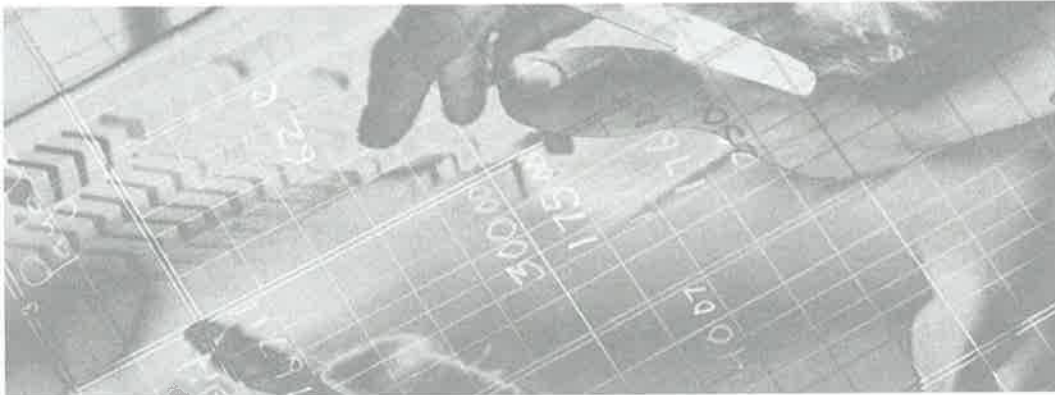


**When You Need  
To Go Beyond  
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## Attending to the needs of our clients

Biggs & Co. is a medium-size firm of certified public accountants serving clients throughout the greater Los Angeles metropolitan area, Northern and Southern California, and other locations nationally. Partner and staff backgrounds include public accounting with Big Six firms, litigation support, and financial management in private industry. Biggs & Co.'s staff has worked with major national and multi-national companies, as well as regional and local businesses. The firm was formed in 1983, and has four partners, as well as supporting staff of managers, accountants and administrative personnel.

Biggs & Co. is one of the leading Southern California accounting firms providing specialized services in the areas of bankruptcy and litigation support, forensic accounting and receivership administration. The firm has handled hundreds of insolvency and receivership cases, and is regularly retained by trustees, financial institutions, law firms, and other parties in litigation, reorganization, investigations, and forensic accounting matters. The firm has also acted as examiner and expert witness in many cases, and is often called upon to provide court testimony relevant to reorganizations, evaluations, fraudulent transfers, and other matters. ■



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## Samuel R. Biggs

*Managing Partner*

Mr. Biggs began his career in public accounting with Arthur Andersen & Co., subsequently spent several years in executive positions in private industry, and eventually returned to public accounting in 1983 when he founded Biggs & Co.

Mr. Biggs' private industry experience includes financial management with Rockwell International, where he was responsible for financial planning, cost systems, and special projects for a world-wide group of Rockwell companies. He also handled the accounting and financial management of a \$100-million leveraged buyout of Rockwell divisions. Subsequent to Rockwell, Mr. Biggs served as Vice President and Director of a data-processing management and consulting firm, dealing with major companies both domestically and internationally.

Mr. Biggs' experience in matters of corporate reorganization, insolvency, and litigation support is extensive. He has worked with numerous troubled companies in financial reorganization, creditor work-outs and insolvency, and has actually managed and operated several businesses through their reorganization process. Mr. Biggs is a bankruptcy trustee for the Central District of Southern California and a receiver for the Superior Court of California. He has administered thousands

of cases, in several instances actually operating the troubled businesses and real estate ventures—many of which were multi-million dollar entities.

Mr. Biggs graduated from Creighton University in 1965 and received an MBA degree from the University of Wisconsin. He holds a certificate as a certified public accountant and is licensed to practice in the state of California.



He founded the firm of Biggs & Co. with the initial practice concentrated in commercial and business services. The firm's practice has since expanded to include credit union services, forensic accounting, insolvency, and litigation support, and is noted as one of the leading firms in Southern California providing services in these areas. ■



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## Charles E. Kunz

### Partner

Mr. Kunz began his career in public accounting with the international firm of Deloitte & Touche (D&T). During the course of his eight years with D&T, Mr. Kunz was promoted numerous times until becoming an audit manager responsible for audits of start-up operations and multi-million dollar NYSE companies.

In 1975 Mr. Kunz established his own accounting practice, Kunz & Sullivan, which subsequently merged with Biggs & Co. in 1989.

Mr. Kunz' extensive accounting and tax experience spans thirty years, twenty of which have been heavily concentrated in the areas of estate planning and taxation. He currently heads Biggs & Co.'s Tax division, which performs compliance and

planning services in all areas of taxation, including, corporate, partnership, individual, estate, trust, and bankruptcy estate matters.

Mr. Kunz graduated from Loyola Marymount University and earned his MBA degree from the University of Southern California in 1967. He holds certificates as a certified public accountant and a certified financial planner, and is licensed to practice in the state of California. ■



## Samuel Okstad

Partner

Mr. Okstad is the partner in charge of credit union services at Biggs & Co. He has over thirty years experience in the credit union industry, including work for the Minnesota State Banking Division and public accounting. Mr. Okstad commenced his public accounting work with Raum, Jordan Accountancy which was subsequently merged into Biggs & Co.

Mr. Okstad's responsibilities include all opinion and supervisory committee audits, internal audits, and management advisory services for federal and state chartered credit unions. Additionally, his services cover credit union reorganizations, mergers, employee benefit plans, and credit union service organizations.

