

**AMENDMENT IN THE NATURE OF A SUBSTITUTE  
TO H.R. 1109  
OFFERED BY MR. ISSA OF CALIFORNIA**

Strike all that follows after the enacting clause and  
insert the following:

**1 SECTION 1. SHORT TITLE.**

2       This Act may be cited as the “Litigation Trans-  
3 parency Act”.

**4 SEC. 2. TRANSPARENCY AND OVERSIGHT OF THIRD-PARTY  
5 BENEFICIARIES IN CIVIL CASES.**

6       (a) IN GENERAL.—Chapter 111 of title 28, United  
7 States Code, is amended by adding at the end the fol-  
8 lowing:

**9 “§ 1660. Third-party beneficiary disclosure**

10       “(a) IN GENERAL.—Except as provided in subsection  
11 (b), in any civil action, a party or any counsel of record  
12 for a party shall—

13               “(1) disclose in writing to the court and all  
14 other named parties to the civil action the identity  
15 of any person (other than counsel of record) that  
16 has a right to receive any payment or thing of value  
17 that is contingent in any respect on the outcome or

1 proceeds of the civil action or a group of actions of  
2 which the civil action is a part, including—

3 “(A) any portion of a settlement, a judg-  
4 ment, or an award of attorney’s fees from the  
5 civil action or group of civil actions; or

6 “(B) any other proceeds from the civil ac-  
7 tion or group of civil actions; and

8 “(2) produce to the court and to each other  
9 named party to the civil action, for inspection and  
10 copying, any agreement creating a right referred to  
11 in paragraph (1), including any ancillary agreement  
12 or document, except as otherwise stipulated or or-  
13 dered by the court.

14 “(b) EXCEPTION.—The requirements under sub-  
15 section (a) shall not apply with respect to a person that  
16 has a right to receive any payment or thing of value de-  
17 scribed in subsection (a)(1) if the right is solely regard-  
18 ing—

19 “(1) the repayment of the principal of a loan;

20 “(2) the repayment of the principal of a loan  
21 plus interest that does not exceed the higher of 10  
22 percent or a rate three times the annual average 30-  
23 year constant maturity Treasury yield, as published  
24 by the Board of Governors of the Federal Reserve

1 System, for the year preceding the date on which the  
2 relevant agreement was executed;

3 “(3) the reimbursement of attorney’s fees paid  
4 to counsel of record for services provided in the civil  
5 action; or

6 “(4) the reimbursement of a grant.

7 “(c) TIMING.—The disclosures required by subsection  
8 (a) shall be made not later than the later of—

9 “(1) 10 days after the execution of any agree-  
10 ment described in subsection (a)(2); or

11 “(2) the time of the filing of the action before  
12 the court.

13 “(d) DUTY TO CORRECT.—A party or counsel of  
14 record that made a disclosure required by this section shall  
15 supplement or correct each such disclosure in a timely  
16 manner—

17 “(1) if such party or counsel of record learns  
18 that the disclosure is or has become incomplete or  
19 incorrect in some material respect, if the additional  
20 or corrective information has not otherwise been  
21 made known to the other parties during the dis-  
22 covery process or in writing; or

23 “(2) as ordered by the court.”.

1           (b) CLERICAL AMENDMENT.—The table of sections  
2 for chapter 111 of title 28, United States Code, is amend-  
3 ed by adding at the end the following:

“1660. Third-party beneficiary disclosure.”.

4 **SEC. 3. APPLICABILITY.**

5           The amendments made by this Act shall apply to any  
6 civil action pending on or commenced after the date of  
7 enactment of this Act.

