

DENNIS M. MURPHY, CPA

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CAPABILITIES OVERVIEW

Serving as a Certified Public Accountant (CPA) and as a Certified Insolvency and Restructuring Advisor (CIRA), the firm responds quickly to client needs and provides cost-effective assistance. The firm provides a flexible, multidisciplinary approach to the following services:

Forensic Accounting & Litigation Support: Dennis Murphy's professionals have provided forensic investigations for entities including the U.S. Department of Justice and the U.S. Securities and Exchange Commission. The firm frequently performs analysis of highly complex, incomplete, and erroneous data. Dennis Murphy can help law firms, accountants, and organizations prepare for litigation, conduct digital investigations, and respond to Requests for Production of Documents or investigations by regulatory agencies.

The firm has experience reporting for clients ranging from normal investors with simple, straightforward objectives to field experts and government agencies that require highly accurate data presented within strict filing and reporting requirements. The firm has scalability, cross-industry knowledge and adaptability including experience serving as expert witnesses in cases involving issues from Ponzi schemes to major real estate transactions.

Change Management and Receiver Services: Dennis Murphy and his professionals are experienced in serving as and for Receivers and Trustees, as well as assisting bankruptcy counsel and debtors. The firm frequently deals with rents/real estate receiverships, bankruptcy administration, turnaround management, cash flow planning, debtor/creditor negotiations, crisis consulting, reorganization planning, debt/equity restructuring, asset evaluation, forensic analysis, due diligence, merger/acquisition/sale support, staffing changes, proforma financial statements, project management, preference analysis, fraud recovery, phase-down and liquidation.

Forensic Technology: Dennis Murphy has the capability to meet the needs of all sizes and types of E-Discovery and computer forensic cases in a time-efficient and cost-effective manner. The firm provides E-Discovery services from the beginning stages of information management to the processing and analysis of Electronically Stored Information (ESI), to the end result of presenting relevant findings. We are experienced in litigation support, compliance, information security, risk management, and auditing surrounding technology issues.

The firm provides a systemized, repeatable, and defensible E-Discovery process that assists regulatory agencies in carrying out their investigations. The firm can also forensically collect, recover, preserve, and analyze digital media data, which enables us to quickly get to relevant data for an investigation. We can easily modify our tools to support the specific needs of an investigation. Our cases are managed by implementing an efficient, in-house framework.

CAPABILITIES CONTINUED

Business Management and Planning: Dennis Murphy can customize a comprehensive approach to managing and growing assets. The firm has business management experience in strategic planning, accounting services, inventory management, business plan review and modification, tax return preparation, payroll preparation and supervision, internal auditing, certified audits, forensic accounting, due diligence, project management, financial review, building banking relationships, coordinating information systems, and interfacing with stockholders and Board of Directors.

BANKRUPTCY / INSOLVENCY / RECEIVERSHIP EXPERIENCE

Accounting and finance qualifications: appointed by court on more than 500 bankruptcy and receivership cases, CPA for 30+ years, qualification of CIRA, lectured nationwide on tax aspects of bankruptcy for AICPA, and taught seminars for Urban League.

Skills on tax issues: on Pioneer Take Out case, identified new and innovative approach to complex tax issue which resulted in tax saving of \$500,000 to estate.

Discovery of fraud: on Wellington Group case, performed detailed investigation of debtor's financial affairs, discovered possibly significant fraud, and supported trustee in further actions.

Accounting support of operations and management: on International Onion case, provided strong daily financial controls for operation of chain of Red Onion restaurants, and helped debtor survive and operate with almost no cash for 8 months while buyer was being found.

Consensus building and problem solving: for City of Pasadena Pension Fund which was on verge of bankruptcy, built consensus among diverse stakeholders under great public scrutiny in politically sensitive situation, and solved \$120 million deficit.

Hands-on management: as treasurer and a member of board of directors of Rose Bowl Aquatics Center, have reorganized finances, have instituted strict controls, and have provided daily management direction, resulting in dramatic financial turnaround of this major facility. As Receiver have managed \$30 million loan portfolio, and have generated highest net income in firm's history.

