

Economic Damages



Trugman Valuation
ASSOCIATES, INC.

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STEVEN SMITH M.D., AND STEVEN SMITH M.D., P.A.
v.
SOME BROADCASTING CORPORATION
OF FLORIDA; WELL-KNOWN CHANNEL INTERACTIVE NEWS L.L.C.
AND JANE ELLEN ROBERTS

DAMAGES REPORT



June 5, 2007

Nixon & Agnew, P.A.
100 Northwest 14th Street
Miami, FL 33333
Attn: Brian Nixon, Esq.

Re: *Steven Smith, M.D. and Steven Smith, M.D., P.A. v. Some Broadcasting Corporation of Florida, et al.*

Dear Mr. Nixon:

Pursuant to your request, we have performed an economic damage analysis with respect to the lost profits resulting from the alleged actions of the Defendants. As explained in the attached report, our opinions and bases for those opinions result in a calculation of damages of:

**THREE MILLION, ONE HUNDRED EIGHT THOUSAND,
ONE HUNDRED AND THIRTY DOLLARS (\$3,108,130)**

My professional qualifications are attached.

Very truly yours,

TRUGMAN VALUATION ASSOCIATES, INC.

Gary R. Trugman
CPA*/ABV, MCBA, ASA, MVS

GRT/kag
Attachment

*Regulated by the State of Florida

INTRODUCTION

Trugman Valuation Associates, Inc. was retained by Brian M. Nixon, Esq. to perform litigation services and calculate the economic damages that have been suffered by Steven Smith, M.D. and Steven Smith, M.D., P.A. These damages are calculated as part of the defamation lawsuit entitled *Steven Smith, M.D., and Steven Smith, M.D., P.A. v. Some Broadcasting Corporation of Florida; Well-Known Channel Interactive News L.L.C. and Jane Ellen Roberts*, filed in the Circuit Court of the 18th Judicial Circuit in and for Some County, Florida, Case No. 00-12345 CA.

DAMAGES REPORT

This report calculates damages sustained by Dr. Smith and his medical practice (“The Practice”) as a result of the alleged actions of Some Broadcasting Corporation of Florida, Well-Known Channel Interactive News L.L.C. and Jane Ellen Roberts. This report assumes that liability exists based on the actions of one or more of the Defendants. There has been no attempt to isolate damages caused by any one Defendant. Damages have been calculated to be at least \$3,108,130.

DOCUMENTS REVIEWED

In order to perform this assignment, the following documents were reviewed and relied on:

1. Copy of the Amended Complaint filed in this action.

2. Form 1120, U.S. Income Tax Returns for an S Corporation for Steven Smith, M.D., P.A. for the year ended December 31, 1997.
3. Form 1120, U.S. Income Tax Returns for an S Corporation for Steven Smith, M.D., P.A. for the year ended December 31, 1998.
4. Form 1120, U.S. Income Tax Returns for an S Corporation for Steven Smith, M.D., P.A. for the year ended December 31, 1999.
5. Form 1120, U.S. Income Tax Returns for an S Corporation for Steven Smith, M.D., P.A. for the year ended December 31, 2000.
6. Form 1120, U.S. Income Tax Returns for an S Corporation for Steven Smith, M.D., P.A. for the year ended December 31, 2001.
7. Form 1120, U.S. Income Tax Returns for an S Corporation for Steven Smith, M.D., P.A. for the year ended December 31, 2002.
8. Form 1120, U.S. Income Tax Returns for an S Corporation for Steven Smith, M.D., P.A. for the year ended December 31, 2003.
9. Form 1120, U.S. Income Tax Returns for an S Corporation for Steven Smith, M.D., P.A. for the year ended December 31, 2004.
10. Form 1120, U.S. Income Tax Returns for an S Corporation for Steven Smith, M.D., P.A. for the year ended December 31, 2005.
11. Form 1120, U.S. Income Tax Returns for an S Corporation for Steven Smith, M.D., P.A. for the year ended December 31, 2006.

12. Form 1040, U.S. Individual Income Tax Return for Dr. and Mrs. Smith for the year ended December 31, 1997.
13. Form 1040, U.S. Individual Income Tax Return for Dr. and Mrs. Smith for the year ended December 31, 1998.
14. Form 1040, U.S. Individual Income Tax Return for Dr. and Mrs. Smith for the year ended December 31, 1999.
15. Form 1040, U.S. Individual Income Tax Return for Dr. and Mrs. Smith for the year ended December 31, 2000.
16. Form 1040, U.S. Individual Income Tax Return for Dr. and Mrs. Smith for the year ended December 31, 2001.
17. Form 1040, U.S. Individual Income Tax Return for Dr. and Mrs. Smith for the year ended December 31, 2002.
18. Form 1040, U.S. Individual Income Tax Return for Dr. and Mrs. Smith for the year ended December 31, 2003.
19. Form 1040, U.S. Individual Income Tax Return for Dr. and Mrs. Smith for the year ended December 31, 2004.
20. Form 1040, U.S. Individual Income Tax Return for Dr. and Mrs. Smith for the year ended December 31, 2005.
21. Form W-2 for Dr. and Mrs. Smith for the year ended December 31, 2006.

22. Schedule of Patients Who Cancelled Surgeries, prepared by The Practice, dated October 4, 2000.
23. Schedule of Patients Who No-Showed or Cancelled Appointments, prepared by The Practice, dated October 4, 2000.
24. American Medical Group Association *Medical Group Compensation and Financial Survey* for Plastic and Reconstruction Surgeons for the period 1997 through 2005.
25. Medical Group Management Association, *Physician Compensation and Production Survey, 2006 Report*, for Plastic and Reconstruction Surgeons.
26. Statistics and industry data from the American Society of Plastic Surgeons.
27. Other referenced made throughout this report.

CALCULATION OF DAMAGES SUFFERED BY PLAINTIFFS

Dr. Smith is a cosmetic surgeon who has had a medical practice in the Some City, Florida area since 1972. He is currently the Chairman of the Board of Governors and past President of the Aesthetic Surgery Education and Research Foundation. Prior to the actions of the Defendants, Dr. Smith enjoyed a good reputation among his peers and patients. In fact, his practice has been voted the best by *The News*, a local newspaper with a daily readership of more than 210,000.

Damages have been determined based on the underlying documentation that was reviewed in this matter. We have assumed that liability will be proven, and we are not offering any opinion regarding the legal claims. It is possible that this report will have to be updated to include additional information that may be provided to us.

In order to estimate damages, the following information was used:

Begin Date of Defamation	May 12, 2000
Estimated Trial Date	October 1, 2007
Dr. Smith's Birth Date	July 12, 1941
Age on Date of Defamation	58.83 Years
Work Life Expectancy ¹	9.16 Years
Retirement Age	67.99 Years

¹Work life from The Markov (Increment-Decrement) Model of Labor Force Activity: New Results Beyond Work-Life Expectancies, Gary Skoog and James Ciecka, Journal of Legal Economics, Spring-Summer 2001, Vol. 11, Number 1, for men active in the work force, with an advanced degree.

The damages suffered by Dr. Smith and The Practice are being calculated as one set of figures, as a separation among the Plaintiffs would be illogical. In our opinion, The Practice is the alter-ego of Dr. Smith, and as such, should be treated as a single unit for the calculation of defamation damages.

The damages suffered by Dr. Smith and The Practice can best be measured by the difference in the actual earnings of the Plaintiffs from the projected normal earnings of the Plaintiffs, *but for* the actions of the Defendants. In order to perform these calculations, revenues and earnings have to be projected, both under current conditions and what they would have been *but for* the actions of the Defendants. In order to do this, several items need to be determined. They are as follows:

1. Revenue projections “as damaged.”
2. Earnings projections “as damaged.”
3. Revenue projections “as if no damage.”
4. Earning projections “as if no damage.”

Each of these items will be addressed as the report proceeds. We begin with an historical analysis of The Practice.

