



John D. Montgomery

Managing Director

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Professional Summary

Dr. Montgomery is an expert in financial economics, banking and financial regulation, valuation, macroeconomics, and international finance. He has testified at trial in federal and state court and in arbitration, provided expert reports, affidavits, and depositions, and conducted complex economic, financial, and statistical analysis, and managed numerous litigation projects. He has worked as an economist for the Federal Reserve Board, President's Council of Economic Advisers, International Monetary Fund, and Morgan Stanley, and as a securities analyst. He holds a Ph.D. in economics from Princeton University. He also earned a B.A. from Yale University and a M.Sc. from the London School of Economics.

Dr. Montgomery has provided analysis and testimony on financial economics and valuation questions in a wide range of complex litigation and enforcement matters. He has led major projects related to regulatory investigations of stock exchanges, including latencies of data feeds and access to hidden orders, and the handling of retail orders by brokers. He has analyzed issues related to corporate financial litigation, including minority interests, M&A transactions, and share repurchase programs. He has worked on the valuation of corporate liabilities, including issues related to corporate bankruptcy, and has analyzed the value of company stock and debt obligations in the context of securities class actions. He has also provided analysis in numerous insider trading cases, both for prosecutors and for defendants. In shareholder class actions, he has provided expert opinions and analysis addressing damages, price impact, loss causation, and market efficiency, and in ERISA class actions, he has provided opinions and analysis related to employer stock, 401(k) fees, and decisions to change investment options. He has also provided analysis on issues related to the management of investment portfolios and investment companies, as well as issues related to disclosure by investment companies and broker-dealers. He has valued employer stock options, basket options, and other derivatives. He has conducted statistical and econometric analysis of big data sets for financial litigation and regulatory projects.

Dr. Montgomery has also provided expert opinions and litigation support on the response of governments to systemic banking and financial problems during financial crises. He worked on international banking and financial issues at the Federal Reserve Board, and was a member of the International Monetary Fund's capital markets surveillance team, identifying regulatory issues of systemic concern in key markets around the world. He has written articles on banking and financial regulation, and taught courses on bank regulation, financial economics and other subjects.

Dr. Montgomery also has deep expertise in international finance and macroeconomics. He has provided expert testimony related to macroeconomic developments in the United States, and he has also analyzed macroeconomic developments and policy in European economies. At Morgan Stanley, he was a senior member of the firm's global economics team, developing innovative, market-leading analysis of international capital flows and their connections with global foreign exchange, fixed income, and equity markets. He was a member of the Federal Reserve's international forecasting team and worked on international economic forecasting models at the International Monetary Fund. He was also the senior staff economist for international economics at the President's Council of Economic Advisers. While working at

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the Council and at the Federal Reserve, he represented the U.S. government at international meetings on economic policy matters.

Before getting his Ph.D., Dr. Montgomery worked as a securities analyst, valuing equities of companies in a variety of industries. He has provided *pro bono* analysis related to U.S. immigration removal proceedings.

Selected Projects

Securities Class Actions

Directed consulting teams in numerous securities class actions filed in Federal courts under Rule 10(b)-5 and Sections 11 and 12. Prepared event study analyses of the impact of disclosure on the prices of common stock and other securities. Reviewed news, analyst reports, and other documents related to disclosures. Developed and estimated models for price inflation. Estimated aggregate damages. Provided predicted settlement analysis and advice in settlement negotiations. Prepared expert reports and gave deposition testimony.

- Conducted preliminary analysis of price impact, loss causation, and alleged damages, provided expert report, and supported counsel in mediation, for *In re Monster Worldwide, Inc., Securities Litigation* shareholder class action related to options backdating (2007-2008).
- Analyzed loss causation and estimated alleged damages in Section 11 and 12 shareholder class action related to an initial public offering for a media company.
- Analyzed potential exposure for a company considering takeover of a target company that was subject to shareholder class-action claims.
- Prepared damage and liability analysis on behalf of Eaton Vance in securities class action involving funds investing in leveraged loans. Prepared expert report and provided deposition testimony (2002-2005).
- Conducted event studies, reviewed news and analyst reports; analyzed trading of lead plaintiff, and estimated alleged damages, for 10b-5 class action involving a technology company.
- Led team producing estimates of alleged damages under Rule 10(b)-5 and Section 11 for both common stock and fixed income securities, in securities fraud litigation with a complex set of allegations stemming from collapse of Enron, on behalf of Enron executives and directors (2002–2004).
- Prepared event studies and analyses of alleged damages, and reviewed opposing expert's analysis, for 10(b)-5 and Section 11/12 class action involving a telecommunications company.
- Analyzed price impact, materiality, loss causation, alleged damages, and predicted settlements, under Rule 10(b)-5 and Sections 11 and 12, for defendants, in *Pirelli Armstrong v. Hanover Compressor Company* (2002-2004).
- Supported finance professor in testimony over shareholder class action against major chemical company, related to product liability claims

