Litigation Funding for Law Firms

What is Litigation Funding?

At its most basic, litigation funding is an investment in a legal claim by an independent third-party. **Funding takes many different forms**, such as payment of fees and expenses for a single case or portfolio of cases (sometimes involving multiple firm clients), and monetizations.

Not a loan. The funder is making a non-recourse investment in the outcome of a case, and only receives a return if the case is successful (*e.g.*, settlement, award, or judgment). **If the case is unsuccessful, the funder receives nothing**.

How Can Litigation Funding Help?

Client retention and business development. In addition to maximizing opportunities among existing clients, funding also opens-up new business development opportunities. For example, partnering with a funder makes available solutions not accessible to attorneys working alone.

Increase revenues while managing risk. Besides generating new opportunities, funding offers steady a revenue stream (through monthly fees paid by the funder), accelerated time-to-money (wire sent just weeks or days after time billed), and the ability to offer clients full-fee contingences without the firm taking on the risks typically associated with such arrangements.

Help your clients. Litigation funding can help your clients by: (1) paying **attorneys' fees and expenses**, (2) making **catch-up payments** for previously incurred fees and expenses, (3) **lessening financial burden/fee fatigue** by shifting litigation costs to the funder while smoothing collection of receivables for the firm, and (4) offering **claims monetization** (immediate cash infusion) that allows your client to realize and book an accelerated recovery before the case is over, guaranteeing a financial return, even if the case is unsuccessful.

Give clients the freedom to work with counsel of choice. Because the funder is paying fees and expenses, your client can select the firm of their choice without pricing constraints.

What is the Funder's Role?

Longford is a **passive investor**—claim owner and counsel retain complete control.
Longford **does not control** strategy or settlement decisions.
Longford **does not interfere** with counsel.
Longford **does not practice law** or provide legal advice.

What Else Should I Know Up Front?

Counsel must share risk. Because aligning interests is important, most funders require the firm to share risk through a reduced-fee arrangement, which represents counsel's "skin-in-the-game."

Rigorous due diligence process. Because of the risks associated with litigation funding, funders conduct extensive diligence before deciding whether to fund a case.

Timing. Depends on several factors (*e.g.*, case complexity, comprehensiveness of the initial submission to funder, and preparedness/responsiveness of counsel and client), but on average, the entire process takes between three and five months from initial contact to signed funding agreement.

Profit-sharing. In exchange for assuming the lion's share of the financial risk, the funder typically seeks to recover a multiple of its investment, with the specifics varying based on the particulars of each case.

Deal structure. There is no "typical" structure, but two concepts regularly used in funding contracts provide: (1) "first money out" to the funder to recoup its investment, and (2) a preferential return on money invested. From there, almost everything else can be customized to satisfy the needs of the client, counsel, and funder.

Who is Longford Capital?

Longford was one of the first litigation funds in the U.S. and is among the largest litigation finance companies in the world. We have more than $1 billion in assets under management for investment in meritorious legal claims and have deployed capital to support more than 300 cases.

LONGFORD shorthand

35 West Wacker Drive, Suite 3700, Chicago, Illinois 60601 (312) 212-8240 | Longford Capital Management, LP | 1700 Pacific Avenue, Suite 1035, Dallas, Texas 75201 (972) 761-5215