As per the tax returns, the actual reported historical practice revenues were as follows:

<u>Year</u>	<u>Revenue</u>	<u>Growth</u>
1997	\$ 588,891	
1998	598,747	1.7%
1999	714,041	19.3%
2000	534,037	-25.2%
2001	380,573	-28.7%
2002	506,904	33.2%
2003	530,680	4.7%
2004	659,563	24.3%
2005	558,496	-15.3%
2006	594,149	6.4%

The table above reflects modest growth from 1997 to 1998, with a considerable growth in revenues in 1999. During the year in which the defamation took place (2000), The Practice experienced a considerable drop in revenues, followed by another year of decreased revenues (2001). The Practice revenues fell to almost one-half of its historical level from 1999.

Since cosmetic plastic surgery practices can be influenced by the disposable income of the patients, we analyzed the economic factors that could have caused a decrease in revenues other than the defamation actions of the Defendants.

The U.S. economy began the millennium with an array of negative events. In 2000, the economy was moving towards a shallow recession due to the burst of the high-tech bubble of the 1990s. The effects of ethical issues such as corporate fraud, a decline in value of the equity markets, a reduction in capital spending, and the terrorist attacks of September 11, 2001, all had a negative impact on the economy. Surprisingly, consumption and residential investment continued to grow throughout the recession. In the following two

years, the U.S. economy remained soft, but began recovering by posting moderate economic growth.¹

There was a 775 percent increase in cosmetic plastic surgery procedures from 1992 to 2005; 151 percent since 2000. The number of procedures for select years is contained in Table 1.

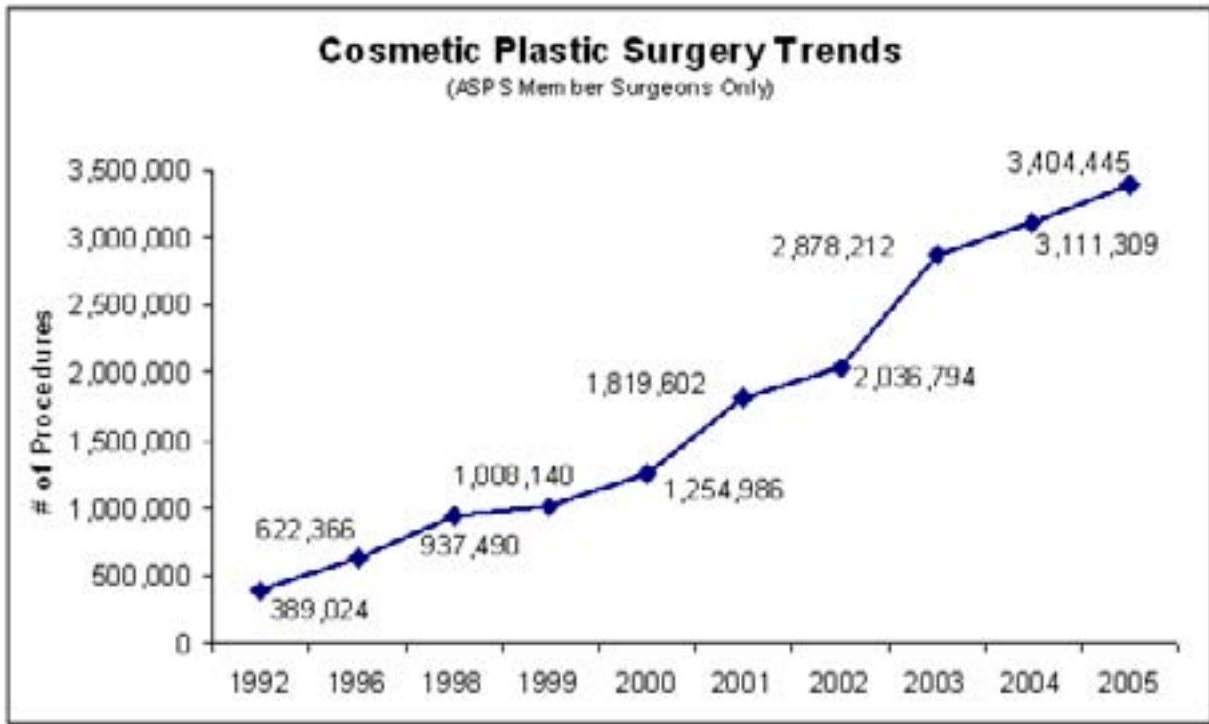
**TABLE 1
COSMETIC PLASTIC SURGERY TRENDS
(ASPS MEMBER SURGEONS ONLY)**

<u>Year</u>	<u>Number of Procedures</u>	<u>Annual Growth</u>
1992	389,024	
1996	622,366	
1998	937,490	
1999	1,008,140	7.5%
2000	1,254,986	24.5%
2001	1,819,602	45.0%
2002	2,036,794	11.9%
2003	2,878,212	41.3%
2004	3,111,309	8.1%
2005	3,404,445	9.4%
Average Growth (1998-2005)		21.1%

Source: American Society of Plastic Surgeons (ASPS)

In the years 2000 and 2001, while the economy was in a recession, the number of cosmetic plastic surgery procedures increased by approximately 25 and 45 percent, respectively, for ASPS member surgeons. This is shown graphically as follows:

¹ U.S., Council of Economic Advisors, *The Annual Report of the Council of Economic Advisors, Transmitted to Congress, February 2005* (Washington, D.C.: United States Government Printing Office, 2005): 17-19.



During this time frame, fees charged for procedures changed dramatically. An analysis of the national average fees per procedure is summarized in Table 2.

**TABLE 2
YEAR-TO-YEAR CHANGE IN AVERAGE FEES
(ALL BOARD CERTIFIED PLASTIC SURGEONS)**

	<u>Average Fee *</u>	<u>Change</u>
1997	\$ 2,474	
1998	2,553	3.2%
1999	2,571	0.7%
2000	1,995	-22.4%
2001	2,027	1.6%
2002	2,224	9.7%
2003	2,168	-2.5%
2004	2,072	-4.4%
2005	2,263	9.2%

* Unweighted average fee per procedure.

In 2000, the sharp decline in average fee per procedure was due to the introduction of six new minimally invasive procedures where the highest average fee was \$403. The new procedures impacted the industry as shown in Table 3.

**TABLE 3
NEW 2000 PROCEDURES
(ALL BOARD CERTIFIED PLASTIC SURGEONS)**

	<u>2000 Total Fees</u>	<u>2000 National Avg. Fee</u>	<u>Number of Procedures</u>
Botox ®	\$ 287,967,173	\$ 366	786,796
Cellulite treatment	7,425,120	310	23,952
Laser hair removal	296,606,388	403	735,996
Laser treatment of leg veins	84,916,704	346	245,424
Microdermabrasion	170,189,740	196	868,315
Sclerotherapy	198,441,095	229	866,555
Totals	<u>\$ 1,045,546,220</u>		<u>3,527,038</u>

During the period analyzed, the number of procedures grew while the average fee per procedure decreased. However, despite this phenomena, Physician Gross Charges grew in the years 2000 and 2001, as illustrated in Table 4.

**TABLE 4
YEAR TO YEAR CHANGE IN**

<u>Year</u>	<u>Number of Procedures</u>	<u>Average Physician Fees</u>	<u>Physician Gross Charges¹</u>
1998	*	3.2%	7.5%
1999	7.5%	0.7%	-0.7%
2000	24.5%	-22.4%	2.6%
2001	45.0%	1.6%	5.7%
2002	11.9%	9.7%	-2.4%
2003	41.3%	-2.5%	13.2%
2004	8.1%	-4.4%	18.0%
2005	9.4%	9.2%	-1.8%

* Not calculable due to unavailable data for 1997.

¹ Source: American Medical Group Association.

The conclusion reached from this analysis is that despite a weakening economy, the overall trends for cosmetic plastic surgeons was positive. Therefore, this analysis does not support the fact that the decreased revenues suffered by The Practice were attributable to economic factors.

