

AUGUST 29, 2016



APPLICATION FOR INDEPENDENT COMPLIANCE AUDITOR

PREPARED FOR: THE FEDERAL TRADE COMMISSION & HERBALIFE



CRITICAL THINKING
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Commonly Used Aliases

The Federal Trade Commission (“FTC”)

Herbalife International of America; Herbalife International, Inc.; and Herbalife, LTD (Collectively “Herbalife” and/or the “Company”)

FTI Consulting, Inc. (“FTI”)

Stipulated Order for Permanent Injunction and Monetary Judgment (the “Order”)

Independent Compliance Monitor (“ICA”)

Business Opportunity Participants (“Participants”)

A. Executive Summary

FTI is responding to the FTC’s Request for Applications specific to the selection of an Independent Compliance Auditor (“ICA”) to assess and report on Herbalife’s compliance with the implementation of the Stipulated Order for Permanent Injunction and Monetary Judgement (the “Order”). More specifically, FTI understands the ICA’s role to include the assessment and reporting on the ...

“...implementation of reforms in the following general areas of Herbalife’s U.S. business: tracking of retail sales; distinguishing between business opportunity participants and discount buyers (also known as “preferred customers”); observing limitations on compensation that is based on consumption of products by business opportunity participants; calculation and payment of multi-level compensation; and certain training requirements.” (the “Scope of Work”)¹

FTI’s role as the ICA is to develop and execute upon a plan to address the Scope of Work as described herein, which includes designing a thorough and effective audit methodology to independently ensure Herbalife is in compliance with the Order. Upon completion of each audit, FTI will have:

1. Systematically tested the reliability of Herbalife’s U.S. business operations and supporting technical infrastructure that were collectively revamped or newly developed in response to each prohibited business practice cited in **Sections I.A-F** and **I.I** of the Order (the “Reforms”);
2. Confirmed Herbalife’s conformance to the Order;
3. Identified exceptions and anomalies; and
4. Periodically reported on our procedures and findings, along with recommendations to address any observed incidents that require resolution (*if any*).

In order to achieve economic efficiency without compromising integrity over the seven-year assessment, FTI’s proposed plan is both *repeatable* and *adaptable*, and utilizes a combination of comprehensive policy reviews, data analytics, and inferences drawn from statistically meaningful samples (*i.e.*, where manual review of certain documents and/or records is impractical and/or unreasonable).²

B. Personnel

Our proposed project team for the engagement includes seasoned professionals with a variety of technical, investigative and regulatory expertise. In all our assignments, FTI makes available to our clients the full breadth of our staff experience throughout the course of the engagement. We constantly monitor each matter in an effort to ensure that the most relevant and focused FTI resources are brought to bear, and will augment or reduce as appropriate. Moreover, we will utilize personnel and other resources with the objective of delivering cost-effective services while ensuring seamless coordination and continuous supervision by the core ICA team.

¹ The fully enumerated Scope of Work is described under the section “Proposed Plan” subsection “Phase III: Interim & Final Reporting” of this report.

² In order to achieve reasonable and reliable outcomes in similar audits requiring statistical inferences drawn from a simple random sample that answers a binary question, FTI commonly uses a 90% confidence interval with a 10% level of precision.

The Core ICA Team

The core ICA team will be **dedicated** to the execution of the audit and will have no competing time commitments other than working exclusively on each review. The team will be comprised of the following professionals:³

David Alfaro, Senior Managing Director (*the designated ICA*)

- Mr. Alfaro co-leads FTI's Financial & Enterprise Data Analytics west coast practice, and has over 23 years of experience in forensic accounting and dispute resolution matters.
- Mr. Alfaro's expertise includes a specialization in complex, data-intensive analyses in response to government and/or internal investigations related to embezzlement, compliance failures, securities violations, Ponzi-schemes and other white-collar crimes.
- Mr. Alfaro has provided testimony in matters involving unfair competition, intentional interference with prospective business, breach of fiduciary obligation, theft, fraud, RICO, and other similar events, which depended upon the recovery and analysis of current and historic financial, accounting, operational, and human resource data.
- Prior to joining FTI in 2003, Mr. Alfaro was a Director in KPMG's Forensic Dispute Advisory Services practice. Before that, he was with Arthur Andersen for nearly 10 years (see **Appendix A** for Mr. Alfaro's full Biography).⁴
- Mr. Alfaro is currently serving as the third-party Monitor over a consumer finance company, which requires a similar periodic operational audit of the company's practices as a result of an FTC Settlement. The audit is scheduled for every other year over a 10- year period, and will not conflict with the execution of duties related to the Herbalife audit.
- Over the last 23 years, Mr. Alfaro has conducted numerous operational compliance audits driven by similar settlements with government regulators, board-driven internal investigations, proactive remediation, and post-litigation assurance.

Mike Wei, Managing Director (*Quality Assurance*)

- Mr. Wei is a managing director in FTI's Forensic & Litigation Consulting practice and is based in San Francisco. He is a data analytics expert specializing in the acquisition and analysis of electronically stored information (ESI) from financial, operational, and accounting systems. Mr. Wei focuses on data-intensive engagements that require the analysis of complex data sets, including: internal accounting investigations, SEC / AUSA regulatory investigations, finance & trading-related litigation, internal controls and compliance testing, and civil litigation.
- Mr. Wei has over 20 years of relevant professional experience to support compliance audits, which include technology review assessments, internal compliance reviews, Ponzi-scheme investigations, and rogue trading investigations.
- Mr. Wei has provided courtroom testimony and other testimonials regarding subsequent conformance to Court Orders and/or other events requiring compliance to policies and procedures.

³ **Appendix A** contains the full biographies for each core and support team members.

⁴ Mr. Alfaro has been with the same team throughout his 23 year career – his Arthur Andersen team was acquired by KPMG during Andersen's desolation, then subsequently sold to KPMG, then to FTI (indirectly as a result of Sarbanes-Oxley).

- Mr. Wei has extensive experience in product management, operations, and technology implementation and integration projects. Individual projects have resulted in the acquisition and analysis of hundreds of millions of records from enterprise systems such as SAP, Oracle Financials, and PeopleSoft. Mr. Wei's experience with information technology management includes building a network operations center (NOC) that monitored and managed seven data centers distributed across North America.

Chris Kahnke, Director (*Execution Team Lead*)

- Mr. Kahnke is a director in FTI's Forensic & Litigation Consulting practice and is based in San Francisco. While at FTI, Mr. Kahnke has worked on compliance reviews, remediation efforts, regulatory investigations, royalty audits, and fraud investigations. His specialty is in the review, validation, and analysis of complex data to meet operational, financial and accounting related demands, and has performed interim management duties in this capacity. In so doing, Mr. Kahnke has worked extensively with various third-party ERP systems including Oracle, SAP, NetSuite, and many other proprietary systems and data repositories utilized by his clients.
- For the last 7 years, Mr. Kahnke has substantially worked with Mr. Alfaro and Mr. Wei on numerous engagements that required policy and procedure reviews, detailed compliance testing, applicable remediation, and subsequent reporting.
- Most recently, Mr. Kahnke assisted a financial services firm in its remediation of a compliance infraction in both the identification of the magnitude of the infraction including the impact to specific clients as well as the ultimate communication of the remediation to regulators. This effort involved an in-depth technical audit of the company's billing system to identify where the system was not in compliance with the terms of the company's disclosures.
- Mr. Kahnke is currently working on a high-profile matter that involved lapses in corporate compliance and internal controls, resulting in the company losing over \$40 million in cash. Mr. Kahnke's specific tasks include redeveloping and implementing revised policies, procedures, protocols, and internal controls designed to cure and prevent similar lapses. His work is wrapping up, and will not conflict with the Herbalife audit.

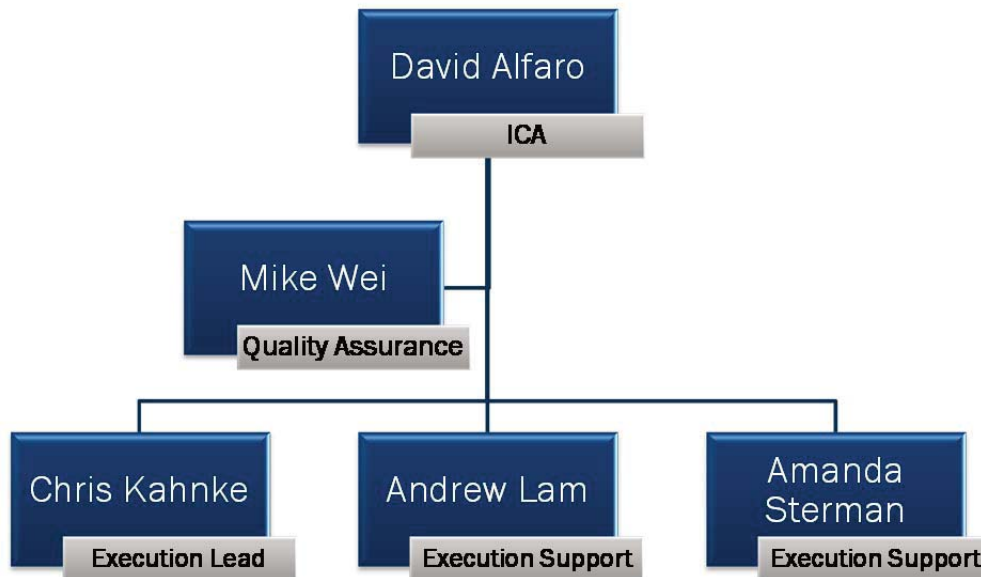
Andrew Lam & Amanda Sterman, Consultants (*Execution Support*)

- Mr. Lam and Ms. Sterman are consultants in FTI's Forensic & Litigation Consulting practice and are based in San Francisco. Collectively, they have over three years of experience conducting similar investigations and are trained as data scientists specific to analyzing financial, accounting, and operational data.
- Mr. Lam has supported Mr. Alfaro in one of the most prolific and high profile investigation of a CEO - Dov Charney, American Apparel's iconoclastic founder and subsequently terminated CEO. Mr. Lam has also supported Mr. Wei in a remediation project driven by a District Attorney's Office investigation into billing practices by a major health and fitness provider.
- Mr. Lam is currently supporting the independent monitor over Intesa Sanpaolo S.p.A. (pursuant to the Written Agreement by and among Intesa, the Federal Reserve Bank of New York, and the New York State Department of Financial Services).

- Ms. Sterman has supported Mr. Alfaro in assessing and reporting upon the allegations and subsequent inquiries made by the Department of Energy into inappropriate billing practices by three major companies responsible for nuclear cleanup.
- Ms. Sterman is currently supporting Mr. Wei in evaluating a major medical laboratory’s response to the SEC’s inquiries about their processes and record keeping.
- Both Mr. Lam’s and Ms. Sterman’s current work is in the process of being completed, and will have no conflicts in being dedicated to the Herbalife audit.

Of significance, the core ICA team are all part of the San Francisco FTI office, and have worked closely together on similar matters for most of their careers. Unlike other firms, the core team has worked together for years, and has no expected attrition, which translates to economic efficiency, seamless communication, and uninterrupted work-flow when replicating the audit methodology across time. More importantly, there will be no “bait-and-switch” with our core team members as they will each be fully responsible for their respective roles and duties for each audit and will not be subject to rotation to other engagements during the audit process.

Having performed similar audits together, the core ICA team utilizes a leverage model of organization to allow for maximum cost efficiency:



As the ICA, Mr. Alfaro will be actively involved in all aspects of each audit and will delegate tasks as appropriate to other team members. The full breakdown of responsibilities is included in section “G. Estimated Costs” below.

Secondary Support Team

As stated above, we constantly monitor each matter in an effort to ensure that the most relevant and focused FTI resources are brought to bear, and will augment or reduce as appropriate. Therefore, the core ICA team will be augmented with the following professionals when appropriate and as needed depending upon certain types of findings:

Lindi Jarvis, Senior Managing Director

- Lindi Jarvis is a senior managing director at FTI Consulting and is based in Seattle. Ms. Jarvis specializes in forensic accounting and litigation consulting and has over 16 years of experience in this field. She has international experience in a wide range of large-scale financial investigative assignments, monitor support and litigation assistance.
- Ms. Jarvis' financial investigative assignments have included hedge fund investigations, forensic accounting investigations, financial reporting investigations, financial fraud investigations and white-collar crime investigations. In addition, Ms. Jarvis has supported government-appointed monitors on several high profile multi-year assignments, subsequent to the conclusion of the original investigation. Ms. Jarvis has worked on behalf of management for companies under investigation by government agencies; for special committee counsel conducting investigations; and for counsel in a post-investigation monitoring or remediation capacity.
- Ms. Jarvis started her career as an auditor with Deloitte. She is a CPA (in the U.S. and Canada), a CFA, and Certified in Financial Forensics by the AICPA.

Jean Chow-Callam, Senior Managing Director

- Ms. Chow-Callam is in FTI's Forensic and Litigation Consulting practice and is based in Los Angeles. Prior, Ms. Chow-Callam served as FTI's U.S. Regulatory and Anti-Corruption leader in Asia while living in Hong Kong from 2011 to 2016.
- Ms. Chow-Callam is a testifying forensic accountant with more than 25 years of professional experience in accounting, internal investigations, and financial restatements. Over this period, Ms. Chow-Callam has worked on matters involving a variety of issues, which include corporate governance, fraud/earnings management, embezzlement, accounting malpractice, compliance failures, securities violations, and other white-collar crime investigations resulting from violations to GAAP⁵ and SEC⁶ reporting requirements. With respect to these types of matters, Ms. Chow-Callam has been engaged by the company's outside counsel, boards, audit committees, special committees, Court-appointed monitors, and the US Department of Justice.

Jim Barratt, Managing Director

- Mr. Barratt is in FTI's Forensic and Litigation Consulting practice and is based in Washington, DC. Mr. Barratt is a forensic accountant with more than 25 years of compliance and investigative experience in the areas of corporate fraud, anti-bribery and corruption, and remediation. Mr. Barratt also has experience as an independent auditor, internal audit director, chief compliance officer, and SEC enforcement accountant.

⁵ U.S. Generally Accepted Accounting Principles ("GAAP").

⁶ Secretaries and Exchange Commission ("SEC").

- Mr. Barratt has led numerous forensic accounting investigations involving complex accounting issues and financial fraud. He has assisted counsel in communicating the findings of those investigations to audit committees, SEC staff and committees of U.S. Congress. Notably, Mr. Barratt also coordinated and supervised a multi-year, large scale forensic accounting analysis and assisted internal and external counsel in the development of litigation claims on behalf of the Lehman Brothers bankruptcy estate.
- Mr. Barratt has previously provided support to the Independent Monitors of:
 - A high-tech manufacturing company;
 - A global oil and gas company; and
 - A global leader in self-service technology and security systems.

