

**Second Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO**

REVISED

*This Version Includes All Amendments Adopted
on Second Reading in the Second House*

LLS NO. 26-0960.01 Sarah Lozano x3858

HOUSE BILL 26-1421

HOUSE SPONSORSHIP

Mabrey and Caldwell, Brown, Carter, Duran, Garcia, Hamrick, Jackson, Joseph, Lieder, Lindsay, McCluskie, McCormick, Nguyen, Rutinel, Sirota, Titone, Willford, Zokaie

SENATE SPONSORSHIP

Daugherty and Frizell,

House Committees
Judiciary

Senate Committees
Judiciary

A BILL FOR AN ACT

101 **CONCERNING PROHIBITING CERTAIN COMPENSATION ARRANGEMENTS**
102 **IN THE LEGAL PROFESSION, AND, IN CONNECTION THEREWITH,**
103 **CREATING THE "COLORADO LEGAL PRACTICE INTEGRITY AND**
104 **FEE-SHARING PROHIBITION ACT".**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)

The bill prohibits a lawyer or law firm, in connection with providing legal services concerning a legal matter arising, asserted, or properly venued in Colorado (legal services), from:

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words or numbers indicate deletions from existing law.

SENATE
Amended 2nd Reading
May 8, 2026

HOUSE
3rd Reading Unamended
May 1, 2026

HOUSE
Amended 2nd Reading
April 30, 2026

1 FEE-SHARING PROHIBITION ACT

2 **13-93-401. Short title.**

3 THE SHORT TITLE OF THIS PART 4 IS THE "COLORADO LEGAL
4 PRACTICE INTEGRITY AND FEE-SHARING PROHIBITION ACT".

5 **13-93-402. Legislative declaration.**

6 (1) THE GENERAL ASSEMBLY FINDS THAT:

7 (a) THE RULES OF THE COLORADO SUPREME COURT GOVERNING
8 THE PRACTICE OF LAW UNDERSCORE THAT THE INDEPENDENT
9 PROFESSIONAL JUDGMENT OF LAWYERS IS ESSENTIAL TO THE FAIR
10 ADMINISTRATION OF JUSTICE AND RESTRICT THE SHARING OF LEGAL FEES
11 WITH NONLAWYERS AND NONLAWYER OWNERSHIP OR CONTROL OF A LAW
12 FIRM;

13 (b) FINANCIAL ARRANGEMENTS THAT PROVIDE NONLAWYERS WITH
14 AN ECONOMIC INTEREST IN LAW FIRMS AND THEIR FEES, REVENUES, OR
15 CASE OUTCOMES, HOWEVER STRUCTURED, THREATEN A LAWYER'S DUTIES
16 OF LOYALTY TO THEIR CLIENT, CONFIDENTIALITY, AND PROFESSIONAL
17 INDEPENDENCE;

18 (c) EVEN MINIMAL NONLAWYER OWNERSHIP OR PROFIT
19 PARTICIPATION IN LAW FIRMS COMPROMISES PUBLIC TRUST IN THE LEGAL
20 PROFESSION;

21 (d) ALTERNATIVE BUSINESS STRUCTURES HAVE INCREASINGLY
22 BEEN USED TO CIRCUMVENT LONGSTANDING PROHIBITIONS ON
23 NONLAWYER OWNERSHIP OF LAW FIRMS AND THE CONCOMITANT SHARING
24 OF ATTORNEY FEES; AND

25 (e) COLORADO HAS A COMPELLING INTEREST IN REGULATING THE
26 PROVISION OF LEGAL SERVICES AFFECTING COLORADO CLIENTS,
27 REGARDLESS OF WHERE A LAWYER OR LAW FIRM IS LOCATED.

1 (2) THE GENERAL ASSEMBLY THEREFORE DECLARES THAT THE
2 PURPOSES OF THIS PART 4 ARE TO:

3 (a) PROHIBIT NONLAWYER OWNERSHIP AND FEE SHARING IN THE
4 PROVISION OF LEGAL SERVICES TO THIRD PARTIES;

5 (b) PREVENT CONTRACTUAL FORMALITIES OR OUT-OF-STATE
6 ENTITIES FROM CIRCUMVENTING THIS PROHIBITION;

7 (c) PROTECT CLIENTS AND THE INTEGRITY OF THE LEGAL
8 PROFESSION IN COLORADO; AND

9 (d) PROVIDE EFFECTIVE ADDITIONAL ENFORCEMENT MECHANISMS
10 FOR PROFESSIONALS AND CLIENTS IN COLORADO.

