

Overview

Chess Consulting (“Chess”) assists companies and their legal counsel with financial forensics inquiries related to contract and tort claims in litigation, 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 financial impact and relevant findings from investigations as well as the value and reliability of economic damages and other financial 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. Over the years the nature of our work has evolved as the availability and access to data has changed. Our professionals’ financial insight, extensive experience, and investigative and data mining techniques enable us to quickly uncover and unravel complex financial issues surrounding allegations. Our highly credentialed teams perform objective, thorough, and directed assessments of financial matters that are at the core of disputes and high-stakes situations. Our independent status ensures an objective assessment upon which corrective measures can be built.

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 including the tracing of cash flows, 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 internal controls and training to help 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 remediation internal control deficiencies.

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.

Foreign Corrupt Practices Act

Multinational organizations rely on our extensive experience to help them devise compliance programs and to investigate suspected FCPA violations. Our engagement teams provide expert advice and the analytical capability to assist you throughout an investigation or in the evaluation and assessment of compliance programs to help prevent and detect future violations. Our close working ties with outside legal counsel and executive management allows us the ability to deal with complex issues throughout the investigation.

Post-acquisition Disputes

In post-acquisition disputes, our services include preparing or analyzing closing balance sheet/working capital true up adjustments, evaluating reserves and amounts in escrow, scrutinizing accounting and financial reporting data provided and relied upon in determination of the transaction purchase price, 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 across various industries, government agencies, and government contractors. Some notable client engagements include:

- *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.

- *An international foreign currency exchange operator.* Chess professionals provided consulting and expert support in a contractual dispute with an outsourced provider. Our professionals analyzed banking records and related support to determine the flow of funds over a period of almost 10-years to determine what was owed to our client by the outsourced provider.
- *National Engineering Firm.* Our professionals were retained by outside counsel to analyze the accounting data of their client to address FBI and Federal Election Commission inquiries relating to political contributions. Services included the identification and analysis of thousands of questionable political contributions and related transactions. We evaluated the nature and purpose of transactions against Federal Election Commission, State and Local regulations. We developed multiple reports and findings used by counsel to support the companies' position and resolve the matter with the Department of Justice.
- *A global communication company.* Analyzed the books and records of the Turkish subsidiary of a publicly held, multinational Fortune 500 communications company for potential bribes to government officials. We reviewed transactions in the form of monetary payments and other items of value through both direct payments and the use of third party agents. The investigation involved gathering and analyzing the company's books and records, interviewing personnel, and providing the results to external
- *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.

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