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ERISA Class Actions

For defined contribution plan litigation under ERISA, estimated alleged plan losses in numerous class actions regarding investments in employer stock. Assessed indicators of prudence. Estimated impact of alleged misstatements. Prepared extensive analysis in excessive fee cases. Testified in deposition and at trial on the prudence of plan decisions related to common stock investments and on alleged damages. Served as consulting expert in other class actions. Provided advice in settlement negotiations.

- Analyzed liability and damage issues related to investment of R.J. Reynolds 401(k) plan in spun-off Nabisco stock. Advised counsel of class certification issues. Prepared expert reports and affidavits. Assisted with depositions and cross-examination of opposing experts. Testified in deposition and at trial. Case decided in favor of defendant, both before and after appeals. *In re Tatum vs. R.J. Reynolds Tobacco Company, et al.* (2007-2010).
- Estimated alleged damages for 401(k) plan under ERISA claims of allegedly imprudent investment in employer stock, for employment-services company subject to various actions related to options backdating. Provided estimates to assist counsel in negotiating settlement.
- Estimated alleged damage claims for 401(k) plan under ERISA based on allegedly imprudent investment in employer stock, for a financial-services company. Provided estimates to assist counsel in negotiating settlement.
- Analyzed investment fund fees, investment returns, and related issues, in support of testifying expert, in litigation on 401(k) plan fees for General Dynamics.
- Estimated potential plaintiff damage claims under ERISA based on allegations of imprudent investment in company stock for the 401(k) plans of a beverage company.
- Estimated alleged damages for 401(k) plans under ERISA based on allegedly imprudent investment in employer stock for telecommunications company, using both monthly plan and detailed participant data. Provided estimates to assist counsel in negotiating settlement.
- Analyzed liability and damages under ERISA for alleged failure of fiduciaries to sell company stock from ESOP, for employee-controlled corporation (UAL), in advance of that company's bankruptcy. Drafted report for testifying expert. Report contributed to summary judgment decision that was upheld by 7th Circuit (*Summers v. State Street Bank & Trust Co.*).

Insider Trading

Analyzed price impact of information and trades, trading patterns, materiality, public availability of information, causes of stock price changes, and losses avoided and gains realized. Submitted expert report on materiality and losses avoided. Made presentation to SEC staff on behalf of target of investigation. Provided trial support for prosecution of insider trading.

- Analyzed trading dynamics, securities price movements, and evidence on materiality on behalf of an individual defendant in a criminal insider trading case. Testified at trial. Jury found defendant not guilty on all counts. *United States v. Slawson*.
- Analyzed stock trading data and evidence on materiality on behalf of an individual subject to a SEC investigation of possible insider trading. Made presentation to SEC staff on trading analysis.

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- Investigated evidence on the materiality of information subject to allegations of insider trading by a hedge fund investing in a PIPES offering.
- Prepared analysis and advised Ontario Securities Commission in prosecution of insider trading case. Supported testifying expert.
- Expert report and deposition testimony on the materiality of alleged revenue misstatements and on the estimation of losses avoided by the sale of stock before alleged corrective disclosures. *SEC v. Yuen*.
- Estimated market impact of analyst opinion changes subject to alleged tipping.
- Estimation of stock price impact of insider trades on price of M&A target.

Financial Enforcement and Regulatory Investigations

Analyzed large datasets of market trades and orders and conducted statistical analysis for major stock exchanges in regulatory investigations of data feed latencies, access to order information, and related topics. Analyzed of RMBS CDO collateral. Consulted and analyzed data for major brokerage firms on fee-based accounts. Analyzed causes of stock price changes in SEC investigations of alleged manipulation through information dissemination and trades.

