NEWS LETTER

Robert W. Johnson & Associates

FORENSIC ECONOMIST

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BRITISH WOMAN AWARDED $18.0 MILLION IN CROSSWALK ACCIDENT

Los Angeles, California: Robert W. Johnson & Associates was retained to provide economic testimony in quantifying the present cash value of lost earnings capacity and future medical expenses.

Citation: Alice Mary Mowatt v. City of Los Angeles, State of California Department of Transportation, et al., Los Angeles County Superior Court, Case No. BC-300552. Plaintiff's attorneys Ronald H. Rouda and John M. Feder of the Law Offices of Rouda, Feder, Tietjen & Zanobini, San Francisco, California. The judge was the Honorable John P. Shook.

Case Synopsis: On September 23, 2002, a 19-year old visiting British college student was heading towards a youth hostel after sightseeing in Hollywood. It was nighttime, and as she attempted to cross a busy Cahuenga Boulevard at the crosswalk, she was struck by a BMW sport utility vehicle.

Alice Mowatt, of South Nutfield, Surrey, on her last day of her vacation, nearly died after suffering multiple trauma and permanent brain damage. According to her attorneys, doctors were forced to induce a coma to control the swelling of her brain.

After two weeks, Ms. Mowatt regained consciousness. As a result of the accident, she was left with memory loss, double vision, loss of her sense of taste and smell and cognitive deficits.

Expert Testimony: In this case, Mr. Johnson was retained to testify regard-

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HOW CAN YOU BENEFIT FROM STRUCTURED ATTORNEY FEES?

Structured Attorney Fees provide a unique opportunity for Attorneys to accumulate wealth, with unmatchable rates of return.

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LIFE ACTIVITY CALENDAR© SUPPORTS JURY VERDICT OF $1,100,000 IN FAST-FOOD SLIP & FALL

Jury awards $1,100,000 in fast-food restroom slip & fall; the LIFE ACTIVITY CALENDAR© validated plaintiff's loss of quality of life.

Palm Springs, California: Robert W. Johnson & Associates was retained to prepare a **LIFE ACTIVITY CALENDAR©** that would be used to counter the defense assertion that plaintiffs complaints were fabricated or exaggerated.

Citation: *Nichols vs. CEO Foods, Inc., dba Jack-in -the-Box, Riverside County, California, No. 1-66449, Attorney Stephen H. Heller, Heller & Owen, Encino, California.*

Case Synopsis: Mrs. Kimberly Nichols, a 22 year old mother of one, used the ladies restroom at the local Jack-in-the-Box. While she was inside, two employees standing outside the restroom door stated in a loud voice, "It sure stinks out here. Get the spray." She was humiliated and embarrassed and chose to leave the restroom immediately. She took a step as she reached for the door knob and immediately slipped on the foam residue or invisible mist and landed on the concrete floor. Mrs. Nichols complained to Jack-in-the-Box store manager about the offensive behavior of the employees and her fall, but did not fill out an accident report or complain of injuries.

The initial diagnosis, the following day, was a lumbar strain. An MRI, several months later, confirmed ruptured disks at L4-5 and L5-S 1. Her doctors testified that she required a diskectomy, fusion and internal fixation to stabilize her spine.

The defense contended that: (a) the fall never occurred, (b) she never told the manager she was hurt, (c) a few days after the fall Mrs. Nichols had fallen at home and did not tell a doctor, *whom* she saw five days later, that she had fallen at Jack-in -the-Box, (d) the MRI confirmed a ruptured disk but there was no nerve root encroachment, (e) there was no need for surgery, and (f) plaintiffs complaints were exaggerated or fabricated.

Trial Presentation: The **LIFE ACTIVITY CALENDAR©** was introduced to graphically depict her activities before the accident and the activities which had been eliminated or reduced in frequency post-accident. Her husband testified how his wife's ability to do normal activities, *from* bicycling, to picking up their *two* year old, to even attending church; had been drastically reduced or totally eliminated.

Attorney Comments: "When I placed the **LIFE ACTIVITY CALENDAR©** in front of the jury you could hear them groan. They saw how the color had been drained *from* the plaintiffs life. The defense's cross-examination was non-existent. The **LIFE ACTIVITY CALENDAR©** buttressed my client's creditability."

Results: The defense offered nothing. Plaintiff demanded *$300,000* (statutory pre-trial offer of compromise). The jury, after 2 hours of deliberation awarded $930,000 plus $186,000 in pre-judgment interest for a total of $1,116,000.

Let us prepare a LIFE ACTIVITY CALENDAR for your next case. Call (800) 541-7435 ext 200

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HOW CAN YOU BENEFIT FROM STRUCTURED ATTORNEY FEES?

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Structuring is the ideal vehicle to achieve greater wealth accumulation. You can *defer taxes, receive unmatchable rates of return* and, most importantly, be able to *pay yourself first*.