Net income of The Practice fluctuated from year to year, but this is customary with the nature of a closely-held business. The fluctuations are predominantly caused by the amount of salary taken by Dr. and Mrs. Smith. The Form W-2 earnings for Dr. and Mrs. Smith were as follows:

**TABLE 5
FORM W-2 INCOME**

<u>Year</u>	<u>Dr. Smith</u>	<u>Mrs. Smith</u>	<u>Total</u>	<u>Growth</u>
1997	\$ 202,500	\$ 90,405	\$ 292,905	
1998	180,000	124,980	304,980	4.1%
1999	196,000	122,000	318,000	4.3%
2000	150,000	42,000	192,000	-39.6%
2001	62,500	13,500	76,000	-60.4%
2002	64,500	11,500	76,000	0.0%
2003	101,500	51,350	152,850	101.1%
2004	100,000	50,000	150,000	-1.9%
2005	100,000	50,000	150,000	0.0%
2006	100,000	50,000	150,000	0.0%

Here, we see that W-2 income for the Smiths, similar to revenues of The Practice, took a sharp drop in 2000 and 2001. As of 2006, their personal income still had not reached 50 percent of 1999's earnings. We will explain more about these salaries later in this report.

REVENUE PROJECTION "AS DAMAGED"

The first step in the damages calculation is to project revenues through the end of Dr. Smith's work life expectancy based on actual results through 2006, the most recent year available. This appears in Table 6.

TABLE 6
STEVEN SMITH MD, P.A.
REVENUE PROJECTIONS “AS DAMAGED”

<u>Year</u>		<u>Revenue</u> <u>“As Damaged”</u>	<u>Growth</u>
1997	a	\$ 588,891	
1998	a	598,747	1.7%
1999	a	714,041	19.3%
2000	a	534,037	-25.2%
2001	a	380,573	-28.7%
2002	a	506,904	33.2%
2003	a	530,680	4.7%
2004	a	659,563	24.3%
2005	a	558,496	-15.3%
2006	a	594,149	6.4%
2007	f	636,178	7.1%
2008	f	660,779	3.9%
2009	f	685,381	3.7%

a = Actual from corporate tax return.

f = Forecast.

Revenues were projected using a linear forecast. Since the object of this calculation is to determine what The Practice will generate “as damaged,” the base period for the forecast was 2000 through 2006. This period eliminates the actual “undamaged” periods (from 1997-1999) in the projection. This results in projected revenues that are based on Practice revenues since the date of the damage.

EARNINGS PROJECTIONS “AS DAMAGED”

Before projecting the earnings that can be used in the damage calculations, we needed to determine what historical earnings were. In a situation where a single practitioner, or the corporation controlled by that practitioner, employs his spouse, their combined incomes in addition to The Practice’s net income should be considered the earnings of the entire unit (the sum of the individuals and the entity). However, in this case, Mrs. Smith is not a party to the lawsuit. As a result, earnings are defined as Dr. Smith’s earnings plus The Practice’s earnings.

A closer analysis of Dr. Smith’s salary reveals a shifting of income to Mrs. Smith. This was done because Dr. Smith had reached his maximum pension contribution amount, while Mrs. Smith had not. This type of income shifting is quite common among married individuals who look to maximize a pension contribution. However, in order to determine the economic damages, we must only consider a reasonable amount of compensation for the services rendered by Mrs. Smith, a working employee of The Practice. These dynamics affect the “true earnings” of Dr. Smith.

Mrs. Smith worked in The Practice as an Esthetician and was also responsible for the marketing. Several sources were used to determine reasonable compensation for Mrs. Smith. We used several salary surveys looking at Esthetician and Marketing Positions separately. The ranges for these positions were from \$17,000 to \$47,000. We also contacted the International School of Skin and Nail Care, which provided us with a range of \$35,000 to \$50,000. Reasonable compensation for Mrs. Smith’s responsibilities was determined to be \$50,000 in 2006, and then deflated by 3 percent annually for prior periods. Earnings are recalculated in Table 7.

**TABLE 7
RECALCULATED EARNINGS**

<u>Year</u>	<u>Reported Practice Earnings "As Damaged"</u>	<u>+</u>	<u>Smiths' Compensation "As Damaged"</u>	<u>-</u>	<u>Reasonable Compensation for Mrs. Smith's Services</u>	<u>=</u>	<u>Earnings Before Compensation "As Damaged"</u>
1997	\$ 27,477		\$ 292,905		\$ 38,012		\$ 282,370
1998	(9,414)		304,980		39,187		256,379
1999	2,777		318,000		40,399		280,378
2000	59,299		192,000		41,649		209,650
2001	26,298		76,000		42,937		59,361
2002	116,748		76,000		44,265		148,483
2003	2,114		152,850		45,634		109,330
2004	(44,512)		150,000		47,045		58,443
2005	63,166		150,000		48,500		164,666
2006	106,156		150,000		50,000		206,156

Now that historic earnings have been restated, the next step is to project earnings to the end of Dr. Smith's expected work life. First, we looked at historical earnings in relation to revenues. The average earnings, as a percent of revenues was 25.4 percent for the years 2000 through 2006. Applying this to the revenues projected in Table 6, results in the earnings projections reflected in Table 8.

**TABLE 8
EARNINGS PROJECTIONS “AS DAMAGED”**

<u>Year</u>		<u>Revenue “As Damaged”</u>	<u>Earnings Before Compensation “As Damaged”</u>	<u>Earnings as % of Revenues</u>
2000	a	\$ 534,037	\$ 208,362	39.0%
2001	a	380,573	58,033	15.2%
2002	a	506,904	147,114	29.0%
2003	a	530,680	107,919	20.3%
2004	a	659,563	56,988	8.6%
2005	a	558,496	163,166	29.2%
2006	a	594,149	206,156	34.7%
Average				25.4%
2007	f	636,178	161,582	25.4%
2008	f	660,779	167,830	25.4%
2009	f	685,381	174,079	25.4%

a = Actual.

f = Forecast.

These projected earnings reflect the earnings expectations for Dr. Smith and The Practice, on a combined basis, as expected to continue into the future after the defamation took place. This is considered the “as damaged” state.

REVENUE PROJECTIONS “AS IF NO DAMAGE”

In this section, we estimate what revenues would have been, *but for* the actions of the Defendants. We first analyzed the data for the three years preceding the date of the defamation. This is the earliest information that was available for The Practice. This data was as follows:

<u>Year</u>	<u>Revenues</u>	<u>Growth Rates</u>
1997	\$ 588,891	
1998	598,747	1.7%
1999	714,041	19.3%

The Practice experienced growth in 1999, that most likely, could not be sustained on an annual basis for very long, especially as a single practitioner. As such, any projection using the above trend would be misleading.

Since that was not enough data to develop statistical trends, we turned to the industry. Specifically, we turned to the *Medical Group Physician Compensation and Financial Survey* published by the American Medical Group Association. We analyzed the change in median physician gross charges for the years 1997 through 2005 for Plastic and Reconstruction Surgeons in the Southern Region of the United States. This data is shown in Table 9.

**TABLE 9
PHYSICIAN GROSS CHARGES - PLASTIC &
RECONSTRUCTION SURGEONS
AMERICAN MEDICAL GROUP ASSOCIATION (AMGA)
DATA - SOUTHERN REGION**

<u>Year</u>	<u>Median</u>	<u>% Change</u>
1997	\$ 931,529	
1998	1,001,703	7.5%
1999	995,063	-0.7%
2000	1,020,442	2.6%
2001	1,078,431	5.7%
2002	1,052,844	-2.4%
2003	1,191,894	13.2%
2004	1,406,861	18.0%
2005	1,381,446	-1.8%
Average		<u>5.3%</u>

Using actual 1999 revenues as our starting point, we applied the industry growth rates to arrive at the revenue projections reflected in Table 10.

TABLE 10
REVENUES - "AS IF NO DAMAGE"

<u>Year</u>		<u>Revenue</u> <u>"As if No Damage"</u>	<u>Actual</u> <u>Growth</u> <u>Rates</u>	<u>Industry</u> <u>Growth</u> <u>Rates</u>
1997	a	\$ 588,891		
1998	a	598,747	1.7%	
1999	a	714,041	19.3%	
2000	f	732,253		2.6%
2001	f	773,865		5.7%
2002	f	755,504		-2.4%
2003	f	855,284		13.2%
2004	f	1,009,541		18.0%
2005	f	991,303		-1.8%

a = Actual.

f = Revenue forecast using industry growth rates.

