

A forthcoming issue of the *Cornell Law Review* features the **first large-scale, empirical study of the legal funding industry in the U.S.** Co-authored by two experts in tort law, the study analyzes funding requests in **more than 200,000 cases**. The findings are important for policymakers and debunk several myths about the industry's role in the legal system.



About The Authors:

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STUDY HIGHLIGHTS

- The debate about consumer legal funding "**has been conducted in an environment of anecdote and speculation**" and not "**grounded in reliable data.**"
- The argument that legal funding fuels frivolous litigation "**has not held up well under serious academic scrutiny.**"
- The funders in the study had "**robust**" underwriting procedures, rejecting "**slightly more cases than they accepted.**"
- "Given all the other, much more significant steps that precede the point in time when a funding application is evaluated – finding a lawyer, retaining a lawyer, and then submitting an application to a funder – it is unclear whether a 50% chance at funding would comprise a salient incentive for a party choosing whether to file a lawsuit."
- Thus, the **supposed incentive** created by legal funding to bring frivolous lawsuits is "**very weak.**"
- **12% of the consumers in the study** who received funding ultimately paid nothing in return for their advances.

Legal Funding Helps Level The Playing Field For Victims

The evidence speaks for itself: legal funding does not promote frivolous lawsuits or increase the number of cases filed. What it does is help level the playing field for those with legitimate claims. While special interests advocate for abolishing the industry, the **American Legal Finance Association (ALFA)** continues to push for effective regulation to make legal funding safe and available for real victims.