

LITIGATION FUNDING FOR CLAIM OWNERS

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 attorneys' fees and expenses, and monetizations.

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

Counsel must share risk. Because aligning interests is important, most funders require litigation counsel 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, each funder conducts 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 claim owner and counsel), 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 both the claim owner and funder.

What Should I Know Up Front?

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.

How Can Litigation Funding Help Claim Owners?

Paying attorneys' fees and expenses. The funder pays fees and expenses on claim owner's behalf throughout the litigation in exchange for a portion of future litigation recovery, if any.

Catch-up payments. For pending cases, the funder makes a one-time catch-up payment to claim owner—for previously incurred fees and expenses—after signing a funding agreement. Catch-up payments can also be made directly to the firm for any unpaid bills.

Lessens financial burden and fee fatigue, and hedge risk. Shifting litigation costs to the funder helps relieve financial pressures, control costs, hedge risk, and ensure capital remains dedicated to core business operations.

Claims monetization—immediate capital infusion. The funder makes a lump-sum payment (or series of payments) directly to claim owner in exchange for a portion of future litigation recovery. This enables claim owner to realize and book an accelerated recovery before the case is over, and guarantees a financial return, even if the case is ultimately unsuccessful.

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.



L O N G F O R D shorthand