



May 15, 2023

**SUPPORT: SB 581 (Caballero) Third-party litigation financing.**

We are writing to express our continued support for third-party litigation finance (TPLF) reform. While we were disappointed that amendments were made to SB 581 (Caballero) to remove commercial and class action protections, we believe the legislation is a positive first step in a multistep process to erect guardrails around what is currently an unregulated industry.

Lawsuit lending fuels frivolous lawsuits and drives up payouts, disproportionately hurting small businesses, which operate on thin margins and can be bankrupted by one big settlement.

In fact, the average household pays a \$3,300 “tort tax” annually due to unnecessary and abusive lawsuits. This means less money in consumers’ pockets and less discretionary spending to help small businesses grow. Lawsuit lending also erodes profit margins, as businesses must set aside money to safeguard against potential lawsuits rather than invest in growth.

Small businesses lack the resources and legal expertise to defend themselves against frivolous lawsuits, which can drain their finances and undermine their ability to operate. Furthermore, the costs of defending against such lawsuits are often so high that small businesses may be forced to settle, even if they are not at fault.

To be clear, we are incredibly disappointed that SB 581 no longer enacts regulations around commercial lawsuit lending abuse schemes and remain hopeful that these important reforms will be revisited next year. However, we recognize that TPLF protections for consumers in a state where none exist is a victory. For this reason, we continue to offer support for Senator Caballero's efforts to reform litigation finance in California.

**Implementing consumer protections from unscrupulous TPLF lenders is a good first step, but by no means is our work done. We will continue to advocate for commonsense reforms that protect the business community – particularly small businesses – from frivolous and expensive lawsuits that drain them of critical resources and prohibit growth.**

We look forward to continuing the work of TPLF reform together in furtherance of a fair and just legal system for all.

Sincerely,



Adolfo Varas, Bell Chamber of Commerce



Jennifer Lahoda, Boyle Heights Chamber of Commerce



Bret Schanzenach, Carlsbad Chamber of Commerce



Jaime Huff, Civil Justice Association of California



Jeremy Harris, Long Beach Chamber of Commerce



Annissa Fragoso, Merced Hispanic Chamber of Commerce



John Kabateck, National Federation of Independent Businesses



Ana Elizarraras, South Gate Chamber of Commerce

*Robert Moutrie*

Robert Moutrie, California Chamber of Commerce



Donna Duperron, Torrance Area Chamber of Commerce

*Julian Canete*

Julian Canete, California Hispanic Chambers of Commerce

*Matthew Hargrove*

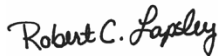
Matthew Hargrove, California Business Properties Association



Rachel Michelin, California Retailers Association

*Richard Markuson*

Richard Markuson, Western Electrical Contractors Association (WECA)



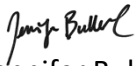
Robert Lapsley, California Business Roundtable



Mark Sektan, American Property Casualty Insurance Association (APCIA)

*Allison Adey*

Allison Adey, Personal Insurance Federation of California



Jennifer Bullard, Orange County Business Council



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Bruce Berman, Huntington Beach Chamber of Commerce

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Tim Murphy, California Builders Alliance



Nancy Hoffman, Greater San Fernando Valley Chamber of Commerce



Christian Rataj, National Association of Mutual Insurance Companies



Tracy Hernandez, Los Angeles County Business Federation (BizFed)