

Nevada Jury Awards Inventor Gil Hyatt \$388 Million Against California's Taxing Agency -- Making it One of the Largest Verdicts in U.S. History

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Aug. 14, 2008 – Gil Hyatt, a Nevada inventor, scientist and engineer with over 70 patents from the United States Patent & Trademark Office to his credit, was awarded more than \$388 million by a Nevada jury against the Franchise Tax Board of the State of California. Liability was based on torts committed by the Franchise Tax Board while auditing Mr. Hyatt's residency, during the time he received substantial sums of money for licensing his patents. The jury returned a unanimous liability and compensatory damage verdict on August 6, 2008, for more than \$138,000,000, for fraud, intentional infliction of emotional distress, abuse of process, breach of confidential relationship, and invasions of privacy. On August 12, the jury unanimously determined that FTB's conduct warranted punitive damages. On August 14, the jury rendered its verdict assessing \$250 million in punitive damages against the Franchise Tax Board. Mark A. Hutchison, lead counsel for Mr. Hyatt, stated that "The entire case – from start to finish – is unprecedented." Mr. Hutchison is founding partner of Hutchison & Steffen, one of Nevada's largest civil litigation firms. Hutchison said the ruling against the California Franchise Tax Board is like "The shot heard round the world at Lexington and Concord" for abusive taxing agencies. He continued by stating that "Government agencies should pause and reflect on the significance of this verdict." Mr. Hutchison was quick to praise the efforts of his co-counsel stating that "Peter Bernhard and Don Kula were outstanding in helping present this case to a jury – this was a team effort." Peter Bernhard is of counsel in the firm of Bullivant Houser Bailey, while Don Kula is a partner with Perkins Coie. The lawsuit has been progressing for more than 10 years. After the case was filed in Nevada in 1998, California took the case to the Nevada Supreme Court and then to the United States Supreme Court, arguing that Nevada courts could not adjudicate Mr. Hyatt's claims against the California Franchise Tax Board in Nevada. The United States Supreme Court disagreed and unanimously upheld the Nevada Supreme Court's ruling that Mr. Hyatt's intentional tort claims could proceed to trial in Nevada. Gilbert P. Hyatt, who received a key microprocessor patent in 1990, sued California's tax assessment and collection agency, alleging the agency audited him in bad faith and committed fraud and other intentional torts during its audit. The Franchise Tax Board claimed he was a California resident in 1991 and part of 1992, assessing Hyatt millions of dollars in income taxes for those years, including fraud penalties. The jury verdicts have historical significance. The jury's compensatory damages against the California Franchise Tax Board total almost \$138.1 million, including \$85 million for emotional distress and \$52 million for invasion of privacy, plus almost \$1.1 million in attorney fees. Nevada law requires prejudgment interest to be added from the date the complaint was served. In addition to compensatory damages, the jury then found that California's taxing agency acted with oppression, fraud, or malice and awarded punitive damages to Hyatt in the amount of \$250 million, bringing the total judgment to \$388 million, making it one of the largest verdicts in favor of an individual in United States history. Mr. Hyatt was grateful for the verdict rendered by the jury and stated that he "Hoped this will prevent other taxpayers from going through the same nightmare I have had to endure for over a decade."