

Assessing Financial Damages in a Complex Manufacturing Dispute

Client: Litigation Attorney | Industry: Manufacturing

BACKGROUND:

Meaden & Moore was engaged to assist in a complex financial dispute involving a large, multi-story vacuum press with below-ground mechanics. This equipment, located in a manufacturing facility, was functional, but not being utilized or operated at the time of the incident.

An explosion on the opposite side of the facility caused debris, soot, and particles to settle on the press. While no structural damage occurred, the contamination rendered the press unusable until it could be cleaned and inspected.

The manufacturing company sought damages, and claimed that downtime caused by the explosion resulted in significant financial losses due to missed opportunities to utilize the press for potential projects.

OBJECTIVE

Our team was retained by legal counsel to evaluate the validity of the damages claimed, and provide an objective financial assessment aligned with legal arguments.

AT A GLANCE

Challenges:

- \$5+M speculative loss of business income claim.
- Determining the press's role in potential projects.
- Validating cleaning/downtime impacts

Conclusions:

- Loss-impact damages include only cleaning and inspection costs.
- Provided objective financial analysis.

THE CHALLENGE:

The \$5+ million damages claim was based on speculative lost income from projects the manufacturing company argued could have been secured if the press were operational. Key challenges included:

- Assessing the credibility of the lost revenue claims.
- Determining whether the press was integral to the proposed opportunities.
- Evaluating whether the cleaning and downtime resulted actionable financial damage.

OUR APPROACH:

1. Data Collection and Review

- We reviewed discovery materials, including financial records, operational data, and bid proposals. Key areas of focus included:
- The operational status of the press before and after the incident.
- Historical usage data to evaluate its role in past projects.
- Financial statements to examine claimed revenue losses.

2. Operational Analysis

- Our analysis revealed that the press had been idle for an extended period before the explosion. Although bids for projects requiring the press had been submitted, none had been awarded at the time of the incident.

3. Damage Validation

- The \$5+ million damages claim was based on hypothetical scenarios of potential jobs. However, no evidence indicated these opportunities were guaranteed or that downtime was the sole limiting factor.
- Cleaning and inspection costs were identified as the only direct, quantifiable damages measure.

4. Expert Insights and Reporting

- We prepared a detailed report outlining the speculative nature of the lost revenue claims and the lack of contractual evidence to support them.
- Alternative damages calculations focused on cleaning and restoration costs.

THE OUTCOME:

- Meaden & Moore's independent review and detailed analysis provided clarity to the financial dispute, highlighting unsupported claims and discrepancies in the damage assertions. By delivering a thorough assessment and clear findings, the team helped effectively challenge the claimed loss of business and other costs, resulting in a revised loss determination of **\$0**. The cleaning and inspection costs were the only direct, quantifiable damages measure.

RESULTS

- Delivered a thorough financial assessment, enabling the client to navigate the dispute confidently.
- Helped the legal team effectively argue for damages aligned with the actual impact, avoiding inflated claims.
- Highlighted Meaden & Moore's ability to manage technically and financially complex disputes.

KEY TAKEAWAYS

This case illustrates Meaden & Moore's commitment to delivering accurate and reliable financial analyses in high-stakes litigation. By identifying weaknesses in speculative claims and providing actionable insights, the team demonstrated expertise in forensic accounting and litigation support, ensuring a decisive advantage for the client.

EXPERT PERSPECTIVE: ANDY CLARK ON EVALUATING FINANCIAL INFORMATION IN LITIGATION MATTERS

"As a professional who evaluates financial information and assesses damages every day, I understand the critical role our work plays in resolving disputes and delivering value to our clients. Client service is at the core of everything we do, it's not just about providing accurate financial analysis, but also about understanding and meeting our clients' expectations at every stage of the engagement.

In cases like the recent manufacturing dispute, my goal is always to provide clarity amidst complexity. By thoroughly reviewing financial data, operational records, and the claims presented, I strive to offer objective insights that help our clients make informed decisions. Whether it's evaluating damage claims or providing expert testimony, my focus remains on delivering expert-quality service that aligns with the client's goals and timeline.

Ultimately, our expertise in examining financial damages isn't just about crunching numbers—it's about being a trusted partner who helps clients navigate challenging disputes with confidence and clarity."



Andrew T. Clark, CPA, CFE, CFF

President, Investigative Accounting
and Litigation Support

✉ aclark@meadenmoore.com

*"Client service is
always the priority. I take
pride in understanding client
needs and consistently
delivering accurate financial
insights to support confident
decision-making."*

*— Andrew T. Clark,
CPA, CFE, CFF*