



# Forensics

INTEGRITY & OBJECTIVITY YOU CAN COUNT ON

*“The use of science and technology to investigate and establish facts in criminal or civil courts of law.”*

The professionals at Veris have specialized expertise in accounting, financial reporting, internal controls and economic damages analyses. The nature of some of the expert services we have provided include:

- investigation of highly publicized corporate financial reporting matters such as Enron, Madoff, Lehman
- finite reinsurance investigations
- analyses of some of the largest insolvencies in U.S. history
- investigations of financial reporting and internal controls of failed financial institutions on behalf of federal and state regulators
- fraud investigations including complex Ponzi type schemes
- comprehensive measurements of economic damages

We are active in the accounting standard-setting process, with leadership on the committees that have been the source of authoritative guidance on many major accounting and financial reporting issues.

Veris has been engaged on behalf of regulators and as adverse to regulators, on behalf of parties asserting claims against outside professionals and on behalf of defendant outside professionals. Examples of the law firms with whom we have consulted are identified in a separate enclosure.

Veris has been engaged in connection with several of the largest corporate failures in U.S. history.

We have consulted with and testified on behalf of the United States Department of Justice, as well as on behalf of the Securities and Exchange Commission. We have also been engaged by several state regulators in connection with their oversight and investigation of several major failed insurance companies.

Veris has been involved with many high-profile corporate investigations, including one of the nation's largest Ponzi schemes. We deliver confidential and swift responses to high-risk events, financial indiscretions and restatements, whistleblower accusations, insufficient disclosures, embezzlement of corporate resources and shareholder derivative suits.

For expertise specific to accounting, financial reporting and internal controls, Veris has no peer. Our references will confirm that.

- Accounting & Auditing Standards
  - GAAP measurement
  - GAAS compliance
  - Specialized Industries
- Insurance & Reinsurance
  - Statutory accounting
  - Solvency measurements
  - Claims disputes
  - Risk transfer consulting
- Economic Damages
  - Breach of Contract
  - Deepening insolvency
  - Lost Profits
- Corporate Investigations
- International Disputes
  - Arbitrations
  - IFRS Standards

INTEGRITY / integrittee / n. steadfast adherence to a strict moral or ethical code

# insurance & reinsurance

It is imperative that professionals who serve the needs of the insurance and reinsurance industries be well versed in the governing accounting principles, as well as the regulatory process. The professionals at Veris are uniquely qualified to meet those needs.

When our clients consult with or engage us as experts they do not receive an interpretation of what someone else thought, meant or wrote. Rather, our advice comes from having been actively involved in the standard-setting process by, among other things, serving on various committees of the American Institute of CPAs including the following, specifically related to the insurance industry:

- Insurance Companies Committee
- Insurance Experts Panel
- AICPA/NAIC Working Group
- Various Audit and Accounting Guide Task Forces

Moreover, our professionals have served as chairpersons or members of a variety of senior technical committees and task forces that have issued the authoritative guidance dealing with the audit of property and casualty insurance company loss reserves, and the accounting for reinsurance arrangements that do not transfer risk.

Veris has provided consulting and expert services in the analysis of claims brought against third-party defendants such as auditors, actuaries and directors and officers. Furthermore, we have evaluated when and to what extent entities were insolvent in connection with many of the largest insurance company failures in U.S. history, including:

- Executive Life Insurance Company
- Baldwin-United Corporation
- Reliance Insurance Company
- Kentucky Central Life Insurance Company
- Fidelity Mutual Life Insurance Company
- Mutual Fire, Marine and Inland Insurance Company
- Mentor Insurance Company

In addition, we have provided expert assistance and testimony in a multitude of circumstances involving both domestic and international reinsurance disputes, including, examining underlying support for claims reported, evaluating claims adjudication practices, measuring claim validity, including coverages and statistical analysis and projections, providing expert reports and testimony to arbitration tribunals.

Frequently, issues arise under reinsurance contractual arrangements regarding whether insurance risk has been transferred from one party to the other and whether the accounting for these contractual arrangements has been in compliance with the applicable accounting principles. Veris has been actively involved in the conduct of many federal and state investigations addressing the issue of risk transfers.

OBJECTIVITY / ob-jik-tiv-i-tee / *n.* fact or quality of being accurate, unbiased and independent

**M**asuring damages in litigated disputes is a complex endeavor. Determining with reasonable certainty the measure of economic harm suffered requires the ability to create and measure alternative economic scenarios, the evaluation of theories of damages, and the evaluation of causation issues.