Elaine Carey, Managing Director

- Ms. Carey is in FTI's Global Risk and Investigations Practice and is based in Los Angeles. Ms. Carey has extensive experience managing complex investigative, business intelligence, and risk mitigation consulting assignments undertaken by FTI globally. Ms. Carey has served as an advisor and problem solver to senior executives of Fortune 100 and multinational corporations and law firms for more than 20 years, overseeing clients' most complex and sensitive problems around the globe involving integrity, political, security and reputational risks.
- Ms. Carey recently served as National Director of Investigations and Head of the Los Angeles office of Control Risks. Ms. Carey led all investigative work in North America for Control Risks for more than 11 years including due diligence, fraud, business intelligence, FCPA compliance,⁷ anti-corruption programs, litigation support, asset-tracing, counterfeiting, supply chain issues and money laundering for corporations and law firms.

Caitlin O'Neill, Director

- Ms. O'Neill is in FTI's Forensic and Litigation Consulting practice and is based in San Francisco. Ms. O'Neill specializes in forensic accounting and litigation consulting. She has international experience in financial investigative assignments and litigation assistance.
- Ms. O'Neill's financial investigative assignments have involved financial reporting investigations, financial fraud investigations and forensic accounting investigations including numerous matters involving FCPA violations. Ms. O'Neill's anti-bribery and anti-corruption experience includes work on behalf of management for companies under investigation by government agencies; for special committee counsel conducting investigations; and for counsel in a post-investigation monitoring or remediation capacity.
- Most recently, Ms. O'Neill provided a large multi-national company with assistance in reviewing their internal controls related to the assessment of corruption risk and the filing of their Form 20-F. In addition to the internal controls review, Ms. O'Neill provided forensic accounting assistance specific to the company's operations in Russia, Ukraine, and other Commonwealth of Independent States ("CIS") countries. Ms. O'Neill continues to work on behalf of the company in a post-settlement remediation role.

⁷ U.S. Foreign Corrupt Practices Act ("FCPA").

C. Qualifications

FTI is a leading provider of multidisciplinary and independent consulting services to the global business and legal community. Our professional staff features industry-leading resources in the investigative, data analytics, information technology, cyber, forensic accounting and strategic communications practices. Our deep experience in efficiently conducting sensitive and complex compliance monitoring enables FTI to quickly assess a situation and design an appropriately scaled work plan to be performed in a phased and cost-effective manner. In short:

- We provide credible, objective and independent, multidisciplinary monitoring teams consisting of technical data analysts and information systems professionals, investigation specialists, computer scientists, and former SEC, DOJ and financial industry regulators;
- We have the technical experience to conduct a multi-faceted review of internal procedures, network configurations, and system component interactivity to ensure conformity to compliance controls;
- We have the deep range of expertise required to unravel the most complex financial transactions, perform fact-gathering, reconstruct records, trace the movement of assets, identify internal control weaknesses and recommend remediation tactics of material weaknesses;
- We offer forensic and accounting expertise to analyze the impact of findings on financial reporting and disclosure requirements;
- Finally, we provide a range of seasoned, credible experts in their respective fields to translate and present findings to government officials, regulators, and other relevant third parties.

The specific qualifications for each member of the core ICA team as they relate to the scope of work are enumerated under sections **B. Personnel** and **D. Prior Experience and References**, as well as in **Appendix A**. A summary of qualifications and experience for both the core ICA team is provided below:

Qualifications / Experience	Core ICA Team				
	David Alfaro	Mike Wei	Chris Kahnke	Andrew Lam	Amanda Sterman
Performance and/or Compliance Monitoring	✓	✓			
Forensic Accounting	✓	✓	✓	✓	✓
Statistical and Data Analysis	✓	✓	✓	✓	✓
Information Technology and Electronic Discovery	✓	✓	✓	✓	✓
Data Acquisition, Transformation, and Management	✓	✓	✓	✓	✓
Effective Project Management	✓	✓	✓	✓	✓
Completion of Projects within Timeline & Budget	✓	✓	✓	✓	✓
Preparation for and Participation in Court Proceedings	✓	✓			
Report Writing	✓	✓	✓	✓	✓

D. Prior Experience and References

FTI is experienced in designing, testing and monitoring compliance programs and internal controls policies and procedures across global organizations, both proactively and reactively. We combine business acumen and specialized industry experience with cross-functional expertise in fact-gathering, electronic discovery, data

analytics, forensic accounting, and compliance monitoring. Equally as important, FTI has a strong reputation for mobilizing the specialized resources that each unique situation demands, delivering sophisticated results that are both cost-effective and efficient. The experience of our team includes:

- Financial and accounting system audits and investigations
- Data analytics, computer forensics, and software and network analysis
- Government and regulatory investigations, including those driven by the SEC, DOJ, FINRA, DFS, FTC, and OCC inquiries

Our core strength is in our ability to quickly identify the relevant data within an organization and our experience with applying the appropriate technical tools to manage and analyze voluminous information – all with minimal intrusiveness into our client’s business operations and IT staff. Equally as important, we bridge the information gap among regulators, corporate officers, and IT staff to ensure effective communication around critical issues and technical obstacles.

Core ICA Team Experience

Described below are a sample of specific project experiences for members of the core ICA leadership team that illustrate our relevant qualifications to perform ICA duties and responsibilities.

Client	ICA Team Members	Activities
Consumer Portfolio Services (“CPS”)	David Alfaro Amanda Sterman	In accordance with an FTC settlement with CPS, Mr. Alfaro has been retained as the their third-party monitor to conduct bi-annual reviews of the Company’s policies and procedures regarding data integrity for accounts the Company services, collects, or sells. Mr. Alfaro’s work includes the identification, validation, and execution of the safeguards that are in place to ensure the accuracy, integrity, and completeness of customer account information—which includes the processes in place to collect and manage such information such as loan boarding and servicing. Mr. Alfaro is supported by Ms. Sterman. Reference: Michael T. Lavin Executive Vice President / Chief Legal Officer Consumer Portfolio Services, Inc. 19500 Jamboree Rd Irvine CA 92612 Office: 888.224.8881 Mobile: 949.861.0548 michaell@consumerportfolio.com

Client	ICA Team Members	Activities
Wells Fargo Bank	David Alfaro	<p>FINRA alleged that some of the bank’s customers did not receive mutual fund shares at net asset value (“NAV”) pursuant to available NAV Transfer Programs during a specific period of time. Upon discovering this problem, the Bank promptly took remedial actions to identify customers who were eligible for, but did not receive reductions or waivers of the sales charges incurred through their mutual fund transactions. As a result, the Bank had identified and rendered payment to all customers who were determined to be entitled to restitution. Concurrent with the Company’s remediation efforts, a formal Letter of Acceptance, Waiver and Consent (“AWC”) was submitted by the Bank to the Financial Industry Regulatory Authority (“FINRA”), pursuant to Rule 9216 of FINRA’s Code of Procedure. As part of FINRA’s acceptance of the AWC, the Company was required to retain a third-party examiner to review the Company’s remediation process.</p> <p>Mr. Alfaro was retained as the independent Third Party Examiner by the Bank to assess its Net Asset Value Transfer Programs’ remediation process and to provide a report to FINRA. In accordance with the AWC, Mr. Alfaro was responsible for completing a thorough review of the Company’s remedial processes, which included the Company’s business procedures and methodologies as well as the supporting database infrastructure and coding specifications used to identify potentially harmed customers and restitution amounts.</p> <p>Mr. Alfaro successfully completed his review within the agreed upon timeframe and under budget. FINRA accepted Mr. Alfaro’s report and findings and no further action was necessary.</p> <p>Reference: Thomas O. Jacob Senior Vice President, Chief Litigation Counsel, Corporate Secretary Wells Fargo Bank 45 Fremont, 26th Floor San Francisco CA 94111 Office: 415.396.4425 tojacob@wellsfargo.com</p>
Wireless Network Company	David Alfaro	<p>Mr. Alfaro provided testimony to the SEC regarding his role as independent forensic accountant to the Special Committee formed by the Company’s Board of Directors to investigate certain accounting practices. Mr. Alfaro’s testimony was used to support the criminal conviction of an employee for theft and embezzlement.</p> <p>Reference: Cary D. Sullivan Partner Jones Day 3161 Michelson Dr., Suite 800 Irvine CA 92612 Office: 949.553.7513 Mobile: 609.638.0957 carysullivan@jonesday.com</p>

Client	ICA Team Members	Activities
U.S. Department of Justice, U.S. Department of Treasury, U.S. Department of Interior	David Alfaro	<p>The United States government was sued in a class action by approximately 500,000 individual Indians for failure to provide a timely and accurate accounting of assets held in trust. The case spanned over 100 years of trust related activity and three departments of the government. Mr. Alfaro was engaged by the Department of the Treasury (“Treasury”) to assist in the development of its plan to produce documents responsive to Paragraph 19 of the First Order for Production of Information. In connection with that engagement, Mr. Alfaro worked closely with Treasury in the development of thorough processes and the implementation of a complete search, performed consistently across all relevant areas of the Department.</p> <p>To accomplish this production, a significant effort was made to perform detailed searches across a massive population of diverse records. Mr. Alfaro worked with Treasury by assisting with the development and, for some of the populations, the execution of the Plan. More specifically, Mr. Alfaro helped devise and evaluate the detailed processes necessary to identify and produce responsive documents, and in some areas, performed the physical searches.</p> <p>This massive search, which considered billions of paper, microform, and electronic records, and took over a year to complete, exhausted tens-of-thousands of hours and culminated with Mr. Alfaro’s testimony to the Court appointed Special Master.</p> <p><u>Reference:</u> Joseph (Giles) Kelly Partner 787 Seventh Avenue New York NY 10019 Office: 212.839.5685 jkelly@sidley.com</p>
Global Engineering Company	David Alfaro Amanda Sterman	<p>Mr. Alfaro was engaged by a global engineering company to independently investigate and respond to certain government inquiries regarding historical and current billing practices associated with their government contract. Mr. Alfaro’s work was expanded to two additional government-contracted companies accused of having engaged in similar inappropriate billing practices. Mr. Alfaro’s work included the development of a scope of work that was approved by the Department of Energy and concluded with a procedures and finding report which is currently under review by the Department. Mr. Alfaro is supported by Ms. Sterman.</p> <p>Reference: Upon Request (Confidential Matter)</p>

Client	ICA Team Members	Activities
<p>American Apparel</p>	<p>David Alfaro Elaine Carey Andrew Lam</p>	<p>Mr. Alfaro was engaged by the independent Board of Directors of American Apparel to conduct a thorough, company-wide forensic accounting investigation into alleged acts of misconduct perpetrated by certain officers and related parties. The investigation included the consideration of over 6 million documents, 11.4 million accounting and ADP payroll records, and 50 interviews; and concluded with testimony to the Department of Justice, FBI, and the SEC. As a result of Mr. Alfaro’s work, the CEO was terminated with cause. Mr. Alfaro was supported by Mr. Lam and Ms. Carey</p> <p>Reference: Roman E. Darmer Partner Jones Day 3161 Michelson Dr., Suite 800 Irvine CA 92612 Office: 949.553.7581 Mobile: 949.235.7439 rdarmer@jonesday.com</p> <p>Craig S. Mordock Partner Sheppard, Mullin, Richter & Hampton LLP 650 Town Center Dr., 4th Floor Costa Mesa CA 92626 Office: 714.424.2832 Mobile: 949.370.6729 cmordock@sheppardmullin.com</p>
<p>Non-Profit Institute Dedicated to Research and Education in the field of Gemmology</p>	<p>David Alfaro Mike Wei</p>	<p>Mr. Alfaro was engaged as an independent compliance expert over a five-year period to provide annual assessments of the internal controls and compliance procedures related to the Company’s domestic and international operations and the systems supporting such operations. Mr. Alfaro’s efforts included:</p> <ul style="list-style-type: none"> • a holistic review of physical procedures; • interviews with key and / or representative personnel; • a detailed walkthrough of each domestic and international facility; • an assessment of potential exposures to FCPA violations as well as system and physical security; • reporting on material exceptions detected during the execution of his evaluation; • suggestions for addressing such exceptions; and • recommendations for improvements <p>At the end of each audit, Mr. Alfaro provided a detail procedures and findings report. Mr. Alfaro was supported by Mr. Wei.</p> <p>Reference: Nancy O. Dix Partner DLA Piper US LLP 401 B Street, Suite 1700 San Diego CA 92101-4297 Office: 619.699.2921 nancy.dix@dlapiper.com</p>

Client	ICA Team Members	Activities
<p>Financial Services Firm</p>	<p>David Alfaro Mike Wei Chris Kahnke</p>	<p>A domestic financial services firm identified that it had incorrectly charged program fees to customer accounts associated with certain investment advisor programs. However, the full extent of how and why the assessed program fees varied from the disclosure documents was unknown. The company wanted to identify and reimburse any clients that were inadvertently overcharged program fees. The company also wanted to resolve the issue on a go-forward basis so that any fees assessed to clients in the future accurately reflected the terms stipulated in the disclosure documents.</p> <p>The Company engaged Mr. Alfaro as the independent forensic accountant to:</p> <ul style="list-style-type: none"> • Identify all customers and customer accounts that were harmed. • Identify and collect historical data for all factors that contributed to the program fee calculation. • Propose guidelines & assumptions to handle inconsistent or missing historical information. • Recalculate historical program fees to determine how much each customer account was overcharged. • Prepare the proper documentation to support the revised calculations as well as any client refunds. • Identify programmatic and process issues that contributed to the original miscalculation. <p>Mr. Alfaro successfully completed the remediation analysis for the Company and his results were presented to the SEC. Mr. Alfaro was supported by Mr. Wei and Mr. Kahnke.</p> <p><u>References:</u> Upon Request (Confidential Matter)</p>
<p>Stanford Financial Group Investigation</p>	<p>Mike Wei</p>	<p>In early 2009, Stanford became the subject of several fraud investigations, and on February 17, 2009, was charged by the U.S. Securities and Exchange Commission (SEC) with fraud and multiple violations of U.S. securities laws for alleged "massive ongoing fraud" involving \$7 billion in certificates of deposits. The SEC amended its complaint to describe the alleged fraud as a "massive Ponzi scheme". Mr. Wei was part of a broader FTI forensic accounting team that was retained by Counsel on behalf of the U.S. Stanford Financial Receivership to provide on-going forensic accounting, complex financial and enterprise data analytics, expert testimony, and electronic discovery services.</p> <p><u>References:</u> Honorable Tony M. Davis U.S. Bankruptcy Judge Homer J. Thornberry Federal Judicial Bldg. 903 San Jacinto Blvd., Suite 332 Austin TX 78701</p>

