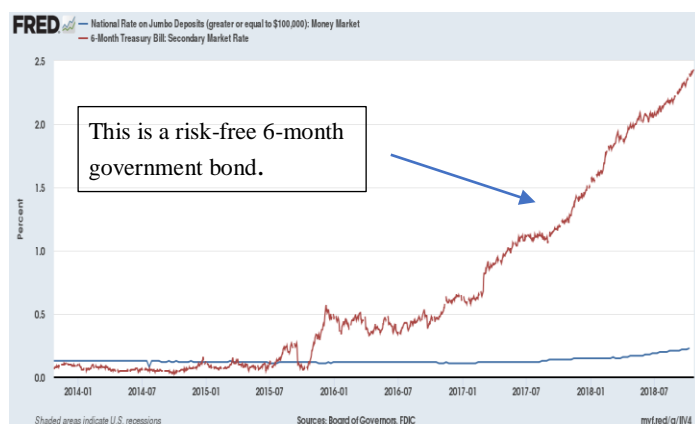


*“Non-interest-bearing deposits are the goose that lays the golden egg for a bank.” – The Wall Street Journal<sup>1</sup>*

You’re probably not reading this right now thinking you’re the Golden Goose, but you might be. Over the past decade, the question of what to do with settlement proceeds didn’t merit much thought. This is because interest rates on bank deposits and risk-free government bonds were near zero. Attorneys would work several years advancing significant working capital to reach a settlement, then deposit tens or even hundreds of millions of dollars in settlement proceeds in a low or non-interest bearing escrow account. Things are different now. The recent move higher in interest rates presents a great opportunity for attorneys and their clients in complex litigations to *make money* in their Qualified Settlement Funds (QSF) – a free lunch, if you will.



*How come my bank isn’t paying me more? ARX will construct a customized QSF for you that will look a lot like that red line.*

Here’s how a bank uses your QSF proceeds to drive profits. Let’s say the terms of your settlement require \$10 million to be deposited in a bank escrow paying 50 basis points a year (0.5%). The bank then lends up to 8x that amount to its customers at ~5%, which earns \$3.6 million in income *each year* while paying you just \$50,000. A pretty good deal for the bank, but not for you. As yields rise (red line above), banks are slow to raise deposit rates but fast to increase interest rates on loans, which expands their *net interest margins*. All at the expense of you, the Golden Goose.

After working years to secure a settlement, don’t you think you and your clients should be making that money? We do. ARX has been constructing customized QSFs for settlements of all sizes since 2011, with the objective of maximizing risk-free earnings on attorney fees and client proceeds. We have delivered significant earnings in large claimant and attorney fee QSFs, as well as common benefit funds for global settlements. For smaller settlements with lower case values, we can often put together comprehensive settlement administration programs at no or very low cost, resulting in higher net recoveries for clients. In this rate environment, we believe the QSF should be viewed as a strategic part of the settlement, and we can help you negotiate the most favorable terms for you and your clients.

**About ARX Management:**

Established in 2011 by professionals with direct experience in complex litigation and institutional investment management, ARX offers an unmatched mix of skills relevant to managing 1.468B Qualified Settlement Funds. Our expertise investing conservative capital preservation products is directly related to the management of institutional QSFs. Contact us today to discuss a customized QSF for your customized settlement.

[Listen to “Won’t Get Fooled Again” by The Who here on the ARX Spotify playlist.](#)

<sup>1</sup> [https://www.wsj.com/articles/banks-golden-deposits-are-heading-out-the-door-1540200600?mod=hp\\_lead\\_pos5](https://www.wsj.com/articles/banks-golden-deposits-are-heading-out-the-door-1540200600?mod=hp_lead_pos5)