

D. RAY STRONG
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SUMMARY

D, Ray Strong has provided expert, advisory, and fiduciary services for over twenty years involving investigative and forensic accounting, internal investigations, bankruptcy, federal and state court receiverships, corporate restructuring, and litigation support in local, national, and international matters. He is a Certified Public Accountant, Certified Fraud Examiner, Certified Insolvency and Restructuring Advisor, and is certified in Financial Forensics by the American Institute of Certified Public Accountants.

Mr. Strong has extensive expertise providing civil and criminal forensic and investigative accounting services including the investigation of fraud and mismanagement, corporate internal investigations, financial data reconstruction, "big data" analysis, tracing of funds and assets, partner dispute examinations, lost profit damage analyses, breach of contract claims, insurance claim recovery, witness and target interviewing, and has provided testimony in federal court, state court, and arbitration cases. He has investigated numerous fraud and mismanagement related issues including complex management and financial statement frauds, asset misappropriation schemes, Ponzi and investment schemes, bank fraud, and bankruptcy fraud.

Mr. Strong is a seasoned professional in bankruptcy and insolvency related matters including court-appointments as Chapter 11 Trustee, Liquidating Trustee, Estate Manager, Examiner, and Receiver. He regularly serves as an accountant and financial advisor to bankruptcy trustees, creditors' committees, and court-appointed receivers. His experience includes the liquidation of assets, investigation of alleged insider dealings, liquidation and substantive consolidation analyses, plan development and feasibility, investigation and prosecution of avoidance actions, solvency analyses and claims resolution.

Mr. Strong has advised companies regarding potential lender defaults, contractual defaults, or a potential insolvency proceeding. He has operated and managed various distressed companies within bankruptcy and receivership cases to preserve and maximize going-concern value for stake holders. His responsibilities often entail analyzing operating viability, developing key performance indicators and operating metrics, creating cash flow forecasts, restructuring executive management teams and accounting departments, upgrading IT infrastructures, evaluating and implementing internal controls, addressing employee retention and benefit issues, identifying and resolving environmental claims, leading marketing and business development efforts, establishing treasury functions and systems, implementing cost control measures, and reconstructing financial and operating information.

Mr. Strong has taught graduate level accounting courses at the University of Utah and Westminster College of Salt Lake City and frequently presents on various fraud, insolvency, and accounting related topics.

EDUCATION

Master of Professional Accountancy, University of Utah, 1995
Bachelor of Science (Accounting), Westminster College of Salt Lake City, 1994

PRESENT EMPLOYMENT

Berkeley Research Group, LLC
Managing Director, 2018–present

PREVIOUS POSITIONS

S3 Advisory LLC
Managing Member, 2015-2018

Berkeley Research Group, LLC
Managing Director, 2011-2014

LECG, LLC
Director, 2005–2011

Neilson Elggren LLP
Partner, 2000–2005

The Sundance Group
Assistant Controller, 2000

Arthur Andersen LLP
Manager, 1998–2000

Neilson, Elggren, Durkin & Company
Senior Accountant, 1996–98
Staff Accountant, 1995–96)

Lynn M. Carlson & Company
Staff Accountant, 1990–1994

HONORS AND AWARDS

Distinguished Achievement Award, Association of Certified Fraud Examiners, 1995

LICENSES AND CERTIFICATIONS

Certified Public Accountant, California and Utah
Certified Fraud Examiner
Certified Insolvency and Restructuring Advisor
Certified in Financial Forensics, American Institute of Certified Public Accountants

PROFESSIONAL AFFILIATIONS

American Institute of Certified Public Accountants
Association of Insolvency and Restructuring Advisors
Association of Certified Fraud Examiners
American Bankruptcy Institute
Turnaround Management Association

INDUSTRY EXPERIENCE

- Aerospace
- Agricultural
- Automotive
- Financing/Factoring
- C-Store/Fuel Distribution
- Construction
- Energy/Solar
- Internet/Telecommunication
- Manufacturing
- Real Estate
- Restaurant/Food Services
- Retail
- Service
- Software
- Technology
- Transportation
- Waste Disposal
- Wholesale

NOT-FOR-PROFIT AFFILIATIONS

Utah Museum of Contemporary Art, Member of the Board of Trustees, 2014-2017

PUBLICATIONS

"Are we giving fraud perpetrators a license to steal?" *Internal Auditing* 14:5, September/October 1998