Client	ICA Team Members	Activities
<p>Rogue Trading Investigation</p>	<p>Mike Wei</p>	<p>Mr. Wei was part of a broader FTI forensic accounting team that was retained by the Independent Audit committee of a major Financial Institution in the investigation into a rogue trading incident that resulted in the loss of over 140 million dollars. Mr. Wei personally performed the following:</p> <ul style="list-style-type: none"> • Acquired and preserved relevant systems and data. • Investigated the execution of the alleged fraudulent activity to determine source of the issue (<i>e.g.</i> was the system compromised, were the proper trading controls in place, was risk monitoring alerted to the activity). • Replicated the trading systems contemporaneous to the alleged fraudulent activity in order to evaluate and test the internal controls and risk monitoring modules. • Developed the event time line of fraudulent activity with use of system data, forensic investigation and interviews • Performed full review of the trading and risk monitoring systems • Developed a comprehensive report discussing the genesis of the fraud, the effectiveness of measures taken to avoid similar situations, and recommendations to address issues related to trading systems, risk monitoring and compliance. <p>Mr. Wei’s work was considered a great success and helped rebuild investor confidence in the Company.</p> <p>References: Therese M. Doherty Partner Co-Chair, Litigation Department Herrick Feinstein LLP Two Park Avenue New York NY 10016 Office: 212.592.1516 tdoherty@herrick.com</p> <p>Christopher P. Greeley Partner Herrick Feinstein LLP Two Park Avenue New York NY 10016 Office: 212.592.1426 cgreeley@herrick.com</p>

Client	ICA Team Members	Activities
Wells Fargo Bank	Mike Wei Chris Kahnke	<p>Wells Fargo Bank was involved in a multidistrict litigation involving borrowers who obtained "Pick-a-Payment" mortgage loans between 2003 and 2008. Under the terms of the class action settlement, the bank was required to provide certain reports on a regular basis. Plaintiffs claimed that the bank breached the settlement agreement and provided reports containing unreliable figures and statistics. Wells Fargo engaged Mr. Wei as the independent forensic accountant to assess the accuracy and reliability of:</p> <ul style="list-style-type: none"> • Reports generated by the Bank pursuant to the settlement agreement • Certain figures presented by the bank to the court • the Bank's systems used to generate these reports and statistics <p>Mr. Wei performed a thorough examination of the reports generated by the Bank as well as the processes and systems used to generate the reports. Mr. Wei issued an expert report for the Bank that opined on each of the above issues. The court agreed with his findings and found that the information that he provided was "far more comprehensive and understandable than that provided previously." Mr. Wei was supported by Mr. Kahnke.</p> <p><u>Reference:</u></p> <p>T. Thomas Cottingham III Partner Winston & Strawn LLP 100 North Tryon Street Charlotte NC 28202-1078 Office: 704.350.7745 tcottingham@winston.com</p>
Multinational Electronics Corporation	Mike Wei Chris Kahnke	<p>Mr. Wei and Mr. Kahnke were part of a broader FTI forensic accounting team retained by counsel on behalf of a multinational electronics corporation in response to regulatory inquiries related to FCPA and accounting related practices. Mr. Wei and Mr. Kahnke were responsible for acquiring and preserving relevant historical data in addition to identifying and producing data relevant to multiple regulatory inquiries.</p> <p><u>Reference:</u> Upon Request (Confidential Matter)</p>
Ubiquiti Networks, Inc.	Chris Kahnke	<p>Mr. Kahnke is part of a broader FTI team engaged by Ubiquiti Networks in response to lapses in corporate compliance and internal controls that resulted in the company losing over \$40 million in cash in what is commonly referred to as a Business Email Compromise. The FTI team was retained to provide interim financial management in addition to remediating the break down in internal controls that resulted in the loss. Specific tasks include redeveloping and implementing revised policies, procedures, protocols, and internal controls in addition to satisfying quarterly SEC reporting requirements.</p> <p><u>Reference:</u></p> <p>Hartley Nisenbaum Executive Vice President of Operations and Legal Affairs Ubiquiti Networks, Inc. 685 Third Avenue New York NY 10017 Office: 408.942.3085 hartley@ubnt.com</p>

Should the FTC or Herbalife require additional references who can attest to Mr. Alfaro’s qualifications as ICA or to the full breadth of FTI services, such references can be provided.

Additional Case Experience Relevant to FTI’s Capabilities

Described below are additional project experiences for FTI that illustrate our relevant qualifications to perform ICA duties and responsibilities. FTI resources that worked on such cases can be made available if warranted by changes to the Scope of Work or as necessary depending upon certain findings during the execution of our duties.

Nature of Case	Activities
Liquidation Trustee of Bernard L. Madoff Investment Securities	FTI was engaged on behalf of the Liquidation Trustee of Bernard L. Madoff Investment Securities to provide investigative services, litigation support, forensic accounting, and electronic discovery services related to the largest reported Ponzi scheme in U.S. history. The FTI team led the recreation of the books and records in order to trace the flow of funds and provided comprehensive and sophisticated data analytics to support the investigative findings regarding the nature and execution of the massive fraud.
Bank of New York Mellon	The Bank of New York and Mellon Bank merged on July 2, 2007 to form The Bank of New York Mellon Corporation (NYSE: BK). FTI was responsible to assist the independent monitor for two separate non-prosecution agreements (NPAs), one for the Bank of New York for anti-money laundering compliance failures and the second against Mellon Bank for compliance and ethics program failures. Through these two NPAs, the monitorship team was responsible for conducting assessments and reporting to the USAOs in the EDNY, SDNY and Western PA along with various federal and state regulators including the Federal Reserve Bank of NY, the NY State Banking Department and the Office of Comptroller of the Currency (OCC).
Anti-Money Laundering / Bank Secrecy Act Review	FTI is currently engaged as the independent monitor of a large, privately-held banking and financial institution related to Anti-Money Laundering and Bank Secrecy Act charges. Our combined data analytics and global investigations team collected and extracted wire and transfer data from bank offices across Europe and North America. The team is performing systematic, algorithmic matching analyses to identify transactions between members of PEP and OFAC lists. FTI is working directly for DFS to confirm and quantify the extent of violations and report on its findings.
Global Custodial Bank	FTI was retained by a major U.S. bank that was being investigated by the SEC. In response to the investigation, the bank required immediate visibility into its potential risk exposure and engaged FTI to provide the answer. FTI quickly deployed a team of professionals who developed a sophisticated model to analyze nearly a terabyte of data that resulted in the identification and isolation of the particular transactions that triggered the investigation. FTI’s methodology was accepted by the SEC and became central to the bank’s settlement agreement.
Investment Account Review and Remediation	FTI was engaged by a major bank to perform a forensic review and remediation exercise in response to a DOJ investigation into overcharging of management fees on several hundred thousand investment accounts. Our Data Analytics practice systematically reviewed customer agreements to identify accounts with specified conditions, restored historic transactional activity going back seven years, analyzed historic charges to identify instances of over-charging, calculated “damages” and accrued interest, prepared upload file for the bank to process to credits to active accounts, and managed claims / distribution process for those customers with closed or inactive accounts.

E. Proposed Activities (the FTI “Plan”)⁸

Managing Fees and Expenses

Projects of this nature can prove to be wide-ranging and highly pressurized. Our approach to managing the fees, expenses and complexity of the effort includes:

- Phased approach – On complex, time-sensitive projects such as this, we typically follow a phased approach, with objectives for each phase clearly communicated and agreed to by the parties before commencement. Phase I in this instance would likely include information gathering / preservation, scope assessment, and planning; with Phase II & III addressing the detailed execution of the analyses and audit.
- Regular consultation with client – In addition to our interviews of relevant personnel in the gathering of facts and information surrounding the matter, we will consult with key members of management at Herbalife for direction and identification of appropriate sources of information, data, background, facts, policies and protocols.
- Transparency – Regular status reporting will be prepared describing the progress of the investigation, the information sources accessed and individuals interviewed, and any obstacles presented.
- Alternative Approaches – As we encounter circumstances with multiple possible approaches to discrete tasks, we vet the options, along with the comparative costs and benefits, with management to agree on the approach that most closely aligns with the objectives of the investigation and the corresponding effort required.
- Leverage – Throughout our work, we seek to leverage each task to the lowest-cost, competent resource suited to the job. This approach provides for cost-effective solutions with appropriate oversight and quality control.

Phase I: Interviews and Policy Reviews

When conducting similar compliance reviews, it is FTI’s normal and customary practice to first thoroughly assess and leverage any pre-existing internal efforts conducted by the company in response to required duties stipulated under similar orders. As such, FTI will work with Herbalife’s internal project leaders to understand the methodologies behind the Company’s responses to ensure that they are aligned with the requirements set forth in the Order. Collectively, these methodologies are referred to as the “business rules” that have been developed by the Company to ensure compliance. The purpose of this particular effort is to collect intelligence around the development of the business rules and any known anomalies that would affect our ability to efficiently and accurately conduct our work (*i.e.*, FTI will utilize “lessons learned” in order to avoid cost overruns and inaccurate interpretations of Herbalife responses and/or data – which in FTI’s experience have led to the identification of “false-positives” with respect to compliance incidents).

In performing the Scope of Work, FTI anticipates a combination of onsite and telephonic interviews of those individuals most responsible for the development and execution of the business rules and any reforms to operations and supporting systems (whether such reforms have been completed, ongoing, or planned). FTI

⁸ Where possible, FTI will identify tasks that could be leveraged to Herbalife personnel without impacting our objectivity and independence. Moreover, the tasks outlined in this plan are based on FTI’s current understanding of the Scope of Work.

will augment the interviews by also conducting a thorough review of program materials,⁹ guidelines, and other policies that are related to the business operations overseeing the tasks noted under the Scope of Work. The intended outcome of our mutual collaboration will be to:

1. Agree that the business rules are proper and an effective means to address the requirements of the Order in order to be in conformance.
2. Agree that the operations and system reforms and the internal controls developed around such reforms are proper and an effective means to address the requirements of the Order in order to be in conformance.
3. Understand the data sources and technical infrastructure that are available to support an accurate execution of the business rules.
4. Evaluate the practicality of using the available data and systems to support the business rules.
5. Verify that the data's integrity and completeness is sufficient to support the business rules. For example:
 - a. If the assumption is that Herbalife maintains sales records in a centralized database repository, are all Business Opportunity Participants ("Participants") accounted for in the database in order to accurately account for total sales?
6. Agree upon the remedies to address any observed weaknesses and/or shortcomings in the business rules (*if any*).

In order to achieve the desired outcome, FTI anticipates an iterative process of (i.) conducting initial onsite interviews;¹⁰ (ii.) requesting program and system materials; (iii.) conducting offsite document reviews; (iv.) performing onsite systems diagnostics; (v.) conducting telephonic closing interviews; and (vi.) providing Herbalife management with our interim findings. FTI further anticipates that the frequency of the proposed activities will be no more than two cycles through the aforementioned iterative process. By way of illustration of how FTI would execute upon Phase I, when reporting on whether Herbalife is collecting all required retail sales information – FTI would:

1. Evaluate the internal controls and policies governing the processes to record, categorize, and store retail sales information as required by the Order (the "retail sales business rules"). High level activities include:
 - a. Interviewing the Herbalife individuals who are most knowledgeable about the development, distribution, and training thereon of the policies and procedures¹¹ that Participants are required to follow, as well as the support staff who are responsible for managing and reporting sales information.
2. Document the current data sources, work-flow, and supporting systems that are in place to effectuate the retail sales business rules. High level activities include:

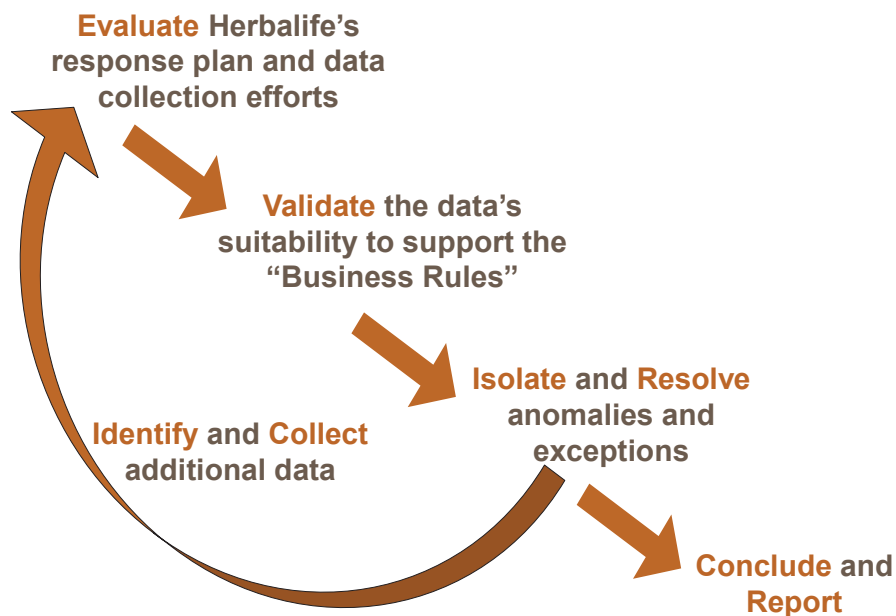
⁹ In context of our Plan, program materials include, but are not limited to, the set of written, printed, or electronic documents (including training material) that explicitly regulate conduct and/or duties as they relate to the Scope of Work (retail sales; preferred customers; personal consumption by business opportunity participants; paying multi-level compensation; annual U.S. multi-level compensation; and limitations of leased or purchased business locations). It is FTI's practice to request and obtain program materials prior to site visits and after interviews (should additional information surface regarding policies and procedures that had not been previously disclosed or produced).

¹⁰ FTI intends to coordinate with Herbalife to arrange mutually convenient visits.

¹¹ For this proposal, procedures include, but are not limited to, the paper, electronic, or web-based material that are used as guidelines and/or training material to reinforce compliance to the Order.

- b. Interviewing business users and owners who are accountable for effectuating the retail sales business rules, and who oversee how the relative work is being performed and how the relevant information is being captured in the supporting systems.
 3. Determine whether the data sources and systems are structurally appropriate for the proper execution of the retail sales business rules. High level activities include:
 - c. Interviewing the database and system administrators who are responsible for ensuring that the Herbalife technical infrastructure supporting the business rules has been properly vetted, implemented, and managed.
 4. Identify any anomalies and exceptions in the business rules that are observed to be a material weakness resulting in non-compliance with the Order. High level activities include:
 - d. Reviewing and reporting on the activity results noted above, and collaborating with Herbalife to develop a plan to remedy any incidents of non-compliance.

Process Summary:



Upon completion of Phase I, FTI will have:

1. Evaluated Herbalife's responses to **Sections I.A-F** and **I.I** of the Order.
2. Identified any anomalies and exceptions in the business rules that have been employed by Herbalife that may lead to a material weakness resulting in non-compliance with the Order.

