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BRIDGEPOINT OFFERS FUNDING ALTERNATIVES FOR LAW FIRMS

BridgePoint Financial Services Inc. provides disbursement financing to law firms to help lawyers grow their practices, fund expert reports required to validate their clients' files and maximize compensation for their losses, says co-founder John Rossos.

"Traditional sources of financing, including banks which have fixed lending criteria, do not understand the business of personal injury law; and do not offer law firms a reliable source of operating capital," he tells AdvocateDaily.com. "This puts considerable financial pressure on personal injury law firms.

"Unlike other lenders, BridgePoint understands the value of a law firms' work in progress, and the correlation between disbursements invested today and fees realized tomorrow. The company has designed a variety of flexible disbursement financing alternatives to help law firms grow their practices with the judicious use of the firm's own capital."

Rossos, who is both a Chartered Financial Analyst and a member of the Ontario Bar, says BridgePoint offers a product called Expert Access, a form of expert assessment financing to help firms, primarily in the area of personal injury litigation, avoid the cash flow challenges of acquiring expert reports for clients on an expedited basis.

To do this, BridgePoint has partnered with a large roster of medical experts and other providers of expert services, allowing law firms to acquire reports with no immediate cash outlay and with a (flexible) deferred payment period

until settlement of the file, he says.

BridgePoint's Expert Access addresses the lengthy and unpredictable cash flow cycle associated with the litigation process, while enabling law firms to:

Grow their active case portfolios without sacrificing the quality of investments made in each case;

Reduce their dependency on collecting fees from one case in order to finance the next case;

Access the highest quality professional witnesses and resources in developing their cases in a timely manner (i.e., reduce a firm's dependence on experts who are willing to offer flexible repayment terms for their services); and

Increase the potential for obtaining the highest level of compensation for their clients.

BridgePoint offers alternative loan products to allow law firms to access funds to grow their businesses.

"BridgePoint can provide funding for a variety of purposes, whether it be to acquire files or other legal practices, cover the cost of marketing, disbursements, general working capital to cover organic expansion, or operating expenses," Rossos says. "Interest is charged only on the utilized funds and repayment can be matched to settlement activity."

Unlike most other businesses, law firms face significant restrictions that limit the nature and scope of available financing alternatives, he says.

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“Law firms are prohibited from obtaining equity financing from third-party investors, forcing lawyers with growing practices to seek financing from banks or other less attractive lending sources,” Rossos says. “However, banks and other traditional lenders do not understand the personal injury business and accordingly make available amounts that are a fraction of what their practices could realistically support, or otherwise provide funding secured by a lawyer’s personal assets.

For example, with a storefront, banks would lend money pledged against inventory and as long as the inventory was turning over every 90 days or so, the bank would be satisfied to lend money against that collateral, Rossos says.

“With law firms, there is no tangible or physical collateral,” he says. “What you have is an interest in fees and disbursements. We see this as being much more valuable than shoes, purses, or chocolate bars. This is a highly specialized area outside the expertise of banks.

“Banks require a business’ assets to generate cash flow regularly on a 60- to 90-day basis. Personal injury cases don’t settle within 90 days. They can often take up to three to five years. Further, there is no guarantee they will be resolved successfully, which means the law firm’s recovery of its disbursements and legal fees are ‘contingent.’”

Rossos says BridgePoint is able to step in to assess the firm as a business and offer funding on the basis of its assessment of the firm’s work in progress and its disbursements.

“We undertake a credit analysis of the firm, valuing their files and establishing an appropriate credit limit for the law firm to borrow against,” he says. “We provide business financing and do not seek to lend against a lawyer’s personal

assets – home, cars, etc.”

Rossos says the legal industry is evolving and at no other time has it been so important for law firms to have access to such funding options.

“It’s getting to the point where many law firms recognize they need access to third-party funding in order to become more competitive going forward – it’s all part and parcel of the modernization of law firms in an increasingly competitive environment where the cost of marketing and the delivery of more efficient services is necessary to build a successful practice,” he says.

Many smaller firms don’t have the resources to invest in marketing, technology, and people, which means they are not in a position to optimize the value of the claims they take on for their clients. This places them at a significant competitive disadvantage, Rossos says.

“BridgePoint can play a significant role both strategically and financially to enable these firms to take their practices to the next level,” he says.