

Advancing Human Justice

# Transforming High-Profile Structural Litigation (Construction Defects) with DiscoverAI

Laura Lehman v. Transbay Joint Powers Authority, et al.



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LEGAL INTELLIGENCE SIMPLIFIED



# Transforming High-Profile Structural Litigation with DiscoverAI



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## Introduction

Structural litigation, mainly cases involving high-profile real estate projects, demands meticulous analysis of technical reports, complex contract details, and expert testimonies. DiscoverAI, an advanced AI-powered Legal Intelligence Platform, is poised to revolutionize how attorneys approach these cases by offering powerful data extraction, strategic insight generation, and streamlined workflows. This white paper presents the Millennium Tower case and explores how DiscoverAI could enhance legal strategies in similar litigation.

## Background of the Case

The litigation involves the Transbay Joint Powers Authority (TJPA) and the Millennium Tower Association (MTA) suing Langan Engineering and Environmental Services, Inc., citing faulty geotechnical work on the Millennium Tower, a luxury condominium in San Francisco. The building had experienced significant settlement and tilt issues, with allegations centered on Treadwell & Rollo's (T&R) flawed geotechnical recommendations. Langan acquired T&R's assets in 2013 and now faces successor liability claims under theories of de facto merger and mere continuation despite arguing that the purchase excluded prior project liabilities.

## Legal Challenges and Motions

Critical legal issues include:

01. Langan's assertion that T&R's work was completed by January 2005 was countered by the plaintiffs' need to find evidence of continued activity beyond that date.
02. Disputes over the nature of Langan's asset purchase—whether it constituted a merger.
03. Arguments about Langan's knowledge of potential liabilities related to ongoing settlement issues.





# Use Cases for DiscoverAI in the Millennium Tower Case



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## Scenario I: Responding to Motions for Summary Judgment

### Objective

Challenge Langan's assertion of T&R's completed involvement in 2005.



### Example Query

“Find communications and reports by Treadwell & Rollo discussing the Millennium Tower's issues post-2005.”

### Purpose

Identify later reports and geotechnical evaluations, supporting arguments against Langan's motion by proving ongoing T&R involvement closer to the acquisition date.

### Benefits for Attorneys

- Swift identification of pertinent evidence.
- Enhanced ability to counter summary judgment motions with comprehensive document analysis.

DA

Are there any records of Treadwell & Rollo employees discussing recent geotechnical reviews or evaluations of Millenium Tower after 2005? Present the records with dates in a tabular view.

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Insights from 5 files

Answers >

Records of Treadwell & Rollo

1. Treadwell & Rollo Employees and Clients:

All employees of Treadwell & Rollo specified in the Asset Purchase Agreement (APA) became employees of Langan the day after the APA was executed. Treadwell & Rollo had nearly 70 employees at that time. Additionally, 164 clients from Treadwell & Rollo paid fees to Langan in the two years following the agreement.

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2. Valuation of Treadwell & Rollo:

Treadwell & Rollo was valued at \$10.6 million as of December 31, 2009, according to a draft valuation prepared by ZweigWhite. However, there were differences in valuation opinions: while ZweigWhite's draft suggested \$10.6 million, Rudy Frizzi from Langan suggested a range between \$10 million to \$13 million for the company's value. Langan eventually concluded the company's value to be between \$9 million and \$12 million for the 2010 transaction.

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3. Geotechnical Services and Settlement Estimates:

Treadwell & Rollo was involved in providing geotechnical services for the Millennium Tower Project, where they initially estimated a settlement of 4 to 6 inches over the building's lifetime. However, settlements exceeded earlier estimates, with reports earlier than project completion indicating a settlement of 7.1 inches. Settlement concerns led to further calculations and continuous evaluation of the settlement by Treadwell & Rollo and later by Langan employees.

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4. Transition and Use of the Treadwell & Rollo Name:

Following the acquisition, Langan utilized the Treadwell & Rollo name for five years to maintain local credibility and benefit from Treadwell & Rollo's reputation in Northern California. The usage of the brand extended beyond the initially anticipated period, highlighting the value Langan found in it.

