

# Murchison & Cumming -Lawyers-

# M&C IN BRIEF

# Winter 2004

# CONTENTS

# ARTICLES

M&C Case Review ...... 2-3 Health Law Update Elder Abuse ...... 4 Employment Law Update .... 5 Corporate Law Update Alternatives to Traditional

# FEATURES

With Honors 5
Events Calendar 6
New Attorney Introductions7
M&C's Practice Areas 7

For more information please contact: Kathleen Lawler, Communications Director at (213) 630-1004.

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**Guy R. Gruppie** has been elevated to Senior Partner. Mr. Gruppie joined the firm as an associate in 1991. He was made an Associate Partner in 1998 and a Junior Partner in 2000. Mr. Gruppie specializes in the defense of product liability, catastrophic injury and business litigation matters and has tried numerous cases to verdict. Mr. Gruppie is a member of the firm's Product Liability Practice Group and served as Chair of the Firm's Hiring Committee since 1997. He is a member of the Federation of Defense & Corporate Counsel,

the Defense Research Institute, the Association of Southern California Defense Counsel and has served as a volunteer mediator for the Los Angeles Superior Court. Mr. Gruppie is resident in the firm's Los Angeles office.

**Gina E. Och**, a member of the firm's Law & Appellate Practice Group, has been named a Partner. For the past seven years at M&C, Ms. Och has focused her practice on product liability, business



on product hability, busiless litigation, public utilities and international law. Prior to joining M&C, Ms. Och worked as a Research Attorney for the Los Angeles County Superior Court. Ms. Och has prepared briefs and argued numerous cases at the appellate level. In addition, each year she is a co-presenter for the firm's Year in Review seminar with senior partner Edmund G. Farrell, III. Ms. Och is resident in the firm's Los Angeles office.



Kasey A. Covert has been named the Partner in Charge of Murchison & Cumming's Northern California office. She practiced seven years in the firm's San Diego

office handling complex litigation, before moving north to manage the firm's first office in Northern California. Ms. Covert's practice includes construction defect, health law and general liability matters for the Sacramento and San Francisco Bay areas. She is a graduate of the University of San Diego School of Law and is a member of the Association of Northern California Defense Counsel.



# FRIEDRICH SEITZ NAMED SOUTHERN CALIFORNIA SUPER LAWYER

Murchison & Cumming, LLP is proud to announce

that **Friedrich W. Seitz**, the firm's Managing Partner, has been named a Southern California Super Lawyer for 2004. Produced by *Los Angeles Magazine*, the list of Super Lawyers® is based on surveys of more than 65,000 lawyers across Los Angeles and Orange County and honors the top 3% of licensed attorneys in Southern California.

Mr. Seitz serves as a Senior Partner and Chair of the firm's Product Liability Practice Group. He emphasizes his practices on products liability, domestic and international law and mass tort litigation. Mr. Seitz has tried more than 100 cases to verdict, most involving product liability matters. Mr. Seitz is a member of the Association of Southern California Defense Council, the International Association of Defense Counsel, the Defense Research Institute and the Product Liability Advisory Council, Inc. He is also a member of the Federation of Defense & Corporate Counsel for which he currently serves as the Chair of the Products Liability Section. Mr. Seitz is a frequent speaker and author on product liability and international law issues. Mr. Seitz is a graduate of the University of Southern California (B.A.) and Southwestern University (J.D.).

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IN BRIEF

# Volume 4, Issue 1, Page 2

# **M&C CASE REVIEW**







Tom Y.K. Mei

Michelle A. Hancock Richard D. Newman

### C. M. Electric Co. v. Tsai

**Tom Y. Mei**, **Michelle A. Hancock** and **Richard D. Newman** recently scored a victory in a Premises Liability/Wrongful Death case via a motion for summary judgment for C.M. Electric Company.

Plaintiff was installing pipes in a warehouse that was undergoing renovations. He used a heavy extension ladder to gain access to the ceiling of the electrical room. While he & his wife were working (she was assisting him), some of the overhead lights shut off because the warehouse was closing. While plaintiff went to turn on the lights, his wife fell off the ladder and died from a head wound.

