

## Highlights from Chapter 9—Crowdfunding

Crowdfunding is used by individuals and businesses to raise small amounts of money from a large number of people to carry out a specific project. A popular forum used to crowdfund litigation is the internet, through online funding portals. Funding can be provided to litigants as a donation, or as an investment in a share of equity ownership in the litigation.

Donation crowdfunding enables people to offer financial support for a cause or project without the expectation of a financial or other reward in return.

Equity-based crowdfunding enables investors to finance litigation in exchange for a portion of a settlement or court judgment.

### *Optimal uses*

- **Advocacy organizations** (e.g. used to raise money for important cases, or to support advocacy services generally);
- **Sympathetic cases** (e.g. cases with the sympathetic facts, or cases with high value to the public interest, are more likely to be funded);
- **Cases with low awards** (especially the case for donation-based crowdfunding, where individuals provide financial support to a litigant as a donation, rather than an investment, to a cause).

Advantages	Disadvantages	Ethics and professional responsibility considerations
<ul style="list-style-type: none"> <li>• Mitigate unpredictable costs</li> <li>• Meet client expectations</li> <li>• Pipeline to unbundled legal services</li> <li>• Long-term client relationships</li> </ul>	<ul style="list-style-type: none"> <li>• Limited application to large or complex cases</li> <li>• Administrative costs to develop a new model</li> <li>• Burden on the client</li> <li>• Limitation of contingency fee agreements</li> </ul>	<ul style="list-style-type: none"> <li>• Negative client expectations</li> <li>• Flat fee reviews by courts</li> </ul>

### *Opportunities for systemic, structural, or legal change*

The consultation participants and research highlighted two ideas where changes could be considered to promote crowdfunding in British Columbia: enhanced regulations and guidelines; and practitioner database of lawyers who take on crowdfunded cases.