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## Investing Together To End Grand Corruption: How Restitution Combines Asset Management, Litigation Funding And Impact Investment To Return Stolen Patrimony To Sovereign Nations

Katherine Mulhern, CEO, Restitution

Elizabeth Fisher, Head of Investments, Restitution

Monday, 17 July 2023





## A Word From Today's Chairman

Mike Wardle  
CEO & Head of Indices  
Z/Yen Group





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# Today's Agenda



- 10:00 – 10:05 Chairman's Introduction
- 10:05 – 10:25 Keynote Presentation - Katherine Mulhern & Elizabeth Fisher
- 10:25 – 10:45 Question & Answer



# Today's Speakers



Elizabeth Fisher,  
Head of Investments,  
Restitution



Katherine Mulhern  
CEO,  
Restitution

# Investing Together to End Grand Corruption

17 July 2023



FS Club



# Restitution



# Investing Together to End Grand Corruption

How Restitution combines asset management, litigation funding and impact investment to return stolen patrimony to sovereign nations

## What we will cover in this session:

### 1. Illicit Financial Flows – the untapped asset class:

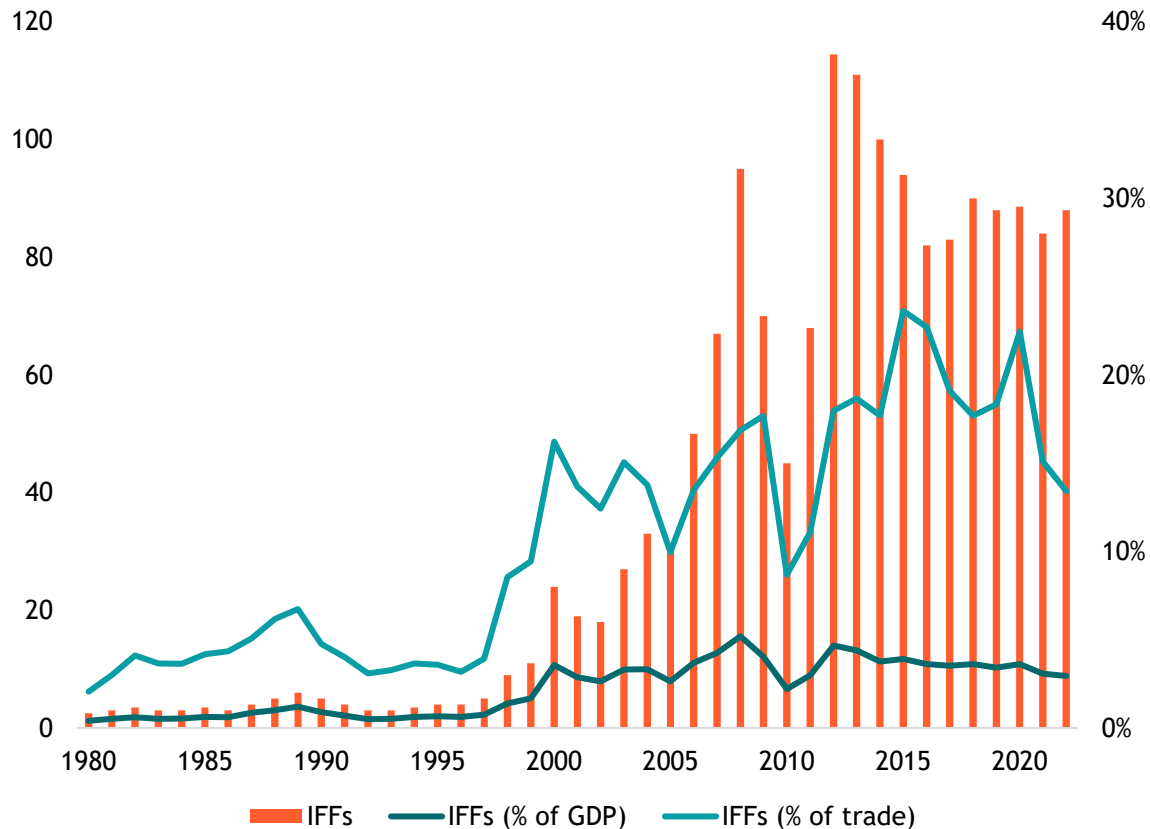
- Why are billions of dollars left on the table?
- Why do existing market solutions not work for sovereign states?

### 2. Restitution Capital's solution:

- How do we work with government partners to develop and monetize claims portfolios?
- How do we ensure that recovered assets are used transparently, accountably and with impact?