Recognizing that The Practice did not follow industry trends in 1998 and 1999, we still feel that the industry growth rates provide a logical basis for the use in future projections. Part of the reason for the dramatic change in The Practice's revenues was that it changed from being a more traditional reconstructive practice to a cosmetic practice. While this transition was ongoing for a number of years, Dr. Smith explained to us that the large increase in 1999 was mainly attributable to the shifting of The Practice's services. It has continued in that fashion since then. The industry growth rates provide a more conservative basis, and as such, have been used in these calculations.

Next, we projected revenues for four additional years using the average industry growth rate of 5.3 percent as calculated in Table 9. This results in revenue projections as reflected in Table 11.

**TABLE 11
REVENUES - "AS IF NO DAMAGE"**

<u>Year</u>		<u>Revenue</u> <u>"As if No Damage"</u>	<u>Actual</u> <u>Growth</u> <u>Rates</u>	<u>Industry</u> <u>Growth</u> <u>Rates</u>
1997	a	\$ 588,891		
1998	a	598,747	1.7%	
1999	a	714,041	19.3%	
2000	f ₁	732,253		2.6%
2001	f ₁	773,865		5.7%
2002	f ₁	755,504		-2.4%
2003	f ₁	855,284		13.2%
2004	f ₁	1,009,541		18.0%
2005	f ₁	991,303		-1.8%
2006	f ₂	1,043,554		5.3%
2007	f ₂	1,098,559		5.3%
2008	f ₂	1,156,463		5.3%
2009	f ₂	1,217,419		5.3%

a = Actual.

f₁ = Revenue forecast using industry growth rates.

f₂ = Revenue forecast using average of industry growth rates from 1997 through 2005.

EARNINGS PROJECTIONS "AS IF NO DAMAGE"

To project earnings, we again looked at the relationship of earnings as a percent of revenue. This relationship is reflected in Table 12.

TABLE 12
EARNINGS - "AS IF NO DAMAGE"

<u>Year</u>	<u>Revenue</u> <u>"As if No Damage"</u>	<u>Earnings Before</u> <u>Compensation</u> <u>"As if No Damage"</u>	<u>Earnings %</u> <u>of Revenues</u>
1997	\$ 588,891	\$ 282,370	47.9%
1998	598,747	256,379	42.8%
1999	714,041	280,378	39.3%
Average			43.3%

This shows that historically, practice earnings before Dr. Smith's compensation was 43.3 percent of revenue. To check the reasonableness of this figure, we turned to the *Physician Compensation and Production Survey* published by The Medical Group Management Association. The published physician compensation to collections ratio for 2005 is 51.0 percent. This demonstrates that The Practice is less profitable than the published data. Therefore, we will use the actual profitability of The Practice in the calculation of damages. This results in the projected earnings as reflected in Table 13.

**TABLE 13
EARNINGS - "AS IF NO DAMAGE"**

<u>Year</u>		<u>Revenue</u> <u>"As if No Damage"</u>	<u>Earnings Before</u> <u>Compensation</u> <u>"As if No Damage"</u>	<u>Earnings %</u> <u>of Revenues</u>
1997	a	\$ 588,891	\$ 282,370	47.9%
1998	a	598,747	256,379	42.8%
1999	a	714,041	280,378	39.3%
Average				43.3%
2000	f	\$ 732,253	\$ 317,395	43.3%
2001	f	773,865	335,432	43.3%
2002	f	755,504	327,473	43.3%
2003	f	855,284	370,723	43.3%
2004	f	1,009,541	437,586	43.3%
2005	f	991,303	429,681	43.3%
2006	f	1,043,554	452,329	43.3%
2007	f	1,098,559	476,171	43.3%
2008	f	1,156,463	501,269	43.3%
2009	f	1,217,419	527,691	43.3%

a = Actual.

f = Forecast using the average of 1997-1999 earnings as % or revenue.

The next step in calculating the lost earnings is to subtract the earnings "as damaged" from the earnings "as if no damage." This calculation is shown in Table 14.

**TABLE 14
LOST EARNINGS**

<u>Year</u>	<u>Earnings Before Compensation "As if No Damage"</u>	<u>Earnings Before Compensation "As Damaged"</u>	<u>Lost Earnings</u>
2000	\$ 315,987	\$ 209,650	\$ 107,745
2001	333,943	59,361	276,071
2002	326,020	148,483	178,990
2003	369,078	109,330	261,393
2004	435,644	58,443	379,143
2005	427,774	164,666	265,015
2006	450,322	206,156	246,173
2007	474,058	161,582	314,589
2008	499,045	167,830	333,439
2009	525,349	174,079	353,612

The final step in determining the total damages is to adjust the figures from Table 14 to the present value. This increases past losses for interest and decreases future losses for the time value of money. This calculation is reflected in Table 15.

**TABLE 15
PRESENT VALUE OF LOST EARNINGS**

<u>Year</u>	<u>Lost Earnings</u>	<u>Prejudgement Interest Rate¹</u>	<u>Present Value Lost Earnings</u>
2000	\$ 107,745	10.0%	\$ 188,616
2001	276,071	11.0%	459,166
2002	178,990	9.0%	249,952
2003	261,393	6.0%	309,064
2004	379,143	7.0%	430,425
2005	265,015	7.0%	281,178
2006	246,173	9.0%	254,258
2007	314,589	11.0%	310,512
2008	333,439	8.75%*	316,408
2009	353,612	8.75%*	308,553
			<u><u>\$ 3,108,130</u></u>

¹ Source: Florida Department of Financial Services <<http://www.fldfs.com/aadir/interest.htm>>.

* Average of previous years.

CONCLUSION

As a result of our analysis, it is our opinion that Dr. Smith and The Practice has suffered economic damages in this matter of at least \$3,108,130.

**GARY R. TRUGMAN, C.P.A.*/A.B.V., M.C.B.A., A.S.A., M.V.S.
PROFESSIONAL QUALIFICATIONS**

Experience

President of Trugman Valuation Associates, Inc., a firm specializing in business valuation and litigation support services. Business valuation experience includes a wide variety of assignments including closely-held businesses, professional practices and thinly traded public companies. Industries include but are not limited to security, automotive, funeral homes, health care, securities brokerage and financial institutions, retail, manufacturing, service, and professional business establishments. Assignments have also included the valuation of stock options and various types of intangible assets.

Business valuation and litigation support services have been rendered for a variety of purposes including, but not limited to family law matters, business damages, lender liability litigation, buy-sell agreements, shareholder litigation, estate and gift tax matters, buying and selling businesses, malpractice litigation, wrongful death, sexual discrimination, age discrimination, wrongful termination, and breach of contract. Representation in litigation includes plaintiff, defendant, mutual, and court-appointed neutral.

Court Testimony. Has been qualified as an expert witness in State Courts of New Jersey, New York, Pennsylvania, Connecticut, Florida, Michigan and Federal District Court in Newark, New Jersey and Hammond, Indiana, and has performed extensive services relating to court testimony. Testimony has also been provided in arbitration cases before the National Association of Securities Dealers and the American Stock Exchange, as well as other forms of arbitration.

Court Appearances. Has appeared in the following courts: *New Jersey* • Morris, Atlantic, Sussex, Bergen, Burlington, Passaic, Mercer, Middlesex, Monmouth, Essex, Hunterdon, Warren, Hudson, and Union. *New York* • Bronx • Westchester. *Florida* • Palm Beach. Polk, Lee, Broward, Miami-Dade and Leon. *Connecticut* • Fairfield, Milford/Ansonia, Middlesex. *Pennsylvania* • Montgomery, Lehigh. *Massachusetts* • Middlesex. *Indiana* • Marion. *California* • San Jose. *Michigan* • Ottawa.

Court Appointments. Has been court appointed in New Jersey's Morris, Sussex, Essex, Union, Hunterdon, Somerset, Monmouth, Middlesex, Passaic, Warren, Bergen, and Hudson counties by numerous judges, as well as Orange County, Florida.

Mutual Expert. Regularly serves as a mutually-agreed upon expert.

Early Settlement Panel. Has served on the Blue Ribbon Early Settlement Panel in Sussex County.