He is an expert in the areas of regulatory compliance, reconstruction of accounting records, account reconciliation, and fraud investigations where he has spent substantial time providing services.

Mr. Okstad has an extensive knowledge of credit union rules, regulations, reporting requirements, and current practices. He has assisted credit unions with special projects drawing on his long-time experience into all phases of credit union operations.

Mr. Okstad's credit union experience included five years service as an examiner with the State of Minnesota Banking Divisions where he was responsible for asset quality examinations of state chartered credit unions throughout the State of Minnesota. His duties also included examinations of state chartered savings and loan associations, industrial loan and thrift companies and small loan companies.



Mr. Okstad holds a BA degree in Business and Economics from the University of Minnesota. He also holds a certificate as a certified public accountant and is licensed to practice in the State of California. ■



## Practice Areas

### Commercial Practice

Through its commercial practice division Biggs & Co. provides audit, tax, general accounting, and consulting services to manufacturing, distribution, and service-oriented companies with revenues generally ranging from \$2 million to \$60 million. The firm is operationally oriented and places great emphasis on assisting clients with managing their businesses more effectively through improved financial reporting, budgeting, and business planning.

Clientele consist primarily of mid-sized companies, joint ventures, personal service companies, and credit unions. In addition to audit, accounting, tax preparation, and consulting services, the firm provides assistance with tax planning, financial forecasting, and business computer systems.

### Tax Preparation and Planning Services

The firm's tax division, headed by partner Charles E. Kunz, provides comprehensive compliance and planning services in all areas of taxation, including corporations, partnerships and fiduciaries. The firm also offers trust and estate planning services.

### Credit Union Services

Biggs & Co.'s credit union practice division ranks as one of the top thirty practices in the United States providing services to the credit union industry. The division is staffed with professionals whose experience providing services in this specialized industry is extensive, spanning over twenty years. The firm has a substantial practice in opinion, Supervisory Committee, and credit union service organization audits, but is also frequently retained to provide internal audit engagements, pension plan audits, consulting, and tax services.

### Bankruptcy Support Services

Biggs & Co. is proud to be among the select few accounting firms in Southern California to have earned a reputation as top professionals in the areas of bankruptcy and litigation support. The firm has been widely involved in this specialized field for nearly twenty years. Its staff is comprised of a group of experts, knowledgeable in all areas of bankruptcy, forensic accounting, fraud, investigation and trustee support. Biggs & Co.'s reputation for being responsive, efficient and highly experienced in insolvency matters has resulted in the rapid expansion of its practice. The firm is regularly retained by trustees, debtors-in-possession and creditors committees, and has been employed in thousands of cases.

(CONTINUED)

*Commercial Practice*

*Tax Preparation and Planning Services*

*Credit Union Services*

*Bankruptcy Support Services*

*Receivership Services*

*Forensic Accounting and Litigation Support*



**Practice Areas** (CONTINUED)**Receivership Services**

Managing partner, Samuel R. Biggs, has been appointed receiver for the benefit of many of the largest financial institutions in Southern California, as well as the FDIC and other parties. Biggs & Co. maintains a property management group to provide rent collection, property administration, field supervision and other services required for the property management of receiverships. This in-house capability allows better control, as well as less costly and more efficient administration of receiverships.

**Forensic Accounting and Litigation Support**

Biggs & Co. is regularly engaged by law firms, financial institutions and others to provide services in developing evidence, evaluating alternatives and performing other work in matters of litigation, valuation analysis and dispute resolution. The firm also provides extensive forensic accounting services, such as damage projections, investigation of diversion and misappropriation of funds, financial modeling, expert testimony and other related work. ■

*Commercial Practice**Tax Preparation and  
Planning Services**Credit Union  
Services**Bankruptcy  
Support Services**Receivership Services**Forensic Accounting  
and Litigation  
Support***BIGGS & CO.** *Certified Public Accountants**Santa Monica, California 90405-2934**Tel: (310) 450-0875 Fax: (310) 450-9157*

## Forensic Accounting, Insolvency and Litigation Support

*Biggs & Co. is regularly retained by financial institutions, law firms, government agencies and others in matters of litigation, forensic accounting, insolvency, valuation, and dispute resolution. In every case we look to find practical solutions to complex problems to provide substantive, cost-effective results. Biggs & Co.'s responsive and efficient service has earned it a reputation as one of the leading accounting firms in this field.*

### *Expert Witness, Forensic Accounting and Testimony at Trial*

Biggs & Co. provides forensic accounting and consulting services to attorneys, government and corporate officials, banks and law enforcement agencies, among others. Biggs also provides expert testimony at trial or in depositions in matters of fraud, business evaluation, damages, shareholder disputes, fraudulent conveyances, and a wide range of other financial-oriented matters. Some of Biggs & Co.'s higher profile engagements are listed below.

#### **Securities and Exchange Commission vs. J.T. Wallenbrock and Citadel Capital Management**

Samuel R. Biggs provided expert testimony in the U.S. District Court at the sentencing trial of Larry Toshio Osaki based on the findings of its forensic accounting work to provide evidence to recover funds in the case of SEC v. J.T. Wallenbrock, a Ponzi scheme defrauding investors of over \$260 million (See related discussion under Ponzi Schemes herein). Biggs provided forensic accounting services, including analysis of the defendant's operations, books and records, meetings with the SEC, Receiver and their attorneys, preparation of an accounting of the defendant's cash receipt and disbursement transactions, recovery of assets, verification of investor claims, confirmation of investor transactions to determine allowed claims, assistance in creditor distributions and other litigation support as required by the Receiver and the SEC.

