

EXHIBIT E

COMMERCIAL LEASE

This COMMERCIAL LEASE ("Lease"), is dated for reference purposes as of February 25, 2014. STEFANO AND GIOVANNA BRUNETTO, TRUSTEES OF THE BRUNETTO FAMILY TRUST UTD AUGUST 30, 2001 ("Landlord"), the address of which is 3502 Moultrie Avenue, San Diego, California 92117, leases and demises to BENNION & DEVILLE FINE HOMES SOCIAL, INC., a California corporation, dba Windermere Real Estate SoCal ("Tenant"), and Tenant leases and hires from Landlord, the premises situated in the City of San Diego, County of San Diego, State of California, having the address of 1742-1/2 India Street, San Diego, California 92101 ("Premises"), on the terms and conditions set forth in this Lease. The building in which the Premises are located is referred to as the "Building", and the parcel of property on which the Building is located is referred to as the "Property". The "Floor Plan" of the Building, which also depicts the Premises, is attached hereto as Exhibit "A". The Premises contain approximately 1,459 square feet of floor area and the Building, including the Premises, contains approximately 2,605 square feet of floor area; and based on such approximate floor areas, "Tenant's Proportionate Share" is 56.01 percent.

1. **DELIVERY OF POSSESSION; SECURITY SERVICES:** Landlord shall deliver possession of the Premises pursuant to Exhibit "B" attached hereto. Landlord shall not be obligated to provide security guards, security patrols, private police, alarm monitoring or any other type of security services for or in the Premises. Tenant understands that Landlord shall not be so obligated, and that Landlord will not provide any security services of any type for or in the Premises during the Term of this Lease.

2. **TERM:** The term of this Lease ("Term") shall be three years, commencing on the earlier of (a) seven days after Landlord delivers possession of the Premises to Tenant pursuant to Exhibit "B"; or (b) the date on which Tenant opens for business in the Premises ("Commencement Date"). If the Commencement Date is other than the first day of a month, the Term shall be extended by the number of days remaining in the first calendar month of the Term. (For example, if the Commencement Date is September 21, then the Term shall be extended by the 10 days from September 21 through and including September 30.) The date on which the Term expires is the "Expiration Date". Tenant shall have the option to extend the Term for one additional period of three years, subject and pursuant to the terms and conditions of Addendum No. 1 attached hereto.

3. **RENT:**

(a) "Base Rent" shall be the following for the following periods of the Term:

Year of Term	Beginning Month of Year	Ending Month of Year	Annual Base Rent	Monthly Base Rent
1	1	12	\$110,300.40	\$9,191.70
2	13	24	\$113,609.40	\$9,467.45
3	25	36	\$117,017.64	\$9,751.47

If Tenant exercises the option to extend the Term pursuant to and in accordance with the terms and conditions set forth in Addendum No. 1, Base Rent payable during the extended Term shall be as determined pursuant to Addendum No. 1.

(b) Base Rent is due and payable in monthly installments on the first of each month during the Term, except that Base Rent for the first full month of the Term and the Security Deposit (see Section 25) are due and payable at the time Tenant signs this Lease. Base Rent for any initial partial month of the Term is due and payable on the first day of the first full calendar month of the Term. All sums of money required to be paid pursuant to the terms of this Lease are defined as "rent", whether or not the same are designated as such elsewhere in this Lease, and shall be paid in lawful money of the United States of America. All rents will be paid to Landlord at the address set forth in the preamble or at such other address as Landlord may designate in writing.

(c) In addition to Base Rent, Tenant shall pay to Landlord as additional rent on the first day of each month, Tenant's Proportionate Share of the amount of all costs, expenses and property taxes described in Sections 13 and 32 based on equal periodic installments which have been estimated in advance by Landlord for a particular calendar year. Landlord shall, within 90 days after the end of such year, adjust the estimated costs, expenses and taxes to reflect the same actually incurred for such year, prepare a written statement of such adjustment and furnish Tenant with a written copy of such adjustment statement. If the adjustment discloses that Tenant has underpaid for the year, Tenant shall pay such deficiency to Landlord in cash within 10 days

after receiving the adjustment statement. If the adjustment discloses that Tenant has overpaid for the year, Tenant shall be entitled to a credit against its next payment(s) due under this Section 3(c); provided, however, with respect to any overpayment for the last year of the Term, Tenant shall be entitled to a refund in cash within 30 days after Landlord sends the adjustment statement to Tenant.

