

Upstart Litigation Finance Firm Validity Adds Industry Vets in New York

The hires help Validity expand its foothold in New York after launching in June with \$250 million in capital and a team led by litigation finance veteran Ralph Sutton.

By Scott Flaherty
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Validity Finance, LLC CEO Ralph Sutton, who earlier this year left litigation funder Bentham IMF to start his own litigation funding shop, has recruited two more former Bentham legal counsels, both of whom also spent time as Big Law litigators before moving into finance.

Validity announced Tuesday the arrival of David Kerstein, a former Gibson, Dunn & Crutcher litigator who joins as chief risk officer, and Julia Gewolb, a former Boies Schiller Flexner lawyer who comes to Validity as director of underwriting. The new Validity hires were both most recently at Bentham, where Kerstein served as a senior investment officer and Gewolb served as legal counsel.

The moves help Validity expand its foothold in New York, and they come just days after Bentham IMF—the U.S. arm of the Australia-based global litigation funder IMF Bentham Ltd.—announced a new \$500 million fund and made two notable hires of its own.

At Validity, Kerstein and Gewolb reunite with the investment fund's CEO, Sutton, who in June launched the business with \$250 million in committed capital after years as chief investment officer at Bentham. Welcoming the hires to Validity, Sutton



Julia (Hamilton) Gewolb left, and David Kerstein, right, of Validity Finance

said in a statement he was “thrilled to be putting the band back together” at the recently launched litigation funding business.

“Dave and Julia are gifted litigators and trial strategists who have become superb litigation finance professionals,” Sutton said in the statement. “Their arrival significantly enhances our ability to expand Validity’s network of law firm and client relationships, increase our focus on transparent, fair client-first funding, and of course, assess cases for investment.”

When Validity launched in June, it entered an increasingly crowded litigation finance market that has attracted more than \$1.5 billion in capital commitments since the end of 2016. With industry veteran Sutton at the helm, the business launched with offices in New York, Houston and Chicago, and counted among its ranks lawyers who were formerly with Kirkland & Ellis; Boies Schiller; and Houston litigation boutique Shipley Snell Montgomery.



Ralph Sutton

Shortly before the Validity launch, Sutton told *The American Lawyer* that the business would seek to distinguish itself from other players in the litigation funding sector, including Bentham and Burford Capital LLC, with an approach that stresses

fairness, clarity and innovation. Those principles, Sutton said, mean that Validity will offer clients at least 50 percent of any damages or settlement resulting from a lawsuit and that the litigation funder would use plain language and easy-to-follow documents when striking deals.

In an interview Wednesday, both Kerstein and Gewolb pointed to some of the cornerstones of Validity's approach, such as fairness, as part of the reason they joined the business.

They also both expressed excitement at again working alongside Sutton, whom they consider a

pioneer in the industry, to help build and chart a course for a new litigation funding outfit.

"It's exciting to come to a new firm and help build it from the ground up ... with a real focus on client service, which is really important as the industry continues to grow and expand," Kerstein said.

He also noted that he and Gewolb are joining an "already booming" business—while Validity's fund is relatively young, the company has already met its investment goals for the year and will likely continue to meet or surpass its expectations, said Kerstein.

Asked what might set Validity apart from rivals, Kerstein and Gewolb stressed that the fund has a team with a unique combination of experience that allows it to be agile and provide top-notch service to clients.

Not only does Validity have seasoned litigators on board to help assess cases and provide advice to clients, but it also has people who know the ins and outs of the litigation funding landscape. Gewolb said that kind of dual expertise isn't widespread in the relatively young litigation finance industry, and it will help Validity stand out.

"It positions us well to create a better client service experience," she said.

Scott Flaherty, based in New York, covers the business of law with a focus on legal ethics, lawyer misconduct, conflicts-of-interest and litigation involving law firms. He can be reached at sflaherty@alm.com. On Twitter: [@sflaherty18](https://twitter.com/sflaherty18)