



VEGA ECONOMICS

2019 Year in Review

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Vega Economics is pleased to share with you our accomplishments from 2019. In the past year, we had numerous engagements and provided consulting, expert witness sourcing, and expert support.

Our practice continues to thrive and expand, and we look forward to working with many new and repeat clients in 2020 and beyond.



Who We Are

Vega Economics is a premium provider of economic and financial consulting. We provide cutting-edge techniques and Ph.D. caliber experts to support top-tier law firms with high-value and complex litigation.

We deliver our services through a range of sophisticated forensic research, statistical analysis, and expert opinions, rendering incisive advice that enhances client advocacy and delivers superior outcomes.

The Vega team consists of highly credentialed and versatile problem-solvers that are highly regarded in their respective fields. Our deep network of subject matter experts positions Vega as a preferred provider of consulting and expert witness services.



Consulting Services

A modern office interior with a large window. A man is sitting in a black armchair with a white backrest, looking out the window. To the left, there is a large potted plant with green leaves. In the foreground, there is a large, dark, textured ottoman. The ceiling has a white geometric pattern. The floor is dark with some circular patterns.



Vega is equipped to provide a wide array of consulting services to clients including:

- Pre-complaint analysis
- Analysis development & rebuttal
- Securities evaluation & monitoring
- Strategic planning & triage
- Economic interpretation & visualization
- Government investigation support
- Evaluation of potential exposure

2019 Featured Consulting Engagements



Financial Trading Activity

Vega provided economic analysis of trading patterns using the Financial Industry Regulatory Authority (FINRA)'s enhanced historical TRACE data. Vega was engaged to analyze financial trades and determine whether patterns were consistent with market manipulation.

Cryptocurrency Markets

Vega provided quantitative and qualitative economic rebuttal arguments regarding allegations of price manipulation in cryptocurrency markets. These arguments assessed the reliability and statistical robustness of modeling assumptions underlying the claims.

Litigation Support Consulting—Breach of Contract Matters

Vega was engaged to perform litigation support for several parallel breach of contract matters. We analyzed economic issues in response to counsel requests in numerous phases of the litigation.

Prior to Expert Retention: Vega analyzed claimed losses, assisted counsel in determining the relevance and cost/benefit of proposed expert analyses, and quantified the potential impact of those analyses on damages.

Expert Report Phase: Vega performed expert discovery support, coordinated analyses performed by multiple experts, ensured consistency between expert reports and methodologies, and ensured expert analyses were relevant and comprehensive.

Post Report Submission: Vega prepared counsel to take and defend depositions, assisted with motions for summary judgment and motions to exclude, and performed economic analysis to support settlement negotiations.

In addition, Vega constructed numerous risk analyses to assess exposure under a variety of outcomes.



Selected Healthcare Consulting Engagements in 2019

Healthcare Data Discovery

Vega was retained to assist counsel with discovery strategies regarding data requests.

In this role, we managed confidential structured and unstructured data during the discovery process and evaluated whether the produced data was sufficient to properly evaluate plaintiffs' claims.

Vega follows a strict security protocol to ensure HIPAA compliance and is equipped with state-of-the-art computing resources to process big data.

Health Insurance Overbilling

Vega performed an analysis of insurance data to determine whether the service provider had been fairly compared with its competitors considering their negotiated reimbursement rates, billing efficiency, and quality of care.

Medical Billing

Vega sourced industry experts for two matters related to medical billing. These experts evaluated the appropriateness of laboratory billing practices as well as the pass-through billing of a hospital.

A person's hands are shown typing on a laptop keyboard. The laptop screen displays a line graph with a blue line and a bar chart below it. The background is slightly blurred, showing a desk with a pen and some papers.

Featured Consulting Experts in Vega Network

A few consulting experts that we work with include:

Dr. Rajeev Bhattacharya: Professor in the finance department of R.H. Smith School of Business at the University of Maryland. As a consulting expert in applied microeconomics, he has applied advanced economic and statistical methods to complex litigation matters involving commercial disputes, market definitions, monopolization, and price fixing across a variety of industries.

Dr. Marco Di Maggio: Associate Professor of Business Administration in the Finance Unit of Harvard Business School. Dr. Di Maggio's research focuses on financial intermediation, including studies at the intersection of macroeconomics and finance. As a consulting expert, he used machine learning to address economic issues for Vega's clients. He is also currently working as a core researcher for a blockchain company that offers a stable crypto-currency.

