



Litigation Finance's Risk Management Strategies Benefit Claim Holders. Here's How.

By John Garda

Litigation is rife with risk. At stake in the **hundreds of thousands** of civil lawsuits filed annually are tens of billions of dollars in attorneys' fees and expenses alone—not to mention judgments and settlements. There's no perfect formula for success either, as no two cases are the same.

Litigation finance firms like Longford Capital help businesses, law firms and organizations from universities to government entities manage these uncertainties by assuming the financial risk. We provide funding on a non-recourse basis, so claim holders owe us nothing if they lose the case.

Since our founding in 2011, Longford has developed robust strategies to prepare for the unexpected. In what follows, we'll share how these strategies benefit claim holders, as well as litigation fund investors.

Managing Litigation's Risks

There are a wide range of issues that can spring up at all stages of the litigation life cycle, from the pre-filing phase to appeal. Defendants often attempt to delay proceedings, judges can retire or recuse themselves, and economic trends may change the calculus for parties on whether to settle or go to court, for example. As the last few years have shown, external events (like a pandemic...) can also throw a wrench into proceedings, slowing trials across the board.

Longford's most critical strategy for addressing these concerns lies in investing only in the most meritorious and high-value claims that have a strong likelihood of success. Our highly experienced litigators with deep subject-matter knowledge thoroughly investigate potential investments through detailed legal research and extensive document review.

Backing from a litigation finance firm like Longford is a strong hedge against risk. But claim holders also stand to benefit from other risk-management strategies baked into our funding agreements.

Strive for Efficiency

The longer a claim takes to resolve, the more expenses are incurred along the way—especially attorneys' fees. That is why litigation finance firms reward efficiency in resolving claims.

Longford's funding agreements typically set a customized cap for the amount invested in a claim, with provisions that maximize claim holders' receipt of the settlement or judgment amount the sooner the case is resolved. Those agreements also provide flexibility for additional capital injections, as needed. Claim holders should consider ways to resolve claims efficiently and how to their established litigation budgets to avoid losing out on potential returns.

For example, disclosing the backing of a litigation finance firm can sometimes accelerate a case's resolution. When defendants realize their opponents not only have a strong claim but are also well-funded—since litigation finance firms assume the costs and risks—they may be incentivized to settle quickly rather than pursue protracted and expensive litigation.

Take Cues from Experienced Litigation Funders

Our litigation finance team has a sophisticated understanding of the factors and overall landscape influencing litigation in the U.S. Beyond their experience as litigators, Longford's investment team has the advantage that comes with underwriting thousands of claims and monitoring them over the course of the litigation, compared to litigators that may only work on a handful of cases in a year.

Agreements typically provide litigation finance firms with the option to discontinue funding in certain cases. When setbacks arise, claim holders should look to their litigation finance partner. Longford has a track record of success backing appeals, so if we opt to invest further after circumstances change, that can speak volumes about the claim holder's likelihood of success—and inform the litigation strategy going forward.

Confidence in Security and Stability

Longford is more than just a financial backer. We are strategic partners and trusted advisors who assume the risks of litigation and are invested in our claim holders' success. In fact, claim holders are increasingly turning to Longford as an experienced guide in many different aspects of litigation, including settling claims.

To ensure we can best support claim holders throughout the process, Longford pursues diverse investment portfolios, rigorous risk assessments and thorough contingency planning to ensure the firm's financial health for years to come. Even in this uncertain economic climate, claim holders should rest assured that Longford is well-equipped to weather market downturns, external setbacks, and other unpredictable challenges.

About the Author

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About Longford

Longford Capital is a leading private investment company that provides capital to leading law firms, public and private companies, universities, government agencies, and other entities involved in large-scale, commercial legal disputes. Longford was one of the first litigation funds in the United States, and is among the world's largest litigation finance companies with more than \$1.2 billion in assets under management, and having invested in the outcomes of more than 500 meritorious cases. Typically, Longford funds attorneys' fees and other costs necessary to pursue meritorious legal claims in return for a share of a favorable settlement or award. The firm manages a diversified portfolio, and considers investments in



subject matter areas where it has developed considerable expertise, including, business-to-business contract claims, antitrust and trade regulation claims, intellectual property claims (including patent, trademark, copyright, and trade secret), fiduciary duty claims, fraud claims, claims in bankruptcy and liquidation, domestic and international arbitrations, claim monetizations, and a variety of others. For more information, please visit www.longfordcapital.com.
