



Alliance Applauds Bipartisan House Passage of Third Party Litigation Funding Reforms

Lansing, MICH (May 12, 2026) – The Michigan Alliance for Legal Reform applauds the bipartisan House vote on [HB 5281](#), common-sense legislation that delivers much needed oversight and guardrails on third party litigation funding (TPLF).

TPLF allows outside investors to finance a lawsuit in exchange for a cut of the final settlement or award. Without proper oversight and guardrails, TPLF can operate as an unregulated investment tool that puts plaintiffs and small businesses in harm's way. [House Bill 5281](#) seeks to implement safeguards without prohibiting TPLF:

- 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.

“With common-sense reforms, Lansing can ensure judicial financing tools are accessible without undermining our legal system or putting litigants in harm's way,” **said Zach Rudat, Director of the Michigan Alliance for Legal Reform.** “We applaud the bipartisan House vote on third party litigation funding reform and look forward to further progress in the Senate.”

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.

Contact: Zach Rudat, MI Alliance for Legal Reform, zach@MIAllianceforLegalReform.com or 989-640-8140.