Simple Hypothetical -Plaintiff's Side, Client's Perspective

The parties will soon commence settlement negotiations in a simple case. Assume:
- If no settlement is reached, defense will move for summary judgment. Plaintiff has an 80% chance of defeating the SJ motion.
- Plaintiff has a 60% chance of winning at trial.
- If the plaintiff wins at trial, the damages award will clearly be $150,000.
- The plaintiff has a 1/3 contingency fee agreement. Expert fees are deducted AFTER deduction of the attorney's fee.
- Expert's fees of $10,000 will be incurred after summary judgment motions through trial.
- If there is no recovery, the attorney will not enforce the plaintiff's obligation to reimburse expert's fees. (The plaintiff has minimal surplus disposable income or savings.)

In the space below, draw and calculate a decision tree for this case from the plaintiff's perspective, using "pay-off" numbers that reflect the net amount the plaintiff will receive (after deduction of the attorney's fee and the expert fees).

What settlement amount NOW will yield the plaintiff the same dollar amount as the EMV calculated from your litigation tree above?_____

Simple Hypothetical - Plaintiff's Side, Attorney's Perspective

The parties will soon commence settlement negotiations in a simple case. Assume:
- If no settlement is reached, defense will move for summary judgment. Plaintiff has an 80% chance of defeating SJ motion.
- Plaintiff has a 60% chance of winning at trial.
- If the plaintiff wins at trial, the damages award will clearly be $150,000.
- The plaintiff has a 1/3 contingency fee agreement with his/her attorney. Expert fees are deducted AFTER the attorney's fee.
- Expert's fees of $10,000 will be incurred after summary judgment motions through trial.
- If there is no recovery, the attorney will not enforce the plaintiff's obligation to reimburse the attorney for expert's fees. The attorney will have paid them. (The plaintiff has minimal surplus disposable income or savings.)
- The attorney values his/her time to brief and argue against the SJ motion at $3,000 (20 hours at $150 per hour).
- The attorney values his/her time AFTER the SJ motion hearing and through trial at $15,000 (100 hours at $150 per hour).

In the space below, draw and calculate a decision tree for this case from the plaintiff's attorney's perspective, using "pay-off" numbers that reflect the net amount the attorney will receive (after deduction of the cost of the attorney's time and the expert fees, where appropriate).

What settlement amount NOW will yield the plaintiff's attorney the same dollar amount as the EMV calculated from your litigation tree above?_____

Simple Hypothetical -Defense Side's Perspective

The parties will soon commence settlement negotiations in a simple case. Assume:
- If no settlement is reached, defense will move for summary judgment. Plaintiff has an 80% chance of defeating the SJ motion.
- You estimate that the Plaintiff has a 60% chance of winning at trial (in other words, that your client has a 40% chance of no liability finding).
- If the plaintiff wins at trial, the damages award will clearly be $150,000.
- Significant discovery has been completed, and $15,000 in fees have already been billed and paid.
- Defense fees from now (this moment) through the summary judgment motion are estimated at $5,000.
- Defense fees after argument on the summary judgment motion, through trial preparation are estimated to be $20,000
- Expert's fees of $10,000 will be incurred through trial (but after summary judgment motions).

In the space below, draw and calculate a decision tree for this case from the defendant's perspective, using "pay-off" or really, "expenditure numbers that reflect the amounts the defendant would be required to pay.

What settlement amount NOW will yield the defendant the same dollar amount as the EMV calculated from your litigation tree above?_____