

Mr. Chairman and members of the Committee, my name is Andrea Pfennig, and I am the Vice President of Government Affairs for the Greater North Dakota Chamber. GNDC is North Dakota's largest statewide business advocacy organization, with membership represented by small and large businesses, local chambers, and trade and industry associations across the state. We stand in **support** of House Bill 1372.

Our members support pro-business policies and timely processes that improve the legal and regulatory environment, maintain consistency, promote growth, and lower business costs. Third Party Litigation Financing (TPLF) is a growing practice that raises several concerns.

According to the U.S. Chamber of Commerce, hedge funds, institutional investors, and wealthy individuals are investing significant amounts of money into funding lawsuits in the U.S. These third-party funders provide money to law firms in exchange for a portion of any recovery the firm may obtain in a settlement or court award on a client's behalf. Investors view TPLF as a lucrative opportunity, because they can earn hefty returns that are not tied to economic or market conditions.

However, treating litigation as an investment raises concerns. For example, it may be in a client's interest to settle a case, but a funder whose sole motivation is to pursue the largest possible recovery may reject a reasonable settlement to go for a "nuclear verdict." Without disclosure requirements, there is little to no transparency, making it difficult for judges and parties to know who has an interest in the outcome of the litigation. GNDC has concerns that TPLF may encourage speculative litigation, prolong litigation, and raise costs.

TPLF has the potential to fundamentally alter many aspects of the litigation process—which cases are brought, how long they are pursued, and when they are settled. Further, this can happen behind closed doors. We feel that HB 1372 will provide transparency and improve the legal environment. We hope you will support HB 1372.