As an attorney, you already know that your fees can be unpredictable. You cannot be sure when cases will arrive or when they will conclude, which makes it challenging to manage cash flow. When your fees do arrive, taxes can take a huge bite from your income.
Structured Attorney Fees allows you to:

- - Defer up to 100% of your pre-tax income
- - Contribute as much income as you like
- - Increase your guaranteed flow of income
- - Even out your cash flow

Moreover, structuring your fees gives you a chance to plan for the "big things" in your life. For you, the "big thing" might be buying that next big house, or sending your child to Stanford, or buying out your partner when they retire. Whatever the "big thing" might be for you, the important point is that structuring your fees gives you the ability to achieve it – easily, painlessly, and with an unmatchable rate of return.

How do structured settlements compare to traditional investments?
Structured Attorney Fees have been around since the mid 1990's. Unfortunately, attorneys have been reluctant to structure their fees because they have not been able to accurately compare this investment with <u>other</u> investment vehicles. Robert W. Johnson & Associates has developed the Tax Equivalent Guaranteed Return (**T.E.G.R.SM**) methodology to simplify this comparison for you.

What is the **T.E.G.R.SM**? The **T.E.G.R.SM** is the guaranteed rate of return that any other investment needs in order to match the pre-tax payout of the Structured Attorneys Fees.

Pre-Tax Comparison

It is important to remember that with Structured Attorney Fees you are working
with 100% of your money because you invest on a pre-tax basis. It is also important to understand that the results are **guaranteed**. In contrast with a traditional investment you are typically working with 60% - 65% of your money after-taxes, and the results usually are **not guaranteed**.

Unmatchable Rates of Return

Structuring your fees gives you an unmatchable rate of return, with annual **Tax Equivalent Guaranteed Returns** that can reach:

- 20+% for a 5-year investment
- 15+% for a 10-year investment
- 10+% for a 20-year investment

<u>A Long-Term Scenario: Funding Retirement</u>

An attorney planning to retire has just settled a case with $500,000 in fees. The attorney has the option to either (a) structure their $500,000 fee, or (b) pay the tax and invest the balance.

If the attorney structures their fee, the $500,000 will pay out $38,229 annually before tax, over 20 years, **guaranteed**.

On the other hand, if the attorney pays the 40% tax ($200,000) and invests the $300,000 balance, the investment would need to generate a **T.E.G.R. SM of 11.23%** to match the structure's **guaranteed** total payout.

Clearly, few investments are likely to yield a steady return of 11.23% over 20 years, whereas the structure is **guaranteed**, no matter what happens. The structured approach is the obvious choice to maximize the return on the initial fee.

The benefits are clear:

- Unbeatable, guaranteed returns
- Increased cash flow and lower taxes
- 100% tax deferral
- Unlimited contribution allowance

You can use the structure as an investment vehicle to meet almost any financial goal.

Structured Attorney Fees beat every other guaranteed investment vehicle for investing and maximizing the benefit from your hard-earned fees. It not only makes more money, but it is unhindered by down-turns in the economy and the stock market.

You provide the vision and we'll provide the investment vehicle.

BRITISH WOMAN AWARDED $18.0 MILLION IN CROSSWALK

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ing loss of earning capacity and future medical expenses. Since Ms. Mowatt lived and planned to work in England, Mr. Johnson had to research economic indicators from England. These government statistics consisted of fringe benefits, employment and earnings, interest and inflation rates and life expectancies.

At the time of her accident, Ms. Mowatt was enrolled in a tourism studies program at Bournemouth University. She had anticipated completion of her Bachelor of Arts degree in June 2005. With this information, Mr. Johnson was able to obtain wage data for supervisor and junior manager positions in the tourism sector from Bournemouth University. This amounted to an average of $38,273 per annum over her work-life expectancy plus 22.5% fringe benefits of her wages. The total present value of lost wages and fringe benefits was $2.2 million.

Caption describing picture or graphic.

Next, Mr. Johnson worked with the England based life care planner to calculate Ms. Mowatt's future medical care. The life care planner testified that the majority of her future medical expenses would come from Ms. Mowatt's need for 24-hour care for the rest of her life. The total present cash value of her future medical expenses was $8.2 million.

Result: On March 9, 2006, the jury found that the City of Los Angeles was responsible for the accident and had known of the dangerous condition. The jury returned an $18 million verdict, consisting of $1.6 million in past earnings and medical expenses, $10.4 million in future earning and medical expenses, and $6.0 million for past and future pain and suffering damages. The jury attributed the fault as follows: City of Los Angeles 20%, the State of California 48%, the defendant driver Anatoliy Shevtchenko 30% and plaintiff Alice Mowatt 2%. However, after prior settlements with the State and the defendant driver, the net award was lowered to $11.8 million.

Attorney's Comments: Plaintiff's attorney Ronald Rouda stated 'Mr. Johnson was a crucial part of our testimony. He was really able to connect with our jurors and help them understand the economic phase of the case. So effective was Mr. Johnson's direct testimony that before Mr. Johnson could start his critique of the Defense economist, Defense counsel jumped up and said "I will stipulate to Mr. Johnson's opinion." It was extraordinary to see the jury award every cent for Ms. Mowatt's future economic damages that Mr. Johnson put up. It is not very common that you see that.'