Phase II: Compliance Testing

Subsequent to developing our understanding of the business rules, FTI will re-assess the data that was collected in order to ensure that it fully conforms and supports auditable outcomes (*i.e.*, FTI will measure how the data reacts to the business rules when applied in order to identify any variances between what is expected to what is found—or more simply put—does the data support our ability to identify and quantify instances that Herbalife is non-compliant with the Order). This particular process may be iterative until confidence has been achieved that potential data weaknesses have been addressed and resolved—and that the results are accurate. The intended outcome of FTI's testing will be to:

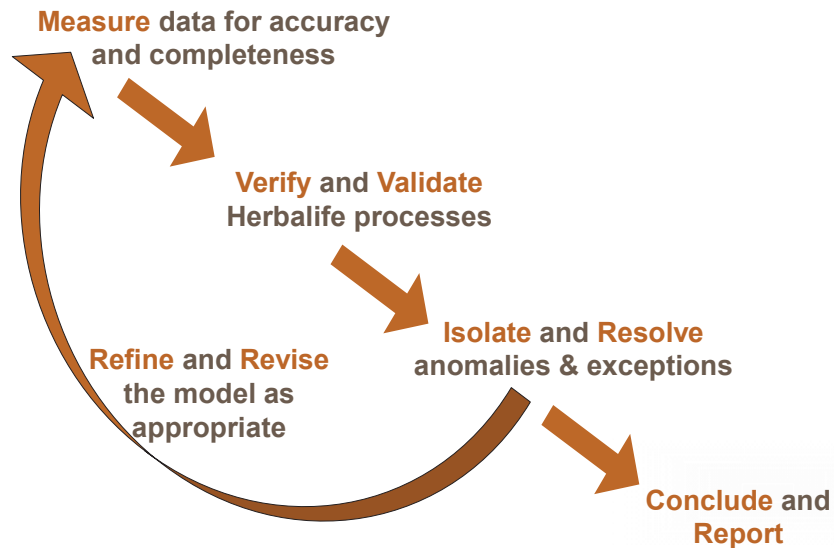
1. Measure the data sources and systems that support the business rules to ensure that what is being captured and stored is in compliance with the Order. For example:
 - a. During the normal course of business operations, is the retail sales information being collected *accurate* and *complete* in order to properly categorize “Rewardable” versus “Non-Rewardable” transactions for all Participants.
2. Validate Herbalife's end-to-end processes that are in response to the Order by applying the business rules to the actual source data in order to confirm that the output matches expectations. For example:
 - a. The validation process will test whether Herbalife is accurately calculating the preferred customer sales of a participant and in the participant's downline.
3. Identify any anomalies and exceptions in the application of the business rules and/or in the supporting data that are observed to be a material weakness resulting in non-compliance with the Order.
4. Report on Findings

The application of the business rules will entail the development of a computer-based model (or “code”) to substantially test and validate Herbalife's conformance to the Order by targeting the source data. Where appropriate, the results of the computer-based model will be augmented by sampling if certain information is organized and maintained in a manner that prohibits data analytics. High level tasks include:

1. Quantifying descriptive statistics about the data (*i.e.*, profiling the data for meaning and understanding)
2. Identifying trends that may be endemic of non-compliance, and adjusting the computer-based model as appropriate

The results of our work will be thoroughly tested as a means to ensure its accuracy.

Process Summary:



Upon completion of Phase II, FTI will have:

1. Developed a robust computer-based model to test Herbalife’s conformance to **Sections I.A-F** and **I.I** of the Order.
2. Identified any anomalies and/or exceptions in Herbalife’s application of the business rules that may lead to a material weakness which results in non-compliance with the Order.
3. Render an opinion as to whether Herbalife is in conformance to the Order, whether there are any material weaknesses, and whether there are any remedies to address such weaknesses.
4. Prepared a Procedures & Findings Report that documents our work and conclusions.

Phase III: Interim & Final Reporting

Throughout Phases I and II, FTI will provide Herbalife interim reporting relating to our findings. In situations where FTI identifies a potential incident of non-compliance, we will also provide recommendations to Herbalife that will help rectify any potential weakness in their compliance efforts. More specifically, after FTI replicates the methodology set forth under Phases I and II for each discrete task noted below, we will provide a written and oral presentation to Herbalife prior to finalizing our periodic audit report. Herbalife will be given the opportunity to cure any observed incidents and/or provide FTI with the plan to cure such incidents in an appropriate timeframe. Upon the completion of each periodic audit, FTI will have:

1. Documented our procedures and findings;
2. Provided recommendations for Herbalife to cure any incidents of non-compliance;
3. Document Herbalife’s response to our findings; and
4. Provide the FTC with a formal report that will include items 1 – 3 above.

Below is the fully enumerated Scope of Work that FTI will address under each phase of this proposed plan, and will be covered in each periodic assessment.

- **Retail Sales**
 - Is Herbalife collecting all required retail sales information? [Order § I.C]
 - Is Herbalife accurately calculating profitable retail sales in a downline? [Order § I.A.1]
 - Is Herbalife adhering to the requirement that a participant’s claimed profitable retail sales cannot exceed that participant’s total product purchases minus his or her product designated for personal consumption? [Order § I.D.3]
 - Is Herbalife adequately monitoring profitable retail sales to ensure that they are genuine and in fact occurred as reported? [Order § I.D.1&2]
- **Preferred Customers**
 - Is Herbalife correctly differentiating between preferred customers and business opportunity participants? [Order § I.B & Def. I]
 - Is Herbalife adhering to the requirement that a preferred customer who transitions to business opportunity participant may not receive or retain any benefit or status other than a continued discount on product for personal consumption? [Order § I.B.3]
 - Is Herbalife accurately calculating the preferred customer sales of a participant and in the participant’s downline? [Order § I.A.1]
 - Is Herbalife adequately monitoring sales to preferred customers to ensure that they are genuine? [Order § I.D.2]
- **Personal Consumption by Business Opportunity Participants**
 - Is Herbalife accurately calculating rewardable personal consumption in a downline according to the both the designation requirement and individual monthly limit? [Order § I.E]
 - Is Herbalife ensuring that product purchases that are counted as rewardable personal consumption are in fact being purchased for the participant’s own or household use? [Order § I.E & Def. O]
- **Paying Multi-Level Compensation**
 - Is Herbalife paying multi-level compensation on retail sales only when retail sales information has been collected and reflects that the sale was profitable? [Order § I.A & Def. M]
 - Is Herbalife limiting the multi-level compensation paid for consumption by business opportunity participants in a downline based on the relevant volume of retail sales and preferred customer sales? [Order § I.A.1]
 - Is Herbalife paying multi-level compensation for rewardable transactions during the same period only, with the sole exception being a three-month “look-back” for new business opportunity participants during their first six months in that status? [Order § I.A.1]
 - Is Herbalife complying with the prohibition against paying multi-level compensation to a participant who has not taken and successfully completed a training course that focused on required topics? [Order § I.H]

- Is Herbalife adhering to the prohibition against varying multi-level compensation based on non-rewardable transactions? [Order § I.A.2]
- Is Herbalife adhering to the prohibition against varying aspects of multi-level compensation based on the identity of the purchaser? [Order § I.A.3]
- If business opportunity participants must meet any thresholds related to multi-level compensation, is Herbalife adhering to the requirement that such thresholds may be met exclusively through profitable retail sales and preferred customer sales? [Order § I.F.2]
- Is Herbalife complying with the prohibition against paying a “headhunter fee”? [Order § I.A.5]
- Is Herbalife complying with the prohibition against paying multi-level compensation based on purchase of a start-up package? [Order § I.F.1]
- **Annual U.S. Multi-Level Compensation**
 - Is Herbalife accurately calculating net rewardable sales and total net sales, and limiting the sum of multi-level compensation payments if so required? [Order § I.A.4]
- **Limitations on Leased or Purchased Business Locations**
 - Is Herbalife adequately enforcing the prohibition against participants leasing or purchasing a physical location unless they have met all relevant requirements? [Order § I.I]

Phase IV: Contingency Work

FTI recognizes that additional “*in-the-field*” work may be required to answer some of the questions in the Scope of Work (depending upon our initial onsite and offsite findings). Although we have not included such work in our budget, as it is not in our active plan, we are prepared to submit a separate plan and budget for physical in-the-field work to address the following Scope of Work questions (*only if required*):

- Is Herbalife adequately monitoring profitable retail sales to ensure that they are genuine and in fact occurred as reported? [Order § I.D.1&2]
- Is Herbalife ensuring that product purchases that are counted as rewardable personal consumption are in fact being purchased for the participant’s own or household use? [Order § I.E & Def. O]
- Is Herbalife adhering to the prohibition against varying aspects of multi-level compensation based on the identity of the purchaser? [Order § I.A.3]
- Is Herbalife adequately enforcing the prohibition against participants leasing or purchasing a physical location unless they have met all relevant requirements? [Order § I.I]

The in-the-field work would be performed under my direction by Elaine Carey (supported by FTI’s investigative staff located around the U.S.).

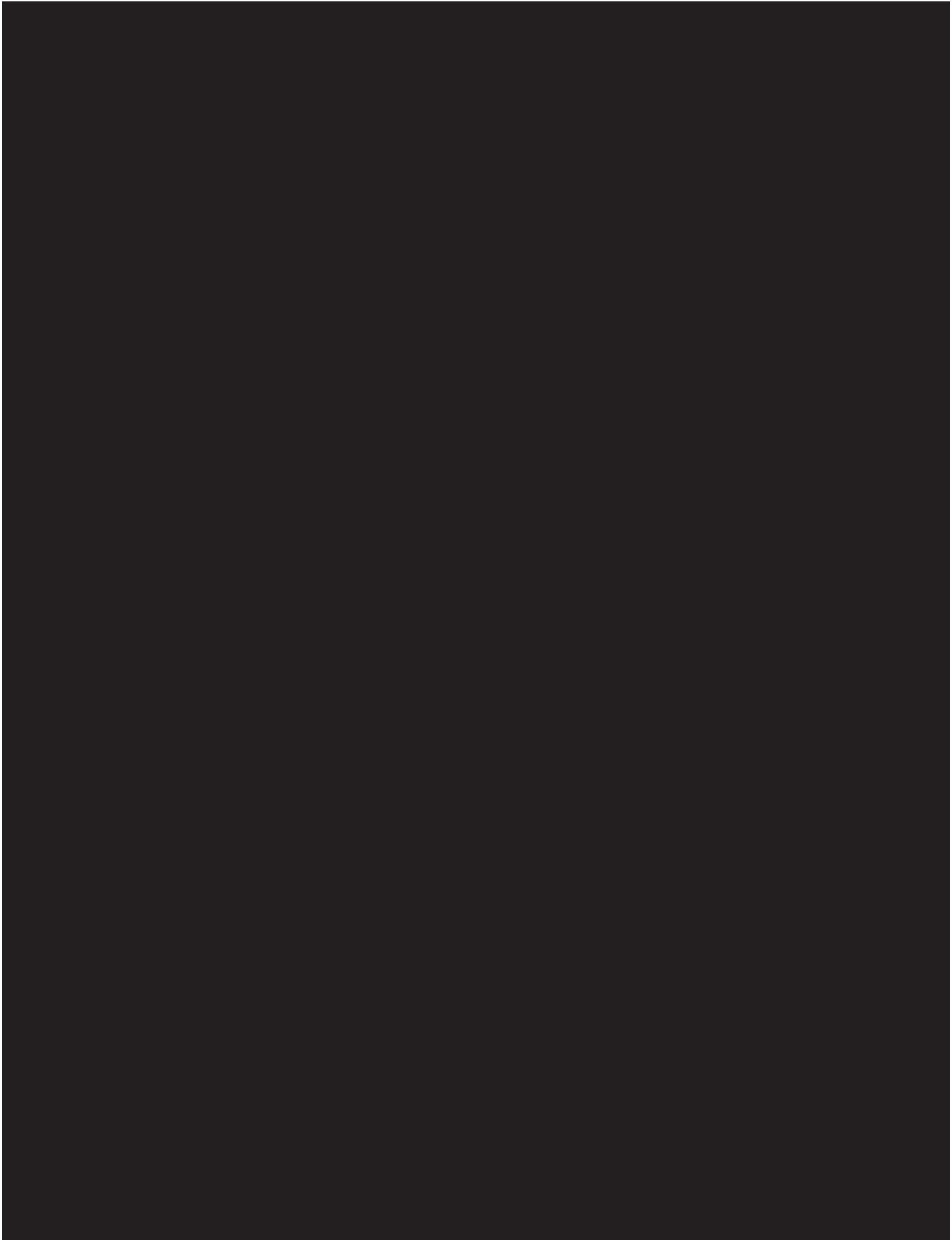
F. Potential Conflicts of Interest or Bias

The FTI designated ICA and the FTI professionals currently designated to work under the ICA’s direction have no potential or perceived conflicts of interest. Further, FTI as an organization has no potential or perceived conflicts of interest. FTI understands that all professionals engaged on this project agree not to be retained by

the FTC or Herbalife for a period of two years after the conclusion of the engagement. This specific retention prohibition does not apply to other FTI professionals who will have not worked on this engagement.

G. Estimated Cost & Timeline







H. Assumptions

FTI's plan and budget is predicated upon information gleaned from the Order and the FTC's Request for Application to Serve as Independent Monitor. The plan assumes that Herbalife will provide unabated access to the information required to execute upon the plan and to the individuals most knowledgeable about the organization, operations, and technical infrastructure that directly or indirectly support Herbalife's compliance with the Order. Information may include:

- Documentation of Herbalife's efforts in responding to the Order – such as revised business plans, change orders to supporting systems, training material, training attendance records, onboarding material for new Business Opportunity Participants, *etc.*
- Program documentation for advertising, promotions, and/or other offerings related to Multi-Level Marketing (and any documentation around the supporting systems developed and/or repurposed for such programs)
- Full and/or partial extracts from Herbalife's financial and accounting systems, ERP systems and HR systems (and supporting system documentation and entity-relationship diagrams)
- Business process documentation and work-flows
- Any other information that FTI may require to accomplish the recurring audits

FTI's ability to stay within the estimated budget and timeline will largely depend upon the availability, quality, and completeness of the information required to complete the Scope of Work. FTI's plan, fee estimates, and timeline may vary if additional information becomes available that would significantly impact our ability to complete the tasks described above. Lastly, the estimated hours assume immaterial to moderate changes in infrastructure and processes over time – which have been offset in part by year-over-year efficiencies in executing our audit methodology. If Herbalife undergoes material changes in processes related to their compliance with the Order and/or if the technical infrastructure supporting such processes change, FTI cannot guarantee that we will be able to stay within the “Not to Exceed” cost limits (*i.e.*, fees and expenses).

