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AB-743 California Financing Law: lawsuit financiers. (2025-2026)

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Date Published: 05/05/2025 02:00 PM

AMENDED IN ASSEMBLY MAY 05, 2025

AMENDED IN ASSEMBLY MARCH 24, 2025

CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

ASSEMBLY BILL

NO. 743

Introduced by Assembly Member Michelle Rodriguez
(Coauthor: Assembly Member Nguyen)

February 18, 2025

An act to amend Sections 22007, [22101](#), [22101.5](#), [22102](#), [22103](#), [22104](#), [22106](#), [22107](#), [22109](#), 22112, [22151](#), [22152](#), [22153](#), [22156](#), [22157](#), [22159](#), [22162](#), 22502, 22753, and 22780 of, and to add Sections 22021, 22022, 22100.6, and 22780.2 to, the Financial Code, relating to financial institutions.

LEGISLATIVE COUNSEL'S DIGEST

AB 743, as amended, Michelle Rodriguez. California Financing Law: lawsuit financiers.

The California Financing Law generally regulates the business of finance lenders and brokers and prohibits any person from engaging in those businesses without obtaining a license from the Commissioner of Financial Protection and Innovation. The law also imposes various requirements on licensees who offer or sell commercial loans, as defined.

This bill would prohibit a person from engaging in the business of lawsuit financing, as defined, without obtaining a license from the ~~commissioner~~ *commissioner, and would generally regulate the business of lawsuit financiers, as specified*. The bill would require a licensee who is a lawsuit financier, as defined, to maintain a surety bond, as prescribed. The bill would include lawsuit financing in the definition of "commercial loan." The bill would make willful violations of the California Financing Law by a licensee who is a lawsuit financier subject to a civil penalty, as specified.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. The Legislature finds and declares:

(a) According to a 2022 United States congressional Government Accountability Office report, the global lawsuit financing industry conducts multibillions of dollars in loans and investments in the United States alone.

(b) Lawsuit financing threatens the ability of California consumers to recover award moneys to which they are entitled.

(c) Many lawsuit financiers are hedge funds, sovereign wealth funds, and other financiers based outside of the United States, including in Russia and China.

(d) A March 2024 Bloomberg Law investigation revealed that sanctioned Russian oligarchs have been using litigation funding to evade United States sanctions.

(e) A subsidiary of the Russian conglomerate Alfa Group has funded lawsuits prior to and following sanctions imposed on three of its billionaire founders in the wake of the 2022 Ukraine invasion.

(f) Another investigative report found that international gangs and the Russian mob have worked with third-party litigation financiers to arrange fraudulent lawsuits.

(g) California has the fourth largest economy in the world.

(h) Lawsuit financiers are an unregulated, shadow financial sector in California.

(i) Licensing will help to ensure only financially responsible, law-abiding financiers can operate in California and prevent exploitative practices, market manipulation, and fraud.

(j) It is in the best interests of consumers to authorize the Department of Financial Protection and Innovation to license and regulate lawsuit financiers.

SEC. 2. Section 22007 of the Financial Code is amended to read:

22007. "Licensee" means any finance lender, broker, lawsuit financier, or program administrator who receives a license in accordance with this division.

SEC. 3. Section 22021 is added to the Financial Code, to read:

22021. "Lawsuit financier" means a person engaged in lawsuit financing.

SEC. 4. Section 22022 is added to the Financial Code, to read:

22022. "Lawsuit financing" means a transaction in which a person provides, with or without recourse, money, services, or anything else having value to any person in return for a contingent right to receive an amount out of the proceeds of any realized judgment, award, settlement, or verdict a person may receive on an underlying civil claim or action, or in return for interest, fees, or other consideration.

SEC. 5. Section 22100.6 is added to the Financial Code, to read:

22100.6. (a) A person shall not engage in the business of lawsuit financing without obtaining a license from the commissioner.

(b) The commissioner shall include lawsuit financing as an industry category on the licensee search page of the department's internet website.

SEC. 6. *Section 22101 of the Financial Code is amended to read:*

22101. (a) An application for a license as a finance lender, broker, *lawsuit financier*, or program administrator under this division shall be in the form and contain the information that the commissioner may by rule or order require and shall be filed upon payment of the fee specified in Section 22103.