# The \$1 trillion stolen as Illicit Financial Flows (“IFFs”) every year is an untapped asset class that could benefit sovereigns

## Evolution of aggregate IFFs out of Africa (1980-2022)



## Commentary

- Over the 42-year time span, Africa exported an aggregated c.\$1.7 trillion of illicit financial flows
- Aggregate illicit financial flows have remained relatively high since the early 2000s, reaching a peak of \$114.5 billion in 2012
- IFFs account for 3% of Africa’s GDP, and 13% of trade in 2022.
- **Africa would be a net creditor if IFFs were tackled effectively.**

# Private equity and litigation funding tools to unlock stranded assets

- **Litigation funding has been used successfully for both financing claims and asset recovery –**
  - Litigation finance is a multi-billion-dollar industry with the market expected to grow to \$18bn in size by 2025
- **Civil enforcement and asset recovery is quick compared to criminal enforcement as the burden of proof is lower; returns can begin soon after legal remedies sought.**
- **Plaintiffs use litigation funding to defray up-front costs making it an efficient use of balance sheet— covers all costs and takes all downside risk, in exchange for a portion of the award**
- **Traditional litigation funding is expensive money: will only work with corporate or high-net-worth clients and will often take 50% of upside**
  - Upside. Claims, NPLs, judgments, awards, become an asset.
  - Downside. Expense! Litigation funding has been out of reach for many potential plaintiffs, and it can be difficult for governments to access and deploy

# We provide a holistic approach

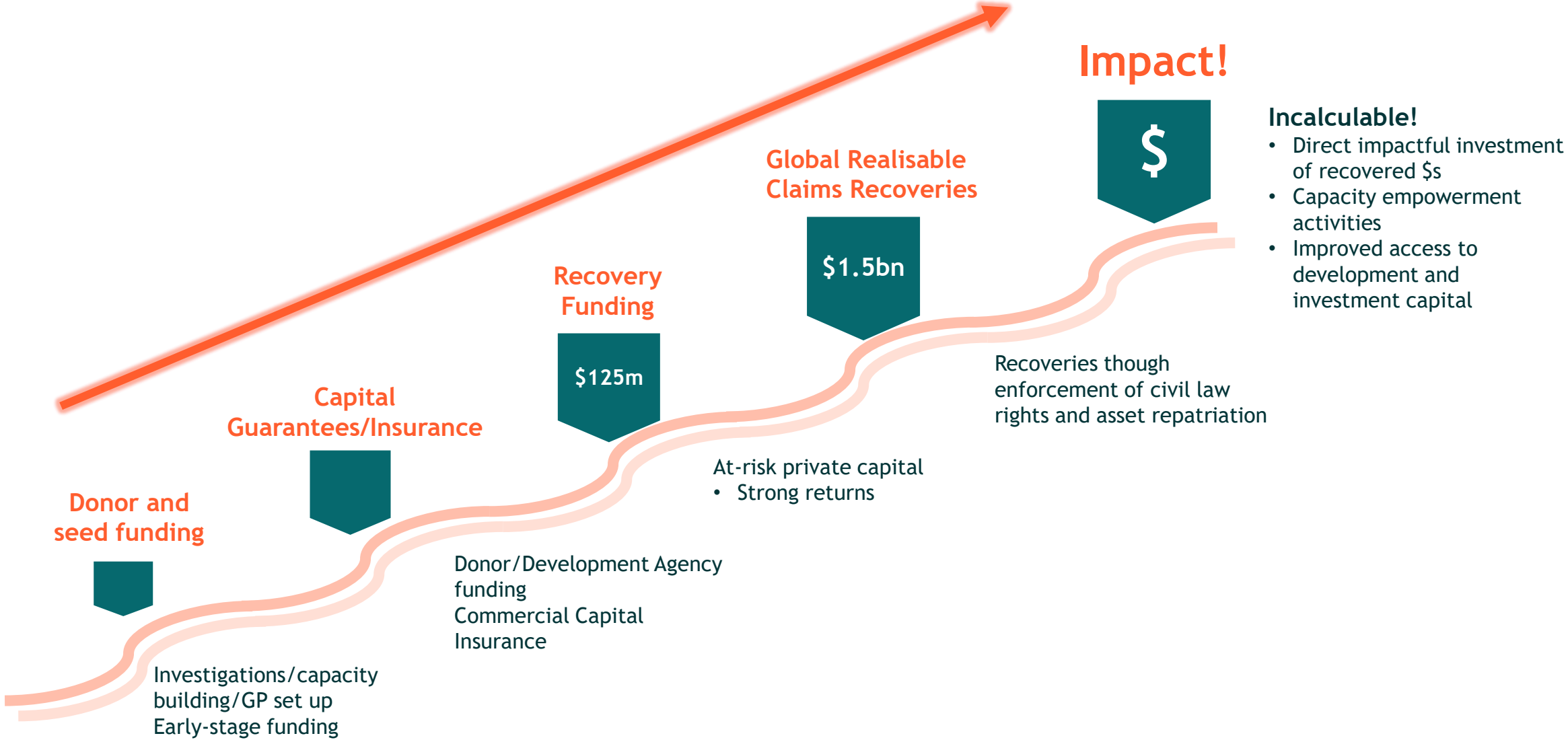
Team made up of senior leaders with deep and multi-disciplinary track records:

