**The 194th General Court of the Commonwealth of Massachusetts**
**2025-2026**
**Bill Summary**

**Bill No:** H1182

**Title:** AN ACT RELATIVE TO LITIGATION FINANCING

**Sponsor:** Representative Danielle W. Gregoire

**Committee**: Financial Services

**Hearing Date:** 10/7/25

**Reporting Date:** 12/3/25

**Similar Matters:**

**Prior History:** New File

**Current Law**:
Inserts new section Chapter 167K after Chapter 167J

**Summary:**
This bill proposes to add Chapter 167K to the Massachusetts General Laws creating a regulatory framework for commercial litigation financing. These financing arrangements involve third-party companies referred to as commercial litigation financiers providing money to a plaintiff or law firm in exchange for a portion of any future litigation proceeds. The bill establishes registration and reporting requirements for financiers under the oversight of the Division of Banks. All commercial litigation financiers would be required to register with the Division, undergo a character and fitness review, renew their registration every two years, and post a bond or irrevocable letter of credit. Annual reporting to the Division is mandated, including the number of transactions, funding amounts, and terms. Certain entities such as nonprofit legal services, banks providing traditional loans, and attorneys operating on contingency fees are exempt from regulation. Financiers tied to foreign countries of concern or sanctioned entities are prohibited from operating in Massachusetts, and the disclosure of protected court materials to financiers is restricted. The bill also includes consumer protections by prohibiting financiers from directing legal strategy or decisions and requiring full disclosure of financing agreements to claimants and courts. Financing agreements must be disclosed to all parties in a legal proceeding and are subject to discovery. Attorneys are prohibited from entering into a financing arrangement without the claimant's written consent. The Division of Banks would have authority to adopt rules to enforce this new chapter. Overall, the bill aims to bring transparency, accountability and national security safeguards to the litigation finance industry in Massachusetts.