

Litigation Funder Pursues \$1.8 Million Claim in Lawsuit Against U.S. Law Firm Founders



In a recent legal development, a British litigation funder, a subsidiary of Woodsford Group, has taken legal action against a prominent U.S. law firm and its founders, Spencer Hosie and Diane Rice. The lawsuit, filed in San Francisco federal court, contends that the litigation funder is entitled to \$1.8 million from the impending sale of the couple's luxurious island mansion in the San Francisco Bay. This claim arises following the funder's successful arbitration against the law firm.

Background of the Funding Agreement

Hosie and Rice, leaders of the San Francisco-based law firm Hosie Rice, entered a funding agreement with Woodsford in 2018. The arrangement facilitated their pursuit of litigation against tech giant Google and other defendants. As part of this agreement, Woodsford asserts that it acquired a stake in the couple's residence on Belvedere Island, which is currently being sold.

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Allegations and House Sale

The lawsuit, brought by Woodsford subsidiary Frome Wye, alleges that Hosie and Rice are selling their house, with a listed sale price of \$7.99 million. Woodsford contends that the sale is scheduled to close imminently and seeks a court order to prevent the dissipation or transfer of \$1.817 million of the sale proceeds. According to Woodsford, recovering the owed funds would be challenging and costly without such an order.

Debt Collection Challenge

Woodsford CEO Steven Friel characterized the legal dispute as a "straightforward debt collection matter" in an email statement. He expressed concern about potential delay tactics employed by the debtors, referring to Hosie and Rice and emphasizing the need for timely resolution.

Response from the Defendants

In response to the allegations, Spencer Hosie rejected Woodsford's claims, asserting they do not owe the money. Hosie indicated they would promptly file an answer and counterclaim, adding a colorful remark about Woodsford's integrity, stating, "Woodsford is so crooked it makes Lombard Street seem straight." Lombard Street in San Francisco is renowned for its winding, zigzag path.

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Failure to Repay and Arbitration Outcome

Woodsford contends that under the funding agreement, the founders were obligated to repay the borrowed sum from any "gross revenue" obtained from specific cases pursued by their law firm. Hosie and Rice allegedly failed to initiate repayments despite a \$4.5 million award resulting from a settled patent lawsuit against Google in 2019. After entering arbitration, a panel awarded Woodsford's Frome Wye \$1.817 million in May 2012, a decision later confirmed by U.S. District Judge Colm Connolly in September.

The legal battle unfolds under the case name "Frome Wye v. Hosie Rice et al." in the U.S. District Court for the Northern District of California (23-cv-06153). As the litigation progresses, the outcome will determine the resolution of the financial dispute between the litigation funder and the founders of the San Francisco-based law firm.

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