



Investment Adviser Brochure
Form ADV Part 2A
Disclosure statement for Clients of and Investors
in Funds Managed by Law Finance Group Inc.

Law Finance Group Inc.
Ten Rockefeller Plaza, Suite 1001
New York, NY 10020
Tel: (415) 446-2300

March 29, 2021

This brochure provides information about the qualifications and business practices of Law Finance Group Inc. If you have any questions about the contents of this brochure, please contact Law Finance Group Inc. at (212) 446-6767 or via email at info@lawfinance.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Law Finance Group Inc. is also available on the SEC’s website at www.adviserinfo.sec.gov.

Registration as an investment adviser with the SEC does not imply a certain level of skill or training of Law Finance Group Inc. or its personnel.

Item 2 - Material Changes

Since its last annual filing on March 30, 2020, Law Finance Group, Inc. has made the following material changes:

Item 4 has been amended to reflect the split of discretionary and non-discretionary assets under management as of December 31, 2020.

Item 3 - Table of Contents

Item 2 - Material Changes.....	2
Item 3 - Table of Contents	3
Item 4 - Advisory Business.....	4
Item 5 - Fees and Compensation.....	5
Item 6 - Performance-Based Fees and Side-by-Side Management	6
Item 7 - Types of Clients	6
Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss Analysis	7
Item 9 - Disciplinary Information	10
Item 10 - Other Financial Industry Activities and Affiliations.....	10
Item 11 - Code of Ethics, Participation or Interests in Client Transactions and Personal Trading	11
Item 12 - Brokerage Practices.....	12
Item 13 - Review of Accounts	12
Item 14 - Client Referrals and Other Compensation	13
Item 15 - Custody.....	13
Item 16 - Investment Discretion	13
Item 17 - Voting Client Securities	13
Item 18 - Financial Information.....	13

Item 4 - Advisory Business

Law Finance Group Inc. is a registered investment adviser with the U.S. Securities and Exchange Commission (“SEC”) pursuant to the Investment Advisers Act of 1940 (the “Advisers Act”) and is a Delaware corporation. For purposes of this brochure, the term “Law Finance Group”, “Law Finance”, “Firm”, and “LFG” mean Law Finance Group Inc. along with its affiliated general partners of the Funds (as defined below). The Firm’s investors are a mix of high-net-worth individuals, institutions, family offices, and private funds. Law Finance Group was founded by Alan Zimmerman in 1994.

Law Finance provides investment advisory services on behalf of investment vehicles, which may be structured as fund vehicles or special purpose vehicles (collectively, the “Funds”) in accordance with the limited partnership agreement (or analogous organizational document) and/or contractual side letters with any such Fund’s investors (collectively, “Governing Documents”). Investment restrictions for each Fund, if any, are generally established in the Governing Documents of the applicable Fund.

The Firm offers innovative funding solutions for plaintiffs and attorneys. LFG’s investment strategy consists of originating, diligencing, financing, servicing and collecting interests in civil money judgements on appeal (“AppealFinance”), advances on receivables in civil litigation settlements and contracts (“SettlementFinance”), and cross-collateralized combinations of these and other similar law related assets (“PortfolioFinance”). In addition, the Firm also participates in “Strategic Funding Opportunities”, which are contract or other legal rights and receivables relating to specialty, law related investments and finance opportunities.

The Firm’s policy is to allocate investment opportunities in a manner that is consistent with its fiduciary obligations and, accordingly, to allocate investment opportunities fairly and equitably among the Funds, where and to the extent applicable, such that no Fund will be systematically disadvantaged over time. A number of factors are considered when multiple Funds are capable of purchasing or selling a particular investment based on their respective investment objectives, including, without limitations, the amount of available cash, the impact that any such transaction may have on an existing portfolio’s diversification, risk profile, investment restrictions, concentration limits, existing investments, liquidity, contractual commitments or regulatory obligations and other similar considerations.