#### **CIT vs. Goldman**

Provided forensic accounting, expert services and testimony at trial in defense of a fraudulent conveyance action. Biggs performed a review and analysis of the solvency of the debtor, valuation of the secured creditor's collateral and determination of debtor's solvency relative to the secured creditor's collateral.

#### **Bennett vs. HGEA, UPW, et al**

Provided forensic accounting, litigation support and expert witness services to the Attorney General of the State of Hawaii in connection with the prosecution of a recovery action against two major government employee labor unions.

This matter concerned the State of Hawaii's health benefits programs, in which State employees were allowed to select health insurance coverage under programs provided either by the State or by certain government employee labor unions. No audit of this program was conducted by the State until questions concerning its operations arose following the conviction of certain union officers for fraud, misappropriation of funds and other wrongful acts. Biggs identified over \$50 million in alleged "excess profits" which the Attorney General is seeking to recover.

#### **GECC/GE vs. Vitascan Partners et al**

Biggs was retained by GE Healthcare Financial Services to provide forensic accounting, litigation support, expert witness services and testimony at trial in support of GE's defenses to a \$15 million damage complaint that the failure of GE's medical equipment caused the ruin and loss of plaintiff's busi-

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## Forensic Accounting, Insolvency and Litigation Support (CONTINUED)

*Expert Witness, Forensic Accounting and Testimony at Trial (CONTINUED)*

### **GECC/GE vs. Vitascan Partners et al (CONTINUED)**

ness. Samuel R. Biggs testified at trial and provided supporting evidence that GE's equipment operated satisfactorily and the business failure was due to the draining of capital by the principals, market conditions and other causes beyond the control of GE. A jury verdict of 12-0 was returned in favor of GE.

### **The Principal Financial Group vs. JMWM Limited Partnership**

Provided expert services in connection with financial analysis, business evaluation, income projections and other issues in connection with debtor's Plan of Reorganization, objections thereto and motions for relief from the automatic stay brought by the Principal Financial Group.

### **Gerald Garner**

Provided expert services in connection with forensic accounting, business evaluation and alleged damages in an action brought against Mr. Garner involving a shareholder dispute, termination of a restaurant operation, failure to provide financing, and wrongful termination.

### **Engine Corporation of America**

Designated as an expert witness. Prepared declarations in connection with an action to recover assets in the J.T. Wallenbrock receivership case.

### **Independence Bank vs. Trend Products Company**

Provided forensic accounting and expert services in connection with financial analysis of debtor's business operations, inventories, bankruptcy plan feasibility and other areas.

### **Riverside Disposal Services vs. Newco et al.**

Provided expert services, including testimony at trial, in connection with forensic accounting, business evaluation, financial analysis, and related damages in an unfair competition, price fixing and restraint of trade action.

### **Koye Fernandex Enterprises vs. Mercury Air Group, Inc.**

Provided expert witness services for defendant in a complaint for loss of business opportunity and damages in connection with a lease agreement.

### **McNall vs. Bank of San Paolo**

Provided expert witness services and testimony at trial in connection with tracing and commingling of funds and trustee's recovery actions for preferential and fraudulent conveyances in a bankruptcy.

### **Scarf vs. Various Parties**

Provided expert witness services for defendant in connection with an action brought against an attorney by a former client alleging damages in settlement of a dispute among beneficiaries in an estate matter.

### **Sanwa Bank vs. Lompoc Lumber Company**

Provided expert services in connection with business valuation, financial analysis, and profitability involving a foreclosure on the collateral of Sanwa Bank of the debtor, Lompoc Lumber.

### **First Professional Bank vs. Various Parties**

Provided expert witness services for plaintiff in actions brought for recovery of funds alleged to have been diverted from accounts receivable collections and recoveries from medical services.

### **Bank of the West vs. Azer**

*LA Superior Court No.: 14070318*

Provided expert services in a financial analysis of an insurance agency and evaluation of damages in connection with termination of a financing agreement.

### **Lampert vs. Evanston Insurance Company**

Testified at trial as an expert in connection with forensic accounting work performed and recovery on error and omission action against Evanston Insurance Co. in the matter of Lampert vs. Lutheran Church.

### **Unisource International vs. Stocktab, Inc.**

Provided forensic accounting and litigation support services to assist Unisource International to identify its secured collateral in a bankruptcy. Work involved tracing of raw material paper stock through its conversion to finished good, accounts receivable and cash collateral.

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## Forensic Accounting, Insolvency and Litigation Support (CONTINUED)

*Expert Witness, Forensic Accounting and Testimony at Trial (CONTINUED)*

### **State of California vs. Charles Lewis, CPA**

Employed by the Attorney General's office of the State of California as an expert to assist in the investigation of Mr. Lewis in connection with revocation of his license to practice as a CPA in California. Mr. Lewis was the principal shareholder of L & H Finance, Inc.

### **Los Angeles County Office of Education (LACOE) vs.**

#### **Federation**

Provided forensic accounting services and prepared an extensive report and declaration relevant to Biggs' work and findings to assist LACOE in support of its claim against Federation of Preschool and Community Education Centers, Inc., as well as in its defense.

Biggs provided forensic accounting to validate and substantiate LACOE's claims against Federation relating to the alleged embezzlement and misappropriation of funds by former Federation officers and employees. Biggs reviewed and analyzed claims, stipulations, LACOE's Internal Audit & Accounting Division audit reports, complaints and cross-complaints, contracts, relevant federal codes, and other documents relating to the operations of Federation, its bankruptcy case, and the claims of the respective parties against each other.