**GARY R. TRUGMAN, C.P.A.*/A.B.V., M.C.B.A., A.S.A., M.V.S.
PROFESSIONAL QUALIFICATIONS**

Professional Designations

- ***CPA:** Licensed in Connecticut (2007), Florida (1996), New Jersey (1978) and New York (1977).
- **ABV:** Accredited in Business Valuation designated by The American Institute of Certified Public Accountants (1998).
- **MCBA:** Master Certified Business Appraiser designated by The Institute of Business Appraisers, Inc. (1999). Original certification (CBA) in 1987.
- **ASA:** Accredited Senior Appraiser designated by the American Society of Appraisers (1991). Reaccredited in 2006.

Education

- Masters in Valuation Sciences - Lindenwood College, St. Charles, MO (1990). Thesis topic: Equitable Distribution Value of Closely-Held Businesses and Professional Practices.
- B.B.A. in Accountancy - Bernard M. Baruch College, New York, NY (1977).

Faculty

- *National Judicial College*, Reno, Nevada since 1997.

Appraisal Education

- *FICPA Valuation, Accounting and Litigation Services Conference*. Ft. Lauderdale, FL, Florida Institute of Certified Public Accountants, 2007.
- *AICPA National Business Valuation Conference*. Austin, TX, American Institute of Certified Public Accountants, 2006.
- *FCG Conference*. Austin, TX, Financial Consulting Group, 2006.
- *Personal Goodwill*. BV Resources Telephone Conference, 2006.
- *FICPA Valuation, Accounting and Litigation Services Conference*. Ft. Lauderdale, FL, Florida Institute of Certified Public Accountants, 2006.
- *Valuation²*. Las Vegas, NV, American Institute of Certified Public Accountants and American Society of Appraisers, 2005.
- *AICPA National Business Valuation Conference*. Orlando, FL, American Institute of Certified Public Accountants, 2004.

**GARY R. TRUGMAN, C.P.A.* / A.B.V., M.C.B.A., A.S.A., M.V.S.
PROFESSIONAL QUALIFICATIONS**

Appraisal Education

- *23rd Annual Advanced Business Valuation Conference.* San Antonio, TX, American Society of Appraisers, 2004.
- *2004 National Business Valuation Conference.* Las Vegas, NV, Institute of Business Appraisers, 2004.
- *New Jersey Law and Ethics Course.* Parsippany, NJ, New Jersey Society of Certified Public Accountants, 2004.
- *22nd Annual Advanced Business Valuation Conference.* Chicago, IL, American Society of Appraisers, 2003.
- *AICPA National Business Valuation Conference.* New Orleans, LA, American Institute of Certified Public Accountants, 2002.
- *Brown v. Brown: The Most Important Equitable Distribution Decision Since Painter.* Fairfield, NJ, New Jersey Institute for Continuing Legal Education, 2002.
- *2001 National Business Valuation Conference.* Las Vegas, NV, American Institute of Certified Public Accountants, 2001.
- *2001 Share the Wealth Conference.* Orlando, FL, The Institute of Business Appraisers, 2001.
- *2000 National Conference on Business Valuation,* Miami, FL, American Institute of Certified Public Accountants, 2000.
- *19th Annual Advanced Business Valuation Conference,* Philadelphia, PA, American Society of Appraisers, 2000.
- *Hot Issues in Estate and Gift Tax Returns: What do the Auditors Look For?* Fairfield, NJ, New Jersey Institute for Continuing Legal Education, 2000.
- *Pulling Ahead of the Pack - The Institute of Business Appraisers' 2000 National Conference.* Phoenix, AZ, The Institute of Business Appraisers, 2000.
- *Business Valuation Conference.* Las Vegas, NV, American Institute of Certified Public Accountants, 1999.
- *1999 International Appraisal Conference.* Boston, MA, American Society of Appraisers, 1999
- *1999 Annual Conference: The Future of Business Valuation.* Orlando, FL, The Institute of Business Appraisers, Inc., 1999.
- *1998 Joint Business Valuation Conference.* Montreal, Canada, American Society of Appraisers and Canadian Institute of Chartered Business Valuators, 1998.

**GARY R. TRUGMAN, C.P.A.* / A.B.V., M.C.B.A., A.S.A., M.V.S.
PROFESSIONAL QUALIFICATIONS**

Appraisal Education

- *The Future of Business Valuation Annual Conference.* San Antonio, TX, The Institute of Business Appraisers, Inc., 1998.
- *Business Valuation Conference.* San Diego, CA, American Institute of Certified Public Accountants, 1997.
- *16th Annual Advanced Business Valuation Conference.* San Francisco, CA, American Society of Appraisers, 1997.
- *Quantifying Marketability Discounts.* San Francisco, CA, Mercer Capital, 1997.
- *Introduction to Machinery & Equipment Valuation.* Chicago, IL, American Society of Appraisers, 1997.
- *National Conference on Appraising Closely-Held Businesses.* San Diego, CA, The Institute of Business Appraisers, Inc., 1997.
- *Business Valuation Conference.* Phoenix, AZ, American Institute of Certified Public Accountants, 1996.
- *15th Annual Business Valuation Conference.* Memphis, TN, American Society of Appraisers, 1996.
- *1996 Business Valuation Conference.* Holmdel, NJ, NJ Society of Certified Public Accountants, 1996.
- *National Conference on Appraising Closely-Held Businesses.* Orlando, FL, The Institute of Business Appraisers, Inc., 1996.
- *Business Valuation Conference.* New Orleans, LA, American Institute of Certified Public Accountants, 1995.
- *14th Annual Business Valuation Conference.* Boston, MA, American Society of Appraisers, 1995.
- *1995 Matrimonial Conference.* Holmdel, NJ, New Jersey Society of Certified Public Accountants, 1995.
- *Joint Business Valuation Conference.* San Diego, CA, American Institute of Certified Public Accountants - The Institute of Business Appraisers, Inc., 1995.
- *1995 Business Valuation Conference.* Holmdel, NJ, New Jersey Society of Certified Public Accountants, 1995.
- *National Conference on Appraising Closely-Held Businesses.* Las Vegas, NV, The Institute of Business Appraisers, Inc., 1995.
- *1994 International Conference.* Chicago, IL., American Society of Appraisers, 1994.

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PROFESSIONAL QUALIFICATIONS**

Appraisal Education

- *National Conference on Appraising Closely-Held Businesses.* Orlando, FL, The Institute of Business Appraisers, Inc., 1994.
- *1993 International Conference.* Seattle, WA, American Society of Appraisers, 1993.
- *Uniform Standards of Professional Appraisal Practice and Professional Appraisal Ethics.* Seattle, WA, American Society of Appraisers, 1993.
- *11th Annual Business Valuation Conference.* Atlanta, GA, American Society of Appraisers, 1992.
- *1992 International Conference.* New Orleans, LA, American Society of Appraisers 1992.
- *National Conference on Appraising Closely-Held Businesses.* Orlando, FL, The Institute of Business Appraisers, Inc., 1992.
- *10th Annual Business Valuation Conference.* Scottsdale, AZ, American Society of Appraisers, 1991.
- *1991 International Conference.* Philadelphia, PA, American Society of Appraisers, 1991.
- *Appraising Closely-Held Businesses.* Orlando, FL, The Institute of Business Appraisers, Inc., 1991.
- *Principles of Valuation-Business Valuation Case Study.* New Orleans, LA, American Society of Appraisers, 1989.
- *Principles of Valuation-Business Valuation Methodology.* New Orleans, LA, American Society of Appraisers, 1988.
- *Divorce Tax Planning.* American Institute of Certified Public Accountants, 1988.
- *Valuation of Closely-Held Businesses.* Total Tape Inc., 1987.
- *Business Valuation for Accountants.* Paramus, NJ, The Institute of Business Appraisers, Inc., 1986.
- *Valuation of Closely-Held Businesses.* American Institute of Certified Public Accountants, 1986.
- Has performed extensive reading and research on business valuation and related topics.

Lecturer

- *Personal Goodwill: Does the Non-Propertied Spouse Really Lose the Battle?* Ft. Lauderdale, FL, Florida Bar Family Law Section, 2007.

