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Wisconsin Becomes First State to Require Plaintiffs to Disclose Third-Party Litigation Financing Arrangements

As the result of a measure enacted on April 5, 2018, Wisconsin now requires plaintiffs in all civil actions to fully disclose outside financing arrangements with hedge funds and any other legal financing organizations (2017 Wisconsin Act 235). Wisconsin is the first state in the country to pass legislation requiring such disclosures. The law mandates that parties provide details of any agreements by which anyone other than the attorneys directly involved with the case have a right to compensation from the proceeds of a civil action.

The provision is one of several in 2017 Wisconsin Act 235, a law signed by Gov. Scott Walker (R) on April 3, 2018. Act 235 also includes new limits on discovery, rules shortening the statutes of limitations in certain types of suits, and changes the appeals process for class action certification rulings. The bill was supported by the business community, the defense bar, and lobbying groups including the U.S. Chamber of Commerce, the National Federation of Independent Business, the Property Casualty Insurers Association of America, and the Wisconsin Defense Counsel. The measure was opposed by the plaintiffs' bar, including the Wisconsin Association for Justice and the Alliance for Responsible Consumer Legal Funding.

If you have any questions about Act 235, Paul E. Benson will be happy to answer them.

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