

# NEWS LETTER

Robert W. Johnson & Associates

FORENSIC ECONOMISTS

Q1/2005

## 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

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 he retires. 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.

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### *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 other vehicles. Robert W. Johnson & Associates has developed the Tax Equivalent Guaranteed Return (T.E.G.R) methodology to simplify this comparison for you.

What is the T.E.G.R.? The T.E.G.R. is the guaranteed rate of return that any other investment needs to yield in order to match the pre-tax payout of a structured settlement.

- See the Featured Case on Page 3 -

### *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

*(Continued on Page 4, See Structured Attorney Fees)*

**ECONOMIST'S TESTIMONY  
& LIFE ACTIVITY  
CALENDAR<sup>®</sup> CRUCIAL IN  
POLICE WRONGFUL DEATH  
OF YOUNG FATHER -  
JURY VERDICT \$3,645,000**

*Verdict of \$3,645,000 for a 23-year-old marble installer, and father of three daughters, who was shot and killed by transit police.*

**Los Angeles, California:** Robert W. Johnson & Associates was asked to testify as to the economic value of Mr. Bodan's losses; as well as prepare a **LIFE ACTIVITY CALENDAR<sup>®</sup>** to illustrate the effects of the loss of Mr. Bodan's life on his surviving family.

**Citation:** *Alejandro Bodan v. Richard DeMartino; Los Angeles County, California; Sheldon Sacks and Carole Sacks Allen; Beverly Hills, California.*

**Case Synopsis:** Alejandro Bodan, a 23-year-old marble installer, was shot and killed by Metropolitan Transit Authority Police Officer Richard DeMartino. Bodan had been driving with a blood Alcohol of .26 when his pickup truck was stopped by the Defendant. The officer proceeded to exit the police car with weapon drawn and siren on. He went to the driver Bodan and fired 2 bullets, killing Bodan instantly. Mr. Bodan's annual wages were at the \$25,000 rate at the time of his death. His wife was a full-time homemaker and did not work outside of home. Special damages totaled \$1,100,000.



**Attorney's Comments:** "Bob Johnson's testimony was exemplary. In querying the jury after the trial, the jury said his testimony was easy to digest and understand. They said the cross-examination of his testimony by the defense made his direct even more believable. They felt he was very likeable, and said he came across like their next door neighbor."

"I used the **LIFE ACTIVITY CALENDAR<sup>®</sup>** in my closing remarks. It beautifully summarized the effects of the loss to Mr. Bodan's family. As recommended, I first presented the Key Chart which listed the daily activities Mr. Bodan shared with his family. Then I summarized the Before (Death) Calendar showing the daily frequencies of the activities, as symbolized by the brightly colored bars. Lastly, as I turned the After (Death) Calendar around for the jury's viewing, and when they saw a blank calendar year, drained, having no color, the jury gasped."

**Results:** Plaintiffs demanded \$3,000,000 pre-trial, and Defendants made no offer. Jury awarded \$3,500,000 compensatory damages; \$145,000 in punitive damages.

**Let us prepare a LIFE ACTIVITY CALENDAR<sup>®</sup> for your next case. Please call (800) 541-7435 ext 200.**

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**SAN FRANCISCO COUNTY  
JURY AWARDS \$5.4 MILLION  
TO ORTHOPEDIC RESIDENT  
STRUCK BY FALLING BOARD**

**Featured Case:**

**San Francisco, California:** Robert W. Johnson & Associates was retained to provide economic testimony in quantifying the present cash value of future lost earnings.

**Citation:** *Dr. Doe v. White General Contractor Company, et al.* San Francisco Superior Court. Plaintiff's attorneys Cynthia Bernet-McGuinn and Miles B. Cooper of the Law Offices of William L. Veen, San Francisco, California. The judge who presided over the trial was the Hon. Donald Mitchell.