Plaintiff sued the owner, general contractor and all subcontractors (whom he alleged had used the ladder at various times) for premises liability, arguing that the ladder was in a dangerous location and that the lights were off. Defense moved for a summary judgment which relied on plaintiff's deposition which was speculative as to defendants involvement. The defense's motion for summary judgment was granted and defendant was successfully extricated from the case.

*Tom Mei, Michelle Hancock and Richard Newman are resident in Murchison & Cumming's Orange County office.* 





Tina D. Varjian

Michael B. Lawler James S.William

Michael B. Lawler, James S. Williams and Tina D. Varjian successfully defended a neuropsychologist against claims of intentional infliction of emotional distress and conspiracy with the insurer.

Plaintiff, a television director, was injured in in automobile accident in France and claimed to be physically and mentally disabled. His disability insurance carrier, Reassure America, had plaintiff examined by several doctors including a neuro-psychologist. The neuropsychologist, after administering an extensive battery of standardized tests, concluded that the director was not disabled from a neuropsychological perspective. The disability carrier subsequently stopped paying disability payments to the director.





Guy R. Gruppie

Holly N. Boyer

#### Agyeman v. Pokka USA

**Guy R. Gruppie** and **Holly N. Boyer** successfully defended Pokka USA, a brewer/bottler of soft drinks including Arizona Green Tea, in a products liability lawsuit. Plaintiff alleged that the bottle he purchased at a local supermarket was adulterated with an insect, which caused mold to develop in the drink. He further claimed that upon consuming part of the bottle, he swallowed mold-containing liquid, leading to the development of severe gastrointestinal problems. Pokka denied that the product was in any way contaminated when it left its possession, and denied that any of plaintiff's symptoms were caused by alleged exposure to mold.

The court granted the defense's Motion for Summary Judgment, determining as a matter of law that plaintiff's complaints could not have been caused by ingestion of the tea product. Central to the court's findings were the plaintiff's own medical records, including a laboratory assessment of a sample of the tea, which was found to include no contaminents.

*Guy R. Gruppie is a member of the firm's Product Liability group. He is resident in Murchison & Cumming's Los Angeles office.* 

# AGGRESSIVE TRIAL PREPARATION YIELDS FAVORABLE SETTLEMENT

Hamline v. Reassure America, et al.

Plaintiff sued the insurer for breach of contract and bad faith and sued the neuropsychologist for intentional infliction of emotional distress and for conspiracy with the insurer. The director demanded \$2.4 million to settle with the neuropsychologist.

The defense denied that there were any factual or legal bases for the director's claims against the neuropsychologist. Motions in limine were filed to exclude live testimony of plaintiff's expert witnesses, most of whom has not been timely produced for deposition, and to preclude the use of deposition testimony of doctors in France, whose depositions had not been properly noticed. Similarly, the defense determined that the evidence of plaintiff's loss of earnings/capacity claim was speculative and moved to exclude that evidence. It was also established through extensive discovery from the insurer's employees that no conspiracy could have existed.

At the final status conference a week before trial, the court ordered the parties to a mandatory settlement conference. Plaintiff's demand to the neuropsychologist remained at \$2.4 million. At the MSC, the director dropped his demand to \$275,000. The defense stood firm with its offer of zero dollars. Ultimately, plaintiff agreed to dismiss the neuropsychologist with prejudice, with each side to bear its own costs.

Michael B. Lawler and James S. Williams were trial counsel. Tina D. Varjian drafted the motions to exclude evidence and trial briefs. All are resident in Murchison & Cumming's Los Angeles office.

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# M&C CASE REVIEW



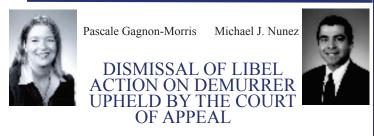
# SHARED PARKING LOT RAISES LIABILITY QUESTIONS IN SLIP & FALL ACCIDENT

**Richard D. Newman** successfully defended a premises liability case wherein plaintiff filed a complaint against an outdoor shopping center for failure to maintain the parking lot.

