Unenforced judgments and arbitration awards cost 14 percent of companies over $50 million, Burford Capital research shows

Alarming tally of unenforced awards, often hidden in offshore structures, is a global problem for businesses and law firms

29 June 2016 – Burford Capital ("Burford"), a leading global finance firm focused on law, today announced research showing the troubling scale of damages and awards left unpaid by judgment evaders.

A new Burford study shows that 86 percent of private practice lawyers have clients who in the last five years have not been paid the full value of a successful litigation or arbitration judgment or award. Almost one in five lawyers (19 percent) said their clients' unenforced judgments were worth between $10 and $50 million (£7 to £35 million); 14 percent said that their client's unenforced judgments were worth more than $50 million.

"If one were to add up the lost value to companies around the world when they cannot enforce judgments, the collective sum would be billions," said Christopher Bogart, CEO of Burford Capital.

The study, conducted by Burford in conjunction with the Lawyer Research Service, points to a significant global problem. After securing justice in court, often at a cost of millions in legal fees and years of effort, companies can be left hanging when judgment debtors—individuals, corporations or foreign governments—simply fail to pay what they owe. Collecting is even more problematic when these judgment debtors take steps to bury assets in offshore structures.

The majority of corporate executives surveyed (58 percent) confirmed that their companies have not been paid the full value of litigation and arbitration judgments in the past five years. The majority of lawyers (62 percent) said the prime reason judgments or awards could not be satisfied was because debtors' assets were hidden offshore. They identified the regions most likely to erect barriers to securing judgment awards as Russia and the former Soviet states (37 percent), followed by the Caribbean (20 percent) and Asia (16 percent).

Corporations may, however, leverage professional judgment enforcement and asset tracing partners to recover judgment awards.

Mr. Bogart continued: "Given the scale of the problem, businesses are increasingly turning to enforcement partners—and the savviest companies are also utilizing litigation finance to turn

those unenforced judgment debts into capital for the business, without adding cost or risk to corporate balance sheets."

According to the survey, more than half of private practice lawyers (52 percent) said clients have worked with judgment enforcement and asset tracing professionals to recover judgment awards the past five years. However, only 11 percent have clients who have sought and secured financing to fund these enforcement services, moving these costs off their balance sheets—signalling both an opportunity for businesses and a need for law firms to educate clients.

The study is based on a survey of over 200 private practice lawyers, in-house counsel and corporate C-level executives in the UK, US, Europe and Asia.

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About Burford Capital

Burford is a leading global finance firm focused on law. Burford's businesses include litigation finance, insurance and risk transfer, law firm lending, corporate intelligence and judgment enforcement, and a wide range of investment activities. Burford's equity and debt securities are publicly traded on the London Stock Exchange. We work with lawyers and clients around the world from our principal offices in New York and London.

For more information about Burford: www.burfordcapital.com