LEGAL ASSET CAPITAL

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Legal Finance Origination & Screening Toolkit

A structured approach to preliminary law firm financing conversations

Intake. Evidence. Cash timing.
Financing routes. Next steps.

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Law Firms. Legal Assets. Private Capital.

INTRODUCTION / PURPOSE AND USE

From initial inquiry to a clear next step

A working companion to the LAC Law Firm Capital Readiness Guide.

This toolkit helps law firm owners, finance and operations professionals, and referral partners organize a preliminary financing opportunity. Its core audience is contingency-fee law firms; a separate intake path accommodates a discrete commercial claim.

The output is a documented financing objective, a tentative route to explore, an evidence record, and a specific next action. The worksheets organize preliminary judgment; they are not a validated underwriting model or a financing application.

Use the toolkit	Pages
Frame the inquiry and choose a financing route	03–05
Capture intake, cash needs and fee interests	06–09
Separate evidence gaps from substantive concerns	10–11
Prepare a brief and validate provider fit	12–13
Apply the tools to a hypothetical firm	14–16
Track next steps and consult source notes	17–18

How to work through it

Read the Guide for the capital-planning concepts; use this toolkit to apply them. Start with a nonconfidential summary, complete the relevant fields, identify sources, and carry open issues into the brief. The Harbor illustration uses separate fictional facts from the Guide's example.

> **Keep four judgments separate**
> Information quality • preliminary product fit • substantive risk • process disposition. A complete file can reveal an unsuitable opportunity; missing records do not by themselves establish a poor one.

Educational and preliminary use only. This toolkit provides neither legal nor investment advice nor a financing commitment. Provider underwriting, transaction documents and applicable legal requirements determine the eventual outcome.

01 / ORIGINATION PROCESS

A repeatable screening process

Each stage produces an observable output and a reason to move forward or pause.

Stage	Working output	Decision
1. Frame the inquiry	Named recipient, amount, purpose, timing and repayment hypothesis.	Is there a coherent need within scope?
2. Check authority	Authorized contact, sharing scope and initial conflict check.	Can the next information exchange occur?
3. Establish the facts	Dated intake, financial bridge and source record.	What is supported, estimated or missing?
4. Screen the route	Product hypothesis, relevant assets and key constraints.	Does the proposed structure address the need?
5. Resolve material gaps	Questions assigned to an owner and due date.	Which gaps block a useful provider discussion?
6. Prepare the brief	Balanced summary with risks, open issues and requested next step.	Is external sharing authorized and proportionate?
7. Validate and hand off	Confirmed intake path, current mandate and documented follow-up.	Will the provider assess the opportunity?

Three process dispositions

Advance to further discussion: the request is intelligible and enough evidence exists to explore a route. Identify all remaining conditions.
Hold for clarification: a material unknown prevents useful next-stage work. Record the question, owner and due date.
Close or redirect: the route conflicts with known facts or the inquiry sits outside scope. Record the reason and any route worth revisiting.

> “Advance” records a decision to proceed to the next process step; it does not authorize disclosure. It is not an investment recommendation, a statement of financeability, or a provider decision.

02 / FINANCING-ROUTE SCREEN

Start with the economic need

Product labels can overlap. Identify the recipient, repayment source and exposure first.

Route to explore	Recipient and repayment concept	Questions that decide fit
Bank / working-capital credit	Firm borrows; repayment generally rests on its cash flow and agreed credit support.	Can scheduled debt service survive delayed fees? What collateral, guarantees and covenants apply?
Specialty law firm credit	Firm borrows under a structure adapted to legal-sector assets or cash flows.	What assets qualify, how is availability measured, and what recourse remains?
Case-cost financing	Firm or other agreed recipient uses capital for specified case expenses. Structure and repayment terms vary.	Are costs eligible? When is interest payable? Who bears unsuccessful-case costs?
Law firm portfolio finance	Funding supported by agreed interests across multiple matters; structures may be non-recourse. [1]	Which fee interests are available? How are proceeds pooled, allocated and paid?
Single-case commercial finance	Claimant or firm receives capital tied to an identified claim or fee interest.	What right is financed, what recovery pays the provider, and what happens if the case fails?

