



**Testimony of Harrison Hosker
American Legal Finance Association
On
HB 7080
House Committee on Judiciary,
1/29/2025**

Chairwoman McEntee and members of the House Judiciary Committee, thank you for allowing me to testify. My name is Harrison Hosker, Legislative Director at American Legal Finance Association (ALFA). ALFA strongly supports the enactment of laws that ensure robust oversight and regulation of consumer litigation funding. However, we must respectfully oppose this legislation as currently written because specific provisions would effectively eliminate access to this critical funding in Rhode Island.

ALFA is the oldest and most preeminent voice for the consumer legal funding industry, representing the nation's largest companies promoting fair, ethical, and transparent standards across all fifty states.

One of ALFA's first actions was establishing industry standards for the Consumer Legal Funding industry. The cornerstone of these best practices is transactional transparency and clear and concise contractual agreements for consumers. A condition of membership in ALFA is that members must adhere to the ALFA Best Practices.

ALFA Best Practices include:

- Prohibiting any of the funds from being used for the costs of the litigation or attorney fees**
- Prohibiting the funding company from being involved in any decisions relating to the litigation**
- Prohibiting funding companies from paying any referral fees**
- Prohibiting funding companies from using false or misleading advertising and**
- Requiring attorney acknowledgment of all funding.**

It is essential for the committee to understand that ALFA members DO NOT PROVIDE FUNDS to individuals or attorneys for any costs, fees, or expenses related to prosecuting litigation. Funds provided by ALFA member companies may be used only

for plaintiffs' personal living expenses, such as rent, food, tuition, or other living expenses. These funds are provided on a non-recourse basis, meaning that if the plaintiff does not recover compensation for their claim, they owe nothing to the funding company. This financial support enables victims to fully pursue their claims without being forced to accept inadequate settlement offers because of financial hardship.

ALFA has led the charge to help adopt sound consumer protection laws in numerous states, most recently in New York, as well as in Nevada, Utah, Vermont, Oklahoma, Indiana, and Tennessee. In 2024, ALFA also worked closely with the National Conference of Insurance Legislators to enact its "Transparency in Third Party Litigation Financing Model Act."

We commend Representative Finkelman, this committee, and the legislature for taking up this important issue. ALFA, too, desires to establish laws to protect consumers and welcomes working with you to address your concerns. However, we must oppose this legislation as written because several provisions would do more harm than good by preventing Rhode Island victims from accessing this vital financial lifeline.

One such provision on page 4, line number 8, in this legislation would prohibit funding companies from assigning funding transactions. If adopted as written, this would shut down all consumer litigation funding in Rhode Island by prohibiting funding from accessing any capital for their transactions. Plain and simple, it would shut off the spigot of funds for funding companies.

Imagine if auto companies were prohibited from assigning auto leases or car loans to their funding sources; that would eliminate car loans. If Consumer Litigation Funders are prohibited from assigning their transactions, they will be unable to fund in Rhode Island. We hope that this is not your intent. If that is the case, this legislation will not provide consumer protection; it will simply prohibit its operation. It is like saying you can have a car but can't have any gasoline or tires to run it.

This provision is in no way a form of consumer protection. All it would accomplish is it would eliminate Rhode Island victims' ability to obtain funds to pay for their basic life needs while these victims seek justice for their injuries.

If this committee's true goal is proper consumer protection, I strongly encourage you to consider the Consumer Legal Funding

Act, which recently became law in New York State. The New York law includes many of the consumer protection provisions of HB 7080 that ALFA supports, such as banning referrals and kickbacks, requiring registration with the state, and mandating clear and transparent contracts. Most importantly, this new law does not prohibit assignment, which would only ensure that this product is no longer offered in Rhode Island. Novel to the New York Law is a first ever adopted provision to ensure victims receive a guaranteed amount of their settlement.

There are other amendments we have for this legislation beyond removing the anti-assignment provision, and we hope to have the opportunity to work with the sponsor and this committee to improve it, as we have on similar legislation in all 50 state legislatures. ALFA and our members stand ready to work with the committee to adopt sound consumer protection legislation, making this option available when needed rather than simply eliminating it.

Consumer legal funding provides a lifeline when victims have nowhere else to turn. It enables a plaintiff to obtain the settlement they deserve without being forced to accept an unfair offer. I stand ready to answer any questions.