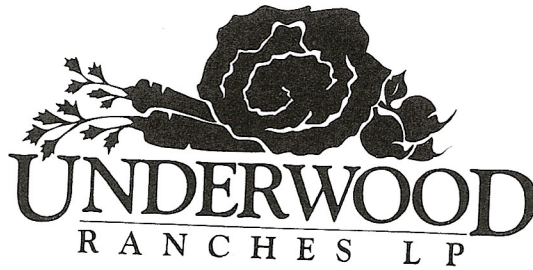


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March 1, 2023

The Honorable Kevin McCarthy
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Darrell Issa
Chairman
Subcommittee on Courts, Intellectual Property and the Internet
Committee on the Judiciary
United States House of Representatives
Washington, DC 20515

Dear Speaker McCarthy and Chairman Issa:

I am the owner of Underwood Ranches in Camarillo, California. I write to you today to express my deep concerns about recent negative and inaccurate claims being made about litigation funding, primarily by the U.S. Chamber of Commerce, which is calling for forced disclosure of funding in litigation. Their claims are directly at odds with my very positive experience with litigation funding, without which my family's farming business would not have survived. I was excited to be interviewed on 60 Minutes in December 2022, where I shared my family's story. I thought it was important to share my views with you as well.

My family is proud to call California home and has done so since 1867, when we began farming in Ventura County, growing lima beans, walnuts and lemons. About 30 years ago, Underwood Ranches began growing jalapeño peppers and became the sole supplier for the well-known and popular Sriracha sauce made by Huy Fong Foods, Inc. By 2016, our farm was growing over 100 million pounds of peppers a year on 1,750 acres and Huy Fong Foods was our primary customer.

Then suddenly in 2016, Huy Fong terminated our contractual relationship without notice, causing us to lose 80 percent of our revenue, lay off 50 percent of our workforce, and suffer millions of dollars in damages. While we tried our best to preserve the business relationship, we ultimately filed claims against Huy Fong for terminating the relationship without the required notice. In July 2019, a jury found that Huy Fong breached its contract and committed fraud by intentionally misrepresenting and concealing

information. We were awarded \$23.3 million in compensatory and punitive damages. Huy Fong appealed the verdict, and as a small business, we lacked funds to maintain our operations and pay additional legal fees to defend a lengthy legal appeal. By the time of the appeal, we had lost millions in revenue and incurred significant legal expenses. With the appeal, it would have been a while before we collected our recovery, assuming the verdict was reaffirmed. That's where Burford Capital, a commercial legal finance provider, stepped in. Burford committed \$4 million of capital in a partial monetization of the jury verdict. We were able to use Burford's capital to keep our business afloat, transition to other crops, and, importantly, pay our lawyers. As I said on 60 Minutes, Burford stepped in and helped us out when we couldn't have received money from anybody else; the funding was a lifesaver for my family's business. It bridged the gap between the trial and the appeal, which culminated in July 2021, when the Court of Appeal unanimously affirmed the trial judgment.

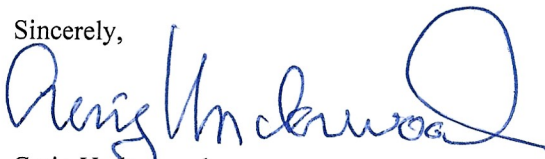
Some claim that litigation funding is too expensive, or that it takes advantage of claimants like me. I want to be clear that Burford was upfront with me about the costs of funding, and the document I signed laid out the terms clearly and accurately. I understood the deal I was entering into, and I firmly believe it was in the best interest of the business. And because the funding was non-recourse, we would have been able to keep the funds Burford provided regardless of the appeal's outcome, providing immediate liquidity to a business facing even greater hardship due to the Covid-19 pandemic.

While I recognize that some claim there is a need for transparency with respect to litigation funding, I believe that such proposals would greatly restrict the availability of litigation funding to businesses like my family's farming operation. If we had been forced to disclose our financial situation to Huy Fong at the time of the appeal, that could have given them a strategic advantage. I am also told that forcing disclosure is often used only as a delaying tactic, to make an already slow legal system even less efficient.

I believe the calls for transparency here are one-sided and clearly intended to give the upper hand to large companies so they can see whether smaller businesses like mine with less access to capital can afford long, complex and expensive litigation, much like our case. This also could result in the exposure of confidential or privileged information that would be used against the funded party. If a proposal like that were to become law, small businesses will be less inclined to use outside financing and might be forced to accept lower settlements or abandon good claims, which seems to be the ultimate goal of those like the U.S. Chamber who are advocating for forced disclosure.

Thank you for your consideration of my views. Please contact me if you would like to further discuss my concerns.

Sincerely,

A handwritten signature in blue ink that reads "Craig Underwood". The signature is fluid and cursive, with a large loop at the end of the last name.

Craig Underwood
Owner, Underwood Ranches