Bank product examples include separate case-cost and working-capital facilities. [2] “Case cost” identifies a use or facility design; “non-recourse” describes a contractual allocation of downside risk. Neither label settles the full economics.

> **Route hypothesis:** “Explore [structure] for [recipient] to fund [use], supported by [cash flow or entitlement], subject to [open issues].”

Core exclusions: consumer pre-settlement advances, legal-merits opinions, and equity or MSO transaction design. Refer those questions to an appropriate specialist. Sources are listed on page 18.

03 / INTAKE PROMPTS

Questions for the first conversation

Capture a useful summary before requesting detailed records or sensitive case materials.

Ask	Why it matters / evidence to seek next
Who seeks capital, and who can authorize the discussion?	Separates the firm, claimant and fee owner. Confirm entity, contact role and authority.
How much is needed, by when, and for what payments?	Tests whether the request reflects a spending schedule. Seek a dated uses-of-proceeds bridge.
What event or cash flow is expected to repay it?	Distinguishes recurring cash generation from contingent outcomes. Seek receipts history and timing assumptions.
What happens if the main receipt arrives late?	Exposes liquidity sensitivity. Seek a monthly forecast and a delay scenario.
What debt or other claims already attach to those cash flows?	Identifies potential restrictions or double counting. Seek agreements and an obligations schedule.
What assets or fee interests might support the transaction?	Defines the economic interest available for review. Seek a coded inventory and fee-allocation summary.
What is the largest shared source of risk?	Looks beyond matter count. Ask about defendants, insurers, legal theories, referral sources and key personnel.
What records exist, and who maintains them?	Tests reproducibility. Identify accounting systems, case systems, reporting dates and reconciliation owners.

> First-contact information can be approximate if it is labeled. An asserted recovery value, an impressive case count, or a historical win rate does not independently establish funding capacity.

Opportunity ID: _____ Date: _____

WORKSHEET A / INITIAL INQUIRY

Record the financing request

Use anonymized descriptions where possible. Worksheet date: _____

Opportunity ID / entity / contact role / authority

Practice areas, jurisdictions and operating model

Amount sought / currency / latest useful funding date

Specific uses of proceeds and spending dates

Expected repayment source and timing / reason for confidence

Existing financing, constraints and key unknowns

Tentative route / requested next step / responsible person

Opportunity ID: _____ Date: _____

WORKSHEET B / CASH REQUIREMENT

Bridge spending to liquidity

Use one currency and a consistent period. Separate unrestricted firm cash from client funds.

Use of proceeds	Amount	Payment timing / included in forecast?
Total requested uses		

Monthly cash bridge — extend through the relevant funding period

Currency: _____	Month 1	Month 2	Month 3
Opening unrestricted cash			
+ Firm-retained fee receipts			
+ Expense reimbursements to firm			
− Operating cash payments			
− Case expenses paid			
− Debt service / tax / distributions			
= Closing cash before new financing			
Less: chosen minimum cash reserve			
= Surplus / (shortfall)			

Carry closing cash into the next month. Enter each receipt and payment once; separate fee receipts from expense recoveries and exclude client funds. Record other cash flows separately where needed. Show new funding, fees and provider payments in a second forecast; extend it through repayment.

Delay scenario / lowest cash balance / proposed mitigation

Opportunity ID: _____ Date: _____

WORKSHEET C / ECONOMIC INTEREST

Identify the firm's economic interest

Use coded matter or cohort records; distinguish contingent fees from resolved-but-unpaid fees.

Field	Record / source reference
Matter / cohort code; jurisdiction; stage	
Gross recovery assumption; basis; collectability	
Fee entitlement; rate; contractual fee base	
Referral / co-counsel allocations and their base	
Firm-retained fee before financing	
Cost reimbursement: amount and recipient	
Existing assignments / liens / repayment claims	
Receipt date range and remaining milestones	
Remaining case spend and funding responsibility	
Shared risk factors / concentration group	

Illustrative fee bridge: a $2,000,000 recovery × 40% fee = $800,000; less 25% of that fee to co-counsel ($200,000) = $600,000 retained fee before financing. This assumes the stated contract calculates fees before costs. It excludes reimbursements and other obligations. The percentages are assumptions, not benchmarks; contract terms and applicable rules control.

