



September 13th, 2023

House Oversight Committee
2105 Rayburn House Office Building
Washington, D.C. 20515

Members of the House Oversight Committee:

I write in support of Wednesday's hearing "Unsuitable Litigation: Oversight of Third Party Litigation Funding." Americans for Tax Reform has long worked to expose the pernicious influence of the trial lawyer lobby on our legal system.

Trial lawyers have long filled their coffers by shaking down successful companies with frivolous lawsuits based on flimsy evidence. Instead of ensuring justice is served for real victims, trial lawyers are abusing the legal system to line their pockets. These frivolous suits are especially common in the pharmaceutical, medical device, and consumer products industries.

The first step is identifying a "hook" for the lawsuit, no matter how spurious the claim may be. Trial lawyers build cases around junk science, and in some cases, products dubiously advertised as "risky" by the FDA. Then, they find a plaintiff who has used the product that also has a condition touted as a side effect even though correlation does not necessarily equal causation.

The second step is ginning up a targeted media campaign to ensnare more plaintiffs so that trial lawyers can file suits in their name. These claims, true or not, are then aggregated into federal MDLs that clog the court system and hamper the vetting of individual claims. Wall Street financiers spend between \$2.3 and \$5 billion [annually](#) on litigation campaigns, giving the trial lawyer lobby virtually unlimited ammunition to hammer away at successful companies. MDLs unfairly disadvantage the defendant because the process emphasizes rewarding large settlements over factual scrutiny.

These media campaigns are highly misleading and designed to drive up claims for lawsuits, further fattening the trial lawyer lobby's coffers. In some cases, the advertisements are designed to look like FDA alerts in order to trick Americans into believing they are using a recalled product. In 2019, the Federal Trade Commission [warned](#) several firms that their advertisements could be considered "unlawful" under the FTC Act.

The deceptive advertisements have real-world consequences – a 2019 FDA [study](#) showed 66 adverse events occurred after patients stopped taking blood thinner medication after a trial lawyer media campaign, including 33 strokes, 24 serious injuries, and 7 deaths.

Every dollar a company has to spend defending against frivolous lawsuits is a dollar less they can spend on innovation and developing new products. While this is a great setup for the trial lawyer lobby, American consumers suffer.

There are multiple proposals that would curb trial lawyer abuse of our legal system, including reform of the MDL process and others that would deter manipulation of

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the federal judiciary. Today's hearing represents an important first step in reining in the trial lawyer lobby.

Please do not hesitate to contact me if ATR can be of assistance in these areas. Thank you for your leadership in holding this hearing and we look forward to working together on this important issue.

Sincerely,

Tom Hebert
Director of Competition and Regulatory Policy, Americans for Tax Reform

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