

## Goodwill Case Results

### **BUSINESS OWNER VERDICTS**

#### **Redevelopment Agency of the City of San Diego v. Ahmad Mesdaq**

LARGEST GOODWILL AWARD IN CALIFORNIA: \$3.4 Million. *The agency's expert valued the business at \$1.2 Million and concluded that there was no loss of goodwill value because the business could have relocated. SP&H opined that the value of the goodwill lost was \$3.4 Million. Furthermore, it was determined that the business could not have relocated. In October of 2005, the jury awarded the exact amount of the goodwill loss determined by SP&H. Claim: \$3.4Million Verdict: \$3.4M*

#### **Caltrans v. Cal Johnson dba American Recycling**

2<sup>nd</sup> LARGEST GOODWILL AWARD IN CALIFORNIA: \$2.55 Million. *The agency's expert advanced a theory, which led him to conclude that the business did not lose any goodwill. Nevin Sanli's presentation showed that the goodwill loss was \$2,555,000. In July 1998, despite the large monetary difference between the two figures, after just 20 minutes of deliberation, the jury awarded the exact amount of the goodwill loss determined by Nevin Sanli, ASA.*

#### **Pasadena C/D Comm. V. Milsztein**

3<sup>rd</sup> LARGEST AWARD IN CALIFORNIA: \$2.3 Million. *The opposing side valued two businesses at only \$152,000. Nevin Sanli, ASA, opined that the combined value of the two businesses exceeded \$3 million. Verdict, November 1996: \$2.3 Million.*

#### **CCDC v. Plant (San Diego Refrigerated Services)**

4<sup>th</sup> LARGEST GOODWILL AWARD IN CALIFORNIA: *The agency's goodwill appraiser unsuccessfully argued that the cold storage business had no goodwill to lose and should not relocate. Nevin Sanli, ASA, testified that the business had substantial goodwill and would suffer goodwill loss as a result of relocation to a proposed new facility. Verdict, September 2000: The jury clearly sided with Mr. Sanli, and awarded the business \$2,000,000 in loss of goodwill.*

#### **Caltrans v. Erreca's, Inc.**

5<sup>th</sup> LARGEST AWARD IN CALIFORNIA: \$1.28 Million. *Caltrans contended that defendant Erreca's lost no business due to its relocation efforts and that the defendant did not make reasonable relocation efforts. Caltrans opined that the goodwill loss was only \$83,000. Nevin Sanli, ASA, opined that the goodwill loss suffered by Erreca's, Inc. was \$2,482,500. Verdict, September 1997: \$1.28 Million.*

#### **Port of Long Beach v. Seymour Waterman, et al**

*Waterman Supply Company had been operating for nearly 50 years selling new and used marine equipment. The business, occupying about 4 acres of property, was forced to relocate due to the Port of Long Beach's eminent domain activities. At the relocation site, the business continued to grow, albeit at a slower growth rate. Nevin Sanli, ASA, testified that, had it not been for the move, the business would have grown even more. Mr. Sanli's presentation showed that the business suffered a partial loss of goodwill, as it had relocated to a site with a smaller inventory capacity, negatively and permanently impacting operations. The opposing expert testified that the business did not lose any goodwill. The jury awarded the business \$796,000 for loss of goodwill. Pre-trial, SP&H's client had offered the Agency to settle for \$750,000. In addition, the judge awarded the business all of its attorney and expert witness fees, plus interest, which could accumulate to over \$1.2 Million. Verdict, July 2000: \$796,000 for Goodwill.*

**Los Angeles Unified School District v. Lynn Dixon, Teresa Dixon, Anthony Dixon (Southwest Wire)**

*The Agency's expert opined that the business' goodwill loss was \$0, as the business did not relocate despite relocation benefits made available by the plaintiff. Nevin Sanli, ASA, represented to the jury that the defendant's goodwill loss was \$544,000. Verdict, October 2000: The jury sided with Mr. Sanli and awarded \$460,000 in goodwill loss. This amount was part of a total award of \$3,433,729 which was just 8% below the defendants claim and 77% greater than the plaintiffs claim.*

**San Diego Redevelopment Agency vs. Attisha, et al (Barney's Market)**

*The Agency's expert argued that the business owners of Barney's Market, a liquor store, should not be compensated in the condemnation action because the customers would be likely to shift their patronage to the business owners' grocery store, located one block from the condemned site. Nevin Sani, ASA, testified that the business possessed \$300,000 in Goodwill at the subject property, and would incur costs in relocating, for total damages of \$500,595. After a 10-day bench trial, the judge disagreed with the Agency's argument and awarded the full amount of \$500,595 to the business owner for Goodwill Loss and mitigation costs for moving. Verdict, December 1999: \$500,595 for Goodwill and Relocation Costs.*