Plaintiff stepped and fell into a pothole in the parking lot of a shopping center in Mission Viejo. The fall resulted in a fractured leg that required surgery. Plaintiff sued each building owner, totaling more than 40, within the shopping center alleging that under the master lease, each owner had an easement which covered the common area parking lot

The defense filed for a motion for summary judgment based on the declaration that the defense's easement did not encompass the area in the parking lot where the accident took place. The defense also argued that even if there was a parking easement, it did not alone impose a duty to maintain. Although plaintiff opposed the motion for summary judgment, the court granted the defense's motion.

*Richard D. Newman, a certified appellate specialist, is resident in the Murchison & Cumming's Orange County office.* 



#### Synolakis v. Watts

Plaintiff and Defendant, both scientists and professors, collaborated with several colleagues in a project which included scientific research, case and case studies for the purpose of writing a scientific journal. Defendant and Plaintiff disagreed over the control of the project and openly exchanged emails about their disagreements, which were delivered to all project participants. The emails reflected challenges to each others findings, support and practices concerning the project. Plaintiff was not pleased that his findings were being challenged and filed an action for libel against Defendant.

Defense argued that the communications were statements of opinions rather than facts and therefore not actionable unless provable false facts could reasonable be implied from the opinions. The case was dismissed and Plaintiff appealed. The Court of Appeal affirmed the decision of the trial court sustaining the demurrer filed on behalf of Defendant and dismissing the action for libel filed by Plaintiff.

Pascale Gagnon-Morris and Michael J. Nunez are resident in the Murchison & Cumming's Los Angeles office



DEFENSE VERDICT OBTAINED AT TRIAL OF WRONGFUL DEATH ACTION



Robert M. Scherk

Ian C.Fusselman

Melissa Aviles and Ashley Aviles v. Maria Chavez, San Diego Transit Corporation, Ardell Finley, Jr., Leong Kuba Sea Products, Inc. and Javier Martinez

**Robert M. Scherk** and **Ian C. Fusselman**, recently represented Leong Kuba Sea Products and obtained a defense verdict in a wrongful death action where the 12 year-old and 10 year-old plaintiffs sought damages for the death of their mother decedent, Maria Aviles, in an automobile accident.

The accident occurred while Ms. Aviles was traveling in the front seat of a car driven by her best friend and co-worker, defendant Maria Chavez. Defendant Chavez attempted to exit the freeway from the No. 3 lane cutting in front of a San Diego transit bus in the No. 4 lane. At the same time, a truck delivering fish for Leong Kuba Sea products was stopped at the side of the freeway with its flashers activated. The bus could not avoid colliding with Ms. Chavez's car and as a result pushed the car into the fish truck. Ms. Aviles died at the scene of the accident.

The California Highway Patrol report concluded that the sole fault of the accident was the manner in which defendant Maria Chavez was operating her car. She was cited for unsafe lane change and vehicular manslaughter, and later pled nolo contendere to negligent homicide. However, this information was kept out of evidence at the time of the trial by plaintiffs.

There was never any dispute defendant Maria Chavez was the primary cause of the accident; the primary liability issue at trial was whether defendants San Diego Transit and their driver and/or Leong Kuba Sea Products and their driver had any liability. Plaintiffs alleged that codefendant San Diego Transit and their driver were liable for failing to brake sooner when defendant Chavez changed lanes. Plaintiffs also alleged that Leong Kuba Sea Produts and their driver were also negligent for stopping along the freeway without legal cause to do so. Plaintiffs claimed that had the fish truck not stopped his truck on the side of the freeway, Ms. Chavez's car would not have been pushed by the bus into his truck and Maria Aviles would not have died.