### **Davidson Aluminum & Metal**

Provided forensic accounting and expert services in connection with an evaluation of debtor's business operations, inventories, profitability and other issues in a lawsuit involving recovery of consigned inventory, ownership of consigned inventory, ownership of consigned inventory in a bankruptcy, and related alleged damages.

### **Mednet MPC Corporation vs. ARC Ventures, Inc.**

Performed an insolvency analysis, prepared an opinion report and provided testimony relevant to the insolvency of Mednet, a publicly traded company, in connection with its acquisition of Arc Ventures. Expert work involved analysis on opinion of Mednet's insolvency at the date of the transaction, insolvency as a result of the transaction, and insolvency at the dates of subsequent transfer payments.

### **AB Cellular Holding, LLC vs. Car Telecom**

Performed forensic accounting to investigate and trace cellular phones sold by AB Cellular, a subsidiary of AT&T Wireless, to a distributor and investigate the cause of a substantial amount of phones not becoming activated through AT&T.

### **Deeb vs. First Federal Bank**

Provided forensic accounting and consulting services to document and assess damages involving valuation of an apartment building.

### **C.D. Services**

Provided extensive forensic accounting and financial/securities consulting services to assist in identifying and accounting for over \$60 million in certificates of deposits and derivatives therefrom sold to approximately 700 investors. Work involved tracing of investor funds, accounting for C.D. purchases, maturities, interest accumulation, as well as accounting for highly complex derivatives in the form of "zero" coupon investments and annuities sold to investors based on the underlying C.D.s.

### **Lutheran Church vs. Defendant**

Performed forensic accounting to locate over \$2 million which had been fraudulently diverted from the accounts of Lutheran Church. Biggs prepared a comprehensive accounting and identified the recipients and uses of all the funds. This work supported recovery actions by the attorneys for the church. The matter was referred to criminal authorities for prosecution.

### **Pair Trust**

Prepared an accounting of and testified at trial relating to damage analysis of a personal residence.

### **Securities and Exchange Commission**

#### **vs Concord Capital Enterprise**

Provided forensic accounting for the Court appointed Receiver. Work was performed to reconstruct accounting records, trace and account for cash receipts and disbursements, and identify investors and recipients of funds. A database of investor files and

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## Forensic Accounting, Insolvency and Litigation Support (CONTINUED)

### Expert Witness, Forensic Accounting and Testimony at Trial (CONTINUED)

accounting transactions was compiled for analysis and the tracing of assets. Biggs substantiated investor transactions, identified and verified sources of funds from unidentified parties/investors, and traced checks and researched disbursements to identify and classify them by payee and nature of disbursement.

Biggs also prepared accountings and reports for the SEC and Receiver to provide evidence to prosecute the case. Biggs met with the Receiver, U.S. Attorney, and FBI to review accounting, findings and information for trial. Work was performed as well to prepare and identify potential recoverable assets, to reconcile assets with those liquidated by the Receiver, and to provide an accounting of additional potential recoverable assets. Biggs also provided assistance with claims analysis and exemptions.

Additional work was performed to prepare and file year-end payroll tax returns, W-2s, and corporate tax returns.

#### Lachman vs Peters

Biggs & Co. was engaged in this securities litigation matter to provide consulting, litigation support, forensic accounting and expert witness services. The engagement involved a compilation of securities transactions to determine gains, losses, commissions and charges incurred in connection with a complaint involving excessive trading activity (i.e. "churning") and inappropriate investments relative to the Lachman investment accounts. Biggs developed financial valuations and alternative analysis to assist in the dispute resolution for this case, and provided forensic accounting to develop case support for legal defense and prosecution.

#### Samaan vs Peterson et al

This was a securities litigation matter in which Biggs provided services similar to those rendered in the case of Lachman vs Peters. Biggs prepared a compilation of securities transactions to determine gains, losses, commissions and changes incurred in connection with a complaint involving excessive trading activity and inappropriate investments relative to Samaan investment accounts. Biggs also developed financial valuations to assist in dispute resolution, developed case support for defense and/or prosecution of legal matters and provided expert testimony.

#### Black on Black

Samuel R. Biggs provided forensic accounting, consulting, expert witness services and testimony at trial in support of an objection to the discharge of creditor obligations in the bankruptcy case of debtor's principal. Mr. Biggs provided forensic accounting services to trace and identify alleged undisclosed assets and fraudulent transfers to remove assets from the debtor's company to other entities. Mr. Biggs provided expert testimony at trial related to his findings.

#### Sherman Mazur

Provided forensic accounting services in this bankruptcy case to trace and recover funds and other assets which were believed to have been diverted to foreign bank accounts and other entities. As a result of Biggs' accounting and evidence generated, the Trustee and his attorneys were able to pursue major recoveries. Samuel R. Biggs testified at trial relevant to Biggs' findings and work, and provided other declarations and evidence, all of which has resulted in awards and judgments exceeding \$7.6 million in favor of the bankruptcy estate and other plaintiffs.

#### Solis vs. Samarin

Provided forensic accounting services in this case involving a waste disposal and recycling business with annual gross revenues in the range of \$20 million per year. Biggs was appointed to investigate allegations of misappropriation of funds by the principals and to report on any diversions of corporate assets by either of the principals.