PRESENTATIONS AND INSTRUCTION

- (1) Co-instructor, "Fraud Examination and Forensic Accounting," University of Utah, David Eccles School of Business graduate-level course, Spring Semester 2007–2015
- (2) Panel Presenter, "Using Experts in Bankruptcy Cases," American Bankruptcy Institute, 20th Annual Rocky Mountain Bankruptcy Conference, January 2015
- (3) Panel Presenter, "Dealing with Internal Investigations," ACC Mountain West Chapter Last Chance CLE, July 2012
- (4) Panel Moderator, "Following the Winding Path of Claims Trading," American Bankruptcy Institute, 17th Annual Rocky Mountain Bankruptcy Conference, January 2012
- (5) Panel Presenter, "Financing Chapter 11s in Today's Economy," American Bankruptcy Institute, 15th Annual Rocky Mountain Bankruptcy Conference, January 2010
- (6) Panel Presenter, "Understanding Financial Statements from a Liquidation Perspective," American Bankruptcy Institute, 10th Annual Rocky Mountain Bankruptcy Conference, February 2005
- (7) Panel Presenter, "Conducting a Fraud Investigation," Association of Certified Insolvency and Restructuring Advisors, June 2003
- (8) Presenter, "Financial Statement Fraud," Utah Association of Certified Fraud Examiners, January 2000
- (9) Presenter, "Defining Forensic Accounting," Arizona Society of CPAs Conference, September 1999
- (10) Presenter, "Business Fraud," University of Utah, September 1999
- (11) Instructor, "MBA Survey of Accounting," Westminster College of Salt Lake City, Spring Semester 1999
- (12) Presenter, "Business Fraud," Brigham Young University, March 1999
- (13) Presenter, "Business Fraud," Utah State University, October 1998
- (14) Presenter, "Financial Statement Fraud," Utah Association of Internal Auditors, May 1998
- (15) Presenter, "Bankruptcy Fraud," Los Angeles Bankruptcy Trustee Administrators, April 1998
- (16) Presenter, "Internal Controls," University of Utah, September 1997

CASE EXAMPLES

- Mr. Strong was responsible for leading an engagement to identify, reconstruct, locate, and trace billions of dollars of assets owned or previously owned by a prince of a royal family that owned and controlled significant oil reserves. The engagement involved analyzing hundreds of corporate structures and identifying and investigating thousands of assets located in countries throughout the world, including Argentina, France, Indonesia, Japan, Malaysia, New Zealand, the Philippines, Saudi Arabia, Singapore, United Kingdom, and the United States. The assets identified and analyzed included substantial real property (including palaces, homes, condos, apartments, hotels, and raw land), high-end sport and luxury custom automobiles, large custom yachts, custom luxury aircraft, paintings by master artists, gems; and jewelry.
- Mr. Strong assisted the chief restructuring officer of Solyndra with a substantial internal investigation and detailed report of the company's activities filed with the U.S. Bankruptcy Court. Solyndra was a U.S. manufacturer of solar photovoltaic power systems headquartered in California that specifically designed solar systems for large commercial and industrial rooftop applications. Solyndra was a high-profile national case as a result of its highly publicized bankruptcy filing, \$535 million loan guarantee received from the Department of Energy, and political environment.

