

MULCAHY LLP

James M. Mulcahy (SBN 213547)

jmulcahy@mulcahyllp.com

Kevin A. Adams (SBN 239171)

kadams@mulcahyllp.com

Douglas R. Luther (SBN 280550)

dluther@mulcahyllp.com

Four Park Plaza, Suite 1230

Irvine, California 92614

Telephone: (949) 252-9377

Facsimile: (949) 252-0090

Attorneys for Plaintiffs and Counter-Defendants

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

BENNION & DEVILLE FINE
HOMES, INC., a California
corporation, BENNION & DEVILLE
FINE HOMES SOCAL, INC., a
California corporation, WINDERMERE
SERVICES SOUTHERN
CALIFORNIA, INC., a California
corporation,

Plaintiffs,

v.

WINDERMERE REAL ESTATE
SERVICES COMPANY, a Washington
corporation; and DOES 1-10

Defendant.

AND RELATED COUNTERCLAIMS

I, Kevin A. Adams, state as follows:

Case No. 5:15-CV-01921 R (KKx)

Hon. Manual L. Real

**DECLARATION OF KEVIN A.
ADAMS IN SUPPORT OF
PLAINTIFFS AND COUNTER-
DEFENDANTS' MOTION IN
LIMINE TO PRECLUDE WSC
FROM REFERING TO THE B&D
PARTIES COLLECTIVELY**

Date: May 15, 2017

Time: 10:00 a.m.

Courtroom: 880

Action Filed: September 17, 2015

Disc. Cut-Off: August 29, 2016

Pretrial Conf.: November 15, 2016

Trial: May 30, 2017

1. I am one of the attorneys of record for Plaintiffs/Counter-Defendants Bennion & Deville Fine Homes, Inc., Bennion & Deville Fine Homes SoCal, Inc., Windermere Services Southern California, Inc., and Counter-Defendants Robert L. Bennion and Joseph R. Deville (collectively, the “B&D Parties”) in the above-named action. I am a member in good standing of the State Bar of California, and duly admitted to practice law before all of the courts of the State of California, including the United States District Court, Central District of California and the United States Court of Appeals for the Ninth Circuit. I make this Declaration in support of the B&D Parties motion in limine to preclude Windermere Real Estate Services Company (“WSC”) from to preclude WSC from referring to B&D Fine Homes, B&D SoCal, and Services SoCal as a collective.

2. As counsel for the B&D Parties, I am intimately familiar with the discovery that has taken place in this action.

3. On September 16, 2016, WSC served its expert witness disclosure, containing the expert report of Neil J. Beaton. Throughout his report, Mr. Beaton repeatedly refers to the B&D Parties as a collective, calling them the Bennion and Deville Entities. In so doing, the report creates a false equivalency; each of the entities entered into separate agreements with WSC. A true and correct copy of the expert report of Neil J. Beaton is attached hereto as **Exhibit A**.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct and that this Declaration was executed this 17th day of April, 2017 in Irvine, California.

/s/ Kevin A. Adams
Kevin A. Adams

EXHIBIT A

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

**BENNION & DEVILLE FINE HOMES, INC., a California corporation, BENNION &
DEVILLE FINE HOMES SOCAL, INC., a California corporation, WINDERMERE
SERVICES SOUTHERN CALIFORNIA, INC., a California corporation,
Plaintiffs,**

vs.

**WINDERMERE REAL ESTATE SERVICES COMPANY, a Washington corporation, and
DOES 1-10,
Defendant.**

Case No: 5:15-cv-01921-R-KK

**Report of
Neil J. Beaton, CPA/ABV/CFF, CFA, ASA
September 16, 2016**

**ALVAREZ & MARSAL VALUATION SERVICES, LLC
1201 Third Avenue, Suite 800
Seattle, WA 98101**

TABLE OF CONTENTS

Qualifications	3
Assignment.....	4
Materials Reviewed.....	5
Summary of Opinions	5
Work Performed and Basis for Opinions	6
Conclusions	15
Fees.....	15
Signatures	15

Attachments:

Exhibit 1 – Curriculum Vitae – Neil J. Beaton
Exhibit 2 – Testimony List – Neil J. Beaton
Exhibit 3 – Presentations and Publications – Neil J. Beaton
Exhibit 4 – Documents Reviewed and/or Considered
Schedule 1 – WSSC - Comparison of Original and Recast Income
Schedule 2 – Summary of Franchise, Technology, and Other Fees
Schedule 3 – Bennion & Deville Discretionary Expenses
Schedule 4 – Damages Analysis Summary

QUALIFICATIONS

1. I, Neil J. Beaton, am a Managing Director at Alvarez & Marsal Valuation Services, LLC (“A&M”). I specialize in business valuations, mergers and acquisition support, litigation consulting, and economic analysis. Prior to joining A&M, I was the Global Lead of Complex Valuation at Grant Thornton LLP, and before joining Grant Thornton LLP, I was a shareholder in a boutique business valuation and economic consulting firm headquartered in Seattle, WA. Additionally, I was previously employed by the Dun & Bradstreet Corporation, an international financial services conglomerate with interests in credit reporting, securities analysis and financial management.
2. I am a Certified Public Accountant and have achieved the designations of Accredited in Business Valuation (“ABV”) and Certified in Financial Forensics (“CFF”), sponsored by the American Institute of Certified Public Accountants (“AICPA”). I am also a Chartered Financial Analyst (“CFA”) under the auspices of the CFA Institute (“CFAI”) and an Accredited Senior Appraiser (“ASA”) under the auspices of the American Society of Appraisers. I am a member of the AICPA, the Washington Society of CPAs, and the CFAI. I am a past president and trustee of the Seattle Society of Financial Analysts, a former Co-Chair of the AICPA’s Valuation of Private Equity Securities Task Force, a former member of the AICPA’s ABV Exam Committee, a former member of the AICPA’s Mergers & Acquisitions Disputes Task Force, and a former chair of the AICPA’s FAS 141/142 Task Force. I am a member of the *Business Valuation Update* Editorial Advisory Board, on the Panel of Experts for the publication, *Financial Valuation and Litigation Expert*, and on the Editorial Board of the National Association of Certified Valuation Analysts, *Value Examiner*. I am a past member of the Financial Accounting Standards Board’s (“FASB”) Valuation Resource Group and the AICPA’s National Accreditation Committee for Business Valuation. A Curriculum

Vitae is attached as Exhibit 1, along with a testimony list covering the last four years as Exhibit 2, and a list of my presentations and publications in the last 10 years as Exhibit 3.

ASSIGNMENT

3. At the request of counsel to Windermere Real Estate Services Company (“WSC” or the “Company”), we have formed a preliminary opinion of the economic damages that may have been incurred by WSC as a result of alleged violations of various partnership agreements between WSC and Bennion & Deville Fine Homes, Inc. (“B&D Fine Homes”), Bennion & Deville Fine Homes SoCal, Inc. (“B&D SoCal”), and Windermere Services Southern California, Inc. (“WSSC”), collectively referred to as the “Bennion & Deville Entities”. WSC alleges that it has incurred a variety of economic damages resulting from alleged acts of Robert Bennion and Joseph Deville (“Bennion & Deville”) to reduce and/or eliminate the amounts owed to WSC based on the agreements between the parties dating back to August of 2001.
4. I have also been asked to assess whether WSSC collected the proper amount of fees from B&D Fine Homes and B&D SoCal as set forth in the Area Representation Agreement between WSSC and WSC and to assess possible inaccuracies in the financial statements prepared on behalf of the Bennion & Deville Entities based on their inconsistent preparation.
5. Finally, I have been asked to analyze the financial statements and other documents provided to me to determine whether WSSC possessed the characteristics of an operating company or if it operated more like a vehicle for Bennion & Deville to extract personal financial benefit to the detriment of WSC.

MATERIALS REVIEWED

6. When used hereinafter, “we” and/or “our” means me and/or persons working under my supervision and control. For this assignment, we reviewed and/or considered various documents provided to us, as listed on Exhibit 4. I reserve the right to update my opinions should additional relevant documents or information be provided.

SUMMARY OF OPINIONS

7. Based on the information provided as of the date of this report, I have estimated WSC’s economic damages related to unpaid franchise fees at \$1,328,000.
8. It is my opinion that WSSC did not make its best efforts to collect fees from B&D Fine Homes and B&D SoCal as required under the Area Representation Agreement.
9. It is my opinion that the various financial statements provided for the Bennion & Deville Entities are inconsistent, which suggests they are inaccurate and may have been prepared for special needs and purposes.
10. It is my opinion that Bennion & Deville used WSSC as a vehicle through which Bennion & Deville extracted funds for their personal benefit rather than paying the fees owed to WSC.
11. Since we recently have been provided with the restated financial statements for WSSC, it is my understanding that additional discovery and deposition testimony is likely to occur. I may supplement this report with additional opinions or observations should it become necessary to do so.