SAMPLE OF CASES

Securities and Exchange Commission v. Ben-Wal Leasing Company, 8/2009 – Present

U.S. District Court, Central District of California, Case # CV 09-6223 ODW (FMOx)

John Melissinos – Rutter, Hobbs & Davidoff

<http://www.benwal.info/>

- Appointed Permanent Receiver over printing business entities accused of Ponzi Scheme by US SEC.
- Forensic collection and analysis of computer and accounting records in several Southern California locations.
- Reconstruction of asset and liability disposition through records analysis.
- In process liquidating misappropriated assets for distribution to victims.
- Case involved \$6.5 million from 180 investors.

Securities and Exchange Commission v. Emvest Mortgage Fund, 11/16/2004 – Present

U.S. District Court, Southern District of California, Case # 3:04-cv-02295

Molly White – Securities and Exchange Commission (Trial Counsel for SEC)

Jim Felton – Greenberg & Bass

<http://www.emvest.info/>

- Appointed Permanent Receiver by United States Federal Court at the behest of the Securities and Exchange Commission.
- Investigation into Ponzi scheme allegations including complete reconstruction of books and records, and electronically stored information.
- Continued running of mortgage bank through entire case, from initial funding of loans through servicing and, in some cases, foreclosure.
- Rebuilding of depleted investor capital that had been eroded by original management.
- Worked with SEC to help build case and gained order of disgorgement from original management that helped restore investors.
- Reconstruction of evidence led to disgorgement of \$1.3MM.
- Case involved \$20-\$25 million from 310 investors.

Jones v. Jones, 5/2007 – 8/2009

California Superior Court, San Bernardino, Case # SCVSS 64717

John Melissinos and Terry Higham – Andrews & Kurth, LLP

Richard Granowitz – Granowitz & Associates (Counsel for Respondent)

Charlotte Reith – Reith & Associates (Forensic Accountant for Respondent)

- Appointed Permanent Receiver over sixteen business entities in investigation into alleged disappearing marital estate assets and main business entity with \$20MM annual sales.
- Computer data acquisition, rebuilding, mining, and reporting to trace asset flows.
- Attended and conducted interviews, depositions, and review of declarations of various related parties.
- Investigation, surveillance, collection, management, and litigation relating to diverted real-estate and business assets, including investigation into international fraud.
- Work resulted in approximately \$16MM judgment, and issuance of a bench warrant.

SAMPLE OF CASES CONTINUED

Winston Tire Company, 2/2003 – 9/2008

U.S. Bankruptcy Court, Central District Of California, Case # 2:02-bk-11180

Rosendo Gonzalez – U.S. Bankruptcy Trustee

Jim Felton – Greenberg & Bass

- Work under Court Appointed Accountant for Chapter 7 US DOJ Bankruptcy Trustee.
- Conversion of single text dump of several hundred thousand transactions with vendors into database that was mined to create preference analysis evidence used to recover hundreds of thousands of dollars for creditors.
- Statistical analysis performed on data to create models for analysis used in Court.
- Continuous interaction with Trustee, attorneys, and managers in order to meet tight litigation deadlines.
- Filed approximately 180 adversarial proceedings in January of 2004.
- Recovered approximately \$519,000 from fraudulent/preferential transfers.

First Lenders Indemnity Corporation, 4/1997 – 12/2006

U.S. Bankruptcy Court for the Central District of California, Case # 97- 16576

David Weinstein - Weinstein, Weiss & Ordubegian LLP

- Elected by the creditors to serve as Chapter 7 Trustee.
- Case originally declared “No Asset” by first Trustee.
- Successfully litigated against two major banks, many law firms, major title companies, and one of the US’s largest private corporations.
- Approximately 2,200 note holders were victims of this Ponzi scheme in which over \$80MM was fraudulently obtained.
- Many of the victims were elderly and have since been deceased. Many could ill afford the cost of the note at \$25,000.
- Collected and distributed over \$17MM of funds to its note holders.