**GARY R. TRUGMAN, C.P.A.* / A.B.V., M.C.B.A., A.S.A., M.V.S.
PROFESSIONAL QUALIFICATIONS**

Lecturer

- *Do's and Don't's of Expert Testimony*, Ft. Lauderdale, FL, FICPA Valuation, Accounting and Litigation Services Conference, 2007.
- *Valuing Small Businesses for Divorce*, Austin, TX, AICPA National Business Valuation Conference, 2006.
- *Ask the Experts*, Austin, TX, AICPA National Business Valuation Conference, 2006.
- *Changes to the 2006 USPAP*, Overland Park, KS, Kansas Valuation Conference, 2006.
- *Tax Effecting S Corporations and Other Flow Through Entities*, Overland Park, KS, Kansas Society of CPAs Valuation Conference, 2006.
- *Valuation Discounts*, Minneapolis, MN, MN Society of CPAs Valuation Conference, 2006.
- *Malpractice and Business Valuation*, Minneapolis, MN, MN Society of CPAs Valuation Conference, 2006.
- *Mock Trial - Being an Expert Witness*, Woodbridge, NJ, NJ Divorce Conference, 2006.
- *Expert Reports Used in Divorce*, Las Vegas, AICPA Divorce Conference, 2006.
- *Ask the Expert*, Ft. Lauderdale, FL, FICPA Valuation, Accounting and Litigation Services Conference, 2006.
- *Valuing the Very Small Company*, Las Vegas, NV, Valuation², American Institute of Certified Public Accountants and American Society of Appraisers, 2005.
- *Being an Effective Witness*, Las Vegas, NV, Valuation², American Institute of Certified Public Accountants and American Society of Appraisers, 2005.
- *Divorce Valuation versus Other Valuations*, Richmond, VA, Virginia Society of CPA's Conference, 2005.
- *Hot Topics in Business Valuation*, Cleveland, OH, SSG, 2005.
- *Valuing Small Businesses and Professional Practices*. Atlanta, GA, George Society of CPAs' Super Conference, 2005.
- *Personal Goodwill in a Divorce Setting*. Ft. Lauderdale, FL, Florida Institute of Certified Public Accountants' Valuation & Litigation Services Conference, 2005.
- *The Market Approach: Case Study*. Orlando, FL, American Institute of CPAs, 2004.
- *Valuing Professional Practices*, Orlando, FL, American Institute of CPAs, 2004.
- *How to Develop Discount Rates*. Ft. Lauderdale, FL, Florida Institute of CPAs Valuation and Litigation Conference, 2004; Detroit, Michigan, MI Valuation Conference, 2004.

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PROFESSIONAL QUALIFICATIONS**

Lecturer

- *To Tax or Not to Tax - That is the Question: Tax Effecting S Corporations*, Chicago, IL, Illinois Business Valuation Conference, 2004.
- *Controversial Topics*. Richmond, VA, VA Valuation and Litigation Conference, 2004.
- *Guideline Company Methods: Levels of Value Issues, Telephone Panel*, Business Valuation Resources, 2004.
- *Small Business Case Study*. Phoenix, AZ, American Institute of Certified Public Accountants National Business Valuation Conference, 2003; Ft. Lauderdale, FL, Florida Institute of CPAs, 2004.
- *Valuation Issues - What You Need to Know*. San Antonio, TX, AICPA National Auto Dealer Conference, 2003.
- *Professional Practice Valuations*. Tampa, FL, The Florida Bar - Family Law Section, 2003.
- *Business Valuation Basics*. Orlando, FL, The Florida Bar Annual Meeting, 2003.
- *Business Valuation for Divorce*. Orlando, FL, The Florida Bar Annual Meeting, 2003.
- *Business Valuation in a Litigation Setting*. Las Vegas, NV, CPAmerica International, 2003.
- *The Transaction Approach - How Do We Really Use It?* Tampa, FL, American Society of Appraisers International Conference, 2003.
- *Advanced Testimony Techniques*. Chicago, IL, Illinois Business Valuation Conference, 2003.
- *To Tax or Not to Tax? Issues Relating to S Corps and Built-In Gains Taxes*. Washington, DC, Internal Revenue Service, 2003.
- *Issues for CPAs in Business Valuation Reports*. New Orleans, LA, American Institute of Certified Public Accountants, 2002.
- *Guideline Public Company Method: Minority Versus Control – Dueling Experts*. New Orleans, LA, American Institute of Certified Public Accountants, 2002.
- *To Tax or Not To Tax? - That Is The Question*. Minneapolis, MN, Minnesota Society of Certified Public Accountants, 2002.
- *Pressing Problems and Savvy Solutions When Retained by the Non-Propertied Spouse*. Las Vegas, NV, American Institute of Certified Public Accountants/American Academy of Matrimonial Lawyers, 2002.
- *The Transaction Method - IBA Database*. Atlanta, GA, Financial Consulting Group, 2002.

**GARY R. TRUGMAN, C.P.A.* / A.B.V., M.C.B.A., A.S.A., M.V.S.
PROFESSIONAL QUALIFICATIONS**

Lecturer

- *Valuation Landmines - How Not To Get In Trouble.* Washington, DC, 2002 Annual Business Valuation Conference, The Institute of Business Appraisers, 2002.
- *Guest Lecturer on Business Valuation.* New York, NY, Fordham Law School, 2002.
- *Guideline Company Analysis.* Chicago, IL, Illinois CPA Foundation, 2002.
- *Guideline Company Analysis.* Las Vegas, NV, American Institute of Certified Public Accountants, 2001.
- *Discount and Capitalization Rates.* Bloomington, MN, Minnesota Society of CPAs, 2001.
- *Valuation Premiums and Discounts.* Louisville, KY, Kentucky Tax Institute, 2001.
- *Business Valuation.* St. Louis, MO, Edward Jones, 2001.
- *Business Valuation for Marital Dissolutions.* Dublin, OH, Ohio Supreme Court, 2001.
- *Testimony Techniques.* Chicago, IL, Illinois CPA Society, 2001.
- *Valuing the Very Small Business.* Chicago, IL, Illinois CPA Society, 2001.
- *Valuations in Divorce.* Ft. Lauderdale, FL, Florida Institute of Certified Public Accountants, 2001.
- *Valuation Land Mines To Watch Out For.* Miami, FL, American Institute of Certified Public Accountants, 2000.
- *Ask the Experts - Discounts and Premia.* Miami, FL, American Institute of Certified Public Accountants, 2000.
- *Understanding a Financial Report.* Columbia, SC, South Carolina Bar Association, 2000.
- *Business Damages.* Columbia, SC, South Carolina Bar Association, 2000.
- *A Fresh Look at Revenue Rulings 59-60 and 68-609.* New Orleans, LA, Practice Valuation Study Group, 2000.
- *Business Valuation: What's It Really All About?* New York, NY, New York State Society of Certified Public Accountants, 1999.
- *Understanding and Increasing the Value of Your Business.* Phoenix, AZ, Inc. Growth Conference, 1999.
- *Equitable Distribution of Closely-Held Businesses – Fair Market Value or Fair Value?* Atlantic City, NJ, Association of Trial Lawyers of America -- New Jersey, 1999.