WORK PERFORMED AND BASIS FOR OPINIONS

Background¹

12. Windermere Real Estate Services Company, founded over 40 years ago in the Seattle area, is the franchisor of the Windermere System of franchisees that provide real estate brokerage services to customers. The Company began with a single office and eight real estate agents, but has grown to over 300 offices and over 7,000 real estate agents throughout the Western United States.
13. WSC and Bennion & Deville began a series of partnerships and business relationships starting in August of 2001. Robert Bennion and Joseph Deville, who had been real estate agents in Seattle with Windermere prior to opening their California offices, saw an opportunity to expand Windermere's real estate brokerage business into California. On August 1, 2001, WSC and B&D Fine Homes, Inc. entered into a Windermere real estate license agreement for Coachella Valley in California (the "Coachella Agreement"). This agreement allowed Bennion & Deville to open new franchise locations in southern California, something that had not previously been done with the Windermere trademark. According to the Coachella Agreement, B&D Fine Homes, Inc. was required to pay the following fees:
 - a. An initial fee of \$15,000;
 - b. Monthly license fees of either five percent (5%) of gross commission revenue or \$200 per sales agent;
 - c. Monthly combined technology and administrative fee of \$35 per sales agent; and
 - d. A late fee of ten percent (10%) the delinquent amount, plus compounding interest of 10 percent.
14. Three years later, in 2004, Bennion & Deville entered into another agreement to become area representatives for the southern California region (the "Area Representation Agreement"),

¹ Portions of the background information were obtained from the Plaintiff's First Amended Complaint, dated September 17, 2015, as well as the First Amended Counterclaim, dated October 14, 2015.

effectively creating the entity Windermere Services Southern California, Inc. This agreement conferred upon Bennion & Deville the role and responsibility of providing support and auxiliary services to incoming and existing Windermere franchises in southern California, as well as the non-exclusive right to offer Windermere real estate licenses to real estate brokerages in their target area. Bennion & Deville also had the responsibility to collect franchise and technology fees from licensees in their area of responsibility. A list of specific duties is outlined in the Area Representation Agreement.²

15. Based on the documents reviewed, WSC began to forgive B&D Fine Home's franchise fees, decrease or freeze their technology fees, and/or defer other fees related to the franchise relationship in or around 2007. As example, on August 10, 2007, WSC waived all franchise fees owed by B&D Fine Homes for 2006, which fees at the time amounted to approximately \$501,000, due to financial difficulties experienced by B&D Fine Homes.³
16. WSC was approached by B&D Fine Homes again in August 2007, asking for additional financial assistance due to their continuing financial difficulty. WSC obliged, and on August 30, 2007, WSC agreed to defer all of B&D Fine Homes' franchise fees for 2007 for a period of time, with final payment guaranteed by May 2013.⁴
17. Despite WSC's agreement to forgive and defer franchise fees, B&D Fine Homes continued to struggle financially. Bennion & Deville again approached WSC seeking financial assistance, stating that they were on the brink of losing B&D Fine Homes.⁵ On January 13, 2009, WSC, through a related entity, provided a \$500,000 loan to Bennion & Deville.⁶ The loan was to be paid in full by March 1, 2014, but the two sides later agreed to extend that date an additional

² Exhibit_36_JosephRDeville.

³ Exhibit_22_JosephRDeville.

⁴ Exhibit_24_JosephRDeville.

⁵ First Amended Counterclaim, dated October 14, 2015, including Exhibit I.

⁶ Exhibit_39_JosephRDeville.

three years as an accommodation at the request of Bennion & Deville. Based on the documents reviewed, the loan balance is currently outstanding.

18. Two years after the first loan was provided to Bennion & Deville by WSC, Bennion & Deville approached WSC seeking additional financial assistance, this time with the intent of obtaining start-up capital in order to open new Windermere franchises in the San Diego area. WSC, through a related entity, agreed to loan Bennion & Deville another \$500,000 on February 16, 2011, with the principal of the loan to be paid in full by March 1, 2016.⁷ The full loan balance was taken through multiple installments.
19. Bennion & Deville expanded their real estate brokerage business into the San Diego area in the spring of 2011. On March 29, 2011, WSC and Bennion & Deville entered into another Windermere real estate license agreement (the “SoCal Agreement”), effectively creating another Bennion & Deville entity known as Bennion & Deville Fine Homes SoCal, Inc.⁸ Similar to the Coachella Agreement, the SoCal Agreement required franchisees to pay a monthly license fee as well as a monthly technology fee. However, unlike the Coachella Agreement, the SoCal Agreement did not require an initial franchise fee. Initially, the SoCal Agreement provided for the opening of four franchised locations in the San Diego area.
20. Only two months after signing the SoCal Agreement, Bennion & Deville again approached WSC for financial assistance, still under the guise of compensating for start-up costs related to the SoCal Agreement franchisees. Once again, WSC, through a related entity, obliged and provided Bennion & Deville with an additional \$250,000 loan on June 6, 2011⁹, with the balance to be repaid in full on May 1, 2014. Between 2008 and 2011, WSC made multiple loans to Bennion & Deville and their related entities totaling over \$1.25 million to assist Bennion & Deville and their business operations in southern California.

⁷ Exhibit_43_JosephRDeville.

⁸ Exhibit_37_JosephRDeville.

⁹ First Amended Counterclaim, dated October 14, 2015, Exhibit K.

21. Even in light of all of the financial support supplied by WSC, in 2012, Bennion & Deville complained about various problems that they alleged were negatively impacting their franchises. Bennion & Deville referenced an anti-marketing campaign known as “Windermere Watch”; they claimed that the campaign was affecting sales and the reputation of their brokerages across the southern California region, and that WSC was not doing enough to combat this problem. Bennion & Deville threatened to leave the Windermere system all together, and negotiations ensued. Eventually, the two sides came to terms by agreeing to modify the original franchise agreements (the “Modification Agreement”) on December 18, 2012.¹⁰ The Modification Agreement contained several provisions, including an agreement by WSC to address the Windermere Watch issue. Of the several provisions contained in the Modification Agreement, many were established to relieve Bennion & Deville of various obligations or provide relief from future obligations, including the following:
- a. WSC agreed to waive a total of \$1,151,000, which comprised \$399,960 in a promissory note, \$191,025 in technology and franchise fees for B&D SoCal, and \$560,075 in technology and franchise fees for B&D Fine Homes;
 - b. WSC agreed to give discounts to B&D Fine Homes and B&D SoCal franchisees for licensing fees, retroactive to April of 2012;
 - c. WSC agreed to cap technology fees for B&D Fine Homes and B&D SoCal franchisees for the following five years; and
 - d. WSC agreed to release Bennion & Deville from all personal liability in regard to the specific forgiven fees. However, there was no release of fees or their personal guarantee for any accrued fees on or after April 1, 2012.
22. As part of the Modification Agreement, Bennion & Deville agreed to:
- a. Remain in the Windermere system for the following five years;

¹⁰ Exhibit_51_Joseph R Deville, Vol , II.

- b. To pay WSC a pro rata portion of waived fees if Bennion & Deville left Windermere within the following five years; and
 - c. To pay WSC \$181,000 of past due fees by December 31, 2012.
- 23. While the foregoing provisions in the Modification Agreement were meant to relieve Bennion and Deville from past obligations, it was not intended to relieve them of their duties under the Area Representation Agreement or other specified obligations.¹¹
- 24. Beginning in January 2014, Bennion & Deville continued to voice discontent regarding the financial concessions made by WSC, stating that the anti-marketing campaign “Windermere Watch” was still putting a damper on their business. Bennion & Deville claimed to have spent \$85,000 on search engine optimization costs to combat “Windermere Watch”, which were ultimately reimbursed through the write off of fees by WSC.
- 25. Finally in early 2015, WSC and Bennion & Deville terminated their respective agreements, with the termination effective September 30, 2015.
- 26. WSC is claiming it has incurred economic damages as a result of B&D Fine Homes and B&D SoCal’s failure to pay contractually obligated fees as well as WSSC’s failure to engage in reasonable good faith efforts to collect those fees¹²:
 - a. Coachella Agreement: WSC is claiming damages of \$586,550, plus interest of \$81,700 and late fees of \$58,700 through September 2015.
 - b. Modification Agreement: WSC is claiming damages of \$386,000.
 - c. SoCal Agreement: WSC is claiming damages of \$180,900, plus interest of \$24,800 and \$18,100 in late fees through September 2015.

¹¹ “While the Modification Agreement references both the Coachella Valley Franchise Agreement and the SoCal Franchise Agreement and states that it is intended to modify both agreements, the Modification Agreement did not modify the Area Representation Agreement, nor did it modify or in any way affect the various loans and notes entered into by WSC and Bennion and Deville during and throughout their business relationship.” First Amended Counterclaim, dated October 14, 2015, pg. 16.

¹² We also understand that WSC will be seeking attorney’s fees as part of the provisions in the Agreements.

- d. Other: Damages relating to failure to surrender domain names and applicable agreements.

Alvarez & Marsal's Damages Analysis

27. We were asked to evaluate the damages that may have been incurred by WSC as a result of Bennion & Deville's violation of various agreements between WSC and Bennion & Deville Fine Homes Inc., Bennion & Deville Fine Homes SoCal, Inc., and Windermere Services Southern California, Inc. For the purpose of this analysis, we are assessing the economic damages incurred by WSC assuming: 1) B&D Fine Homes and B&D SoCal's breaches of the Coachella Agreement and the SoCal Agreement by failure to pay fees; 2) WSSC's breach of the Area Representation Agreement by failure to engage in reasonable efforts to collect fees; and 3) B&D Fine Homes and B&D SoCal's breaches of the Modification Agreement by failing to remain as franchisees.
28. According to the Area Representation Agreement between WSC and WSSC, dated May 1, 2004, it was WSSC's responsibility to "receive, collect, account for all license fees, administrative fees, Advertising Fund contributions, and other amounts due under license agreements in the region, and to remit to WSC its share of such fees."¹³ We have been provided with various financial documents that indicate inconsistent accounting that ultimately resulted in insufficient payments to WSC from the Bennion and Deville Entities based on the agreements in place at the time the payments were due.
29. We have been provided with audited financial statements for WSSC for the years ended December 31, 2011 through 2013, which also included historical profit and loss information for the years 2009 and 2010, and balance sheet detail as of December 31, 2010.¹⁴ We have also been provided with compiled financial statements for B&D Fine Homes for the years 2012 through 2014. We have also been provided with the compiled financial statements for

¹³ Deposition of Joseph R. Deville, dated July 28, 2016, Exhibit 36.