- Anti-corruption and anti-bribery
- Investment banking
- Asset management
- Enforcement
- Sovereign advisory
- Development
- Governance
- Human rights
- Litigation
- Capital markets
- Credit

Collectively 200 years of experience



# The Restitution multiplier effect





# Restitution's unique approach drives strong returns for governments and investors

Early-stage claims investigation and development

Transfer claims into a country-specific recovery fund

Restitution runs the claims and realises the assets

Net proceeds distributed or reinvested

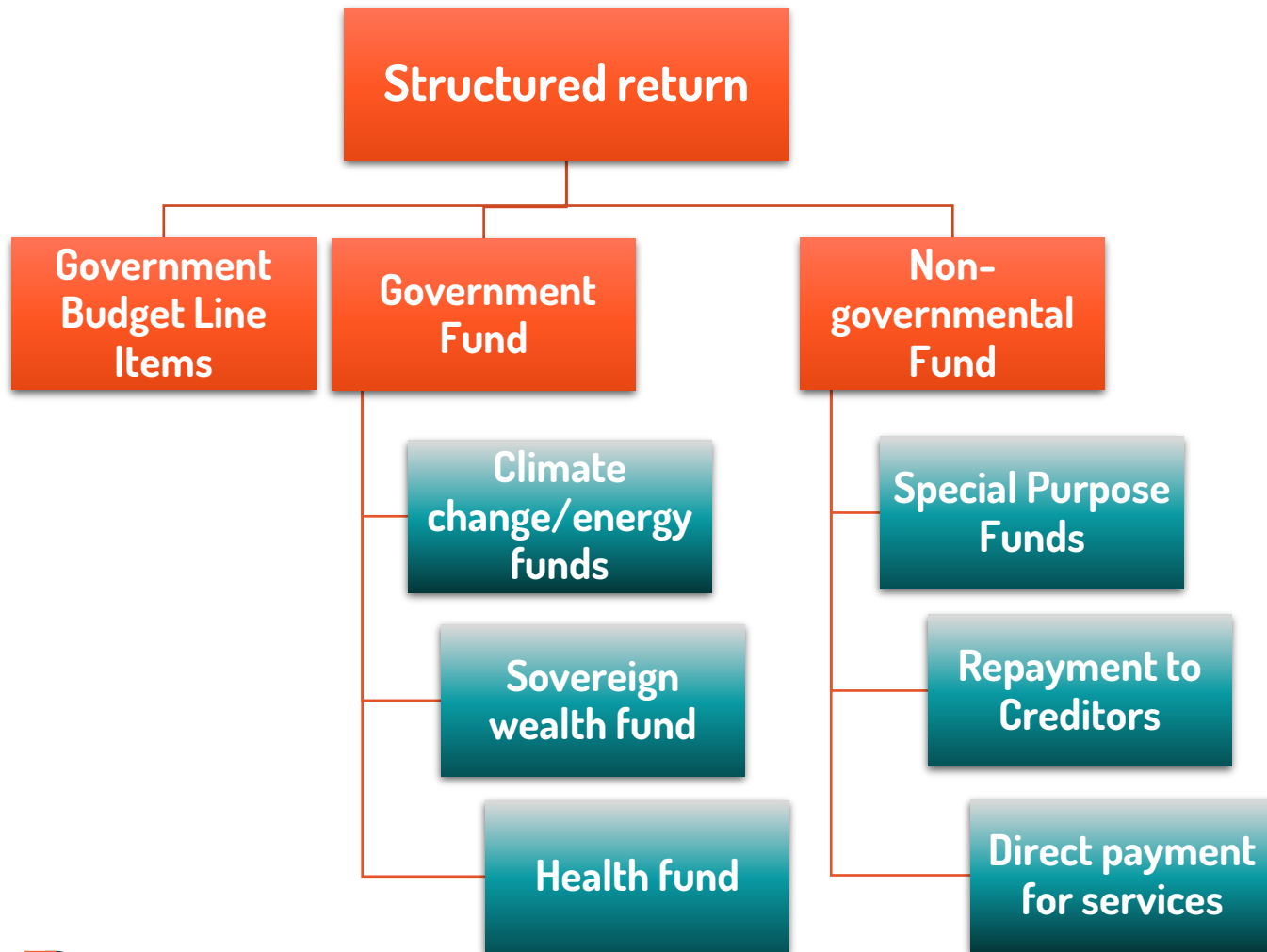
## Key benefits for Investors

- ✓ **Access to untapped pipeline of cases** – Restitution has a right of first refusal on all in-scope claims during exclusivity period
- ✓ Early-stage case **funding by donor grants and pro bono support**, giving access to a bigger pipeline of 'qualified' claims
- ✓ Restitution has **full autonomy to run the claims**, manage the strategy and engage advisers (working with the best investigators, lawyers and asset recovery experts working to tight budgets), ensuring strong returns and greatest level of efficiency
- ✓ Opportunity to **invest in an uncorrelated asset class**, representing a **strong ESG /impact investment**

## Key benefits for Governments

- ✓ Government can **outsource sensitive and costly claims litigation processes** whilst maintaining an **economic entitlement to lion's share of net recoveries**, with interests aligned with side-by-side investments by sophisticated investors
- ✓ Collaborative approach, leveraging members of the Restitution team with **specific government and development expertise**, and deploying **capacity building to governments** to strengthen their ability for cross-border asset recovery, asset management and re-deployment/reversal of large financial flows.
- ✓ Recovery fund structure enables mechanism to ensure that **recoveries are used transparently and with impact**

# Restitution works with government partners to help implement structured return in line with national priorities



Restitution is exploring a variety of potential projects with government partners:

- Establishing and seeding a sovereign wealth fund based on Santiago Principles
- Deploying funds for green energy projects
- Establishing funds which can be used for direct debt repayment or creating asset-backed solutions to sovereign debt restructuring
- Direct support for governments including budget support