FTI's Global Footprint

North America

Canada

Calgary
Vancouver
Toronto

United States

Annapolis
Atlanta
Austin
Baltimore
Boston
Brentwood
Charlotte
Chicago
Coral Gables
Dallas
Denver
Great Neck
Houston
Indianapolis
Los Angeles
Lake Oswego
McLean
Miami
Mountain View
New York
Oakland
Pasadena
Philadelphia
Phoenix
Pittsburgh
Princeton
Red Bank
Rockville
Roseland
Saddle Brook
San Francisco
Santa Barbara
Seattle
Tucson
Walnut Creek
Washington
Wayne
West Palm Beach
Winston-Salem

Europe, Middle East, Africa

Belgium

Brussels

Denmark

Copenhagen

France

Paris

Germany

Berlin
Frankfurt

Ireland

Dublin

Netherlands

Den Haag

Qatar

Doha

Russia

Moscow

South Africa

Cape Town
Johannesburg

Spain

Madrid

UAE

Abu Dhabi
Dubai

United Kingdom

Stirling
London

Latin America

Argentina

Buenos Aires

Brazil

Rio de Janeiro
São Paulo

British Virgin Islands

Tortola

Cayman Islands

George Town

Colombia

Bogotá

Mexico

Mexico City

Panama

Panama City

Asia Pacific

Australia

Brisbane
Gold Coast
Melbourne
Perth
Sydney

China

Beijing
Guangzhou
Hong Kong
Shanghai

India

Mumbai
New Delhi

Indonesia

Jakarta

Japan

Tokyo

Republic of Korea

Seoul

Singapore



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CRITICAL THINKING
AT THE CRITICAL TIME™

About FTI Consulting

FTI Consulting, Inc. is a global business advisory firm dedicated to helping organizations protect and enhance enterprise value in an increasingly complex legal, regulatory and economic environment. With over 3,500 professionals located in the world's major business centers, we work closely with companies to anticipate, illuminate and overcome complex business challenges in areas such as investigations, litigation, mergers and acquisitions, regulatory issues, reputation management and restructuring.

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Forensic Accounting & Investigations

Litigation Support & Analytical
Services

Securities Litigation & Risk
Management

EDUCATION

B.S. in **Business Administration**,
University of California at Berkeley

B.A. in **Legal Studies**, University of
California at Berkeley

David Alfaro is a senior managing director in FTI's Forensic and Litigation Consulting practice and is based in San Francisco. Mr. Alfaro co-leads the Financial & Enterprise Data Analytics west coast practice, and is a nationally recognized expert in the areas of *collecting* and *analyzing* accounting, operational, and human resource information. Mr. Alfaro has extensive experience in dispute resolution including a specialization in complex, data-intensive analyses in response to government and/or internal investigations, litigation, mergers and acquisitions, and bankruptcies / restructurings.

Mr. Alfaro has provided testimony in matters involving alleged federal trademark infringement, misappropriation of trade secrets, unfair competition, intentional interference with prospective business, breach of fiduciary obligation, theft, fraud, RICO, and other similar events, which depended upon the recovery and analysis of current and historic financial, accounting, and operational data. Prior to joining FTI Consulting in 2003, Mr. Alfaro was a Director in KPMG's Forensic Dispute Advisory Services practice for nearly two years. Before that he spent nearly 10 years with Arthur Andersen, where he last served as a Senior Manager in their Economic & Financial Consulting practice. Prior to joining Andersen, Mr. Alfaro was with Bank of America.

Professional Experience (select cases)

- In accordance with an FTC settlement with a subprime auto lender, Mr. Alfaro was retained as the their third-party monitor to conduct bi-annual reviews of the Company's policies and procedures regarding data integrity for accounts the Company services, collects, or sells. Mr. Alfaro's work includes the identification, validation, and execution of the safeguards that are in place to ensure the accuracy, integrity, and completeness of customer account information—which includes the processes in place to collect and manage such information such as loan boarding and servicing.
- Provided testimony to the SEC regarding FTI's role as forensic consultants to the Independent Special Committee formed by the company's Board of Directors to investigate certain accounting practices. Mr. Alfaro's testimony was used to support the criminal conviction of an employee for theft and embezzlement.
- Engaged by the independent Board of Directors of a multi-national company based in the United States to conduct a thorough, company-wide forensic accounting investigation into alleged acts of misconduct perpetrated by certain officers and related parties. The investigation included the consideration of *over* 6 million documents, 11.4 million accounting and ADP payroll records, and 50 interviews; and concluded with testimony to the Department of Justice, FBI, and the SEC.

- Engaged by a California based technology company to conduct an investigation into alleged collusion and fraud between a senior executive and a contract employee.
- Engaged by the Board of Directors of a multi-national organization to investigate alleged whistle-blower assertions of FCPA violations in several international locations.
- Engaged by the Board of Directors of a large U.S. based non-profit organization to conduct a forensic accounting review of the accounting and payroll systems supporting one of their local chapters in order to assess whether improper activity may have been conducted over a multi-year period.
- Engaged by a global engineering company to investigate and respond to certain government inquiries regarding historical and current billing practices associated with their government contract.
- Engaged as an expert consultant to evaluate and assess the internal controls and compliance procedures related to a client's domestic and international operations and the systems supporting such operations. Our efforts include an holistic review of physical procedures; interviews with key and / or representative personnel; a detailed walkthrough of each domestic and international facility; an assessment of potential exposures to FCPA violations as well as system and physical security; reporting on material exceptions detected during the execution of our evaluation; suggestions for addressing such exceptions; and recommendations for improvements.
- Engaged by counsel for a major U.S. Bank to assist in their defense of allegations asserting the bank aided and abetted a \$1.2 billion dollar Ponzi scheme.
- Engaged as an expert consultant to support a large private equity fund respond to a due diligence inquiry into alleged misrepresentation of reported financials, including an independent assessment of the allegations and ultimate quantification of the proposed restatement amounts, which included extracting and reconciling the company's **Oracle ERP** system data and their **EPICOR** financial and accounting system data in order to assess whether there were signs of fraud, theft, and / or other malfeasant activity.
- Engaged by a multinational corporation to assist with the collection and review of ITAR sensitive data in response to an independent investigation brought upon by the company's lending groups. The engagement required strict conformance to ITAR compliance and regulations.
- Engaged as an expert consultant to conduct royalty revenue recognition reviews over several years for two large multi-media & telecommunications companies in the U.S. and Europe. The review included in-depth analysis of large, disparate sets of transactional, operational, and financial data related to sales generated from select channel partners (including both start-ups and established companies). The analysis included both the reconstruction of financials and the dissection of each company's unique ERP system in order to identify and isolate weaknesses that impacted sales recognition and royalty reporting. Mr. Alfaro's team utilized its analytical skills in combination with their industry expertise to effectively manage the reviews, which included the evaluation of hundreds of millions of transactional data, identification of reporting issues, and validation of royalty statements.
- Provided testimony before the United States Copyright Royalty Judges in the matter of *Mechanical and Digital Phonorecord Delivery Rate Adjustment Proceedings*.
- Provided testimony regarding trade secret theft, which included the evaluation, interpretation, and comparison of programming code and data between parties.
- Engaged as an expert consultant and by an American financial services firm to identify and remediate any clients that were inadvertently overcharged certain fees that were defined in their client disclosures; and to resolve the issue on a go-forward basis so that any fees assessed to clients in the future accurately reflected the terms stipulated in the disclosure documents.

- Engaged as an expert consultant by outside counsel to assist with their defense of a global financial institution; in particular, to aggregate and analyze trading data for a myriad of traders and securities to assess various trade patterns.
- Engaged as an expert consultant by outside counsel to assist with their defense of a global financial institution related to a myriad of lawsuits and allegations stemming from the financial crises, including litigation involving Mortgage-Backed Securities, Structured Investment Vehicles, Securities Lending, Auction Rate Securities, and other structured finance products.
- Engaged by a major credit card company to assist in identifying and evaluating billions of credit card transactions related to their defense of accusations alleging “unlawful, fraudulent and unfair billing practices”. The trial concluded with a favorable ruling on behalf of the company.
- Engaged as an expert consultant in the defense of six independent EEOC investigations related to labor disputes and one large wage and hour class action, collectively requiring the identification, collection, and analysis of data contained in various pay-roll systems, **PeopleSoft** human resource systems, employee background-check systems and other critical databases supporting the processes for hiring, timekeeping, payroll management, and termination – including, but not limited to **ADP, ChoicePoint, DSI, Kenexa, Kronos (and it’s acquired software Unicru)**, and other similar systems.
- Engaged to host a debtor company’s **Microsoft Dynamics GP** (“Great Plains”) financial and accounting system in order to support ongoing analysis and liquidation of assets under the U.S. Bankruptcy Code, Chapter 7; and similarly hosted a debtor company’s **SAP ERP** system in order to continue ongoing financial reporting and to provide assistance with other data analytics necessary for the liquidation of the estate.
- Engaged as an expert consultant to support a leading global building supply company file for protection under Chapter 11 bankruptcy as a result of asbestos claims against it. The company included over 15 legal entities located across the country, many of which were supported by disparate financial systems such as **SAP, JD Edwards, MAPICS, PRMS** and **EMS**. Mr. Alfaro and his team identified, extracted and synthesized the payable records of each system into a data warehouse used for several bankruptcy related analyses, including, but not limited to, the identification of unsecured creditors, preference payments, critical vendors and liability amounts. Mr. Alfaro also helped prepare the filing schedules and directed the design and development of the company’s claims processing model.
- Engaged as an expert consultant to support the defense of four major financial institutions in separate class action lawsuits related to interest rate calculations and other general loan processing calculation practices (e.g., impound amounts, escrow amounts, PMI, etc.). Mr. Alfaro’s work included, but was not limited to, recalculating the correct amounts and remediating where overcharged.
- Engaged as an expert consultant by two large sub-prime lenders in separate class action lawsuits involving anti-competitive practices brought under the Fair Credit Reporting Act. Both matters included the analysis of over a hundred million records collected from each institution.
- Engaged as an expert consultant to support the defense of a major financial institution against allegations of federal securities laws violations related to mutual funds and broker dealers, and separately against misrepresentations related to mortgage-backed securities.
- Engaged as an expert consultant to support the U.S. Department of Treasury and the Department of Justice in support of their defense of the largest civil class action lawsuit against the U.S. government, involving the alleged mismanagement of the Individual Indian Money trusts for over a 100-year period.
- Engaged as an expert consultant to support the defense of two major banks involved in three of the largest consumer class actions brought under California’s Unfair Competition statute and other state statutes on behalf of thousands of beneficiaries of personal trusts administered by institutional trustees in California. The projected damages exceeded \$3 billion and arose from various claims focused on trust administration. The cases

incorporated the consideration of hundreds of millions of transactional and paper records that were integral to the supporting analyses and class certification. Ultimately, the work that Mr. Alfaro and his team completed supported a trial victory in one of the cases and favorable settlements in the other two.

- Led a large engagement team tasked with recovering, inventorying and analyzing current and historic records; converting and synthesizing disparate electronic data forms (e.g., paper, microform and electronic records); reconstructing trusts and bond issues; developing inquiry-tracking systems; reviewing contracts and client account files (e.g., trust administration files, correspondence files, investment files, etc.); calculating historical federal and state tax liabilities; supporting class de-certification (e.g., demonstrating non-homogenous class characteristics); identifying and escheating unclaimed property; managing and resolving claimant inquiries; determining the disposition of after-discovered property due to deceased class members (i.e., estate reconstruction); disbursing refund checks; and preparing, distributing and filing IRS Forms 1099. Mr. Alfaro also provided testimony.
- Led an engagement team tasked with implementing statistical sampling, performing interest rate sensitivity analyses for various legal remedies, providing fact-based trial compilations, providing class notification, supporting expert witness testimony, developing document retrieval systems and organizing document productions.
- Led an engagement team tasked with recovering historical file server data from client archives, identifying relevant financial and accounting data files, converting transactional data to a UNIX-based SAS database, performing data normalization and standardization, conducting data mining techniques to support predictive modeling and implementing statistical sampling to verify data integrity. Mr. Alfaro was also responsible for summarizing the recovery procedures for court presentation and providing testimony.
- Led an engagement team tasked with reviewing government contracts, developing a contract administration database, reconciling contracts to job orders, reconciling contract amounts to billing tiers, tracking job status to deliverable dates and developing financial and accounting reports from the database model. Mr. Alfaro was also responsible for recovering historical accounting records for the purpose of statistical analysis.
- Led an engagement team tasked with sanitizing historical data (“data scrubbing”); converting, normalizing and standardizing electronic information; reconciling financials (purchasing, accounting and general ledger); determining data relationships and identifying and correcting information irregularities. Mr. Alfaro was also responsible for testing conversion processes and assuring data quality and integrity.
- Led an engagement team tasked with assisting the defendants develop their discovery and production plans, which included working closely with defendants’ counsel in the development of thorough processes and the implementation of those processes across all relevant areas of scope. This massive search, which considered billions of paper, microform and electronic records and took over a year to complete, exhausting tens of thousands of hours, concluded with Mr. Alfaro providing testimony on behalf of the defendants’ motion for summary judgment.

Testimony Experience

- *Gnanh Nora Krouch vs. Wal-Mart Stores, Inc.*, Case No. 12-CV-2217, United District Court Northern District of California, Declaratory testimony in support of Defendant’s Expert Report
- *Entrepreneur Media, Inc. v. Reiva Lesonsky d/b/a SMB Connects*, Docket No. SACV08-1066, Declaratory testimony in support of Plaintiff’s Motion (related to trade secret theft)
- *Mechanical and Digital Phonorecord Delivery Rate Adjustment Proceedings*, Docket No. 2006-3 CRB DPRA, declaratory and oral testimony before the United States Copyright Royalty Judges in support of the Recording Industry Association of America (“RIAA”)

- *SEC v. Vincent A. Donlan, Defendant, and Robin D. Colls Donlan, Relief Defendant*, Civil Action No. 07 CV 793 JAH (LSP) (S.D. Cal.), declaratory and oral testimony to the SEC in support of their complaint against Vincent A. Donlan
- *Elouise Pepion Cobell, et al. v. Secretary of the Interior, et al.*, United States District Court for the District of Columbia, presentation testimony before the court appointed special master in support of Treasury's motion for summary judgment/deposition, trial testimony pending.
- *Carol Nickel, et al. v. Bank of America National Trust and Savings Association*, United States District Court for the Northern District of California, declaratory and deposition testimony in support of defendant's motion for summary judgment.
- *Kimberly Fluty, As Private Attorney General v. Bank of America National Trust and Savings Association*, Superior Court of the State of California, City and County of San Francisco, declaratory and deposition testimony in support of defendant's motion for summary adjudication.
- *FWHC Medical Group, Inc., et al. v. State Compensation Insurance Fund, et al.*, Superior Court of the State of California, County of Los Angeles, declaratory and deposition expert testimony in support of use of new statistical sample in plaintiffs' case.

