Why use Third Party Litigation Funding?
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Why would a CFO look for third party funding (TPF) ?

Litigation is not the company’s core business!

TPF enables better use of company cash
- Cash preservation
- Cash increased returns (e.g., through stock buyback)
- Cash used to grow or turn around the business
Why would a CFO look for third party funding? (continued)

TPF mitigates inherent risks of litigation (see “Funding process” presentation)
- Indemnity to cover for the opponent’s costs if claim is lost – certain jurisdictions
- Due diligence of claims by TPF validates quality of claim
- Force Multiplier – strong message sent to opponent

Optimal accounting treatment for companies
- Ongoing bills no longer expensed and moved off balance sheet
- Provisions may be reversed
- Any profit from successful outcome booked as non-recurring income
Redress’s financial due diligence

Is the defendant good for the money?

- Research conducted on defendant’s financial wherewithal (data available in the public domain)
- Is the defendant insured? (industry practice, extent of cover etcetera)
- Will enforcement of judgement against defendant be difficult? (location, serial non-payer etcetera)

Is the claimant reliable both as a witness and likely to remain solvent throughout
TPF Pricing

Funder’s return based on multiple of Committed Capital (MOCC)

- MOCC vs MOIC (multiple of invested capital)
- Multiple will reflect the circumstances of each case
- Multiple increases after signature of the funding agreement

Funders now revising pricing to avoid share of damages