



Chairman Manning and the Senate Judiciary Committee, my name is Michael Faust and I represent Litigo Financial (“Litigo”). Litigo is a limited liability company that invests in commercial litigation, which is different and distinct from tort or personal injury litigation. Litigo gives plaintiffs the financial ability to pursue legal claims that they would not have the means to pursue on their own. Our team of experienced attorneys and financial analysts only invest in cases where the merits of a plaintiff’s case are very strong. Also, Litigo is a passive investor and has no influence over the case in any way. We cannot influence settlement discussions; we cannot influence the legal strategy used by the plaintiff’s attorney; and we cannot influence the decision making of the plaintiff. Also, the loans that Litigo provides to plaintiffs are non-recourse loans, meaning that we only receive a return on our investment if the plaintiff is successful in their lawsuit. As such, we are very selective with the cases that we fund.

The current proposed legislation, although well intended, would have significant negative consequences if it were to be adopted in its current form. As it currently stands, the bill is overly broad and is unaligned with its intended purpose. The bill aims to protect plaintiff’s rights, but by not limiting the definition of consumers (plaintiffs) to individuals the bill will do a great deal of harm to corporate plaintiffs. Corporations are sophisticated entities and do not need to be protected from contracting freely as they see fit. Many corporations are unprofitable in the startup phase and do not have the economic resources to hold other entities accountable if they are harmed during their business operations. By subjecting corporations to the proposed bill, large companies would be disincentivized to honor contracts and honor patents. Also, by adding the requirement for confidential disclosures; funding time limits and interest rate limits; the bill, as written, would make it nearly impossible for a corporate plaintiff to secure legal funding. Corporate plaintiffs need to have the ability to freely negotiate a funding contract with a legal funder confidentially to maintain a fair and level playing field against defendants. If the bill were to pass as written, then it would significantly impede the use of legal funding in corporate litigation, which would help corporate defendants, as opposed to corporate plaintiffs, which runs directly counter to the bill’s intended goal.

Litigo Financial has no objection to protecting plaintiff’s rights. In fact, we started this business to accomplish just that. However, the proposed bill would eliminate or render ineffective a tool that is a great asset to plaintiffs, legal funding, which in turn would embolden and strengthen bad actor defendants. I appreciate you taking the time to read my thoughts on this and I would be happy to speak with anyone in more detail regarding how the bill could be improved to reach its intended goal.

Best Regards,

Michael Faust

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