- Mr. Strong assisted the bankruptcy trustee and the liquidation trustee in the administration and investigation of Le-Nature's, Inc., a water, juice, and tea bottling company in Latrobe, Pennsylvania. Mr. Strong assisted with, among other things, the identification and liquidation of assets, termination and wind down of business operations, resolution of ownership disputes relating to leased equipment, analysis of potential causes of action, and the preservation of electronic data and documentation. Mr. Strong also led a large forensic accounting analysis and investigation to reconstruct and determine the actual financial activities of the company and its principals. The principals defrauded creditors out of more than \$700 million. More than \$1 billion of transactions were analyzed. As a result of his forensic analysis, Mr. Strong prepared expert reports and provided testimony in two arbitration proceedings against the company's former auditors.
- Mr. Strong was engaged by the U.S. Department of Justice as its forensic accounting expert in two criminal proceedings relating to Le-Nature's, Inc. Mr. Strong further analyzed the activities of Le-Nature's and its management, prepared an expert report, and testified at both trials in Pittsburgh, Pennsylvania.
- Mr. Strong was engaged by the United States Securities and Exchange Commission as a forensic accounting expert in the Marquis Properties LLC case filed in United States Federal District Court in Utah to reconstruct the financial activity and cash transactions of the company, investigate Ponzi scheme allegations, and to identify recoverable assets. Marquis Properties, and its principals, promoted various real estate investment vehicles to investors that included secured notes offerings, real estate acquisitions, property management services, and joint venture opportunities. The work performed involved over \$15 million in alleged investments from over 170 investors. Pursuant to his work, Mr. Strong also provided testimony in federal court.
- Mr. Strong was engaged by the court-appointed federal receiver of Traffic Monsoon, a company that described itself as a worldwide internet marketing and traffic exchange provider. Mr. Strong's services included the reconstruction of significant accounting and cash activity, investigation of Ponzi scheme allegations, and providing financial advisory services to the receivership estate. The reconstruction of accounting and cash activity included the analysis of various data sources involving over 100,000 members/investors located in 204 countries, over 50,000 lines of website code, data consisting of over 500 million records, transaction data from various online payment processors, and cash transactions totaling close to a billion dollars. Pursuant to his engagement, Mr. Strong also provided testimony in United Federal District Court in Utah regarding his analysis and findings.
- Mr. Strong was engaged by a Special Committee of the Board of Directors of a significant industrial bank to conduct an internal investigation of alleged wrongdoing by its president and other senior management. The investigations involved analyzing thousands of transactions, collecting and analyzing large volumes of electronic files and emails, investigating third-party documentation, conducting interviews of key company employees, customers, and professionals, and preparing an extensive report describing his findings. Mr. Strong provided fact and expert testimony in litigation with another financial institution as a result of the investigation.
- Mr. Strong was appointed by the U.S. Bankruptcy Court as Successor Estate Manager of Natural Wonders, Inc., a national retail chain. The debtor operated as a specialty gift retailer with over 260 stores located throughout the country. Mr. Strong was responsible for liquidating the debtor's remaining assets, identifying and litigating various causes of action, resolving and negotiating disputed claims, and making distributions to creditors pursuant to the confirmed plan and disclosure statement. More than 3,000 claims were resolved and more than \$18 million was distributed to holders of allowed claims.

- Mr. Strong assisted the bankruptcy trustee in the administration and investigation of Estate Financial, Inc., a “hard money lender” located in California that solicited investments for real estate secured loans. At the time of the bankruptcy filing, the loan portfolio consisted of nearly 550 loans totaling \$350 million funded from over 2,000 investors. Mr. Strong supervised the reconstruction and analysis of the company’s financial activities, analysis of loan documentation to determine the identity of the owners and allocation of loan ownership, reconciliation of hundreds of thousands of underlying transactions to determine the appropriate distribution of the proceeds from the loan payoffs and property sales, and the identification of avoidance actions.
- Mr. Strong assisted the court-appointed federal receiver of Diversified Lending, Inc. in the administration and investigation of alleged Ponzi scheme activity. Mr. Strong supervised the investigation and reconstruction of the financial activities of the company and its principals, identification and analysis of company assets, investor claims, causes of action, and business termination activities. The investigation, reconstruction, and analysis involved over 1,500 investor accounts, 100 bank accounts, and the identification of over \$8 billion in cash activity.
- Mr. Strong was appointed by the United States Bankruptcy Court as Trustee of Castle Arch Real Estate Investment Company, LLC. In that capacity, Mr. Strong also became the manager of numerous other real estate affiliates. Castle Arch and its affiliates raised funds of over \$73 million from investors and invested in raw land and other distressed real estate. The entities purchased and pursued entitlements on four large residential developments located in Utah, Arizona, Wyoming, and Tennessee and purchased, refurbished, and sold distressed residential homes. Mr. Strong reconstructed and investigated the business activities of the various related entities, identified, recovered, and liquidated assets, analyzed and settled claims, and is pursuing litigation against former management pursuant to a confirmed plan of liquidation.
- Mr. Strong was appointed by the U.S. Bankruptcy Court as Examiner of Medical Software Solutions, a medical software company. The company created a web-based back-office software product to assist physicians with the management of their medical practices. His court mandate required the review and analysis of a proposed debtor-in-possession (DIP) financing agreement, asset purchase agreement, and investigation of alleged inappropriate insider dealings. Mr. Strong interviewed and deposed several key debtor personnel, venture capitalist, potential asset purchasers and other relevant insiders. Additionally, he reviewed and analyzed a large volume of documentation obtained from various parties and reported his findings to the court by written reports and testimony.
- Mr. Strong was appointed by the United States Bankruptcy Court as Examiner with Expanded Powers of Tri-Valley Distributing, Inc., a wholesale and retail petroleum business. His duties included operating and liquidating a wholesale fuel distribution and bulk oil business, over 45 convenience stores, several fast food franchises, and a sizeable semi-tractor and tank trailer fleet with annual revenues of more than \$200 million and claims exceeding \$35 million. The debtors operated in Arizona, California, Nevada, Wyoming and Utah. Mr. Strong was also responsible for implementing a liquidating plan, investigating various transactions and activities between the debtors and related parties, supervising numerous environmental remediation projects, and identifying and litigating various causes of action.
- Mr. Strong was engaged by the trustee of the Yellowstone Mountain Club Liquidating Trust to assist in the administration of the liquidating trust, analysis of claims, pursuit of various causes of action, and liquidation of asset. Yellowstone Mountain Club was a large high-end residential development and ski community located in Montana that filed for bankruptcy during a substantial real estate downturn.

