



FINANCIAL FORENSICS  
**FEATURED  
ENGAGEMENTS**

## BUSINESS UNIT CONTACTS

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### CORPORATE INVESTIGATIONS

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### INTERNATIONAL DISPUTES

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Financial Forensics - "The use of science and technology to investigate and establish facts in criminal or civil courts of law."

Veris *from* Ocean Tomo provides highly specialized expertise in accounting, financial reporting, fraud prevention and detection, internal controls and economic damages analyses. The nature of some of the expert services we have provided include:

- investigation of highly publicized corporate financial reporting matters such as Enron
- finite reinsurance investigations analysis of some of the largest insolvencies in U.S. history
- investigations of financial reporting and internal controls of failed financial institutions on behalf of federal and state regulators
- fraud investigations, including complex Ponzi schemes
- comprehensive measurements of economic damages

The name Veris reflects the cornerstone of our services -- integrity and objectivity -- and was derived from "verify" and the Latin for "truth."

We serve a diverse clientele throughout the United States and abroad. Operations are conducted in regional offices in Reston, Virginia and Jacksonville, Florida.

# ACCOUNTING & AUDITING STANDARDS

## FINANCIAL STATEMENT MISSTATEMENT

### Auditor Conduct and Financial Statement Misstatements

Retained in connection with assertions regarding conduct of auditors and financial statement misstatements including such areas as:

- » Loss reserving
- » Internal control adequacy
- » Asset valuation
- » Complex derivatives
- » Finite reinsurance
- » Related party transactions
- » Loan losses
- » Liquidity disclosures
- » Disclosures of risks and uncertainties
- » SFAS No. 5: Loss Contingencies
- » Real estate valuations
- » Mortgage loan valuations
- » Solvency measurements
- » Business combinations
- » Goodwill accounting
- » Use of specialists
- » Substance over form determinations
- » Fair value measurements

## ASSET VALUATION AND RELATED PARTY TRANSACTIONS

Engaged by the SEC to evaluate issues of financial statement misstatements having to do with valuations of purportedly rare stamps and questions of related party transactions and the duties of the company CFO. Deposition testimony provided.

## REVENUE RECOGNITION & LOAN LOSS IMPAIRMENTS

Engaged on behalf of a large American-based, telecommunications company in litigation to evaluate whether revenue recognition and loan loss impairments were correctly accounted for and disclosed in accordance with GAAP as it relates to loans to an entity in a geographically emerging market. Deposition testimony provided.

## REVENUE RECOGNITION FOR SOFTWARE SALES

Engaged on behalf of a software sales company to assist with allegations pertaining to improper revenue recognition accounting for sales of software products due to the existence of continuing performance requirements. Arbitration testimony provided.

## REVENUE RECOGNITION AND RELATED PARTY TRANSACTIONS

Engaged to assist in evaluation of issues of aiding and abetting as it relates to revenue recognition and related party transactions.

## POST-PURCHASE PRICE DISPUTES

Engaged in multiple post-purchase price disputes in which Stock Purchase Agreements ("SPA") outlined the terms of the sale and included price adjustment mechanisms. Involved in assisting with both calculating those post-purchase price adjustments as well as evaluating whether the financial statements on which the purchase price was based were free from material misstatement.

## ENRON: EVALUATION OF SPECIAL PURPOSE ENTITIES (SPES)

Engaged on one of the most high-profile accounting scandals in history to evaluate the use of and accounting for special purpose entities, as well as the accounting for derivatives and “true sale” transactions. Deposition testimony provided.

## FINANCIAL STATEMENT DISCLOSURES

Engaged in a litigation involving the auditor of a finance company that issued and securitized loans to sub-prime borrowers. The engagement involved examination of the accounting for and auditing of financial statement disclosures related to forbearance, provisions for credit losses and reserves and various aspects of the company’s loan securitization activity, including the fair value of certain complex investment securities.