From time to time, the Firm in its sole and absolute discretion may give certain persons or entities an opportunity to invest alongside a Fund in certain investments (Co-Investment Opportunities). The Firm generally does so in instances where there is an excess amount of an investment opportunity or where an investment opportunity requires an investment commitment that is above the concentration limits set forth in the applicable partnership agreement (or other governing document) of a Fund. In exercising the Firm’s discretion to decide how to allocate investment opportunities with respect to various parties, the Firm may consider certain factors, which include, but are not limited to: the size and financial resources of the potential co-investment party and the ability of that person or entity to efficiently and

expeditiously participate in the investment opportunity with the relevant Fund; the Firm's past experiences and relationships with the potential co-investment party; the Firm's evaluation of whether the investment opportunity may subject the potential co-investment party to legal, regulatory, reporting, public relations, media or other burdens that make it less likely that the potential co-investment party would act upon the investment opportunity if offered; and contractual priority rights (including rights of first refusal) that certain Co-Investors may have over acquisition of investments that are otherwise appropriate for other Funds the Firm manages.

Assets Under Management

As of December 31, 2020, LFG manages approximately \$264 million of Fund assets of which approximately \$143 million are assets managed on a discretionary basis, and approximately \$121 million are assets managed on a non-discretionary basis.

Item 5 - Fees and Compensation

As compensation for investment advisory services rendered to Funds, LFG typically receives a management fee (each, a "Management Fee") for each such Fund. The precise amount of, and the manner and calculation of, the Management Fee may differ from one Fund to another, as set forth in such Fund's Governing Documents received by each investor prior to investment. The Management Fee is typically calculated as a percentage of the total capital commitments of the investors during the investment period and thereafter as a percentage of unresolved investments. In certain cases, LFG pays, out of the Management Fee it receives from the Funds, Servicing Fees (sometimes referred to in a Fund's Governing Documents as "Sub-Servicing Fees") to Law Finance Group LLC, an affiliate of LFG, in consideration of transaction support provided to LFG and the Funds.

Management Fees are payable monthly in advance, and are either called from investors, or withheld from distributions to investors.

The Firm is also entitled to a performance fee ("Carried Interest Distributions") based on cumulative net profits from investments. Carried Interest Distributions, if applicable, are withheld from distributions to investors.

The Firm receives fees for Co-Investment Opportunities as described in Item 4 – Advisory Business. Compensation terms for Co-Investment Opportunities are negotiated on a transaction-by-transaction basis.

Other Fees of the Adviser and its Affiliates

In addition to the Management Fee and Carried Interest Distributions, certain Funds charge other additional fees as further described below (collectively, these other fees are referred to as "Additional Fees").

Initial Fee. With respect to certain Funds, the Firm is entitled to receive a one-time, non-

recoupable fee based on a percentage of the total amount advanced by an affiliate of the Firm to the lawyer or plaintiff relating to a law transaction.

The Firm may charge additional fees with respect to a Fund and investors are strongly encouraged to refer to the respective Fund's Governing Documents for details of such fee arrangements.

Expenses

To the extent provided in the Governing Documents of the Funds, LFG is responsible for paying certain ordinary overhead and administrative expenses, including salaries of its personnel, rent and equipment expenses. In addition to the Management Fees, and the Carried Interest Distributions, the following is a list of expenses typically borne by the Funds (and indirectly by the investors in the Funds). This list is not intended to be exhaustive; prospective investors are advised to review the applicable Governing Documents for a more extensive description of the expenses associated with an investment in a Fund.

- Legal, audit, accounting, fund administration fees;
- Expenses incurred with respect to distributions, communication and other clerical work relating to current investors in the Funds;
- Expenses of limited partner advisory committee meetings; and
- Any other expenses, including investment expenses, related to the business of the Funds.

Item 6 - Performance-Based Fees and Side-by-Side Management

The Firm is entitled to receive Carried Interest Distributions under certain circumstances, which are based on cumulative net profits from investments as specified in each Fund's Governing Documents.

The Carried Interest Distributions may create an incentive for the Firm to recommend to the Funds investments that are riskier or more speculative than those that would be made under a different fee arrangement. However, the Firm is committed to acting at all times in the best interests of the Funds. To this end, the Firm has implemented internal controls to address the potential conflicts associated with performance-based fees, as more fully described in each Fund's Governing Documents.

