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## LITIGATION

## Litigation financing accelerates

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**D**emand for litigation financing tripled in 2014 for Burford Capital Ltd., one of the largest and most prominent companies in the space.

The New York-based firm, which is publicly traded on the London Stock Exchange, saw a 43 percent increase in operating profit, but that isn't what demonstrates increased demand, said Christopher P. Bogart, Burford Capital's chief executive officer.

Income shows the results of decisions made several years ago, Bogart said, whereas "what shows you demand today is the amount committed to new investments in 2014." For Burford Capital, that amount is \$150 million — three times the amount committed to new investments in 2013.

The uptick, Bogart said, was emblematic of the fact that litigation finance continues to gain momentum and acceptance.

"When we started five years ago, much of what we were doing was explaining to lawyers for the very first time the concept. It was educational," Bogart said. "Today, most lawyers have heard of the concept, so the dialogue has shifted from education to the question of how lawyers can use this to help their clients and build their practices."

Popularized in Australia and the U.K., commercial litigation finance began to take off in the U.S. after the recession began in 2008. Funds invest in all or a piece of the litigation and take a percentage of the winning verdict and nothing if they lose. An increasing proportion of the financing — nearly 50 percent — is in the form of multi-case portfolios, indicating that companies are now bringing forth sets of legal matters, rather than single cases.

"It provides access to justice to those who might otherwise not be able to afford to bring a case," said Allison K. Chock, the head of Bentham Capital LLC, a West Coast subsidiary of an Australian firm that pioneered litigation financing. And it can increase lawyers' revenue and profitability through risk sharing and access to capital, Chock said.

Bentham also saw increased demand in 2014. The number of deals it funded quintupled from the previous year and has continued to rise, with roughly twice as many investments in the past six months as in the previous 12. Bentham's total portfolio has risen 19 percent since June 2013.

"It's clear that litigation funding is going to become an important component of our legal system," Chock said, adding that Bentham is likely to open a new San Francisco office in the next few months.