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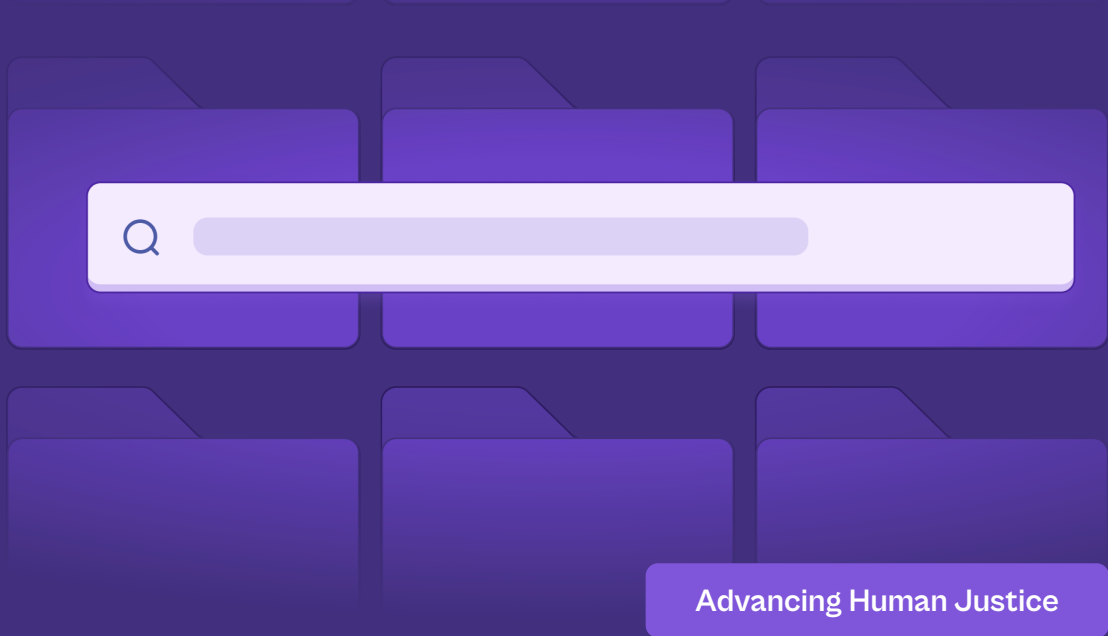
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# Use Cases for DiscoverAI in the Millennium Tower Case



## Scenario 2: Investigating Transaction Characterization

### Objective

Uncover evidence supporting a de facto merger or mere continuation claim.



### Example Query

“Do any external communications to shareholders characterize the sale of Treadwell & Rollo as a merger?”

### Purpose

To find any shareholder communications that describe the sale of Treadwell & Rollo as a "merger" for due diligence or legal verification.

### Strategic Advantages

- Reveals inconsistencies that may shift case momentum.
- Strengthens the plaintiff's position in arguing the true nature of the acquisition.

DA

Do any external communications to shareholders characterize the sale of Treadwell & Rollo as a merger?

Answers >

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Insights from 5 files

Characterization of the Sale as a "Merger"

- Numerous internal communications among Treadwell & Rollo and Langan executives characterized the transaction as a "merger." Treadwell & Rollo shareholders understood the transaction as a merger with Langan Engineering, despite references elsewhere to the asset sale nature of the transaction. Key figures such as Phil Smith and David Gockel consistently referred to the deal as a merger in their communications. [1](#)

[2](#) [3](#) [4](#)

Use of "Merger" Language in Communications

- Phil Tringale, the principal negotiator for Treadwell & Rollo, continued to describe the transaction as a merger well after the closing, indicating that from Treadwell & Rollo's perspective, the transaction was viewed as more than just an asset sale. This language was also mirrored in Gockel's communications to describe post-acquisition activities and integrations. [5](#) [6](#)

Langan's Representation in Communications

- Langan issued a press release titled "Langan Acquires Treadwell & Rollo," which seems to confirm the nature of an acquisition rather than a merger, but internally, Langan maintained the merger narrative. The company stressed the merger aspect in talking points likely meant to ease the transition for employees and stakeholders. [7](#) [8](#) [9](#)