Item 7 - Types of Clients

The Firm currently provides investment advisory services to the Funds. Investment advice is provided directly to the Fund and not individually to investors in the Fund. The Funds' investors are limited to individuals and entities that meet certain suitability criteria including "accredited investors", "qualified clients" and "qualified purchasers".

The minimum requirement to make an investment in a Fund is generally \$1,000,000 for new investors, and \$500,000 for investors who have participated in prior investment vehicles managed by LFG or its affiliates. LFG has the option to waive these minimum requirements in its sole discretion. LFG may in the future offer funds with a different minimum investment requirement.

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss Analysis

Law Finance Group identifies and evaluates investments in which the Funds invest. The transaction processes for all related deals, developed over Law Finance Group's history, entails a disciplined and structured underwriting process which applies the Firm's experience in selecting opportunities, transaction structuring and pricing strategies and mitigating risks.

Methods of Analysis and Investment Strategies

The types of investments made by Law Finance Group involve a substantial degree of risk. A Fund may lose all or a substantial portion of its investments, and investors in a Fund must be prepared to bear the risk of loss of the value of their investments. **Prior to making a commitment to invest in a Fund, prospective investors should carefully review the applicable Governing Document of such Fund and consult their own financial, legal and tax advisers.** There are material risks relating to the investment strategies and methods of analysis described above, and to the types of securities typically purchased by or for the Funds. Such risks include but are not limited to, the following:

No Operating History. Certain of the Funds offered by the Firm may be newly organized entities and have no operating history. Thus, investors cannot rely on past performance of other Funds offered by the Adviser.

Past Performance Not Indicative of Future Results. The past performance of the investments which the Firm's principals and/or investment professionals make is not necessarily indicative of future results. There can be no assurance that the Fund will generate investment returns commensurate with past performance.

Risk of Loss. An investment in the Funds will be highly speculative, and there can be no assurance that the Fund's investment objectives will be achieved. Investors must be prepared to bear the risk of a total loss of their investment. No assurances can be given that a strategy employed by the Funds will be successful.

Reliance on the Firm. Decisions with respect to the management of the Funds will be made by the Firm. The Firm will have the exclusive responsibility for the Funds' activities, and other than as expressly set forth in the Funds' Governing Documents, investors will not be able to make investment or other decisions in the management of the Funds. The success of the Funds will depend on the ability of the Firm to identify and consummate suitable investments and to dispose of investments for a profit. The loss of services of one or more of the Firm's investment professionals could have an adverse impact on a Fund's ability to realize its investment objectives. There can be no assurance that each of the Firm's investment professionals will

continue to be affiliated with the Funds through their anticipated terms.

Reliance on Principals. The loss of any of the principals of the Firm would have a significant adverse impact on the business of the Funds and their financial performance. No assurances can be given that any principal will continue to be affiliated with the Funds throughout their term. Notwithstanding any prior experience that the principals may have in making investments of the type expected to be made by the Funds, any such experience necessarily was obtained under different market conditions and with different technologies at the forefront of development. There can be no assurance that the principals will be able to duplicate prior levels of success.

Investment Risk. All investments risk the loss of capital. No guarantee or representation is made that the Firm's investment program does not involve, without limitation, risks associated with limited diversification and concentration, investments in speculative assets, default risks, systems risks, and other risks inherent in the Firm's activities. Similarly, the Firm's investments may be materially affected by conditions in the financial markets and overall economic conditions occurring globally.

Nature of the Firm's Investments. An investment in the Funds requires a long-term commitment with no certainty of the magnitude or timing of returns, if any, during the term of such Fund. While the Firm intends to make investments that have anticipated returns commensurate with the risks undertaken, there can be no assurance that the targeted returns will be attained or cash flow projections will be met. Furthermore, permitted investments of the Funds are highly illiquid. Accordingly, there can be no assurance that any of the Funds will be able to realize value on its investments in a timely manner. Losses on unsuccessful investments may be realized before any gains on successful investments are realized.

