



THE MONITOR

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Jury Awards \$3 Million in Retaliation Verdict After Prosecutor Supports Harassed Colleagues

In a powerful affirmation of California's workplace retaliation laws, a San Diego jury recently awarded \$3 million to former Orange County prosecutor Tracy Miller, finding that she was effectively forced out of her position after standing up for colleagues who reported sexual harassment.

Miller, a 25-year veteran and one of the highest-ranking female prosecutors in Orange County, became a central figure in a 2020 internal investigation that exposed sexual misconduct by her former supervisor, Gary Logalbo—who happened to be the best man at District Attorney Todd Spitzer's wedding. Four women had accused Logalbo of harassment, and Miller's cooperation

with the investigation proved pivotal. But rather than being applauded for doing the right thing, Miller was sidelined, undermined, and subjected to gender-based hostility within the DA's office.

By 2021, the environment had become so toxic that Miller felt she had no choice but to retire. She filed a retaliation and constructive discharge lawsuit the following year, naming Orange County, DA Todd Spitzer, and Chief Assistant Shawn Nelson as defendants. After a two-week trial in June 2025, the jury returned a decisive verdict in her favor, awarding \$3 million in emotional distress and future earnings, along with \$25,000 in punitive damages directly against Spitzer.

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This verdict carries weight far beyond Miller's personal story. It underscores that California's Fair Employment and Housing Act (FEHA) protects not only those who report harassment themselves, but also those who advocate for others. In the post-#MeToo legal landscape, this case serves as a reminder that standing up for what's right is not only morally sound—it's legally protected.

For employees who may feel powerless when witnessing inappropriate behavior in the workplace, Miller's case is a beacon: retaliation is actionable, and justice is possible. For employers, the message is equally clear—anti-retaliation policies must be more than window dressing. Institutions that tolerate or perpetuate retaliatory conduct risk not only public embarrassment but significant financial consequences.

If you believe you have been illegally victimized by your employer or another person in the workplace, please contact us for a free consultation and case evaluation. You may telephone us at (619) 230-0063 or e-mail us at contactus@johnsonfis-tel.com



Opendoor Investors to Recover \$39 Million After Misleading Promises About 'AI-Powered' Home Pricing

In a significant development for retail and institutional investors alike, online real estate trading platform Opendoor has agreed to a \$39 million settlement in response to a securities class action filed in 2022. Investors alleged that Opendoor misled the market by marketing its home pricing tool as a cutting-edge, AI-driven technology—when in reality, the company relied heavily on manual, human-driven methods that were ill-equipped to handle volatile market conditions. This misrepresentation is believed to have contributed to a sharp decline in its stock price.

The company's IPO in December 2020—backed by ambitious promises of technological superiority—plummeted more than 94% by November 2022, prompting investor action (*In re Opendoor Tech. Inc.*

Secs. Litig., D. Ariz. No. 2:22 CV 01717 MTL). In June 2025, Opendoor agreed to the \$39 million settlement, pending approval by Judge Michael Liburdi in Arizona.

Facts Underlying the Dispute

Opendoor's promotional materials boasted of an AI-enhanced algorithm that would seamlessly adjust home prices in real time to reflect market conditions. However, according to the plaintiffs, this narrative was misleading. In fact, Opendoor's pricing decisions remained largely manual and failed to adapt during market downturns—leading investors to purchase securities based on overstated operational competence. Internal documents and expert testimony reportedly exposed this gap between marketing hype and reality.

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Implications for Investors & Future Litigation

For investors and attorneys monitoring the intersection of technology claims and securities law, this settlement sends a clear message: when companies tout AI or tech superiority without substance, they may be held accountable. Firms cannot hide behind buzzwords—especially when investor capital is on the line.

This case offers critical lessons:

- **Documentation is power:** If you were pitched AI or data-driven solutions, keep marketing materials, prospectuses, or investor decks that describe them.
- **Track performance vs. promises:** Evidence of underperformance relative to marketed claims—particularly around technology—strengthens a plaintiff’s position.
- **Class action viability:** Even in complex cases involving alleged misrepresentation of tech capabilities, recovery is possible—and meaningful.

Moreover, this Opendoor resolution complements recent SEC statements that enforcement remains robust in investor harm and tech claims areas

Takeaway for Potential Plaintiffs

The Opendoor settlement underscores that individual and institutional plaintiffs are not powerless—even against well-resourced companies. If you invested based on lofty technology promises that turned out to be unsubstantiated, you may have a recoverable claim.

We encourage anyone who experienced similar discrepancies between marketing claims and real-world execution—especially in tech or fintech—to consider seeking a confidential assessment. Our team at Johnson Fistel is actively reviewing these cases and prepared to assist you in determining your recovery opportunities.

Upcoming Lead Plaintiff Deadlines

Johnson Fistel is investigating many potential cases arising under the federal securities laws. If you would like more information, or if you wish to participate in an action, please contact us as soon as possible to ensure that your rights are fully protected. Listed on this page are matters that the firm is investigating and the applicable deadlines for filing a motion with the court to be appointed as a “lead plaintiff” under the Private Securities Litigation Reform Act of 1995.

