



## Update from Sacramento Nancy Peverini

CAOC LEGISLATIVE DIRECTOR

Journal of Consumer Attorneys Associations for Southern California  
**ADVOCATE**  
June 2025

# Advertising, tort reform, and legislation

## A CALL FOR SELF-REGULATION

On April 28, a downtown Los Angeles law firm widely advertised on social media, “Our firm secured \$4 BILLION DOLLARS settlement for victims of abuse in LA county juvenile halls. NOW WE ARE HELPING THOSE HELD IN CYA (CALIFORNIA YOUTH AUTHORITY) FACILITIES.”

While undoubtedly effective in generating leads, the advertisement drew swift and negative attention from policymakers in Sacramento – reaching as far as the governor’s office.

This single, sensationalized promotion quickly became a centerpiece for tort reform advocates, who circulated it among legislators as alleged evidence of unchecked and unethical attorney advertising. It has directly fueled efforts to impose sweeping limitations on non-economic damages, including a proposal being aggressively advanced by the Los Angeles City Attorney. As a result, Consumer Attorneys of California was compelled to divert significant advocacy resources to defend not only the legitimacy of such cases, but the credibility of our civil justice system more broadly. This is not an isolated incident.

Uber has proposed legislation to drastically limit uninsured and underinsured motorist coverage, and, they claim, the driver is attorney advertising. Part A of Uber’s exhibit to legislators on the need for legal restrictions is a huge billboard next to Los Angeles International Airport transportation pick-up stations, asking consumers to call that attorney for Uber accidents. They also point to major social media campaigns by attorneys and case connectors that say “Uber/Lyft Accident? Get Millions.” Further, when we lobby Los Angeles legislators against damage caps, almost inevitably, they raise the issue of advertising abuse that they have seen after the Eaton and Palisades fire.

As my mom used to say, “Stop, think, pause before you do.” We at CAOC completely understand and agree with

the need to present legal services options, but our plea to major advertisers is “stop, think, pause before you do.” Over-the-top advertising is driving the tort reform discussion in Sacramento.

These concerns, if left unaddressed by the legal profession itself, risk justifying and accelerating harmful tort reform proposals.

### A proactive legislative response

To counter this mounting pressure and restore public trust, CAOC is sponsoring two essential legislative measures designed to enhance ethical standards in legal advertising and litigation funding.

### SB 37 (Umberg) – Protecting consumer rights and public trust in attorney advertising

Senate Bill 37 strengthens oversight of attorney advertising by toughening advertising rules and closing enforcement gaps. Specifically, SB 37:

- Attacks the illegal practice of “capping,” which occurs when a non-lawyer steers a case to a particular lawyer for financial gain. SB 37 would allow consumers to directly enforce the law by holding lawbreakers accountable.
- Cracks down on third-party, often out-of-state, “lead generators” who make unrealistic promises and aren’t being held accountable.
- Updates the definition of attorney advertising in statute to better encompass a broader range of communication methods in line with the State Bar Professional Conduct Rules.
- Tightens statutory prohibitions on misleading attorney advertising.

### AB 931 (Kalra) – Regulating consumer lending in litigation

Assembly Bill 931 (Kalra) sets clear rules for non-recourse advance funding companies that provide cash advances to plaintiffs who have a pending legal action in exchange for a portion of their future recovery. Specifically, it:

- Requires contracts for consumer non-recourse advances to clearly explain key terms to the consumer.
- Mandates that repayment amounts to the financing company must be set in advance based on time intervals – not as a percentage of the lawsuit recovery.
- Bans consumer lending companies from:

- o Paying or receiving referral fees, commissions, or similar payments from attorneys or law firms.
- o Giving consumers false or misleading information about their services.
- o Referring clients to specific attorneys or firms, except through a State Bar-approved legal referral service.

- Prohibits attorneys (or their immediate family) representing a consumer from having a financial stake in a lending company.
- Bars any attorney who referred a client to the consumer’s lawyer from having a financial interest in the lending company involved.
- Prohibits California attorneys from sharing fees with out-of-state Alternative Business Structures, protecting the integrity of the attorney-client relationship.

The combined effect of SB 37 and AB 931 is a clear message: The legal profession in California is committed to meaningful self-regulation and to protecting the public from deceptive practices. These bills are not merely defensive measures – they are proactive steps to ensure transparency, fairness, and ethical responsibility.

As attorneys, we must be vigilant stewards of both our clients’ interests and the public’s trust in our profession. We cannot afford to remain passive while a few firms jeopardize the rights of countless Californians through shortsighted marketing or financial exploitation. Now, more than ever, we must demonstrate our willingness to police ourselves.