Risks Associated with the Funds' Investments. To varying degrees, all transactions involve risks relating to adverse court rulings, the potential amendment or revision of settlement documents including the downward adjustment of awarded damages, fees and costs, all of which present risk to investors of loss of capital. Such adverse results may or may not be caused by intervening changes in law while litigation is pending. In addition, all transactions not supported by a bond, sufficient collateral, or a deep-pocketed defendant present risks of reduced or non-payment upon otherwise successful litigation. There also exists the risk of diversion of payment on otherwise successfully resolved litigation. Finally, a lawyer or plaintiff may become insolvent or dispute the amount owed, thereby causing delays, additional costs, and the risk of a reduced or zero recovery.

Competition and Availability of Investments.

A number of entities compete with the Funds to make the types of investments that the Funds plan to make in law-related investments. The Funds compete with public and private funds, commercial and investment banks, commercial financing companies. Additionally, as competition for investment opportunities increases, alternative investment vehicles, such as hedge including credit funds, private equity funds, specialty finance businesses, lawyers and groups of people may frequently invest in law-related investments. As a result of these new

entrants, competition for investment opportunities in law-related investments has intensified, and the Fund expects the trend to continue.

Many of the Funds' potential competitors are substantially larger and have considerably greater financial, technical and marketing resources than the Funds do. For example, some competitors may have a lower cost of funds and access to funding sources that are not available to the Funds. In addition, some of the Funds' competitors have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than the Funds. The Funds cannot assure Limited Partners that the competitive pressures faced by the Fund will not have a material adverse effect on the Funds' business, financial condition and results of operations. Furthermore, as a result of this competition, the Funds may not be able to take advantage of attractive investment opportunities from time to time, and the Funds can offer no assurance that they will be able to identify and make investments that are consistent with their investment objectives.

Entrants in the Funds' industry compete on several factors, including price, flexibility in transaction structuring, customer service, reputation, market knowledge and speed in decision-making. The Funds will not seek to compete primarily based on the interest rates and purchase prices it offers, and the Funds believe that some of their competitors may make loans with interest rates that are lower than the rates and purchase prices the Funds offer. The Funds may lose investment opportunities if they do not match their competitors' pricing, terms and structure. However, if the Funds match their competitors' pricing, terms and structure, the Funds may reduce their net investment income and increase their risk of credit loss.

Lack of Diversification. The Firm's investment strategy is focused on investing in a narrow category of assets. The aggregate return on the investments may be adversely affected by the unfavorable performance of a particular investment category and will be at a greater risk to overall changes in the economy than if the Firm's investments were less concentrated in a particular investment category.

Start-Up Period. A newly formed Fund will encounter a start-up period during which it will incur certain risks relating to the investment of its assets and may commence operations at an unfavorable time. Moreover, the start-up period also represents additional risks (i) because of lack of diversification as compared to a fully committed portfolio and (ii) the normal balance of positions may be temporarily disrupted. Furthermore, the Firm may employ different strategies for moving to a fully committed portfolio. These strategies will be based in part on market judgment. No assurance can be given that these strategies will be successful.

Illiquid and Long-Term Investments. Many investments of the Funds take several years from the date of the initial investment to reach a state of maturity when realization can be achieved. It is anticipated that there will not be a public market for any of the Firm's investments and none is expected to develop.

Cybersecurity Risks. The Firm's information and technology systems may be vulnerable to damage or interruption from computer viruses, ransomware, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage

errors by its professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although LFG has implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, LFG may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in LFG's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to Funds and investors. Such a failure has the potential to harm the Firm's reputation or subject it or its affiliates to legal claims and otherwise affect their business and financial performance. Additionally, any failure of the Firm's information, technology or security systems could have an adverse impact on its ability to manage the Funds.