- Analyzed dynamics of hidden and displayed orders and trading on a U.S. stock exchange.
- Analyzed causes of stock price changes in biotechnology sector, related to regulatory investigation of alleged manipulation.
- Prepared statistical analysis of stock-exchange proprietary and public (SIP) data feeds and related microstructure issues.
- Analyzed composition of collateral (including subprime mortgages) of collateralized debt obligations (CDOs) held by a hedge fund.
- Consulted with major brokerage firm, on regulatory investigations of fee-based brokerage accounts. Led team conducting statistical analyses of large databases of account activity and other information. Presented work to internal and external counsel, and prepared exhibits for regulatory presentations.
- Analyzed impact of alleged stock-price manipulation in connection with SEC investigation into contested merger of two large banks. Prepared statement on behalf of merged bank for SEC staff.

Other Financial Litigation and Arbitration

Analyzed sovereign and corporate credit, resolution of failed banks during systemic crises, government takings claims, causation of corporate bankruptcies, mutual fund disclosures and investment strategies, and margin borrowing. Valued corporate debt and equity transactions and single-stock and basket options. Testified in Delaware Chancery Court. Assisted U.S. Attorney's Office in criminal prosecution of alleged securities fraud.

- Provided affidavits in the High Court of Ireland on the Eurozone crisis and the recapitalization of Irish Life & Permanent PLC.

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- Analyzed sovereign and corporate credit issues related to Eurozone member country receiving balance-of-payments support from European Union and IMF.
- Provided valuation, financial research and modeling, and support for academic expert, in litigation over fairness of financial arrangements related to corporate minority interest.
- Consulted for U.S. government in lawsuit by AIG shareholders over alleged takings involving government support for AIG.
- Consulted and supported testifying academic experts, on claims of bank creditors against Republic of Iceland, relating to losses from resolution of 2008 Icelandic banking crisis.
- Consulted for bank defendants on damages issues in lawsuit by Adelpia Recovery Trust alleging harm from “co-borrowing” facilities.
- Led team identifying and analyzing disclosures of revenue sharing and directed brokerage by hundreds of mutual funds, to assist and plan testimony for major broker-dealer (A.G. Edwards) in state-court lawsuit alleging fiduciary breaches.
- For series of lawsuits by investors in an exchange fund (a private investment fund holding low-cost-basis stock), valued equity portfolios and basket options. Analyzed diversification, hedging, margin borrowing, and various other issues related to liability of managers of fund for alleged failure to fully disclose hedging and securities positions and transactions.
- Assisted insurance carrier in arbitration over coverage of D&O and fiduciary liability claims against a pharmaceutical company and costs of product recall.
- Report, deposition, and trial testimony (before Court of Chancery for the State of Delaware in *Jefferies & Company, Inc. vs. Brown-Forman Corporation*) on alleged damages from failure to deliver common stock in corporate tender offer.
- Prepared analysis of diversification and investment strategy of a mutual fund and of the suitability of investment by a charitable fund. Supported testifying expert in arbitration.
- Assisted Office of U.S. Attorney (S.D.N.Y.) in prosecution of criminal securities fraud case. Analyzed stock price movements and key events. Assessed evidence on materiality and related issues.
- Estimated impact of reputational harm to profits of consumer finance company.

Other Projects

- Provided expert report and deposition testimony on timing and likelihood of U.S. recession. *UBS Securities LLC and UBS Loan Finance LLC v. The Finish Line, Inc. and Genesco Inc.* (2008).
- Prepared chapter on the economics of pension reform, for the report *An Assessment of the Ghana Pension System* by Mercer Consulting for the Swiss State Secretariat for Economic Affairs, 2012.
- Conducted econometric and qualitative analysis of the project finance market.
- Valued employee stock options and restricted stock grants in disputes regarding termination of members of senior management by a large corporation.

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- Analyzed impact of exchange-rate fluctuations on U.S. product prices, in antitrust litigation against vitamin manufacturer.

