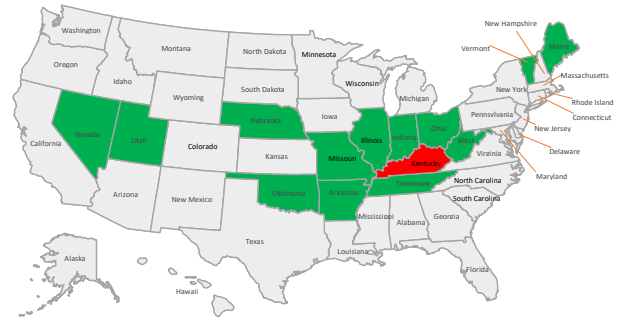


**The TRUTH about regulating  
Consumer Legal Funding:  
PROTECTING CONSUMERS**

**CONSUMER LEGAL FUNDING IS ALREADY  
OCCURRING IN AN UNREGULATED MARKET**



The goal of proper regulation is to put into place consumer protections to ensure Kentuckians seeking to use this product can do so without fear of being taken advantage of as well as giving the proper guidance for companies to exist in KY as good corporate citizens abiding by set rates, caps, and repercussions. All surrounding states, with exception of VA, have passed similar legislation.

Opponents will claim these transactions are illegal, however, that statement is false. Boiling vs. Prospect stated because there was no regulation on this product, they would have to protect the consumers of the Commonwealth and state the product is Champertous. Had regulation been in place at the time, there would not have been the need for a case.

**CONSUMER LEGAL FUNDING IS NOT LITIGATION FINANCING**

The major difference: **consumer legal funding can't be used to finance litigation or cover legal expenses.** Consumer legal funding is used by everyday people to meet daily expenses while they wait to receive a fair settlement. Litigation finance is, by definition, used by law firms and large corporations to cover the costs of litigation. *The legislation is clear that the funds CANNOT be used to fund the litigation.*

**CONSUMER LEGAL FUNDING IS NOT A LOAN**

Loans are backed by collateral and/or a person's credit and have a guarantee of repayment. Consumer legal funding has none of those. It's a purchase of potential proceeds from a legal claim, and providers are paid only if the customer's claim is successfully resolved. **If a claim is unsuccessful, because it's a purchase, a person's credit isn't affected, and they can never be subjected to collections.** No debt created = no cycle of debt.

**EFFECTS ON THE JUSTICE SYSTEM**

Consumer legal funding has not shown to have any impact on the Judicial system. It allows consumers to get their fair and just settlement. In every state where regulation has been in place, there have been NO issues or complaints. Consumers who do not have access to the product are forced to take out high interest lending products to help them make ends meet. This gives them a viable alternative.

It also has no effect on frivolous lawsuits being filed. That does not make sense. Why would a company put money into a case that is frivolous with a greater chance of losing. That is just not good business. **To qualify for funding, the consumer must have an existing claim and already be represented by an attorney.**

**ANECDOTE OF THE DAY**

**If an individual is looking to sue a large corporation, hospital, etc.. and seek third party interest, THEY ARE NOT USING CONSUMER LEGAL FUNDING!!!!**