11 (3) IT IS NOT THE INTENT OF THE GENERAL ASSEMBLY TO:

12 (a) PROHIBIT OR RESTRICT THE ABILITY OF CREDITORS OR LAWFUL
13 ASSIGNEES OF CLAIMS TO ENFORCE THE CLAIMS, INCLUDING THROUGH THE
14 USE OF LAWYERS; OR

15 (b) ALTER LONGSTANDING PRACTICES RELATED TO DEBT
16 COLLECTION IF LEGAL SERVICES ARE RENDERED IN COMPLIANCE WITH
17 APPLICABLE RULES OF PROFESSIONAL CONDUCT.

18 **13-93-403. Definitions.**

19 AS USED IN THIS PART 4, UNLESS THE CONTEXT OTHERWISE
20 REQUIRES:

21 (1) "ALTERNATIVE BUSINESS STRUCTURE" MEANS AN ENTITY OR
22 ORGANIZATIONAL STRUCTURE, WHEREVER ORGANIZED OR DENOMINATED,
23 THAT:

24 (a) EITHER:

25 (I) ECONOMICALLY PARTICIPATES IN, PROVIDES, OR HOLDS ITSELF
26 OUT AS PROVIDING LEGAL SERVICES TO THIRD PARTIES OR THAT EXERCISES
27 CONTROL OVER THE PROVISION OF LEGAL SERVICES TO THIRD PARTIES; OR

1 (II) SHARES IN PROFITS OR PERCENTAGES OF LEGAL FEES OR
2 AMOUNTS AWARDED TO OR RECEIVED BY A LAWYER OR LAW FIRM AS A
3 RESULT OF THE PROVISION OF LEGAL SERVICES, DIRECTLY OR INDIRECTLY,
4 REGARDLESS OF WHETHER THE ENTITY OR ORGANIZATIONAL STRUCTURE
5 EXERCISES ANY CONTROL OVER LEGAL SERVICES; AND

6 (b) IS OWNED BY, IS CONTROLLED BY, OR ECONOMICALLY
7 PARTICIPATES IN OR IS FEE SHARING WITH, DIRECTLY OR INDIRECTLY, ONE
8 OR MORE NONLAWYERS.

9 (2) (a) "ECONOMICALLY PARTICIPATES IN" INCLUDES EXERCISING
10 AUTHORITY OR CONTROL OVER LEGAL REPRESENTATION, LEGAL
11 STRATEGY, LEGAL FEE DETERMINATION, SETTLEMENT DECISIONS, OR THE
12 ALLOCATION OF LEGAL FEES; FEE-SHARING ARRANGEMENTS; EQUITY
13 INTERESTS; PROFIT- OR REVENUE-SHARING ARRANGEMENTS; EQUITY
14 OPTIONS; WARRANTS; CONVERTIBLE OR CONTINGENT EQUITY INTERESTS;
15 PHANTOMEQUITY; OR ANY OTHER ARRANGEMENT, HOWEVER STRUCTURED
16 OR DESCRIBED, THAT PROVIDES A NONLAWYER WITH A FINANCIAL
17 INTEREST IN LEGAL FEES, LAW FIRM REVENUE, OR LAW FIRM
18 PROFITABILITY.

19 (b) "ECONOMICALLY PARTICIPATES IN" DOES NOT INCLUDE A
20 FINANCIAL INTEREST ARISING SOLELY FROM THE OWNERSHIP OR
21 ASSIGNMENT OF A CLAIM IF THE PERSON DOES NOT DIRECT OR CONTROL
22 THE PROFESSIONAL JUDGMENT OF A LAWYER.