> Recovery value is not firm revenue. Firm-retained fees are not automatically available collateral or unencumbered cash. Confirm entitlement, priority and restrictions before describing an interest as available.

Opportunity ID: _____ Date: _____

WORKSHEET D / DISCRETE COMMERCIAL CLAIM

A separate path for a single claim

Use when the financing depends principally on one commercial dispute or fee interest.

Recipient / right to be financed / amount and use

Forum, jurisdiction, claim type and procedural stage

Counsel / fee arrangement / authority to share information

Recovery range and basis / collectability / enforcement path

Remaining budget / milestones / expected time to cash

Known defenses, counterclaims, appeals or other material uncertainty

Existing interests / specialist review needed / next evidence request

This intake organizes a referral. Counsel and the provider must assess merits, enforceability, collectability, budget and legal requirements. Keep privileged analysis outside an initial open intake channel.

04 / ASSESSMENT RUBRIC

Document judgment without a score

Apply separate labels to each material issue; preserve the distinction between unknown and adverse.

Dimension	Available labels	How to use them
Evidence status	Supported for screening / Clarification needed / Not supplied	Name the document, date and scope checked. “Supported” does not mean audited or independently verified.
Substantive finding	No issue identified at this stage / Concern identified / Not assessable	Describe the fact or uncertainty and its commercial effect. Silence in the record is not proof of absence.
Route view	Plausible for exploration / Conditional / Inconsistent on known facts	Explain why the product might address the need and which assumptions must hold.
Process disposition	Advance / Hold / Close or redirect	State the next action, its prerequisites and who owns it. Never substitute this label for underwriting.

Examples of different conclusions

Missing debt agreement: evidence not supplied; priority and restrictions not assessable; hold the affected route pending the agreement.
Forecast shows a cash deficit before expected funding: concern identified; clarify immediate liquidity and realistic timing before advancing.
Documented prohibition on further encumbrance: concern identified; route conditional on an acceptable consent or alternative structure, subject to legal review.

> Record a reason beside every material label. Do not aggregate labels into a numerical financeability score or infer a probability of approval.

Opportunity ID: _____ Date: _____

WORKSHEET E / EVIDENCE AND FOLLOW-UP

Make the open issues actionable

Opportunity ID: _____ Review date: _____

Topic / fact asserted	Source, date and evidence status	Concern / effect / next action
Amount and use		
Cash and receipt timing		
Fee entitlement / inventory		
Existing debt and priority		
Concentration / shared risk		
Authority / legal review		

Most important unresolved issue and why it matters

Owner / due date / evidence needed to resolve it

> For each source, note whether it was management-reported, reviewed against a record, or independently confirmed. Assign a new review date when forecasts or procedural milestones change.

Opportunity ID: _____ Date: _____

WORKSHEET F / OPPORTUNITY BRIEF

A concise preliminary opportunity brief

One page for an authorized discussion. Use source references and explicit qualifications.

Opportunity / date / preparer / permitted audience

Recipient, amount, purpose and funding deadline

Proposed route / supporting interests / material terms or unknowns

Key financial facts, cash timing and evidence reviewed

Material risks, open questions and specialist review

Disposition / next action / owner / due date

> Suggested closing: “Prepared for preliminary discussion using the sources identified above. Unresolved issues remain subject to review; no financing availability, pricing or approval is represented.”

05 / PROVIDER FIT AND INFORMATION SHARING

Validate the mandate before a handoff

Public product descriptions are research leads, not confirmed availability or relationships.

Mandate question	What to record
Scope and authority	Current product; recipient type; jurisdiction; sector; authorized intake contact.
Amount and timing	Current transaction range; minimum economic size; process steps; realistic decision and funding timing.
Structure and economics	Recourse and exceptions; security; eligible interests; draw conditions; fees; maturity; payment priority; pooling and release of proceeds.
Portfolio and conflicts	Concentration constraints; exclusions; existing exposure; conflict-check requirements.
Process and disclosure	Initial information required; permitted recipients; confidentiality arrangements; approval path and reporting obligations.

