

## **YET ANOTHER RESOUNDING VICTORY FOR CONDEMNORS**

# **A \$3 Million Claim is Reduced to \$451,431**

### *Paramount Unified School District vs. Bus Services Corporation*

#### Summary of the Case

The Paramount Unified School District (the “District”) condemned 7258 East Rosecrans Avenue in Paramount, California (the “Subject Property”) to construct a new elementary school. Bus Services Corporation (“Bus Services” or the “Business”) operated a tram manufacturing business on the Subject Property. Bus Services’ goodwill loss claim was \$3,000,000. After the cross-examination by Mr. Edward J. Szczepkowski, legal counsel for the District, and presentation of SP&H’s analysis for the district, the arbitrator awarded only \$451,431 to the Business.

#### District Retains Sanli Pastore & Hill

The District retained SP&H to:

1. Provide expert witness analysis to determine whether Bus Services suffered any loss of goodwill value;
2. Determine whether Bus Services engaged in reasonable efforts to mitigate its damages, if any, and/or preserve its goodwill, if any; and
3. Provide arbitration support and assistance in the cross-examination of Bus Services’ expert witness.

SP&H assembled a team consisting of Nevin Sanli, ASA, President, two experienced analysts, and one researcher. The SP&H team worked diligently in performing many tasks including:

- Research (industry, economic, and competitive);
- Analysis of historical and projected financial performance;
- Providing support for depositions of Bus Services’ owner; and
- Deposition and arbitration preparation.

During discovery, SP&H provided Messrs. Edward Szczepkowski and John Holloway of Brown, Winfield, & Canzoneri assistance in analyzing key customer and financial data that was instrumental to the outcome of the trial.

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All this work and research was necessary for the District to present credible opinions and deposition and arbitration testimony and to effectively undermine Bus Services and their expert's credibility.

### Arbitration

The case was arbitrated in front of the Honorable Judge Robert E. Thomas, (ret.). Bus Services called witnesses including its owner and experts. The District called Mr. Sanli as an expert witness on the subject of goodwill loss and mitigation efforts.

Mr. Sanli opined to the following in arbitration:

- Bus Services Corporation had not historically been a profitable business;
- Bus Services had not historically completed every transaction recorded on a backlog;
- The transactions on Bus Services' backlog were unreliable; and
- No loss could be calculated.

During the arbitration, Mr. Sanli also testified as a rebuttal witness to the opposing appraiser's work:

- Bus Services' expert presented a highly speculative value for the Business;
- Many assumptions in the appraisal were erroneous and/or counterintuitive; and
- If the Business truly had \$3,000,000 in goodwill, as the Business' expert opined, Bus Services' relocation and mitigation efforts were not sufficient.

Mr. Szczepkowski cross-examined Bus Services' owner and expert, highlighting the inconsistencies between the Business' actual and projected performance. Mr. Szczepkowski also showed that the business owner's actions were not consistent with a reasonable person facing a \$3,000,000 loss.

### Ruling

Judge Thomas ruled that Bus Services Corporation did suffer a loss due to the actions of the District. However, the award for loss of goodwill was only \$451,431, less than the District's final offer in the case.

For questions on the *Paramount Unified School District vs. Bus Services Corporation* case please contact Mr. Edward Szczepkowski or Mr. John Holloway of Brown, Winfield &

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Canzoneri, Inc., at (213) 687-2100; or Mr. Nevin Sanli, Mr. Daniel Lindquist, or Ms. Tracy Washburn of Sanli Pastore & Hill, Inc. at (310) 571-3400.