#### Eddie Akobian vs. Domany Select Furniture

Appointed by L.A. Superior Court as accountant to investigate and perform a damage analysis of Domany Select Furniture relating to disproportionate shareholder distributions, costs incurred from the Receivership, and failure to file tax returns. ■

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## Forensic Accounting, Insolvency and Litigation Support (CONTINUED)

### Examiner and Other Specialized Services

Biggs & Co. has been appointed Examiner by the U.S. Trustee in numerous cases to investigate allegations of fraud, diversion of funds, concealment of assets and debtor misconduct, among other matters.

#### **Sea-Mar Foods, Inc.**

Case No.: LA 89-13079 KL

Appointed Examiner by the U.S. Trustee to investigate alleged fraudulent conveyances, diversion of funds, removal of assets and other debtor actions.

#### **CSA Apparel, Inc.**

Case No.: LA 93-38201 GM

Appointed Examiner by the U.S. Trustee to investigate alleged fraudulent conveyances, preferential payments and improper actions of debtor.

#### **L & H Finance, Inc.**

Case No.: LA 90-22418 WL

Appointed Examiner by the U.S. Trustee to investigate alleged improper insider actions, violation of bankruptcy laws and other actions of debtor.

#### **Six Pac Industries vs. Monsanto Chemical Company**

Assisted Six Pac to account for and prove damages suffered from defective products purchased from Monsanto and used in the manufacture of RV camper shells.

#### **Six Pac Industries vs. Dow Chemical Company**

Provided services to Six Pac similar to those in its litigation against Monsanto.

#### **Consolitech Electronics vs. Metabyte**

Was engaged to evaluate the solvency, prospects for profitability and ability to liquidate creditor obligations in connection with actions to collect debts owed to a creditor.

#### **Probate Estate Trustee**

Appointed trustee to administer the affairs and investments of a multi-million dollar testamentary estate.

#### **Guardian Ad Litum**

Mr. Biggs acted as a court appointed guardian ad litum for a young man who suffered brain injuries (severe short-term memory loss) in connection with a vehicle accident. Mr. Biggs' principal role was to act on behalf of Mr. Bryant (injury party) in evaluating and settling litigation, worker's compensation claims, financial issues involved in investments, long-term support and welfare of Mr. Bryant, and other areas where an independent, experienced evaluation and judgment was required for the benefit of Mr. Bryant.

As guardian, Mr. Biggs evaluated the merits and risks of litigation and settlement offers, prepared financial analysis and evaluated of long-term medical care and living needs.

*In addition to the above-selected matters, Mr. Biggs, along with other members of Biggs & Co., has been employed as an expert in numerous other cases not listed herein. ■*

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## Forensic Accounting, Insolvency and Litigation Support (CONTINUED)

### *Bankruptcy and Trustee Support*

Managing Partner, Samuel R. Biggs, has nearly twenty years direct experience in matters of insolvency, acting as a bankruptcy trustee and court appointed receiver, and assisting troubled companies. He has operated numerous companies through their successful reorganization, including a manufacturing company, a janitorial and industrial cleaning company, two membership RV parks and a commercial real estate development. Mr. Biggs has also worked with several apparel companies in business turnaround situations or in liquidations.

Mr. Biggs was appointed to the panel of bankruptcy trustees for the Central District of California in 1989. As a federal bankruptcy trustee, Mr. Biggs administered over 12,000 bankruptcy cases ranging from individual consumer matters with no assets to real estate, litigation and commercial business cases with several million dollars of assets each.

In his capacity as trustee, Mr. Biggs has valued and negotiated sales of numerous real estate assets, including single family residences, commercial properties, investment land and apartment buildings. He has also valued and negotiated the sale of numerous operating businesses and business assets. Most of these sales have been conducted through private negotiation but others have involved public auction.

Below are some of the more high profile cases in which Biggs & Co. has been engaged.

#### **Standard Quality, Inc. dba Alaco Ladder**

*Samuel R. Biggs, Chapter 11 Trustee*

Alaco is a manufacturer of ladders with sales volume of approximately \$2 million per year. As Chapter 11 Trustee, Mr. Biggs operated Alaco for approximately 4 years. He also managed its operations under its Plan of Reorganization until priority taxes and bankruptcy administrative expenses were paid. During the administration of this company, Mr. Biggs restored Alaco's operation to profitability and generated cash to liquidate over \$500,000 in creditor and administrative claims.

#### **Olympic Collection**

Mr. Biggs was appointed Chapter 11 bankruptcy Trustee of this high profile commercial center in West Los Angeles. Mr. Biggs operated this facility for approximately 1<sup>1/2</sup> years, during which time settlement agreements for debt restructure were negotiated with secured lenders. This business was successfully reorganized under a Plan of Reorganization and continues as a viable business operation.

#### **LanguageForce, Inc.**

Biggs & Co. was engaged to assist with the Chapter 11 bankruptcy filing and reorganization of LanguageForce. Biggs worked with the company's comptroller to prepare the emergency petition, schedules and statement of affairs, as well as to prepare the U.S. Trustee compliance package. Biggs provided the Debtor-in-Possession comprehensive consulting, accounting, tax and bankruptcy support services. Work was performed to assist in the pre-petition planning and development of insolvency financial strategies and plans, develop cost-cutting and management actions to achieve break-even or positive cash flow, prepare bankruptcy reports and accountings required by the U.S. Trustee, assist in defense of creditor actions, and prepare financial information for the disclosure statement and Plan of Reorganization.