Company	Deadline
Reddit, Inc.	Aug 18
Centene Corporation	Sept 8
Neogen Corporation	Sept 16
Easterly ROCMuni High Income Municipal Bond Fund f/k/a Principal Street High Income Municipal Fund	Sept 22
Fiserv, Inc.	Sept 22
Lockheed Martin Corporation	Sept 26



Seven Steps for Identifying Value Through Dividends and Fundamentals—with 10 Standout Stocks to Consider

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At EsqWealth, we believe income-generating investments should be both rewarding and resilient. One method we use to identify opportunities in today's market is a disciplined, dividend-focused stock selection strategy grounded in logic, data, and a healthy dose of skepticism.

While this dividend-focused approach is a valuable tool, it's only one part of our broader financial planning strategy at EsqWealth. Our goal is to build personalized investment plans tailored to each client's goals, timeline, risk tolerance, and income needs.

Identifying dividend-paying, undervalued companies can be a key component of many portfolios. This strategy isn't about chasing the next ten-bagger or riding the wave of the latest Bitcoin surge. High-flying growth stocks and speculative start-

ups are not part of this particular portfolio. We do apply a separate, quantitative approach to evaluate those kinds of opportunities—but that's a different strategy altogether.

Here, our focus is on identifying established, blue-chip companies with long histories of stability and shareholder returns—businesses that may be temporarily out of favor due to short-term headlines, cyclical trends, or misunderstood fundamentals. These companies often present compelling value opportunities and tend to reward patient investors over time.

This strategy aligns with Warren Buffett's value-investing philosophy, making it well-suited for those seeking steady income, inflation protection, and long-term equity growth—while avoiding the deceptive allure of “too-good-to-be-true” yield traps that often disappoint.

Step 1: Screen for Dividend Yield in the “Sweet Spot”

We start by screening for companies offering a dividend yield between 3% and 9%, with 3-6% being the sweet spot or our “Goldilocks zone” since it's not too low and not too high.

Below 3% is too low for this strategy. We are not merely chasing yield—we're looking for companies that are explicitly committed to returning capital to shareholders on a recurring basis. These businesses are typically mature, profitable, and focused on long-term value creation.

As explored in *The Dividend Imperative* by Daniel Peris, companies that consistently pay and grow their dividends tend to be:

- Disciplined capital allocators
- Conservative in managing balance sheets
- Transparent with financials

Dividend payments impose accountability and reflect management's confidence in the business. A modest but reliable yield can signify strength and sustainability, making it especially valuable in a value investing context.

If a yield is too high (above 10%), it may signal a “dividend trap”—a company whose stock has fallen sharply due to poor fundamentals, often preceding a dividend cut.

One company that exemplifies this risk is NextEra Energy Partners (NEP), whose dividend yield surged above 35% before facing financial struggles. NEP had been a dividend growth superstar, increasing its payout consistently for nearly a decade.

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The 35% yield was attractive to many investors. However, NEP's stock price plummeted from over \$60 in mid-2023 to under \$16 in November 2024, reflecting the market's uncertainty. Investors who chased the high yield may have been caught off guard as the stock struggled to recover.

NEP changed its name to XPLR Infrastructure, LP (XIFR) in early 2025, as part of a broader restructuring effort, including leadership changes and a renewed focus on infrastructure investments.

Dividend yields in the 4% to 9% range often strike a balance—rewarding shareholders generously while maintaining financial sustainability.

Step 2: Examine Dividend Payment History

We favor companies that have a proven track record of consistent or rising dividends, preferably for at least 10 years. A long history of dividend increases suggests both resilience and discipline—these are companies that have weathered multiple economic cycles and still managed to return capital to shareholders.

Dividend Kings are companies that have increased their dividends for at least 50 consecutive years—a rare achievement that showcases resilience through economic cycles. These companies tend to be in stable industries like consumer staples, healthcare, and utilities. Examples include Johnson & Johnson (JNJ), Procter & Gamble (PG), and Coca-Cola (KO).

Dividend Aristocrats, on the other hand, are members of the S&P 500 that have increased their div-



idends for at least 25 consecutive years. While not as exclusive as the Kings, they still demonstrate strong financial discipline and shareholder commitment. Aristocrats include McDonald's (MCD), Walmart (WMT), and Exxon Mobil (XOM).

Step 3: Confirm Dividend Sustainability Using Cash Flow

Next, we examine Free Cash Flow (FCF) margin which represents the percentage of revenue remaining after covering capital expenditures and operating costs—essentially, the cash available for dividends, share buybacks, debt reduction, or reinvestment. This helps us understand whether a company has enough liquidity to support and grow its dividend over time.

An FCF margin above 15% is generally considered healthy, signaling a company's ability to sustain dividend payments even in turbulent economic periods.

A strong FCF margin also enables strategic flexibility—whether to reduce debt, repurchase shares, or reinvest in the business. For example, Apple regularly reports FCF margins exceeding 20%, while Altria (MO) supports its high dividend payout through similarly strong

cash flows from its core tobacco business. Altria's current FCF is over 40%.

Step 4: Check the Balance Sheet for Debt Load

We also look at the Total Debt-to-Equity (D/E) ratio, a measure of a company's financial leverage. It compares total liabilities to shareholder equity and tells us how reliant a business is on borrowing.

