



ICYMI: House Committee Advances Third Party Litigation Funding Transparency Reform

Lansing, MICH (April 16, 2026) – The Michigan Alliance for Legal Reform applauds passage of HB 5281, which would deliver common sense transparency and guardrails for a judicial financing practice called third party litigation funding (TPLF).

Through TPLF, outside investors finance lawsuits in exchange for a cut of the final award or settlement. TPLF operates in Michigan with little to no oversight or transparency, creating a host of problems for plaintiffs and defendants alike. HB 5281 addresses all these concerns without prohibiting TPLF, with reforms that:

- Requires funders to register with the state and disclose with parties in a lawsuit, ensuring TPLF operates with transparency.
- Caps funder earnings from lawsuit awards or settlements, ensuring plaintiffs receive the compensation they deserve.
- Prohibits funder influence on lawsuits, ensuring justice, not dollars, is the guiding compass in our legal system.
- Bans foreign adversaries from funding lawsuits, protecting national security interests across our state.

“Without oversight, guardrails and transparency measures, bad actors can use third party litigation funding as an unregulated investment tool that undermines the integrity of our legal system for plaintiffs and defendants alike,” **said Zach Rudat, Director of the Michigan Alliance for Legal Reform.** “With common sense reforms, Lansing can ensure judicial financing tools are accessible without sacrificing fairness, transparency, or the fundamental pursuit of justice.”

The Michigan Alliance for Legal Reform is a coalition of 45 Michigan associations and employers dedicated to reining in lawsuit abuse and restoring balance and fairness in Michigan’s legal system. Learn more at MIAllianceForLegalReform.com.

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