The following summaries illustrate the types of damage-related matters in which we have provided expert assistance:

- Veris has been engaged to evaluate a variety of damages considerations in which we have constructed and evaluated models that sought to measure the difference between actual results and but-for results, including those involving the assertion of so-called “deepening insolvency” as a theory of damages.
- On behalf of the US Department of Justice, Veris has provided analysis and expert testimony in multiple engagements defending the Department of Energy against claims involving hundreds of millions of dollars related to the costs associated with the storage of spent nuclear fuel.
- On behalf of a global technology company, Veris rebutted damages calculated by a variety of experts in connection with a dispute involving losses from the utilization of faulty materials in the production of tankless waterheaters.
- In the context of arbitrations and trials, including an ICC arbitration, Veris has reviewed, evaluated and quantified damages in multiple royalty-related breach of contract disputes. The calculations in these matters included complex modeling and discounted cash flow calculations.
- In several matters, Veris has been engaged to perform calculations in the context of post-acquisition purchase disputes dealing with a variety of accounting and economic issues pursuant to provisions of the acquisition agreements.
- On behalf of a major US insurance company, Veris was engaged to evaluate economic damages related to purported lost profits and other defense/settlement costs alleged by a venture capital firm related to contaminated pharmaceuticals that were sold by one of its investees.

*economic scenarios*



*theories of damages*



*causation issues*

VERIFY / verifi /v. to establish truth, accuracy or reality of

# accounting & auditing standards

**W**hen assertions of error in financial statements are made, or when the conduct of professionals is challenged, it is imperative that those assertions and challenges be evaluated by competent professionals who will call it as they see it. That competency and integrity define the practice and professionals of Veris.

Our competency is the result of vast accounting and auditing experience. In addition to experience as members of “Big 4” firms, we have remained active in the accounting standard setting process including positions on senior technical committees within the AICPA such as the Accounting Executive Committee and the Financial Reporting Executive Committee.

Many of our engagements have involved highly publicized accounting and financial reporting scandals, including allegations of accounting and auditor malpractice. We have provided expert opinions regarding conformity with generally accepted accounting principles and matters such as:

- the accounting for and disclosures related to, among other matters, the following:
  - revenue recognition across a variety of specialized industries
  - special purpose and variable interest entities
  - loss contingencies and asset impairments
- fair value accounting for complex financial instruments
- the historical evolution and application of the accounting principles dealing with risk transfer in reinsurance arrangements
- internal controls over loan origination and underwriting

We have given expert testimony in defense of the presentation of financial statements and in defense of auditor compliance with relevant professional standards. In other circumstances, we have provided expert analysis and testimony that previously issued financial statements had been materially misstated and that auditors had failed to discharge their responsibilities under generally accepted auditing standards.

Offering expert services both for and against financial statement preparers and independent auditors requires careful study and evaluation of the facts, circumstances, and merits of each case, along with a dedication to uncompromising integrity.

The ongoing referrals we have received demonstrate our commitment to these requisites.

***We will remain true to  
our commitment  
to call it as we see it.***

INTEGRITY / integrittee / *n.* steadfast adherence to a strict moral or ethical code

# corporate investigations

**D**iscovering the real story during a corporate investigation can be a daunting task. Whether a company is responding to a regulatory inquiry, has suspicions of internal fraud, or is facing other possible financial improprieties, Veris provides management with unbiased and experienced support to make the right decisions.

Our corporate investigations practice provides personalized and timely consulting services to prevent, identify, respond to and recover from commercial exposure. We offer the following corporate investigative services:

- Recreate events from fragmented or falsified data, separating complex financial transactions and conducting forensic inspections and interviews.
- Pinpoint and isolate crucial evidence and provide management or regulators with the findings.
- Conduct investigative due diligence and fact-gathering at the beginning of an investigation or preceding a proposed transaction.
- Assist with SEC, DOJ and other regulatory examinations, government inquiries and investigations, including review of books and records and analysis of collateral consequences for purposes of determining amount of fines resulting from FCPA investigations.
- Deliver confidential and swift responses to high-risk events, including regulatory inquiries and examinations, financial indiscretions and restatements, whistleblower accusations, insufficient disclosures, embezzlement of corporate resources and shareholder derivative suits.
- Present our findings through expert testimony at hearings and trial.