Expert Reports & Testimony

- Expert testimony, *Euro Pacific Capital, Inc. v. Oppenheimer & Co., Inc.* (FINRA Case 15-01484), June 14-15, 2017.
- Expert testimony at trial in the United States District Court for the Northern District of Georgia, *United States v. Steven E. Slawson*, on trading dynamics, securities price movements, and evidence on materiality on behalf of an individual defendant in a criminal insider trading case, August 12-13, 2015.
- Report, “Cost of Counsel in Immigration: Economic Analysis of Proposal Providing Public Counsel to Indigent Persons Subject to Immigration Removal Proceedings,” prepared pro bono for Wilmer Cutler Pickering Hale & Dorr LLP on behalf of the New York City Bar Association, 2014.
- Affidavit and Supplemental Affidavit, In the High Court of Ireland, In the Matter Between Gerard Dowling, Pdraig McManus, Piotr Skoczylas, and Scotchstone Capital Fund Limited (Applicants) and The Minister for Finance (Respondent) on the Eurozone crisis and the recapitalization of Irish Life & Permanent PLC, 2013-14.
- Report, supplemental report, deposition testimony, affidavits, and trial testimony, before the United States District Court for the Middle District of North Carolina, *In re Tatum vs. R.J. Reynolds Tobacco Company, et al.*, on liability and damages under ERISA for the allegedly imprudent removal of Nabisco stocks as options in R.J. Reynolds 401(k) plan, 2008–2010. Case decided in favor of defendant (client), Feb. 2013.
- Affidavit, In the Superior Court of New Jersey Chancery Division - Burlington County, *In re MedQuist, Inc. Shareholder Litigation* on valuation of exchange offer for minority shareholdings, 2011.
- Report, before the United States District Court for the Southern District of New York, *In re Monster Worldwide Inc., Securities Litigation*, on loss causation and alleged damages related to option backdating, 2008.
- Report and deposition testimony, before the United States District Court for the Southern District of New York, in *UBS Securities LLC and UBS Loan Finance LLC v. The Finish Line, Inc. and Genesco Inc.*, on the impact of a potential recession on 2008 sales forecasts, 2008.
- Report, deposition, and trial testimony, before Court of Chancery for the State of Delaware in *Jefferies & Company, Inc. vs. Brown-Forman Corporation*, on alleged damages from failure to deliver common stock in corporate tender, 2005.

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- Report and deposition testimony, before U.S. District Court for the Central District of California, Western Division, in *Securities and Exchange Commission vs. Henry C. Yuen et al.*, on behalf of defendant Craig Waggy, on the materiality of alleged revenue misstatements, and on the estimation of losses avoided by the sale of stock before alleged corrective disclosures, 2004–2005.
- Report, supplemental report, and deposition testimony, before U.S. District Court for the District of Massachusetts, *In re Eaton Vance Corporation Securities Litigation*, on alleged damage calculation, in Section 11 claim against manager of investment fund holding leveraged loans, which were allegedly overvalued, 2004.
- Statement before U.S. District Court for the Southern District of Texas, in *Pirelli vs. Hanover Compressor Company*, on materiality, damages, and predicted settlement, for settlement of securities and ERISA class action litigation, 2004.
- Affidavit before U.S. District Court for the District Of Massachusetts, *In re CVS Corporation Securities Litigation*, on possible losses of plaintiff in securities class action, 2003.

Publications

“Spoofing, Market Manipulation, and the Limit-Order Book,” Navigant Consulting, Inc. white paper, May 3, 2016.

“Spoofing and the Limit-Order Book,” Law360, April 29, 2016.

“Recent Trends in Securities Class Action Litigation: 2012 Mid-Year Review,” (with Renzo Comolli, Ronald Miller and Svetlana Starykh), NERA paper, July 24, 2012.

“Recent Trends in Securities Class Action Litigation: 2011 Year-End Review” (with Jordan Milev, Robert Patton and Svetlana Starykh), NERA paper, December 14, 2011.

“Insider Trading” (with David Tabak), NERA At A Glance, December 8, 2011.

“Economic Analysis in ERISA Litigation: What Should Investors Do, What Do They Do, and What Should Fiduciaries Do About It?” in *ERISA Litigation 2010*, Practising Law Institute, New York, 2010. Published as a three-part series in the *Employment Law Strategist*, July-September 2011.

“Economic Analysis in ERISA Litigation,” NERA At A Glance, April 2, 2009.

“The Fed’s Expanding Playbook: Economists Views” (with Elaine Buckberg), NERA Brief, 2008.

“Information Sharing and Central Bank Intervention in the Foreign Exchange Market,” *Journal of International Economics*, 2001 (with Helen Popper).

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“Japan: Financial Sector Fragilities and the Stock Market,” International Monetary Fund, box in *World Economic Outlook: Interim Assessment*, 1997.

“Indonesian Financial System: Its Contribution to Economic Performance and Key Policy Issues,” International Monetary Fund, chapter 10 of *Macroeconomic Issues Facing ASEAN Countries*, 1997.

“Causes of Recent Swings in Bond Yields,” International Monetary Fund, box in *International Capital Markets: Developments, Prospects, and Key Policy Issues*, 1996.

