Congress mulls transparency bills to limit booming industry of undisclosed third-party litigators

Litigation funders are hedge funds, credit lenders, and venture capitalists who front legal costs in exchange for a percentage of any monetary reward. They offer financing to legal firms and plaintiffs fighting major class action lawsuits and tort cases they normally couldn’t afford.

Proponents and industry leaders claim these funding arrangements help empower smaller litigants against massive corporations that wronged them and that may have some merit. But it is also pushing the tools of justice into unknown territory that could be vulnerable to exploitation.

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Speaker of the House Mike Johnson (R-LA)... last year filed a bill to force disclosure of any and all foreign third-party litigation funders in court. The bill would also outlaw litigation finance—direct or indirect—by any foreign government or sovereign wealth fund.

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A Senate bill introduced by Senators John Kennedy (R-LA) and Joe Manchin (D-WV) turned an eye to foreign-funded lawsuits “undermining our economic and national security.”

Beyond national security implications, litigation finance is a creative and unique way to gamify legal proceedings, transforming justice into a game of chance mirroring prop bets and sports wagers.

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If we want to uphold true justice in America and keep our system fair and accessible, we must turn a spotlight on third-party litigation funding. We all have a stake in it.

This is an excerpt. Read the original post here