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LAW FIRM BUSINESS

## Litigation finance company expands, opening in San Francisco

By Joshua Sebold  
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**L**itigation finance company Bentham Capital LLC announced Monday the opening of a new office in San Francisco, the organization's third office in the U.S. and its second in California.

Bentham poached Latham & Watkins LLP litigation partner Matthew D. Harrison to head the new office. Bentham also announced Monday it had added Akin Gump Strauss Hauer & Feld LLP senior litigation counsel David M. Gallagher as an investment manager in the company's Los Angeles office.

Ralph Sutton, the chief investment officer for Bentham's U.S. operations, said the startup community in the Bay Area is an obvious match for litigation financing, given the fact that nascent companies in emerging fields can run into legal trouble, but often lack the deep pockets needed to address them.

"Startups naturally don't have a lot of spare cash for litigation. They're a perfect match for a funder," Sutton said. "They also are risk oriented, they're putting their careers on the line to make their business work."

Litigation finance, which has become a well-developed industry in Australia and

the U.K., is the practice of a third party investing in one side of a legal dispute by funding the costs of litigation.

This allows clients, typically small businesses that can't afford to litigate commercial disputes, to take adversaries to court when they otherwise wouldn't be able to do so.

If the case is won, the litigation finance firm takes some of the cut for itself. The practice has become increasingly common in the U.S. in recent years.

Sutton added that Bentham does invest in patent cases, although it limits that activity to less than a third of the company's entire portfolio.

"We have been initially successful in them," he said. "We invest in them with great caution and trepidation because of the way in which the law has been evolving to make it more difficult for right holders to pursue their remedies."

Harrison said he has now become one in a growing line of Latham litigators who have gone to work for litigation finance companies, including some with whom he will now be competing.

He said Allison K. Chock, another Latham alum who opened Bentham's Los Angeles office in September 2013, helped recruit him to his new post.

Harrison said he jumped at the chance to do something more entrepreneurial with his legal career and he's excited to use his previous experience helping to recruit attorneys to Latham as he builds out Bentham's new office.

Maya Steinitz, another former Latham litigator, currently associate professor at The University of Iowa College of Law, said San Francisco is a logical location for a litigation finance firm to set up shop.

"California has a large economy and is the home of industries, such as the high tech industry and Hollywood, that breed large disputes of the kind that ... litigation finance companies are looking to invest in."

Gallagher said he had been thinking about the concept of how lawsuits can affect investments when Bentham contacted him.

"I was representing some investment funds back at Akin Gump who were interested in the progress of certain lawsuits because they had taken positions on one side or another."

Gallagher added that he is an active member of the Association of Business Trial Lawyers in Southern California and the relationships he's cultivated there will benefit Bentham.