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Litigation finance fund invests \$30M across seven law firms

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Bentham IMF, a major litigation finance fund, has decided to commit \$30 million to fund a portfolio of at least 60 cases handled by seven U.S. law firms on a variety of matters, including intellectual property, insurance coverage, entertainment, healthcare and contracts.

Bentham's move, announced Monday, represents a break from the traditional model of funding single cases or a slate of cases within one firm. The fund previously committed capital based on specific case merits and prospects for financial recovery, according to Bentham Investment Manager Allison K. Chock. Funding based on a law firm's existing track record and total case value is territory Bentham only began to explore in late 2013.

"Portfolio funding is a structure that's

been available for a little over two years, but in the past year, we've seen a big uptick in people beginning to understand it and take us up on the offer," Chock said.

Commercial litigation funds, which started in Australia, have expanded rapidly in the U.S. over the past few years. Despite initial reservations from some lawyers, the practice has become widely accepted with funds now involved in the nation's biggest litigation matters. Bentham recently partnered with Quinn Emanuel Urquhart & Sullivan LLP to help fund litigation against Volkswagen over its fraudulent emissions software.

Roughly 40 percent of the \$30 million in Bentham's new portfolio fund has gone towards insurance coverage matters, the company said in a news release, and 25 percent each is dedicated to commercial disputes and intellectual property cases. The remaining 10 percent is dedicated to qui tam whistleblower

cases involving health care fraud and other claims.

Chock declined to disclose six of the firms in the portfolio fund but the seventh is Redwood City-based Law Offices of Jeffrey F. Ryan. Ryan said he sought Bentham's capital because of the rising costs of his qui tam cases. The additional resources allowed him to eventually secure \$75.5 million in settlements, he said.

Jonathan T. Molot, chief investment officer at Burford Capital LLC, Bentham's chief rival, said his fund has offered portfolio-based funding since 2010. In 2014, portfolio fund clientele represented 48 percent of Burford's capital commitments, he said.

There's a number of advantages to portfolio-based financing; it eliminates the risk of hedging bets on the success of an individual case, reduces paperwork and helps to facilitate repeat clients, Molot said.