## AUDITOR MALPRACTICE CLAIMS

Engaged to evaluate malpractice claims against the auditor of several large bankrupt publicly-traded companies that had been engaged in banking, brokerage, insurance and lending services. Veris *from* Ocean Tomo evaluated accounting and auditing practices, particularly related to franchise fee revenue recognition and the allowances for uncollectible loans. Veris *from* Ocean Tomo was subsequently engaged by counsel for the bankruptcy trustee to extract and analyze millions of transactions from the company’s management system to support claw-back claims against insurance carriers, franchisees, securitization trusts, banks and other financial institutions.

## EVALUATION OF INVESTMENT COMPANY FINANCIAL STATEMENTS

Engaged to review and evaluate financial statements of investment companies registered with the SEC under the Investment Company Act of 1940 as well as evaluate the conduct of the auditor in connection with those audits. This review included an evaluation of the adequacy of internal controls as well as the use of portfolio managers, investment advisors and reliance on third party custodians.

# ECONOMIC DAMAGES

## BREACH OF CONTRACT

On behalf of the U.S. Department of Justice, provided analysis and expert testimony in several engagements defending the Department of Energy against breach of contract claims involving hundreds of millions of dollars related to the costs associated with the storage of spent nuclear fuel.

## “BUT FOR” ANALYSIS

Evaluated a variety of damages considerations involving the assertion of so-called “deepening insolvency” as a theory of damages. In that regard, we have constructed and evaluated models that sought to measure the difference between actual results and but-for results. Deposition and trial testimony provided.

## HEALTHCARE LOSSES

Evaluated losses sustained by a major international systems developer in connection with development of health care management systems. Deposition testimony provided.

## AGRICULTURAL PRODUCT DAMAGES

Engaged by counsel in defense against claims related to damages involving genetically altered agricultural products. Deposition and arbitration testimony provided.

## HURRICANE KATRINA LOSSES

Engaged to critique an assertion of consequential damages that were allegedly incurred in connection with a delay in the reconstruction of a building complex that was destroyed by Hurricane Katrina, including an assessment of alleged increased construction costs as well as calculations of alternative measurements of financing costs and investment income.

## ROYALTY RELATED BREACH OF CONTRACT DISPUTES

Engaged to review, evaluate and quantify damages in multiple royalty related breach of contract disputes. These calculations include complex modeling and discounted cash flow calculations. These engagements have been in the context of arbitrations, including an ICC arbitration and have included both the issuance of expert reports and testimony.

## PHARMACEUTICAL LOST PROFITS

Engaged to rebut assertions of losses allegedly sustained by a pharmaceutical manufacturer as a result of the use of a tainted product which caused injury and death. Veris from Ocean Tomo’s work included rebutting certain claims for lost profits and other alleged damages.

## GPS SYSTEMS LOST PROFITS

Constructed a lost-profits model and presented that model at trial in litigation involving asserted contractual breaches related to global positioning satellite systems in the U.S. aviation industry.

### **LOST PROFITS RESULTING FROM FAULTY MATERIALS**

On behalf of a global technology company, rebutted damages calculated by a variety of experts in connection with a dispute involving losses from the utilization of faulty materials in the production of tankless water heaters.

### **POST-ACQUISITION EVALUATIONS**

In several matters, engaged to perform calculations in the context of post-acquisition purchase disputes dealing with a variety of accounting and economic issues pursuant to provisions of acquisition agreements.

### **EVALUATION OF FAIR PRICING**

Engaged to assist Plaintiff's counsel to review, analyze and express opinions regarding the appropriateness and reasonableness of prices charged to consumers based upon the estimated costs of the product and a fair rate of return on those costs. Also included measurements of the economic consequences to customers, to the extent they were charged and paid a price which exceeded an appropriate and reasonable amount.

### **ENERGY INDUSTRY INCREMENTAL COST DAMAGES**

Engaged to rebut incremental cost damages claimed by the owner of offshore natural gas rigs allegedly caused by defective industrial coatings. Work involved evaluating and rebutting a complex financial model of asserted inspection and repair costs, both incurred and projected.

### **DEFENSE DEPARTMENT CONTRACT DISPUTE**

On behalf of the Navy, provided expert services in a contract dispute before the Armed Services Board of Contract Appeals involving an assertion by a ship repair company of increased work scope without adequate compensation. The Board ruled that no additional compensation from the Navy was warranted.