“International Bond Issuance and the Swaps Market,” International Monetary Fund, box in *International Capital Markets: Developments, Prospects, and Key Policy Issues*, 1996.

“The Internationalization of German Financial Markets,” International Monetary Fund, chapter in *Germany: Selected Background Issues*, 1995.

“Evolution of the Mexican Peso Crisis,” International Monetary Fund, background paper in *International Capital Markets: Developments, Prospects, and Policy Issues*, 1995.

“Government Securities Markets,” International Monetary Fund, background paper in *International Capital Markets: Developments, Prospects, and Policy Issues*, 1994.

“Market Segmentation and 1992: Toward a Theory of Trade in Financial Services,” in *Financial Regulations and Monetary Arrangements after 1992*, North-Holland Press, 1991.

“Financial Structure: An International Perspective,” *Brookings Papers on Economic Activity*, 1991 (with Allen Frankel).

Recent Presentations

Do Lawyers Pay for Themselves? A Cost-Benefit of Providing Public Counsel in Immigration Removal Proceedings, as part of session “Immigrant Legal Services Innovations and Challenges in Adjudication,” at *11th Annual Immigration Law and Policy Conference*, Georgetown University Law Center, Washington, DC, October 21, 2014.

Do Lawyers Pay for Themselves? A Cost-Benefit of Providing Public Counsel in Immigration Removal Proceedings, as part of panel “Championing Appointed Counsel in Immigration Proceedings,” at New York City Bar Association, New York, NY, October 16, 2014.

Equity Market Structure and High-Frequency Trading, NERA Securities & Finance Summer Seminar, Lake Tahoe, CA, July 7, 2014.

Do Lawyers Pay for Themselves? A Cost-Benefit of Providing Public Counsel in Immigration Removal Proceedings, as part of session “Framing the Right to Counsel in Immigration Proceedings,” at *Law and Society Association Annual Meeting*, Minneapolis, MN, May 30, 2014.



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High-Frequency Trading – A Primer in 1,800,000 Milliseconds, presented to the Morrison & Foerster LLP Litigation Group, New York, NY, May 7, 2014.

Loss Causation and Damages, at Dorsey & Whitney LLP's *Securities and Financial Services Fall Conference*, panel "The New FINRA Suitability Rule: Implementation, Enforcement, and Litigation," Minneapolis, MN, November 29, 2012.

Regulation of High-Frequency Trading, as part of *The Best of NERA 2012 – Examining Current Economic Issues in Financial Regulation*, at SEC Historical Society, Washington, DC, July 24, 2012.

Recent Trends in Securities Class Action Litigation, presented at Ross Roundtable "Securities Litigation after Dodd-Frank: What Happened in 2011 and What Lies Ahead?" New York University Vincent C. Ross Institute of Accounting Research, New York, NY, March 6, 2012.

Recent Trends in Securities Class Actions, Current Issues in D&O Liability & Insurance 2011, New York City Bar Center for CLE, New York, NY, June 9, 2011.

Recent Trends in Securities Class Actions, Securities Litigation Committee of the New York City Bar Association, New York, NY, May 11, 2011.

Economic Analysis in ERISA Litigation, Practising Law Institute, New York, NY, September 15, 2010.

Economic Analysis in ERISA Litigation, NERA Finance, Law, and Economics Securities Litigation Seminar, Jackson Hole, WY, July 6, 2010.

Auction Rate Securities Litigation: Causes and Consequences, NERA Finance, Law, and Economics Securities Litigation Seminar, Aspen, CO, July 7, 2008.

Work History

Managing Director, Navigant Consulting, Inc.	2015 – present
Senior Vice President, NERA Economic Consulting	2010 – 2015
Vice President, NERA Economic Consulting	2006 – 2010
Senior Consultant, NERA Economic Consulting	2002 – 2006
Senior Global Economist, Morgan Stanley, Inc.	1998 – 2001
Senior Staff Economist, President's Council of Economic Advisers (on leave from IMF)	1996 – 1997
Economist, Research Department, International Monetary Fund	1993 – 1998
Economist, International Finance Division, Board of Governors of the Federal Reserve System	1989 – 1993
Securities Analyst, J. Bush and Company, Inc.	1982 – 1984

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Professional Affiliations and Activities

Member, American Economic Association (1987 to present)

Member, American Finance Association (1987 to present)

Member, Brookings Panel on Economic Activity (1991)

Education

Ph.D., Economics

Princeton University

M.Sc., Economics

London School of Economics

B.A., Economics, cum laude

Yale University

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