Prior to trial, Plaintiffs made only one settlement demand for a total of \$500,000. In closing argument, plaintiff's counsel asked the jury to award each plaintiff \$100 per day for the approximate life expectancy of their mother, which totaled just under \$3,000,000.00.

After a six day jury trial, which included the testimony of 23 witnesses, the jury deliberated for one hour and returned 12-0 defense verdicts for San Diego Transit, Leong Kuba Sea Products and their respective drivers.

Robert M. Scherk tried this case and Ian Fusselman prepared the trial briefs, motions in limine and conducted significant research throughout the trial. Both attorneys are resident in Murchison & Cumming's San Diego office.

IN BRIEF

# **HEALTH LAW UPDATE**



# CALIFORNIA LEGISLATURE MAKES CONFIDENTIALITY PROVISIONS DIFFICULT IN ELDER ABUSE CASES

#### Michelle A. Hancock

Beginning January 1, 2004, defendants will have to make an affirmative showing that a Confidentiality provision is necessary before such a provision can be included in a settlement agreement. Also, it will be a sanctionable offense if it is shown that evidence was destroyed or altered.

#### **Confidentiality Provisions**

Assembly Bill 634 (Steinberg) was signed by Governor Davis on August 29, 2003, and adds sections 2031.1 and 2031.2 to the California Code of Civil Procedure. The main focus of the Bill deals with confidentiality agreements in settlements for Elder Abuse claims made under the EADACPA statute (Welfare & Institutions Code § 15610 *et. seq.*). It requires a specified showing before a confidentiality agreement in this type of proceeding may be recognized or enforced by the court. Confidentiality agreements could be upheld if: (1) The information is privileged under existing law; (2) The information is not evidence of abuse of an elder or dependent adult as described in the EADACPA statute; or (3) The party seeking to uphold the confidentiality of the information has demonstrated that there is a substantial probability that prejudice will result from the disclosure and that the party's interest in the information cannot be adequately protected through redaction.

Essentially, the Bill obliges disclosure unless lawyers come up with a good reason why the matter should be kept secret. The bill was quietly approved by the Legislature and signed by Gov. Gray Davis despite fierce opposition from the long-term-care industry.

The Plaintiffs Bar calls the new Bill a significant victory, as it creates a statewide policy against confidential agreements in any cases alleging a violation of the Elder Abuse and Dependent Adult Civil Protection Act; and makes it an explicit misuse of the discovery process under CCP § 2023 to destroy or alter evidence in elder abuse cases. The impetus for the Bill was the claim that confidentiality provisions have become a standard operating procedure in order to hide the patterns of abuse in cases filed against nursing home/resident care facilities. The Bill seeks to allow the public to obtain information about abuse patterns by prohibiting secrecy agreements in these cases.

Business groups argued during legislative hearings that the bill could increase nursing home costs and set a precedent that would discourage settlements and thereby lead to major backlogs in the courts. Additionally, numerous chapters of Citizens Against Lawsuit Abuse argued that this bill is unnecessary, may threaten jobs, will open the door for more frivolous litigation, will discourage settlements and greatly increase the costs of litigation and insurance, and drive up costs for any business providing elder or dependent adult services, to the ultimate detriment of consumers.

Under the language of the bill, dollar amounts of settlements will remain confidential, and a judge can limit the release of other information if it is privileged under existing law, if it is <u>not</u> evidence of elder abuse or if "there is a substantial probability that prejudice will result from the disclosure" even if certain sections are redacted. In other words, information uncovered during the discovery phase of a case can be made public if a court determines that the information is evidence of elder abuse.

It's difficult to show a pattern of abuse or neglect by a skilled nursing home or other facility if the information is kept secret -- and families need to know who the bad players are in order to protect their loved ones, supporters argued. Opponents argued that it simply throws more fuel on the fire, because defendants will be less willing to settle even nuisance lawsuits because they won't want them on their record. We believe this is an attempt to divide and conquer the "confidential settlement" by applying it to a specific industry, and we anticipate more bills using this legislative technique.

