

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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HOUSE BILL 315
Committee Substitute Favorable 3/18/25
PROPOSED SENATE COMMITTEE SUBSTITUTE H315-PCS40593-TG-34

Short Title: Gift Card Theft & Unlawful Business Entry.

(Public)

Sponsors:

Referred to:

March 10, 2025

A BILL TO BE ENTITLED
AN ACT TO PROHIBIT LITIGATION INVESTMENTS IN THE CIVIL JUSTICE SYSTEM,
TO PREVENT THE CIVIL JUSTICE SYSTEM FROM BECOMING A FINANCIAL
INVESTMENT MARKET, TO AMEND THE WORKERS' COMPENSATION ACT TO
INCREASE CERTAIN BENEFITS UNDER THE SCHEDULE OF INJURIES, AND TO
PROVIDE FOR AUTOMATIC BENEFIT ADJUSTMENTS BASED UPON INCREASES
IN THE CONSUMER PRICE INDEX.

The General Assembly of North Carolina enacts:

PART I. PROHIBIT LITIGATION INVESTMENTS

SECTION 1. Chapter 66 of the General Statutes is amended by adding a new Article
to read:

"Article 52.

"Prohibit Litigation Investments Act.

"§ 66-511. Short title.

This Article may be cited as the Prohibit Litigation Investments Act.

"§ 66-512. Policy and statement of purpose.

(a) It is the policy of this State that the civil justice system function to resolve disputes on the merits between the parties to the proceeding, redress injured parties for civil wrongs, provide consistent and fair treatment to all parties, and, above all, to mete out justice. Legal claims and courthouses in this State are not financial markets for investments and are not vehicles for third parties to profit by financing a party to a civil proceeding for the purpose of obtaining and maximizing an investment return. The civil justice system in this State is not a financial market but is an instrument of justice and must remain distinct from financial markets. The State seeks to facilitate the creation of wealth and economic opportunity for all North Carolinians through a predictable legal climate. It is also the policy of this State to protect our courthouses, judicial system, and national security from hostile foreign actors that participate in litigation investments for improper purposes.

The General Assembly finds that litigation investment undermines the civil justice system and threatens national security as follows:

- (1) Litigation investors invest in legal claims with the goal of returning a profit, undermining the purpose of the legal system to render justice.
- (2) Litigation investors exert control over claims in which they have invested, undermining the right of claimants to direct the course of their claims.



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- (3) The involvement of litigation investors in proceedings undermines the attorney-client relationship and conflicts with the duties of confidentiality and loyalty that attorneys owe to their clients.
- (4) Litigation investors unnecessarily prolong proceedings in pursuit of profits and prevent settlement based on non-monetary terms, causing the parties to incur higher costs and wasting judicial resources.
- (5) Litigation investors' rejection of reasonable settlement offers results in defendants paying a premium to settle cases above what the merits of the claim dictate.
- (6) Litigation investment presents a threat to national security by allowing undisclosed foreign persons and entities to invest in domestic legal claims. By investing in domestic legal claims, hostile foreign actors are able to impact the integrity of our court system, undermining our self-government, extract resources from economic competitors by requiring them to defend or settle claims beyond what the merits dictate, and obtain sensitive commercial information and intellectual property through the discovery process. North Carolina is home to manufacturing, research, and knowledge-based companies in the technology, aviation, transportation, pharmaceutical health care, agricultural, and other industries that are targets for hostile foreign actors.
- (7) The threat to national security posed by litigation investment is heightened by the ability of hostile foreign actors to distract American companies in the technology and defense sectors from their missions by financing legal claims against them that require significant resources to defend.

(b) It is the purpose of this Article to further the substantive policy set forth in this section, to counteract and prevent the negative consequences of litigation investment as found by the General Assembly, and to maintain the integrity of the civil justice system in this State by broadly prohibiting non-party investment in legal claims and preventing the transformation of the civil justice system into a market for financial investment so that North Carolinians can avail themselves of their right to access the civil justice system free from improper foreign financial influences.

"§ 66-513. 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

1 repayment amount is limited to the original amount plus reasonable
2 interest.

3 e. The provision of money to or by a nonprofit legal services organization
4 for the pro bono, cost-free representation of a client in a civil
5 proceeding so long as any repayment amount is limited to the original
6 amount plus reasonable interest.

7 f. A direct loan to a party, law firm, or attorney so long as repayment of
8 the loan is not contingent on the outcome of any civil proceeding.