- A **high D/E ratio** (above 150%) may suggest that a company is using debt to prop up dividends or operations, increasing risk.
- A **moderate or low D/E ratio** (below 100%) is generally a sign of a strong balance sheet and lower default risk.

The formula: $D/E \text{ Ratio} = \text{Total Liabilities} / \text{Shareholder Equity}$

This is not per share—it's a total financial metric from the company's balance sheet. For example, a D/E ratio of 75% means the company has \$0.75 in debt for every \$1 of equity. Companies like Microsoft (MSFT) or Johnson & Johnson (JNJ) often carry D/E ratios below 50%, reflecting disciplined financial management. In contrast, highly leveraged companies—such as some telecom or energy firms—may carry D/E ratios above 200%, raising concerns about debt sustainability.

Step 5: Look Ahead, Not Just Back

When evaluating a stock, it's important to assess both current and forward Price-to-Earnings (P/E) ratios to understand market sentiment and earnings expectations.

- **Current P/E Ratio:** This is calculated by dividing the stock's

current price by its trailing 12-month earnings per share (EPS):

Current P/E = Stock Price/EPS (past 12 months)

- Forward P/E Ratio: Instead of looking backward, this metric uses estimated future earnings (typically for the next 12 months):

Forward P/E = Stock Price/Projected EPS (next 12 months)

A lower Forward P/E compared to the Current P/E suggests that analysts expect earnings to grow, which can support dividend increases and stock appreciation. Conversely, a higher Forward P/E may indicate slowing growth or concerns about future earnings.

Example 1: Microsoft (MSFT) has a current P/E of ~36, while its forward P/E is ~31, signaling expected earnings growth.

Example 2: Altria (MO) has a current P/E of ~10, with a slightly higher forward P/E of ~11—suggesting muted growth expectations.

Comparing forward P/E ratios to historical trends and industry peers helps investors determine if a stock is undervalued, fairly valued, or overpriced. A lower-than-average forward P/E might suggest an attractive entry point, while an excessively high forward P/E could signal overheated valuations.

Step 6: Growth Potential and Profitability Efficiency

The PEG ratio (Price/Earnings-to-Growth ratio) is a valuation metric that adjusts the P/E ratio by incorporating a company's expected earnings growth. It helps investors assess whether a stock is fairly valued relative to its growth potential. The Forward PEG/ROE helps refine



this analysis by factoring in both growth potential and profitability efficiency. This metric adjusts the classic PEG ratio by incorporating Return on Equity (ROE), offering a clearer picture of what investors are paying for each unit of efficient growth.

Forward PEG/ROE = Forward PE / (Earnings growth × ROE).

A Forward PEG/ROE below 1 may point to a company that's growing intelligently and efficiently and trading at a reasonable valuation. This metric adds depth to traditional analysis—helping long-term investors identify businesses where value meets quality and capital is being put to productive use.

Step 7: Look for Price Declines (But Only the Right Kind)

We also examine which companies are down significantly from their 2, 10, and 20-year highs. A stock trading 20-30% or more below its recent highs might be undervalued, but this metric needs to be interpreted carefully:

- Falling prices can reflect opportunity if the market is overly pessimistic.
- But they can also reflect real trouble – no one wants to catch a falling knife.

One current opportunity might

be Target (TGT). Its dividend yield recently reached approximately 4.8%—within our target range—and it has raised its dividend for 56 consecutive years, making it one of the longest-running dividend growers in the market. The stock now trades below its 2019 price, a rare occurrence for a large-cap retailer with consistent profitability and a long operating history. While it may still be navigating consumer headwinds, it represents a potential value play for further analysis.

Similarly, UnitedHealth Group (UNH), although not a high-yield dividend payer (~1.5%), is trading at a price that is over 50% lower than its 2-year high. The decline followed concerns around Medicare Advantage reimbursement rates and healthcare services utilization trends. Yet, UNH remains a market leader with strong earnings growth and a pristine balance sheet. For investors with a long-term lens, this may be a case of temporary market overreaction—making it a compelling turnaround candidate, even if it doesn't currently meet our dividend-focused criteria.

What These 7 Steps Revealed

Applying the seven-step screening process led to a curated list of 10 stocks warranting further analysis. In addition to these quantitative filters, we also consider sector dynamics, leadership quality, and broader industry trends to assess each company's potential.

To arrive at this list, we only considered companies paying dividend yields in the 3% to 9% range and who have a proven track record of increasing or maintaining their dividends for at least 10 years. We then

applied the other filters in a more relaxed manner. While this list does not constitute stock recommendations, it serves as a starting framework for deeper evaluation. Here they are in alphabetical order:

Bristol-Myers Squibb (BMY) – 6 out of 7 filters met

Bristol-Myers is a major pharmaceutical company with a strong presence in oncology, cardiovascular, and immunology therapies.

Positives: Attractive valuation, strong FCF margin, and high dividend yield provide compelling fundamentals.

Risks: Elevated debt load may constrain flexibility, and growth metrics suggest the need for continued pipeline strength.