# INSURANCE & REINSURANCE

## POST-PURCHASE PRICE DISPUTE

Provided significant assistance, including testifying before the Independent Arbitrator in London on behalf of a major Swiss insurance company in what is believed to be the world's largest "baseball arbitration" with \$900 million at stake. A substantial amount of that assistance was in connection with valuing claim liabilities and the economic valuation of reinsurance amounts in particularly complex circumstances. The insurance company won the arbitration which arose out of the sale of its international insurance and reinsurance business that provided total risk management for large national and multi-national corporations around the globe.

## STATUTORY & FORENSIC ACCOUNTING CONSULTATION TO STATE INSURANCE DEPARTMENTS

Engaged by counsel for several different State Insurance Departments to assist in evaluation of compliance by auditors with generally accepted auditing standards and assessment of whether financial statements were prepared in accordance with statutory accounting practices. Issues included loss reserve adequacy, reinsurance recoverable and internal control deficiencies. Work included review of workpapers, coordination and review of work of consulting actuaries and preparation of deposition outlines. Additional services included preparation of pro forma financial statements, deposition assistance and damages calculations. Expert testimony provided.

## FAILED LIFE INSURANCE COMPANY LIQUIDATION

Engaged by liquidators of several different failed life insurance companies to investigate causes of insolvency, perform liability, causation and damages analyses related to directors, officers, accountants, actuaries and other consultants. Work has included review of accountants' workpapers, pro forma financial statements and damages calculations. Expert testimony provided.

## FINITE RISK & REINSURANCE FINANCIAL REPORTING

Engaged by various counsel on behalf of multiple property casualty companies to assist in evaluating their financial reporting related to various finite risk and other reinsurance contracts. Services included review of transactions, conducting interviews of company personnel and presentations to the Board and Federal regulators.

## AUDITOR CONDUCT EVALUATION

Engaged by Bermuda liquidators to assist in evaluation of compliance by auditors with generally accepted auditing standards and assessment of whether financial statements were prepared in accordance with appropriate accounting practices. Issues included loss reserve adequacy, reinsurance assets and internal control deficiencies.

## FRAUDULENT TRANSFER DISPUTE FOR INTERNATIONAL INSURANCE COMPANY

Engaged on behalf of an international insurance company regarding a dispute arising from claims of fraudulent transfer and involving complex business transactions including evaluation of a billion dollar reinsurance agreement, issues of asset valuation and goodwill and impairment thereof. Services included deposition and trial testimony.



## REPRESENTATIONS & WARRANTIES BREACH

Engaged by a global insurance company related to allegations of breach of representations and warranties arising from the sale by the insurance company of its Latin American insurance division and its subsidiaries to another global insurance company.

## FINANCIAL GUARANTY ASSET VALUATION

Engaged in a litigation involving a contested reinsurance transaction between a financial guaranty insurance provider and one of its principal owners. Veris *from* Ocean Tomo addressed issues of substance over form and underlying economics in addition to quantifying the balance sheet effect of the transaction which required an analysis and valuation of assets for which no current market existed, an evaluation of the fundamental value of those assets and a review of rating agencies valuation, analysis and outlook regarding these investments.

## INSURANCE HOLDING COMPANY LOSS RESERVE ANALYSIS

Defense of claims made by an international insurance holding company in respect of various analysts and hedge fund activities, including evaluation of loss experience, reinsurance practices and operational losses. Deposition testimony provided.

## HEALTH INSURER REINSURANCE LOSSES

Determination of losses incurred by a major health insurer and appropriate recoveries to be made against its reinsurer. Arbitration testimony provided.

## MEDICARE INSURER LOSS RESERVING

Defense of claims made by acquirer of major Puerto Rican Medicare provider and evaluation of claims practices, loss reserves and premium processing.

## PROPERTY CASUALTY UNDERWRITING POOL

Evaluation of results of a large property casualty underwriting pool with complex reinsurance and long-tail liability issues over its 40+ year lifespan in connection with a dispute between the pool manager and pool participants.

## LONDON MARKET SPIRAL

Evaluation of claims and damages related to London market spiral involving personal accident losses. Deposition and trial testimony provided.

