LexShares doubles litigation funding deal size in 2019

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by Daniel Strauss, Litigation Finance Reporter | Debtwire

Tech-driven litigation funder LexShares notched an average deal size of USD 1.2m in 2019, up from roughly USD 630,000 in 2018, reflecting higher accredited investor interest in the nascent asset class, according to two sources familiar with the matter.

As such, the funder’s online platform, which offers individual and institutional investors an opportunity to invest alongside LexShares in single-case deals, has been able to take on bigger ticket commercial cases – thanks in part to an influx of first time participants, the first source continued.

Across the broader litigation funding landscape, large amounts of capital are focused upstream, ignoring investment opportunities in the sub-USD 2m range, according to several industry sources.

LexShares also honed its proprietary “Diamond Mine” technology software to target higher-value commercial legal claims, the second source noted. The deal-sourcing tool searches for potential keywords across docket platforms to filter potential investment opportunities through a 17-point scoring system. LexShares personnel then analyzes those opportunities.

The litigation funder has backed a wide variety of cases stretching from patent disputes to qui tam whistleblower matters. At the end of 2019, the funder’s average deal size got a boost when it closed its first-ever settlement acceleration sized at USD 3.5m. The deal involves a negotiated settlement over several real estate disputes between a developer and business partner, according to the LexShares website. Another large deal LexShares inked in 2019 included USD 1.445m in funding for a trademark enforcement campaign in the entertainment services industry, the second source noted.

Prior to 2019, the firm also funded some large cases. For instance, LexShares raised USD 3.775m to help an undercapitalized technology company finance its working capital and fund a patent infringement lawsuit against a Fortune 500 company. According to the case details recently posted on the LexShares website, the matter is being litigated by an Am Law 100 firm. Another example includes a USD 2.25m deal to fund a medical technology company’s misappropriation of trade secrets claim against a Fortune 500 conglomerate.