in accordance with the North Carolina Rules of Professional Conduct.
 - b. An attorney or law firm's advancement of costs and expenses in accordance with the North Carolina Rules of Professional Conduct.
 - c. An insurer or other entity's contractual obligation to indemnify or defend a party to a civil proceeding.
 - d. The provision of money to or by a nonprofit organization for the fees, costs, and expenses of a civil proceeding commenced by the nonprofit organization on behalf of itself or its members so long as any repayment amount is limited to the original amount plus reasonable interest.
 - e. The provision of money to or by a nonprofit legal services organization for the pro bono, cost-free representation of a client in a civil proceeding so long as any repayment amount is limited to the original amount plus reasonable interest.
 - f. A direct loan to a party, law firm, or attorney so long as repayment of the loan is not contingent on the outcome of any civil proceeding.
 - g. The provision of money or other financial support to a party for personal and household expenses during the pendency of a civil proceeding so long as the money or financial support is not used for the fees, costs, and expenses of the civil proceeding.
 - h. The provision of money or other financial support to a party for fees, costs, and expenses of a civil proceeding so long as the source of the money or financial support does not receive a right to any portion of the judgment, settlement, or other monetary relief the party recovers in the civil proceeding or any other right to receive repayment or other consideration that is contingent in any respect on the outcome of the civil proceeding.
 - i. An immediate family member's provision of money or other financial support to a party for fees, costs, and expenses of a civil proceeding or for personal and household expenses during the pendency of a civil

proceeding, regardless of whether the immediate family member receives a right to any portion of the judgment, settlement, or other monetary relief the party recovers in the civil proceeding or any other right to receive repayment or other consideration that is contingent in any respect on the outcome of the civil proceeding. (2026-14, s. 1.)

§ 66-523. Prohibition on litigation investment.

It is unlawful for a person to engage in litigation investment in this State or to furnish litigation investment to a party or counsel of record in a civil proceeding in this State. (2026-14, s. 1.)

§ 66-524. Enforcement; penalties; remedies.

(a) A contract in violation of this Article is void.

(b) The Attorney General may bring an action to enjoin violations of this Article. In this action, the court may also impose a civil penalty of up to fifty thousand dollars (\$50,000) for each violation of this Article.

(c) A person injured by a violation of this Article may bring an action to recover damages and is entitled to elect at judgment between common law damages as measured by the trier of fact and statutory damages as measured by treble the amount of the full potential litigation investment contemplated by the investor. The injured person is also entitled to an award of court costs and reasonable attorneys' fees.

(d) In an action arising under subsection (b) or (c) of this section, a person that has engaged in the business of litigation investment or furnished litigation investment to a party or counsel of record in a civil proceeding in this State has purposefully availed itself of the privileges of conducting business in this State and is subject to suit in this State, whether or not the person is transacting or has transacted any other business in this State. This Article shall be construed as a special jurisdiction statute in accordance with G.S. 1-75.4(2).

(e) The remedies and penalties available under this section are in addition to any other remedies provided for by law. (2026-14, s. 1.)

§ 66-525. Construction.

This Article shall be liberally construed to effectuate its purpose. (2026-14, s. 1.)