9 g. The provision of money or other financial support to a party for
10 personal and household expenses during the pendency of a civil
11 proceeding so long as the money or financial support is not used for
12 the fees, costs, and expenses of the civil proceeding.

13 h. The provision of money or other financial support to a party for fees,
14 costs, and expenses of a civil proceeding so long as the source of the
15 money or financial support does not receive a right to any portion of
16 the judgment, settlement, or other monetary relief the party recovers
17 in the civil proceeding or any other right to receive repayment or other
18 consideration that is contingent in any respect on the outcome of the
19 civil proceeding.

20 i. An immediate family member's provision of money or other financial
21 support to a party for fees, costs, and expenses of a civil proceeding or
22 for personal and household expenses during the pendency of a civil
23 proceeding, regardless of whether the immediate family member
24 receives a right to any portion of the judgment, settlement, or other
25 monetary relief the party recovers in the civil proceeding or any other
26 right to receive repayment or other consideration that is contingent in
27 any respect on the outcome of the civil proceeding.

28 **"§ 66-514. Prohibition on litigation investment.**

29 It is unlawful for a person to engage in litigation investment in this State or to furnish
30 litigation investment to a party or counsel of record in a civil proceeding in this State.

31 **"§ 66-515. Enforcement; penalties; remedies.**

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

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

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

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

47 (e) The remedies and penalties available under this section are in addition to any other
48 remedies provided for by law.

49 **"§ 66-516. Construction.**

50 This Article shall be liberally construed to effectuate its purpose."
51

PART II. UPDATE CERTAIN WORKERS' COMPENSATION BENEFITS

SECTION 2.1.(a) G.S. 97-29 reads as rewritten:

"§ 97-29. Rates and duration of compensation for total incapacity.

(a) When an employee qualifies for total disability, the employer shall pay or cause to be paid, as hereinafter provided by subsections (b) through (d) of this section, to the injured employee a weekly compensation equal to sixty-six and two-thirds percent (66 2/3%) of his average weekly wages, but not more than the amount established annually to be effective January 1 as provided herein, nor less than ~~thirty dollars (\$30.00)~~ fifty dollars (\$50.00) per week. Beginning July 1, 2026, and annually thereafter, the North Carolina Industrial Commission shall raise the maximum compensation herein in accordance with the percentage change in the June Consumer Price Index computed by the Bureau of Labor Statistics and the June Consumer Price Index for the prior year, provided that this percentage change is positive. The adjustment shall be rounded to the nearest dollar (\$1.00)."

SECTION 2.1.(b) This section becomes effective July 1, 2026.

SECTION 3.1.(a) G.S. 97-31 reads as rewritten:

"§ 97-31. Schedule of injuries; rate and period of compensation.

In cases included by the following schedule the compensation in each case shall be paid for disability during the healing period and in addition the disability shall be deemed to continue for the period specified, and shall be in lieu of all other compensation, including disfigurement, to wit:

...

(21) In case of serious facial or head disfigurement, the Industrial Commission shall award proper and equitable compensation not to exceed ~~twenty thousand dollars (\$20,000)~~ thirty-two thousand dollars (\$32,000). In case of enucleation where an artificial eye cannot be fitted and used, the Industrial Commission may award compensation as for serious facial disfigurement.

(22) In case of serious bodily disfigurement for which no compensation is payable under any other subdivision of this section, but excluding the disfigurement resulting from permanent loss or permanent partial loss of use of any member of the body for which compensation is fixed in the schedule contained in this section, the Industrial Commission may award proper and equitable compensation not to exceed ~~ten thousand dollars (\$10,000)~~ sixteen thousand dollars (\$16,000).

...

(24) In case of the loss of or permanent injury to any important external or internal organ or part of the body for which no compensation is payable under any other subdivision of this section, the Industrial Commission may award proper and equitable compensation not to exceed ~~twenty thousand dollars (\$20,000)~~ thirty-two thousand dollars (\$32,000)."

SECTION 3.1.(b) This section becomes effective July 1, 2026.

SECTION 3.2.(a) G.S. 97-31, as amended by Section 3.1 of this act, reads as rewritten:

"§ 97-31. Schedule of injuries; rate and period of compensation.

In cases included by the following schedule the compensation in each case shall be paid for disability during the healing period and in addition the disability shall be deemed to continue for the period specified, and shall be in lieu of all other compensation, including disfigurement, to wit:

...