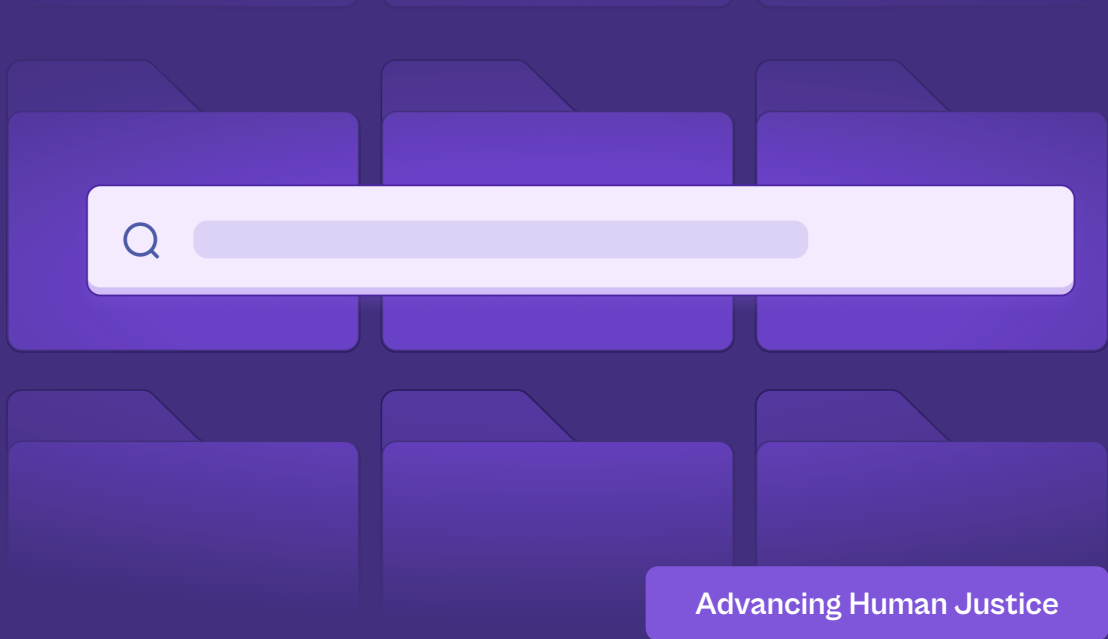
Formal Agreement and Corporate Continuation

- Although the transaction was structured as an asset purchase agreement, there was significant effort put into maintaining the Treadwell & Rollo brand post-acquisition, including using names such as "Langan Treadwell Rollo." These efforts suggest an intent to ensure continuity or present the acquisition as a merger to clients and the public, further aligning with the characterization of the transaction as a merger in informal contexts. [10](#) [11](#) [12](#)





# Use Cases for DiscoverAI in the Millennium Tower Case



## Scenario 3: Challenging Claims of Unawareness

Executive knowledge and awareness of litigation risks



### Example Query

“Is there evidence indicating that the sale of Treadwell & Rollo was structured to shield Langan from liability associated with Millennium Tower?”

### Purpose

Identify records demonstrating that Langan’s executives were aware of potential litigation risks involving the building, undermining their claim of ignorance.

### Outcome

It provides attorneys with evidence to show Langan's potential prior knowledge of liabilities, weakening their defense strategy.

DA

Is there any evidence that the sale of Treadwell & Rollo was structured in such a way as to isolate Langan from liability for Millenium Tower?

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Insights from 5 files

Answers >

Evidence of Sale Nature and Transaction Details

There is substantial evidence within the provided data regarding the nature and specifics of the sale of Treadwell & Rollo to Langan, which speaks to the mechanics and true character of the transaction. Here is a detailed analysis:

Asset Purchase Agreement

- The primary document governing the transaction was an Asset Purchase Agreement dated November 1, 2010. This agreement structured the transaction as an asset purchase rather than a stock purchase or merger, possibly to limit liability concerns related to Treadwell & Rollo's previous operations, particularly regarding the Millennium Tower project. Langan acquired substantially all assets of Treadwell & Rollo, which included goodwill, client lists, and trademarks 

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Valuation and Purchase Price

- Several valuations of Treadwell & Rollo were conducted before the transaction, ranging from \$7.9 million to \$13 million. Despite varying valuations, Langan’s purchase price for Treadwell & Rollo was set at \$8,569,231. However, a portion of this was paid through a promissory note and cash holdbacks, such that the actual cash payment was recognizable at roughly \$4,071,106, significantly less than both the purchase price and some of the higher valuations 

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Payment Structure

- The payment included \$2,637,079 and \$1,434,027 in cash wired, a \$2,753,750 promissory note, and a \$500,000 holdback. The promissory note was subject to various contingencies and set-offs, implying Langan's conservative approach in tying value with performance and other benchmarks 

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# Transforming High-Profile Structural Litigation with DiscoverAI



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## Transformative Impact on Structural Litigation

DiscoverAI's AI-driven capabilities streamline the discovery process, allowing attorneys to construct evidence-backed arguments efficiently. By leveraging targeted searches and data extraction, legal teams can prepare compelling motions, identify critical contradictions, and bolster their case strategies.

## Conclusion

DiscoverAI's platform enables unparalleled case preparation and strategic development for high-profile structural litigation cases such as the Millennium Tower. From disputing summary judgment motions to uncovering hidden evidence of mergers or risk awareness, DiscoverAI empowers attorneys to achieve favorable outcomes through innovative technology.