As the number and size of liability cases against nursing homes grows, the cost of liability insurance continues to skyrocket. Some insurers have fled the state.

No state law requires long-term-care homes to buy insurance. But without it, one big lawsuit can mean bankruptcy.

State regulators and others -- including California Advocates for Nursing Home Reform (www.canhr.org) -- post citation information on the Internet so customers who want to information about a certain facility can check it out for themselves. This information is available now.

#### **Claims of Destroyed or Altered Evidence**

The provision still allows protective orders for documents except those documents that are evidence of elder abuse that are not privileged, not evidence of abuse, OR not prejudicial.

The Bill originally created a new tort for destruction of relevant evidence in a civil action alleging a violation of the Elder Abuse. That new tort was removed through Amendments; however, if it is shown that evidence was in fact destroyed or altered, it is a sanctionable offense.

Many allegations are already made for "missing documents" or "altered documents" in Elder Abuse cases. Based on the new statute we will probably see a lot more motions for sanctions (monetary or terminating) because of alleged missing or altered evidence.

#### What Now?

AB 634 applies only to cases brought under the Elder Abuse and Dependant Adult Civil Protection Act. It does not affect suits involving negligence against doctors or other health care providers.

The bill permits courts to lift protective orders and air settlement agreements in any civil action for violation of the Elder Abuse and Dependent Adult Protection Act unless attorneys can show why the information should remain confidential. We will probably see motions to lift protective orders and for disclosure of prior settlement agreements, but the statute is prospective, not retroactive. Whether the statute allows for disclosure of past protective orders and settlement agreements will be up for interpretation by the Courts.

There is not automatic disclosure of material. Any judge can order release after a strict balancing test in which the parties argue why it should or should not be kept confidential. Even then, the judge can redact portions of the material. Regardless, the statute shifts the burden to the nursing home or other party that opposes disclosure of confidential information to show there is no evidence of abuse or neglect. Unfortunately, it presumes a valid claim exists without the plaintiff ever showing wrongdoing.

Based upon the statute, it appears that there will be much more law and motion in Elder Abuse cases, not the least of which will be a motion by the defense at the time of settlement to include confidentiality provisions, assuming such motion is appropriate.

Michelle Hancock is resident in the firm's Orange County office, where she focuses her practice on health law litigation, with an emphasis on elder abuse and medical malpractice matters.

# WITH HONORS



**George V. Genzmer, III** has been elected Secretary of the Southern California Professional Liability Underwriting Society Steering Committee. Mr. Genzmer has been a member of

the Professional Liability Underwriting Society (PLUS) for a number of years and has held a position on the Southern California Steering Committee for the past four years. Mr. Genzmer is a frequent lecturer at PLUS seminars, including a recent presentation on Business Torts and Professional Liability Claims at the PLUS Days seminar in September 2003. Mr. Genzmer is Chair of the firm's Professional Liability and Directors & Officers Liability Practice Groups.

#### Antonio J. Gonzalez has

been elected to the Board of Trustees of the national Mexican American Bar Association (M.A.B.A.). One of two elected trustees with less than five years experience, Mr. Gonzalez's



one-year term began on January 1, 2004. The 11-member Board of Trustees is responsible for implementing and improving M.A.B.A.'s programs, which include scholarship programs, services to provide low cost legal aid and the drafting & lobbying of legislation to assist the Mexican-American community. Mr. Gonzalez is an associate in M&C's Los Angeles office, where he focuses his practice in the areas of general liability, product liability and employment law.

Kathleen Lawler, Communication Director of Murchison & Cumming, LLP was named the Public Relations Society of America's Los Angeles Chapter's "Most Outstanding Young Professional of the Year" for 2003. Ms. Lawler manages all public relations, marketing and client relations/business development activities for the firm's 85 attorneys and five offices in two states. She has been a member of PRSA-LA for three years and will serve as President of PRSA-LA's Young Professionals Group for 2004. She is also a member of the Legal Marketing Association and International. Association of Business Communicators.

