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Oasis aids clients in fiscal desert

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* I'm a single father with three kids and this accident has really put a strain on my bank account.

* You have helped me pay bills and pay for medical tests. We are truly grateful.

These two accounts from cash-strapped customers of Northbrook-based Oasis tell what the firm does.

Typical clients are accident victims who are suing to recover accident-related costs, or who are pursuing worker's compensation claims. As their cases work their way through the legal system, they may miss work and have other bills pile up. Some may be on the brink of being evicted or losing their homes.

Oasis offers its clients an "advance against a pending case."

It is not a loan, because clients whose cases fail don't have to repay the firm.

But those who win will pay Oasis anywhere from 1.5 to 2.5 times the amount the firm has advanced -- from \$1,500 to \$2,500 per \$1,000 advanced, firm officials said.

Those with particularly severe injuries, who may never work again and are expecting million-dollar payouts, could receive as much as \$100,000 in advance of the resolution of their case from Oasis, company founder Gary Chodes said. But 96 percent of the company's advances, by volume, are for less than \$7,500, he said.

Legal finance companies like Oasis charge high rates because each client's case has an "unknown outcome, an uncertain maturity date," and clients can't pay back the advance unless they win their cases, according to information on the American Legal Finance Association Web site, a not-for-profit trade group.

Overhead, wages, benefits and other general operating costs also add to legal finance companies' costs, the Web site states.

Lots of inquiries

Despite the steep rates, the phones constantly ring in the Oasis offices on the southwest corner of Lake-Cook Road and Skokie Boulevard. That's because customers have no other financing option, said Chodes, a Highland Park resident and a 1988 graduate of Evanston's Kellogg School of Management.

Joining Chodes in running Oasis is Deerfield resident Michael Pekin, a 1980 graduate of Highland Park High School who worked as a personal injury attorney for 15 years. Pekin's wife, Elizabeth, a workers' compensation attorney, works at Oasis, too.

Before the advent of legal finance companies like Oasis, plaintiffs in personal injury suits would either rely on loans or handouts from relatives or friends, take out short-term bank loans, or max out a credit card as their cases were being adjudicated, Chodes said, adding many Oasis clients lack access to such resources.

An advance for a legal finance firm also can enable a plaintiff wait, rather than settling a case prematurely for less money, Chodes said.

When Chodes and Pekin started the business in Chicago in 2002, most clients were small business plaintiffs in such cases as patent infringements. The plaintiffs would use the advances to run their businesses while they waited for rulings or settlements, Chodes said.

While commercial cases typically have larger settlements than consumer cases, the wait for a consumer case's outcome is longer, Chodes said.

In the last three years, the consumer side of the business has taken off: More than 100,000 have applied for advances, Chodes said.

The growth caused Oasis Legal Finance to move in August from a 6,500-square-foot office on Dundee Road to 19,000 square feet at 40 N. Skokie Blvd. in Northbrook, and to nearly double its workforce, from 60 to 110 employees. The firm is still hiring, Chodes said.

In October, 7,000 applied for Oasis advances, and in December, Oasis expects up to 12,000 to do so, Chodes said.

Clients are chosen

About 25 percent of the applicants get funding, Chodes said.

How are they chosen? Oasis staff with insurance backgrounds assess the applicants to ensure their cases have a chance to succeed, Chodes said.

Usually, a client is advanced about 10 percent of the total he can they expect to win in the lawsuit or claim, he said.

"We don't give them too much upfront, as it could be a disincentive for them to pursue the claim. We do give them a meaningful amount of money to help them," Chodes said.

Business comes from all over the U.S. as Oasis advertises on cable television, radio and via the Internet, Chodes said. Chodes and Pekin also go to trade shows around the country for trial attorneys and have sponsored the Illinois Workers Compensation Lawyers Association annual golf outing at the Highland Park Country Club.

Before founding Oasis, Chodes launched another company, Viaticus, in 1993 which allowed terminally ill patients in financial straits to get access to their life insurance funds by selling them early. Viaticus was sold to CNA, which ended up getting out of the business in 2000.

"It was the largest business of its kind at the time. It is now a mainstream product," Chodes said of Viaticus.

Will Oasis also look to be acquired? "We have no plans to sell. We have a lot of capital," Chodes said.

But Chodes thinks his latest venture also will catch on.

"I predict that 10 years from now legal finance will be a mainstream product," he said.