

Legal Week

'I spent six months living off dwindling savings' - one ex-HSF associate on wooing litigation heavyweights to back his new funding venture



Robert Rothkopf on making the leap from a steady law firm job to a start-up

By Anna Ward | May 29, 2018 at 12:18 PM

Few associates would have the gall to approach their former senior partner and ask them to contribute to a new business venture.

Robert Rothkopf is an exception.

In 2014, the former Herbert Smith Freehills lawyer arranged a few coffees with the firm's former senior partner, litigator Lord Gold, to discuss the early stage plans for what has now become litigation funder Balance Legal Capital.

The idea for the business had come to Rothkopf while working out of HSF's New York office, when he was instructed by a US-based litigation fund, giving him insight into how third-party funders evaluate cases as potential investments.

Rothkopf comments: "I became pretty obsessed with the idea of litigation funding and used my spare time to research the industry. I was close to ditching the whole thing when one day I was introduced to a UK family office with prior experience of litigation funding and interest in backing a new team."

Setting out plans to build a team and turn his idea into reality he started meeting Gold on trips back to London. "I was pleased to find that David [Gold] had also been thinking about funding. It soon became clear that David's vast litigation expertise and ability to see where a dispute was going would not only help us with our investment decisions but could also be an extra resource for our funded clients or law firms."

In addition to his high-profile role as a litigator at legacy Herbert Smith, Gold, who was **made a life peer by the Conservatives in November 2010** (<http://www.legalweek.com/legalweek/news/1899327/-herbert-smith-sp-life-peerahead-consultancy-business-launch>), also sat on the party's scrutiny committee looking into its MPs' expense claims.

In early, 2015, Rothkopf took the plunge and handed in his notice at HSF, after seven years at the firm to launch Balance Legal Capital. "I spent six months getting things together, living off rapidly dwindling savings and going to talk to people to test ideas and early business plans".

He gained support from HSF M&A partner Mike Flockhart and then co-chief executive of the firm Mark Rigotti (who has been sole CEO since May last year). "They had the vision to see that they could be midwives to a new client of HSF – they would have clients who needed litigation funding, and we would have clients who needed lawyers."

Flockhart advised Rothkopf on the corporate, funds and tax advice he needed to set up the fund.

HSF corporate partner Nish Dissanayake and tax partner Aurell Taussig also advised him on the transaction.

Rothkopf's next move was to add former Freshfields Bruckhaus Deringer associate Simon Burnett to the team, who had just completed an MBA from London Business School. "We hit it off straight away. Simon brings an exceptional combination of litigation experience and entrepreneurial energy, and a deep network in the Australian legal market."

The business opened in June 2015. "It was a quiet launch which allowed us to develop our offering, build our processes, and woo the next joiners."

The next three arrivals were all also former Freshfields lawyers. They included Oliver Hayes, who had spent more than six years at the magic circle firm as an associate, who joined later that year as a consultant and became a partner in 2017.

Last year, Balance added another big name, with the recruitment of former Freshfields managing partner and ex-global disputes head Ian Terry to its investment committee, alongside Gold.

Comments Rothkopf: "Ian's huge litigation experience and impeccable judgment continues to be a massive asset and we now have two heavyweights of litigation on our investment committee."

The team now comprises eight people in London. This includes three partners (Rothkopf, Burnett and Hayes), alongside one consultant, an office manager, two investment committee members (Gold and Terry) and an adviser to the committee, Nick Gardner.

Gardner, who joined shortly after Terry, was previously head of contentious intellectual property HSF. He also works at Balance Legal Capital as a consultant on IP-related disputes.

Rothkopf says: "Our investment committee meets every week to review new cases and offer fresh views on strategic and legal issues on funded cases. The difference with us is also that people can pick up the phone and speak directly to the funding decisionmakers who are also litigators."

Going forward, the plan is to open an office in Sydney in the next 12-18 months if Burnett "can be tempted back to his old haunts". Rothkopf adds: "We'll also be expanding the team in London in various respects, including a competition law specialist."

For other associates tempted to quit their law firm jobs, he has a few parting words of advice. "Make sure you have a good portable iPhone charger and headset! Remember that you have a network containing all the skills and capital you need to make things happen. Pick good business partners – they make the ups and the downs more fun."