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## Forensic Accounting, Insolvency and Litigation Support (CONTINUED)

### *Bankruptcy and Trustee Support (CONTINUED)*

#### **Bankruptcy Support Services**

Biggs & Co. is regularly employed as Accountants to Trustees, Debtors-in-Possession and Creditors Committees in Chapter 11 and Chapter 7 cases. In this capacity Biggs & Co. performs a wide range of support services, including:

- ▶ Preference and Fraudulent Conveyance Audits
- ▶ Insolvency Analysis
- ▶ Preparation of Plans of Reorganization and Disclosure Statements
- ▶ Expert Witness and Testimony
- ▶ Trust Accounting, Tax Research & Preparation
- ▶ Assistance in Structuring Sales of Assets
- ▶ Claims Analysis and Review ■

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## Forensic Accounting, Insolvency and Litigation Support (CONTINUED)

### *Disbursing Agent and Claims Administrator*

Samuel R. Biggs has been appointed special claims administrator and/or liquidating/disbursing agent in numerous cases principally involving insolvency actions or creditor settlement funds established under debtors' Plans of Reorganization. In these actions, Mr. Biggs has been responsible for verification and confirmation of claims and disbursement of funds, claims objections, creditor distributions, inventory and control of assets, administration of litigation issues and other related work. These matters have included class action settlement funds, settlement funds under bankruptcy Plans of Reorganization and other litigation settlements.

#### **Community Health Foundation of East LA.**

Mr. Biggs was appointed *Liquidating Agent* for Community Health Foundation of East Los Angeles, Inc. In this capacity, Biggs reviewed the Chapter 11 debtor's creditor lists and priorities, and set up a database of secured and priority claims. Wage claims were analyzed, payroll figures were computed, and a comprehensive payroll database was created to allow accurate payment of wage claims. Biggs also set up a bank account for disbursing claims payments and coordinated and oversaw the debtor's banking and transfer of funds.

#### **McMullen Oil**

Mr. Biggs was appointed *Disbursing Agent* for McMullen Oil. Responsibilities included set up of bank account for claims disbursement, analysis and verification of creditor claims, identification of priority wage claims, issuance of W-2s, reconciliation of creditor payments and bank statements, as well as preparation of annual financial statements and quarterly United States Trustee reports.

#### **A Cast Astrays**

Mr. Biggs was named *Disbursing Agent* under this debtor's Plan of Reorganization to manage the post-confirmation operations. Debtor was a motion picture film which was completed during the Chapter 11 period. Among Mr. Biggs' post-confirmation duties were negotiating foreign film distribution agreements, completing the film and DVD for foreign distribution and generating cash to liquidate creditor obligations. Mr. Biggs was responsible for all post-confirmation operations of this film.

#### **King Bankruptcy**

Mr. Biggs was named *Disbursing Agent* under the Plan of Reorganization and was responsible for administering creditor distributions as well as post-confirmation activities.

#### **American Industrial Supply**

Mr. Biggs was appointed *Disbursing Agent* to American Industrial Supply. Responsibilities included setting up bank accounts for claims disbursement, analyzing and verifying claims, identifying priority, unsecured, Class 3 and Class 4 claims, and disbursing allowed claim payments. ■

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Actions and Claims  
Management*



## Forensic Accounting, Insolvency and Litigation Support (CONTINUED)

### *Ponzi Schemes, Class Actions and Claims Management*

Biggs & Co. has assisted class counsels through the claims administration process in numerous litigation matters, including several very large class action suits. Responsibilities included the maintenance of large databases containing all relevant class member information, coordination and monitoring of all required correspondence with class members, computation of distribution amounts and printing of distribution checks for mailing to class members, in addition to preparation of all necessary tax filings. A few representative engagements are detailed following.

#### **Fund America**

Class Members: 6,000

Activities:

- ▶ Class member notification and verification
- ▶ Distributions—preparing, signing and mailing checks
- ▶ Tax filings—1099 reporting, federal and state tax returns for class
- ▶ Confirmation and verification of claims data
- ▶ Audit and verification of class member expense account data, credit card chargeback data, commission income, and other data included in computation of member claims
- ▶ Dispute investigation and resolution

Action involved distribution of a litigation settlement to marketing representatives in a multi-level sales organization. Total settlement amounts paid were approximately \$7,000,000 to a class of approximately 6,000 members.

A major complexity of this case involved the determination of the respective members' allowed

claims. The basic component of each member's claim was the amount of unpaid commissions due. This amount had to be adjusted, however, for certain allowed out-of-pocket expense reimbursements and commission adjustments from cancelled sales, credit card chargebacks and prior expense reimbursements and advances. The complexity of this analysis was magnified by the size of the class.

Biggs & Co. performed all the analysis and work to audit the member data and determine allowed claim amounts. Additionally, Biggs & Co. set up the computer database and reporting system to process member data and prepare distributions.

#### **Paradise Memorial Park Litigation**

Biggs & Co. performed the following services in support of this class action suit:

- ▶ Custom database programming and report writing for claims administration activities
- ▶ Review of class member correspondence, voice mail messages, and update of information in database with new class members and address changes received from counsel, class member correspondence and mortuary defendants
- ▶ Analysis of settlement fund tax issues
- ▶ Preparation of declarations
- ▶ Preparation of address data from database for skip-trace and importation of results into database
- ▶ Coordination and mailing of notices of Proposed Distribution Plan to approximately 6,500 class members, and updating of returned address changes in database
- ▶ Coordination of publication of notice in newspapers, on website and on-site at cemetery to notify potential class members
- ▶ Analysis of issues relating to mailing of supplemental notice to additional database of class members supplied by mortuary defendants

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(CONTINUED)



**BIGGS & CO.** Certified Public Accountants

Santa Monica, California 90405-2934

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## Forensic Accounting, Insolvency and Litigation Support (CONTINUED)

### *Ponzi Schemes, Class Actions and Claims Management (CONTINUED)*

#### **Janus Fund**

Class Members: 800

Activities:

- ▶ Class member notification and verification
- ▶ Distributions—preparing, signing and mailing checks
- ▶ Tax filings—1099 reporting, federal and state tax returns for class
- ▶ Confirmation and verification of claims data
- ▶ Computation of distributions based on verified claim data
- ▶ Dispute investigation and resolution

Action involved a settlement from insurance companies and other defendants relevant to an investment “Ponzi” scheme. Total settlement amounts paid over several years have been over \$8,000,000. Distributions have been made to a class of approximately 800 members.