# **EMPLOYMENT LAW UPDATES**

#### CALIFORNIA SUPREME COURT RULES ON SEXUAL HARASSMENT

The California Supreme Court has held that employers have a partial defense to damages in sexual harassment cases involving supervisors where the employer establishes that (1) it took reasonable steps to prevent and correct workplace sexual harassment; (2) the employee unreasonably failed to use the preventive and corrective measures that the employer provided; and (3) reasonable use of the employee's procedures would have prevented some of the harm that the employee suffered.

Although the Supreme Court reiterated that employers continue to be "strictly liable" for hostile environment sexual harassment by a supervisor, and that an employee's failure to report harassment is not a defense on the merits, the Court found it was appropriate to reduce damages if, taking account of the employer's anti-harassment policies and procedures and its past record of acting on harassment complaints, the employee acted unreasonably in not sooner reporting the harassment to the employer.

#### SUPREME COURT "DEALS" A BLOW TO EMPLOYERS IN CASINO CASE

A case is characterized as a "mixed motives" case when a plaintiff claims that his/her employer was motivated by both legitimate reasons and unlawful reasons - such as race or gender - in making an adverse employment decision.

In <u>Desert Palace, Inc. dba Caesars Palace Hotel & Casino v. Costa</u> 123 S.Ct 2148 (2003), the Supreme Court resolved a split amongst the federal courts of appeal about the evidentiary standard necessary to prove a mixed motives case. The issue is whether plaintiffs need to provide "direct evidence" to prove that the employer's decision was motivated, in part, by an unlawful reason or whether plaintiffs can rely exclusively on "circumstantial evidence." In this context, direct evidence is a higher evidentiary standard that, if believed by the trier of fact, will prove the fact in question without reliance on an inference or a presumption.

Dealing a blow to employers, the Supreme Court held that a plaintiff does <u>not</u> need to provide direct evidence of discrimination to prevail on a mixed motives theory of liability.

The impact of the Supreme Court's holding will most likely be (1) more plaintiffs will file discrimination suits based on a mixed motives theory of liability, (2) it will become more difficult for defendant employers to prevail on motions for summary judgment in mixed motives cases, and (3) it may be easier for plaintiffs to prevail at trial in mixed motives cases.

# **EMPLOYMENT LAW PRACTICE GROUP**

The Employment Law Practice Group of Murchison & Cumming, LLP advises clients in a wide range of employment matters including wrongful termination, employment discrimination, compliance issues, non-competition violations, workplace policies, hiring and termination practices, drafting employment contracts and other transactional aspects. Furthermore, our employment attorneys have substantial experience in litigating in state and federal courts.

For more information about the above cases or other employment matters, please contact **Michael Lawler** or **Antonio Gonzalez**, members of the Employment Law Practice Group. Both can be reached in the Los Angeles office by calling (213) 623-7400.

final rule is expected September, 2004.

# IN BRIEF

# Volume 4, Issue 1, Page 6

# **CORPORATE LAW UPDATE**



### **Consider Your Options:** Alternatives to Traditional Incentive Models James S. Williams

In the wake of Enron, Anderson, World Com, and other recent corporate scandals, the Financial Accounting Standards Board ("FASB) has reiterated its intention of introducing new rules requiring companies to book stock options as expenses. As the mandatory expensing of stock options looms near, companies should begin exploring alternatives to traditional incentive compensation models. At its September 10, 2003 board

Presently, Employee stock options are the only form of stock-based compensation not required to be expensed under the Generally Accepted Accounting Principles, or GAAP-- Hence their popularity. Companies have come to exploit the dual benefits of options. In a good market, options exercised under a qualified plan add cash to the company, while providing tax deductions to the employee-- all without a reduction in corporate earnings.

meeting, the FASB stated that a draft of the new rules will be completed by March, 2004. The

Understandably, many companies, especially those that have relied heavily on options to attract and retain qualified workers, oppose the FASB's proposal. Hewlett-Packard, for example, has publicly stated that its third-quarter profits would have been slashed 64% had it treated stock options paid to employees and executives as a compensation expense. Last year, Microsoft announced that the reporting of options as expenses over its history would have eliminated "billions of dollars" from its profits.

