

Pre-settlement advances help victims with credible legal claims obtain justice. By covering personal, non-legal expenses during a case, **they help to level the playing field with powerful defendants.** These advances are not loans—recipients only need to repay if their case results in a monetary award. **The American Legal Finance Association (ALFA) advocates for regulation that protects consumers from bad actors while preserving access to this critical resource.**



In New York, only Assembly Bill 8966 would effectively regulate legal funders. The alternative, Senate Bill 3911-A, includes far less regulation and oversight, relying instead on interest rate caps that would effectively ban legal funding and eliminate an important option for consumers.

Both bills claim to create clear and fair practices for legal funding, but only Assembly Bill 8966 outlines a comprehensive plan for regulation. The bills' differences include:

Assembly Bill 8966

- ✓ Sets forth strict licensing requirements, including review of character and fitness of funders and posting of bond
- ✓ Bars funders from involvement in litigation
- ✓ Requires funders to provide clear contracts in the consumer's first language, explaining exactly what they owe
- ✓ Requires annual, public reporting of all transactions, including interest rates
- ✓ Prohibits use of funds for the lawsuit

Senate Bill 3911-A

- ✗ Does not address licensing for firms
- ✗ Does not explicitly bar funders from involvement in litigation
- ✗ Does not require clear contracts to be provided in the consumer's first language
- ✗ Does not require annual reporting
- ✗ Does not prohibit use of funds for the lawsuit
- ✗ **Institutes a 16% interest rate cap, effectively banning legal funding**

Legal funding helps consumers across our state...

- Barney, New York, N.Y.: *"I would like to thank the entire firm for helping me with my accident. Throughout the whole period of time, all the help, support, and therapy...has given me the ability to feel better since the accident."*
- Jose, Jeffersonville, N.Y.: *"Thanks for helping me in my time of need. This will help me help my family."*