

# MYTHS AND FACTS ABOUT CONSUMER LEGAL FUNDING

| <p><b>MYTH #1</b></p> <p>Consumer legal funding increases lawsuits</p>  | <p><b>MYTH #2</b></p> <p>Consumer legal funding encourages frivolous suits</p>   | <p><b>MYTH #3</b></p> <p>Consumer legal funding "lines lawyers' pockets"</p>  | <p><b>MYTH #4</b></p> <p>Legal funders oppose consumer protections</p>  |
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| <p><b>FACT</b></p> <p><b>Legal funders only consider advances to victims with established cases.</b></p> <p>Only consumers with existing cases can begin the process of seeking consumer legal funding.</p> | <p><b>FACT</b></p> <p><b>Robust review by funders helps ensure advances go to victims with legitimate claims.</b></p> <p>Because advances only need to be repaid if a case is successful. Funders are selective.</p> | <p><b>FACT</b></p> <p><b>Consumer legal funding cannot be used for legal expenses.</b></p> <p>Legal funding helps victims pay for personal, non-legal expenses such as groceries, medical bills, rent, and student loans, reducing pressure to accept lowball settlements from powerful defendants.</p> | <p><b>FACT</b></p> <p><b>Leading legal funders support regulations that protect consumers.</b></p> <p>The American legal finance association (ALFA) actively supports legislation mandating transparency, with clear contracts for consumers and robust oversight of funders.</p> |