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## Longford sees growth in Australia

### Litigation-funding firm signs deal to review more cases

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The next lawsuit Chicago's Longford Capital Management LP invests in could come from the Land Down Under.

Australian firm JustKapital Litigation Partners Limited has inked a joint-funding agreement with Longford, a move intended to expand the number of lawsuits the two firms can review and ultimately invest in.

"The idea is to combine to become an even more powerful force in this asset class in Australia and in Asia," said William P. Farrell Jr., who left the Neal, Gerber & Eisenberg LLP partnership in 2011 to co-found Longford.

The joint venture represents a combination between the oldest litigation funding market and one of the youngest as well as creating a model to spot more investments without adding headcount.

Staking the costs for corporate plaintiffs to pursue lawsuits in exchange for a cut of any outcome, litigation funding began in Australia in the last 20 years. It has made inroads in America in the past 10 years.

Longford Capital had raised \$56.5 million as of its latest secu-

rities filing in July last year. The firm invests in patent litigation, commercial contract disputes, antitrust complaints and others, so long as the lawsuit is deemed to have at least \$25 million in potential damages.

Farrell said the firm had so far invested in 11 "portfolios" of litigation, which range from one lawsuit to 17 in one instance. The firm has settled "a number" of cases, Farrell said, allowing it to make distributions to its investors. He declined to disclose specifics about the number or value of those payouts.

Much of a litigation funder's business involves reviewing lawsuits as potential investments. As of June 30, Farrell said Longford had reviewed 237 cases, declining to invest in 85 to 90 percent of those.

Teaming up with JustKapital will grow the number of cases it reviews as well as the geography of those lawsuits.

Under terms of last week's five-year agreement, JustKapital will provide Longford an opportunity to invest alongside it in each of its new investments. Longford will do the same for JustKapital, and decisions to co-invest will be made on a case-by-case basis by each firm.

JustKapital's Executive Chairman Philip Kapp said in a statement that the agreement would increase the firm's "territorial focus" and "gives JustKapital a co-investor with substantial financial resources."

It also provided a boost for



William P. Farrell Jr.

JustKapital's share price.

The company's shares jumped 18 percent on the Australian Securities Exchange in two days of trading following the announcement Wednesday. They now trade around 20 cents (Australian).

The agreement grew from a relationship between Kapp and William Strong, who joined Longford in March last year after retiring from his position as co-CEO of Morgan Stanley's operations in Asia. He worked at the Wall Street bank for 21 years, and in that time met Kapp, a leading private equity lawyer in Australia who founded JustKapital in August.

Kapp and Strong stayed in contact during their respective transitions to the litigation funding world, Farrell said.

"As we realized that the demand for our form of financing continues to grow in Australia, certainly in the U.S. and other parts of the world, we began to

talk about the added benefit of working together on cases in Australia," Farrell said.

"And we're hoping to leverage the relationships that we have built up and that the leaders of JustKapital have built up in Asia Pacific more broadly."

The deal is a way to grow the number of cases that a funder can review. It differs from the lawyer-hiring approach taken by a significantly larger Chicago-based litigation funding shop, Gerchen Keller Capital LLC.

It has been hiring lawyers to review cases as potential investments. GKC has more than \$800 million in assets compared to Longford's \$56.5 million.

Travis D. Lenkner, a GKC managing partner, said the firm has a full-time staff of 14 with plans to grow. Most of those 14 are lawyers hired from firms including Sidley, Austin LLP, Kirkland & Ellis LLP and Katten, Muchin, Rosenman LLP.

"The demand is strong, both on the legal side as well as on the investor side," Lenkner said, referring to law firms who want to utilize the firm's capital and the investors who would provide it. "We continue to see interesting opportunities across all types of commercial litigation."

Farrell echoed that sentiment.

"We're now getting calls from law firms around the world," Farrell said, referring to law firms seeking capital from Longford to finance their lawsuits. "And that's exciting for a Chicago-based company."