1. Dividend Yield: 5.17%
2. 10-Years of Dividend Increase or Maintain: Yes
3. Free Cash Flow (FCF) Margin: 27.47%
4. Debt-to-Equity Ratio: 313.44% (missed this filter)
5. Forward P/E vs. Current P/E: 7.44 vs. 18.00
6. Forward PEG/ROE: -0.01
7. Price Decline from 2-Year High: -27.85%

Comerica Incorporated (CMA) – 6 out of 7 filters met

Comerica is a regional bank headquartered in Dallas, focused on commercial lending and wealth management.

Positives: Strong dividend, clean balance sheet, and significant price discount make CMA an intriguing value in the banking sector.

Risks: Regional banks face macro and credit cycle risks, especially during periods of rising defaults or rate volatility.



1. Dividend Yield: 4.94%
 2. 10-Years of Dividend Increase or Maintain: Yes
 3. Free Cash Flow (FCF) Margin: 20.26%
 4. Debt-to-Equity Ratio: 107.44%
 5. Forward P/E vs. Current P/E: 10.6 vs. 10.9
 6. Forward PEG/ROE: Estimated at 20.63 (missed this filter)
 7. Price Decline from 2-Year High: -21.8%
4. Debt-to-Equity Ratio: 19.44%
 5. Forward P/E vs. Current P/E: 15.9 vs. 15.7 (too close to call it a miss)
 6. Forward PEG/ROE: 0.09
 7. Price Decline from 2-Year High: 19.99% (too close to call it a miss)

Chevron Corporation (CVX) – 6 out of 7 filters met

Chevron is a global energy giant involved in oil and gas exploration, production, and refining.

Positives: Long history of dividend increases and moderate debt levels offer stability in a cyclical sector.

Risks: Commodity price swings and environmental policy shifts can impact earnings and future project returns.

1. Dividend Yield: 4.98%
2. 10-Years of Dividend Increase or Maintain: Yes
3. Free Cash Flow (FCF) Mar-

KeyCorp (KEY) – 6 out of 7 filters met

KeyCorp is a regional banking group serving individuals and businesses across the U.S., with a focus on community and mid-market clients.

Positives: Very strong dividend yield and deep value pricing.

Risks: Like other regionals, vulnerable to economic cycles, rate sensitivity, and regulatory pressures.

1. Dividend Yield: 5.16%
2. 10-Years of Dividend Increase or Maintain: Yes
3. Free Cash Flow (FCF) Margin: 2.45% (missed this filter)
4. Debt-to-Equity Ratio: 81.18%
5. Forward P/E vs. Current P/E: 10.27 vs. 22.82

6. Forward PEG/ROE: -0.06
7. Price Decline from 2-Year High: -20.66%

Merck & Co., Inc. (MRK) – 7 out of 7 filters met

Merck is one of the world's largest pharmaceutical companies, with a focus on oncology, vaccines, and animal health.

Positives: Defensive cash flows, reasonable valuation, and attractive dividend profile for a pharma giant.

Risks: Patent cliffs and dependence on blockbuster drugs like Keytruda require continuous R&D innovation.

1. Dividend Yield: 4.10%
2. 10-Years of Dividend Increase or Maintain: Yes
3. Free Cash Flow (FCF) Margin: 26.71%
4. Debt-to-Equity Ratio: 82.63%
5. Forward P/E vs. Current P/E: 8.43 vs. 11.40
6. Forward PEG/ROE: 0.05
7. Price Decline from 2-Year High: -41.86%

Prudential Financial (PRU) – 7 out of 7 filters met

Prudential is a leading global financial services company offering insurance, retirement, and investment management solutions.

Positives: Attractive dividend yield, solid free cash flow margin, and steep valuation discount make PRU appealing for income and value-oriented investors.

Risks: As an insurer, Prudential is highly sensitive to interest rate movements and underwriting performance, which may affect earnings stability.

1. Dividend Yield: 5.20%
2. 10-Years of Dividend Increase or Maintain: Yes



3. Free Cash Flow (FCF) Margin: 22.17%
4. Debt-to-Equity Ratio: 103.24%
5. Forward P/E vs. Current P/E: 7.36 vs. 16.42
6. Forward PEG/ROE: 0.10
7. Price Decline from 2-Year High: -20.51%

Regions Financial Corporation (RF) – 7 out of 7 filters met

Regions is a well-capitalized regional bank with strong market presence in the Southeastern U.S., serving both retail and commercial clients.

Positives: Strong FCF margin, low leverage, and an attractive valuation point to a well-managed, shareholder-friendly regional bank.

Risks: Earnings could be pressured by regional economic slowdowns, credit cycle exposure, or deposit migration in a higher-rate environment.

1. Dividend Yield: 4.70%
2. 10-Years of Dividend Increase or Maintain: Yes
3. Free Cash Flow (FCF) Margin: 26.17%
4. Debt-to-Equity Ratio: 39.26%
5. Forward P/E vs. Current P/E: 9.13 vs. 10.28

6. Forward PEG/ROE: 0.14
7. Price Decline from 2-Year High: -23.82%

Target Corporation (TGT) – 5 out of 7 filters met

Target is a nationwide retailer known for its customer loyalty, private label brands, and omnichannel strategy.