## PROPERTY CASUALTY INSURANCE COMPANY LOOTING

Engaged to assess the damages suffered in connection with the liquidation of a property/casualty insurance company. Veris *from* Ocean Tomo analyzed and reconstructed millions of dollars of transfers of funds through multiple entities and for multiple alleged purposes in connection with allegations of post-acquisition looting by civil and criminal defendants. In addition, Veris *from* Ocean Tomo analyzed the investment portfolio to determine what the portfolio could have been expected to yield based on a reallocation of asset classes and earning rates given appropriate investment decisions. Deposition testimony provided.

# CORPORATE INVESTIGATIONS

## ASSET MISAPPROPRIATION SCHEME

Retained by a major international shipping company to conduct forensic accounting investigation of activities of certain employees and vendors involved in fictitious vendor and asset misappropriation schemes, including calculation of damages and assistance in filing insurance claim.

## INVESTIGATION OF FRAUDULENT GOVERNMENT CONTRACT

Assisted in-house counsel of a multimillion-dollar global development company with an internal investigation of potentially fraudulent procurement activity involving numerous U.S. Government contracts. Our findings were used in reporting to various agencies in the U.S. Government.

## FOREIGN CORRUPT PRACTICES ACT INVESTIGATION FOR DOJ AND SEC

Assisted DOJ and SEC in FCPA investigation of alleged bribery of foreign government officials by a Fortune 50 company, including review of books and records and analysis of collateral consequences for purposes of determining amount of fine.

## REVENUE RECOGNITION OF A PUBLIC COMPANY

Conducted, on behalf of independent counsel representing audit committee of a U.S. publicly held Internet company listed on NASDAQ, an investigation involving allegations that company's Mexican operations had recorded fictitious revenues.

## FORENSIC INVESTIGATION OF PONZI-SCHEME TYPE OPERATIONS

Engaged on several engagements involving Ponzi-scheme type operations requiring tracing the flow of transactions and funds through entities and related parties as well as a review of assertions of fraudulent transfers.

## MADOFF "FEEDER FUND" INVESTIGATION FOR PENSION FUND INVESTOR

Engaged on behalf of a Madoff "feeder fund" to evaluate assertions brought by a pension fund investor in the Madoff fund. Veris from Ocean Tomo's evaluation included a review of the regulatory environment and oversight of the Madoff operations, an evaluation of the internal controls and verification tests that were performed by the feeder fund as well as an evaluation of the performance and yields of relevant indices and similarly situated funds. Veris from Ocean Tomo also reviewed and evaluated the damages asserted by the pension-fund investor. Deposition testimony provided.

## BERNARD L. MADOFF INVESTMENT SECURITIES LLC (BMIS)

Investigated the interests of a major direct investor in Bernard L. Madoff Investment Securities LLC (BMIS) over a period of decades. Our analysis and demonstratives resulted in a reduction of hundreds of millions of dollars in the amount of the ultimate settlement with the BMIS bankruptcy trustee.

### **FLOW OF FUNDS INVESTIGATION**

Engaged by a high-profile national figure whose investments had been managed by Kenneth Starr for many years. Working directly with a variety of third party investment funds and financial institutions, Veris *from* Ocean Tomo traced the relevant flow of funds through various accounts. Also evaluated the viability of certain unique investments arranged by Mr. Starr and worked with legal and financial representatives on a variety of other high profile Starr clients to retrieve and distribute proceeds from investments made by him.

### **ENRON SOLVENCY INVESTIGATION**

Engaged to evaluate the solvency of a now-bankrupt energy conglomerate in one of the most high-profile accounting scandals in history. The engagement involved an examination of a portfolio of assets using varied techniques for fair value measurement at multiple dates. Analysis included the identification of both observable and unobservable inputs to determine fair market value while simultaneously considering complex structured financial instruments and any associated off-balance sheet liabilities.

### **FRAUDULENT TRANSFER EVALUATIONS**

Engaged by counsel in several engagements involving the identification, review and evaluation of alleged fraudulent transfers. These engagements have been in the context of both domestic and international disputes involving post-acquisition disputes and post-insolvency evaluations.

