

Overview

Chess Consulting (“Chess”) assists companies and their legal counsel with financial forensics inquiries related to disputed commercial activity: from contract and tort claims in litigation to investigations involving accounting and financial reporting irregularities, misappropriation of assets, circumvention of internal controls, Foreign Corrupt Practices Act (“FCPA”) matters, and whistleblower allegations. Chess’s experts consult and testify on the value and reliability of economic damages and other financial impact assessments in dispute resolution and boardroom settings. We convey highly technical and complex concepts in straightforward and understandable terms to facilitate decisions and strategy.

Organizations and their legal counsel trust Chess to provide rigorous and effective expert analyses, insight, and advice on critical issues. We take an integrated, multidisciplinary approach to support clients engaging in disputes, litigation, internal or government-initiated investigations, and other challenges. Our highly-credentialed teams perform objective, thorough, and directed assessments of financial matters that are at the core of disputes and high-stakes situations.

Litigation Support and Expert Testimony

Chess’s professionals are retained as testifying and consulting experts to analyze financial forensics issues involving accounting, economics, and business valuation in the context of contract breach and tort claims. Our qualifications, backgrounds, and testifying experience allow us to deliver results that can withstand tough scrutiny during litigation. Our practitioners have provided expert testimony and advisory services regarding calculations of lost profits, disgorgement/unjust enrichment, lost business/shareholder value, lost earnings, and other measures of economic damages.

Special Investigations

Our accounting experts evaluate financial and accounting issues relevant to disputes and unravel complex transactions and records to understand events that are the focus of investigative inquiries. Our teams are supported by financial analysts, accountants, fraud examiners, and other experts. We specialize in combining financial insight and experience with investigative techniques, calling on our experts to uncover

and analyze the facts surrounding financial issues. Our professionals analyze relevant business records, reconstruct books and records, evaluate the application of accounting principles and related Securities and Exchange Commission (“SEC”) disclosure matters, interview parties, quantify the financial impact, and assist in the litigation process. Our investigations include, but are not limited to, complex matters involving large, international accounting and financial reporting irregularities, corruption, asset misappropriation, and circumvention of internal controls.

SEC and Corporate Governance Disputes

Chess takes an end-to-end approach to helping clients manage SEC investigations and corporate governance disputes. Our accounting experts evaluate financial statements and other relevant documents to determine if a misstatement has occurred and, if so, to quantify the required restatement and help clients develop and implement meaningful corrective action. We advise companies on preparing shareholder and public communications; assist with interviews, negotiations, and other dealings with regulatory agencies; and implement training and internal investigations to safeguard clients’ long-term interests. Our accounting experts also assist management, corporate boards of directors, and audit committees with regulatory issues related to the Sarbanes-Oxley Act (“SOX”) including the design, implementation, and assessment of internal controls.

Foreign Corrupt Practices Act

Multinational organizations rely on our extensive experience in preventing, detecting, and investigating corruption to help them devise compliance programs and to investigate suspected FCPA violations or allegations. Our professionals conduct FCPA compliance audits of U.S. businesses’ foreign operations and, if vulnerabilities are detected, uncover the root cause of problems, correct them, and develop preventative controls. In partnering with Chess to thwart fraud and corruption, clients gain access to years of anti-fraud and anti-corruption expertise, as well as highly developed capabilities in forensic accounting and other investigative strategies.

Fair Labor Standards Act and Back Pay

Chess's economic experts have been retained to calculate and/or assess calculations of unpaid overtime and improperly withheld pay adjustments involving thousands of employees in class actions. Our assessments consider regular, premium, and overtime pay; eligibility requirements and limits; payroll taxes; savings plans; retirement plans; and death benefits.

Lost Personal Earnings

In wrongful termination or wrongful death matters, Chess's experts perform background investigations into the pre-event history of claimants (including educational attainment, employment, business ventures, and personal consumption) and their claimed sources of lost income (e.g., employers and business interests), and then apply economic theory to estimate lost net earnings adjusted for applicable risk factors.

Post-acquisition Disputes

In post-acquisition disputes, our services include preparing or analyzing a closing balance sheet, evaluating reserves and amounts in escrow, scrutinizing information disclosed and considered leading up to a transaction, preparing valuation models, and acting as a neutral party. Our team of experts offers a deep range of knowledge based on our experience in numerous transactions, including expert testimony and participation in arbitrations and related litigation.

The Chess Consulting Advantage

Our clients have included public and private companies, government agencies, and government contractors in aerospace and defense, healthcare, construction, technical services, and higher education. Some notable client engagements include:

- *Back pay for federal judges.* Our professionals calculated lost salaries, retirement annuities, and death benefits in lawsuits and administrative actions in which more than 3,200 federal judges were retroactively awarded cost of living adjustments blocked by Congress between 1995 and 2010.
- *A franchisee dispute with a global quick-serve food franchisor.* Our professionals assessed the value of three restaurants whose operational fitness was misrepresented by the franchisor. The valuations were used to negotiate a sell-back of the locations to the franchisor.
- *A regional/major airline dispute.* Our professionals analyzed responsibility for over \$70 million in passenger

accommodation costs due to irregular operation ("IROP"), such as delays and cancellations, over a 7-year period.

- *A publicly traded automotive manufacturing company with over \$15 billion/year in revenue.* Our professionals led an internal investigation finding over \$45 million of unrecorded accruals and expenses purposely manipulated by a divisional controller. We analyzed thousands of accounting records and interviewed over 40 former and current employees, resulting in the termination of several employees involved in the scheme.
- *A publicly traded information technology and consulting company with over \$16 billion/year in revenue.* Our professionals assisted the company as part of an SEC investigation relating to improper contract revenue recognition practices on a multibillion-dollar government IT services contract. The investigation found that the company had intentionally failed to account for and disclose a material loss on the contract in its SEC filings.
- *A publicly traded clothing and home goods manufacturer with over \$300 million/year in revenue.* Our professionals led an internal investigation uncovering misappropriation of assets, improper accounting for related party transactions, and numerous internal control deficiencies resulting in the termination of the CEO. Over \$1.4 million in fictitious employee reimbursements were identified along with evidence of manipulation of sales allowances, inventory, and tax balances.
- *An investigation of a private asset management company with over \$100 million in managed assets.* Our professionals led an investigation of a Ponzi scheme where the perpetrator had stolen over \$20 million from client assets over several years.
- *A not-for-profit government contractor in education services.* Our professionals led an investigation of alleged embezzlement perpetrated by senior management. We gathered and analyzed books and records and interviewed multiple personnel to produce an expert report and follow-on rebuttal report for trial.
- *A retailer with over \$10 billion/year in revenue.* Our professionals assisted in the investigation of a fictitious vendor embezzlement scheme perpetrated by a company executive who had stolen \$3 million over a 4-year period.

Chess also has significant experience in technical accounting matters, restatements, audit readiness and IPO support, DCAA audit support, and internal audit outsourcing.