Positives: Long track record of dividend growth, strong brand, and significant price discount provide potential upside for patient investors.

Risks: Profitability faces pressure from tight retail margins, inventory volatility, and intensifying competition from e-commerce.

1. Dividend Yield: 4.77%
2. 10-Years of Dividend Increase or Maintain: Yes
3. Free Cash Flow (FCF) Margin: 3.34% (missed this filter)
4. Debt-to-Equity Ratio: 135.52%
5. Forward P/E vs. Current P/E: 12.28 vs. 10.33 (missed this filter)
6. Forward PEG/ROE: 0.15
7. Price Decline from 2-Year High: -48.35%

Truist Financial Corporation (TFC) – 6 out of 7 filters met

Truist is a top-10 U.S. bank formed by the merger of BB&T and SunTrust, offering a wide range of banking, investment, and insurance services.

Positives: Strong yield, healthy FCF margin, and a discounted valuation make it compelling for income and recovery-minded investors.

Risks: Ongoing integration challenges from the merger and regional banking headwinds could affect earnings momentum and investor



sentiment.

1. Dividend Yield: 5.27%
2. 10-Years of Dividend Increase or Maintain: Yes
3. Free Cash Flow (FCF) Margin: 18.54%
4. Debt-to-Equity Ratio: 102.80%
5. Forward P/E vs. Current P/E: 9.60 vs. 11.65
6. Forward PEG/ROE: -12.41(missed this filter)
7. Price Decline from 2-Year High: -19.56%

T. Rowe Price Group (TROW) – 6 out of 7 filters met

T. Rowe Price is a premier active asset manager, known for strong investment performance and a clean balance sheet.

Positives: High dividend yield, impressive FCF margin, and low debt make TROW a standout in the asset management space.

Risks: The firm is facing long-term structural pressure from the shift toward passive investing and rising margin compression in the industry.

1. Dividend Yield: 5.42%
2. 10-Years of Dividend Increase or Maintain: Yes
3. Free Cash Flow (FCF) Mar-

gin: 29.63%

4. Debt-to-Equity Ratio: 3.27%
5. Forward P/E vs. Current P/E: 11.27 vs. 10.64 (missed this filter)
6. Forward PEG/ROE: .15
7. Price Decline from 2-Year High: -29.35%

Conclusion

At EsqWealth, our mission is to empower clients with evidence-based financial decisions that support lasting prosperity. This dividend-focused stock screen is just one of many tools we use to uncover valuable opportunities.

Whether we're evaluating income strategies, constructing tax-efficient portfolios, or safeguarding multi-generational wealth, we go beyond surface-level metrics to deliver insights that align with each client's broader financial vision.

If you're considering how this strategy might integrate with your long-term goals or simply want an objective review of your existing plan, we're here to help.

Because wealth isn't just numbers—it's about building a legacy that endures.



Retirement Redefined: Designing a Life You'll Actually Want to Live

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At EsqWealth, we believe that comprehensive financial planning goes far beyond what stocks you own, how your assets are held (for tax efficiency, asset protection, and long term security), and when you should start taking Social Security benefits. While those may be important questions, a true financial plan should also help fund the life you want to live in retirement, with a focus on experiences and relationships, not just purchases.

Recently, a couple I work with told me that for planning purposes, I should assume they would simply continue their current level of spending through retirement. After reviewing their plan together, I suggested we add a \$50,000 annual travel budget to see how that might affect their long term outlook. The result? They were thrilled to learn they could maintain their lifestyle *and* afford the travel experiences they had dreamed about, all without jeopardizing their financial plan. For them, retirement became more than just sustainable, it became ex-

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citing.

That conversation got me thinking about how we define success in retirement. Yes, we want to avoid outliving our money. But more than that, we want to make the most of the time we have.

Retirement gives you something money can't buy: time. Time to reconnect with what matters, explore new passions, deepen relationships, and create moments that truly last. But too often, we spend our money on things when what we really crave are experiences.

So here's a better question: What would it look like to build your retirement wishlist around experiences instead of purchases? That shift in mindset can turn your later years into a deeply meaningful, joyful chapter, one that reflects your values, your personality, and your dreams.

It's About the Feeling, Not the Price Tag

The memories that stay with us rarely come from flashy purchases. They come from how something made us feel. For example:

- Taking a cooking class with your spouse
- Hosting a family game night that becomes a tradition
- Teaching your grandchild how to fish, knit, or bake

Use Milestones to Create Meaning

You don't need a reason to make a memory — but tying experiences to milestones can make them even more powerful:

- Mark your retirement with a road trip to the places you've always wanted to see
- Celebrate an anniversary with

a surprise weekend getaway

- Take your grandchild to their first concert or big game

Spend With Intention, Not Impulse

Some of the most rewarding experiences aren't expensive, just intentional:

- Sign up for a local class or group
- Treat yourself to a solo day exploring a nearby town
- Finally learn something you've always wanted to try, from photography to fly fishing to guitar

Make Space for Stillness

Not every moment needs to be bold. Sometimes, the richest experiences come in stillness:

- Take the scenic route
- Start a journal
- Sit outside with a good cup of coffee and just enjoy the view