A unique complexity in this case involved determination of the amount of members’ claims to serve as the basis for allocating distributions. Members had made investments and received interest bearing notes for their investments. Some members had received cash distributions representing interest and/or principal payments. Other members had elected to reinvest all or a portion of their interest payments and, consequently, received no cash distributions before failure of the scheme.

Biggs & Co. prepared an analysis of the respective members’ investments, interest and principal distributions received, and prepared a recommendation to the Court for handling these distributions along with a proposed claim amount for each class member.

Note: Biggs & Co.’s recommendation in this case, which was approved by the Court without modifications, was to disallow any interest payments, consider any distributions received by members as return of principal and compute respective members’ claims on the amount of their actual cash investment, less any distributions previously received from the “Ponzi” scheme.

#### **SEC vs. Concord Capital Enterprises**

This matter involved a “Ponzi” scheme with over \$20 million dollars invested by more than 300 individuals. Accounting records were either never maintained or destroyed by Concord; consequently, all transactions for approximately a two-year period had to be recon-

structed from bank records and documents to prepare an accounting of Concord cash receipts, cash disbursements and investor transactions. Biggs prepared a comprehensive accounting and identified funds invested by each respective investor and disbursements made thereto. A statement of transactions for each investor was prepared and submitted to the respective investors for confirmation of their transactions, account balances and allowed claims. In addition to investor transactions, Biggs’ accounting identified recipients of funds, assets acquired by Concord and other sources of recovery of funds for the benefit of creditors.

#### **Lincoln Memorial Park Litigation**

Biggs & Co. was retained by the class counsel in this litigation matter, and performed the following services:

- ▶ Custom database programming and report writing for claims administration activities
- ▶ Review of class member correspondence and voice mail messages
- ▶ Update information in database with new class members and address changes received from counsel and class member correspondence
- ▶ Analysis of settlement fund tax issues
- ▶ Preparation of declarations

#### **SEC vs. J.T. Wallenbrock**

Biggs was retained by the Court appointed Receiver in this case to analyze the defendant’s books, records and operations. Biggs prepared an accounting of Wallenbrock cash receipt and cash disbursement transactions and traced the use of investor funds to provide evidence for litigation, recovery of assets and verification of investor claims. The evidence obtained by the tracing of Wallenbrock’s cash disbursements was used to pursue recovery and liquidation of assets for the benefit of creditors.

Biggs established specific accounts for each investor, accounted for cash receipt and cash disbursement transactions for the respective investors, and prepared a statement accounting for all transactions for each investor. These statements were used to confirm specific transactions with the investors and develop a “Proof of Claim” to serve as the basis for distributions. ■

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## Receivership Services

*Mr. Biggs has been appointed Receiver in over 1000 cases, both in state and federal court jurisdictions. The majority of these receiverships have been multiple family real properties, but numerous others have been commercial and retail buildings, office buildings, and shopping malls. Receivership cases have also included operating businesses and asset liquidations, the more prominent of which are highlighted following:*

### **MIDA Industries, Inc.—Receivership**

MIDA is a janitorial cleaning and service company with approximately \$4 million a year in sales volume. Mr. Biggs was appointed Receiver to operate the business and liquidate its outstanding obligations owed to Independence Bank, which was in receivership under control of the FDIC. Mr. Biggs operated this business for approximately 2 1/2 years during which time MIDA was restored to profitability and generated cash to liquidate over \$600,000 in obligations owed to the FDIC and other secured parties. MIDA is now operating profitably out of receivership.

### **WCI**

Mr. Biggs was appointed Receiver of this large temporary help and employee leasing company to liquidate a \$1,000,000 obligation to the FDIC. Terms of the Receiver's Order required Mr. Biggs to liquidate receivables of the business and pay the proceeds directly to the FDIC. The Order did not provide for the Receiver to continue operating the business; however, Mr. Biggs was able to phase down operations of the business and administer the receivership in such a way that customers paid their receivables and did not withhold balances because of claims for offsetting damages or failure to perform. Consequently, all but approximately \$50,000 of the FDIC obligation was liquidated, including accrued interest.

### **Ocean Canyon Resorts**

Mr. Biggs was appointed Receiver of this multiple location membership RV park operation. The receivership was not precipitated by financial and creditor problems, but rather was brought about because of disagreements among some of the partners of the partnerships.

Mr. Biggs directly managed the operations of the two parks from the date of his appointment as Receiver through their sale, a period of one year for one park and sixteen months for the other.

The partners requested that Mr. Biggs market and sell the two RV parks as going concern operations and liquidate the partnerships. Mr. Biggs was successful in selling the parks at or above their appraised values. The partnerships were terminated and cash proceeds were distributed to the partners. The partners realized a substantial gain on the sale of one park and a small loss on the sale of the second.