Other Select Matters

- *Alameda County Employees' Retirement Association (ACERA) v. Wells Fargo Bank* (Case No.: 09-01376-LHK (PSG), class certification and settlement compilations
- *Arnold Kreek v. Wells Fargo & Company*, trial preparation and settlement compilations
- *Charles Schwab v. Wells Fargo Bank*
- *James Cristler and Beverly Hoffman v. GMAC Mortgage*, trial preparation and settlement compilations
- *James R. Seaman, et al. v. Wells Fargo Bank*, trial preparation and settlement compilations
- *Martha A. Youngberg, et al. v. Bank of America National Trust and Savings Association*, trial preparation and settlement compilations
- *Mary L. Richtenburg, et al. v. Wells Fargo Bank*, trial preparation and settlement compilations
- *Pamela Phillips v. New Century Mortgage*, trial preparation and settlement compilations
- *Paul Webb v. Aames Investment Corporation*, trial preparation and settlement compilations
- *Ronald Siemers v. Wells Fargo Bank*, trial preparation and settlement compilations
- *State of California ex rel. Stull v. Bank of America, et al.*, trial preparation and settlement compilations
- *Stephen James Brown and Patricia Brown v. Wells Fargo Investments LLC*, trial preparation and settlement compilations
- *William D. Hoffman, et al., vs. American Express Travel Related Services Company, Inc., et al.*, trial preparation, compilations, analysis, and exhibits
- *City of St. Petersburg, Florida v. Wachovia Bank and Wells Fargo Bank*, expert consulting, compilations, and analysis
- *Karen E. Rushing, as Clerk of the Circuit Court and County Comptroller of Sarasota County, Florida v. Wells Fargo Bank*, expert consulting, compilations, and analysis

- *New Mexico Educational Retirement Board vs. **Clearlend Securities f/k/a Wachovia; Wells Fargo Bank, et al.***, expert consulting, compilations, and analysis
- *Public Employees Retirement Association of New Mexico vs. **Clearlend Securities f/k/a Wachovia Global Securities Lending; and Wells Fargo Bank***, expert consulting, compilations, and analysis
- *SCF Arizona v **Wachovia Bank***, expert consulting, compilations, and analysis
- *School Employees Retirement System of Ohio v. **Wachovia Bank and Wells Fargo Bank***, expert consulting, compilations, and analysis
- *The Union Central Life Insurance Company, Ameritas Life Insurance Corp, and Acacia Life Insurance Company v. Credit Suisse First Boston Mortgage Securities Corp., **Wells Fargo Bank, N.A., et al.***, expert consulting, compilations, and analysis
- *California State Compensation Insurance Fund (CSCIF) v. Metropolitan West Securities; **Wachovia Bank et al***, expert rebuttal testimony
- *Alameda County Employees' Retirement Association (ACERA) v. **Wells Fargo Bank***, expert rebuttal testimony

Publications

"Data Cleansing and Conversion," presented at the NPMA 2000 National Educational Seminar, Reno, Nevada, June 2-8, 2000.

Employment History

- **FTI Consulting**, 2003-present
- **KPMG**, 2002-2003
- **Arthur Andersen**, 1993-2002
- **Bank of America**, 1991-1993

Mike Wei

Managing Director

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EDUCATION

B.A., Harvard University

Michael Wei is a managing director in FTI Consulting's Forensic & Litigation Consulting practice and is based in San Francisco. He is a data analytics expert specializing in the acquisition and analysis of electronically stored information (ESI) from financial, operational, and trading systems. Mr. Wei focuses on data-intensive engagements that require the analysis of complex data sets, including: internal accounting investigations, SEC / AUSA regulatory investigations, finance & trading-related litigation, internal controls and compliance testing, and mortgage-backed securities litigation.

Representative engagements include:

Technology Review & Assessment – Led project to evaluate MF Global's internal system development processes and assess the adequacy of the controls available on specific systems.

Internal Compliance Review – Analyzed trading data for a U.S. national securities exchange to determine compliance with the SEC's Reg NMS.

Derivatives Trading Litigation – Examined trading data from a leading provider of financial trading systems to identify orders by asset class, order type, and originating broker-dealer.

MBS Litigation – Examined client portfolio data subpoenaed from third-party investment advisors to identify contemporaneous securities pricing and asset valuation.

Ponzi-Scheme Investigation – Assisted the U.S.-appointed receiver in the \$8 billion Allen Stanford investigation by developing the process used to return \$6 billion of frozen investor assets held by the broker-dealer subsidiary.

Rogue Trading Investigation – Assisted MF Global by identifying all factors that led to the \$141 million trading loss and presented findings to the special committee, U.S. Commodity Futures Trading Commission (CFTC), and credit rating agencies.

Mr. Wei has extensive experience in product management, software engineering, network operations, and technology implementation and integration projects. Individual cases have resulted in the acquisition and analysis of hundreds of millions of records from enterprise systems such as SAP, Oracle Financials, and PeopleSoft.

Prior to joining FTI Consulting, Mr. Wei served as Vice President of Products and Services at EVault, where he managed the company's software development and network operations teams. Before joining EVault, Mr. Wei held product management positions at Siebel Systems, ChemConnect, and OneWave.

Mr. Wei's experience with information technology management includes building a network operations center (NOC) that monitored and managed over 45 terabytes (TB) of storage in seven data centers distributed across North America. His experience with custom software development includes delivering over 40 software releases across multiple platforms including Microsoft Windows, UNIX (Sun Solaris, IBM AIX, HP/UX, and Red Hat Linux), and Novell NetWare. He has also launched over 10 new products, including solutions for Microsoft Exchange, Microsoft SQL Server, Oracle, and the AS/400.

Mr. Wei holds a B.A. from Harvard University.

Expert Testimony

John Larkin, et al. v. The Scotts Company, LLC and EG Systems, Inc., Case No. 1:13-cv-01363 (In the United States District Court for the Southern District of New York – Manhattan Division) (October 2015)

Beth Friedman, Plaintiff, v. Medjet Assistance, LLC, Defendant, Case No. 2:09-cv-7585 (In the United States District Court for the Central District of California) (September 2010)

In Re: Wachovia Corp. "Pick-a-Payment" Mortgage Marketing and Sales Practices Litigation, Case No. M:09-cv-2015-JF (In the United States District Court for the Northern District of California) (May 2013)

Chris Kahnke

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EDUCATION

B.A., Operations Research & Management Science,
University of California, Berkeley

B.A., Economics,
University of California, Berkeley

Chris Kahnke is a Director at FTI Consulting and is based in San Francisco, California. He is a member of the Financial and Enterprise Data Analytics group in the Forensic & Litigation Consulting segment. Mr. Kahnke specializes in complex, data-intensive cases, including financial and accounting investigations, government and regulatory investigations, class action suits and other cases requiring complex data modeling. He has over seven years of data analysis experience relating to regulatory compliance, internal audit and litigation support.

While at FTI, Mr. Kahnke has worked on compliance reviews and audits, remediations, Foreign Corrupt Practices Act (FCPA) investigations, royalty audits, patent infringements, mortgage backed securities litigations, and fraud investigations, and even in an interim management role.

Currently, Mr. Kahnke is assisting a wireless networking client in its remediation of lapses in corporate compliance and internal controls that resulted in the company losing over \$40 million in cash. In addition to providing interim management support and satisfying quarterly SEC reporting requirements, he worked extensively with members of the finance department to implement revised policies, procedures and internal controls in order to remediate the deficiencies that lead to the loss.

Most recently, he assisted a financial services firm in its remediation of a compliance infraction in both the identification of the magnitude of the infraction including the impact to specific clients as well as the ultimate communication of the remediation to regulators. This effort involved an in-depth technical audit of the company's billing system to identify where the system was not in compliance with the terms of the company's disclosures.

He also assisted an international hospitality client in implementing new financial reporting and accounting systems which entailed reconciling data between current and new General Ledger and reporting systems. He worked extensively with the corporate accounting and financial planning groups in designing account mapping, system hierarchy and reports for use across multiple stakeholders in the organization.

He has also been involved in internal investigations into alleged misconduct with an emphasis on potential FCPA violations. Additionally, he has worked extensively with Oracle ERP and SAP accounting systems, extracting and analyzing payable, receivable, or other expense related reporting modules in support of such investigations.

Additionally, he assisted the U.S. Department of Treasury and the Department of Justice in support of their defense in the largest civil class action lawsuit brought against the U.S. government, involving the alleged breach of their fiduciary responsibility and mismanagement of the Individual Indian Money Trust Accounts and Tribal Trust Funds over a 100-year period. This effort entailed analyzing a database of over 120 million records spanning 25 years of information to identify and resolve gaps in the historical data, identify accounts to receive a historical statement of account, and define unique accounts and account holders.

He has also been involved in assisting major financial services companies with several mortgaged-backed securities related litigations including alleged misstatements in MBS prospectuses. These efforts included the analysis of data for thousands of loans, an analysis of compliance with internal underwriting standards, as well as the analysis of economic factors to determine the level of significance of those factors in contributing to loan defaults. Other projects Mr. Kahnke has experience with at FTI include damages and costs analysis cases based on large and disparate sets of data spanning various time periods and industries.

In these engagements, he has worked with SQL Server Management Studio, Oracle, SAP, NetSuite, Visual Basic, Tableau, Hyperion Financials, Hyperion SmartView, Microsoft Access, Microsoft Excel, and Crystal Reports in addition to his client's proprietary systems and data repositories to discover, sort, review, and analyze electronic records, transactional information, and other complex accounting data.

He is a graduate of the University of California, Berkeley where he received dual B.A. degrees in Operations Research & Management Science and in Economics. His curriculum included courses from U.C. Berkeley's Haas School of Business, its Engineering department, and its Economics department.

Andrew Lam

Senior Consultant

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EDUCATION

B.S. Managerial Economics
University of California, Davis

Andrew Lam is a senior consultant at FTI Consulting and is based in San Francisco. He is a member of the Forensic Litigation and Consulting practice in the Financial Enterprise & Data Analytics group.

Mr. Lam has experience related to a variety of cases and investigations related to fraud, anti-money laundering, employment discrimination, intellectual property and financial securities disputes.

Mr. Lam has assisted in complex engagements including:

Internal investigation of misconduct by an executive of a publicly-traded company.

Review of transactions and quantification of embezzled funds by a broker at a major bank.

Testing of a major European bank's anti-money laundering controls and procedures.

Comprehensive analysis of the membership policies, billing practices, and customer complaints of a large health club chain in mediation with the District Attorney's Office.

Mr. Lam is a graduate of the University of California, Davis where he received his B.S. in Managerial Economics and worked with Professor J. Edward Taylor in research. Mr. Lam worked as mutual fund accounting intern with State Street Corporation and assisted in running the Morgan Stanley Financial Training Program.

Amanda Sterman

Consultant

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EDUCATION

B.S. Business Administration

University of California, Berkeley

Amanda Sterman is a Consultant at FTI Consulting and is based in San Francisco. Ms. Sterman is in the Financial & Enterprise Data Analytics (FEDA) practice in the Forensic & Litigation Consulting segment.

While at FTI, Ms. Sterman has worked on a variety of cases and investigations, all of which have involved complex data analyses. She assisted in a third-party audit of a consumer finance company, for which she tested data integrity and operational compliance to a stipulated order. She also assisted in the preparation of settlement models used in the Department of Justice's Tribal Trust Litigation, for which she calculated and analyzed financial damages over a 30-year period. In these engagements, she has worked with SQL Server, Microsoft Access, and Microsoft Excel to compile, summarize, review, and analyze complex data.

Prior to joining FTI Consulting, Ms. Sterman received her B.S. in Business Administration from the Haas School of Business at the University of California, Berkeley. Her coursework included corporate finance, accounting, economics, and analytic decision modeling. While attending UC Berkeley, she also completed various internships in financial advisory and business development at an HR technology startup.

Lindi Jarvis

Senior Managing Director – Forensic & Litigation Consulting

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CERTIFICATIONS

Chartered Professional
Accountant, Canada

Chartered Financial Analyst
charterholder

Certified Public Accountant

Certified in Financial Forensics

PROFESSIONAL AFFILIATIONS

CPA Canada

American Institute of Certified
Public Accountants

CFA Institute

Association of Chartered
Accountants in the United
States

EDUCATION

Bachelor of Commerce,
University of Alberta

Lindi Jarvis is a Senior Managing Director in the FTI Consulting Forensic and Litigation Consulting practice and is based in Seattle. Ms. Jarvis specializes in forensic accounting, financial investigations and litigation consulting. Ms. Jarvis directs large-scale financial investigative assignments including forensic accounting investigations, financial reporting investigations, financial fraud investigations, Foreign Corrupt Practices Act (FCPA) investigations and white-collar crime investigations. She has international experience in a wide range of litigation processes including discovery, drafting of expert reports and trial preparations.

Professional Experience

Forensic Accounting and Financial Investigations

- Leading a team to support a Department of Justice (DOJ) appointed monitor pursuant to a deferred prosecution agreement for violations of the FCPA. Involves review of policies and procedures, risk assessments, and transaction testing for high risk operations in multiple markets around the world. Ms. Jarvis and her team have assisted the Monitor with interviews and drafting of the report for the Government.
- Investigation of potentially corrupt activities in former CIS countries on behalf of a company in the telecoms industry. Included on-site risk assessments in several former CIS countries which involved interviews, books and records reviews, and an assessment of the company's current compliance program. FTI coordinated with outside Counsel and the results of our investigation and review were presented to the company's outside auditors along with the DOJ/SEC.
- Anti-corruption investigation of improper payments to healthcare professionals in China. Review required detailed forensic data analysis due to lack of accessibility to company books and records with results reported to the DOJ/SEC on an ongoing basis. In addition, involved assistance with the overall quantification model for the purposes of negotiating with the US government.
- Tracing of donations made by individuals to a not-for-profit in order to determine how an excess of funds developed over a 5+ year period when those funds were intended to be aggregated and disbursed to various charities. Worked in conjunction with independent counsel and reported results to the Department of Investigation of New York City.
- Design and implementation of a Foreign Corrupt Practices Act compliance program for a medical diagnostics products supplier. Engagement involved performing related FCPA compliance procedures on subsidiaries in 10 different countries as well as designing due diligence forms for agents and distributors, records retention policies and training materials. Coordination with the company's Monitor was a key aspect of this investigation.

- Audit committee investigation involving the review of a carry plan for an investment bank, including an analysis of the internal control processes and breakdowns related to the calculation of carry.
- Investigation of a bank with international operations to assist an SEC appointed Receiver in the recovery of assets for depositors. Engagement involved analysis of possible ponzi scheme and examination of flows of funds.
- Investigation of an orthopedics manufacturer pursuant to an information request by the DOJ under the Foreign Corrupt Practices Act. Required coordination and investigation in 6 countries and involved transaction review and interviews.
- Investigation of possible Foreign Corrupt Practices Act violations for a manufacturer of defensive security products. Investigation involved analysis of six years of financial data in multiple locations, the results of which were reported to the Department of Justice and the SEC.
- Assistance for SEC registrant in their FAS 133 analysis and accounting for cash flow swaps hedging interest rates on their long term debt. Analysis included determination of potential application of shortcut method, effectiveness of hedge and accounting entries required.
- Audit committee investigation into allegations made by the whistleblower of a reinsurance company. Investigation included analysis of deposit accounting for contracts which did not pass risk transfer provisions, prospective v. retroactive accounting for reinsurance contracts and corresponding electronic evidence review.
- Audit committee investigation involving allegations of channel stuffing, trade loading and sales with guaranteed rights for the Korean subsidiary of an SEC registrant. Investigation involved analysis of five years of data and electronic evidence review, the results of which were reported to the SEC.
- Audit committee investigation of South American subsidiary of an SEC registrant. Involved analysis of seven years of financial data to investigate manipulation of earnings through reserve accounts, revenue recognition issues and misappropriation of assets.
- Forensic accounting review and analysis of the routing of funds in a \$300 million ponzi scheme involving a leading international bank. Involved analysis of large amounts of data and the use of database software which presented the routing of funds in a pictorial format.
- Investigation into a trust company based in the Caribbean to determine if the trust was operating outside of the guidelines set by the local regulating body. Involved review of trust and credit card operations for evidence of suspicious transactions and know your customer information.