Create Traditions That Last

What starts as a one-time event can become something much bigger:

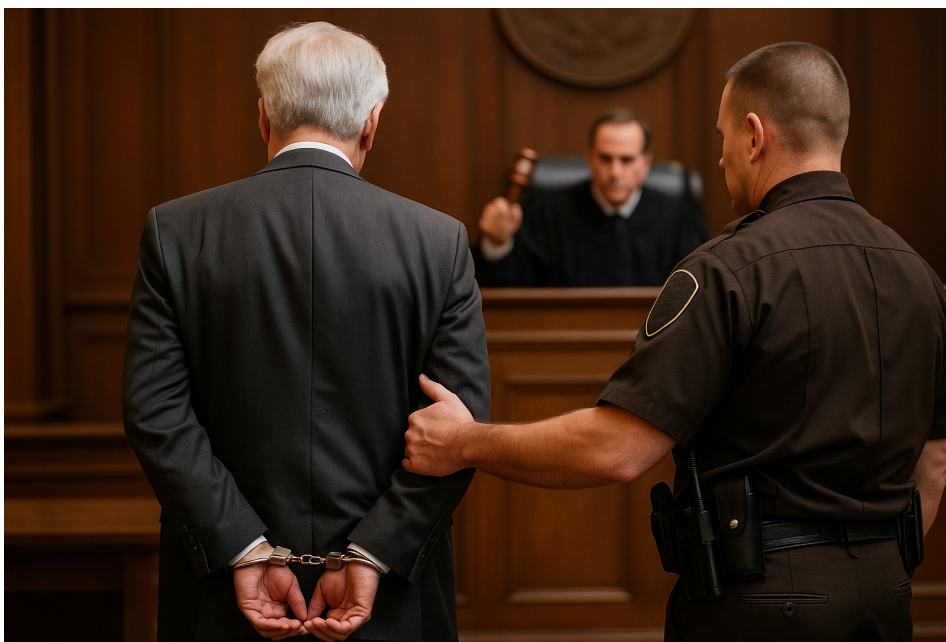
- A yearly family camping trip
- A monthly lunch with close friends

- An annual weekend getaway with people you love

Retirement isn't about accumulating more stuff — it's about creating a life that feels rich in meaning. This is your time. Use it to explore, to connect, to live intentionally. Because the most valuable return on your investment isn't measured in dollars — it's measured in memories.

At EsqWealth, we help clients design retirement plans that reflect their real lives — not just line items. Whether it's optimizing for tax efficiency, safeguarding assets, or making sure you can say "yes" to the experiences that matter most, our planning is tailored to the life you actually want to live. If you're wondering whether your current plan supports the retirement you envision, we're here to help you find out.





Crime and Consequences: What the Mellinger Case Reveals About Fraudulent Tax Shelters and Advisor Ethics

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When does a tax strategy become a federal crime? A recent case out of Mississippi provides a crystal-clear answer—and a cautionary tale for advisors and clients alike.

On May 14, 2025, the Department of Justice announced that *Stephen T. Mellinger III*, a financial advisor from Delray Beach, Florida, was sentenced to eight years in prison for promoting an illegal tax shelter and stealing more than \$2.1 million from his own clients.

The Fraud: Circular Payments Masquerading as “Royalties”

From 2013 through 2023, Mellinger—along with co-conspirators including an accountant and a relative—advised clients across multiple states to claim false deductions for so-called “royalty payments.” In reality, the funds were funneled through accounts controlled by Mellinger and returned to clients

(minus hefty fees), all in a circular flow designed to look like legitimate business expenses.

This scheme helped clients fraudulently deduct over \$106 million on their tax returns, resulting in an estimated \$37 million loss to the IRS. For his role, Mellinger and a co-conspirator pocketed about \$3 million in fees.

But the wrongdoing didn’t stop there. Once the IRS caught wind and began investigating clients and seizing assets, Mellinger pivoted from fraud to outright theft—stealing more than \$2.1 million from clients and using some of it to buy a house in Delray Beach.

Legal Implications: More Than Just a Tax Problem

Let’s unpack this through the dual lens of legal and fiduciary responsibility:

- **Illegal Tax Shelter:** The so-

called royalty strategy failed the economic substance doctrine and lacked any legitimate business purpose. These weren’t deductions—they were paper trails concealing circular transactions.

- **Aiding and Abetting:** Mellinger’s conduct meets the threshold for aiding and abetting tax fraud, a serious federal offense.
- **Breach of Fiduciary Duty:** As a registered financial advisor, insurance agent, and broker, Mellinger owed his clients a duty of care and loyalty. Instead, he exploited his position for personal gain.
- **Theft:** Once the heat turned up, Mellinger didn’t just flee—he stole directly from his clients, using their trust as a weapon.

Lessons for Advisors and Clients

This case underscores three important truths:

1. **Sophistication ≠ Legality:** Complex tax schemes can create a false sense of legitimacy. If the economic purpose is lacking, it won’t survive scrutiny.
2. **The Role of Compliance:** Advisors must vet every strategy through a legal and ethical lens. Just because something hasn’t been flagged yet doesn’t mean it’s safe.
3. **Client Vigilance Matters:** Clients should demand clarity, documentation, and legal review—especially when a strategy sounds “too good to be true.”