(b) Notwithstanding any other law, an applicant who does not currently hold a license as a finance lender, broker, or program administrator under this division shall furnish, with their application, a full set of fingerprints and related information for purposes of the commissioner conducting a criminal history record check. The commissioner shall obtain and receive criminal history information from the Department of Justice and the Federal Bureau of Investigation pursuant to Section 22101.5.

(c) This section does not prevent a licensee from engaging in the business of a finance lender or program administrator through a subsidiary corporation if the subsidiary corporation is licensed pursuant to this division.

(d) For purposes of this section, "subsidiary corporation" means a corporation that is wholly owned by a licensee.

(e) A new application shall not be required for a change in the address of an existing location previously licensed under this division. However, the licensee shall comply with the requirements of Section 22153.

(f) Notwithstanding subdivisions (a) to (e), inclusive, the commissioner may by rule require an application to be made through the Nationwide Mortgage Licensing System and Registry, and may require fees, fingerprints, financial statements, supporting documents, changes of address, and any other information, and amendments or modifications thereto, to be submitted in the same manner.

(g) Notwithstanding any other law, the commissioner may by rule or order prescribe circumstances under which to accept electronic records or electronic signatures. This section does not require the commissioner to accept electronic records or electronic signatures.

(h) For purposes of this section, the following terms have the following meanings:

(1) "Electronic record" means an initial license application, or material modification of that license application, and any other record created, generated, sent, communicated, received, or stored by electronic means. "Electronic records" also includes, but is not limited to, all of the following:

(A) An application, amendment, supplement, and exhibit, filed for any license, consent, or other authority.

(B) A financial statement, a report, or advertising.

(C) An order, license, consent, or other authority.

(D) A notice of public hearing, accusation, and statement of issues in connection with any application, license, consent, or other authority.

(E) A proposed decision of a hearing officer and a decision of the commissioner.

(F) The transcripts of a hearing and correspondence between a party and the commissioner directly relating to the record.

(G) A release, newsletter, interpretive opinion, determination, or specific ruling.

(H) Correspondence between a party and the commissioner directly relating to any document listed in subparagraphs (A) to (G), inclusive.

(2) "Electronic signature" means an electronic sound, symbol, or process attached to or logically associated with an electronic record and executed or adopted by a person with the intent to sign the electronic record.

(i) The Legislature finds and declares that the Department of Financial Protection and Innovation has continuously implemented methods to accept records filed electronically, and is encouraged to continue to expand its use of electronic filings to the extent feasible, as budget, resources, and equipment are made available to accomplish that goal.

~~(j) This section shall become operative on January 1, 2019.~~

SEC. 7. Section 22101.5 of the Financial Code is amended to read:

22101.5. (a) The commissioner shall submit to the Department of Justice fingerprint images and related information required by the Department of Justice of all finance lender, broker, *lawsuit financier*, or program administrator license candidates, as defined by subdivision (a) of Section 22101, for purposes of obtaining information as to the existence and content of a record of state or federal convictions, state or federal arrests, and information as to the existence and content of a record of state or federal arrests for which the Department of Justice establishes that the person is free on bail or on ~~his or her~~ *their* own recognizance pending trial or appeal.

(b) When received, the Department of Justice shall forward to the Federal Bureau of Investigation requests for federal summary criminal history information received pursuant to this section. The Department of Justice shall review the information returned from the Federal Bureau of Investigation and compile and disseminate a response to the commissioner.

(c) The Department of Justice shall provide a response to the commissioner pursuant to paragraph (1) of subdivision (p) of Section 11105 of the Penal Code.

(d) The commissioner shall request from the Department of Justice subsequent arrest notification service, as provided pursuant to Section 11105.2 of the Penal Code, for license candidates described in subdivision (a).

(e) The Department of Justice shall charge a fee sufficient to cover the costs of processing the requests pursuant to this section.

(f) Notwithstanding subdivisions (a) to (e), inclusive, the commissioner may by rule require fingerprints submitted by an applicant to be submitted to the Nationwide Mortgage Licensing System and Registry in addition to the Department of Justice.

~~(g) This section shall become operative on January 1, 2019.~~

SEC. 8. *Section 22102 of the Financial Code is amended to read:*

22102. (a) A finance lender, broker, *lawsuit financier*, or program administrator licensee seeking to engage in business at a new location shall submit an application for a branch office license to the commissioner at least 10 days before engaging in business at a new location and pay the fee required by Section 22103. The commissioner may require an applicant seeking to engage in business at a new location to submit its application, or parts thereof, through the Nationwide Mortgage Licensing System and Registry.