Use an explicit confirmation status

Publicly researched: save the source and access date.
Directly confirmed: record the person, role, date and exact scope confirmed.
Unconfirmed or stale: identify what requires a fresh answer. A past conversation does not establish a current mandate.

Release information in stages

Begin with an authorized, nonconfidential summary. Removing names alone may not protect confidentiality. Confirm client-consent requirements and legal review before sharing case information. Review fee sharing, professional independence and disclosure rules for the relevant jurisdiction. [3, 4]

> Record recipients and permitted purpose. An inquiry does not authorize provider circulation, and an NDA does not itself establish privilege protection. Separately document any origination compensation, conflicts and required disclosures before a referral.

ILLUSTRATION / HYPOTHETICAL FACTS

Harbor Trial Group

Entirely fictional. All amounts are USD. No actual LAC transaction or provider terms are implied.

Harbor is a six-attorney contingency-fee firm seeking $600,000 for a six-month spending plan: $360,000 of incremental case expenses and $240,000 of incremental staffing and marketing. Management wants funding before Month 2. The managing partner has authorized internal screening only. This is a separate hypothetical from the Readiness Guide.

Management-reported facts	Amount / description
Prior-year retained fee receipts	$3,000,000; net of referral and co-counsel allocations
Prior-year operating cash payments	$2,400,000; excludes case expenses and financing
Prior-year case expenses paid / reimbursed	$480,000 / $300,000
Opening unrestricted cash	$350,000; excludes all client trust funds
Existing term debt / monthly debt service	$250,000 outstanding / $5,000
Active inventory	40 matters; management estimates $4,000,000 retained fees
Top-five share of estimated retained fees	$2,400,000 ÷ $4,000,000 = 60%
Illustrative minimum cash reserve	$150,000; management assumption, not a lending standard

The six-month forecast assumes $1,500,000 retained fee receipts, $1,200,000 base operating payments, $180,000 base case expenses and $30,000 existing debt service. Incremental spending adds $600,000. No reimbursements, tax payments or owner distributions are modeled; confirm these exclusions and the change from prior-year case spending. This is a cash illustration, not an accounting-profit model.

> The $4,000,000 inventory estimate is not a valuation or borrowing base. Reconcile forecast receipts to specific fee interests and milestones. Neither the request nor the reserve establishes an appropriate facility size.

ILLUSTRATION / CASH TIMING

Test the request against the trough

Hypothetical forecast, USD thousands. Parentheses show cash outflows or negative balances.

Cash bridge	M1	M2	M3	M4	M5	M6
Opening cash	350	115	(20)	45	(90)	(25)
Retained fee receipts	100	200	400	200	400	200
Base operating payments	(200)	(200)	(200)	(200)	(200)	(200)
Base case expenses	(30)	(30)	(30)	(30)	(30)	(30)
Incremental case expenses	(60)	(60)	(60)	(60)	(60)	(60)
Incremental staff / marketing	(40)	(40)	(40)	(40)	(40)	(40)
Existing debt service	(5)	(5)	(5)	(5)	(5)	(5)
Closing cash, no new funding	115	(20)	45	(90)	(25)	(160)

Base case: $310,000 to preserve the assumed reserve

Total six-month payments are $2,010,000. Opening cash of $350,000 plus receipts of $1,500,000 less payments of $2,010,000 leaves a $160,000 deficit. The lowest month-end balance is −$160,000; restoring the $150,000 reserve at that point requires $310,000 before new financing costs.

Delay case: $610,000 before new financing costs

If $300,000 of the Month 5 receipt moves beyond Month 6, the Month 5 and Month 6 closing balances become −$325,000 and −$460,000. Preserving the reserve then requires $610,000. Even a $600,000 day-one draw would leave Month 6 cash at $140,000 before its own costs.

> The base case falls below the reserve in Month 1 and below zero in Month 2. “Before Month 2” is too imprecise: use weekly timing to establish the required funding date within Month 1.

The six-month view tests liquidity, not repayment capacity. It excludes new financing costs and repayments and may miss intra-month troughs. Extend the forecast through realization and repayment, including draw conditions, provider payments and delayed or reduced receipts.

ILLUSTRATION / COMPLETED SCREEN

A conditional next step

Hypothetical screening judgment based on the facts on pages 14–15.