Expert Witness and Litigation Support

- Managed litigation support and assisted in preparation of expert witness report in a matter which involved the analysis, accounting for and valuation of a credit default swap. Engagement required a detailed understanding of accounting for credit default swaps under both International Financial Reporting Standards and US GAAP.
- Assisted in preparation of expert report for a government sponsored enterprise in the mortgage securitization industry. Involved a detailed analysis of relevant FAS 133 issues.
- Preparation of solvency analysis, including business valuation, and drafted associated expert report for a company in the direct selling business which declared bankruptcy. Involved a solvency analysis at multiple dates and corresponding analysis of other factors of causation.
- Analyzed several years of financial statements of a company that produced ringtones pursuant to a purchase price dispute in arbitration. Drafted expert report including analysis of whether financial statements of acquired company were misstated prior to the purchase.
- Managed litigation support work for a client in the reinsurance industry. Involved a detailed analysis of accounting issues including accounting for reinsurance, consolidation of variable interest entities and accounting for employee stock options.

- Assisted in preparation of expert report in the railroad industry relating to the disagreement over the provision of services under a contract. This case involved an analysis of the GAAP issues specific to segment reporting.
- Assisted in preparing the expert witness for trial in an accounting malpractice case in the waste management industry. This case involved a Big Four accounting firm and an analysis of several years of audit work papers.
- Assisted in preparation of expert report for a class action securities lawsuit in the pharmacy industry and assisted counsel in deposition preparation. This case involved analysis of GAAP specific to inventory issues.
- Investigation of purchase price dispute in the publishing industry in preparation for arbitration. Required the analysis of the GAAP issues surrounding the accounting for reserves.
- Litigation support, forensic accounting analyses and preparation of detailed investigative reports on several large ongoing international asset recovery projects spanning numerous jurisdictions. Involved travel to various locations in Europe, the United States and the Middle East. Reports detailed complex asset tracing involving circular routing of funds and were used by counsel as part of the litigation against a major US financial institution.
- Assisted with disclosure exercise for a large litigation involving thousands of documents in several jurisdictions.

Hedge Fund Investigations

- Managed investigation of a collapsed hedge fund on behalf of one of the counterparties to a currency forward agreement to ascertain the cause of the hedge fund's insolvency. Involved analysis of the hedge fund's positions over a two month period and the margin calls made on the fund by counterparties.
- Managed liquidation of a high-profile hedge fund which featured prominently in the international media after it was discovered the net asset values of both the offshore and the New York based onshore hedge funds were manipulated by the investment manager. Extensive analysis performed to restate the net asset values of the fund's portfolio consisting mainly of convertible bonds over a 7-year period.
- Assisted in investigation of a Caribbean based hedge fund involved in fraudulently manipulating net asset values of a fund through the use of sister funds incorporated in different jurisdictions including several Caribbean islands and South East Asia.

Articles

- Jarvis, L., Alvarez, J. (2013). How Forensic Accountants Help Identify Corruption Risk and Delve into the Details of Books and Records, *The FCPA Report, Volume 2, Number 12*.

Employment History

FTI Consulting, senior managing director, Seattle, April 2015 - present

FTI Consulting, managing director, New York, January 2008 – March 2015

FTI Consulting, director, New York, January 2006 – December 2007

FTI Consulting, manager, New York, September 2004 – December 2005

Deloitte, manager, Cayman Islands, July 2002 – May 2004

Deloitte, senior accountant, Cayman Islands, October 2000 – June 2002

Deloitte, senior accountant, Calgary, Alberta, September 1998 – April 2000

Deloitte, staff accountant, Calgary, Alberta, September 1997 – August 1998

Jean Chow-Callam, CPA, CFF, CGMA, CFE

Senior Managing Director – Forensic & Litigation Consulting

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CERTIFICATIONS

Certified Public Accountant
Certified in Financial Forensics
Chartered Global Management
Accountant
Certified Fraud Examiner

PROFESSIONAL AFFILIATIONS

American Institute of Certified
Public Accountants
California Society of Certified
Public Accountants
Association of Certified Fraud
Examiners

EDUCATION

B.S. in Accounting / Business
Administration, California State
University, Los Angeles

Jean Chow-Callam is a Senior Managing Director in the Forensic & Litigation Consulting segment of FTI Consulting and is based in Los Angeles and San Francisco. Ms. Chow-Callam served as Asia Leader – US Regulatory and Anti-Corruption, based in Hong Kong from 2011 to 2016. Ms. Chow-Callam is a testifying forensic accountant with more than 25 years of professional experience in providing consulting services regarding forensic accounting, auditing, fraud investigations, internal controls, compliance, governance, and other financial statement related matters.

Ms. Chow-Callam specializes in financial investigations and analysis, including with respect to allegations related to corporate governance, fraud/earnings management, Foreign Corrupt Practices Act (“FCPA”), embezzlement issues, accounting process improvements, compliance programs, options backdating, corporate internal investigations, securities litigation, and other white collar crime investigations resulting from the US Generally Accepted Accounting Principles (“GAAP”) and Secretaries and Exchange Commission (“SEC”) reporting violations. Ms. Chow-Callam has deep experience working on behalf of companies under investigation, for counsel to companies, boards, audit committees, special committees, and for the US Department of Justice (“DOJ”) or Court-appointed monitors.

Ms. Chow-Callam is a leader and liaison in the segment’s Asia and US practice. She speaks, reads, and writes Chinese in business settings, Ms. Chow-Callam has both US and international experience for US and China based private and public companies, and she has conducted and managed engagements in the United States, Europe, Latin America, and Asia.

Ms. Chow-Callam’s sample engagements include: investigated accounting irregularities in inventory for a NASDAQ listed company, leading to restated financial statements to avoid a delisting of the stock; conducted a corporate internal investigation for a technology company regarding financial reporting issues resulting from improper revenue recognition practices; investigated cash management of the U.S. investments and subsidiaries on behalf of a Chinese government-owned entertainment company; post acquisition resolution of a Fortune 500 company’s acquisition of a Hong Kong listed company with primary operation in China; pre-IPO due diligence of a European company with operations in Europe, United States and China; investigated cash payments to foreign government officials for a NYSE listed company for self-reporting to DOJ, and assessed the subsequent impact on financial reporting compliance issues under the SEC reporting guidelines; one of the most complex corruption investigations in history focused on a pharmaceutical company’s operations in China.

Ms. Chow-Callam’s other experience includes: collecting and reconstructing applicable operational records to calculate lost profits to US Customs in reference to the “Buy American Act” violation by a computer distribution company, and preparing the subsequent presentation to the Port Authority for settlement discussions; establishing compliance programs for an international computer company in



Jean Chow-Callam

response to a Department of Defense investigation on whether to debar the client company; tracing assets and cash flow of an investment company.

Prior to joining FTI Consulting, Ms. Chow-Callam provided similar services at PwC, and has held chief financial officer, vice president, chief compliance officer, controller, and other executive positions in industry. She had experience with SEC reporting and management reporting for Fortune 500 companies, and she has built the infrastructure for a US subsidiary of a Chinese company that grew from \$15MM to \$500MM in 5 years. Ms. Chow-Callam started her career as an auditor at KPMG.

Ms. Chow-Callam has also had extensive experience in operational processes, banking relations, and scalability. She is a frequent speaker on fraud awareness, anti-corruption, and fraud detection/prevention methods. Ms. Chow-Callam has been a speaker at American Bar Association conferences in international investigations and in anti-corruption, as well as at Stanford University's Directors' College. She is a board member of OCEAN ("Organization of Chinese-American Entrepreneurs Advisory Network") and former board member of APWC ("Asian Pacific Women Center").

Ms. Chow-Callam is bilingual in Chinese. She can also read, write and converse at the executive level in Mandarin/ Putonghua, Cantonese, and Shanghaiese.

Jim Barratt

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CERTIFICATIONS

Certified Public Accountant

AICPA Certified in Financial
Forensics

Certified Compliance and Ethics
Professional

PROFESSIONAL AFFILIATIONS

American Institute of Certified
Public Accountants

Association of SEC Alumni

Society of Corporate
Compliance and Ethics

Leadership Greater Washington

SEC Historical Society

EDUCATION

B.A., Business Economics with
Accounting emphasis, University
of California, Santa Barbara

Jim Barratt is a Managing Director at FTI Consulting and is based in Washington, DC. Mr. Barratt is in the Forensic Accounting & Advisory Services practice in the Forensic & Litigation Consulting segment. Mr. Barratt is an experienced forensic accountant with more than 25 years of professional experience. He has compliance and investigative experience in the areas of corporate fraud, anti-bribery and corruption investigation and remediation, and DOJ and SEC enforcement proceedings. Mr. Barratt has experience as an independent auditor, internal audit director, chief compliance officer, and SEC enforcement accountant.

In the area of anti-bribery and corruption, Mr. Barratt has a breadth of experience including developing a corporate compliance function while serving as the interim Chief Compliance Officer of Control Components Inc., a \$600 million global manufacturing company, facing a DOJ FCPA investigation. He has provided support to the Independent Monitors of a high-tech manufacturing company, global oil and gas services company, and a global leader in self-service technology and security systems. In addition, he has performed anti-bribery and corruption compliance reviews and risk assessments for a variety of companies in China, Brazil, India, Mexico, Korea, Japan, Singapore and Europe. Mr. Barratt has also advised companies and their counsel on profit disgorgement analyses and approaches in conjunction with government settlements related to FCPA violations.

Mr. Barratt has led numerous forensic accounting investigations involving complex accounting issues and financial fraud. He has assisted counsel in communicating the findings of those investigations to audit committees, SEC staff and committees of U.S. Congress. Notably, he led a team of forensic accountants in a nine-month investigation of accounting and reporting issues at Freddie Mac. Mr. Barratt coordinated and supervised a multi-year, large scale forensic accounting analyses and assisted internal and external counsel in the development of litigation claims on behalf of the Lehman Brothers Holdings Inc. bankruptcy estate.

Prior to joining FTI, Mr. Barratt was a Partner with Forensic Risk Alliance, and Managing Director in the Global Forensic and Dispute practice with Alvarez & Marsal. Previously, he was an accountant in the Enforcement Division of the SEC in its Washington, D.C. headquarters for six years. He spent more than six years as a manager in the audit practice and the dispute consulting group of a Big Four public accounting firm. Mr. Barratt also served as the Deputy Director of Internal Audit for Computer Sciences Corporation.

Mr. Barratt earned a bachelor's degree in business economics, with an emphasis in accounting, from the University of California, Santa Barbara. He is a Certified Public Accountant (CPA), Certified in Financial Forensics (CFF) and Certified Compliance and Ethics Professional (CCEP). He is a member of the Association of SEC Alumni (ASECA), the American Institute of Certified Public Accountants (AICPA), Society of Corporate Compliance and Ethics (SCCE), and a past Chairman and Trustee of the SEC Historical Society.

Professional Experience

- Assisted the Independent Monitors for an oil and gas services company and a global self-service technology company in a review and assessment of anti-bribery and corruption controls. Conducted transaction testing and employee interviews and drafted a report of observations. Performed on-site reviews in India and Mexico.
- Conducted an anti-bribery and corruption review of the company's China operations and an audit of several Chinese third-party distributors for a global, Canadian-based energy company. Worked on the ground in Shanghai, China conducting interviews and reviewing documentation. Made several significant findings and recommendations for improvement.
- Providing forensic accounting services to an unregistered investment advisor in connection with its investment management services provided to several hedge funds. Assisting the company in reviewing and reconstructing the accounting for securities transactions including complex foreign currency arbitrage transactions. Interfacing with various outside parties including the SEC and a court appointed Receiver.
- Assisting the Independent Monitor in the review and assessment of the compliance function of a global high-tech manufacturing company as part of an FCPA deferred prosecution agreement with the Department of Justice and the SEC. Evaluated the company's system of internal controls and books and records and made recommendations for improvement. Performed on-site reviews in Singapore and China.
- Coordinated and supervised a multi-year, large scale forensic accounting analyses and assisted internal and external counsel in the development of litigation claims on behalf of the Lehman Brothers Holdings Inc. bankruptcy estate. Worked as part of a larger A&M team to maximize available assets for the benefit of the debtor's estate and the creditors. Investigated and tracked the movement of billions of dollars of collateral between counterparties and clearing banks in the period leading up to and through the bankruptcy filing. Interfaced with the legal and financial advisors of the unsecured creditors committee, SIPC and the Lehman Brothers broker/dealer, the court appointed Examiner, and large clearing banks.
- Developed a corporate compliance function while serving as the interim Chief Compliance Officer of Control Components Inc., a \$600 million global manufacturing company, facing a Department of Justice FCPA investigation. Developed corporate compliance policies and conducted training on compliance and FCPA issues to over 400 employees in more than eight countries including China, India, Korea, and Japan. Provided daily guidance on compliance issues and reported monthly to the Executive Directors of the UK-based parent company.
- Retained by management of a global security software company to conduct an independent evaluation of work performed by another firm's investigative team hired by the special litigation committee in connection with their internal investigation of stock option backdating issues.
- Assisted outside counsel in an FCPA investigation initiated by whistleblower allegations involving the Latin American subsidiaries of a global pharmaceuticals manufacturer. The work involved interviews of company personnel and securing and reviewing electronic data from the subsidiary in Mexico and Chile.
- Led a team of forensic accountants in connection with an internal investigation related to revenue recognition issues at a global electronic components manufacturer. The team worked closely with counsel and the audit committee of the company and held frequent briefings with the outside auditors and the SEC.
- Led a team in a nine-month internal investigation of accounting and reporting issues at Freddie Mac, a Fortune 50 company. The work involved supervision of teams of accountants to assist counsel in conducting interviews, reviewing large volumes of electronic and paper records and researching complex accounting issues. He made presentations to the board of directors and the SEC and testified before the House Committee on Energy and Commerce.
- Researched relevant accounting rules and provided consulting advice to counsel in drafting a "Wells" submission to the SEC in the defense of corporate officers at various companies in actions brought by the SEC. Participated in SEC testimony sessions and witness preparation.