(21) In case of serious facial or head disfigurement, the Industrial Commission shall award proper and equitable compensation not to exceed ~~thirty-two thousand dollars (\$32,000)~~ forty-four thousand dollars (\$44,000). In case of

1 enucleation where an artificial eye cannot be fitted and used, the Industrial
2 Commission may award compensation as for serious facial disfigurement.
3 (22) In case of serious bodily disfigurement for which no compensation is payable
4 under any other subdivision of this section, but excluding the disfigurement
5 resulting from permanent loss or permanent partial loss of use of any member
6 of the body for which compensation is fixed in the schedule contained in this
7 section, the Industrial Commission may award proper and equitable
8 compensation not to exceed ~~sixteen thousand dollars (\$16,000)~~twenty-two
9 thousand dollars (\$22,000).

10 ...
11 (24) In case of the loss of or permanent injury to any important external or internal
12 organ or part of the body for which no compensation is payable under any
13 other subdivision of this section, the Industrial Commission may award proper
14 and equitable compensation not to exceed ~~thirty-two thousand dollars~~
15 ~~(\$32,000)~~forty-four thousand dollars (\$44,000)."

16 **SECTION 3.2.(b)** This section becomes effective July 1, 2027.

17 **SECTION 3.3.(a)** G.S. 97-31, as amended by Section 3.2 of this act, reads as
18 rewritten:

19 **"§ 97-31. Schedule of injuries; rate and period of compensation.**

20 In cases included by the following schedule the compensation in each case shall be paid for
21 disability during the healing period and in addition the disability shall be deemed to continue for
22 the period specified, and shall be in lieu of all other compensation, including disfigurement, to
23 wit:

24 ...
25 (21) In case of serious facial or head disfigurement, the Industrial Commission
26 shall award proper and equitable compensation not to exceed ~~forty-four~~
27 ~~thousand dollars (\$44,000)~~fifty-six thousand dollars (\$56,000). In case of
28 enucleation where an artificial eye cannot be fitted and used, the Industrial
29 Commission may award compensation as for serious facial disfigurement.
30 Beginning July 1, 2029, and annually thereafter, the North Carolina Industrial
31 Commission shall raise the maximum compensation herein in accordance
32 with the percentage change in the June Consumer Price Index computed by
33 the Bureau of Labor Statistics and the June Consumer Price Index for the prior
34 year, provided that this percentage change is positive. The adjustment shall be
35 rounded to the nearest dollar (\$1.00).

36 (22) In case of serious bodily disfigurement for which no compensation is payable
37 under any other subdivision of this section, but excluding the disfigurement
38 resulting from permanent loss or permanent partial loss of use of any member
39 of the body for which compensation is fixed in the schedule contained in this
40 section, the Industrial Commission may award proper and equitable
41 compensation not to exceed ~~twenty-two thousand dollars~~
42 ~~(\$22,000)~~twenty-eight thousand dollars (\$28,000). Beginning July 1, 2029,
43 and annually thereafter, the North Carolina Industrial Commission shall raise
44 the maximum compensation herein in accordance with the percentage change
45 in the June Consumer Price Index computed by the Bureau of Labor Statistics
46 and the June Consumer Price Index for the prior year, provided that this
47 percentage change is positive. The adjustment shall be rounded to the nearest
48 dollar (\$1.00).

49 ...
50 (24) In case of the loss of or permanent injury to any important external or internal
51 organ or part of the body for which no compensation is payable under any

1 other subdivision of this section, the Industrial Commission may award proper
2 and equitable compensation not to exceed ~~forty-four thousand dollars~~
3 ~~(\$44,000)~~ fifty-six thousand dollars (\$56,000). Beginning July 1, 2029, and
4 annually thereafter, the North Carolina Industrial Commission shall raise the
5 maximum compensation herein in accordance with the percentage change in
6 the June Consumer Price Index computed by the Bureau of Labor Statistics
7 and the June Consumer Price Index for the prior year, provided that this
8 percentage change is positive. The adjustment shall be rounded to the nearest
9 dollar (\$1.00)."

10 **SECTION 3.3.(b)** This section becomes effective July 1, 2028.

11
12 **PART III. EFFECTIVE DATE**

13 **SECTION 4.** Except as otherwise provided, this act is effective when it becomes
14 law, and Section 1 of this act applies to civil proceedings commenced on or after that date.