

# DISPUTE FINANCE: A Tool in the Toolkit for CFOs

## WHAT IS DISPUTE FINANCE?

“Dispute finance” or “litigation funding” is a form of capital available for a company to pursue meritorious litigation. A litigation funder will provide capital for legal fees, expert reports, mediator costs, and all other expenses of the litigation. The capital is advanced on a non-recourse basis. That is, if the case is successful, the litigation funder will receive a portion of the proceeds of the claim. If the case is unsuccessful, the funder loses its investment.

## HOW CAN DISPUTE FINANCE HELP A CFO?

### CASH FLOW MANAGEMENT:

Litigation can be a significant drain on cash flow. It is often expensive and protracted, and the budget is uncertain. By using dispute finance, the company can use its cash for its operations and growth, and use the funder’s capital for the litigation. When a claim is successful, revenues can be recorded (typically as an exceptional item) without the company having expended any cash along the way. If the claim is unsuccessful, as capital was provided by the funder on a non-recourse basis, the company pays nothing.

### DO NOT LEAVE AN ASSET ON THE TABLE:

Litigation claims are assets. Good corporate governance requires that a business at least explore whether there is a way to monetize that asset. Where advancing the claim may divert investment from other corporate priorities, dispute finance can allow the company to pursue its goals without leaving an asset on the table.

### INDEPENDENT ASSESSMENT OF THE MERITS OF THE CASE:

Litigation funders conduct robust due diligence before investing in a claim, and do so at their expense. They analyze the legal theory and supportive case law, gauge realistic damages, and evaluate the ability to collect payment from the defendant. This assessment helps the management team make an informed decision about whether to proceed with litigation.

### CONNECTIONS TO THE TOP LITIGATORS AND EXPERTS:

A litigation funder can provide introductions to top litigators who have succeeded in matters similar to the one facing the company, as well as to damages experts, asset tracers, public relations professionals or other members of a legal and strategy team. The right team can ensure the case is advanced in the strongest way possible.

For most companies, litigation is uncommon and unwelcome. When a potential dispute arises, dispute finance can be a valuable tool in the CFO’s toolkit to preserve the company’s cash, realize its assets, and protect its business reputation.



## BENTHAM IMF

Bentham IMF is the Canadian arm of publicly listed IMF Bentham Limited (ASX: IMF), one of the most successful litigation funding companies in the world. Together, our companies have 14 offices throughout Canada, Australia, UK, US, and Asia. We have reviewed thousands of commercial cases in the past 18 years, funding 192 cases to completion and generating \$2.4 billion AUD in recoveries. We have achieved a 89% success rate, with clients utilizing our funding retaining an average of 62% of all case proceeds.

To learn more, visit [benthamimf.ca](http://benthamimf.ca) or contact Paul Rand at [prand@benthamimf.ca](mailto:prand@benthamimf.ca) or 416-583-5720.