- Mr. Strong's firm was appointed receiver of two Nissan auto dealerships, Kirkland and Bellevue Nissan, in a state court insolvency proceeding filed in the State of Washington. He was the partner in-charge of this engagement with sole responsibility for all decision making on behalf of the firm. His responsibilities included developing cash and asset controls to protect and preserve the secured creditor's collateral, investigating potential claims, analyzing and determining the viability of on-going operations, making recommendations to the court regarding the future existence of the dealerships, locating and liquidating the debtor's new and used car inventory, parts, fixed assets, intangible assets, and receivables.
- Mr. Strong was appointed as the state court receiver of certain collateral relating to Arches Financial. Arches Financial was an investor in over \$500 million of delinquent credit card accounts. Mr. Strong was responsible for investigating, identifying, and administering the collateral. As a result, he located and transitioned the accounts to a new collection agency, currently supervising the collection efforts, and distributing proceeds to the holder of the collateral.
- Mr. Strong was appointed as a state court receiver of Xi3, Inc. and its related affiliates. The company manufactured and sold small form factor computers. Mr. Strong worked with secured creditors to obtain interim financing in an effort to continue operations for a limited time period to evaluate the feasibility of the companies' operations and determine options to maximize value. Mr. Strong investigated the financial activities of the company and its related affiliates including various loan and capital funding, managed and liquidated remaining assets including a large US and foreign patent portfolio, and analyzed and evaluated the liabilities and claims of the companies.
- Mr. Strong was appointed as the state court receiver of Thermal Processing, Inc. The company provided aluminum heat treat and special processes for the aerospace industry primarily. In that capacity, Mr. Strong operated the business, investigated the activities of the business and principals, pursued causes of action, liquidated surplus equipment, addressed and negotiated a resolution relating to an existing foreclosure and eviction proceeding, addressed environmental cleanup efforts, and negotiated and closed the sale of the business as a going-concern. Additionally, Mr. Strong took control and operated a related facility in Monterrey, Mexico that manufactured parts for large commercial aircraft. Mr. Strong analyzed the ongoing operations, addressed dire cash flow needs and requirements, stabilized the company's operations, and negotiated and closed a sale of the business as a going-concern to a foreign entity.
- Mr. Strong was appointed as the state court receiver of Advanced Fluid Containment LLC. The company manufactured large steel holding tanks for the oil and gas industry. In that capacity, Mr. Strong operated the business through a sale of the assets, investigated activities of the business and principals, addressed environmental remediation issues, and evaluated and resolved claims filed by various creditors.
- Mr. Strong was engaged by a large national bank to investigate the financial dealings of Graham Motors, which included three automotive dealership locations with Ford, Chevrolet, Chrysler, Dodge, Jeep, and Subaru franchises in Wyoming. His investigation included the analysis of cash and flooring activity, identification of collateral, analysis of flooring transmittals and vehicle inventories, identification of existing liabilities, and calculation of loss due to the fraudulent conduct of the owner and his associates. Mr. Strong also advised the bank in winding down the dealership's operations including processing outstanding finance contracts, collection of outstanding trade and manufacturer receivables, and processing of state license and titling applications.
- Mr. Strong performed an investigation of a real estate partnership on behalf of a silent general partner. His investigation included analyzing current operations, determining reasonableness of development and construction costs, investigating unauthorized payments and property transfers to the active general partner related insiders.