**GARY R. TRUGMAN, C.P.A.* / A.B.V., M.C.B.A., A.S.A., M.V.S.
PROFESSIONAL QUALIFICATIONS**

Lecturer

- *Controversial Topics In Business Valuation*. Orlando, FL, The Institute of Business Appraisers, Inc., 1999; Ft. Lauderdale, FL, Florida Institute of Certified Public Accountants, 1999, 2003.
- *Discount and Capitalization Rates*. San Antonio, TX, The Institute of Business Appraise, Inc., 1998; Asheville, NC, North Carolina Association of Certified Public Accountants, 1998; Ohio, Ohio Society of Certified Public Accountants, 1998.
- *Developing a Niche in Business Valuation*. Las Vegas, NV, American Institute of Certified Public Accountants, 1998.
- *Digesting Business Valuation for Legal Transactions*. New Brunswick, NJ, Institute of Continuing Legal Education, 1997.
- *The Market Approach to Business Valuation*. Baltimore, MD, CPA Associates International, 1997.
- *Valuing Accounting Practices for Sale or Merger*. New Orleans, LA, American Institute of Certified Public Accountants Practitioners Symposium, 1997.
- *The Value of a Deal*. New York, NY, Practicing Law Institute, 1997.
- *Revenue Ruling 59-60 Revisited*. San Diego, CA, The Institute of Business Appraisers, Inc., 1997.
- *Capitalization Rates*. Greensboro, NC, National Association of Certified Valuation Analysts, 1996.
- *Valuation Discounts and Premiums*. Greensboro, NC, National Association of Certified Valuation Analysts, 1996; New York, NY, New York State Society of Certified Public Accountants, 1999; San Francisco, CA, Accounting Firms Associated, Inc., 1999.
- *Equitable Distribution Value of Small Closely-Held Businesses and Professional Practices*. Greensboro, NC, North Carolina Association of Certified Public Accountants, 1996.
- *Does the Market Transaction Method Really Work?* Phoenix, AZ, National Business Valuation Conference, American Institute of Certified Public Accountants, 1996.
- *Valuation Issues Affecting Transfers of Family Businesses*. Princeton, NJ, New Jersey Society of Certified Public Accountants Financial Planning Conference, 1996.
- *Crossfire: Why You Should Not Use the Excess Earnings Method*. New Orleans, LA, American Institute of Certified Public Accountants Business Valuation Conference, 1995.
- *Practice Aid 93-3, What Did We Do?* Tampa, FL, Florida Institute of Certified Public Accountants, 1995.

**GARY R. TRUGMAN, C.P.A.* / A.B.V., M.C.B.A., A.S.A., M.V.S.
PROFESSIONAL QUALIFICATIONS**

Lecturer

- *Revenue Ruling 59-60: What Does It Really Say?* East Brunswick, NJ, New Jersey Society of Certified Public Accountants, 1995.
- *Preparing and Defending a Business Valuation Report in Litigation.* Holmdel, NJ, New Jersey Society of Certified Public Accountants, 1995.
- *Using the Market Approach to Value Small and Medium Sized Businesses.* San Diego, CA; Orlando, FL, American Institute of Certified Public Accountants, Institute of Business Appraisers, Inc., Joint Conference, 1995 - 1996.
- *CPA's Role in Divorce Litigation.* Holmdel, NJ, New Jersey Society of Certified Public Accountants, 1995.
- *Business Valuation and Litigation.* Reno and Las Vegas, NV, Nevada Society of Certified Public Accountants, 1994.
- *Business Valuation with an Emphasis on Employee Stock Ownership Plans, Mergers and Acquisitions, and Initial Public Offerings.* Phoenix, AZ, National Industry Conference, American Institute of Certified Public Accountants, 1994.
- *Business Valuation-There's a Right Way and a Wrong Way to Do It.* Dallas, TX, Dallas Estate Planning Council, 1993, Chattanooga, TN, Chattanooga Estate Planning Council, 1998.
- *The CPA's Role in Divorce Litigation.* Louisville, KY, Kentucky Society of Certified Public Accountants, 1993.
- *Valuation of Accounting and Other Professional Practices.* West Orange, NJ, Small and Medium Firm Conference, NJ Society of Certified Public Accountants, 1993.
- *Information Gathering Strategies for Business Appraisal.* San Diego, CA, National Conference on Appraising Closely-Held Businesses, The Institute of Business Appraisers, Inc., 1993.
- *Capitalization Rates.* Edison, NJ, Matrimonial Conference, NJ Society of Certified Public Accountants, 1993.
- *Measure of Value in Theory and Reality for Marital Dissolutions.* Orlando, FL, National Conference on Appraising Closely-Held Businesses, The Institute of Business Appraisers, Inc., 1992.
- *Equitable Distribution Value of Closely-Held Companies and Professional Practices.* San Diego, CA, National Conference on Appraising Closely-Held Businesses, The Institute of Business Appraisers, Inc., 1991.
- *Tax Aspects of Divorce.* NJ, Institute of Continuing Legal Education, 1989-1990, 1992.

**GARY R. TRUGMAN, C.P.A.* / A.B.V., M.C.B.A., A.S.A., M.V.S.
PROFESSIONAL QUALIFICATIONS**

Lecturer

- *Appraising Closely-Held Businesses: Expert Testimony.* Orlando, FL, National Conference on Appraising Closely-Held Businesses, The Institute of Business Appraisers, Inc., 1990.
- *Business Valuation for Accountants.* NJ, The Institute of Business Appraisers, Inc., 1988, 1989, 1990.
- *Using Forecasts and Projections in Business Valuation.* Orlando, FL, Valuation Study Group, 1989.
- *What You Need to Know About Valuation and Litigation Support Services.* East Hanover, NJ, CPA Club, 1989.
- *Valuing Professional Practices.* San Diego, CA, National Conference on Appraising Closely-Held Businesses, The Institute of Business Appraisers, Inc., 1989.
- *What is Your Business Worth?* Wayne, NJ, Dean Witter Reynolds, 1988.
- *Understanding Business Valuation for the Practice of Law.* NJ, Institute of Continuing Legal Education, 1987.

Instructor

- *Principles of Valuation - Part 2.* American Society of Appraisers, Austin, TX, 2005; Chicago, IL, 2006; Brooklyn, NY 2006; Herndon, VA 2007; Chicago, IL 2007.
- *Small Business Valuation: A Real Life Case Study.* American Institute of Certified Public Accountants, Rocky Hill, CT, 2005; Richmond, VA, 2005; Columbia, MD, 2005.
- *Valuation Discount and Capitalization Rates, Valuations Premiums and Discounts.* Rhode Island Society of CPAs, Providence, RI, 2004.
- *Mergers and Acquisitions.* Rhode Island Society of CPAs, Providence, RI, 2004.
- *Valuing a Small Business: Case Study.* Rhode Island Society of CPAs, Providence, RI, 2004.
- *Discounts & Premiums in a Business Valuation Environment.* American Institute of Certified Public Accountants, Roseland, NJ; 2004, Rocky Hill, CT, 2005.
- *Advanced Cost of Capital Computations.* American Society of Certified Public Accountants, Rhode Island, NJ 2004.
- *Fundamentals of Business Valuation - Part 2.* American Institute of Certified Public Accountants, Atlanta, GA, 2004.

**GARY R. TRUGMAN, C.P.A.* / A.B.V., M.C.B.A., A.S.A., M.V.S.
PROFESSIONAL QUALIFICATIONS**

Instructor

- *Splitting Up is Hard to Do: Advanced Valuation Issues in Divorce and Other Litigation Disputes.* American Institute of Certified Public Accountants, Providence, RI, 2002.
- *Fundamentals of Business Valuation - Part 1.* American Institute of Certified Public Accountants, Dallas, TX, 2001.
- *Advanced Topics.* The Institute of Business Appraisers, Orlando, FL, 2001.
- *Business Valuation.* Federal Judicial Center, Washington, DC, 2001.
- *Business Issues: Business Valuation-State Issues; Marital Dissolution; Shareholder Issues and Economic Damages.* National Judicial College, Charleston, SC, 2000.
- *Business Valuation for Marital Dissolutions.* National Judicial College, San Francisco, CA, 2000.
- *Business Valuation Workshop.* 2000 Spring Industry Conference, American Institute of Certified Public Accountants, Seattle, WA, 2000.
- *Developing Discount & Capitalization Rates.* The Institute of Business Appraisers, Phoenix, AZ, 2000.
- *Mergers & Acquisitions.* National Association of Certified Valuation Analysts, Nevada, 1998; Ohio, 1998.
- *Valuation Issues in Divorce Settings.* American Institute of Certified Public Accountants, New Jersey, 1998.
- *Financial Statements in the Courtroom (Business Valuation Component).* American Institute of Certified Public Accountants for the National Judicial College, Texas, 1997; Florida, 1997, 1998, 2001; Louisiana, 1998, 1999; Nevada, 1999, 2001; South Carolina, 2000, 2006; Georgia, 2000; Arizona, 2001; New York, 2002; Colorado, 2003; Ohio, 2003; Florida, 2003; New Jersey 2005, 2007.
- *Preparing for AICPA's ABV Examination Review Course.* American Institute of Certified Public Accountants, New York, 1997, 2000, 2001; Pennsylvania, 1998; Kansas, 1998; Maryland, 2000, 2001; Massachusetts, 2000; Virginia, 2002.
- *How to Value Mid-Size and Smaller Businesses/Using Transaction Data to Value Closely-Held Businesses.* Atlanta, GA, Chicago, IL, 1996.
- *Conducting a Valuation of a Closely-Held Business.* The Institute of Business Appraisers, Inc., 1996.
- *How To Value Mid-Size and Smaller Businesses.* The Institute of Business Appraisers, Inc., 1995.

