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# Litigation Funder Plans Bay Area Expansion

Ben Hancock, The Recorder

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SAN FRANCISCO — Chicago-based litigation funder Longford Capital Management is planning an expansion of its operations to the Bay Area, joining a growing wave of finance firms seeking to capitalize on high-stakes business litigation in the region.

"We are speaking to at least a couple of different lawyers from top firms in the San Francisco-Silicon Valley area that are interested in working with us," William Farrell Jr., a managing director at Longford, told The Recorder when asked about rumors of the expansion.

Farrell said whoever the firm ends up recruiting will be based in the Bay Area to lead the firm's investment activity here. He said the firm has "no impending plans" to open a brick-and-mortar office.

In contrast to other major litigation funders such as Bentham IMF or Burford Capital that are publicly traded, Longford is set up as a private equity fund. Its chairman, William Strong, was previously co-CEO for the Asia-Pacific region at Morgan Stanley. He joined Longford in 2014.

A number of other funders have set up shop in the Bay Area in the last year. Australia-headquartered Bentham opened its office in November 2015 after [recruiting two Latham & Watkins attorneys](#). Lake Whillans Litigation Finance, a New York-based outfit, opened an office in Silicon Valley in March.

Litigation funding is a nascent industry in the United States, and gained its first U.S. foothold in New York. Commercial funders typically provide capital for legal fees to plaintiff companies that can't afford top-shelf legal counsel in pursuing claims against deep-pocketed opponents.

The terms of these loans often see the funder carrying home several times the principal if the case is successful. But the investment is high-risk. If the case fails, the funder gets back nothing.

Farrell said Longford will only fund "highly meritorious" claims where provable actual damages total \$25 million or more. He explained that the firm is drawn to the Bay Area in part because it is a hotbed for intellectual property litigation, an area where the firm wants to expand its investments. He added that Longford does not fund "patent trolls" or "nuisance suits."

Not all funders are keen on investing in patent cases, Farrell said, because of the uncertainties facing plaintiffs since the passage of the America Invents Act and the U.S. Supreme Court's ruling in *Alice v. CLS Bank International*, which limited the scope of patentable material.

"We feel like we have a very well-tested due diligence process ... so we like our chances," Farrell said.

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