Other Court Appointments:

- Helionetics, Inc. (American Stock Exchange listed electronics manufacturer)
- Pioneer Take Out Corp. (fast food take out chain, 125 franchisees)
- U.S. Hotels Properties, Ltd. (owned six major franchised hotels)
- Market Street Partnership (owned Sheraton Riverside)
- Claremont Auto Park, Inc. (owned five auto dealer franchises)
- International Onion (chain of Red Onion restaurants)
- Edgington Oil Co. (large asphalt company)
- Wellington Group (large real estate syndicator/developer)
- Winn Enterprises (world's largest REIT and parent of Knudsen Dairy)

FIRM BIOGRAPHICAL INFORMATION

Dennis M. Murphy (Principal):

Dennis is a CPA and is also a Certified Insolvency and Restructuring Advisor (CIRA). He has more than thirty years of experience in a full range of services including: forensic accounting, financial management, tax planning, internal auditing, certified audits, due diligence, cash flow planning, reorganization plans, asset evaluation, pro forma five year financial statements, and preparation of tax returns. In addition, he has served successfully as a receiver, a bankruptcy trustee, a conservator, a business manager, and as a member of Boards of Directors. He is a member of the Superior Court Panel of Receivers; he is currently serving as a Chapter 7 Trustee on a case in the United States Bankruptcy Court, Central District of California; and he is serving as a receiver in U.S. District Court (at the request of the SEC).

Dennis is a Professor Emeritus of Accounting at California State University, Los Angeles; he has served on the Pasadena Citizens' Finance Committee; he is serving on the Boards of Directors of the Rose Bowl, the Rose Bowl Aquatics Center and the Hillside Education Center; he has served as court-appointed accountant on more than 500 bankruptcy cases; and he is licensed as a California Real Estate Broker. His education includes an MBA in Finance from the University of Michigan, an MBA in Taxation from Golden Gate University, and a B.A. in Accounting from Michigan State University. He is a member of Beta Gamma Sigma (national business honor society); he is a Diplomat of the American Board of Forensic Accounting (DABFA); and he is a member of the American Bankruptcy Institute, the National Association of Bankruptcy Trustees, the Los Angeles Bankruptcy Forum, the Association of Insolvency and Restructuring Advisors, the American College of Forensic Examiners, INSOL International, the California Receivers Forum, and the California Society of Certified Public Accountants.

CREDENTIALS:

- California Certified Public Accountant (CPA)
- Certified Insolvency and Restructuring Advisor (CIRA)
- U.S. Department of Justice - Chapter 7 Trustee
- U.S. District Court Receiver (appointed at request of Securities and Exchange Commission)
- Diplomat of the American Board of Forensic Accounting (DABFA)
- Superior Court Panel of Receivers
- California Real Estate Broker
- Professor Emeritus of Accounting, California State University, Los Angeles
- MBA in Finance, University of Michigan
- MBA in Taxation, Golden Gate University
- B.A. in Accounting, Michigan State University
- Member of Beta Gamma Sigma (national business honor society)

Dennis M. Murphy (Principal) continued

COMMUNITY SERVICE:

- Rose Bowl: serving as member of Board of Directors and Chair of the Finance Committee
- Rose Bowl Aquatics Center: Chairman Emeritus and Member of Board of Directors
- City of Pasadena Citizens' Finance Committee: solved \$120 million pension shortfall
- Urban League: conducted seminars on how to start and operate a business
- Jobs Through Entrepreneurship: lectured in program for inner-city entrepreneurs
- Hillside Education Center: member of Board of Directors of private school for children with learning and behavior disabilities

PROFESSIONAL MEMBERSHIPS:

- California Society of Certified Public Accountants
- Association of Insolvency and Restructuring Advisors
- National Association of Bankruptcy Trustees
- American Bankruptcy Institute
- American College of Forensic Examiners
- Los Angeles Bankruptcy Forum
- INSOL International
- California Receivers Forum