- Direct payment for de-mining of a country which would unlock the agricultural and tourism sector, helping to diversify an oil-dependent economy.

# A unique opportunity to support SDG 16

“ The new Agenda recognizes the need to build peaceful, just and inclusive societies ...on effective **rule of law and good governance** at all levels and on transparent, effective and accountable institutions. ”

Resolution adopted by the General Assembly on 25 September 2015

## 16 PEACE, JUSTICE AND STRONG INSTITUTIONS



**Target 16.4:** By 2030, significantly reduce illicit financial and arms flows, strengthen the **recovery and return of stolen assets** and combat all forms of organized crime

**Indicator 16.4.1:** Total value of inward and outward illicit financial flows (in current United States dollars)

**Target 16.5:** Substantially reduce corruption and bribery

**Target 16.6:** Develop effective, accountable and transparent institutions

# Management Team

Unique combination  
of expertise and  
extensive experience  
to create first-in-kind  
anti-corruption  
and asset recovery  
solution



**Katherine Mulhern**  
CEO  
Leadership  
Sovereign Relationships  
Corporate Finance  
Transparency & Governance



**Elizabeth Fisher**  
Litigation Finance  
Legal Project Management  
Commercial Leadership  
Litigation Finance



**Chris Duckett**  
Donor Relations  
Donor Relations  
Civil Society Organizations  
Human Rights



**Richard May**  
Legal  
Commercial Transactions  
Structuring  
Compliance  
Litigation



**Harry Hewitt**  
Anti-Bribery &  
Corruption  
ABC Law Specialist



**Ibukun Adebayo**  
Investor Relations  
Capital Markets  
Investor Relations



**Andrew Carey**  
Compliance  
Regulatory  
Governance  
Structuring



**Eva Thorne**  
Sovereign Relations  
Capacity Building Strategy  
Sovereign Relations





RR



Restitution





# Comments, Questions & Answers



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Yamanashi Line Subway



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Question & Answer

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## Forthcoming Events

- Tue, 18 July (10:00-10:45) Focus on Genoa: A Gem Of Opportunities, From Past To Future
- Wed, 19 July (11:00-11:45) Strategy in Action: How To Own, Develop & Execute Your Strategy
- Tue, 25 July (11:00-11:45) Pretence: Why The UK Needs A Written Constitution

Visit <https://fsclub.zyen.com/events/forthcoming-events/>

Watch past webinars <https://www.youtube.com/zyengroup>