23 (3) (a) "LAW FIRM" MEANS A PARTNERSHIP, PROFESSIONAL
24 COMPANY, SOLE PROPRIETORSHIP, EMPLOYER OF A LAWYER WHO IS
25 DIRECTLY EMPLOYED AS IN-HOUSE COUNSEL OR LICENSED UNDER A
26 SINGLE-CLIENT CERTIFICATION, OR OTHER ENTITY THROUGH WHICH A
27 LAWYER, LLP, OR COMBINATION OF LAWYERS, LLPS, OR BOTH PROVIDE

1 LEGAL SERVICES, WHICH ENTITY:

2 (I) OPERATES FOR PROFIT IN COMPLIANCE WITH RULE 5.4 OF THE
3 COLORADO RULES OF PROFESSIONAL CONDUCT AND RULE 265 OF THE
4 COLORADO RULES OF CIVIL PROCEDURE; AND

5 (II) COMPLIES WITH COLORADO LAW AND SUPREME COURT RULES
6 GOVERNING LAW FIRM OWNERSHIP AND FEE SHARING.

7 (b) "LAW FIRM" DOES NOT INCLUDE AN ALTERNATIVE BUSINESS
8 STRUCTURE OR MANAGED SERVICES ORGANIZATION.

9 (4) (a) "LAWYER" MEANS AN INDIVIDUAL WHO IS LICENSED TO
10 PRACTICE LAW IN ANY JURISDICTION IN THE UNITED STATES.

11 (b) "LAWYER" DOES NOT INCLUDE AN LLP.

12 (5) (a) "LEGAL FEE" MEANS ANY PAYMENT, COMPENSATION,
13 REMUNERATION, OR OTHER FINANCIAL CONSIDERATION CHARGED,
14 ASSESSED, COLLECTED, OR RECEIVED FOR THE PROVISION OF LEGAL
15 SERVICES, REGARDLESS OF HOW THE PAYMENT IS DESCRIBED,
16 STRUCTURED, OR ALLOCATED.

17 (b) "LEGAL FEE" INCLUDES:

18 (I) CONTINGENT FEES, FLAT FEES, HOURLY FEES, HYBRID FEES,
19 SUCCESS FEES, PERFORMANCE-BASED COMPENSATION, OR ANY OTHER
20 ARRANGEMENT THAT COMPENSATES A LAWYER OR LAW FIRM BASED ON
21 THE PROVISION OF LEGAL SERVICES TO A CLIENT;

22 (II) ANY PORTION OF A SETTLEMENT, VERDICT, JUDGMENT,
23 AWARD, RECOVERY, OR PAYMENT RECEIVED ON BEHALF OF A CLIENT THAT
24 IS ALLOCATED TO THE LAWYER OR LAW FIRM AS COMPENSATION FOR
25 LEGAL SERVICES;

26 (III) ANY AMOUNT PAID BY A CLIENT OR THIRD PARTY FOR LEGAL
27 REPRESENTATION, LEGAL COUNSELING, LEGAL ADVOCACY, LEGAL

1 INVESTIGATION, LEGAL ANALYSIS, NEGOTIATION, DEMAND SERVICES, OR
2 LITIGATION-RELATED ACTIVITIES;

3 (IV) RETAINERS, DEPOSITS, ADVANCED FEES, OR SECURITY
4 AMOUNTS INTENDED TO SECURE PAYMENT FOR LEGAL SERVICES, WHETHER
5 REFUNDABLE OR NONREFUNDABLE; AND

6 (V) ANY REVENUE OR FINANCIAL BENEFIT DERIVED FROM LEGAL
7 SERVICES, INCLUDING REVENUE COLLECTED THROUGH AFFILIATED
8 ENTITIES, SUBSIDIARIES, TECHNOLOGY PLATFORMS, SERVICE PROVIDERS,
9 OR FEE COLLECTION INTERMEDIARIES.

