

New SME insolvency funder launches with artificial intelligence deal

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A new insolvency litigation funder aimed at small- to medium-sized business has launched in the UK, partnering up with a tech platform for legal analytics.

Apex Litigation Funding launched at the beginning of April in partnership with legal analytics firm CourtQuant, which predicts the outcome of cases for the legal and insurance sectors.

The new funder is looking to invest in insolvency claims worth between £100,000 (US\$130,000) and £7 million (US\$9 million), before courts in common law jurisdictions where third party funding is permitted.

Apex is run by a former managing director of UK-based Ferguson Litigation Funding, **Maurice Power** – a salesperson by background who started out in services related to vehicle accident claims such as personal injury, insurance and credit hire. Power joined the Peterborough-based debt recovery law firm Ferguson Financial in 2012, initially as sales and marketing manager, then as general manager and eventually making managing director in 2014.

In April 2016, he then helped Ferguson Financial launch Ferguson Litigation Funding to help liquidators and lawyers cover the high cost of litigation.

Power tells GRR he left his role within the law firm and Ferguson Litigation Funding in November to set up Apex, after spotting a gap in the market for lower value claims.

“It is true to say that the needs of litigants – including insolvency practitioners – that have lower value claims, are not well serviced by the current crop of litigation funders,” he notes. “Through the use of AI, Apex will be able to cost effectively risk assess lower value claims, offer attractive terms to litigants and expedite decision making.”

The new funder’s business model will see it take an agreed share of all successful returns, though it will assume the risk on a non-recourse basis where claims fail or there is no recovery.

Power says he is “excited” to launch the new venture in partnership with CourtQuant. “Our use of CourtQuant’s AI-driven analysis platform is market leading in the sector and will inform our decision making and provide comfort for investors,” he notes.

According to CourtQuant’s chief technology officer **Ludwig Bull**, the artificial intelligence firm can predict how litigations will pan out, including the likelihood they will settle and the probable quantum and timeframe. He says the use of AI in litigation financing is “picking up steam”, but Apex’s idea to base its business on technology is “uniquely innovative”.

“Insolvency practitioners typically do not use AI models to understand their cases,” Bull tells GRR, noting that this “is an additional benefit of working with Apex”.

Bull says working directly with Apex will allow CourtQuant to learn more about funders’ business needs and improve its own products.

As well as Power who is the CEO, Apex’s website lists non-practising solicitor **Sergei Purewal** – the former head of funding at Ferguson Litigation Funding – as managing director and chief investment officer, and asset trader **Timothy Fallowfield**, the group head of foreign exchange and rates at financial consultancy Wyelands Capital, as adviser.

Purewal began his career as an assistant solicitor at legacy firms Denton Wilde Sapte and Eversheds, and later worked at the litigation funder Burford Capital as senior commercial underwriter and commercial litigation solicitor between 2009 and 2013.

Fallowfield, meanwhile, started his trading career at Chase Bank in London, moving to Hong Kong with the Republic National Bank of New York in the 1990s. He later worked with UBS in Singapore and ABN AMRO in Tokyo, before joining the asset management arm of global conglomerate Cargill, Black River Asset Management, as a portfolio manager in 2004. His last role before joining Wyelands was with Noble Group, as group head of foreign exchange and head of macro.

GRR understands that Ferguson Litigation Funding is now closed for new business, but is continuing to manage the run off of cases it had already invested in.

Last July, the Law Society Gazette reported that Ferguson Litigation Funding had teamed up with another funder, Therium Capital Management, to finance a consumer class action brought by 50,000 UK VW car owners against Volkswagen, over its alleged emissions tests cheating.

VW, which hired Freshfields Bruckhaus Deringer to defend the claim, has always claimed that consumers suffered no losses or financial detriment. Consumer claims firms Slater and Gordon, Leigh Day and Your Lawyers are known to be acting for the plaintiffs.

CourtQuant was set up in mid-2018 by Cambridge University graduates Bull and Jozef Maruscak, after they split off from another case prediction start-up, Case Crunch. Its software looks at patterns in old court cases and uses them to predict how future cases will go.