(b) The licensee may engage in business at the new location 10 days after the date of submission of a branch office application.

(c) (1) The commissioner shall approve or deny the person responsible for the lending activity at the new location in accordance with Section 22109, and shall notify the licensee of this decision within 90 days of the date of receipt of the application.

(2) If the commissioner denies the application, the licensee shall, within 10 days of the date of receipt of notification of the commissioner's denial, submit a new application to the commissioner designating a different person responsible for the lending activity at the new location. The commissioner shall approve or deny the different person as provided in paragraph (1).

(d) A licensee shall not engage in business at a new location in a name other than a name approved by the commissioner.

(e) The commissioner may adopt regulations to implement the requirements of this section.

(f) A branch office license to engage in business at a new location shall be issued in accordance with this section. A change of street address of a place of business designated in a license shall be made in accordance with Section 22153 and shall not constitute a new location subject to the requirements of this section.

~~(g) This section shall become operative on January 1, 2019.~~

SEC. 9. *Section 22103 of the Financial Code is amended to read:*

22103. ~~(a)~~ At the time of filing the application for a finance lender, broker, program administrator, *lawsuit financier*, or branch office license, the applicant shall pay to the commissioner the sum of one hundred dollars (\$100) as a fee for investigating the application, plus the cost of fingerprint processing and the criminal history record check under Section 22101.5, and two hundred dollars (\$200) as an application fee. The investigation fee, including the amount for the criminal history record check, and the application fee are not refundable if an application is denied or withdrawn.

~~(b) This section shall become operative on January 1, 2019.~~

SEC. 10. *Section 22104 of the Financial Code is amended to read:*

22104. (a) The applicant shall file with the application for a finance lender, broker, *lawsuit financier*, or program administrator license financial statements prepared in accordance with generally accepted accounting principles and acceptable to the commissioner that indicate a net worth of at least twenty-five thousand dollars (\$25,000). Except as provided in subdivisions (b) and (c), a licensee shall maintain a net worth of at least twenty-five thousand dollars (\$25,000) at all times.

(b) A licensed finance lender or broker, that employs one or more mortgage loan originators and that makes residential mortgage loans, shall continuously maintain a minimum net worth of at least two hundred fifty thousand dollars (\$250,000).

(c) A licensed finance broker, that employs one or more mortgage loan originators and that arranges, but does not make, residential mortgage loans, shall continuously maintain a minimum net worth of at least fifty thousand dollars (\$50,000).

(d) The commissioner may promulgate rules or regulations with respect to the requirements for minimum net worth, as are necessary to accomplish the purposes of this division and comply with the SAFE Act.

~~(e) This section shall become operative on January 1, 2019.~~

SEC. 11. *Section 22106 of the Financial Code is amended to read:*

22106. (a) The finance lender, broker, *lawsuit financier*, or program administrator license shall state the name of the licensee, and if the licensee is a partnership, the names of its general partners, and if a corporation or an association, the date and place of its

incorporation or organization, and the address of the licensee's principal business location. On the approval and licensing of a location pursuant to Section 22101 or 22102, the commissioner shall issue an original license endorsed to show the address of the authorized location and, if applicable, the name of the subsidiary corporation licensed to operate the location. The license shall state whether the licensee is licensed as a finance lender, broker, or program administrator.

(b) (1) An application for a license for a business location outside this state shall constitute an agreement by the applicant to do all of the following:

(A) Make the licensee's books, accounts, papers, records, and files available to the commissioner or the commissioner's representatives in this state.

(B) Pay the reasonable expenses for travel, meals, and lodging of the commissioner or the commissioner's representatives incurred during any investigation or examination made at the licensee's location outside this state.

(2) A licensee located outside this state is not required to maintain books and records regarding licensed loans separate from those for other loans if the licensed loans can be readily identified.

~~(e) This section shall become operative on January 1, 2019.~~

SEC. 12. *Section 22107 of the Financial Code is amended to read:*

22107. (a) Each finance lender, broker, *lawsuit financier*, or program administrator licensee shall pay to the commissioner its pro rata share of all costs and expenses, including the costs and expenses associated with the licensing of mortgage loan originators it employs, reasonably incurred in the administration of this division, as estimated by the commissioner, for the ensuing year and any deficit actually incurred or anticipated in the administration of the program in the year in which the assessment is made. The pro rata share shall be the proportion that a licensee's gross income bears to the aggregate gross income of all licensees as shown by the annual financial reports to the commissioner, for the costs and expenses remaining after the amount assessed pursuant to subdivision (c).