A Better Path Forward



At Johnson Fistel, we've built our law practice by holding fiduciaries accountable. At EsqWealth, we apply that same rigor to designing compliant, tax-smart strategies for affluent families and entrepreneurs. You don't need illegal shelters to minimize taxes—you need structure, substance, and a trusted team.

The Mellinger case reminds us: there's a fine line between tax planning and tax fraud. And when you cross it, it's not just the IRS you'll be answering to—it may be a federal judge.

For source information and the full DOJ release, visit: [DOJ: Florida Financial Advisor Sentenced for Promoting Illegal Tax Shelter and Stealing Client Funds](#)

The information above is not in-tended to and should not be con-strued as speci ic advice or recom-mendations for any individual. The opinions voiced are for general in-formation only and are not intended to provide, and should not be relied on for tax, legal, or accounting ad-vice. To discuss speci ic recommen-dations for any unique situation, please feel free to contact us.

Recent Accomplishments



Johnson Fistel Secures Sweeping Corporate Reforms at Mohawk Industries, Inc.

In re Mohawk Industries, Inc. Derivative Litigation, Lead Case No.: 4:20-cv-00110-ELR (N.D. Ga.). On June 30, 2025, after more than five years of hard-fought litigation, The Hon. Eleanor L. Ross granted final approval of a shareholder derivative settlement which resolved claims brought on behalf of and for the benefit of Mohawk Industries, Inc. ("Mohawk" or the "Company") by shareholder in several different jurisdictions. Johnson Fistel served as co-lead counsel in the primary federal derivative action, and as one of the chief negotiators of the settlement.

Specifically, the case alleged that the Individual Defendants breached

fiduciary duties of good faith, loyalty, and care owed to Mohawk and its shareholders by: (i) knowingly permitting and/or turning a deliberate blind eye to the "Saturday Scheme," whereby at the end of a given fiscal quarter, employees loaded delivery trucks with product ordered by customers, but not scheduled for delivery until future quarters, so that "sales" could be improperly recognized in the current quarter in violation of Generally Accepted Accounting Principles and Mohawk's revenue recognition policies; and (ii) concealing Mohawk's years-long inability to successfully ramp up domestic LVT ("Luxury Vinyl Tile") production,



expand its manufactured product offerings, and consistently produce salable LVT, as well as the true reasons for Mohawk's growing inventory. Derivative Plaintiffs further allege that because of the Individual Defendants' alleged schemes and alleged wrongful conduct, Mohawk misrepresented its current business, operations, and outlook through the dissemination of false and misleading statements, and omission of material information, in violation of federal and state laws and regulations. This misconduct allegedly devastated Mohawk's credibility.

The Settlement requires the Board to adopt a comprehensive package of corporate governance, oversight, and internal control reforms that directly address the alleged deficiencies. Derivative Plaintiffs contend permitted the alleged wrongdoing to occur, as well as broader structural reforms designed to enhance the overall independence, rigor, and effectiveness of the Company's Board and management-level oversight.

In sum, the reforms bolster Mohawk's processes related to its financial disclosures, enhancing its

ability to detect and address production issues, and ensuring accurate identification and accounting for inventory. Specifically, as a result of the reforms, Mohawk's board and management team will be better equipped to critically assess: (i) production difficulties; (ii) inventory calculations; (iii) end of quarter accounting; and (iv) the timing and content of disclosures addressing potentially material operational and financial risks as they arise. The reforms lay the foundation necessary to restore confidence in Mohawk's ability to identify and cure production problems and to ensure inventory is properly identified and accounted for, and in the integrity of its financial and risk disclosures.

By fostering rigorous oversight of inventory management, LVT production, end of quarter accounting, and related public disclosures, and by enhancing the Company's governance framework, the reforms will reduce the risk of similar alleged misconduct occurring in the future. Critically, the reforms will remain in place for the next five years.

Attorneys Michael I. Fistel, Jr., William W. Stone, Jeffery A. Berens, and Anthony E. Mance led the prosecution of the litigation for Johnson Fistel, and along with co-lead counsel, helped to achieve this excellent result on behalf of Mohawk and its shareholders.



Johnson Fistel Obtains Robust Corporate Reforms for Brookdale Senior Living, Inc.

Templin v. Baier et al., Civil Action No.: 3:21-cv-00373 (M.D. Tenn.). On July 9, 2025, the Hon. Aleta A. Trauger granted final approval of a shareholder derivative settlement resolving derivative claims brought on behalf of Brookdale Senior Living, Inc. ("Brookdale" or the "Company") in the Action.

The Action alleged that the Individual Defendants breached their fiduciary duties of good faith, loyalty, and care by causing Brookdale to understaff its senior living communities and to misrepresent the level of care provided, advertised, and promised to residents. According to the allegations in the Action, the Individual Defendants caused Brookdale to understaff its communities by failing to supervise the Company's internal controls, resulting in staffing decisions being determined by a staffing platform allegedly controlled and managed at Brookdale's corporate headquarters, rather than determined by the

(Continued on Page 14)



specific communities involved in resident care. This alleged intentional understaffing of Brookdale's senior living communities breached the Company's residency agreements and caused Brookdale residents to suffer harm. The Action further alleges that the Individual Defendants breached their fiduciary duties by disseminating materially false or misleading information to Brookdale shareholders through Brookdale's filings with the Securities and Exchange Commission ("SEC") and other public statements and disclosures.