10 (c) "LEGAL FEE" DOES NOT INCLUDE:

11 (I) PAYMENTS MADE SOLELY FOR NONLEGAL GOODS OR SERVICES,
12 INCLUDING PURELY ADMINISTRATIVE, CLERICAL, OR OPERATIONAL
13 SUPPORT, IF THE PAYMENTS ARE REASONABLY SEPARABLE FROM
14 COMPENSATION FOR LEGAL SERVICES;

15 (II) ORDINARY COURSE REIMBURSEMENTS OF COSTS OR EXPENSES
16 ADVANCED BY THE LAWYER OR LAW FIRM, INCLUDING COURT FILING FEES,
17 EXPERT FEES, TRANSCRIPT COSTS, AND OTHER PASS-THROUGH EXPENSES
18 NOT CONSTITUTING COMPENSATION FOR LEGAL SERVICES; ■

19 (III) LAWFUL WAGES, SALARIES, BENEFITS, OR DISCRETIONARY
20 BONUSES PAID TO A NONLAWYER EMPLOYEE OF A LAW FIRM FOR SERVICES
21 RENDERED IN THE ORDINARY COURSE OF THEIR EMPLOYMENT;

22 (IV) AMOUNTS RECOVERED ON A CLAIM BY A PERSON THAT OWNS
23 OR HAS BEEN ASSIGNED THE CLAIM IF THE RECOVERY DOES NOT
24 CONSTITUTE COMPENSATION FOR LEGAL SERVICES; OR

25 (V) ANY STATUTORY OR CONTRACTUAL ENTITLEMENT TO
26 ATTORNEY FEE REIMBURSEMENT HELD BY A LAW FIRM'S CLIENT OR DIRECT
27 EMPLOYER.

1 (6) "LEGAL SERVICES" MEANS ANY OF THE FOLLOWING WHILE
2 ACTING IN A REPRESENTATIVE CAPACITY CONCERNING A LEGAL RIGHT
3 ARISING IN WHOLE OR IN PART IN COLORADO:

4 (a) PROTECTING, DEFENDING, OR ENFORCING THE LEGAL RIGHTS OR
5 DUTIES OF ANOTHER PERSON;

6 (b) REPRESENTING ANOTHER PERSON BEFORE A TRIBUNAL OR, ON
7 BEHALF OF ANOTHER PERSON, DRAFTING PLEADINGS OR OTHER PAPERS FOR
8 A PROCEEDING BEFORE A TRIBUNAL;

9 (c) COUNSELING, ADVISING, OR ASSISTING ANOTHER PERSON IN
10 CONNECTION WITH THAT PERSON'S LEGAL RIGHTS OR DUTIES;

11 (d) EXERCISING LEGAL JUDGMENT IN PREPARING LEGAL
12 DOCUMENTS FOR ANOTHER PERSON;

13 (e) EXERCISING LEGAL JUDGMENT TO ADVISE ANOTHER PERSON
14 ABOUT THE LEGAL EFFECT OF A PROPOSED ACTION OR DECISION;

15 (f) EXERCISING LEGAL JUDGMENT TO ADVISE ANOTHER PERSON
16 ABOUT LEGAL REMEDIES OR POSSIBLE COURSES OF LEGAL ACTION
17 AVAILABLE TO THAT PERSON;

18 (g) EXERCISING LEGAL JUDGMENT TO SELECT A LEGAL DOCUMENT
19 FOR ANOTHER PERSON OR TO PREPARE A LEGAL DOCUMENT FOR ANOTHER
20 PERSON OTHER THAN SOLELY AS A TYPIST OR SCRIVENER;

21 (h) EXERCISING LEGAL JUDGMENT TO REPRESENT OR ADVOCATE
22 FOR ANOTHER PERSON IN A NEGOTIATION, SETTLEMENT, CONFERENCE,
23 MEDIATION, OR ALTERNATIVE DISPUTE RESOLUTION PROCEEDING; AND

24 (i) SOLICITING FEES FOR SERVICES INVOLVING THE EXERCISE OF
25 LEGAL JUDGMENT.

26 (7) "LICENSED LEGAL PARAPROFESSIONAL" OR "LLP" MEANS A
27 LICENSED LEGAL PARAPROFESSIONAL LICENSED UNDER PART 3 OF THIS

1 ARTICLE 93.

2 (8) "MANAGED SERVICES ORGANIZATION" MEANS A PERSON OTHER
3 THAN A LAWYER, LLP, OR LAW FIRM THAT PROVIDES ADMINISTRATIVE,
4 OPERATIONAL, FINANCIAL, MARKETING, MANAGEMENT, OR OTHER
5 NONLEGAL BUSINESS SERVICES TO A LAWYER OR LAW FIRM.

