

Litigation Finance

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Legal finance is growing and becoming more sophisticated

- ▶ #1 factor cited by lawyers in choosing a legal finance provider is “expertise/track record” (45.6%) and the least is “cost of capital” (33.3%)
- ▶ 80% of lawyers agree that legal finance is an essential law firm new business tool.
- ▶ 73.9% of lawyers see legal finance as a growing and increasingly important tool.
- ▶ 72.4% of lawyers cite as a ‘very important/important benefit that legal finance allows firms to invest in growth and use capital efficiently.’
- ▶ Awareness of legal finance and the companies providing these services continues to increase, but trends show a lack of understanding of legal finance showing continuing education around this issue is important.
- ▶ The results of the Burford 2019 Legal Finance Report: A Survey of In-House and Law Firm Lawyers, data from 509 professionals reveals that legal finance is continuing to grow in use and sophistication, with lawyers predicting more use in the event of a recession.

<https://www.burfordcapital.com/wp-content/uploads/2019/10/Burford-2019-Legal-Finance-Report.pdf>

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Notable Funds

- ▶ MSD Partners
 - ▶ An Investment fund backed by Dell Computers founder, Michael Dell, has invested \$70MM into the post-settlement litigation finance space.
- ▶ Harvard committed capital to a \$500 million fund that IMF Bentham raised in 2019
- ▶ Tech-driven litigation finance firm, Legalist raises \$100 million for latest fund.
 - ▶ First investment vehicle only raised \$10.25 million in 2017

<https://litigationfinancejournal.com/michael-dell-invests-litigation-finance/>
<https://www.wsj.com/articles/tech-driven-litigation-finance-firm-raises-100-million-for-latest-fund-11568322946>

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Highlighting Opportunity

- ▶ 15 million civil cases are filed in the United States every year.
- ▶ Nearly 90% of US corporations are engaged in litigation.
- ▶ \$3.4 million and \$2.8 million - Average funding sought by in-house and law firm respondents, respectively.
- ▶ \$33.5 million and \$28.8 million - Average claim value of funded cases brought by in-house and law firm respondents, respectively.
- ▶ 414% -- Growth in use by US law firms from 2013 to 2017.

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First appeared as part of the conference materials for the
24th Annual Advanced Patent Law Institute session

"Managing Economics: Patent Insurance and Litigation Financing"