Dr. Nick Merrill: Founder and managing consultant of Broad Daylight. He has extensive experience developing techniques to help organizations practice cybersecurity effectively and is an expert in a variety of cybersecurity issues.

The background features a modern architectural design. On the left, a large, triangular structure is covered in a silver, perforated metal mesh. To the right, a glass-walled building is visible, reflecting the sky and showing a dark car parked inside. The overall aesthetic is clean and professional.

Expert Sourcing and Support

Expert Sourcing

Vega works with an extensive expert network of over 150 professors and industry professionals. Our expert search staff are highly qualified and include Ph.D. economists and lawyers to help our clients find the best experts.

Once an expert is matched with a case, we provide continuous support to help our clients manage the experts and expert analyses.

We don't charge for performing expert searches and never mark up experts' fees—we are only paid for the analysis work our team performs.

Expert Support

We have extensive experience managing and supporting experts from the initial background research to the final report drafting. We allow efficient and timely communication between the team and counsel, as well as between the expert and counsel when necessary.

Our team develops both quantitative and qualitative analyses with the expert that support the key issues in the case and are backed by academic support. We anticipate potential critiques of our analysis and proactively address these concerns.

Our findings are thoroughly audited and then presented in clear and concise illustrative exhibits and appendices.

Vega Experts Sourced in 2019

Vega sourced numerous experts for our clients in 2019, including:

Economic Experts: Vega sourced experts to evaluate damages modeling assumptions, to quantify the impact of the macroeconomy on losses, and to construct but-for scenarios for damages calculations.

Servicing Experts: Vega sourced experts to perform damages calculations, valuations, and opine on industry issues related to mortgage and student loan servicing.

Medical Billing Experts: Vega sourced experts to calculate damages, billing experts that perform chart review, and an expert to perform statistical sampling for damages calculations.

Corporate Finance Experts: Vega sourced accounting experts to perform funds tracing, experts regarding corporate organization in the agricultural industry, and experts who perform valuations of companies, startups, and intangible assets.

New Experts in Vega Network in 2019

We continued to expand our network of academic and industry professionals in 2019. A few of the new experts in our network are:



Paul Habibi: Continuing Lecturer at UCLA Anderson Graduate School of Management and Lecturer in Law at UCLA School of Law. He has extensive experience as an expert witness in litigation and regulatory matters.

Dr. Stephen Hamilton: Professor of Economics at Cal Poly San Luis Obispo. He has provided expert testimony on numerous topics, including the valuation of oil and gas refineries and wind, solar, and nuclear energy facilities.



Dr. Hans Isakson: Professor Emeritus of Economics at the University of Northern Iowa. He has provided expert witness testimony in a variety of matters regarding appraisal techniques and valuation modeling.

Vega Experts Supported in 2019

Vega supported numerous qualified experts from our network in 2019, including:

Ethan Cohen-Cole: Ethan Cohen-Cole is an expert in banking, financial regulation, consumer credit, structured finance, financial markets, capital markets, and systemic risk. Dr. Cohen-Cole has more than 17 years of experience in financial services, litigation consulting and bank supervision, including experience at the Federal Reserve System as a bank regulator and as a policy and regulation expert. Dr. Cohen-Cole has worked with clients across the world. Dr. Cohen-Cole has also been an invited visitor or speaker at more than 75 professional and academic seminars and training sessions. He has recent and broad experience utilizing various econometric methods to shed light on issues facing clients.



Dan Castro: Mr. Castro has been involved in the Fixed Income and Structure Finance Markets for over 30 years. His experience includes mortgage origination, underwriting, and servicing, mortgage banking, and broad knowledge of ABS, RMBS, CMBS, CDOs, Real Estate Investment Trusts (REITs), ABCP, SIVs, and other Structured Finance products. Dan earned an MBA in Finance from Washington University, preceded by a Bachelor of Arts degree in Government from the University of Notre Dame.



Peter Ross: Mr. Ross has 35 years of experience in mortgage banking, including 15 years of experience managing three of the then-largest mortgage loan servicing operations. As part of this experience, he managed PNC Securities' master servicing function. During his career, Peter has held several industry leadership positions including in the MBA, the ESMBA, Fannie Mae and Freddie Mac. He holds an undergraduate degree from Hamilton College and an advanced management degree from Harvard Business School. He has acted as an expert witness in several major cases which were settled advantageously for his clients.

