

# Forensic Accounting File

## Case studies from the files of BVA Consulting Group, LLC

We analyze and rebut reports of plaintiff's economic expert for the Defense. Here are some recent cases from our files:

### Errors exceeded \$3.3 million - File No. 23264

This wrongful death and personal injury case ended up with one of the largest settlements in the State but could have been even larger without our input. The claim involved two members of the same family. The economic loss alleged by the injured plaintiff was based on estimated costs for lifetime care. Our review of the plaintiff's expert report revealed calculation errors that resulted in a \$3 million overstatement of lifetime care and other costs.

The most significant overstatement discovered was in the *present value* illustration. A complex lifetime care plan with six components was presented. The same mathematical error appeared in the present value of each part of the plan, resulting in an overstatement of more than \$2 million.

An additional overstatement of \$829,908 was discovered in the calculation of the *cost* of the lifetime care plan for the injured party. This error resulted from choosing an alternate life expectancy.

An overstatement in the amount of \$277,858 was found in the wrongful death claim based on projected future earnings. This error resulted from the selection of a beginning wage at the 75<sup>th</sup> percentile. In addition, no consideration was given to the cost of obtaining the advanced degree upon which the calculation of future wages was based. We estimated this omission to be approximately \$78,800.

There were mathematical errors in the calculation and application of net earnings factors. We estimated the effect of these errors to be an overstatement of \$39,860.

We were able to present rebuttal of alleged economic losses exceeding \$3,000,000 in this case.

### Errors exceeded \$1.0 million - File No. 23257

This medical malpractice case was brought against a hospital- based physician who declined to examine a patient who had been admitted through the emergency room. The patient subsequently died. The economic loss included the calculation of the diminished value of the decedent's business. In analyzing the valuation report submitted by the plaintiff's estate, we were able to identify multiple flaws in the valuation report that the plaintiff's economic expert relied upon.

For example, the business was valued eleven months *after the plaintiff died*. This error overstated the value of the business by approximately \$1.2 million because it included life insurance proceeds from a policy on the decedent. We were able to demonstrate that the alleged loss of \$850,000 was not supported by the flawed valuation report on which it was based.

The plaintiff's expert report claimed a loss of future income based on the assumption that his wages from the business would increase. Our examination revealed that his wages had been stagnant for many years and that historic increases in his income came from management fees related to real estate. This error in the plaintiff's claim amounted to \$120,000.

We were able to present rebuttal of alleged economic losses exceeding \$1,000,000 in this case

To discuss how we can help you and your client reduce the plaintiff's claim, call me at  
(201) 368-1811



**Richard F. Lane, CPA, ABV, CFF**  
**BVA Consulting Group**  
80 Route 4 East, Ste. 370 • Paramus, NJ 07652  
[www.bvaconsulting.com](http://www.bvaconsulting.com)