The Settlement consists of a series of robust corporate governance reforms designed to directly address the alleged wrongdoing in the Action. Specifically, as part of the Settlement, Brookdale agreed to

adopt a comprehensive set of corporate governance, oversight, and internal control reforms that are specifically tailored to the alleged internal control deficiencies the derivative plaintiff contends allowed the alleged wrongdoing to occur, as well as broader best practice reforms designed to enhance the overall independence and effectiveness of Board oversight. The reforms include, among other things, formalization of and enhancements to the Company's Risk Committee, enhancements to the Brookdale Audit Committee Charter, enhancements to the Company's whistleblower policies and practices, and modifications to the Company's executive compensation program. As a result of the implementation and maintenance of the reforms, Brookdale

will face reduced risk of similar alleged misconduct occurring in the future over the four-year implementation term.

Johnson Fistel served as co-lead counsel in the federal derivative action settlement and was instrumental in negotiating the terms of the settlement. Attorneys Michael I. Fistel, Jr., Mary Ellen Conner, Oliver tum Suden, Anthony E. Mance, and Ashley Schaf led the prosecution of the litigation for Johnson Fistel, and along with co-lead counsel, helped to achieve this excellent result on behalf of Brookdale and its shareholders.

Portfolio Monitor

Johnson Fistel recognizes that there are inherent risks when investing in the stock market. But the risks that an investor assumes do not, and should not, include the risk that the company or its officers and directors will make false and misleading statements to artificially inflate the company's stock price or sell their own stock based on insider information.

Our Portfolio Monitor is designed to alert institutional and individual investors when one of their investments may be affected by securities fraud, corporate waste, or other wrongdoing. Our Portfolio Monitor is available to both U.S. and foreign investors. There are no minimum portfolio requirements or costs to participate.



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Click the link to learn more:

<https://www.JohnsonFistel.com/stockmonitor-free-portfolio-monitoring/>

Employment and Labor Litigation

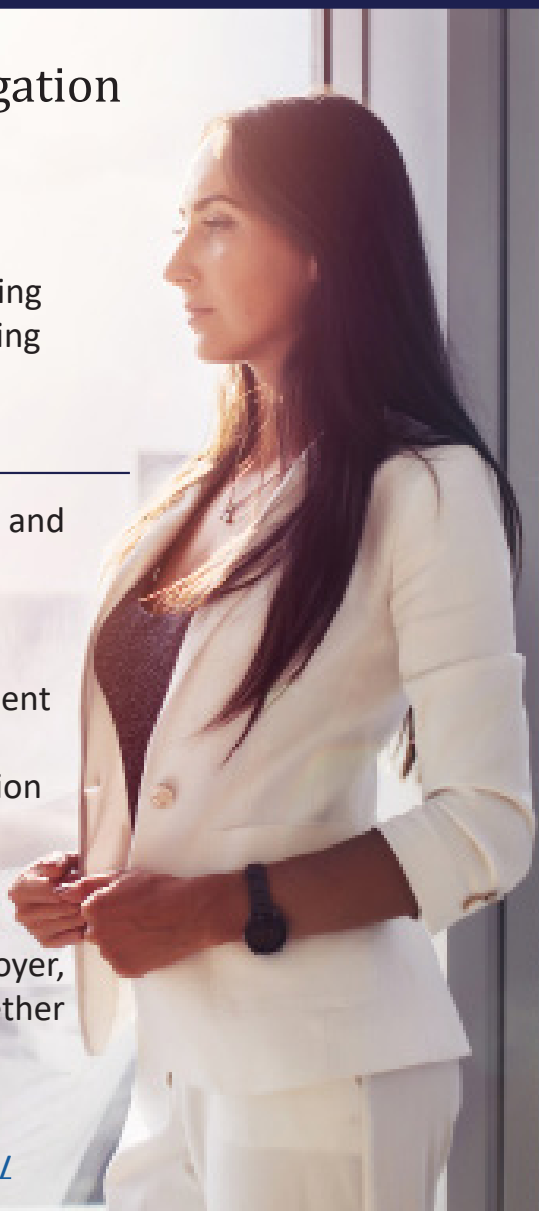
The attorneys at Johnson Fistel have obtained successful and efficient results for both employers and employees in litigating employment disputes, negotiating separations and severances, and evaluating employment policies, practices, and contracts.

Johnson Fistel can help employers and employees with the following issues:

- Minimum Wage & Overtime Pay
- Misclassifications (Employee/Independent Contractor)
- Discrimination, Harassment, & Retaliation
- Employment Contracts, Severance & Separations, & Restrictive Covenants.

Whether you're an employee or an employer, please contact us today to determine whether we may be able to assist you.

Please visit our website for FAQs about employment law: <https://www.johnsonfistel.com/faq/>





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