

Overview

In today's fast-paced and complicated business environment, companies must focus on staying ahead of evolving accounting and regulatory issues. Maintaining the current knowledge and expertise needed to handle complex financial reporting and accounting matters can be daunting for even the most seasoned professionals.

Recently, many companies have received a comment letter from the U.S. Securities and Exchange Commission ("SEC") and have been subject to investigations related to financial reporting and disclosure practices. Responding to these comment letters and inquiries requires significant effort and specialized knowledge and expertise.

Companies must strive to properly manage the SEC filing review process and interact with SEC staff in a positive, credible manner. Responding to comment letters appropriately and resolving issues brought forth by the SEC is critical to successfully meeting ongoing financial reporting requirements.

Additionally, companies have also faced sophisticated securities fraud schemes and have had to put realistic dollar values on their economic toll for corporations, institutional investors, and the investing public, including:

- Financial reporting/books and records fraud;
- Stock market manipulation;
- Investment adviser fraud;
- Insider trading;
- Initial Public Offering ("IPO") fraud;
- Churning;
- Stock options backdating examinations;
- Issues arising from restatements of financial statements; and
- Follow-up on whistleblower allegations.

Chess Consulting's understanding of the capital markets and accounting schemes typically used to cover up fraud, along with our experience in recognizing avenues for recovery, enables us to identify the relevant parties, propose solutions to clients, and minimize the impact of these events. Chess Consulting brings an independent, objective, professional, and authoritative perspective to a wide range of securities

issues. We have the accounting, financial reporting, and regulatory expertise to help clients by objectively analyzing accounting issues, preparing filings, and formulating responses, as well as participating at hearings, meetings, and interviews.

Investigative Approach

Our multidisciplinary team of experienced experts are equipped to deal with Generally Accepted Accounting Principles ("GAAP"), Generally Accepted Auditing Standards ("GAAS"), and SEC regulatory technical issues often encountered simultaneously in these cases. We are retained by public companies (and their officers, in-house counsel, boards of directors/audit committees, and shareholders) to:

- Perform regulatory compliance and risk assessments;
- Investigate officer, director and accountant liability; and
- Understand disclosure and accounting issues raised in 10b-5 securities class action and derivative suits.

Evidence Gathering

Our evidence-gathering strategies include:

- Gathering and securing paper and electronic evidence before it disappears or is destroyed;
- Conducting interviews with alleged perpetrators, suspects, and witnesses;
- Tracing the sources and uses of funds; and
- Recovering missing or hidden funds.

Litigation Consulting

Chess Consulting can be trusted to deliver fully corroborated and documented conclusions whose veracity will withstand the toughest critical scrutiny. We work with legal counsel and their clients to:

- Analyze the strengths and weaknesses of opposing parties' cases;
- Prepare loss calculations and evaluations of accounting issues;
- Summarize our opinions and findings in expert reports;
- Formulate questions for direct and cross-examination;
- Testify as expert witnesses; and

- Negotiate and interact with federal and local governments agencies.

The Chess Consulting Advantage

In response to the challenges such as these facing corporations today, we have assembled a team of experts to assist companies in every phase of securities litigation and in investigations by the SEC and other government entities.

Our highly experienced team of accounting and regulatory compliance experts have worked with multiple companies over the years focusing on these issues.

- For example, we supported management in formulating responses to an SEC comment letter regarding a recent filing by a multi-billion dollar defense contractor, specifically the 10-K for the previous year. This included reviewing each question in the letter in detail with the company's CFO and other members of upper management. Areas that we assisted the company develop responses to included: Management's Discussion and Analysis of Financial Condition and Results of Operations, Key Segment Financial Measures, Critical Accounting Policies, and Revenue Recognition. We were also instrumental in preparing the company's CFO for multiple meetings with SEC staff related to the comment letter.

Chess Consulting Differentiators

Deep industry knowledge and technical expertise which helps each client deal effectively with the complexities of the processes and issues facing its business.

Profitability focus concentrating on actions and solutions that create a competitive business advantage while fully complying with regulatory requirements.

Practical and creative solutions that effectively address difficult compliance and business issues.

Supportable positions that have been proven to withstand scrutiny from regulatory agencies such as the SEC, DCAA, DOJ, and GAO.