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Tressler



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LITIGATION FINANCING: IS IT THE ANSWER TO YOUR COMPANY'S BIG CLAIM DILEMMA?

Earlier this month Tressler partner, Kenneth M. Sullivan, spoke with William P. Farrell, Jr., a co-founder and managing director of the Chicago-based commercial litigation finance company, Longford Capital. For many years, Sullivan and Farrell worked together as partners in the litigation department of Gardner, Carton & Douglas prior to the firm's merger with Drinker, Biddle & Reath. The following are questions often raised about the largely unknown industry of litigation finance with answers provided by the directors of Longford Capital.

Q: WHAT IS COMMERCIAL LITIGATION FINANCE?

A: Commercial litigation finance is a rapidly growing form of specialty finance used by companies pursuing meritorious legal claims. Litigation finance firms provide capital to companies to pay attorneys' fees and expenses incurred in litigation. Litigation financing is not a loan, but a non-recourse investment in the outcome of a meritorious, commercial legal claim. Typically, if the claim is resolved successfully, either through settlement, award, or judgment, the litigation finance company will recover its investment, plus an agreed-upon return; if the case is unsuccessful, the litigation finance company is owed nothing. Litigation finance is used by public and private companies of all sizes, and for many different reasons.

Q: WHAT ARE SOME OF THE REASONS COMPANIES UTILIZE LITIGATION FINANCE?

A: Companies use litigation finance for many different reasons. Litigation finance enables companies to pursue valid legal claims under a variety of circumstances, including where a company desires to spread litigation risk and avoid expense; is unable to make the required investment to pursue a claim; is experiencing liquidity problems; is faced with budgetary constraints; is seeking an alternative to the traditional hourly billing model; or prefers to deploy capital toward core business operations. Litigation finance enables companies to avoid the high costs of litigation without forgoing meritorious legal claims. Litigation finance enables companies to treat legal claims as discrete assets capable of being partially or completely financed.

Q: ARE CORPORATE LAW FIRMS RECEPTIVE TO LITIGATION FINANCE?

A: Yes. Law firms benefit from litigation finance. At Longford Capital, most of our investment opportunities are brought to us by leading law firms. Law firms are facing increasing pressure from their clients to reduce hourly billing rates and to offer alternative billing arrangements. Clients are seeking alternative fee structures from their outside counsel while still demanding the highest levels of service. Litigation finance enables law firms to offer alternative fee structures to their clients without bearing the risks usually associated with such arrangements. Litigation

finance presents a winning proposition for law firms and clients, alike. Also, law firms utilize litigation finance to fund out-of-pocket expenses in contingent fee arrangements and transfer risk in a variety of alternative fee arrangements.

Q: WHAT TYPES OF CASES ARE MOST ATTRACTIVE TO LONGFORD CAPITAL?

A: Longford Capital finances attorneys' fees and expenses incurred by companies pursuing meritorious legal claims with \$25 million to more than \$1 billion in controversy. We typically invest \$1 million to \$10 million per case, and we focus on certain types of business-to-business claims including, breach of contract, fraud, breach of fiduciary duty, antitrust and trade regulation, intellectual property (patent, trademark, copyright, and trade secret), bankruptcy, and insurance coverage matters. We consider cases across the United States and beyond in numerous industries and jurisdictions.



(Left) Tressler LLP Partner: Kenneth M. Sullivan, (Center) Longford Capital Co-founder and Managing Director: William P. Farrell, Jr. and (Right) Tressler LLP Partner: Andrew J. Purcell

Q: WHAT DISTINGUISHES LONGFORD CAPITAL FROM OTHER COMMERCIAL LITIGATION FUNDERS?

A: Commercial litigation finance is a relatively new form of financing in the United States, and only a small number of litigation finance companies operate in the U.S. Unlike some of our competitors, Longford Capital is a private U.S.-based investment company that enables us to be flexible in pricing and transaction structure to best accommodate our clients' objectives. We possess a dedicated fund of immediately available capital, and are led by a team of executives with deep experience in business, finance, and litigation. We use a proven underwriting process that results in quick decisions and responsiveness. Corporate GCs and business owners seem to appreciate our approach. To learn more about our company please visit our website, www.longfordcapital.com.