



# ALLIANCE *for* CONSUMERS

June 16, 2025

The Honorable Mike Johnson  
Speaker, U.S. House of Representatives  
521 Cannon House Office Building  
Washington, D.C. 20515

The Honorable John Thune  
Majority Leader, United States Senate  
511 Dirksen Senate Office Building  
Washington, D.C. 20510

Re: A Warning On Litigation Finance Efforts From The Consumer Protection Front Lines

Speaker Johnson and Majority Leader Thune:

My organization, Alliance For Consumers, has a mission of pushing back on the abuse of consumer protection efforts by left-wing trial lawyers. We highlight the efforts by left-wing trial lawyers to [reshape our society through the courtroom](#) using public nuisance lawsuits. We blast the abuse of our legal system by trial lawyers, [including their abuse of their clients](#). And we highlight the way that trial lawyers [have turned consumer protection into a political money game that points almost entirely toward Democratic candidates and aligned groups on the federal level](#). We are evenhanded in [calling out both sides of the aisle when they cozy up to shady trial lawyers](#), and I proudly stand by our mission statement: “Ensuring that consumers and the rule of law are not left behind by trial lawyers and public officials... .”

As someone who believes that the world is a better place with fewer frivolous lawsuits and that left-wing trial lawyers must be constrained before they reshape our country for the worse, I took a great interest when new legislation from [Senator Tillis](#) and [Representative Hern](#) was introduced with a purported goal of targeting frivolous lawsuits and fighting back against trial lawyers and their backers.

Reading the legislation, I was disappointed to see that all this effort was just directed at litigation finance, which seems far afield from the consumer protection problems I see on the front lines of the fight over improving consumers’ lives.

There has been a lot of persuasive criticism of this litigation finance focus, with the criticism rightly noting that litigation finance has been a tool in the fight against woke companies on questions like DEI and ESG.

However, there has been less attention on an equally major problem with the current approach to this question, and the way that it sneakily includes privacy-destruction mechanisms that seem almost targeted to “out” commercial litigation funders who are helping the smaller conservative law firms who are pressing lawsuits against the likes of Planned Parenthood or mega-corporations who made DEI and ESG commitments and violated the law in doing so.



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I am speaking specifically about the section of the proposed legislation entitled “SEC. 5000E–3. SPECIAL RULE,” which, in everyday language, imposes a requirement that the law firm that wins a case and owes money to a litigation funder must itself withhold the taxes owed by the investor and send it to the IRS on a case-by-case basis, rather than just sending the money to the financier and having them tally up their taxes at the end of the applicable tax year and then pay the tax man in one fell swoop. For this mechanism to work as designed, and for all parties involved to pay the right tax and meet their requirements, the firms receiving funding will essentially have to identify to the IRS which winning case was funded by which commercial financier and exactly how much money each case generated.

As a conservative this withholding provision and its mechanism for revealing the identify of commercial case-backers is deeply concerning, because while it isn't all that hard to figure out who is funding asbestos or Camp Lejeune advertisements (in part because they often will brag about their own work in this respect) and, regardless it doesn't seem like particularly valuable information to know in the grand scheme of things, the same is not true of those who are stepping up to fund the smaller law firms that have popped up to try and bankrupt Planned Parenthood or force behavior change at woke companies with the pain of the pocketbook, much less those firms that are stepping up to sue doctors and hospitals over transgender-related mutilation of kids.

The last thing we need as a movement is yet another opportunity for the Left to name and shame those who dare cross the ideological picket line and back conservative lawsuits on hot button issues like DEI, abortion, or transgender surgeries. When I was Arizona Solicitor General, my team put in long hours helping to successfully fight California's attempt to unmask conservative donors on the non-profit side. When I look at the withholding provision in this new litigation finance legislation, I get eerie flashbacks to that fight. And my fear isn't hypothetical. I know lawyers bringing cases against Planned Parenthood and against DEI and ESG, I know funders who are backing them, and I know the damage that will come should they all be outed for the Left to see in the way that this withholding provision envisions.

While the headline analysis of the new legislation has been focused on tax rates and exceptions, this withholding provision has gotten far too little attention, especially given that it essentially serves as a mechanism for liberal interest groups and woke companies to pierce through and unveil which commercial litigation funders are bankrolling which cases and rain down particular punishment on those who dare to back hot-button cases that challenge the woke worldview that has protected Planned Parenthood, DEI, ESG, and the doctors who mutilate children in the name of transgender medicine.



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Given that the press statements surrounding the roll out of these new bills repeatedly emphasize “transparency,” it sure seems as though these new bills were intentionally built to impose this piercing, privacy-breaking function. Regardless, this is a part of these bills that deserves a lot more attention, especially for those of us who care about the conservative movement and the fights currently being waged against the Left on hot-button issues.

*O.H. Skinner*

O.H. Skinner  
Executive Director