(b) On or before September 30th in each year, the commissioner shall notify each licensee of the amount assessed and levied against it and that amount shall be paid by October 31. If payment is not made by October 31, the commissioner shall assess and collect a penalty, in addition to the assessment, of 1 percent of the assessment for each month or part of a month that the payment is delayed or withheld.

(c) In the levying and collection of the assessment, a licensee shall neither be assessed for nor be permitted to pay less than two hundred fifty dollars (\$250) per licensed location per year.

(d) If a licensee fails to pay the assessment on or before the October 31st, the commissioner may by order summarily suspend or revoke the certificate issued to the licensee. If, after an order is made, a request for a hearing is filed in writing within 30 days, and a hearing is not held within 60 days thereafter, the order is deemed rescinded as of its effective date. During any period when its certificate is revoked or suspended, a finance lender, broker, or program administrator licensee and any mortgage loan originator licensee employed by the finance lender or broker shall not conduct business pursuant to this division except as may be permitted by order of the commissioner. However, the revocation, suspension, or surrender of a certificate shall not affect the powers of the commissioner as provided in this division.

(e) The commissioner shall, by rule, establish the timelines, fees, and assessments applicable to applicants for original mortgage loan originator licenses, license renewals, and license changes under this division.

(f) Notwithstanding subdivisions (a) to (e), inclusive, the commissioner may by rule require licensees to pay assessments through the Nationwide Mortgage Licensing System and Registry.

~~(g) This section shall become operative on January 1, 2019.~~

SEC. 13. *Section 22109 of the Financial Code is amended to read:*

22109. (a) Upon reasonable notice and opportunity to be heard, the commissioner may deny the application for a finance lender, broker, *lawsuit financier*, or program administrator license for any of the following reasons:

(1) A false statement of a material fact has been made in the application.

(2) The applicant or an officer, director, general partner, person responsible for the applicant's lending activities or administering PACE programs for the applicant in this state, or person owning or controlling, directly or indirectly, 10 percent or more of the outstanding interests or equity securities of the applicant has, within the last 10 years, been convicted of or pleaded nolo

contendere to a crime, or committed an act involving dishonesty, fraud, or deceit, if the crime or act is substantially related to the qualifications, functions, or duties of a person engaged in business in accordance with this division.

(3) The applicant or an officer, director, general partner, person responsible for the applicant's lending activities or administering PACE programs for the applicant in this state, or person owning or controlling, directly or indirectly, 10 percent or more of the outstanding interests or equity securities of the applicant has violated any provision of this division or the rules thereunder or any similar regulatory scheme of the State of California or a foreign jurisdiction.

(4) The applicant employs a mortgage loan originator who is not licensed, or has not initiated an application to become licensed, pursuant to this division.

(b) The application shall be considered withdrawn within the meaning of this section if the applicant fails to respond to a written notification of a deficiency in the application within 90 days of the date of the notification.

(c) The commissioner shall, within 60 days from the filing of a full and complete application for a license with the fees, either issue a license or file a statement of issues prepared in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

~~(d) This section shall become operative on January 1, 2019.~~

SEC. 6. **SEC. 14.** Section 22112 of the Financial Code is amended to read:

22112. (a) Except as provided in subdivision (d), a licensee shall maintain a surety bond in accordance with this subdivision in a minimum amount of twenty-five thousand dollars (\$25,000). The bond shall be payable to the commissioner and issued by an insurer authorized to do business in this state. An original surety bond, including any and all riders and endorsements executed subsequent to the effective date of the bond, shall be filed with the commissioner within 10 days of execution. For licensees with multiple licensed locations, only one surety bond is required. The bond shall be used for the recovery of expenses, fines, and fees levied by the commissioner in accordance with this division or for losses or damages incurred by borrowers or consumers as the result of a licensee's noncompliance with the requirements of this division.

(b) When an action is commenced on a licensee's bond, the commissioner may require the filing of a new bond. Immediately upon recovery of any action on the bond, the licensee shall file a new bond. Failure to file a new bond within 10 days of the recovery on a bond, or within 10 days after notification by the commissioner that a new bond is required, constitutes sufficient grounds for the suspension or revocation of the license.

