

NEWS LETTER

Robert W. Johnson & Associates

FORENSIC ECONOMISTS

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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 unmatched rates of return.

Structuring is the ideal vehicle to achieve greater wealth accumulation. You can *defer taxes, receive unmatched 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

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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 unmatched rate of return.

How do structured settlements compare to traditional investments?

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FORMER UTILITY WORKER AWARDED \$9 MILLION FOR PINOLE RAILROAD CRASH

Featured Case

Martinez, California: Robert W. Johnson & Associates was retained to provide economic testimony in quantifying the present cash value of future lost earnings and punitive damages.

Citation: Robert Pietrowski v. Burlington Northern Santa Fe Corporation, City of Pinole, State of California and Does 1-50, inclusive, Contra Costa County Superior Court, Case No. C-02-00335. Plaintiff’s attorney Jonathan E. Gertler of the Law Offices of Chavez & Gertler, Mill Valley, California. The judge was the Honorable William G. Crawford.

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Featured Case, Continued from Page 1

Case Synopsis: On December 19, 2001 Mr. Pietrowski, 37, a lineman for Pacific Gas & Electric was working at a private train crossing near the border of Hercules and Pinole. As he drove over the tracks there were no lights or gates to give him any warning of an oncoming locomotive. His truck was struck by the train, sending it flying into the air. Mr. Pietrowski had no memory of the accident.

Burlington Northern Santa Fe Corp. had intended to close the crossing since it was considered unsafe. The railroad acknowledged the planned closing in late-October, based on a letter to a ranch owner adjacent to the tracks. The letter stated the crossing would close in 30 days, attorneys said. The train struck Pietrowski's truck 50 days after the letter was written.

Mr. Pietrowski sustained a serious closed head injury as well as burst fractures from T3 to T7, which required a spinal fusion. Mr. Pietrowski stayed in an acute care hospital two months, followed by stays in two rehabilitation facilities over the next seven months.

Expert Testimony: In this case, Mr. Johnson was retained to testify regarding two elements of damages, compensatory and punitive. Mr. Johnson first testified as to Mr. Pietrowski's loss of future earning capacity. Mr. Pietrowski had a solid earnings history dating back to 1996. In Mr. Johnson's analysis, he decided to bracket Mr. Pietrowski's earnings based on his actual earnings history and the average earnings for his peer group. This gave him an annual earning capacity loss of \$94,000 to \$111,000, respectively. Mr. Pietrowski also received as part of his compensation, fringe benefits that amounted to 25.6% of his wages. After accounting for possible mitigating income, the present cash value range of Mr. Pietrowski's net lost future earning capacity was from \$2.6 million to \$3.3 million.

After the compensatory verdict, Mr. Johnson's next assignment was to testify as to the health, wealth and economic status of BNSF Railway Company, a wholly-owned subsidiary of Burlington Northern Santa Fe Corp. Mr. Johnson reviewed financial reports filed with the SEC for the two companies. He was able to convey that BNSF Railway Company is an extremely strong company with sales of \$10.9 billion in 2004 (\$29 million per day) and \$1 billion in net income in 2004 (\$2.7 million per day). He also concluded that BNSF Railway Company had a net worth of \$16.4 billion and its parent company, Burlington Northern, had spent over \$2.3 billion repurchasing its own stock since 2000.

Result: After an eight week trial, the jury returned a \$6.9 million verdict, consisting of \$486,676 in past wage loss, \$4,500,000 in future wage loss and future assisted living medical expenses, and \$2,000,000 for past and future pain and suffering damages. The jury found that Burlington Northern Santa Fe Corp. was 70% responsible, with Pietrowski responsible for 17% and PG&E for 13%. The net compensatory award was \$5,538,941.

After hearing Mr. Johnson's punitive damages analysis, the jury returned an additional \$2 million verdict in favor of the plaintiff. The total net compensatory and punitive award was \$7,538,941.

Attorney's Comments: Plaintiff's attorney Jonathan E. Gertler stated "Mr. Johnson was able to convince the jury that the present cash value of Mr. Pietrowski's lost earning capacity and future assisted living medical expenses were not exorbitant. He was also able to give the jury a good understanding of Burlington's financials so they could make an educated decision of what was fair. His rebuttal of Burlington's financial expert shredded the railroad's creditability."

Structured Attorney Fees, Continued from Page 1

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 other 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

A Long-Term Scenario: Funding Retirement

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.

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

(b) 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.



All you need to do is contact us at (800) 541-7435 and we'll help you get started.

2005 Year End Verdict Summary

Select cases for which Robert W. Johnson & Associates provided support.

Attorney	Case	Case Type	Verdict*
J.R. Crockett, Jr.	Mark Brown v. Cirque Du Soleil Nevada, Inc., et al.	Personal Injury - Products Liability (Incomplete Paraplegia)	\$42,400,000
Jonathan E. Gertler	Robert Pietrowski v. BNSF, et al.	Personal Injury - Auto Accident (Closed Head Injury)	\$9,000,000
David Kyle	Cherry, et al. v. County of Los Angeles, et al.	Personal Injury - Legionnaires' Disease	\$3,000,000
Gregory M. Sheffer	Pelletier v. Better Properties, et al.	Personal Injury - Fall	\$2,700,000
Anthony S. Petru	Dickinson v. Union Pacific Railroad	Personal Injury - Railroad (Shoulder & Back Injuries)	\$2,200,000
Randall S. Scarlett	Rasmussen v. Shade, et al.	Personal Injury - Auto Accident (Closed Head Injury)	\$1,500,000
Anthony S. Petru	Charles Montgomery v. BNSF	Personal Injury - Railroad (Slip & Fall)	\$1,300,000
James L. Faulkner	Gomez v. Pine Mountain Club	Personal Injury - Slip & Fall (Back Injury)	\$1,100,000
David B. Draheim	Duenez v. National Railroad Passenger Corporation	Personal Injury - Railroad (Back Injury)	\$965,000
Christopher D. McIntire	Hall-Hollis v. County of San Bernardino	Personal Injury - Auto Accident (Back Injury)	\$960,000
Totals			\$65,125,000

*Amounts may be rounded



**The entire staff at
Robert W. Johnson & Associates
wish you a prosperous new year in
2006 and we look forward to
working with you in the future.**

About Robert W. Johnson & Associates: A nationally recognized, full service, consulting firm that specializes in illustrating and quantifying damages. Services include: court-qualified expert witness testimony in quantifying the loss of enjoyment of life (pain and suffering) in personal injury cases and quantifying the loss of love, care, comfort, society, consortium,

etc. to the survivors in wrongful death cases. Other litigation support services include analysis and placement of structured settlements, generating wage loss reports that include the present value of future medical expenses and illustrating the loss of quality of life with the LIFE ACTIVITY CALENDAR[®].