**GARY R. TRUGMAN, C.P.A.* / A.B.V., M.C.B.A., A.S.A., M.V.S.
PROFESSIONAL QUALIFICATIONS**

Instructor

- *Valuation of Small Businesses and Professional Practices.* American Society of Appraisers, 1995.
- *Uniform Standards of Professional Appraisal Practice.* American Society of Appraisers, 1995.
- *Advanced Topics in Business Valuation.* New Jersey Society of Certified Public Accountants, 1995, 1996, 1997.
- *Business Valuation Theory.* New Jersey, 1994, 1995, 1996, 1997, 1999, 2000, 2002; Rhode Island, 2004.
- *Business Valuation Approaches and Methods.* New Jersey, 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2002; North Carolina, 1997, 1999, 2000; Louisiana, 1997, 1998; Massachusetts, 1997, 1998, 1999; Pennsylvania, 1997; New York, 1997, 2000; Indiana, 1997; Connecticut, 1997, 2000; Ohio, 1998; Rhode Island, 1999, 2003.
- *Business Valuation Discount Rates, Capitalization Rates, Valuation Premiums and Discounts.* New Jersey, 1998, 2000, 2002; North Carolina, 1997, 1999, 2000; Louisiana, 1997; Massachusetts, 1997, 1998; Rhode Island, 1997, 1999; Indiana, 1997; Connecticut, 1997, 2000.
- *Business Valuation.* Champaign, IL, American Institute of Certified Public Accountants National Tax School, 1994, 1995, 1996.
- *Principles of Valuation: Introduction to Business Valuation.* American Society of Appraisers, 1998, 1999, 2001, 2002.
- *Principles of Valuation: Business Valuation Methodology.* American Society of Appraisers, 1992, 1993, 1995, 1996, 1997, 1998, 1999, 2001.
- *Principles of Valuation: Case Study.* American Society of Appraisers, 1993, 1999, 2000, 2001, 2002, 2003.
- *Principles of Valuation: Selected Advanced Topics.* American Society of Appraisers, 1992, 1994, 1995, 1996, 1998, 2002.
- *Developing Your Business Valuation Skills: An Engagement Approach.* NJ Society of Certified Public Accountants, 1992, 1993.
- *Advanced Business Valuation Seminar.* The Institute of Business Appraisers, Inc., 1991, 1992.
- *10 Day Workshop on Appraising Closely-Held Businesses.* The Institute of Business Appraisers, Inc., 1991, 1998.

**GARY R. TRUGMAN, C.P.A.*/A.B.V., M.C.B.A., A.S.A., M.V.S.
PROFESSIONAL QUALIFICATIONS**

Instructor

- *Financial Statement Analysis*. St. Charles, MO, Lindenwood College Valuation Sciences Program, 1989, 1990.
- *Former Adjunct Instructor of Federal Income Taxation and Intermediate Accounting*. Centenary College, Hackettstown, NJ, 1982-1987.

Organizations

- The Institute of Business Appraisers, Inc.
- American Society of Appraisers.
- American Institute of Certified Public Accountants.
- New Jersey Society of Certified Public Accountants.
- New York State Society of Certified Public Accountants.
- Florida Institute of Certified Public Accountants.
- Collaborative Family Lawyers of South Florida

Awards

- Presented with the "Hall of Fame Award" by the American Institute of Certified Public Accountants in December 1999 for dedication towards the advancement of the business valuation profession.
- Presented with the "Fellow Award" by The Institute of Business Appraisers Inc., in January 1996 for contributions made to the profession.

Professional Appointments

- *The Institute of Business Appraisers, Inc.* Former Regional Governor for the Mid-Atlantic Region consisting of Delaware, Kentucky, Maryland, New Jersey, Pennsylvania, Ohio, Virginia, and West Virginia.
- *The American Society of Appraisers Chapter 73.* Treasurer, 1996 - 1997.

Current Committee Service

- Chairman of Valuation, Forensic Accounting and Litigation Services Section - Florida Institute of CPAs.

**GARY R. TRUGMAN, C.P.A.* / A.B.V., M.C.B.A., A.S.A., M.V.S.
PROFESSIONAL QUALIFICATIONS**

Current Committee Service

- Chairman of Disciplinary and Ethics Committee -The Institute of Business Appraisers, Inc. (committee established 1989).
- AICPA ABV Examination Committee.

Past Committee Service

- AICPA Committee with the Judiciary.
- AICPA ABV Credential Committee.
- AICPA Management Consulting Services Division - Executive Committee.
- Chairman of the Valuation Standards Subcommittee - NJ Society of Certified Public Accountants Litigation Services Committee.
- Matrimonial Subcommittee - NJ Society of Certified Public Accountants Litigation Services Committee.
- Co-Chair of Courses and Seminars for Certified Public Accountants Subcommittee - NJ Society of Certified Public Accountants.
- Education Committee - The Institute of Business Appraisers, Inc.
- Chairman of Education Committee - North Jersey Chapter of American Society of Appraisers.
- AICPA Subcommittee on Business Valuation & Appraisal.
- International Board of Examiners - American Society of Appraisers.
- Qualifications Review Committee - The Institute of Business Appraisers, Inc.

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- Editorial Advisor for *Financial Valuation and Litigation Expert*, Valuation Products and Services.
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- Course entitled *Small Business Valuation: A Real Life Case Study*, American Institute of Certified Public Accountants (2005).
- *Guideline Public Company Method - Control or Minority Value?*, Shannon Pratt's Business Valuation Update (2003).
- *Signed, Sealed, Delivered*, Journal of Accountancy (2002).
- *A CPA's Guide to Valuing a Closely Held Business*, American Institute of Certified Public Accountants (2001).
- Course entitled *Business Issues - State Courts*, National Judicial College, Reno, NV (2000).
- *Understanding Business Valuation: A Practical Guide to Valuing Small to Medium-Sized Businesses*, American Institute of Certified Public Accountants, First Edition (1998) Second Edition (2002).
- Contributing author to *The Handbook of Advanced Business Valuation*, McGraw-Hill (1999).
- Course entitled *Valuation Issues in Divorce Settings* for the American Institute of Certified Public Accountants (1997).
- Co-author of course entitled *Accredited Business Valuer Review Course* (Market Approach Chapter) for the American Institute of Certified Public Accountants (1997).
- *Understanding Business Valuations* for The Institute of Continuing Legal Education (1997).
- Six Day Business Valuation Series consisting of *Business Valuation Theory, Valuation Approaches & Methods* and *Advanced Topics in Business Valuation* (1994, 1995.)
- *Advocacy vs. Objectivity*, *CPA Litigation Service Counselor*, Harcourt Brace, San Diego, CA (1993).
- *Valuation of a Closely-Held Business*, Practice Aid for the American Institute of Certified Public Accountants (1993).

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- *A Threat to Business Valuation Practices*, *Journal of Accountancy* (December 1991).
- Course entitled *Advanced One Day Seminar* for The Institute of Business Appraisers, Inc. (1991).
- Course entitled *Understanding Business Valuation for the Practice of Law* for the Institute of Continuing Legal Education in NJ.
- *An Appraiser's Approach to Business Valuation, Fair\$hare*, Prentice Hall Law & Business (July & August, 1991).
- *What is Fair Market Value? Back to Basics, Fair\$hare*, Prentice Hall Law & Business (June 1990).