



# Protecting Consumers Through Robust Regulation

Consumer legal funding can be a vital resource for victims seeking justice. Because consumer legal funding is not a loan, regulation is needed to ensure licensure, registration, and transparency of the product. The American Legal Finance Association (ALFA) supports sensible regulation that protects consumers through increased transparency while ensuring access to consumer legal funding. Here is what we stand for.



## State Regulation Of Consumer Legal Funding

States must require consumer legal funding companies to be licensed, examining them for character, fitness, and financial suitability, to weed out bad actors.



## Clear, Easy-To-Understand Contracts

Contracts should be clear, easy to read, and written in the recipient's first language so consumers can understand the terms they're agreeing to.



## Transparent Fees—Know What You Owe

Contracts should be transparent regarding fee structure so consumers know up front how much they will be expected to pay **if their case is successful**.



## No Referral Fees

Prohibit lawyers, law firms, medical providers, and other entities from receiving referral fees, kickbacks, or any other form of consideration from legal funding companies.



## No Role In Legal Proceedings

Prohibit consumer legal funding companies from referring consumers to specific lawyers or having any involvement, including decision-making, in the underlying case.

*ALFA supports comprehensive regulation of the consumer legal funding industry. We are committed to working with policymakers to protect consumers and preserve access to pre-settlement advances, which help level the playing field in our justice system.*