



Testimony of Harrison Hosker
American Legal Finance Association

On

HB 5221

House Committee on Judiciary,

2/4/2025

Chairman Craven and members of the House Judiciary Committee, thank you for accepting this testimony on behalf of the American Legal Finance Association (ALFA). I am Harrison Hosker, a Senior Associate at ALFA. Today, our organization must respectfully oppose HB 5221.

By way of introduction, ALFA is a trade association comprising 32 of the nation's leading consumer legal funding companies that do business throughout the United States. One of ALFA's first actions was establishing industry standards for Consumer Legal Funding. The cornerstone of ALFA's guiding principles is transactional transparency.

ALFA Best Practices include:

- Prohibiting any of the funds 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 kickbacks or referral fees
- Prohibiting funding companies from using false or misleading advertising and
- Requiring attorney acknowledgment of all funding.

Our organization opposes HB 5221 as written because it includes a prohibition of consumer litigation funding contracts that would result in the elimination of funding in Rhode Island. This legislation includes several consumer protection provisions that ALFA and our members actively support and advocate for across the country. If adopted as written, this legislation would, in effect, shut down all consumer litigation funding in Rhode Island by prohibiting funding companies from accessing any capital for their transactions. Plain and simple, it would shut off the spigot of funds for funding companies, thus eliminating the practice. Imagine if auto companies were prohibited from assigning auto leases or car loans to their funding sources; that would eliminate car loans. We hope and do not think 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's like saying you can have a car but can't have any gasoline or tires to operate the vehicle.

In 2023, Montana enacted legislation that banned assignment. Our members can no longer do business in Montana. Enacting anti-assignment language into law has nothing to do with protecting consumers in this state; all it will accomplish is blocking victims from accessing funding for their life needs while they seek justice.

ALFA shares the same interest as this committee and seeks to protect Rhode Island consumers who need funds to pay their bills, buy food, or pay any other day-to-day needs while involved in pending litigation. This legislation must act to protect consumers and allow Rhode Island consumers to access such funding if and when they need that financial option.

ALFA, too, desires to establish laws to protect consumers and welcomes working with you to address your concerns. ALFA has led the charge in helping adopt sound consumer protection laws in numerous states, including Missouri, Utah, Vermont, Oklahoma, Indiana, and Tennessee

If this committee seeks proper consumer protection, we encourage you to consider the laws adopted in the states referenced. We urge you to adopt the amendments we have suggested; if not, this legislation will eliminate the ability of Rhode Island consumers to access this crucial lifeline. ALFA and our members stand ready to work with the author and the committee to adopt meaningful consumer protection laws, allowing this option to be available when needed. Such funding enables a plaintiff to seek justice for their injuries and obtain the equitable compensation they deserve without being forced to accept an unfair offer. If you have questions or concerns, our organization would welcome the opportunity to work with this legislature.