¹⁴ Deposition of Joseph R. Deville, dated July 27, 2016, Exhibit 59-61.

B&D SoCal for the 2012 and internally prepared financial statements for 2013 and 2014.

30. According to the American Institute of Certified Public Accountants (“AICPA”), financial statements for a company are prepared to a level of assurance based on the evidence obtained and analytical procedures performed by the entity’s Certified Public Accountant (“CPA”). No assurance is required for the preparation of compiled financial statements. The CPA simply states that the financial statements appear to be free from obvious material misstatements. Reviewed financial statements require the CPA to perform analytical procedures, inquiries, and other procedures necessary to obtain “limited assurance” on the accuracy of the financial statements. A review engagement includes a formal report that includes a conclusion as to whether any material changes need to be made to the financial statements. A review is substantially narrower in scope than an audit. An audit is the highest level of assurance services that a CPA performs. For an audit, the CPA performs procedures necessary to obtain “reasonable assurance” that the financial statements are free from material misstatements. As mentioned previously, we have received compiled and audited financial statements for the Bennion & Deville Entities in this case, as well as internally prepared financial documents. In addition, we recently received “recast” financial statements for the years 2011 through 2013 for WSSC.
31. As shown on Schedule 1, according to the audited financial statements, WSSC had negative net income of \$335,450 in 2011, negative \$165,423 in 2012, and negative \$1,049,395 in 2013. It should be noted that the original audited financial statements for 2011 indicated net income of \$41,815¹⁵, which is a difference of \$377,265. However, based on recast financial information provided to us, the recast income was negative \$20,450 in 2011, positive \$224,577 in 2012, and positive \$292,372 in 2013. These recast financial statements appear to have incorporated franchise fees that were not included for the purpose of determining the

¹⁵ WSC1707

contractual payments due to WSC, but appear to be included now for an alternative purpose as part of this litigation.

32. As shown on Schedule 1, the recast income statements indicate a total change in stated revenue of \$1,095,000 from 2011 through 2013. WSSC's unaccounted revenue, which was due to failing to report franchise fee revenues from southern California Windermere franchises, altered the assessment of WSSC's financial stability during that period of time. Excluding the franchise fee revenue on WSSC's financial statements created an onerous financial picture that may have formed the basis for Bennion & Deville making continuous requests of WSC to reduce or eliminate amounts owed by Bennion & Deville's Entities to WSC.
33. In addition to the understated revenue, there is an overstated expense of \$967,000 that was included in the 2013 audited financial statements that was excluded from the recast financial statements.
34. In total, the recast financial statements that were provided during this litigation show an increase in operating income of over \$2.0 million for the years 2011 through 2013 compared to the audited financial statements that were created in the ordinary course of business.
35. As shown on Schedule 2, the franchise fees per the compiled financial statements for B&D Fine Homes and B&D SoCal were different in all years than the franchise fee revenue indicated on WSSC's audited financial statements. In addition, internal monthly calculations related to license fees due from B&D Fine Homes and B&D SoCal provide yet another indication of the inconsistency in license fees due over each year reviewed. The inconsistency in these financial documents indicates an overall inaccuracy in the underlying financial information and perhaps preparation of various financial documents for special purposes.
36. As stated previously, WSC waived franchise fees owed, provided personal loans, and renegotiated terms of loans and future fees for Bennion & Deville's Entities in multiple

instances between 2006 and 2015. Although Bennion & Deville insisted that B&D Fine Homes and B&D SoCal were struggling financially, and therefore requested various reductions, waivers, delays, and forgiveness of franchise fees in addition to requesting multiple personal loans from WSC, Bennion & Deville Entities were paying millions of dollars of personal, non-business expenditures.

37. As shown on Schedule 3, during 2012 (the same year in which WSC waived over \$1.15 million in franchise and technology fees), Bennion & Deville paid themselves total wages of \$371,000 in addition to discretionary expenses in the amount of \$173,000. Among the discretionary expense was \$28,000 for an auto lease on a Land Rover as well as a \$47,000 lease on a motor home.
38. These personal expenditures continued during 2013 and 2014. As shown on Schedule 3, in 2014 (the same year in which B&D Fine Homes and B&D SoCal decided to stop paying franchise fees to WSC), Bennion & Deville paid themselves \$695,000 in wages and charged \$397,000 worth of discretionary expense to the Bennion & Deville Entities' income statements. The discretionary expenses in 2014 include a \$123,000 lease for a motor home, a \$46,000 auto lease for a Bentley, a \$29,000 lease for a private airplane, and a \$96,000 charge for a condo. Such expenditures do not support the contention that WSSC was struggling financially. As shown on Schedule 3, from 2012 to through 2014, Bennion & Deville paid themselves wages and used B&D Fine Homes and B&D SoCal revenue for personal expenses in the amount of \$2,610,000.
39. In my opinion, Bennion & Deville failed to create a viable real estate services company because they failed to collect the appropriate amount of franchise and other fees from the underlying real estate entities. Furthermore, the discretionary expenses noted in the preceding paragraphs siphoned off a significant amount of funding that could have been used to build a viable real estate services company.

40. Based on our analysis of the financial information provided, it is my opinion that Bennion & Deville either provided false financial information to its auditors for the inclusion in their audited financial statements or the recast financial statements are not an accurate picture of WSSC's financial condition. In addition, Bennion & Deville took excess compensation and discretionary expenses during years when they requested that WSC forgive franchise fees and make loans and failed to pay franchise and other fees owed to WSC.

CONCLUSIONS

41. Based on the information provided as of the date of this report, we have estimated WSC's economic damages related to unpaid franchise fees at \$1,328,000, as shown on Schedule 4.
42. Since discovery is ongoing in this case, I may supplement this report with additional opinions or observations should it become necessary to do so.

FEES

43. Alvarez & Marsal Valuation Services, LLC ("A&M Valuation") is compensated for my time on this matter at a rate of \$500 per hour. In addition to my time, I directed other A&M Valuation professionals who performed supporting work and analyses in connection with my preparation of this report at hourly rates ranging from \$175 to \$450.
44. I completed this report on September 16, 2016.

SIGNATURE



Neil J. Beaton, CPA/ABV/CFF, CFA, ASA
Managing Director

CURRICULUM VITAE

NEIL J. BEATON, CPA/ABV/CFF, CFA, ASA

PROFESSIONAL EMPHASIS

Managing Director at Alvarez & Marsal Valuation Services, LLC, specializing in the valuation of businesses, business interests and intangible assets for purposes of financial reporting, incentive stock options, litigation support (marriage dissolutions, lost profits claims), mergers and acquisitions, buy-sell agreements, and estate planning and taxation. Also performs economic analysis for personal injury claims and wrongful death actions.

PROFESSIONAL QUALIFICATIONS AND ASSOCIATIONS

Certified Public Accountant (CPA): Washington, 1990

American Institute of CPAs and Washington Society of CPAs

Former Co-Chair of the AICPA Valuation of Private Equity Securities Task Force

Former Member of the AICPA ABV Exam Committee

Former Committee Member of AICPA Business Valuation Subcommittee

Former Chair of the AICPA FAS 141/142 Task Force

Former Member of the AICPA National Accreditation Commission for Business Valuation

Former Member of the AICPA Merger & Acquisition Disputes Task Force

Accredited in Business Valuation (ABV)

Certified in Financial Forensics (CFF)

Chartered Financial Analyst (CFA), 1992

Past President and Trustee of Seattle Society of Financial Analysts

Member of the CFA Institute

Accredited Senior Appraiser (ASA), 1994

American Society of Appraisers

Member of the *Business Valuation Update* Editorial Advisory Board

Panel of Experts, *Financial Valuation and Litigation Expert*

Editorial Board of the National Association of Certified Valuation Analysts, *Value Examiner*

Former Member of the FASB Valuation Resource Group

EDUCATION

Master of Business Administration, Finance, National University, 1983

Bachelor of Arts Degree, Economics, Stanford University, 1980

Numerous continuing education classes in the areas of accounting, taxation and business valuation

PROFESSIONAL EXPERIENCE

Alvarez & Marsal Valuation Services, LLC (2012–Present)

Grant Thornton LLP (2003–2012)

Brueggeman and Johnson, P.C. and predecessor entity (1989–2002)

Dun & Bradstreet Corporation. National Business Analyst (1981–1989) — Responsible for analyzing large, publicly traded corporations and assisting in large-scale credit decisions. Specialized in banking, insurance and financial services industries.