6 (9) "NONLAWYER" MEANS AN INDIVIDUAL WHO IS NOT LICENSED
7 TO PRACTICE LAW IN ANY UNITED STATES JURISDICTION OR IS NOT
8 AUTHORIZED TO PRACTICE LAW BY THE COLORADO SUPREME COURT.

9 (10) (a) "NONPROFIT ORGANIZATION" MEANS A CHARITABLE
10 ORGANIZATION, AS DEFINED IN SECTION 39-26-102 (2.5).

11 (b) A NONPROFIT ORGANIZATION IS NOT AN ALTERNATIVE
12 BUSINESS STRUCTURE AND DOES NOT ECONOMICALLY PARTICIPATE IN THE
13 PROVISION OF LEGAL SERVICES SOLELY BY VIRTUE OF THE NONPROFIT
14 ORGANIZATION'S RELATIONSHIP WITH A LAWYER OR LAW FIRM, INCLUDING
15 WHERE THE LAWYER OR LAW FIRM EARNS LEGAL FEES.

16 (11) "SUBSTANTIAL BUSINESS IN COLORADO" MEANS THAT A LAW
17 FIRM GENERATES MORE THAN TEN PERCENT OF THE LAW FIRM'S ANNUAL
18 REVENUE FROM LEGAL SERVICES PERFORMED FOR CLIENTS.

19 **13-93-404. Prohibition on nonlawyer ownership and fee**
20 **sharing with nonlawyers.**

21 (1) A LAWYER OR LAW FIRM SHALL NOT, IN CONNECTION WITH
22 PROVIDING LEGAL SERVICES:

23 (a) SHARE WITH, PAY TO, ALLOCATE TO, DISTRIBUTE TO, OR
24 PROVIDE ANY PORTION OF LEGAL FEES OR REVENUES, WHETHER GROSS OR
25 NET, OR ANY OTHER FINANCIAL BENEFIT DERIVED FROM LEGAL SERVICES,
26 DIRECTLY OR INDIRECTLY, HOWEVER DENOMINATED OR STRUCTURED, TO
27 ANY ALTERNATIVE BUSINESS STRUCTURE OR NONLAWYER, OTHER THAN

1 LAWFUL WAGES, SALARIES, BENEFITS, OR DISCRETIONARY BONUSES PAID
2 TO NONLAWYER EMPLOYEES OF THE LAW FIRM FOR SERVICES RENDERED
3 IN THE ORDINARY COURSE OF THEIR EMPLOYMENT;

4 (b) ENTER INTO ANY FINANCIAL, CONTRACTUAL, OWNERSHIP,
5 MANAGEMENT, MARKETING, CO-COUNSEL, REFERRAL, OR FEE-ALLOCATION
6 ARRANGEMENT WITH AN ALTERNATIVE BUSINESS STRUCTURE, WHICH
7 ARRANGEMENT RELATES TO PROVIDING LEGAL SERVICES;

8 (c) FORM A PARTNERSHIP, LIMITED LIABILITY COMPANY,
9 CORPORATION, OR OTHER ENTITY RECOGNIZED UNDER COLORADO LAW
10 WITH A NONLAWYER IF ANY OF THE ACTIVITIES OF THE ENTITY CONSIST OF
11 PROVIDING LEGAL SERVICES; OR

12 (d) PRACTICE WITH OR IN THE FORM OF A PROFESSIONAL COMPANY
13 THAT IS AUTHORIZED TO PROVIDE LEGAL SERVICES FOR PROFIT IF:

14 (I) A NONLAWYER OWNS ANY INTEREST IN THE PROFESSIONAL
15 COMPANY; EXCEPT THAT A FIDUCIARY REPRESENTATIVE OF THE ESTATE OF
16 A LAWYER OR LLP MAY HOLD THE STOCK OR INTEREST OF THE LAWYER OR
17 LLP FOR A REASONABLE TIME DURING ADMINISTRATION OF THE ESTATE;
18 OR

19 (II) A NONLAWYER HAS THE RIGHT TO DIRECT OR CONTROL THE
20 PROFESSIONAL JUDGMENT OF A LAWYER.