Recent surveys suggest that the adverse impact to earnings will reach far beyond the tech industry. Merrill Lynch, for example, has estimated that the expensing of options would have lowered earnings for the broad-based S&P 500 by 21% lower in 2001.

Given the relative certainty surrounding the FASB's proposal, companies should evaluate alternate compensation vehicles as soon as possible. Viable solutions may include: restricted stock, performance shares and equity-based cash awards such as phantom shares and stock appreciation rights.

When awarding actual stock (via a restricted stock plan), as opposed to options, fewer shares are needed to provide a target level of value to the employee since the employee does not have to pay a strike price in order to receive the shares. Consequently, restricted stock weighs less on a company's earnings than expensed options and will dilute the common shares to a lesser extent. Further, and perhaps most important given recent market conditions, restricted stock will not go "underwater."

Restricted stock awards, like option awards, are subject to a vesting schedule. For example, an employee may receive 100 shares of common stock pursuant to a restricted stock grant. If the stock vests over a five year period, then the employee would receive all 100 shares up-front, but only be permitted to sell 20 shares of the award each year.

## **Event Calendar**

March 11 FDCC MidWinter Meeting Big Island, Hawaii M&C Speaker: Friedrich W. Seitz - Product Liability

March 16 2003 Year in Review Seminar Omni Los Angeles Hotel Los Angeles, California M&C Speaker: Edmund G. Farrell, III - CA Case Review

. . .

March 16 PLRB Claims Conference Chicago, Illinois M&C Speaker: Jean M. Lawler - Construction Defect Insurance Coverage Issues

March 18 PIHRA Meeting Valencia, California M&C Speakers: Rebecca J Sobie & Ronda Crowley Pre-Employment Screening

March 18-20

Annual USLAW Conference Napa, California M&C Speakers: Edmund G. Farrell, III - Punitive Damages William T. DelHagen - Product Liability

March 24 Southern California Legal Nurse Consultants Orange County, California M&C Speaker: Dan L. Longo - Elder Abuse

May 11 2004 Joint International Conference Hosted by FDCC, DRI, IADC and ADTA Barcelona, Spain M&C Speaker:

Jean M. Lawler - Employment Law Insurance Coverage Issues

May 14-15 West Coast Casualty Construction Defect Seminar Anaheim, California

Performance shares function similarly, with the added benefit of incentivizing employees. Under a performance share plan, stock is awarded upon the satisfaction of predetermined benchmarks. Such benchmarks may represent personal, departmental or enterprise-wide goals.

While cash awards in the form of phantom shares or stock appreciation rights carry some of the same downsides attributable to expensed options, such awards also bear the unique benefit of rewarding employees for the company's success, without sacrificing equity. In other words, employees get the financial boost associated with stock ownership, while shareholders benefit from uncompromised equity positions—a scenario that is often appealing to smaller, closely held companies.

Businesses are encouraged to assess the impact of option expensing now. While a well thought-out and comfortably- paced transition plan won't necessary cure all of the concerns attendant to option expensing, such a plan should go a long way in minimizing some of the inevitable stresses relating to shareholder expectations and employee morale.

James S. Williams is Co-Chair of the Business & Commercial Practices' Emerging Companies Section. Mr. Williams focuses his practice on the negotiation and structuring of intellectual property and corporate transactions as well as the counseling of executives and boards of directors on the development of strategic relationships, corporate governance issues and day-to-day business operations.

# IN BRIEF

# Volume 4, Issue 1,Page 7

# **INTRODUCING M&C'S NEWEST ATTORNEYS...**



**Robert Ackley** joined the firm's Orange County office where he focuses his practice on medical malpractice and personal injury matters. Prior to Murchison & Cumming, Mr. Ackley spent five years at a plaintiff's firm handling patent & copyright infringement, personal injury and wrongful death cases. Mr. Ackley graduated from the f California Irwing (D.A.) and Wastern Law School (LD.)

