

# The costly truth behind secret litigation deals

By **Stephen Waguespack**

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There's a myriad of factors impacting the costs of goods and services these days, but there's one you probably haven't heard much about. Hidden in the depths of America's legal system is a booming industry that's helping drive up the price of everything from your morning coffee to your monthly insurance bill, and most people have no idea it exists.

Third-party litigation funding was virtually nonexistent twenty years ago. Today, it's grown into a massive enterprise run by foreign investors, foreign governments, and specialized [hedge funds](#) that view America's courtrooms as just another place to turn a profit while everyday Americans pay the price.

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Here's the problem: when outside money controls the litigation, outside interests often dictate the strategy, pushing for maximum settlements that prioritize their investments, regardless of merit. Litigation already costs American families roughly [\\$4,200 annually](#) through higher prices from the grocery store to the roof over their heads. Litigation funding accelerates this trend.

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Yet federal law requires no disclosure of these outside arrangements. Our courtrooms shouldn't become tools for such secretive manipulation.

Fortunately, solutions are emerging and there is momentum on our side. For example, just this month, Sen. [Chuck Grassley](#) (R-IA) introduced [legislation requiring disclosure of third-party litigation funding](#) in federal class actions and multi-district litigation. Other proposals also working their way through Congress

would [require full transparency when foreign entities fund U.S. litigation](#) and prohibit foreign governments and their investment funds from financing American lawsuits altogether, limit the [sweetheart tax breaks](#) that litigation funders receive, or require disclosure in all federal civil litigation.

The momentum is building at the state level too. Thirteen states now have disclosure laws on the books, with six – Arizona, Colorado, Georgia, Kansas, Oklahoma, and California – passing legislation just last year. Montana has strengthened their existing laws. This year, at least thirteen more states are advancing similar reforms, including first-time proposals in Washington and Michigan. More states are in the works. Recently, the U.S. Court of International Trade also put in place its own [disclosure requirement](#). And the entire federal court system is considering potential litigation funding disclosure requirements in federal civil cases – a significant step toward establishing consistent federal standards.

At the U.S. [Chamber of Commerce](#), we're working alongside state and federal policymakers to push for transparency because it affects both American businesses and the families they serve. We're backing litigation funding reforms in Congress and the courts, and we're championing reforms in state capitals to end the secrecy that lets this industry operate unchecked and undisclosed.

This isn't about blocking legitimate claims. It's about making sure everyone knows who's really calling the shots. When outside parties profit from litigation, everyone else in the courtroom deserves to understand who they are and what influence they hold. How else can conflicts of interest be addressed when they are routinely hidden from courts and opposing parties?

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The tide is turning. What started as a handful of states recognizing this problem has become a nationwide movement. Lawmakers and engaged citizens alike are realizing this funding is a key driver of rising costs for families already struggling with affordability.

The more we can all do to help people understand this issue, the harder it becomes for this industry to operate in secrecy, and that's how real change happens.

*Stephen Waguespack is the president of the U.S. Chamber of Commerce's Institute for Legal Reform.*