Pandemic Risk. Disease outbreaks that affect local economies or the global economy may materially and adversely impact our investment portfolios and/or our business. These types of outbreaks have the potential to cause severe decreases in core business activities such as manufacturing, purchasing, tourism, business conferences and workplace participation, among others. These disruptions also have the potential to lead to instability in the marketplace, including market losses and overall volatility. In the face of such instability, governments may take extreme and unpredictable measures to combat the spread of disease and mitigate the resulting market disruptions and losses. In the event of a pandemic or an outbreak, there can be no assurance that we or our service providers will be able to maintain normal business operations for an extended period of time or will be able to retain the services of key personnel on a temporary or long-term basis due to illness or other reasons. The full impact of a pandemic or disease outbreaks is unknown, which could result in a high degree of uncertainty for potentially extended periods of time.

Item 9 - Disciplinary Information

There have been no legal or disciplinary events to disclose within the last ten years that are material to an investor's or prospective investor's evaluation of LFG's advisory business or integrity of management.

Item 10 - Other Financial Industry Activities and Affiliations

Neither the Firm, nor any of its affiliates or management personnel are registered, or have an application pending to register, as:

- a broker-dealer or a registered representative of a broker-dealer; or
- a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

As described in Item 4, the Firm sponsors and advises the Funds. Affiliated entities serve as general partners to the Funds. Conflicts of interest may arise from time to time in allocating time, services, or other resources among Funds, including the investment activities of the

Funds. Investments identified by the Firm that are within the investment strategy and objectives of the Funds will be offered to those Funds. For additional information about the Funds, including their general partners, refer to our Form ADV, Part 1A, Schedule D, Section 7.B.(1) (Private Fund Reporting) available at: www.adviserinfo.sec.gov.

If any matter arises that the Firm determines in its good faith judgment constitutes an actual conflict of interest, the Firm will take such actions as it determines in good faith may be necessary or appropriate to ameliorate the conflict (and upon taking such actions the Firm will be relieved of any liability for such conflict to the fullest extent permitted by law and will be deemed to have satisfied applicable fiduciary duties related thereto to the fullest extent permitted by law). These actions include, by way of example and without limitation, (i) disclosing the conflict to the investors (including, without limitation, in drawdown notices, distribution notices, quarterly letters or other communications); (ii) implementing certain policies and procedures reasonably designed to ameliorate such conflict of interest; (iii) presenting a conflict of interest to the limited partner advisory committee, as expressly provided for in the respective Governing Documents; (iv) disposing of the investment or security giving rise to the conflict of interest; (v) appointing an independent fiduciary to act with respect to the matter giving rise to the conflict of interest; or (vi) in connection with a matter giving rise to a conflict of interest with respect to an investment, consulting with the respective limited partner advisory committee, regarding the conflict of interest and either obtaining a waiver or consent from the respective limited partner advisory committee of the conflict of interest or acting in a manner, or pursuant to standards or procedures, approved by the respective limited partner advisory committee, with respect to such conflict of interest. There can be no assurance that the Firm will identify or resolve all conflicts of interest in a manner that is favorable to each Fund. By acquiring an interest in a Fund, each investor will be deemed to have acknowledged and consented to the existence or resolution of any such actual, apparent or potential conflicts of interest and to have waived any claim with respect to any liability arising from the existence of any such conflict of interest.

Investments for the Funds are acquired through Law Finance Group Holdings, LLC and/or its affiliates (each, a “LFG Sourcing Affiliate”). Such transactions may present a conflict of interest because the LFG Sourcing Affiliate may receive fees which are described in detail in each of the Funds’ Governing Documents.

Item 11 - Code of Ethics, Participation or Interests in Client Transactions and Personal Trading

Pursuant to Rule 204A-1 under the Advisers Act, Law Finance Group adopted a Code of Ethics (referred to in this brochure as the “Code”). Law Finance Group has adopted institutional compliance policies and procedures consistent with the requirements of the Advisers Act. The Code is applicable to all Law Finance Group employees and governs each employee’s activities and conduct on behalf of Firm, as well as certain personal activities and conduct and conflicts of interest. As provided in the Code, the Firm’s employees are required to comply with applicable provisions of federal securities laws and make prompt reports of any actual or suspected violations of such laws and/or the Code by LFG and/or its employees. The Code is intended to ensure that LFG maintains the highest ethical standards in the conduct of the

Firm's business, to ensure that the interests of the Funds and the investors therein are always recognized, respected and given precedence over those of employees, and to ensure that LFG conducts business with integrity and in compliance with all applicable laws. The Code includes policies regarding conflicts of interest, confidential information, gifts and entertainment, political contributions and employee conduct.