21 (2) HOW A COMPENSATION ARRANGEMENT IS CHARACTERIZED
22 DOES NOT AFFECT WHETHER THIS SECTION APPLIES TO THE COMPENSATION
23 ARRANGEMENT.

24 (3) NOTHING IN THIS SECTION:

25 (a) PREVENTS A CLIENT FROM DIRECTING THE CLIENT'S LAWYER;

26 (b) PROHIBITS AN ARRANGEMENT IN WHICH ALL OF THE
27 FOLLOWING ARE SATISFIED:

1 (I) THE CONTRACT FOR THE ARRANGEMENT PROVIDES FOR A
2 SPECIFIC, PREDETERMINED DOLLAR AMOUNT FOR CLEARLY DEFINED LEGAL
3 SERVICES;

4 (II) A PAYMENT IS NOT MADE, DIRECTLY OR INDIRECTLY, FOR THE
5 REFERRAL OF LEGAL SERVICES OR THE PURCHASE OF A LEAD FOR A
6 POTENTIAL CLIENT OR CASE;

7 (III) THE FEE UNDER THE ARRANGEMENT IS NOT CONTINGENT
8 UPON, TIED TO, OR OTHERWISE DEPENDENT ON THE ECONOMIC OUTCOME
9 OF ANY MATTER OR THE AMOUNT RECOVERED AND IS NOT ADJUSTED,
10 REFUNDED, CREDITED, OR OTHERWISE MODIFIED BASED ON THE ECONOMIC
11 OUTCOME OR RECOVERY;

12 (IV) THE PRIMARY PURPOSE OF THE ARRANGEMENT IS NOT THE
13 PURSUIT OR RECOVERY OF MONETARY DAMAGES ON BEHALF OF A CLIENT;
14 AND

15 (V) THE FEE UNDER THE ARRANGEMENT IS SOLELY FOR IDENTIFIED
16 SERVICES AND IS NOT PART OF, CONDITIONED UPON, OR COMBINED WITH
17 ANY OTHER ARRANGEMENT THAT PROVIDES FOR COMPENSATION BASED ON
18 REFERRALS, CASE OUTCOMES, OR THE CLIENT'S RECOVERY; OR

19 (c) LIMITS OR REDUCES THE RIGHT OF A CLIENT OR EMPLOYER OF
20 A LAWYER TO SEEK AND COLLECT OR SETTLE A PAYMENT ON ACCOUNT OF
21 A STATUTORY OR CONTRACTUAL ENTITLEMENT TO ATTORNEY FEE
22 REIMBURSEMENT.

23 **13-93-405. Restrictions on arrangements with managed**
24 **services organizations.**

25 (1) A LAWYER OR LAW FIRM PROVIDING LEGAL SERVICES SHALL
26 NOT COMPENSATE OR ENGAGE A MANAGED SERVICES ORGANIZATION IN
27 ANY MANNER UNLESS THE COMPENSATION PAID TO THE MANAGED

1 SERVICES ORGANIZATION IS NOT CONTINGENT UPON OR CALCULATED AS
2 A PERCENTAGE OF LEGAL FEES, REVENUES, OR PROFITS AND IS NOT
3 DETERMINED BY REFERENCE TO RECOVERIES, SETTLEMENTS, JUDGMENT
4 AWARDS, OR CASE OUTCOMES.

5 (2) NOTHING IN THIS SECTION PROHIBITS COMPENSATION,
6 INCLUDING FLAT FEE OR HOURLY PAYMENTS, OR ENGAGEMENT OF
7 MANAGED SERVICES ORGANIZATIONS THAT IS NOT EXPRESSLY PROHIBITED
8 BY THIS SECTION.

9 **13-93-406. Enforcement - private right of action - remedies.**

10 (1) A PERSON DESCRIBED IN SUBSECTION (2) OF THIS SECTION MAY
11 ENFORCE THIS PART 4 BY BRINGING A CIVIL ACTION IN A COURT OF
12 COMPETENT JURISDICTION.

