

# Forensic Economic Case Studies

## Loss of profits from start-up used auto business due to unfavorable lender credit reporting.

### Economic analysis on behalf of the defendant included:

- **Created doubt** regarding the validity of these projections and supplied defense with business expenses the plaintiff ignored. Plaintiff claimed losses based on a non-implemented business plan using projected “conservative” profits.
- **Revealed** that business plan had not shown positive cash flows before negative credit impact. Thereby showing the wrongful act claim to have had minimal impact on business plan success.
- **Illustrated** that business plan success hinged primarily on used car price bubble between 2010 and 2012. After the economic downturn of 2008 used car prices saw a tight spread with new car prices given high demand for used with minimal inventory. This trend would have had to continue in order to produce similar cash flows of the plaintiff’s projections.
- **Created doubt** regarding average vehicle transaction costs as the projections would produce higher levels of revenue than the market could have supported.

## State university delivery driver injured in motor vehicle accident, claims total disability

### Economic analysis on behalf of the defendant:

- **Provided doubt** about opposing expert’s loss reporting by arguing proper career expectancy, and increased household expenses.
- **Confirmed** plaintiff had previous medical history showing primary cause of disability was not due to the motor vehicle accident. Previous social security disability judgment supported that opinion.
- **Provided measurable arguments** through IRS regulations and GIS mapping that the plaintiff stood to save over \$8,000 per year in travel and union dues alone. My calculations were then excluded from settlement figures.
- **Successfully argued** that given cutbacks in state government and state Board of Regents rulings, state employee overtime would be cut if not eliminated thereby refuting the plaintiff’s claim of 30% annual salary overtime payments.
- **Accurately analyzed** time value of money calculations to prove the opposing expert testimony overstated historical loss of earnings during trial years.

## Work injury of locomotive engineer with less than four years of seniority, Federal Employers Liability Act (FELA)

### Economic analysis on behalf of plaintiff included:

- **Adjusted future earnings** to expected rate of seniority growth. This calculation projected the plaintiff's previous three years and eight months of earnings into the future based on historical pay rate increases of peers with same job descriptions. All analysis was adjusted for inflation and income taxes.
- **Analyzed total compensation figure** including the loss of plaintiff's fringe benefits. Analysis took into account retirement contribution loss as well as employer's portion of health insurance premiums. Basing both health insurance and retirement contributions on the employer's cost, began the look-back period on the day railroad benefit packages ended.
- **Accurately measured health insurance costs** for an insured after injury, aggregated data from the Bureau of Labor Statistics was utilized to provide ample empirical evidence. This was the best qualifying earnings factor as the plaintiff had not yet returned to work.

## Personal injury case where CEO of construction company sues previous employer for knowingly exposing him to asbestos while on the job.

### Economic analysis for plaintiff included:

- **Deconstructed IRS business tax returns** to give an accurate picture of plaintiff's business assets. Basing business health solely on IRS calculations does not take into account accelerated depreciation nor inflation. Utilized U. S. Bureau of Economic Analysis to estimate the impact of current and predicted economic depreciation. Forecasted the impact of current and future inflation on the health of this business with Bureau of Labor Statistics Producer Price Indices. Overall, book value of equipment and real estate increased which led to accurate settlement calculations.
- **Implemented time value of money calculations** to show how returns on capital removed from the business could have been invested. Subtracted that amount from profit as it does not represent owner management and labor. The time value of money calculations used risk-adjusted returns based on underlying investments.
- **Projected five different scenarios** into the future that portrayed common retirement investment scenarios ranging from no investment growth to aggressive investment growth in order to give discussion options and the ability to average for settlement purposes.

## Malpractice suit due to birth injury leads to incapacity and loss of lifetime earnings

### Economic analysis on behalf of the plaintiff included:

- **Deconstructed** after-birth injury health care plan to separately inflate specific required medical services based on actual historical trends, not generic Consumer Price Index statistics. Medical services have risen far more than basic consumer inflation.
- **Utilized time value of money** calculations to establish present value of future health care outlays based on a normal life expectancy. Then reduced life expectancy due to birth injury.
- **Calculated future loss** of earnings by education, age, and sex. Utilized Census Bureau reports and other public resources.
- **Considered total compensation packages** including fringe benefits in my time value earnings projections.
- **Subtracted unemployment** and work-related expenses from projections.

## Banking executive claims age discrimination after wrongful termination

### Economic analysis for the plaintiff included:

- **Mitigated earnings** based on plaintiff's previous raise and bonus history. Plaintiff claimed salary and bonus increases were denied leading up to termination.
- **Expressed loss** of total compensation benefits including health and life insurance, retirement programs, and profit sharing. Pension was reduced to present value at termination.
- **Included loss** of executive benefits such as company car and incentive pay.
- **Calculated impact** of plaintiff forced to cash stock options at book value instead of market value, a strikingly different sum.

## Sex discrimination leads to wrongful termination of sales associate

### Economic analysis for defendant included:

- **Provided doubt** based on job description turnover. Goal was to calculate probability that future losses would have occurred naturally which decreased the plaintiff's loss of earnings by over 70%.
- **Created a pattern** of behavior based on plaintiff's previous turnover in similar paying positions. Defense was able to argue that based on that concept, the plaintiff would not have stayed in this position over the long-term.
- **Reversed** opposing expert's loss of future earnings calculations to discover overstatement.