In addition, the Code sets forth formal policies and procedures with respect to the personal securities trading of LFG's employees. The Code prohibits employees from engaging in personal trading in the securities of issuers on the Firm's restricted list. The Chief Compliance Officer monitors personal trading of the Firm's employees.

Copies of the Code are available to investors upon request by contacting our offices at (415) 446-2300 or via email at info@lawfinance.com.

Generally, except as permitted in the Funds' Governing Documents, LFG does not participate in Fund transactions.

Item 12 - Brokerage Practices

LFG has full discretion over the types of investments to be made by the Funds subject to each of the Funds' Governing Documents. LFG generally does not make recommendations for investments by the Funds in public securities as most investments are in funding solutions for plaintiffs and attorneys. Accordingly, LFG does not frequently select or recommend broker-dealers for Fund transactions. In the rare instance that a broker-dealer is selected or recommended, LFG will employ a due diligence process to ensure that any such transaction is executed in the best interest of the Fund taking into account certain factors such as a broker's execution capability and trading expertise in addition to pricing. If, in the future, the Firm does utilize broker-dealers for transactions, this section will be updated accordingly.

Item 13 - Review of Accounts

Monitoring of accounts. The investment portfolios of each Fund are generally private, illiquid and long-term in nature, and accordingly LFG's review of them is not directed toward a short-term decision to dispose of these investments. However, the Firm closely monitors the portfolio investments of the Funds and generally maintains an ongoing oversight position in such portfolio investments.

Review triggers. LFG's investment professionals regularly supervise and monitor the activities of the Funds.

Reports to Clients. The Firm provides written reports on a periodic basis in accordance with the applicable Governing Documents and other written agreements with its investors. Such reports generally provide, typically on an annual basis, audited information with respect to portfolio holdings, performance and transactions. Additionally, investors generally receive, typically on a quarterly basis, written unaudited account performance reports.

Item 14 - Client Referrals and Other Compensation

Neither LFG nor any of its related persons compensates any person who is not a supervised person for Client referrals to the Funds.

In certain cases, the Firm compensates third parties for referrals made with respect to certain portfolio investments of the Funds.

Additionally, in certain cases, LFG may be compensated for referrals the Firm makes to third parties with respect to certain investments that LFG determines are outside the scope or guidelines of the Funds.

Item 15 - Custody

With respect to the management of investments for the Funds, LFG or the general partners have, or may be deemed to have, custody of certain monies or securities of the Funds. Rule 206(4)-2 under the Advisers Act (the “Custody Rule”), imposes specific conditions on LFG as a registered investment adviser with respect to those securities and other assets that fall under the purview of the Custody Rule and are held by the Funds. LFG adheres to the applicable requirements of the Custody Rule with respect to the Fund for which it or an affiliate serves as general partner. All Funds’ securities and other assets that fall under the purview of the Custody Rule are held in the applicable Fund’s name or by LFG or its affiliates as agent or trustee for the Funds with a qualified custodian, to the extent required by the Custody Rule. In addition, LFG delivers to all investors (or other beneficial owners) in each of the Funds an audited financial statement, with a written opinion of an independent public accountant, in accordance with generally accepted accounting principles, on an annual basis and within 120 days of each Fund’s fiscal year end.

Item 16 - Investment Discretion

LFG exclusively manages the business of the Funds and has discretionary investment authority to manage the making of new investments by the Funds and the management of the existing investments held by the Funds. Generally, this discretionary authority is provided for in each Fund’s Governing Documents and is subject to the terms and limitations set forth therein. Please refer to Item 4 of this brochure for information regarding LFG’s advisory business.

Item 17 - Voting Client Securities

Item 17 is not applicable to LFG.

Item 18 - Financial Information

LFG does not believe it has any financial condition that would impair its ability to meet contractual commitments to the Funds, and has not been the subject of a bankruptcy proceeding.