TESTIMONY SUMMARY – LAST 4 YEARS**NEIL J. BEATON, CPA/ABV/CFF, CFA, ASA****DEPOSITION TESTIMONY**

Date	Case Name	Type of Business	Jurisdiction
1/12	Pisheyar v. Snyder and Hannah	Auto Dealerships	King County Superior Court
1/12	City and County of San Francisco v. Cobra Solutions, Inc.	IT Consulting Services	Superior Court of California
2/12	Frost v. Fireman's Fund Insurance Co.	Stock Options	King County Superior Court
2/12	Dawson, et al. v. Robinson Helicopter Company	Korean Wholesale Lumber Company	King County Superior Court
2/12	REM Market and Martin Properties v. Argonaut Great Central Insurance	Retail Grocery Stores	Chelan County Superior Court
4/12	Wright v. Wright	Neurosurgery Practice	King County Superior Court
5/12	Welch, et al. v. Pettersson, et al.	Auto Dealership	King County Superior Court
5/12	Fouts v. State Farm Insurance	Health Care	U.S. District Court, Western District of WA
5/12	Dawes v. Certainteed Corporation, et al.	Pipe Supply	Pierce County Superior Court
5/12	Marketquest Group, Inc. v. BIC Corporation, et al.	Manufacturer of Promotional Products	U.S. District Court, Southern District of California
7/12	Massey v. Harvard Drug Group, et al.	College Education	King County Superior Court
7/12	Estate of Vanna Francis v. Clallam County, et al.	College Education	U.S. District Court, Western District of WA
8/12	Univar, Inc. et al. v. Xenon Arc, et al.	Chemical Distributor	U.S. District Court, Western District of WA
8/12	Kellogg Capital Markets LLC and Eric Rosenfeld v. Troy Group, Inc., et al.	Printer and Toner Manufacturer	Court of Chancery, Delaware
8/12	Estate of Charles Cravens v. Kadlec Medical Center, et al.	Software Design	Benton County Superior Court
9/12	Johnston v. Samaniego, et al.	Neurologist	Kitsap County Superior Court
10/12	The Bristol at Southport, LLC v. Starline Windows, Inc.	Manufacturer of Windows	King County Superior Court
11/12	Waltrip v. City of Kent	Firefighter	King County Superior Court
11/12	Barrett v. Bill the Butcher, Inc., et al.	Retail Meat Sales	King County Superior Court
12/12	Wendell Brown v. Viant Capital, LLC, et al.	Renewable Energy	Superior Court of California
4/13	Taylor v. Intuitive Surgical, Inc.	Robotic Surgery Equipment	Kitsap County Superior Court
4/13	Noble v. Noble	Real Estate Management	King County Superior Court
5/13	Willard v. City of Everett	Auto Body Mechanic	U.S. District Court, Western District of WA
5/13	Noble v. Noble	Real Estate Management	King County Superior Court
5/13	Arthur "Bill" Barnum, et al. v. State of Washington, et al.	High School Education	Pierce County Superior Court
7/13	EagleView Technologies, Inc. v. Xactware Solutions, Inc.	Custom Computer Software	U.S. District Court Western District of Washington

TESTIMONY SUMMARY – LAST 4 YEARS		NEIL J. BEATON, CPA/ABV/CFF, CFA, ASA	
7/13	Hollywood Media Corp., et al. v. AMC Entertainment Inc.	Internet Movie Ticketing	Circuit Court, 15 th Judicial District, Palm Beach, FL
7/13	Casino Marketing Alliance, LLC v. Pinnacle Entertainment	Software Analytics	American Arbitration Association, Commercial
8/13	Syrdal, Daniel v. Chalmers	Attorney	King County Superior Court
8/13	Trianon, LLC v. Carpenters Tower, et al.	Office Building	King County Superior Court
8/13	Mod Pizza v. Pieology/Chang	Restaurant Operations	U.S. District Court Western District of Washington
8/13	Bonanza Fuel v. Delta Western	Wholesale Oil Distribution	U.S. District Court for the District of Alaska
8/13	Noble v. Tallman Building, LLC	Property Management	King County Superior Court
9/13	KDC Foods, Inc., v. Gray, Plant, Mooty, et al.	Food Preparation	U.S. District Court Western District of Wisconsin
10/13	Strong v. Rudin, et al.	Engineer	King County Superior Court
11/13	Mitchell, et al. v. Price, et al.	Real Estate Investment Fund	Pierce County Superior Court
11/13	REC Solar Grade Silicon v. Grant County, WA	Polysilicon Manufacturing	Washington State Board of Tax Appeals
12/13	Intelio Technologies, Inc., v. Ryko Solutions, Inc.	Car Wash Equipment Manufacturing	American Arbitration Association, Chicago, IL
1/14	In re: Plant Insulation Company – Bayside Insulation & Construction, Inc.	Insulation Contractor	U.S. Bankruptcy Court, Northern District of California
1/14	Rachel Rozman Cooley v. State of Washington, et al.	High School Education	Pierce County Superior Court
1/14	Pikover v. EagleView Technologies, Inc.	Aerial Measurement Services	Snohomish County Superior Court
3/14	Howard Oppenheimer, et al. v. Carl Bianco, et al.	Real Estate Investment	King County Superior Court
4/14	Baylor Medical Center at Frisco v. Bledsoe and Willis	Health Care System	U.S. District Court, Eastern District of Texas
4/14	Maytown Sand and Gravel, LLC v. Thurston County, et al.	Gravel Mine	Lewis County Superior Court
5/14	Global Enterprises, LLC v. Montgomery Purdue Blankinship & Austin PLLC	Boat Charter	U.S. District Court Western District of Washington
6/14	The Shaw Group, Inc., et al. v. Zurich American Insurance Company, et al.	Pipe Fabricator	U.S. District Court Middle District of Louisiana
7/14	Wilson v. Wilson	Professional Athlete	King County Superior Court
7/14	Dennis Moran, et al. v. Monitor Liability Managers, LLC, et al	Attorney	King County Superior Court
8/14	Sheard and Martin v. Robert Polakoff	Pharmacologist	King County Superior Court
9/14	Farmers Insurance Company of Washington, et al. v. Damian J. Greene Insurance Agency, Inc.	Insurance Brokerage	King County Superior Court
9/14	Anderson News, LLC, et al. v. American Media, Inc., et al.	Wholesale Magazine Distribution	U.S. District Court Southern District of New York
10/14	Sinner, et al. v. Conner, et al.	Winery Real Estate	Snohomish County Superior Court

TESTIMONY SUMMARY – LAST 4 YEARS		NEIL J. BEATON, CPA/ABV/CFE, CFA, ASA	
10/14	CampusPoint Corporation v. Granlund	Staffing Company	King County Superior Court
10/14	Milette v. Magnetic & Penetrant Services Co., Inc.	Metal Coating & Finishing	Arbitration – Seattle, WA
11/14	Kawasaki Heavy Industries, Ltd. v. Bombardier Recreational Products, Inc., et al.	Personal Watercraft Manufacturing	Private Arbitration – Chicago, IL
11/14	AccessData Group, LLC v. Thompson, et al.	Cyber Security Software	Arbitration – Salt Lake City, UT
11/14	Chong Sun Kyong v. Sung Ho Kim	Financial Executive	King County Superior Court
12/14	Western Mortgage v. Key Bank	Financial Instruments	U.S. District Court - Idaho
1/15	Brian Wurts v. City of Lakewood, et al.	Police Officer	U.S. District Court Western District of Washington
1/15	Hansen v. Hansen	Bail Bond Agency	King County Superior Court
1/15	Hoffman v. Integrale Investments, LLC, Keith Knutsson, and PCGL, LLC	Real Estate Development	Circuit Court, 13 th Judicial District, Tampa, FL
2/15	Vasudeva Mahavisno v. Compendia Biosciences, Inc. and Life Technologies Corporation	Drug Discovery Software	U.S. District Court, Eastern District of Michigan, Southern Division
3/15	Susan Camicia v. City of Mercer Island, et al.	Legal Secretary	King County Superior Court
5/15	DeRosa v. Aggressive Transport, Ltd.	College Education	Pierce County Superior Court
5/15	Philippe Charriol International Limited v. A’Lor International Limited	Jewelry Manufacturing	U.S. District Court, Southern District of California
7/15	The Patriot Group, LLC v. Hilco Enterprise Valuation Services, LLC	Valuation Services	Cook County Circuit Court, Illinois County Department
9/15	Alpha Pro Tech, Inc. v. VWR International LLC	Clean Room Apparel Manufacturer	U. S. District Court, Eastern District of Pennsylvania
10/15	Thomson v. HMC Group and Torrance Memorial Medical Center, et al.	Hospital Design/Billing	U.S. District Court, Central District of California
10/15	Moe, et al. v. Radiant Global Logistics, Inc.	Transportation Logistics	King County Superior Court
11/15	CH2O, Inc. v. Meras Engineering, Inc.	Specialty Chemical Manufacturing	Thurston County Superior Court
12/15	Nautilus, Inc. v. Gary D. Piaget d/b/a Piaget Associates	Exercise Equipment	Arbitration – Vancouver, WA
12/15	Spokane Rock I, LLC, v. Doty, Beardsley, Rosengren & Co., P.S.	Property Development/Management	Pierce County Superior Court
1/16	Sandra S. Noreen v. Michael W. Bugni, et al.	Book Royalties	King County Superior Court
1/16	Marx v. Shelby	Wholesale Gourmet Foods	King County Superior Court
2/16	McLean, et al. v. Coleman-Davies Pearson, P.C.	Freight Trucking	King County Superior Court
2/16	Wood v. Wood	Start-up Companies	Jefferson County Circuit Court, Kentucky
3/16	Lysa Catlin v. RPM Mortgage, Inc.	Mortgage Broker	Arbitration – Bellevue, WA
3/16	In re: Capitol Lakes, Inc.	Retirement Community	U.S. Bankruptcy Court, W. D. of Wisconsin
5/16	Larry Richards v. Thermal Hydra Plastics, LLC, d/b/a Clearwater Spas, et al.	Spa Manufacturer	King County Superior Court
5/16	DeWitt v. DeWitt	HVAC Control Systems	Benton County Superior Court