### **Geneva Dental, Inc.**

Geneva Dental, Inc. (GDI) held a distribution contract with a Swiss manufacturer of dentures for the marketing and distribution of the dentures throughout the U.S. and Canada. Mr. Biggs managed the operations of this company for the duration of a shareholder dispute. GDI had never operated profitably. Under Mr. Biggs' management, unnecessary operating costs

### **Representative Cases**

*MIDA Industries, Inc.  
Receivership*

*WCI*

*Ocean Canyon Resorts*

*Geneva Dental, Inc.*

*Guaranty Bank v.  
Tri-State Reference  
Laboratories, Inc.*

*Commercial and  
Residential Properties*

(CONTINUED)



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## Receivership Services (CONTINUED)

were eliminated, management direction was focused on increasing sales, and the company commenced profitable operations for the first time in its history.

**Guaranty Bank v. Tri-State Reference Laboratories, Inc.**

Tri-State Reference Laboratories, Inc. (Tri-State) was a medical laboratory which performed blood and urine tests for physicians and clinics. Mr. Biggs took control of the operations of Tri-State for the benefit of Guaranty Bank (Bank) to liquidate receivables and other assets held as collateral for the Bank's secured loan.

Shortly after his appointment, Tri-State filed a Chapter 11 bankruptcy proceeding. Mr. Biggs worked closely with attorneys for the Bank to prepare a cash collateral stipulation which provided current debt service payments, close monitoring of Tri-State's operations in bankruptcy and a provision for relief from the automatic stay in the event of default of the provisions of the stipulation.

Tri-State defaulted almost immediately upon approval of the cash collateral stipulation by the bankruptcy court and Mr. Biggs regained control of Tri-State's operations and assets. Through Mr. Biggs' actions the Bank's loan was repaid in full, including interest and costs. Mr. Biggs generated excess cash, which was turned over to the bankruptcy trustee.

Major benefits which Mr. Biggs provided this estate were his forensic accounting expertise, his ability to operate Tri-State's medical billing system, and collect outstanding receivables which had been written off by prior Tri-State management.

Mr. Biggs was able to reconstruct

and bill receivable accounts and collect these under "anti-kickback" provisions of federal law.

**Commercial and Residential Properties**

From Costa Mesa to Santa Barbara to Santa Monica to San Bernardino, Mr. Biggs has been a Receiver and a Trustee for hundreds of properties, ranging from beautiful commercial centers to run-down apartment buildings in some of the most undesirable areas of Southern California.

On numerous occasions, Biggs & Co. revitalized uninhabitable, low-occupancy buildings, managing the properties back to health. Mr. Biggs has overseen the handling of major aesthetic renovations and safety code violations, including painting, carpet and window repair, electrical and plumbing problems, inoperable elevators, broken down boilers, and other general maintenance and restorations. Biggs & Co. also upgraded units to rentable conditions and steadily increased occupancies, generating sufficient cash flow for owners to renegotiate their debts and bring the properties out of receivership.

Biggs & Co. also cooperated with federal immigration officials to remove illegal aliens harbored on the premises of several buildings under its management. Likewise, Biggs & Co. worked with local police to help curtail crime and evict questionable tenants, and met with disgruntled tenants to resolve complaints of poor living conditions, crime, and rental strikes.

**Representative Cases**

*MIDA Industries, Inc.  
Receivership*

*WCI*

*Ocean Canyon Resorts*

*Geneva Dental, Inc.*

*Guaranty Bank v.  
Tri-State Reference  
Laboratories, Inc.*

*Commercial and  
Residential Properties*



**Receivership Services** (CONTINUED)**Sherman v. Geneva Dental, Inc.**

Samuel R. Biggs was appointed Receiver of Geneva Dental, Inc. by the Los Angeles Superior Court. In connection with his operation of this business, Mr. Biggs, through his firm Biggs & Co., performed work to reconstruct prior accounting transactions and bring all accounting records current. Subsequent to the return of a profitable company to its majority shareholders, Mr. Biggs was called to provide testimony in court relative to his accounting findings in a case filed by a minority shareholder against the company.

**Paula Estes**

Samuel R. Biggs was appointed Receiver of Paula Estes, An Individual, by the Los Angeles Superior Court. This was a very complex case due to multiple property owners, tax issues relevant to property transfers from a decedent's estate to the current owners, trust tax filings and property title issues. A large portion of Mr. Biggs' work was related to the marketing and sale of a single family residence, and to negotiating and resolving entitlement disputes related to the proportionate distribution share of one of the property's owners.

**Selected Asset Liquidation Cases and Operating Businesses****Asset Liquidations****Accounts Receivable**

As Receiver Mr. Biggs liquidated approximately \$1.4 million in receivables within three months for the FDIC, and paid down over 97% of the outstanding principal and accrued interest on outstanding loan balance.

**Inventory, Property & Equipment**

Liquidated at auctions over \$8 million in construction supplies, inventory tools and heavy equipment

Liquidated at auctions heavy duty injection molding equipment, dies, tools and related inventory

Liquidated at auctions retail furniture store inventory

Negotiated private sales of restaurant equipment, manufacturing equipment, autos

**Business Sales Negotiated**

Manufacturer of air conditioning and environmental control equipment, recreational vehicle manufacturer, various retail businesses, and restaurants

**Businesses Operated**

Manufacturer of specialty ladders for fire engines, Mortuary, Janitorial cleaning and maintenance company, Contract sewing company for garment industry, Office copier sales and services company ■

**Representative Cases**

*MIDA Industries, Inc. Receivership*

*WCI*

*Ocean Canyon Resorts*

*Geneva Dental, Inc.*

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*Commercial and Residential Properties*