13 (2) THE FOLLOWING PERSONS MAY ENFORCE THIS PART 4:

14 (a) A PERSON TO WHOM A LAWYER OR LAW FIRM PROVIDES LEGAL
15 SERVICES, WHICH LEGAL SERVICES ARE ALLEGED TO BE IN VIOLATION OF
16 THIS PART 4; OR

17 (b) EXCEPT AS SET FORTH IN SUBSECTION (3) OF THIS SECTION, A
18 LAW FIRM DOING SUBSTANTIAL BUSINESS IN COLORADO THAT HAS
19 SUFFERED OR MAY SUFFER A LOSS IN REVENUE DUE TO VIOLATIONS OF THIS
20 PART 4 BY ANOTHER LAW FIRM, WHICH LAW FIRM DOING SUBSTANTIAL
21 BUSINESS IN COLORADO MAY ONLY SEEK INJUNCTIVE OR DECLARATORY
22 RELIEF AND DISGORGEMENT PURSUANT TO SUBSECTION (5)(b) OF THIS
23 SECTION.

24 (3) A LAW FIRM DESCRIBED IN SUBSECTION (2)(b) OF THIS SECTION
25 MAY BRING A CIVIL ACTION TO ENFORCE THIS PART 4 ONLY IF THE LAW
26 FIRM HAS PROVIDED WRITTEN NOTICE OF THE ALLEGED VIOLATION TO THE
27 ATTORNEY GENERAL AND THE ATTORNEY GENERAL HAS NOT COMMENCED

1 A CIVIL ACTION AGAINST THE ALLEGED VIOLATOR BEFORE OR WITHIN
2 SIXTY DAYS AFTER RECEIPT OF THE NOTICE.

3 (4) (a) THE FOLLOWING REMEDIES ARE AVAILABLE FOR
4 VIOLATIONS OF THIS PART 4:

5 (I) FOR A PERSON DESCRIBED IN SUBSECTION (2)(a) OF THIS
6 SECTION, AND IN ADDITION TO ANY OTHER REMEDIES AVAILABLE FOR A
7 VIOLATION OF THIS PART 4, ECONOMIC DAMAGES IN THE AMOUNT OF THE
8 LEGAL FEES PAID TO THE LAWYER, LAW FIRM, OR OTHER PERSON IN
9 VIOLATION OF THIS PART 4;

10 (II) INJUNCTIVE RELIEF;

11 (III) DECLARATORY RELIEF; AND

12 (IV) ANY OTHER RELIEF THE CIRCUMSTANCES MAY REQUIRE.

13 (b) A PREVAILING PLAINTIFF IS ENTITLED TO RECOVER ANY
14 REASONABLE ATTORNEY FEES AND COSTS PAID TO ENFORCE A VIOLATION
15 OF THIS PART 4.

16 (5) (a) A LAWYER, LAW FIRM, OR OTHER PERSON THAT RECEIVES
17 OR PAYS FUNDS IN VIOLATION OF THIS PART 4 IS LIABLE FOR DAMAGES IN
18 THE AMOUNT OF THE FUNDS RECEIVED OR PAID IN VIOLATION OF THIS PART
19 4.

20 (b) IF A COURT DETERMINES THAT A LAWYER, LAW FIRM, OR
21 OTHER PERSON HAS VIOLATED THIS PART 4, THE COURT SHALL ORDER THE
22 FUNDS DESCRIBED IN SUBSECTION (5)(a) OF THIS SECTION TO BE
23 DISGORGED AND PAID TO THE STATE TREASURER FOR DEPOSIT INTO THE
24 GENERAL FUND; EXCEPT THAT ANY AMOUNTS AWARDED AS ECONOMIC
25 DAMAGES TO A PLAINTIFF PURSUANT TO THIS SECTION SHALL BE OFFSET
26 AGAINST THE AMOUNT OF DISGORGEMENT.

27

1 (6) A CONTRACT OR AGREEMENT IN VIOLATION OF THIS PART 4 IS
2 DEEMED VOID.