TESTIMONY SUMMARY – LAST 4 YEARS**NEIL J. BEATON, CPA/ABV/CFE, CFA, ASA**

5/16	SmartMed, Inc. v. FirstChoice Medical Group, Inc.	Healthcare Consulting	Judicial Arbitration and Mediation Services
5/16	Education Logistics, Inc., et al. v. Datsopoulos, MacDonald & Lind, PLLP, et al.	Transportation Logistics Software	4 th Judicial Court of Montana, Missoula County
6/16	In re: Aeropostale, Inc.	Specialty Clothing Retailer	U.S. Bankruptcy Court, S. D. of New York
6/16	Telecom Transport Management, Inc. v. AT&T Corp.	Telecommunications Services	Judicial Arbitration and Mediation Services
6/16	Ryan M. Pszonka, et al. v. Snohomish County, et al.	Natural Disaster/Oso Landslide	King County Superior Court
7/16	BP West Coast Products LLC v. Keith Willnauer, Whatcom County Assessor	Oil & Gas Refinery	Washington State Board of Tax Appeals
7/16	Kevin Wilson v. Eurofins Environment Testing US Holdings, Inc., et al.	Testing Laboratories	King County Superior Court
7/16	Estate of Jacob A. Steinle v. Munchbar, et al.	Search Engine Optimization	King County Superior Court
8/16	Monster Energy Company v. Olympic Eagle Distributing	Beverage Distributor	Judicial Arbitration and Mediation Services
9/16	Ronald Fitz Reed LLC v. Alan S. Wischnesky LLC	Network Hardware and Equipment Retailer	King County Superior Court

ARBITRATION/MEDIATION TESTIMONY

Date	Case Name	Type of Business	Jurisdiction
4/12	Wright v. Wright	Neurosurgery Practice	King County Superior Court
5/12	Welch, et al. v. Pettersson, et al.	Auto Dealership	King County Superior Court
6/12	Moore v. Safeco	Online Marketing	King County Superior Court
12/12	Estate of Vanna Francis v. Clallam County	College Education	King County Superior Court
1/13	Hazelmann v. Hazelmann	Trial Consulting Services	King County Superior Court
1/13	Armintrout v. Armintrout	Tracing; Spec Homes	King County Superior Court
4/13	Hill v. Nickerson	Economic Consulting	King County Superior Court
6/13	Harris v. State Farm Insurance	Bio-Feedback Consulting	King County Superior Court
7/13	Edmonds Hardware, LLC v. Grace Architects PLLC	Retail Ace Hardware Store	King County Superior Court
9/13	Casino Marketing Alliance v. Pinnacle Entertainment, Inc.	Software Analytics	American Arbitration Association – San Francisco
11/13	REC Solar Grade Silicon v. Grant County, WA	Polysilicon Manufacturing	Washington State Board of Tax Appeals
12/13	Chapman v. Chapman	Real Estate Advisory	King County Superior Court
12/13	Wilcox v. Wilcox	Attorney	King County Superior Court
1/14	EnerSys Delaware Inc. v. Alteryx Systems	Fuel Cell Manufacturing	American Arbitration Association – San Francisco
2/14	Intelio Technologies, Inc., v. Ryko Solutions, Inc.	Car Wash Equipment Manufacturing	American Arbitration Association – Chicago, IL
7/14	Wilson v. Wilson	Professional Athlete	King County Superior Court
8/14	Brandt, et al. v. Brandt	Integrated Fruit Farms	Alternative Dispute Resolution

TESTIMONY SUMMARY – LAST 4 YEARS**NEIL J. BEATON, CPA/ABV/CFF, CFA, ASA**

8/14	Murray v. Murray	Building Material Manufacturing	King County Superior Court
9/14	Wong v. Skoczkowski	Mobile Software Solutions	Toronto, Ontario, Canada
9/14	Dye v. Dye	Wine Distribution	Arbitration – Oakland, CA
10/14	Sinner, et al. v. Conner, et al.	Winery Real Estate	Arbitration – Seattle, WA
10/14	Miles Resources, LLC, v. Summerwood Park Holdings, LLC	Real Estate Development	Arbitration – Seattle, WA
10/14	Milette v. Magnetic & Penetrant Services Co., Inc.	Metal Coating & Finishing	Arbitration – Seattle, WA
11/14	Strawn v. Strawn	Scanning and Imaging	King County Superior Court
11/14	Software Forensics, Inc. v. Eric Thompson, et al.	eDiscovery, Security Software	Arbitration – Salt Lake City, UT
12/14	Hansen v. Hansen	Bail Bond Agency	Judicial Dispute Resolution
2/15	Kawasaki Heavy Industries, Ltd. v. Bombardier Recreational Products, Inc., et al.	Personal Watercraft Manufacturing	Private Arbitration – Chicago, IL
5/15	Leslie v. Leslie	CPA Firm	King County Superior Court
9/15	van Loben Sels v. van Loben Sels	Tax Consulting Firm	Superior Court of California, San Mateo County
1/16	Nielsen v. Nielsen	General Contractor	King County Superior Court
4/16	Doyle v. Doyle	Weight Loss Clinics	King County Superior Court
4/16	McCleskey v. McCleskey	Commercial and Institutional Construction	King County Superior Court
8/16	SmartMed, Inc. v. FirstChoice Medical Group, Inc.	Healthcare Consulting	Judicial Arbitration and Mediation Services
9/16	Monster Energy Company v. Olympic Eagle Distributing	Beverage Distributor	Judicial Arbitration and Mediation Services

COURT TESTIMONY

Date	Case Name	Type of Business	Jurisdiction
1/12	Horne v. World Publications, et al.	Internet Boat Sales	6 th Judicial Circuit Court, Pinellas County, FL
2/12	City and County of San Francisco v. Cobra Solutions, Inc.	IT Consulting Services	Superior Court of California
2/12	Easly v. Fresco Shipping SA	Tug Boat Operator	U.S. District Court, Western District of WA
2/12	Westgate Communications v. Chelan County	Telephone Communications	U.S. District Court, Eastern District of WA
3/12	Sound Infiniti v. Pisheyar	Infiniti Dealership	King County Superior Court
6/12	Wright v. Wright	Neurosurgery Practice	King County Superior Court
10/12	Hanna v. Davison	Pharmaceutical Sales	King County Superior Court
11/12	Education Logistics v. Laidlaw	Bus Routing Software	U.S. District Court of Montana, Missoula Division
11/12	Barrett v. Bill the Butcher, Inc., et al.	Retail Meat Sales	King County Superior Court

TESTIMONY SUMMARY – LAST 4 YEARS

NEIL J. BEATON, CPA/ABV/CFF, CFA, ASA

11/12	Renee Rose de Levi v. Republic of Peru	Banking	International Center for Settlement of Investment Disputes
11/12	JR Marketing, et al. v. Hartford Casualty Insurance Company, Inc.	Computer Lock Sales	Superior Court of the State of California
12/12	Petra Franklin v. David Lahaie	Industrial Recycling	King County Superior Court
1/13	James v. James	Wholesale Software	King County Superior Court
1/13	Armintrout v. Armintrout	Tracing; Spec Homes	King County Superior Court
4/13	Wadhwa v. Wadhwa	Solar Power Plant	Superior Court of California, Contra Costa County
6/13	Milling v. Hummel	Wholesale Biologic Supplies	13 th Judicial Circuit Court, Hillsborough County, FL
10/13	Noble v. Noble	Real Estate Management	King County Superior Court
10/13	Arthur “Bill” Barnum, et al. v. State of Washington, et al.	High School Education	Pierce County Superior Court
12/13	Dean Wilcox v. Bartlett Services, Inc., et al.	Millwright	Benton County District Court
1/14	In re: Plant Insulation Company – Bayside Insulation & Construction, Inc.	Insulation Contractor	U.S. Bankruptcy Court, N. D. of California
2/14	Robert R. Mitchell, et al. v. Michael A. Price	Mortgage Originator	Pierce County Superior Court
3/14	Malcolm v. Malcolm	Consumer Electronics Manufacturer	Pitkin County District Court of Colorado
4/14	REC Solar Grade Silicon v. Grant County, WA	Polysilicon Manufacturing	Washington State Board of Tax Appeals
6/14	Pikover v. EagleView Technologies, Inc.	Aerial Measurement Services	Snohomish County Superior Court
7/14	Maytown Sand and Gravel, LLC v. Thurston County, et al.	Gravel Mine	Lewis County Superior Court
9/14	Recreational Data Services, LLC v. Trimble Navigation Limited, et al.	Software Development Services	Superior Court of AK, 3 rd District at Anchorage
10/14	Estate of Sheard v. Robert Polakoff	Pharmacologist	King County Superior Court
11/14	Virshbo v. Virshbo	Intelligent Transportation Systems	Multnomah County Circuit Court, Oregon
12/14	Wong v. Skoczkowski	Mobile Software Solutions	Toronto, Ontario, Canada
2/15	Hoffman v. Integrale Investments, LLC, Keith Knutsson, and PCGL, LLC	Real Estate Development	Circuit Court, 13 th Judicial District, Tampa, FL
3/15	Hansen v. Hansen	Bail Bond Agency	King County Superior Court
3/15	Hobbs v. Hobbs	Authentication Software	King County Superior Court
4/15	Moran v. Moran	Restaurant Franchise	Boulder County District Court
8/15	Donatelli v. D.R. Strong Consulting Engineers	Real Estate Development	King County Superior Court
12/15	vonAllmen v. vonAllmen	Stock Options	King County Superior Court
1/16	Moe, et al. v. Radiant Global Logistics, Inc.	Transportation Logistics	King County Superior Court
3/16	John J. Mutchler v. State of Washington, Department of Labor & Industries	State Employee	Thurston County District Court

TESTIMONY SUMMARY – LAST 4 YEARS

NEIL J. BEATON, CPA/ABV/CFF, CFA, ASA

4/16	In re: Capitol Lakes, Inc.	Retirement Community	U.S. Bankruptcy Court, W. D. of Wisconsin
6/16	Marx v. Shelby	Wholesale Gourmet Foods	King County Superior Court
6/16	Farmers Insurance Company of Washington, et al. v. Damian J. Greene Insurance Agency, Inc.	Insurance Brokerage	King County Superior Court
7/16	Marx v. Shelby	Wholesale Gourmet Foods	King County Superior Court