# INTERNATIONAL DISPUTES

## ENRON SOLVENCY INVESTIGATION

Engaged to evaluate the solvency of a now-bankrupt energy conglomerate in one of the most high-profile accounting scandals in history. The engagement involved an examination of a portfolio of assets using varied techniques for fair value measurement at multiple dates. Analysis included the identification of both observable and unobservable inputs to determine fair market value while simultaneously considering complex structured financial instruments and any associated off-balance sheet liabilities.

## ICC ARBITRATION OF HOSPITALITY INDUSTRY LOSS LOST PROFITS

Prepared an expert report on lost profits and testified before the International Chamber of Commerce ("ICC") on behalf of a Latin American hospitality and hotel management company in connection with the purchase of hotel property in Mexico.

## ICC ARBITRATION PURCHASE OPTION DISPUTE

Assisted a major Latin American bottling company in a contractual dispute brought before the ICC concerning the value of an option to purchase certain related businesses within the region under the terms of a joint venture agreement with another Latin American party.

## INTERNATIONAL TELECOM ICC ARBITRATION

Produced an expert report and presented our findings to an arbitration tribunal on behalf of a U.S. telecommunications equipment manufacturer in an arbitration brought before the ICC concerning a contractual dispute with a European telecommunications equipment manufacturer.

## ARIAS ARBITRATION INVOLVING LONDON MARKET INSURERS & REINSURERS

Provided consulting services, evaluation of claims and expert witness testimony in several ARIAS arbitrations involving insurers and reinsurers in the London markets.

## POST-PURCHASE PRICE DISPUTE

Provided significant assistance, including testifying before the Independent Arbitrator in London, in what is believed to be the world's largest "baseball arbitration" with \$900 million at stake. A substantial amount of that assistance was in connection with valuing claim liabilities and the economic valuation of reinsurance amounts in particularly complex circumstances.

## AUDITOR COMPLIANCE FOR BERMUDA LIQUIDATOR & UK COUNSEL

Engaged by Bermuda liquidator and its U.K. counsel to assist in evaluation of compliance by auditors with generally accepted auditing standards and assessment of whether financial statements were prepared in accordance with appropriate accounting practices. Issues included loss reserve adequacy, reinsurance assets and internal control deficiencies.

Established in 2003, Ocean Tomo, LLC provides Financial Expert, Management Consulting, and Advisory services related to intellectual property (IP) and other intangible assets; corporate accounting investigations; regulatory and reporting obligations; solvency and restructuring; and contractual or competition disputes.

Practice offerings address economic damage calculations and testimony; accounting investigations and financial forensics; technology and intangible asset valuation; strategy and risk management consulting; mergers and acquisitions; debt and equity private placement; and IP brokerage.

Our services are built upon more than three decades of experience in the most rigorous venues – state, federal, and international courts. Our financial, market, and technical experts provide a unique understanding of the contributory value of proprietary innovation. This is the cornerstone of our business. This insight permeates every practice and client engagement.

Collectively, Ocean Tomo professionals have:

- Completed over 1000 engagements, including over 300 valuation and 500 financial damages expert testimony engagements;
- Consulted and provided expert testimony on some of the highest profile matters over the past decades;
- Successfully closed hundreds of IP sale transactions with a cumulative transaction value well in excess of \$1 billion; and
- Originated more successful IP monetization solutions than any other firm, including creation of the world's oldest and most successful live patent auction.

Our track record of results spans more than 150 different industry segments. Because our past success provides the best indication of our capabilities, we are proud to serve more than 80% of the AM Law 100® and encourage potential clients to seek references from past clients.

Intangible assets comprise 90 percent of business value but are also subject to significant impairment due to enterprise and regulatory compliance risk. Ocean Tomo assists clients – corporations, law firms, governments, and institutional investors – in realizing Intellectual Capital Equity® value broadly defined.

Headquartered in Chicago, Ocean Tomo has offices in Greenwich, Houston, Jacksonville, Reston, San Francisco, and Shanghai. Subsidiaries of Ocean Tomo include Ocean Tomo Investment Group, LLC, a licensed broker-dealer under Federal and State securities law (brokercheck.finra.org Broker Check CRD #: 172912), OTI Data Networks, LLC and Patent Marking, LLC.



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