Issue	Assessment	Action
Cash need and timing	Arithmetic reconciles; inputs remain management-reported. A Month 1 reserve gap is visible.	Obtain weekly forecast, bank reconciliation and spending dates.
Repayment and inventory	Receipt timing is unverified. Top-five fee concentration is 60%; shared risks remain unknown.	Review coded matter schedule, fee allocations, milestones and delay sensitivity.
Existing obligations	Debt balance is reported; security and restrictions are not supplied.	Review debt documents and determine affected interests and consent needs.
Route exploration	Firm credit and case-cost facilities are plausible hypotheses. Portfolio finance remains conditional.	Extend the forecast through repayment; test costs, available fee interests and provider mandate.

Completed preliminary brief

Request: $600,000 for incremental case costs and expansion over six months, with the exact funding date within Month 1 still to be established.
Evidence: management summary, hypothetical forecast and coded inventory totals only; no underlying records reviewed.
Primary concern: timing and existing claims on cash flows. The delay scenario requires $610,000 to maintain the assumed reserve before new financing costs.
Disposition: hold external circulation pending cash, entitlement, debt and sharing checks. Continue internal route exploration.

Next action: finance lead to reconcile liquidity and spending within five business days; counsel to review debt restrictions and disclosure scope before any provider handoff. Single-case funding does not presently match the broad firm-level request because no specific claim has been identified as its basis.

Opportunity ID: _____ Date: _____

WORKSHEET G / STAGED INFORMATION REQUEST

Request only what the stage needs

Use the status column for requested, received, reviewed or not applicable; record a date.

Stage / information	Status / owner / date
INTRODUCTORY CONVERSATION Entity and contact role; amount, purpose and timing; broad practice mix; repayment concept; high-level existing obligations.	
INITIAL SCREEN Recent financial statements and receipts history; unrestricted cash reconciliation; short-term forecast; itemized uses; coded case inventory; fee-allocation and debt summaries.	
FORMAL PROVIDER DILIGENCE Only as needed and authorized: underlying agreements, debt and lien records, detailed case budgets, relevant case materials, tax records and legal review. Confirm provider-specific requirements.	

Follow-up register

Action / blocking issue	Owner	Due date	Completion evidence

Maintain an opportunity ID, origination source, contact permission, stage, financing hypothesis, amount, expected timing, last contact, next action and reason for closure. Record the status of each provider mandate separately from the opportunity's own screening status.

REFERENCE / SCOPE AND SOURCES

Source notes and working limits

Prepared September 2026 • Version 1.1 • Source access date: September 18, 2026.

LAC developed the workflow, labels and worksheets to organize preliminary screening. They are not published industry standards. All Harbor Trial Group facts and calculations are hypothetical; provider sources illustrate products, not endorsements or confirmed mandates.

Selected sources

[1] **Burford Capital — Portfolio finance.** Provider description of portfolio funding and non-recourse structures. Used as a product illustration; it does not establish market-wide terms, current appetite for an opportunity, or an LAC relationship.
burfordcapital.com/what-we-do/portfolio-finance/

[2] **Esquire Bank — Case Cost Financing Solutions; Working Capital Solutions.** Public product examples; availability and terms require direct confirmation.
Case-cost financing • Working-capital financing

[3] **American Bar Association — A Litigation Funding Checklist.** Law Practice, March–April 2025. Discussion of ethical considerations, including conflicts, confidentiality and fee sharing. This commentary does not replace governing rules, court orders or jurisdiction-specific advice.
Read the ABA litigation funding checklist

[4] **ABA Model Rules 1.6 and 5.4.** Reference principles on confidentiality, fee sharing and professional independence; governing jurisdictional rules and law control.
Rule 1.6 • Rule 5.4

What this toolkit can establish

It can show what has been stated, what records have been reviewed, what remains uncertain, and why a further discussion may be useful. It cannot determine legal merits, validate recoveries, establish collateral value, certify investment suitability or approve financing.

Prepare for a preliminary conversation

Begin with a nonconfidential description of the recipient, amount, purpose and timing. Identify the records available and the questions that need resolution. Share sensitive information only after appropriate authority and legal review.

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