PRESENTATIONS AND PUBLICATIONS

NEIL J. BEATON, CPA/ABV/CFF, CFA, ASA

<i>VENUE</i>	<i>SPONSOR</i>	<i>DATE</i>	<i>SUBJECT</i>
2016 Advanced Business Valuation Conference - Boca Raton, FL	ASA	Sep 2016	Valuing Foreign Acquisitions
2016 Forensic Accounting and Business Valuation Conference - Louisville, KY	KyCPA	Aug 2016	Economic Damages for Start-Up and Emerging Businesses; Valuing Emerging Businesses
2016 NAAATS Conference	AICPA	Jul 2016	Fair Value Issues: New Developments
BVR Web Seminar	BVR	Jun 2016	Current Trends in 409A Valuations
AICPA/AAML National Conference on Divorce - New Orleans	AICPA	May 2016	Valuation of Stock Options, Appreciation Rights and Other Equity Compensation
2016 New York International Family Law Symposium	IAFL New York Chapter	Apr 2016	Discovery of International Financial Documentation
2016 Complex Family Law: As Experts See It	AAML Washington State Chapter	Mar 2016	How Attorneys Can Work With a Financial Expert
2015 AICPA Forensic & Valuation Services Conference	AICPA	Nov 2015	Reconciliation and Asset Approach; Report Writing
ABA Section of Family Law - 2015 Fall CLE Conference - Portland, OR	American Bar Association	Oct 2015	Valuation Essentials
AICPA Expert Witness Skills Workshop - Chicago, IL	AICPA	Oct 2015	Expert Witness Training
Complex and High Asset Divorce: A Focus on the Money	The Seminar Group	Sep 2015	Interpreting Tax Returns & International Valuation Issues
AICPA Expert Witness Workshop - Webcast	AICPA	Sep 2015	Business Valuations in Litigation: The Basics
AICPA Forensic & Valuation Services Webcast	AICPA	Jul 2015	Navigating Mergers & Acquisitions: Understanding Mergers & Acquisitions Disputes
Colorado CLE	Colorado Bar Association	Jun 2015	Lost Profits and Economic Damages: A Case Study Approach
BVR Web Seminar	BVR	May 2015	Divorce & IP: Are Patent Rights, Copyrights, Trademarks Still Tied Up After the Knot Gets Untied?
2015 AICPA/AAML Family Law Conference - Las Vegas	AICPA	May 2015	Family Law Overview and Overcoming the Catch 22; Bolstering your Testimony through Demonstratives in the Courtroom
YPO-WPO - Webinar	Deal Global Business Network	Apr 2015	The Ever Changing Value of Valuation
NYS CLE Board - New York Chapter Meeting	AAML New York Chapter	Mar 2015	Secondary Stock Markets are the New Primary Issue
2014 AICPA Forensic & Valuation Services Conference	AICPA	Nov 2014	Growing Your Practice & Balancing it All; Reconciliation and Asset Approach Discussion; Complex Capital Valuations
2014 ASA/CICBV Joint Business Valuation Conference - Toronto, ON	ASA/CICBV	Oct 2014	Secondary Transactions Considerations and Implications
6th Annual Wechsler Family Law Symposium	AAML Washington State Chapter	Oct 2014	Analyzing Tax Returns to Determine Income and Identify Assets
The Value Examiner	NACVA	Sep 2014	Are You Ready for Some Football? Insights into NFL Team Valuations
AICPA Expert Witness Skills Webcast	AICPA	Jul 2014	Business Valuation in Litigation - Useful Tips

PRESENTATIONS AND PUBLICATIONS

NEIL J. BEATON, CPA/ABV/CFF, CFA, ASA

<i>VENUE</i>	<i>SPONSOR</i>	<i>DATE</i>	<i>SUBJECT</i>
International Academy of Matrimonial Lawyers, US Chapter - New York	IAML US Chapter	May 2014	International Business Valuation: Everything You Always Wanted To Know But Were Afraid To Ask
AICPA/AAML National Conference on Divorce - Las Vegas	AICPA	Apr 2014	Intellectual Property: Identification, Classification/Characterization, Valuation and Distribution
Wealth Blog	Wealthfront, Inc.	Apr 2014	The Reason Offer Letters Don't Include a Strike Price
AICPA Forensic & Valuation Services Conference - Las Vegas	AICPA	Nov 2013	Top Commercial Litigation Engagements; Valuation of Privately-Held Company Equity Securities
2013 Business Valuation and Services Conference - Houston	Texas Society of CPAs	Oct 2013	Overview of the AICPA's M&A Disputes Practice Aid
WSBA CLE - Seattle	AAML Washington State Chapter	Oct 2013	Strategies for Valuing Businesses or Assets that have Limited Cash Flow
BVR Web Seminar	BVR	Oct 2013	Calculating Lost Profits for Early Stage Companies
Egyptian Private Equity Association - Cairo	Financial Services Volunteer Corps	Jun 2013	Egyptian Equity Valuation and Modeling
NACVA National Consultants' Conference	NACVA	Jun 2013	Top Five Commercial Litigation Assignments You're Missing Out On
AICPA Web Seminar	AICPA	May 2013	Overview of the Newly-Released AICPA Cheap Stock Practice Aid
2nd Annual Million Dollar Divorce	The Seminar Group	Apr 2013	Overview of Business Valuation
BVR Web Seminar	BVR	Apr 2013	Lost Profits v. Lost Business Value
<i>Standards of Value</i>	John Wiley & Sons, Inc.	Mar 2013	<i>Chapter 6: Fair Value in Financial Reporting: What Is It?</i>
19th Annual Family Law Conference	AAML Washington State Chapter	Mar 2013	Top Tips Related to Income Adjustments and Property Splits
<i>Forensic & Valuation Services Practice Aid</i>	AICPA	2013	<i>Mergers and Acquisitions Dispute</i> , co-author
AICPA National BV Conference	AICPA	Nov 2012	Fair Value Issues; Valuation of Business with International Operations
Advanced Business Valuation Conference	American Society of Appraisers	Oct 2012	Valuation Using Advanced Option-based Methods
13 th Annual VSCPA BV, Fraud & Lit Conference	Virginia Society of CPAs	Sep 2012	Valuing Early Stage Companies in General and in Litigation
Annual New Jersey State NACVA Conference	New Jersey State NACVA	Sep 2012	Lost Profits v. Lost Business Value
AICPA Web Seminar	AICPA/AAML	Jun 2012	Tips, Tricks, Traps and Emerging Issues for the Expert Witness
BVR Web Seminar	BVR	May 2012	Divorce and IP: Are Patent Rights, Copyrights, Trademarks Still Tied Up After the Knot Gets Untied?
National Conference on Divorce	AICPA/AAML	May 2012	Divorce and IP: Are Patent Rights, Copyrights, Trademarks Still Tied Up After the Knot Gets Untied?; Valuing Assets Outside the U.S.: Why Doesn't Everyone Play by Our Rules?
2011 Fair Value Congress	NACVA	Feb 2012	AICPA Cheap Stock Practice Aid Update

PRESENTATIONS AND PUBLICATIONS

NEIL J. BEATON, CPA/ABV/CFF, CFA, ASA

<i>VENUE</i>	<i>SPONSOR</i>	<i>DATE</i>	<i>SUBJECT</i>
FVS Web Seminar	AICPA	Jan 2012	Valuations for Dissenting Stockholder & Minority Oppression Actions
<i>AICPA Accounting and Valuation Guide</i>	AICPA	2012	<i>Valuation of Privately-Held-Company Equity Securities Issued as Compensation</i> , co-author
BVR Web Seminar	BVR	Dec 2011	Delaware Chancery Roundtable: Views from the Bench, Counsel & Witness Stand
AICPA National BV Conference	AICPA	Nov 2011	Betting on the Future: The Outlook for the Business Valuation Profession; Cost of Capital: Practical Solutions in an Impractical World; Caught in the Crossfire: The Expert Witness for Valuation; Update of Final Comments on Cheap Stock Practice Aid; Marketing & Management of a Valuation Practice
AICPA National Forensic Conf.	AICPA	Sep 2011	Damages for Newly Formed Entities
Business Valuation & Family Law Sections Joint Meeting	California Society of CPAs, Family Law Litigation Section	May 2011	Challenges of Valuing Early Stage Companies in General and for Litigation
FEI Portland	Financial Executives International	May 2011	The Front Lines of Business Valuation
<i>Financial Valuation Application and Models, Third Edition</i>	John Wiley & Sons, Inc.	2011	<i>Chapter 24: Other Valuation Services Areas</i> , co-author
<i>The Comprehensive Guide to Lost Profits Damages for Experts and Attorneys, 2011 Edition</i>	Business Valuation Resources	2011	<i>Chapter 11: Calculating Damages for Early-Stage Companies</i> , co-author
BVR Web Seminar	BVR	Dec 2010	409A Valuation Issues
AICPA National BV Conference	AICPA	Nov 2010	Review of the Updated AICPA Cheap Stock Practice Aid
The Knowledge Congress Live Webcast Series	The Knowledge Group, LLC	Oct 2010	Commercial Damages: Overview and Cross Examination - Bullet Proof or Bullet Holes
BVR Web Seminar	BVR	Oct 2010	Reasonable Certainty and Lost Profits in Early Stage Cos.
World Financial Symposium	Davis Wright Tremaine	Oct 2010	Factors that Increase Private Company Valuations
AICPA National Forensic Conference	AICPA	Oct 2010	Shareholder Oppression and Dissenter Suits; Lost Profits v. Valuation in Litigation
Forensic & Valuation Services Web Seminar	AICPA	Sep 2010	Practical Implementation Issues Regarding FV Issues in Business Combinations
The Value Examiner	NACVA	Jun 2010	Discounts for Early-Stage Companies
ACG InterGrowth 2010 Conference	Assn. for Corporate Growth	May 2010	Do Financial Sellers Get a Better Deal?
<i>Valuing Early Stage and Venture-Backed Companies</i>	John Wiley & Sons, Inc.	Apr 2010	Advanced Valuation Techniques for Early Stage Companies
3rd Annual Summit on Fair Value for Financial Reporting	Business Valuation Resources	Feb 2010	Advanced Workshop on Financial Reporting for Stock Options Under 409A/123R