- Mr. Strong supervised the analysis of development and construction cost allocations relating to a joint venture agreement between a real estate developer and landowner. He determined the reasonableness of development and construction costs and investigated whether costs from other projects, unrelated to the joint venture agreement, were allocated to the development to the detriment of the landowner.
- Mr. Strong assisted in operating Magic Ford, one of the largest Ford/Mercury/Lincoln automobile dealerships in the country at the time, to assist the bankruptcy trustee in selling the business as a going concern. His services included the management of cash flow, identification of assets and liabilities, analysis of historical and current operations, supervision of remaining employees, and various other daily operating activities. Additionally, Mr. Strong assisted the bankruptcy trustee with investigating the financial dealings of the dealership, owner, and various associates. His investigation and analyses helped uncover various fraudulent schemes and aided the bankruptcy trustee in pursuing avoidance actions.
- Mr. Strong operated Express.com, a large e-commerce company, for a two-month period until the bankruptcy trustee could sell the company as a going concern. His services included cash management, analysis of historical and on-going operations, implementation of cost cutting strategies, negotiations with credit card merchants, financial reporting, preparation of financial and operational statistics to solicit potential buyers, supervision of remaining employees, web page management, and various day-to-day activities. Mr. Strong's efforts aided the bankruptcy trustee in the sale of all company assets resulting in values in excess of forced liquidation values. Additionally, he has analyzed and investigated filed claims to determine amounts to be allowed and made in creditor distributions.
- Mr. Strong was engaged by the bankruptcy trustee of Suncrest, LLC. Suncrest was a large residential PUD development located in Utah. He assisted the Trustee with identifying assets, analyzing claims, and pursuing various causes of actions.
- Mr. Strong was engaged by a real estate management company to analyze and investigate allegations of fraud and misconduct of its internal accountant. Mr. Strong determined the amount of loss and assisted with the prosecution of an insurance claim.
- Mr. Strong was engaged by the executive committee of a law firm to analyze and investigate allegations of fraud and misconduct of its internal accountant.
- Mr. Strong was engaged by a large energy cooperative to perform an analysis and investigation regarding funds embezzled by an employee. The analysis resulted in the uncovering over \$500,000 of misappropriated funds and provided the basis for recovery under an existing insurance policy.
- Mr. Strong provided financial analyses requested by the Creditors' Committee of Stueve Brother Farms. Stueve Brother Farms was a family business that operated one of California's largest dairy operations at the time. The company filed a Chapter 11 bankruptcy petition resulting from a \$10 million judgment obtained by a competitor for alleged trade secret and patent violations. The services performed included identification and analysis of claims, an analysis of the Disclosure Statement and Plan of Reorganization filed by the debtor, identification of potential fraudulent transfers, assistance with the negotiation of plan default provisions, and an analysis of the dairy farm operations.
- Mr. Strong was engaged by the Creditors' Committee of Bliss Dairy. Bliss Dairy was a family owned business operating a large dairy farm located in Delta, Utah. The services performed included the analysis of the Disclosure Statement and Plan of Reorganization filed by the Debtor, development of plan projection models, analysis of plan feasibility, and financial advisory services to assist counsel with negotiating favorable plan treatment for unsecured creditors.

- Mr. Strong was engaged by the Creditors' Committee of Mountain Crane. Mountain Crane is a family owned business that provides crane and operator rental services for the construction, oil and gas, and alternative energy industries. The services performed included the analysis of the Disclosure Statement and Plan of Reorganization filed by the Debtor, development of plan projection models, analysis of plan feasibility, and financial advisory services to assist counsel with negotiating favorable plan treatment for unsecured creditors.
- Mr. Strong was engaged by a large investor of Waterford Funding to analyze their historical investment activity and provide consulting services relating to demands by the bankruptcy trustee for return of proceeds received as a result of a Ponzi scheme that was operated by its principals.
- Mr. Strong assisted the bankruptcy trustee of Bonneville Pacific Corporation, an independent power producer, in a damage study, which included tracing and categorizing transactions in excess of \$5 billion over a six-year period. Recoveries exceeded \$200 million from more than 30 defendants including auditors, law firms, underwriters, and insiders.
- Mr. Strong analyzed damages relating to lost profits involving a low-level nuclear waste facility. Responsibilities included analyzing current operations, industry data, industry regulations, assisting counsel with depositions and interrogatories, reviewing and analyzing plaintiff's damages, coordinating various data obtained from other experts relating to transportation, construction, industry regulations, hydrology, and geology, and the preparation of a lost profit damage analysis.