(c) The commissioner may by rule require a higher bond amount for a licensee who employs one or more mortgage loan originators and who makes or arranges residential mortgage loans, based on the dollar amount of residential mortgage loans originated by that licensee and any mortgage loan originators employed by that licensee. Every mortgage loan originator employed by the licensee shall be covered by the surety bond.

(d) (1) A licensee who is a lawsuit financier shall maintain a surety in a minimum amount of two hundred fifty thousand dollars (\$250,000).

(2) The commissioner may by rule increase the bond amount required by paragraph (1) based on the dollar amount of lawsuit financing originated by the lawsuit financier.

(3) A licensee shall disclose the dollar amount of lawsuit financing upon request by the commissioner.

SEC. 15. Section 22151 of the Financial Code is amended to read:

22151. (a) A finance lender license, broker license, program administrator license, *lawsuit financier license*, and the license of every mortgage loan originator employed by a lender or finance broker, along with any currently effective order of the commissioner approving a different name pursuant to Section 22155, shall be conspicuously posted in the place of business authorized by the license.

(b) A license is not transferable or assignable. A license issued to a partnership or a limited partnership is not transferred or assigned within the meaning of this section by the death, withdrawal, or admission of a partner, general partner, or limited partner, unless the death, withdrawal, or admission dissolves the partnership to which the license was issued.

~~(c) This section shall become operative on January 1, 2019.~~

SEC. 16. Section 22152 of the Financial Code is amended to read:

22152. ~~(a)~~ A finance lender, broker, *lawsuit financier*, or program administrator licensee shall maintain only one place of business under a duplicate or original license issued pursuant to Section 22101 or 22102. The commissioner may issue more than one license to the same licensee upon compliance with all the provisions of this division governing an original issuance of a license.

~~(b) This section shall become operative on January 1, 2019.~~

SEC. 17. *Section 22153 of the Financial Code is amended to read:*

22153. (a) If a finance lender, broker, *lawsuit financier*, or program administrator licensee seeks to change its place of business to a street address other than that designated in its license, the licensee shall provide notice to the commissioner at least 10 days before the change. The commissioner shall notify the licensee within 10 days if the commissioner disapproves the change, and if the commissioner does not notify the licensee of disapproval within 10 days, the change in address shall be deemed approved. The commissioner may require an applicant to submit its application to change its place of business through the Nationwide Mortgage Licensing System and Registry.

(b) If notice is not given at least 10 days before the change of a street address of a place of business, as required by subdivision (a), or notice is not given at least 10 days before engaging in business at a new location, as required by Section 22102, the commissioner may assess a civil or administrative penalty on the licensee not to exceed five hundred dollars (\$500).

~~(c) This section shall become operative on January 1, 2019.~~

SEC. 18. *Section 22156 of the Financial Code is amended to read:*

22156. ~~(a)~~ Finance lender, broker, program administrator, *lawsuit financier*, and mortgage loan originator licensees shall keep and use in their business, books, accounts, and records which will enable the commissioner to determine if the licensee is complying with the provisions of this division and with the rules and regulations made by the commissioner. On any loan secured by real property in which loan proceeds were disbursed to an independent escrowholder, the licensee shall retain records and documents as set forth by rules of the commissioner adopted pursuant to Section 22150. Upon request of the commissioner, licensees shall file an authorization for disclosure to the commissioner of financial records of the licensed business pursuant to Section 7473 of the Government Code.

~~(b) This section shall become operative on January 1, 2019.~~

SEC. 19. *Section 22157 of the Financial Code is amended to read:*

22157. (a) Finance lender, broker, *lawsuit financier*, and mortgage loan originator licensees shall preserve their books, accounts, and records, if any, for at least three years after making the final entry on any loan recorded therein.

(b) Except as otherwise specified by applicable law, including paragraph (3) of subdivision (b) of Section 5913 of the Streets and Highways Code, program administrator licensees shall preserve their books, accounts, and records for at least three years after the extinguishment of a PACE assessment is recorded therein.

