

PRESENTATION TOPIC

RECENT VERDICTS AND CASE LAW ON GOODWILL LOSS VALUATION

GET THE STORY FROM THE INSIDERS

This presentation will cover the following case studies:

SP&H AGENCY VERDICTS

- ❖ Regency Outdoor Advertising, Inc. v. The City of Los Angeles

Claim: \$18Million Verdict: \$0

Regency claimed that it suffered damages as a direct result of the planting of palm trees along Century Boulevard. Regency stated that the palm trees caused an obstruction/loss of visibility to four of its billboards (the "Billboards") and therefore it was unable to rent these Billboards. The plaintiff's initial damage claim was over \$18,000,000. SP&H testified that if there was a loss, the loss was not "caused by the taking" (i.e., planting of trees). Even if there were a "taking", Regency's damages were \$0, as Regency was not entitled to compensation because of its failure to mitigate damages.

- ❖ The City of Los Angeles v. Chrysler Realty Corporation

Claim: \$9.4Million Verdict: \$0

Chrysler Realty Corporation claimed it lost \$9,400,000 in goodwill as a result of the City of Los Angeles condemning a vacant property upon which it was going to build an automobile dealership (the "Subject Property"). SP&H testified that there were no businesses located on the Subject Property at the date of value, nor were there any indications that any business would be opened on the Subject Property in the future. After presentation of the evidence, the trial court ruled that the automobile dealership was never an 'ongoing business' because Chrysler has never operated an automobile dealership on the Subject Property. Verdict, June 2002: The Judge rejected Chrysler's claim for compensation for lost goodwill.

SP&H BUSINESS OWNER VERDICTS

- ❖ Redevelopment Agency of the City of San Diego v. Bahira Attisha, et al

Original Claim: \$939,400. Settlement: About Original Claim

The Redevelopment Agency of the City of San Diego condemned Value Mart, a convenience store owned by Mr. Vincent Attisha in San Diego. The city brought a condemnation suit against Mr. Attisha who was forced to close down permanently. The city's goodwill expert opined that Valu Mart had \$150,000 in goodwill value. SP&H determined that Valu Mart had \$934,400 in goodwill value. However, the judge unjustly dismissed Value Mart's arguments. The appellate court found that the judge erred in many of her decisions and ordered a new trial. Shortly thereafter the Agency settled for about our original claim.

- ❖ Redevelopment Agency of the City of San Diego v. Ahmad Mesdaq

Claim: \$3.4Million Verdict: \$3.4M

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.

Nevin Sanli, Thomas Pastore & Forrest Vickery are available for presentations.



Nevin Sanli, ASA
President
nsanli@sphvalue.com



Thomas E. Pastore, ASA, CFA, CPA
Chief Executive Officer
tpastore@sphvalue.com



Forrest Vickery, ASA
Managing Director - N. California
fvickery@sphvalue.com

Los Angeles Office
1990 S. Bundy Dr., Ste 800
Los Angeles, California 90025
T: 310/571-3400

Sacramento Office
701 University Ave., Ste. 108
Sacramento, California 95825
T: 916/614-0530

www.sphvalue.com