



# Woodsford Partnership Helps Debtor Pursue Valuable Claims

Woodsford Case Study

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Woodsford has partnered with an administratively insolvent estate in the US to provide valuable financing to prosecute ongoing preference actions.

### Funding as an Answer to a Long-standing Problem

After years in bankruptcy, and more than five years pursuing an adversary proceeding, the estate had liquidated substantially all of its assets other than the active preference adversary proceedings. Unlike the debtor, the defendant in the adversary proceedings was well-capitalized and attempted to use this imbalance of resources to force the estate to abandon the preference claims.

Faced with dwindling estate resources available for counsel's fees and costs and a valuable, unrealized asset, the debtors were at a crossroads: do they abandon the claims or spend limited estate resources seeing the adversary proceedings through to conclusion?

Funding provided the answer. Woodsford's funding allows the debtors to continue to pursue the claims seamlessly. The funding plays a critical role in permitting the continued retention of litigation counsel, further prosecution of the adversary proceedings, and preserves the potential for an additional recovery to the debtor's estate.

### Flexible and Competitive Deal Terms

Woodsford provided the best terms among numerous other funders and providers of third-party financing consulted by the debtor. After an extensive process involving discussions with over 15 potential financial partners, the debtor elected to work with Woodsford. Our deep understanding of bankruptcy law and practice allowed Woodsford to be flexible in structuring the funding agreement in a way that was and remains beneficial to all parties.



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## Supportive and Ongoing Relationship

Throughout, Woodsford's dual expertise in both bankruptcy and traditional litigation funding allowed us to provide helpful feedback on litigation strategy. In the course of Woodsford's diligence process, Woodsford worked with claimholders and counsel to understand the factual and legal basis for their claims and offered suggestions for strategies to strengthen the case. This strong relationship has continued and in fact strengthened since the funding has been in place.

## Woodsford Funding Agreement Received Court Approval

Woodsford's funding agreement was readily approved the court, over limited objections. In so doing, the court recognized the benefit of funding to the estate, the fairness of the contract, and noted that entering into the funding agreement was squarely within the debtor's exercise of business judgment.

## In Short

Woodsford's funding allowed a valuable estate claim to continue when it may otherwise have been abandoned, and fundamentally shifted the leverage and negotiation positions between the parties. Woodsford only invests in claims that we believe will be successful; the knowledge that an expert, dispassionate, well-resourced, objective third-party has thoroughly analyzed all aspects of the bankruptcy-related claims and was prepared to make a large, non-recourse investment in them, sends a strong message to the defendants.

The agreement provides only upside to the debtor: if the claims are successful, Woodsford is entitled to a share of the recovery; if the claims are unsuccessful, the estate retains the benefit of the disbursed funds and owes nothing to Woodsford. The funding agreement was swiftly approved by the court, and the case remains ongoing.

## About Woodsford

Founded in 2010 and with a presence in London, New York, Brisbane, Philadelphia and Minneapolis, Woodsford is a leading ESG, access to justice and litigation finance business.

Whether it is helping consumers achieve collective redress, ensuring that investors and universities are properly compensated when Big Tech infringes intellectual property rights, or helping shareholders in collaborative, escalated engagement up to and including litigation with listed companies, Woodsford is committed to ensuring the highest ESG standards while providing access to justice.

Working globally with many of the world's leading law firms, our legal experience, investment, business and technical expertise, in tandem with our significant financial muscle, makes us a powerful partner and a formidable adversary.

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