3 **13-93-407. Applicability - [REDACTED] repeal.**

4 (1) NOTHING IN THIS PART 4 SHALL BE CONSTRUED TO PROHIBIT:

5 (a) THE PLEDGING OF FUTURE REVENUES, LEGAL FEES, OR
6 RECOVERIES AS COLLATERAL FOR A LOAN; OR

7 (b) LAWFUL WAGES, SALARIES, BENEFITS, OR DISCRETIONARY
8 BONUSES PAID TO NONLAWYER EMPLOYEES OF A LAW FIRM FOR SERVICES
9 RENDERED IN THE ORDINARY COURSE OF THEIR EMPLOYMENT;

10 (c) NONRECOURSE FUNDING PROVIDED TO A LAWYER OR LAW FIRM
11 WITH RESPECT TO SPECIFIC, IDENTIFIED LEGAL REPRESENTATIONS, IN
12 WHICH:

13 (I) THE FUNDING IS PROVIDED SOLELY FOR THE FEES OR EXPENSES
14 OF SPECIFIC, IDENTIFIED LEGAL REPRESENTATIONS THAT HAVE
15 COMMENCED OR FOR WHICH THE LAWYER OR LAW FIRM HAS BEEN
16 RETAINED AND NOT FOR THE SOLICITATION OR ACQUISITION OF FUTURE
17 CLIENTS OR MATTERS;

18 (II) THE RETURN OF THE PERSON PROVIDING THE FUNDING IS
19 LIMITED TO A MULTIPLE OF THE FUNDED AMOUNT OR A RATE OF INTEREST
20 ON THE FUNDED AMOUNT AND DOES NOT CONSTITUTE A SHARE OF LEGAL
21 FEES, LAW FIRM REVENUE, AND LAW FIRM PROFITS; AND

22 (III) THE PERSON PROVIDING THE FUNDING HAS NO RIGHT TO
23 PARTICIPATE IN OR RECEIVE ANY PORTION OF LEGAL FEES, LAW FIRM
24 REVENUE, OR LAW FIRM PROFITS EXCEPT FROM THE PROCEEDS OF THE
25 SPECIFIC, IDENTIFIED LEGAL REPRESENTATIONS; OR

26 (d) THE PROVISION OF LEGAL SERVICES PROVIDED SOLELY IN
27 CONNECTION WITH ADMINISTRATIVE MATTERS ARISING UNDER FEDERAL

1 LAW OR BEFORE A FEDERAL AGENCY.

2 (2) NOTHING IN THIS PART 4 LIMITS THE COLORADO SUPREME
3 COURT'S RULE-MAKING, DECISIONAL, OR ENFORCEMENT AUTHORITY AS TO
4 THE PRACTICE OF LAW IN COLORADO, INCLUDING AS TO THE
5 UNAUTHORIZED PRACTICE OF LAW AND PROFESSIONAL INDEPENDENCE OF
6 LAWYERS AND LLPS.

7

8

9 (3) (a) NOTHING IN THIS PART 4 PROHIBITS A LAWYER OR LAW FIRM
10 THAT PROVIDES LEGAL SERVICES TO A NONPROFIT ORGANIZATION OR
11 INDIVIDUALS WHO RECEIVE BENEFITS FROM THE NONPROFIT
12 ORGANIZATION FROM REMITTING TO A NONPROFIT ORGANIZATION THAT
13 PROVIDES OR SUPPORTS LEGAL SERVICES OR ACCESS-TO-JUSTICE SERVICES
14 ANY FEES OR REVENUES EARNED FROM ITS REPRESENTATION.

15 (b) A NONPROFIT ORGANIZATION THAT PROVIDES OR SUPPORTS
16 LEGAL SERVICES OR ACCESS-TO-JUSTICE SERVICES IS NOT SUBJECT TO THIS
17 PART 4.

18 (4) THIS PART 4 IS REPEALED, EFFECTIVE SEPTEMBER 1, 2029.

19

20

21 **SECTION 2. Act subject to petition - effective date -**
22 **applicability.** (1) This act takes effect at 12:01 a.m. on the day following
23 the expiration of the ninety-day period after final adjournment of the
24 general assembly (August 12, 2026, if adjournment sine die is on May 13,
25 2026); except that, if a referendum petition is filed pursuant to section 1
26 (3) of article V of the state constitution against this act or an item, section,
27 or part of this act within such period, then the act, item, section, or part

1 will not take effect unless approved by the people at the general election
2 to be held in November 2026 and, in such case, will take effect on the
3 date of the official declaration of the vote thereon by the governor.

4 (2) This act applies to conduct occurring and contracts and
5 agreements entered into or renewed on or after the applicable effective
6 date of this act.