~~(c) This section shall become operative on January 1, 2019.~~

SEC. 20. *Section 22159 of the Financial Code is amended to read:*

22159. (a) Each finance lender, broker, *lawsuit financier*, and program administrator licensee shall file an annual report with the commissioner, on or before March 15th, giving the relevant information that the commissioner reasonably requires concerning the business and operations conducted by the licensee or authorized by the program administrator licensee within the state during the preceding calendar year for each licensed place of business. The individual annual reports filed pursuant to this section shall be made available to the public for inspection except, upon request in the annual report to the commissioner, the balance sheet contained in the annual report of a sole proprietor or any other nonpublicly traded person. "Nonpublicly traded person" for purposes of this section means persons with securities owned by 35 or fewer individuals. The report shall be made under oath and in the form prescribed by the commissioner.

(b) A licensee shall make other special reports that may be required by the commissioner.

(c) The commissioner may require a licensee that employs one or more mortgage loan originators to submit to the Nationwide Mortgage Licensing System and Registry reports of condition, which shall be in the form and shall contain the information as the Nationwide Mortgage Licensing System and Registry may require.

(d) The commissioner may by rule or order require a mortgage loan originator to submit reports of condition to the Nationwide Mortgage Licensing System and Registry, in lieu of the reports of condition required of ~~his or her~~ *their* employer pursuant to

subdivision (c).

~~(c) This section shall become operative on January 1, 2019.~~

SEC. 21. *Section 22162 of the Financial Code is amended to read:*

22162. (a) A finance lender, broker, *lawsuit financier*, or mortgage loan originator licensee shall not place an advertisement disseminated primarily in this state for a loan unless the licensee discloses in the printed text of the advertisement, or in the oral text in the case of a radio or television advertisement, the license under which the loan would be made or arranged.

(b) A program administrator licensee shall not place an advertisement disseminated primarily in this state for an assessment contract unless the licensee discloses in the printed text of the advertisement, or in the oral text in the case of a radio or television advertisement, the license under which the assessment contract would be administered.

~~(c) This section shall become operative on January 1, 2019.~~

~~**SEC. 7.**~~**SEC. 22.** *Section 22502 of the Financial Code is amended to read:*

22502. (a) (1) "Commercial loan" means a loan of a principal amount of five thousand dollars (\$5,000) or more, or any loan under an open-end credit program, whether secured by either real or personal property, or both, or unsecured, the proceeds of which are intended by the borrower for use primarily for other than personal, family, or household purposes.

(2) "Commercial loan" includes, but is not limited to, lawsuit financing that otherwise meets the definition in paragraph (1).

(b) For purposes of determining whether a loan is a commercial loan, the lender may rely on any written statement of intended purposes signed by the borrower. The statement may be a separate statement signed by the borrower or may be contained in a loan application or other document signed by the borrower. The lender shall not be required to ascertain that the proceeds of the loan are used in accordance with the statement of intended purposes.

~~**SEC. 8.**~~**SEC. 23.** *Section 22753 of the Financial Code is amended to read:*

22753. Except as provided in Sections 22696 and 22780.2, any person who willfully violates any provision of this division or who willfully violates any rule or order adopted pursuant to this division, shall, upon conviction, be punished by a fine of not more than ten thousand dollars (\$10,000), by imprisonment in a county jail for not more than one year or pursuant to subdivision (h) of Section 1170 of the Penal Code, or by both that fine and imprisonment. However, no person may be imprisoned for the violation of any rule or order unless the person had knowledge of the rule or order. Conviction under this section shall not preclude the commissioner from exercising the authority in Section 22713.

~~**SEC. 9.**~~**SEC. 24.** *Section 22780 of the Financial Code is amended to read:*

22780. Except as provided in Sections 22696 and 22780.2, any person who willfully violates any provision of this division, or who willfully violates any rule or order adopted pursuant to this division, shall, upon conviction, be punished by a fine of not more than ten thousand dollars (\$10,000), by imprisonment in a county jail for not more than one year or pursuant to subdivision (h) of Section 1170 of the Penal Code, or by both that fine and imprisonment. However, no person may be imprisoned for the violation of any rule or order unless the person had knowledge of the rule or order. Conviction under this section shall not preclude the commissioner from exercising the authority provided in Section 22713.

This article does not apply to a program administrator or PACE solicitor.

~~**SEC. 10.**~~**SEC. 25.** *Section 22780.2 is added to the Financial Code, to read:*

22780.2. A licensee who is a lawsuit financier and who willfully violates any provision of this division, or who willfully violates any rule or order adopted pursuant to this division, shall be subject to a civil penalty of not more than one hundred thousand dollars (\$100,000) for a first violation and not more than two hundred fifty thousand (\$250,000) for each repeat violation.