



Bankruptcy finance

Legal finance recovers value for bankrupt or distressed claimants.

Litigation poses a challenge for bankrupt or distressed claimants, where high-value claims can be valuable assets but which require significant capital investment to pursue. Traditional lenders may overlook litigation claim value that is independently accretive to more conventional collateral. Legal finance from Burford Capital allows stakeholders to extract maximum value from litigation claims that might otherwise not be brought at all or are abandoned or settled below their true value. By covering ongoing litigation fees and expenses or substantially accelerating the value of a litigation claim, legal finance can deliver millions in additional liquidity for a debtor or litigation trust to use to operate the estate or generate value for creditors.

Burford's US bankruptcy financing team understands the dynamics of an insolvency and has deep experience working with various stakeholder groups to underwrite, structure and price finance for a litigation claim or claims. In addition, Burford is the only major legal finance provider with an in-house global corporate intelligence and asset recovery team, which can operate on a fee-for-service or risk-based retainer.

HOW IT WORKS

- Finance is provided on a non-recourse basis shifting litigation risk to Burford
- Funding may be used for:
 - legal and professional fees and expenses related to the litigation
 - administrative or operating expenses for a debtor or trust
 - distributions to creditors
- Portfolio financing for multiple matters allows smaller/more speculative claims to be brought as well as funding for defense or non-monetary relief matters

BANKRUPTCY FINANCE BENEFITS

- Enables litigation claims to be prosecuted and maximum value to be realized
- Provides immediate liquidity for the insolvent estate and/or the acceleration of creditor recoveries
- Reduces risk for insolvent estate and creditors
- Flexible financing for all of the estate's needs

CASE STUDY: MONETIZATION TO PRESERVE CREDITOR RECOVERY

Challenge: Cox Operating, an established oil & gas producer in the Gulf of Mexico, suffered a series of operational and financial difficulties, including shuttering of oil production in one of its fields after the oil tanker M/V Atina had an allision with a key platform. Cox sued the ship owner and operators for \$200 million in damages, but it faced immediate liquidity challenges and retained Moelis & Company as financial advisors.

Solution: After assessing Cox's financial position, Moelis determined that the Atina litigation claim represented a significant potential source of independent value and initiated a process to accelerate the value of the litigation claim to generate immediate liquidity for Cox. After Cox filed for Chapter 11, Moelis conducted a 363 auction to sell the Atina litigation claim (among other assets). Burford won the auction with an offer of \$26 million at close, with Cox maintaining a small participation in net proceeds.

Impact: After the motion to approve the sale was filed, the Atina litigation settled for \$45 million, which was approved by the Bankruptcy Court as in the best interest of the debtor, along with a break-up fee for Burford. Burford's winning auction bid and the process of price discovery significantly contributed to the settlement and generated substantial incremental liquidity for the estate.

CASE STUDY: FUNDING FOR LITIGATION TRUST

Challenge: A litigation trust was created in GM's bankruptcy to pursue an avoidance action for the benefit of GM's unsecured creditors against the lending syndicate of a secured \$1.5 billion term loan after the security rights over certain GM assets were terminated prior to the bankruptcy. After the initial phase of the litigation, the Trust needed substantial additional funding to pursue the highly litigation-intensive claim against deep-pocketed financial institution defendants with top litigation counsel.

Solution: Burford provided \$15 million in non-recourse capital to the Litigation Trust to finance legal fees, expert and administrative expenses so that it could continue to aggressively litigate the avoidance action. The Litigation Trust documents explicitly permitted litigation funding and an independent trust monitor oversaw the funding process to ensure competitive terms for the Trust. Funding was approved by the bankruptcy court.

Impact: Burford's financing ensured that the Trust was well-resourced for significant litigation and provided the necessary capital to pursue litigation over the value of thousands of assets. The Trust secured a \$231 million settlement after nearly 10 years of litigation.

Why Burford?

- **Expertise:** Our team of 160+ is top ranked by Chambers in the field, and includes 60 lawyers who are fast and easy to work with.
- **Scale:** With a current investment portfolio of \$7 billion, Burford has unmatched capacity to finance matters.
- **Longevity:** We conduct diligence in-house and draw on multiple funding sources including our own permanent capital as a publicly traded company—speeding our process and optimizing our pricing.
- **Expertise:** We are the institutional-quality legal finance provider—dual-listed on the New York Stock Exchange (NYSE: BUR) and London Stock Exchange (LON: BUR) and with a track record and reputation that reflect well on our counterparties.

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