

The Hon. Pamela Beidle
3 East Miller Senate Office Building
11 Bladen Street
Annapolis, Maryland 21401

**RE: SB 894 – Third Party Litigation Financing – Licensing and Regulation
UNFAVORABLE**

Dear Chair Beidle, Vice Chair Hayes, and Members of the Senate Finance 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 SB 894, which requires unfair, unilateral, mandatory disclosure of “financing agreements” (“TLPF”) relating to consumer litigation. I request an **UNFAVORABLE** report on SB 894.

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, SB 894 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.

SB 894 provides defendants with an unfair and unjustifiable litigation advantage. Under SB 894, 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, SB 894 requires defendants and their insurers to produce no 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.insuranceinsider.us.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

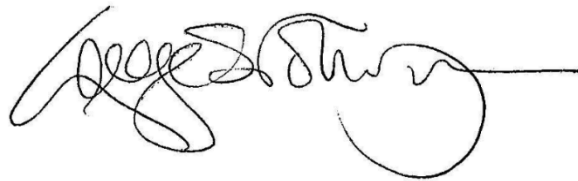
years” as one of its “bold, long-term objectives.” Board of Directors Meeting Agenda, U.S. Chamber Inst. for Legal Reform (Sept. 5, 2024), <https://events.uschamber.com/ilr-boardofdirectors-september-meeting-2024/5682885>.

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.

SB 894 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 SB 894.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "George S. Tolley III", with a long horizontal line extending to the right.

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