Thomas Lys: Professor Lys is the Eric L. Kohler Chair in Accounting and Professor of Accounting Information and Management and Professor of Law (by courtesy) at the Northwestern School of Law. Professor Lys is an experienced testifier and expert witness and has developed and rebutted numerous damages methodologies. Professor Lys holds a Bachelor's degree in Economics from the University of Bern, Switzerland, and a master's and PhD in Accounting and Finance from the University of Rochester.

Vega's Expert Witness Support

In 2019, we provided support in developing analyses and preparing expert reports for numerous engagements. The following is a description of some of the cases we worked on and analyses we performed.

RMBS Trustee Cases

RMBS trustees were sued over allegations that the trustees failed to take adequate steps to protect investors from defective mortgages and from other purported problems in the trusts they oversaw. Vega supported Ethan Cohen-Cole in several trustee cases in offering a rebuttal of plaintiffs' expert analyses.

Breach Analysis

Vega supported analysis of plaintiffs' representation and warranty and document defect findings and provided a quantitative evaluation of whether the alleged defects are material.

Damages Analysis

Vega performed several analyses of plaintiffs' damages calculations, which addressed whether a trustee would have sufficient information to infer the existence of breaches from warrantors and servicers. In addition, we analyzed the waterfall and amounts that would be distributed over time to each tranche through interpretation of deal documents. We also demonstrated that plaintiffs' damages calculations fail to take into account macroeconomic conditions. These analyses were used in a quantitative rebuttal of the accuracy of plaintiffs' damages calculations.

In addition, we provided consulting support to help counsel prepare for expert depositions.

Trial Preparation

A government agency brought claims against a securitization issuer, claiming that the characteristics of loans collateralizing the trusts were misrepresented. Vega was involved in preparing an expert witness for trial. This included preparation of direct testimony, creation of trial demonstratives, strategic preparation for cross examination, and robustness analysis of the expert's quantitative and statistical techniques.

Monoline Cases

Monoline insurers brought claims against issuers of RMBS and securitizations backed by NIM securities, claiming misrepresentations in the disclosed collateral characteristics. Vega supported an expert witness and analyzed whether unexpected collateral performance was attributable to macroeconomic conditions or to allegedly misstated loan characteristics.

ERISA Tracing

Vega was retained to support an accounting expert to determine whether funds that had passed through commingled accounts could be traced according to the strict 9th circuit ERISA standards. Through a detailed review of thousands of documents, Vega determined whether the funds in question were comingled and whether they could be traced to certain parties to the litigation.

Servicing Cases

Vega was engaged in 2019 to address economic issues related to loan servicing including:

Mortgage Servicing

Vega is currently supporting an industry expert, Peter Ross, to provide expert analyses regarding an RMBS servicer and master servicer. He is also retained to review and respond to the opinions presented in the opposing expert report.

Vega also supports Professor Thomas Lys, the damages expert, to evaluate and respond to the damages presented by plaintiffs. He was retained to:

- Review and rebut assumptions utilized in opposing experts' damages methodology.
- Recalculate damages using servicing expert's input.
- Develop quantitative rebuttal arguments for inconsistencies between opposing experts' methodologies.

Vega also proposed ideas and analyses to the experts and team supporting a co-defendant in a consulting capacity.

Student Loan Servicing

Vega performed analyses to determine whether a loan servicer improperly steered borrowers into sub-optimal repayment plans to quantify the extent of steering behavior, and to analyze whether servicer's compensation scheme contributed to the steering behavior.

Our team conducted empirical analyses to assess the effect of the servicer on the selection of forbearance. Using an econometric model, we examined whether an individual borrower was more likely to enter forbearance if the loan was serviced by one servicer relative to other servicers.

We also assisted counsel in determining the appropriateness the class definitions and providing feedback for complaint amendment.

Pro Bono

Vega Economics is expanding its pro-bono initiatives to provide data management and analysis to nonprofit organizations.

In 2019, Vega worked on a pro-bono basis with Rising International to evaluate the effectiveness of its “Safe and Sound Program.” Our analysis demonstrated that the program raised awareness and promoted engagement on issues surrounding human trafficking.

The Vega team cleaned, organized, and analyzed data collected from past participant surveys to permit data-driven conclusions regarding the effectiveness of the program. We also assisted in the presentation of the data analysis and results in grant reports.

Vega provided additional consulting regarding the implementation and design of future participant surveys.

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