PRESENTATIONS AND PUBLICATIONS

NEIL J. BEATON, CPA/ABV/CFF, CFA, ASA

<i>VENUE</i>	<i>SPONSOR</i>	<i>DATE</i>	<i>SUBJECT</i>
Minnesota Business Valuation Conference	American Society of Appraisers - Minneapolis	Jan 2010	Valuation of Intellectual Property
TMA Meeting Series	Turnaround Management Association	Jan 2010	Business Value in Uncertain Markets
BVR Practice Guide Series	Business Valuation Resources	Jan 2010	Valuations for IRC 409A Compliance
<i>Valuation Strategies Magazine</i>	Thomson Reuters	Nov 2009	Volatility in the Option Pricing Model
Business Valuation Committee	ASA	Nov 2009	Update on Practice Aid: Valuation of Early Stage Companies
2009 Fair Value Summit			
Fair Value Measurement Conference	AICPA	Jun 2009	Private Equity Issues under FAS 157
2009 Annual Consultants' Conference	NACVA and the IBA	May 2009	IFRS v. U.S. GAAP: What You Need to Know
2009 Business Valuation Conference	Illinois CPA Society	May 2009	Uses and Abuses of Management Projections
Valcon 09: Risks, Restructurings, Real Estate and Retail	American Bankruptcy Institute	Feb 2009	The Impact of Globalization on Valuation of Distressed Debt and Businesses
2009 ACG West Coast Mergers & Acquisitions Conference	ACG of San Francisco	Feb 2009	Price v. Value: Bridging the Gap in a Down Economy
2nd Annual Summit on Fair Value for Financial Reporting	Business Valuation Resources	Feb 2009	Current Issues in 123R/409A and Mock Audit Review for FAS 141 and 142
Annual Private Equity COOs and CFOs Forum	Private Equity International	Jan 2009	Panel: International Accounting and Valuation Standards – Convergence or Divergence?
Accountants' Handbook - Eleventh Edition 2009 Supplement	John Wiley & Sons, Inc.	Jan 2009	Valuation of Assets, Liabilities, and Non Public Companies (revised)
Knowledge of Business Valuation - LIVE Webinar	Business Valuation Resources	Dec 2008	The Uses and Abuses of Management Projections
2008 AICPA/ASA Joint Business Valuation Conference	AICPA/ASA	Nov 2008	"Sticky Wickets" Related to 409A Valuations; Discount Techniques for Early Stage Companies
Business Valuation Basics	WSCP/AICPA	Nov 2008	Business Valuation: A Real Life Case Study
ABV Examination Review	AICPA	Oct 2008	The Body of Business Valuation Knowledge
IRC Section 409A: Deadline Looming - Are You Prepared? LIVE Webinar	The Knowledge Congress	Oct 2008	409A Stock Option Valuations: Does Current Valuation Practice Match the Regulations
BVR Thought Leadership Series	Business Valuation Resources	Aug 2008	The Uses & Abuses of Management Projections - Creating a Solid Framework for Financial Performance Analysis
2008 PNW Growth Financing Conf.	Association for Corporate Growth	Aug 2008	Price versus Value: Bridging the Gap
VPS FCG Webinar Series	Financial Consulting Group	May 2008	DLOM: Quantitative vs. Qualitative Models
Business Valuation Standards across the Association Landscape	Strafford Publications	May 2008	Business Valuation: Mastering Changes in Key Standards
The Birth, Life, and Death of Law Practices	Washington State Bar Association	Mar 2008	The Valuation of Law Practices

PRESENTATIONS AND PUBLICATIONS**NEIL J. BEATON, CPA/ABV/CFF, CFA, ASA**

<i>VENUE</i>	<i>SPONSOR</i>	<i>DATE</i>	<i>SUBJECT</i>
Monthly Litigation Department Meeting	Latham & Watkins, LLP	Mar 2008	Valuation of Intellectual Property in Litigation and the Financial Reporting Environment
ACG Capital Connection Conference	ACG of Utah	Feb 2008	Lessons Learned From My Worst Deal
Fair Value Summit - New York	BVR and ASA	Feb 2008	Overview of IRC 409A and SFAS 123R
King County Bar Association Continuing Legal Education	Washington State Bar Association	Dec 2007	Expert Witness and Forensic Accounting Issues in Probate Litigation
AICPA National Business Valuation Conference	AICPA	Dec 2007	IRC 409A and SFAS 123R Valuations; Risks Along the Technology Life Cycle
Seattle Chapter of the Appraisal Institute Fall Conference	Appraisal Institute	Nov 2007	Practical Applications of Fair Value In a Business Combination
ASA Advanced BV Conference	ASA	Oct 2007	Current and Perplexing Issues in Implementing 409A and 123R
Teleconference on Understanding the AICPA's SSVS I	Strafford Publications	Sep 2007	Understanding SSVS1 and Related Implementation Tips
Section 409A Teleconference	The Knowledge Congress	Sep 2007	Equity-Based Compensation Arrangements and Valuation Issues
2007 Intellectual Property Institute	WSCP	Jul 2007	Valuing Intellectual Property
Intangible Valuation Seminar	Gerson Lehrman Group	Jun 2007	Valuing Intellectual Property for Merger & Acquisition Purposes
Global Business Symposium	Asinta	May 2007	IFRS/US GAAP Comparison
ACG Capital Connection Conference	ACG of Utah	May 2007	Train Wreck: Lessons Learned From My Worst Deal
Business & Intellectual Property Valuations, Economic Damage and Expert Witness Skills Program	Law Education Institute	Jan 2007	Intellectual Property Valuation and Damages Methodologies
National Business Valuation Conference	AICPA	Dec 2006	Fair Value Valuations under Delaware Law; High Technology Company Valuation Seminar
Valuation Roundtable of San Francisco	ASA	Jun 2006	Valuing Complex Equity Instruments
National Webcast for BVR Subscribers	BV Resources	May 2006	Early Stage Company Valuations
ACG Utah 2006 Capital Connection	ACG of Utah	Apr 2006	Valuations in Mergers & Acquisitions

Documents Reviewed and/or Considered

Description

- First Amended Complaint and Exhibits A through V, dated September 17, 2015
- First Amended Counterclaim with Exhibits A through R, dated October 14, 2015
- Robert Bennion Deposition Vol I with Exhibit 64, dated July 27, 2016
- Robert Bennion Deposition Vol II with Exhibits 65 through 74, dated July 28, 2016
- Joseph Deville Deposition Vol I with Exhibits 1 through 46, dated July 26, 2016
- Joseph Deville Deposition Vol II with Exhibits 47 through 63, dated July 27, 2016
- Eric Forsberg Deposition with Exhibit 78, dated July 29, 2016
- Kirk Gregor Deposition with Exhibits 75 through 77, dated July 28, 2016
- Patrick Robinson Deposition with Exhibits 79 through 80, dated July 29, 2016
- Mark Oster Deposition with Exhibits 2, 4, 5, 25, 127, and 137 through 143, dated August 30, 2016
- Bennion & Deville Fine Homes, Inc.'s Responses To Windermere Real Estate Services Company's Interrogatories, Set One
- Counterdefendant Bennion And Deville Fine Homes, Inc.'s Responses To Defendant And Counterclaimant Windermere Real Estate Services Company's Requests For Admission, Set One
- Plaintiff Bennion & Deville Fine Homes, Inc.'s Responses To Defendant Windermere Real Estate Services Company's Request For Production [Set Two]
- Counterdefendant Bennion And Deville Fine Homes Socal, Inc.'s Responses To Defendant And Counterclaimant Windermere Real Estate Services Company's Requests For Admission, Set One
- Plaintiff Bennion & Deville Fine Homes Socal, Inc.'s Responses To Defendant Windermere Real Estate Services Company's Request For Production [Set Two]
- Counterdefendant Bennion & Deville Fine Homes Socal, Inc.'s Responses To Defendant And Counterclaimant Windermere Real Estate Services Company's Interrogatories, Set One
- Plaintiff Windermere Services Southern California, Inc.'s Responses To Defendant Windermere Real Estate Services Company's Request For Production [Set Two]
- Plaintiffs' Bennion & Deville Fine Homes, Inc.'s Responses To Defendant Windermere Real Estate Services Company's Request For Production Of Documents
- Plaintiffs' Bennion & Deville Fine Homes, Inc.'s Responses To Defendant Windermere Real Estate Services Company's Request For Production Of Documents
- Counter-Defendant Robert L. Bennion's Responses To Defendant And Counterclaimant Windermere Real Estate Services Company's Interrogatories, Set One
- Counterdefendant Robert L. Bennion's Responses To Defendant And Counterclaimant Windermere Real Estate Services Company's Requests For Admission, Set One
- Counter-Defendant Joseph R. Deville's Responses To Defendant And Counterclaimant Windermere Real Estate Services Company's Interrogatories, Set One
- Counterdefendant Joseph R. Deville's Responses To Defendant And Counterclaimant Windermere Real Estate Services Company's Requests For Admission, Set One
- Defendant Windermere Real Estate Services Company, Inc.'s First Supplemental Responses To Plaintiff Bennion & Deville Fine Homes Inc.'s First Set Of Interrogatories
- Defendant Windermere Real Estate Services Company, Inc.'s First Supplemental Responses To Plaintiff Bennion & Deville Fine Homes Inc.'s First Set Of Requests For Admission
- Defendant Windermere Real Estate Services Company, Inc.'s First Supplemental Responses To Plaintiff Bennion & Deville Fine Homes First Set Of Requests For Production
- Defendant Windermere Real Estate Services Company, Inc.'s First Supplemental Responses To Plaintiff Windermere Services Southern California, Inc.'s First Set Of Interrogatories
- Defendant Windermere Real Estate Services Company, Inc.'s Responses To Plaintiff Bennion & Deville Fine Homes, Inc.'s First Set Of Interrogatories
- Defendant Windermere Real Estate Services Company, Inc.'s Responses To Plaintiff Bennion & Deville Fine Homes, Inc.'s First Set Of Requests For Admission
- Defendant Windermere Real Estate Services Company, Inc.'s Responses To Plaintiff Bennion & Deville Fine Homes First Set Of Requests For Production