- Performed extensive accounting research and transaction analysis on behalf of a former officer of Enron. Work involved research of relevant accounting issues including special purpose entities, mark to market accounting, hedge accounting and the critical analysis of findings of a special investigative committee.

Selected SEC Enforcement Experience

- Assisted in an investigation that resulted in actions being brought against a major retailer and its accounting officers. The company's reported quarterly earnings had been materially misstated due to a scheme to improperly overstate gross profit margins and decrease operating expenses through U.S. and Canadian subsidiaries.
- Analyzed and reviewed financial and accounting records in an investigation of a leading manufacturer of contact lenses and sunglasses. Actions were brought against the company and a division president, CFO and sales director for violations of the anti-fraud, reporting and internal controls provisions of the federal securities laws. The company had materially overstated its annual net income by improperly recognizing revenue from consignment sales and from the fictitious sale of goods.
- Reviewed the conduct of a public accounting audit partner in conjunction with an investigation of a life insurance entity that violated the federal securities laws by failing to disclose the effect of year-end transactions. The audit partner was found to have engaged in improper professional conduct by failing to conduct the audit in accordance with GAAS. A Rule 2(e) action was brought against the audit partner and a suspension of five years from practicing law before the SEC was ordered.

Selected Corporate Experience

- As Deputy Director of Corporate Internal Audit, evaluated the system of internal controls and level of compliance with corporate policy for various business divisions within Computer Sciences Corporation, a \$10 billion, publicly traded computer services firm. Reviewed internal audit findings and made recommendations regarding acceptable accounting practices.
- Coordinated due diligence activities in support of corporate acquisition and outsourcing initiatives. Served as team leader for acquisitions of information technology consulting companies located in the U.S., Australia and Italy, with annual revenues ranging from \$18 million to \$185 million.
- Served as the controller of a financially troubled, billion dollar savings and loan institution under a short-term consulting contract. Supervised 15 accounting department employees and coordinated the preparation of the annual report and SEC filings in a crisis management environment.

Presentations and Publications

- “FCPA-Analytics for Compliance & Risk Management”, panel presentation to the Compliance, Governance & Oversight Council (CGOC) Regional Meeting, Washington, D.C., <https://www.cgoc.com/event/cgoc-regional-meeting-washington-dc/>, June 15, 2016
- “Fundamentals in Corporate Investigations”, panel presentation at the American Bar Association Seventh National Institute on Internal Corporate Investigations and Forum for In-House Counsel, Washington, D.C., April 27, 2016
- “FCPA-Proactive Monitoring for Compliance & Risk Management”, panel presentation to the Compliance, Governance & Oversight Council (CGOC), Minneapolis, MN, <https://www.cgoc.com/event/information-governance-turning-insight-into-action-sept-16>, September 16, 2015.
- “International and Cross-Border Investigations”, panel presentation at the Hispanic National Bar Association Annual Convention, Washington, D.C., http://www.hnba.com/main/view/events_annual/home, September 12, 2014
- “Advanced Forensic Accounting and Fraud Investigation”, taught a two day training course in Shanghai, China, presented by Marcus Evans conferences, <http://www.marcusevans-conferences-chinese.com/marcusevans-conferences-event-details.asp?EventID=20509&SectorID=2#.Ud9H09lybuo>, August 15 and 16, 2013

- “*The Risks of Doing Business in China*”, by Jim Barratt and Jimmy Ko, Global Association of Risk Professionals, Risk News and Resources, www.garp.org/risk-news-and-resources/2013/june/the-risks-of-doing-business-in-china.aspx, June 4, 2013
- “*Competing in a World of Corruption*”, panel presentation at the 10th Annual Virginia Maritime Association International Trade Symposium, May, 2013
- “*Corruption and bribery risks in China*”, by Jim Barratt and Nathan Li, Corporate Secretary Magazine, www.corporatesecretary.com, December 2012/January 2013
- “*Navigation without Maps-The Young Lawyer and The New Industry of International Anti-Bribery and Investigation*”, presentation at the ABA Section of International Law meeting, Miami, Florida, October 2012
- “*Proposed Whistleblower Rules Create New Challenges*”, Author, Raising the Bar: News and Views from A&M Dispute Analysis & Forensics eNewsletter, November 2010.
- “*SEC mandate over rating agencies strengthened by Dodd-Frank*”, Operational Risk & Regulation, September 10, 2010, quoted.
- “5 Questions with Jim Barratt of Alvarez & Marsal”, Securities Docket, www.securitiesdocket.com, August 18, 2009.
- Master of Ceremonies, SEC Historical Society Dinner honoring the 75th Anniversary of the U.S. Securities and Exchange Commission, National Building Museum, Washington, D.C., June 25, 2009.
- Host, the SEC Historical Society’s 10th Annual Meeting Webcast, “*The Future of the U.S. Securities and Exchange Commission*”, www.sechistorical.org, SEC Auditorium, Washington, D.C., June 4, 2009.
- “*Corporate Scandals Boost Alvarez & Marsal Unit*”, SecuritiesLaw360, January 18, 2008, quoted.
- “*Mining for Data: FCPA Investigations*”, Subject Matter Expert, Raising the Bar: News and Views from A&M Dispute Analysis & Forensics eNewsletter, October 2007.
- “*Dealing with stock option grant issues*,” Operational Strategies for Successful Public Companies Review 2006, Financier Worldwide, June 2006.
- “*Sarbanes-Oxley Act: Compliance and Enforcement Trends*,” presentation at Lorman Education Services seminar, Washington, D.C., May 24, 2006.
- “*Sarbanes-Oxley Best Practices & Lessons Learned*,” presentation at the 2004 MIT Sloan CFO Summit, Competing in Changed World: Globalization, Leadership, and Risk, Newton, Massachusetts, November 19, 2004.
- “*FTI and Forensic Accounting*,” SEC Historical Society, Fireside Chat Webcast, www.sechistorical.org, September 21, 2004.
- “*Five Worst Practices To Avoid When Handling Restatements*,” Compliance Week, August 17, 2004.
- Presentation on enforcement of the federal securities laws to practicing attorneys from foreign countries at Institute for U.S. Law (IUSLAW)’s annual program, “*U.S. Legal Methods: Introduction to U.S. Law*,” at the George Washington University Law School, Washington, D.C., August 2, 2004.
- “*Fine Art of Restating Financials*,” The National Law Journal, May 24, 2004.
- “*The Role of the Audit Committee*,” at the SEC’s International Institute for Securities Market Development, Washington, D.C., April 26, 2004.
- “*FTI Uncovers the Numbers that Tell the Troubled Tale*,” featured in the FTI Consulting, Inc. 2003 Annual Report, March 12, 2004.
- “*Overview of Financial Statement Fraud*,” at the Securities Enforcement Seminar, George Mason University School of Law, October 6, 2006 and October 29, 2002.

- “*Freddie Mac: Accounting Standards Issues Raised in the Doty Report*,” testimony before the Subcommittee on Commerce, Trade and Consumer Protection of the Committee on Energy and Commerce, House of Representatives, 108th Congress, September 25, 2003.
- Participant as mock expert, “*Intensive Session in Trial Advocacy Skills*,” Georgetown University Law Center and the National Institute for Trial Advocacy (NITA), June 2003 and June 2002.
- “*Gatekeepers-Accountants, Auditors, Board Members*,” Securities Regulation: Enforcement Procedures and Issues, The Catholic University of America, Columbus School of Law, February 14, 2002.
- “*Role of the Expert Witness*,” as part of the Trial Skills Seminar sponsored by the District of Columbia Bar Association, March 16, 1998.

Elaine Carey, CFE, CAMS

Managing Director – Forensic Litigation & Consulting

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CERTIFICATIONS

Fraud Examiner, CFE

Anti-Money Laundering

Specialist, CAMS

EDUCATION

B.A., English Literature, Grinnell College

Harvard University, Russian Research Center

Elaine Carey is a Managing Director at FTI Consulting and is based in Los Angeles. Ms. Carey joined FTI Consulting in 2012 and is a member of the Global Risk and Investigations Practice. She manages complex investigative, business intelligence and risk mitigation consulting assignments undertaken by FTI Consulting globally.

Ms. Carey has served as an advisor and problem solver to senior executives of Fortune 100 and multinational corporations and law firms for more than 20 years, overseeing clients' most complex and sensitive problems around the globe involving integrity, political, security and reputational risks.

Ms. Carey recently served as Senior Director, National Director of Investigations, and Head of the Los Angeles office of Control Risks. Ms. Carey led all investigative work in North America for Control Risks for more than 11 years including due diligence, fraud, business intelligence, FCPA compliance, anti-corruption programs, litigation support, asset-tracing, counterfeiting, supply chain issues and money laundering for corporations and law firms.

Ms. Carey, who speaks Spanish, has extensive experience in working with multinational corporations and law firms on FCPA and anti-corruption issues globally but particularly in Latin America, primarily in Mexico, Brazil, Venezuela and Colombia. She has managed corruption and fraud investigations that often involved political and governmental corruption, cartels, and organized crime. She has led investigations which uncovered money laundering by cartels through investment firms and money laundering and supply chain infiltration through Fortune 500 corporations. She has led anti-money laundering reviews and investigations for Latin American banks and money service businesses.

Prior to joining Control Risks, Ms. Carey was a Director with PricewaterhouseCoopers Investigations in Los Angeles. She managed a broad range of complex matters including anti-corruption investigations in Latin America, Asia and the Middle East including a major apparel sweatshop investigation in Asia, a major internal bank fraud in the Middle East and massive corruption in a Fortune 100 food manufacturer's Latin American subsidiary.

Ms. Carey also served as Managing Director for Kroll Associates in Southern California, where she managed firm wide operations in Southern California.

Early in her career, Ms. Carey was an Investigative Journalist, reporting from more than 30 countries on political, economic, business and social developments. She was both a print and radio journalist for American and British media including the *Atlanta Constitution*, *Christian Science Monitor*, *The Economist*, *ABC Radio*, *The Financial Times Newsletter* and *UPI*. Ms. Carey established an office in Moscow for Cox Newspapers in 1988 and spent five years chronicling the end of the Soviet Union under Mikhail Gorbachev and Boris Yeltsin. Prior to that, she lived in Mexico City and covered the Mexican debt crisis as well as Central American events including the Nicaraguan Contras. From 1980 to 1983, she lived in Beirut and reported extensively on OPEC, Syria, Kuwait, Saudi Arabia, and the 1982 Israeli

invasion of Lebanon. During a two-year posting in Stockholm, Ms. Carey reported on international business matters focusing on Scandinavian industries such as steel, energy and automobiles. She began her career as a business journalist based in London.

Ms. Carey holds a B.A. in English literature from Grinnell College, and was a mid-career fellow at the Harvard University Russian Research Center in 1987-1988.

Ms. Carey has been interviewed frequently on issues of risk, fraud and money laundering in the national media.

Professional Experience

- Managed a large-scale due diligence investigation for a global engineering company that was making an acquisition involving subsidiaries in more than 20 countries, ensuring that the client was not acquiring hidden reputational liabilities including FCPA violations, fraud-ridden subsidiaries or shell companies involved in money laundering.
- Headed a global team of investigators who conducted supply chain inspections for a leading software company to ensure that the client's intellectual property was being protected and that the supply chain was secure and profitable.
- Investigated theft of intellectual property at a major U.S. software game manufacturer to prevent billions of dollars of loss if the beta versions of the latest games were leaked before the formal launch. This included tracking the perpetrators internationally and identifying broken internal controls which allowed the leaks.
- Designed an anti-money laundering program for a large Salvadoran bank operating in the United States including its Know Your Customer program. She also led an investigative team in identifying money launderers and criminals who had used the bank for illicit activity.
- Investigated a corporation's payroll overrun and found that the payroll manager had embezzled more than \$2 million by setting up ghost employees and stealing tax refunds. Elaine assisted the district attorney in bringing about a conviction and helped the corporation recoup some of its losses by identifying property bought with the stolen money.
- Collected and analyzed intelligence on opposition groups attacking a Fortune 100 client in the media, on the ground and among lawmakers. Her work allowed the client to understand its opponents, specifically their funding and motives, and design an effective program of response.
- Spearheaded an investigation into a Caribbean port operation uncovering massive corruption and fraud including transshipment of narcotics, diversion of products, theft of products, tax evasion and homicide.

Caitlin S. O'Neill

Director

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CERTIFICATIONS

Certified Public Accountant,
California

PROFESSIONAL AFFILIATIONS

American Institute of Certified
Public Accountants

Association of Certified Fraud
Examiners

EDUCATION

B.S.B.A., Accounting, The
Catholic University of America

M.S., Accountancy, University of
San Diego

Caitlin O'Neill is a Director at FTI Consulting and is based in San Francisco. Ms. O'Neill specializes in forensic accounting and litigation consulting. She has international experience in financial investigative assignments and litigation assistance.

Ms. O'Neill's financial investigative assignments have involved financial reporting investigations, financial fraud investigations and forensic accounting investigations including numerous matters involving violations of the US Foreign Corrupt Practices Act (FCPA). Ms. O'Neill's anti-bribery and anti-corruption experience includes work on behalf of management for companies under investigation by government agencies; for special committee counsel conducting investigations; and for counsel in a post-investigation monitoring or remediation capacity.

Most recently, Ms. O'Neill has worked on an investigation involving violations of the FCPA. Ms. O'Neill worked on behalf of management of a large global telecommunications company under investigation by government agencies for corruption. Ms. O'Neill provided assistance in a review of internal controls related to the assessment of corruption risk and the filing of the company's Form 20-F. In addition to the internal controls review performed, Ms. O'Neill provided forensic accounting assistance specific to the company's operations in Russia, Ukraine, and other Commonwealth of Independent States ("CIS") countries. Ms. O'Neill continues to work on behalf of the company in a post-settlement remediation role.

Ms. O'Neill has performed financial and forensic accounting investigations including investigation for a software company focusing on issues related to revenue recognition and round-trip transactions and for a medical device company related to revenue and backlog disclosure issues initiated due to whistleblower SEC subpoenas. Her accounting knowledge was utilized in the analysis of transactional accounting records, the review of electronic correspondence, and other recovered documents. Additionally, Ms. O'Neill has assisted in preparing multi-million dollar property and business interruption claims for companies in the manufacturing, aerospace and defense, and technology industries.

Prior to joining FTI Consulting, Ms. O'Neill spent three years in public accounting with a Big 4 accounting firm, KPMG. While at KPMG, Ms. O'Neill participated in planning, performing, and reviewing audit engagements to ensure compliance with applicable regulatory guidance, such as GAAP, including SOX 404 compliance. She has provided audit services to a range of clients, including publicly traded corporations in the leasing and manufacturing industries, as well as start-up companies in the technology industry.

Ms. O'Neill graduated with honors from both The Catholic University of America, where she received a B.S.B.A in accounting and from University of San Diego, where she received a M.S. in accountancy. Ms. O'Neill is a Certified Public Accountant.