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**TESTIMONY OF  
Kelly Gilroy – Oasis Legal Finance  
SUBMITTED TO THE  
BANKS COMMITTEE  
Thursday, March 15, 2012  
HB 5419, AAC Cash Advance Contracts**

Senator Duff, Senator Franz, Representative Tong and Representative Alberts – members of the committee - Good afternoon.

My name is Kelly Gilroy I am the Manager of Government Affairs for Oasis Legal Finance. We thank the committee for the opportunity this afternoon to provide testimony concerning **HB 5419**.

Oasis Legal Finance is the largest legal funding company in the nation operating in 45 states, including Connecticut. In the last decade we have funded over 1,200 consumers in this state with no complaints.

I come here today to provide some basic background on the industry and its best practices as well as to comment on HB 5419.

Over the last week I had the opportunity to meet with the bill sponsor and various members of the committee. The meetings have been productive and we made some good progress about clarifying the nature of the legal funding business. Consumer legal funding is an option for consumers. It is not for every person and certainly not for every case but under the right circumstances it can be an important tool.

Oasis has worked with numerous state legislatures and supported proper regulations for the legal funding industry throughout the country. In large part the provisions in this bill are industry best practices that Oasis already adheres to. We already fully disclose all fees, provide a payback schedule broken down in six month increments, cap fees at 36 months, allow a five day right of rescission, and require attorney notification and sign-off on all contracts. However, we cannot support the bill as currently drafted because of the provision that deems legal funding a loan.

Classifying this product as a loan has implications for consumers and companies and would in essence remove this as an option for injured consumers in Connecticut. Consumer legal funding is a non-recourse transaction meaning that companies are paid back from the proceeds of a settlement and in the event that there are not sufficient proceeds, the consumer owes the company nothing. We don't garnish wages, impact credit, or repossess cars or homes. In addition to changing the nature of these contracts, if these transactions are considered loans, companies who forgive the debt of a consumer would still be required by federal law to report this to the IRS and the consumer would have a tax obligation. Now, not only has the injured consumer lost their case but they now have an additional financial burden to address with the federal government.

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We look forward to continuing to work with the sponsor and other members of the legislature to craft a bill that properly protects Connecticut consumers now and in the future.

I thank you for your attention and would welcome your questions