Documents Reviewed and/or Considered

<u>Description</u>	
- Defendant Windermere Real Estate Services Company, Inc.'s Responses To Plaintiff Windermere Services Southern California, Inc.'s First Set Of Interrogatories	
- Defendant Windermere Real Estate Services Company, Inc.'s Second Supplemental Responses To Plaintiff Bennion & Deville Fine Homes First Set Of Requests For Production	
- Counterdefendant Windermere Services Southern California, Inc.'s Responses To Defendant And Counterclaimant Windermere Real Estate Services Company's Interrogatories, Set One	
- Counterdefendant Windermere Services Southern California, Inc.'s Responses To Defendant And Counterclaimant Windermere Real Estate Services Company's Requests For Admission, Set One	
- Plaintiffs' Windermere Services Southern California, Inc.'s Responses To Defendant Windermere Real Estate Services Company's Request For Production Of Documents	
- Defendant Windermere Real Estate Services Company, Inc.'s Responses To Plaintiff Bennion & Deville Fine Homes Second Set Of Requests For Production	
- Defendant Windermere Real Estate Services Company, Inc.'s Responses To Plaintiff Windermere Services Southern California, Inc.'s Second Set Of Interrogatories	
- Bennion & Deville Fine Homes, Inc. and Fine Homes SoCal Profit & Loss Forecast 2015	WSC055178-055188
- Bennion & Deville Fine Homes, Inc. Compiled Financial Statements (2012-2014)	WSC055189-055437
- Bennion & Deville Fine Homes, Inc. RFP Responses	WSC055460-055440
- Bennion & Deville Fine Homes SoCal Compiled Financial Statements (2012-2014)	WSC055463-055562
- Bennion & Deville Fine Homes SoCal RFP Responses	WSC055563-055581
- Bennion & Deville Fine Homes, Inc., Bennion & Deville Fine Homes SoCal, and Windermere Services Southern California, Inc. Miscellaneous Financial Documents	WSC0055582-058545
- Bennion & Deville Fine Homes, Inc., Bennion & Deville Fine Homes SoCal, and Windermere Services Southern California, Inc. MSR Reports	WSC0055582-0056458
- Bennion & Deville Fine Homes, Inc., Bennion & Deville Fine Homes SoCal, and Windermere Services Southern California, Inc. Statements of Fees	WSC0056459-0057261
- Bennion & Deville Fine Homes, Inc., Bennion & Deville Fine Homes SoCal, Windermere Services Southern California, Inc., and Windermere Services Company Miscellaneous Emails and Communications	WSC0057262-0057357
- Bennion & Deville Fine Homes, Inc., Bennion & Deville Fine Homes SoCal, Windermere Services Southern California, Inc., Miscellaneous Financial Documents	WSC0057358-057469
- Bennion & Deville Fine Homes, Inc., Bennion & Deville Fine Homes SoCal, Windermere Services Southern California, Inc., Lease Agreements and Records of Operating Expenses	WSC0057470-058545
- B&D0069200-0069205	
- B&D0069206-0069220	
- B&D0069221-0069284	
- B&D0069285-0069367	
- B&D0069368-0069381	
- B&D0069382-0069393	
- B&D0069394-0069403	
- B&D0069404-0069413	
- B&D0069414-0069529	
- B&D0069530-0069537	
- B&D0069538-0069545	
- B&D0069546-0069648	

Documents Reviewed and/or Considered

Description

- B&D0069649-0069706
- B&D0069707-0069710
- B&D0069711-0069718
- B&D0069719-0069726
- B&D0069727-0069798

REPORTS[illegible]

Note:

Note: * Restated profit and loss data obtained from document B&D0069838



Bennion & Deville, et al. v. Windermere, et al.

Schedule 2

Summary of Franchise, Technology, and Other Fees

US\$

	2012		2013		2014
<u>Summary of Franchise Fees, Technology Fees, and Other Fees</u>					
B&D Fine Homes, Inc. (Coachella Valley)					
Compiled Financial Statements (1)	\$	520,525	\$	485,800	\$ 417,000
WSE Office Report (2)	\$	540,000	\$	540,000	\$ 540,000
B&D Fine Homes SoCal, Inc. (SoCal)					
Compiled and Internal Financial Statements (3)	\$	33,875	\$	194,175	\$ 120,625
WSE Office Report (2)	\$	240,000	\$	240,000	\$ 190,000
<i>Total Compiled Franchise Fees (Coachella Valley & SoCal)</i>	\$	554,400	\$	679,975	\$ 537,625
Windermere Services Southern California (WSSC)					
Audited Financial Statements - Total Revenue (4)	\$	99,377	\$	105,260	NA
Recast Financial Statements: Revenue from Franchise Fees (5)	\$	390,000	\$	390,000	\$ 365,000
Recast Financial Statements: Total Revenue (5)	\$	489,377	\$	495,260	\$ 478,213
Total Cash Receipts (6)	\$	580,378	\$	1,090,081	\$ 699,376

Footnotes:

(1) CONFIDENTIAL WSC055363, CONFIDENTIAL WSC055283, CONFIDENTIAL WSC055189

(2) WSC0055606-56458

(3) Compiled financial statements for 2012 and internal financial statements for 2013 and 2014. CONFIDENTIAL WSC055531, CONFIDENTIAL WSC055503, CONFIDENTIAL WSC055463

(4) Exhibit_59_Joseph R Deville, Vol , II, Exhibit_60_Joseph R Deville, Vol , II, Exhibit_61_Joseph R Deville, Vol , II.

(5) B&D0069838

(6) B&D0069727



Bennion & Deville, et al. v. Windermere, et al. **Schedule 3**
Bennion & Deville Discretionary Expenses
US\$

	2012	2013	2014
	Total	Total	Total

Owner Wages ⁽¹⁾

Deville	\$ 251,809	\$ 344,141	\$ 347,467
Bennion	\$ 248,281	\$ 328,552	\$ 347,467
Total Wages	500,090	672,693	694,934

From Income Statement ⁽¹⁾

Auto Lease - Land Rover	\$ 28,296	\$ 2,233	\$ -
Desert Rental (Motor Home)	\$ 46,797	\$ 39,262	\$ 123,064
Auto Lease - Bentley	\$ -	\$ 15,235	\$ 46,869
Auto Lease - Cadillac	\$ -	\$ 12,752	\$ 13,911
Arena2Mare (Airplane)	\$ -	\$ -	\$ 29,276
50% Auto and Maintenance	\$ 64,464	\$ 67,009	\$ 46,240 (2)
Landscaping Maintenance	\$ -	\$ -	\$ 2,300 (2)
Laguna Condo	\$ -	\$ -	\$ 96,000 (2)
50% Meals and Entertainment	\$ 34,186	\$ 35,638	\$ 35,810 (2)
Cell Phone	\$ -	\$ -	\$ 3,360 (2)
Total Expenses	173,742	172,129	396,830

Total Wages and Expenses

\$ 673,832	\$ 844,822	\$ 1,091,764
-------------------	-------------------	---------------------

2012-2014 Total \$ 2,610,418

Footnotes:

(1) CONFIDENTIAL WSC055570, CONFIDENTIAL WSC055438, B&D0069838

(2) CONFIDENTIAL WSC057456



Bennion & Deville, et al. v. Windermere, et al. **Schedule 4**

Damages Analysis Summary

US\$

WSSC, Inc. Breach of Modification Agreement	
Total WSC Share Forgiven	\$ 863,560
Per Diem	471
Days Elapsed (12/21/2012 - 9/30/2015)	1,013
Total Forgiven	477,503
Subtotal:	386,057 (1)
 B&D Fine Homes, Inc. (Coachella Valley) Outstanding Fees	
License Fees	\$ 330,000
Technology Fees	256,550
Late Fees	58,655
Accrued Interest	81,718
Subtotal:	726,923
 B&D Fine Homes SoCal, Inc. (SoCal) Outstanding Fees	
License Fees	\$ 112,500
Technology Fees	68,425
Late Fees	18,093
Accrued Interest	24,845
Subtotal:	223,862
Total Franchise and Other Fees Due	\$ 1,336,842
Less: Kirksey & King Payments	(8,501)
Net Franchise and Other Fees Due	\$ 1,328,341

Footnotes:

(1) Damage calculation based on breach of contract for Modification Agreement, source document Exhibit_51_Joseph R Deville, Vol. II