REFERENCES:

- Marc T. Dworsky, Esq., Munger, Tolles & Olsen, Los Angeles, CA
- Willie D. Davis, CEO, All-Pro Broadcasting, Inc., Culver City, CA
- Richard C. Hendricks, VP, KennaMetal Inc., Latrobe, PA
- Charlie E.P. Wood, CEO, C.E.Peterson & Co., Pasadena, CA
- Deborah H. Eisen, Esq., Weinstein, Weiss & Ordubegian, L.A.
- Jeffrey C. Coyne, Esq., Duke University Law School, Chapel Hill, NC
- Douglas M. Neistat, Esq., Greenberg & Bass, Encino, CA

Stephen J. Baumgartner: (Senior Manager)

Mr. Baumgartner is a specialist in financial matters and quantitative analysis, with extensive experience in debt restructuring, work-out plans, cash flow planning, project management, strategic planning, forensic accounting, preference analysis, financial modeling, and reorganization plan preparation. He has more than twenty-five years of business experience in the areas of finance, accounting, information systems, manufacturing, and management (at firms including Xerox and Rand), he is a member of the full-time faculty in the School of Business and Management at Pepperdine University, he is licensed as a California Real Estate Broker (since 1976), he was an Appraisal Institute commercial designated member, and he has more than thirty practitioner and academic publications in the areas of bankruptcy, real estate, investments, finance, strategic management, and information technology. His education includes a Ph.D. program (all but dissertation completed) in Executive Management at the Claremont Graduate University, an M.Sc.(Econ.) from the London School of Economics, an MBA from the State University of New York at Buffalo, and a B.S. in mathematics and physics from St. Lawrence University.

Bonnie Huang: (Associate)

Ms. Huang is passionate about asset recovery for victims of fraud. She has over six years of financial and data analysis experience with a focus in real estate underwriting, acquisition, loan processing, and development. She is trained in digital forensics and computer investigation methodology, and is also a member of the Association of Insolvency and Restructuring Advisors. Ms. Huang is currently obtaining her MBA from University of Southern California. She holds a B.A. from University of California at Berkeley in East Asian Languages and Cultures with a focus on Chinese. Ms. Huang is also a licensed California Real Estate Broker.

Adele R. Warner: (Accountant)

During the past twenty years Ms. Warner has worked in public accounting, in real estate investments and construction, in finance and control, and in human resources. She is experienced in taxation related to individuals, partnerships, corporations, trusts, non-profit organizations, and bankruptcy estates. She also has financial control expertise in areas including accounts payable, accounts receivable, payroll, financial reporting, consolidated financial statement preparation, forecasting, budgeting, inventory control, pension plan administration, training, human resources, and forensic accounting (including fraud, conversion, and alter-ego analysis). Ms. Warner holds a B.S. degree in Accounting from Metropolitan State College in Denver, Colorado, and she has been active in professional organizations including Toastmasters and the Pasadena Chamber of Commerce.

Sheldon Chan: (Accountant)

Sheldon is a Certified Public Accountant (CPA), and has more than ten years of experience in a full range of services including forensic accounting, and various types of audits including financial, internal, business, personal property tax, and royalty. He has five years of experience in forensic accounting specializing in lost profits and lost wages, and has performed royalty audits for Disney Consumer Products and recovered over 1.5 million during his tenure. In addition, Sheldon has performed internal audits and set-up internal controls for various companies. Sheldon's education includes a B.S. in Business Administration with the emphasis in Accounting from California State University of Long Beach.

Christa Stearns: (Paraprofessional)

Ms. Stearns has more than fifteen years of experience in the legal field, administration and customer service. She attended Rio Hondo College in Whittier, CA and holds an A.S. as a Legal Secretary. Her chief responsibilities at the firm are accounts payable, accounts receivable, data entry and drafting pleadings.