



Testimony of Harrison Hosker

American Legal Funding Association

North Dakota House Committee on Industry, Business and Labor

HB 1372

February 4th, 2025

Good morning, and thank you for allowing me to testify today. My name is Harrison Hosker, and I am with the American Legal Finance Association. I rise to oppose this legislation respectfully. By way of introduction, ALFA is a trade association of the nation's leading legal consumer funding companies that do business throughout the United 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 transparent disclosure to consumers. As a result, all ALFA members ascribe to the ALFA Best Practices:

- 1). Prohibit any of the funds being used for the costs of the litigation or attorney fees.
- 2) Prohibit the funding company from being involved in any decisions relating to the litigation
- 3). Prohibit funding companies from paying any referral fees

4). Prohibit funding companies from using false or misleading advertising and

5) Require attorney acknowledgment of all funding.

The committee must know that ALFA members DO NOT PROVIDE FUNDS TO INDIVIDUALS FOR ANY COSTS, FEES, OR EXPENSES RELATED TO THE PROSECUTION OF LITIGATION. Therefore, a plaintiff can SOLELY use the funds provided by ALFA member companies for their personal life needs like rent, food, or other such expenses. For example, 78% of consumer legal funding is used to avoid foreclosure, nearly 7% for auto payments, and almost 10% for food. ALFA members DO NOT provide funds unless the plaintiff has a bona fide claim and is represented by an attorney. They prohibit any funds from being used to pay attorney fees or any cost related to their case. Consumer legal funding does not fund the lawsuit or pay for class actions.

While ALFA supports much of what is in this legislation, we must oppose it this time due to some concerns with how it is currently written. We would welcome any opportunity to work with this committee to fix our issues to exclude Consumer Litigation Funding.

Thank you for your time today. If you have any questions, I am ready to answer them.