University of California Irvine (B.A) and Western Law School (J.D.).

The Northern California office of Murchison & Cumming welcomed **Stephen Anderson** who focuses his practice on construction law litigation with an emphasis on construction defect issues. Mr. Anderson graduated from the University of California San Diego (B.A.) and the Thomas Jefferson School of Law (J.D.) where Mr. Anderson was awarded the American Jurisprudence Award.



**Ronda Crowley** handles employment litigation in the Los Angeles office. Ms. Crowley is a graduate of the University of California at Berkeley (B. S.) and Tulane Law School (J.D.). In addition to practicing law, Ms. Crowley has worked in human resources for a major corporation, addressing such issues as performance, compensation, team building, benefits, disciplinary

actions and work force reductions.

**Cameron J. Etezady** handles professional liability, construction law and general liability matters in the Orange County office. He is a two time USC grad - receiving his J.D. in 2001 and his undergraduate degree in Economics. Prior to Murchison & Cumming, Mr. Etezady worked as an associate attorney at a Pasadena firm where he handled employment law, product liability and personal injury cases.



**Kate E. Gillespie** focuses her practice in the areas of products liability and general liability in the firm's Los Angeles office. Ms. Gillespie is a graduate of the University of Oregon (B.A.) and Loyola Law School (J.D.), where she participated in and won the William Daniels Mock Trial Invitational Tournament and the NITA Tournament of Champions.



**Truc M. Luu** joined the firm's Los Angeles office where she focuses her practice in the areas of intellectual property, business and commercial liability and emerging corporations. Ms. Luu graduated from the University of Southern California where she double-majored in Political Science and Biology and Loyola Law School (J.D.). During law school, she served as Note and Comment

Editor of the Loyola of Los Angeles Entertainment Law Review.



A member of the Orange County office, **Aileen Rodriguez** focuses her practice on Law and Appellate motions. Ms. Rodriguez graduated from the University of California Berkley (B.A.) and Whittier Law School (J.D.) where she participated in an International Law Study Abroad program. Prior to Murchison & Cumming, Ms. Rodriguez

was the primary Law & Motion attorney for a Newport Beach firm.



Resident in the firm's Los Angeles office, **Heather L. Wickerd** focuses her practice on professional liability and general liability. Ms. Wickerd graduated from the University of Oregon (B.A.) and Loyola Law School (J.D.). While at Loyola she served as the Executive Editor for the Loyola of Los Angeles Law Review and received three First Honors Awards for her achievement in Trial Advocacy, Legal Research &

Writing, and Advanced Children and the Law

# M&C PRACTICE AREAS

- Business & Commercial Practices
   Emerging Companies
   Employment
   Intellectual Property
- Construction Law
- Directors & Officers Liability
- General Liability & Casualty
- Health Law
  - Medical Malpractice Long-term Care Facilities & Elder Care

- Insurance Law & Risk Management
- International Law
- Law & Appellate Practice
- Product Liability
- **Professional Liability**
- Property Insurance & Fraud Investigations
- Toxic Tort & Environmental Law
- Transportation Liability



# SAVE THE DATE!

March 16, 2004 8:00 a.m. – 12:00 p.m.

Omni Los Angeles Hotel 251 South Olive Street Los Angeles, California 90012

Back by popular demand, Murchison & Cumming will host its annual Year in Review Seminar on March 16th to discuss major decisions handed down in 2003 from the California Courts of Appeal and the California Supreme Court. The topics discussed will include:

- Civil Procedure
- Employment
- Products Liability
- Insurance Coverage
- Evidence
- Intellectual Property
- Professional Liability
- Bad Faith

MCLE, CPCU and RPA credits will be offered.

To register for this program, please contact Kathleen Lawler, Communications Director at (213) 630-1004 or klawler@murchison-cumming.com.

# **OFFICE LOCATIONS**

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