

## Extracts from an Article in the New Law Journal on *Buying Files* by Prof Dominic Regan 10<sup>th</sup> February 2017

*“How do I, a solicitor, guarantee that I have remunerative work to perform? Buy it in.*

*There is now a thriving, mature market. Vendors are those who, for a variety of reasons, want out...*

*Jeff Zindani of Acqira Legal tells me that over the last year he has on average negotiated two transactions a month. The consideration has run up to millions of pounds. One intriguing detail is that potential vendors frequently underestimated the value of their assets.*

*Typically the first step would be for him to vet some sample files. He would then produce an anonymised spreadsheet and put it out to potential buyers. Indicative offers would be sought. Once satisfied that the best deliverable offer was secured he would move swiftly to completion. A common arrangement would be for a substantial payment on account with full payment of disbursements which had already been discharged. As matters conclude the balance of the purchase price would fall due, Parties might agree an outright payment although understandably that is likely to warrant some discount in the price payable, It is all a matter of negotiation.*

*One could go further and acquire a firm outright but that is often seen as less attractive. One must consider the inevitable TUPE implications with employees following their jobs. Some parts of the firm might not be a good fit, Would a commercial firm want to inherit a criminal legal aid department? Buying a file is so much easier than buying a business. The luxury is that one can be utterly selective in what one acquires,*

*It is difficult to overstate the transformational impact that a large injection of cash can have upon the vendor. Worrying obligations to banks and other funders evaporate, Zindani operates by taking a commission from his client as and when a transaction has been completed.*

*For civil litigators, an added spur to consider is the utter certainty of fixed costs arriving in 2018. While it remains uncertain as to the level up to which fixed costs will apply, I can confidently predict that they will be lower than the amount one would recover today on the standard basis from an opponent. “Tomorrow will not be like yesterday” is how Mr Zindani pithily surmises the future. He is right.*

*Caution is imperative. Some big practices have been crippled by over paying for sub-standard work. As with any other transaction due diligence, warranties of worth and perhaps an earnout arrangement with payment by results could alleviate the downside.*

*In all of my years in law I have never known such a volatile and uncertain world, That is why this new industry has sprung up and is thriving”*