We have been involved with many high-profile corporate investigations, including one of the nation's largest Ponzi schemes. Corporate investigation matters in which we have been engaged in recent years include the following:

- Assisted in-house counsel of a multimillion dollar global development company with an internal investigation of potentially fraudulent procurement activity involving numerous U.S. Government contracts. Our findings were used in reporting to various agencies in the U.S. Government.
- Provided and presented objective analysis of the appropriate application of accounting and disclosure requirements related to loss contingencies in consideration of the specific facts and circumstances of a specialty property casualty insurance holding company being investigated by the SEC.
- Investigated the interests of a major direct investor in Bernard L. Madoff Investment Securities LLC (BMIS) over a period of decades. Our analysis and demonstratives evidenced our client's lack of knowledge of the Ponzi scheme and resulted in a reduction of hundreds of millions of dollars in the amount of the ultimate settlement with the BMIS bankruptcy trustee.

INVESTIGATE / investigeyt / v. *systematic examination to learn facts*

# international disputes

Veris has been engaged in a variety of matters involving commercial disputes arising from international transactions and investments. Our work on these matters includes providing expertise on a broad range of accounting issues, conducting analyses of complex financial arrangements, preparing lost profits models and forms of other damage calculations.

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We have presented expert reports and testimony on matters before courts in various jurisdictions, as well as in ad hoc arbitrations and before tribunals administered under the rules of the AAA, ICC and ARIAS. Some of the international disputes on which we have been engaged in recent years include:

- advising a major Swiss insurance company and its counsel in connection with a \$900 million post-acquisition purchase price dispute concerning the sale of the company's international insurance and reinsurance operations in what is believed to be the world's largest ever "baseball arbitration".
- preparing an expert report on damages and testifying before the ICC on behalf of a Latin American hospitality and hotel management company in connection with the purchase of a hotel property in Mexico.
- assisting a major Latin American bottling company in a contractual dispute brought before the ICC concerning the value of an option to purchase certain related businesses within the region under the terms of a joint venture agreement with another Latin American party.
- producing an expert report and presenting our findings to an arbitral tribunal on behalf of a US telecommunications equipment manufacturer in an arbitration brought before the ICC concerning a contractual dispute with a European telecommunications equipment manufacturer.
- providing consulting services, evaluation of claims and expert witness testimony in several ARIAS arbitrations involving insurers and reinsurers in the London markets.

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INTEGRITY / integritee / n. steadfast adherence to a strict moral or ethical code

## LAW FIRMS

- Arnold & Porter
- Baker Botts
- Barrack, Rodos & Bacine
- Bingham McCutchen
- Blank Rome
- Boies, Schiller & Flexner
- Cadwalader, Wickersham & Taft
- Calfee, Halter & Griswold
- Carrington, Coleman, Sloman & Bluementhal
- Chadbourne & Parke
- Clifford Chance
- Clyde & Co
- Cooley
- Cravath, Swaine & Moore
- Crowell & Moring
- Davis Polk & Wardwell
- DLA Piper
- Fox Rothschild
- Fried, Frank, Harris, Shriver & Jacobson
- Frost Brown Todd
- Fulbright & Jaworski
- Gibson, Dunn & Crutcher
- Greenberg Traurig
- Hahn Loeser & Parks
- Hogan Lovells
- Holland & Knight
- Hubbard & Biederman
- Hughes Hubbard & Reed
- Hunton & Williams
- Husch Blackwell
- Jenner & Block
- Jones Day
- K&L Gates
- Kane Kessler
- Kegler Brown Hill & Ritter
- Kobre & Kim
- Loeb & Loeb
- McDermott Will & Emery
- Milberg
- Morgan, Lewis & Bockius
- Munger, Tolles & Olson
- Nelson Mullins Riley & Scarborough
- Nixon Peabody
- O'Melveny & Myers
- Orrick, Herrington & Sutcliffe
- Patton Boggs
- Paul, Weiss, Rifkind, Wharton & Garrison
- Payne & Fears
- Pepper Hamilton
- Perkins Coie
- Reed Smith
- Reinhart Boerner Van Deuren
- Robinson Curley & Clayton
- Ropes & Gray
- Seyfarth Shaw
- Shaffer Lombardo Shurin
- Sidley Austin
- Steptoe & Johnson
- Stites & Harbison
- Sullivan & Cromwell
- Sullivan & Worcester
- Sutherland Asbill & Brennan
- Thompson Hine
- Troutman Sanders
- Venable
- Weil, Gotshal & Manges
- Wiley Rein
- Williams & Connolly
- Willkie Farr & Gallagher
- WilmerHale
- Wilson Elser Moskowitz Edelman & Dicker
- Zuckerman Spaeder