**Case Synopsis:** On February 28, 2001, Dr. Doe, an orthopedic resident, was attending an orthopedic surgery convention in San Francisco. As he and some colleagues were walking on the sidewalk near the corner of Third Street and Mission in front of the Argent Hotel, a 2 ft. by 8 ft. piece of ¾ in. plywood, weighing about 40 lbs., fell from a 22-story high rise construction project across the street. The board struck Dr. Doe, barely missing his head but striking him on the left shoulder with sufficient force to knock him to the ground. As a result of this event, Dr. Doe suffered severe bruising and a stretching of the nerves in his brachial plexus, the branch of nerves which extend through the shoulder from the cervical spine and provide control to the muscles of the left shoulder, arm and hand. Dr. Doe was taken to the emergency room at San Francisco General Hospital and then released. He returned to work with no missed time. The total cost of his medical treatment was \$2,000.

Gradually, the injured nerves resulted in a wasting injury of small muscles in his back.

Dr. Doe lost some grip strength, and ability to hold heavy objects for prolonged periods, in his left arm. Dr. Doe had been an above average resident, and his earnings in his first three years of practice grew from \$95,000 to over \$400,000. This financial performance was well above the median for a surgeon of Dr. Doe's experience. His treating doctors and experts testified that he had a mild brachial plexus injury and that he suffered a loss in his earning capacity as a result of his inability to perform certain types of surgeries. Dr. Doe will be relegated to the earnings level of either an instructor (\$125,000) or a part-time general surgeon (\$204,500). Defendants asserted that he had either residual injuries from a dislocated shoulder in high school or carpal tunnel syndrome as a result of his surgical practice and had no loss of earning capacity.

**Expert Consultation:** In this case, Mr. Johnson was retained to testify as to Dr. Doe's loss of future earning capacity. Recognizing Dr. Doe had an extraordinary post-injury earnings history, Mr. Johnson collaborated with the vocational rehabilitation consultant to determine a range of his pre-injury earning capacity. They were able to utilize physician compensation data from the Medical Group Management Association. In Mr. Johnson's analysis, Dr. Doe's loss was based on earnings of orthopedic surgeons in the 75<sup>th</sup> and 90<sup>th</sup> percentiles. In addition, it was assumed that but for his injury, Dr. Doe would have worked to age 70. This is also the current age of one of his partners. The present cash value range of Dr. Doe's net lost future earning capacity was from \$2.8 million to \$8.7 million.

**Result:** On September 8, 2004, after a three week trial, the jury returned a \$5.4 million verdict, consisting of \$175,000 in past wage loss, \$3,974,967 in future wage loss, and \$1,250,000 in general damages.

(S.F. County Jury, Cont'd from Page 3)

**Attorney's Comments:** Plaintiff's attorney Cynthia Bernet-McGuinn stated "Mr. Johnson expresses complex economic theories and formulas in a simple, direct and entertaining manner. His thoroughness and honesty and his ability to establish a rapport with the jury make him a very persuasive

witness. In this case, his testimony was key in assisting the jury to understand earnings trends for new doctors and apply that information to the facts of the case to arrive at a verdict that included a substantial future loss of earning capacity."

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(Structured Attorney Fees, Cont'd from Page 1)

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 Short-Term Scenario: Increase Cash Flow and Reduce Taxes

When Structured Attorney Fees are looked at from the short-term perspective, the financial results are impressive. Imagine an attorney who wants to ensure that her office expenses of \$10,580 per month (based on current rates) are covered for the next five years. Her attorney's fees in a current case are \$600,000.

- If the attorney elects to structure her attorney's fees, the \$600,000 will payout \$10,580 per month for the next five years **guaranteed**. In addition, since the taxable income from the annuity matches the tax-deductible office expenses, her net tax is **zero**.
- On the other hand, if the attorney pays the 40% tax and invests the balance,

a traditional investment would need a **guaranteed T.E.G.R. of 23.22%** to match the structure's guaranteed payout.

Not even high-yield junk bonds have a consistent yield as exceptional as 23.22%. Again, a structured plan, *with its guaranteed feature*, is the only investment that can produce this level of return.

#### ***The benefits are clear. Consider:***

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

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

Structured Attorney Fees beat every other guaranteed 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 vehicle.***

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

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**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 analyzing 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®.