**Glendale Redevelopment Agency v. Lee, et al (Avo's Pharmacy)**

*Avo's Pharmacy, an established 900-square foot, one-employee community pharmacy was forced to cease operations after the Redevelopment Agency took possession of the property upon which it operated. Nevin Sanli, ASA, testified that the business possessed goodwill value due to its location and reputation, based on SP&H's research of industry, competitive and demographic trends. The opposing experts testified that the business could have relocated, eliminating any loss of goodwill. The jury awarded the business \$500,000 for loss of goodwill. In addition, the business previously had sold its prescription files and inventory to Rite-Aid, realizing another \$100,000. Verdict, July 2000: \$500,000 for Goodwill.*

**San Diego Redevelopment Agency v. Central Investments (San Diego Specialty Produce)**

*San Diego Specialty Produce, an established specialty wholesaler of exotic vegetables and fruits, was forced to relocate to a larger facility after the Agency took possession of the property on which it operated. The Agency's appraiser testified that the business should have been able to sublease a portion of the relocation site and avoid a major portion of increased occupancy expenses. The Agency's appraiser opined to a goodwill loss of \$30,000. Thomas Pastore, ASA, CFA, testified that subleasing a portion of the relocation site was not reasonable and also determined additional increased operating expenses not considered by the Agency's appraiser. Mr. Pastore opined to a goodwill loss of \$382,000. The jury sided with Mr. Pastore and awarded \$300,000 in goodwill loss. Verdict, May 2002: \$300,000 for lost goodwill.*

**AGENCY VERDICTS**

**City of Santa Clarita v. NTS Technical Systems**

*NTS Technical Systems ("NTS"), a publicly traded company providing laboratory testing services throughout the United States, claimed \$24 Million in lost goodwill for a partial taking of its Santa Clarita facility. Thomas Pastore, ASA, testified that the facility did not suffer any goodwill loss and that the records relied upon by NTS and the testimony of its management failed to show any adverse impact on the facility due to the taking. The trial court agreed with Mr. Pastore and ruled that NTS failed to show any goodwill loss. Furthermore, the court of appeals affirmed this ruling. Verdict, May 2006: \$0.*

**County of Los Angeles v. West Coast Liquidators, et al**

*Pic N' Save Stores, a regional discount retailer with 145 stores located in the Western U.S., claimed approximately \$3.9 Million in lost goodwill for its store in Carson, California as a result of the County's construction of a bridge. As the goodwill loss expert retained by the County, Nevin Sanli, ASA, testified to a traffic survey prepared by SP&H that showed that the store would not lose patronage or goodwill as a result of the County's actions. After presentation of the evidence, the court excluded the opinion of the defendant's goodwill appraiser and the jury verdict did not include any award for lost goodwill. Verdict, January 2000: \$0.*

**Inglewood Redevelopment Agency v. Heller, et al**

*Business owner claimed approximately \$2 Million in lost goodwill. Thomas E. Pastore, ASA, successfully testified that the business had been losing money for quite some time beforehand and, therefore, was entitled to very little or no goodwill. Verdict, March 1997: \$13,000, virtually at Mr. Pastore's opinion.*

**Caltrans v. Blois**

*Business owner's expert opined that goodwill loss was \$2 Million. Nevin Sanli, ASA calculated the loss to be no more than \$50,000. The matter settled for the exact amount of maximum goodwill loss opined by Nevin Sanli. Settled, May 1993: \$50,000.*

**MTA v. Pose With Stars**

*Business owner claimed approximately \$1 Million in lost goodwill. Nevin Sanli, ASA, illustrated how the business owners had not exercised reasonable efforts to relocate their bulletin boards and mitigate their damages. The court agreed with Mr. Sanli and ruled that the business was not entitled to claim any goodwill loss. Verdict, July 1996: \$0.*

**Perq's/Mulligan v. Redevelopment Agency of City of Huntington Beach**

*Business owner claimed \$1,607,000 in lost goodwill and business income as the result of the Agency's delay in commencing an eminent domain action after announcing its intent to condemn the business. Thomas E. Pastore, ASA, testified that the business had a loss of business income of \$47,592 and suffered no loss of goodwill. Verdict, February 2001: The jury awarded the plaintiff \$687,000 for lost profits and goodwill, substantially less than the claim of over \$1.6 million.*

**Caltrans v. Leslie**

*The business owner claimed that the two businesses jointly suffered a goodwill loss of \$388,190. Nevin Sanli, ASA, testified that neither company possessed any goodwill at the date of valuation. In addition, he evaluated each business separately because each company engaged in different activities and had different tax treatments and expenses. After presentation of the evidence, the trial court ruled that the valuation method of the business owner's expert was improper, unjust and inequitable. Verdict, August 1995: The case was thrown out of court.*

**SPECIAL PROJECT**

**Fairness Opinion for Proposed \$300MM Development Project**

*Majestic Realty Company presented the City of Industry with a joint venture development proposal to create a major, multi-structural, industrial development on 425 acres. SP&H performed extensive due diligence, which included reviewing cash flow projections of proposed lease terms, analyzing the real estate market and economic conditions, and researching construction costs. SP&H issued a fairness opinion stating that the proposed project was fair to the City of Industry from a financial point of view. Majestic Realty Company and the City have entered into a development agreement for this project.*