

**DUGAN
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Finding Answers.
Demanding Justice.

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The Hon. Kris Valderrama, Chair
House Economic Matters Committee
230 Taylor House Office Building
Annapolis, Maryland 21401

**RE: HB 1298 – Third Party Litigation Financing – Licensing and Regulation
UNFAVORABLE**

Dear Chair Valderrama, Vice Chair Charkoudian, and Members of the House Economic Matters Committee:

As an attorney in private practice who primarily represents individuals and their families in personal injury litigation on a contingency-fee basis, I write in strong opposition to HB 1298, which requires unfair, unilateral, mandatory disclosure of “financing agreements” (“TLPF”) relating to consumer litigation. I request an **UNFAVORABLE** report on HB 1298.

Financing currently offered to attorneys and law firms can be used to cover everything from litigation expenses to general operating expenses. Because financing obtained by law firms that represent consumers disproportionately may be repaid from earned contingency fees, HB 1298 broadly applies (*per* page 2, lines 22-27) to *every* loan to *any* Maryland law firm that may *ever* use even a dollar of borrowed funds to finance any portion of expenses in a case.

HB 1298 provides defendants with an unfair and unjustifiable litigation advantage. Under HB 1298, consumers and their lawyers are compelled to produce detailed information about lines of credit and other financing, laying bare consumers’ financial wherewithal to pursue cases – including how much funding may be available, any schedules of repayment, and other sensitive financial information. Even the *absence* of TPLF may offer defendants useful information about their adversaries’ financial wherewithal.

Meanwhile, HB 1298 requires neither defendants in litigation, nor their insurers, to produce any comparable information of any kind.

Beyond the courtroom, corporate defendants and their insurers have in the past and likely would continue to leverage their market power to punish disclosed funders of, and investors in, claims that they would rather not have to defend against. Chubb, one of the nation’s largest insurers, has threatened no longer to do business with any “asset managers, lawyers, banks and brokers” who are associated with the litigation financing industry. Adam McNestrie & Farhin Lilywala, *Chubb Threatens to Cut Off Suppliers if They Profit from Litfin Industry*, INS. INSIDER

(May 7, 2025), <https://www.insuranceinsiderus.com/article/2erqilzapip32rnu2y6m8/lines-of-business/casualty-gl/chubb-threatens-to-cut-off-suppliers-if-they-profit-from-litfin-industry>.

Corporate defendants, including multi-billion dollar international corporate hospital systems, could do the same.

While corporations are entitled to do business with whomever they wish, including by not choosing to support businesses they believe operate contrary to their interests, *corporate defendants are not entitled to complicity from the General Assembly in identifying targets for their retribution.*

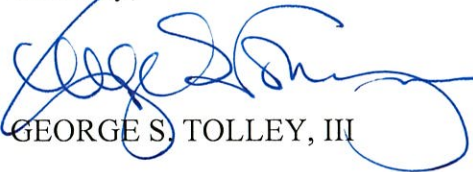
Certain segments of the defense bar also seem obsessed with accessing and eliminating TPLF. The U.S. Chamber Institute for Legal Reform (“ILR”) has listed “eliminating TPLF in five years” as one of its “bold, long-term objectives.” Board of Directors Meeting Agenda, U.S. Chamber Inst. for Legal Reform (Sept. 5, 2024), <https://events.uschamber.com/ilr-boardofdirectors-september-meeting-2024/5682885>.

Civil litigation permits individual consumers to vindicate their rights, and obtain compensation, against conduct that is unreasonably unsafe, fraudulent, or otherwise wrongful. *Eliminating* the availability of funding for law firms that represent consumers in civil litigation would allow an unchecked abuse of corporate power at the expense of consumer rights and safety.

HB 1298 is overly broad and unfair to consumers and the lawyers and law firms that represent consumers, by conferring an unwarranted litigation advantage to corporate defendants and their insurers.

For these reasons, I request an **UNFAVORABLE** report on HB 1298.

Sincerely,



GEORGE S. TOLLEY, III

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