- (d) Late payment of rent will cause Landlord to incur costs and expenses not contemplated by this Lease, the exact amount of which costs and expenses are extremely difficult and impractical to ascertain. Such costs and expenses include, but are not limited to, processing and accounting charges and late charges that may be imposed on Landlord under the terms of any note or other obligation secured by a deed of trust or other security instrument covering the property on which the Premises are located. Therefore, if Tenant fails to pay any monthly installment of rent or any other amount under this Lease when due, in addition to the interest at the rate of 18 percent per annum, a late charge equal to 10 percent of the monthly installment of rent or other amount due shall be assessed to compensate Landlord for such costs and expenses. Landlord and Tenant agree that this late charge represents a fair and reasonable estimate of the costs and expenses that Landlord will incur by reason of a late payment by Tenant.

4. **USE AND PROHIBITED USES:**

- (a) Tenant shall use the Premises for general office purposes, including real estate and real estate services, including, but not limited to, property management, title, escrow, mortgage services, and other real estate related services. The Premises shall not be used for any use or purpose other than general office purposes without the prior written consent of Landlord, which may be granted or withheld in Landlord's sole, absolute and unfettered discretion.
- (b) Tenant shall not commit any waste upon the Premises or the Property, or any nuisance or act which may disturb the quiet enjoyment of any other tenant in the Building.
- (c) No use will be made or permitted to be made upon the Premises, nor acts done, which will increase the existing rate of insurance on the Property, or cause cancellation of insurance policies covering the Property. Tenant will not conduct or permit any bulk sale, bankruptcy or liquidation sale, going out of business sale or auction on the Premises.

5. **PARKING:** Tenant shall have the exclusive use of two of the three parking spaces located on the Property. Landlord will mark and designate such spaces for Tenant's exclusive use before the Commencement Date.

6. **ASSIGNMENT AND SUBLETTING:** Tenant shall not (a) assign this Lease (or any interest in this Lease) without the prior written consent of Landlord, which may be granted or withheld in Landlord's sole, absolute and unfettered discretion; or (b) or sublet the Premises or any portion thereof without prior written consent of Landlord, which will not be unreasonably withheld. Any such assignment or subletting without Landlord's prior written consent will be void and, at the option of Landlord, will terminate this Lease. If Tenant is a business entity, a change in control of Tenant (as "control" is defined in the California Corporations Code) shall be deemed an assignment for which Landlord's consent is required pursuant to this Section. In connection with any proposed assignment or sublease, Tenant shall provide such business and financial information as Landlord may reasonably request concerning the proposed subtenant or assignee. Upon any assignment of this Lease, Tenant shall remain primarily liable on its covenants under this Lease unless specifically released in writing by Landlord. If Tenant receives rent or other compensation or consideration, whether payable in lump sum or in installments, in excess of the rent payable by Tenant at the time of the assignment or sublease (including, in the case of a sublease of a portion of the Premises, an amount greater than the rent fairly allocable to such portion), then Tenant shall pay to Landlord, as additional rent and promptly after receipt by Tenant, 50 percent of such excess of each such payment received by Tenant.

7. **ORDINANCES AND STATUTES:** Tenant will comply with all laws, statutes, ordinances, rules, regulations and requirements of all municipal, state and federal authorities now in force, or which may later be in force, regarding the Premises or the use thereof, including, but not limited to, the Americans With Disabilities Act. The commencement or pendency of any governmental court or administrative proceeding against Tenant or affecting the use of the Premises will, at the option of Landlord, constitute a breach of this Lease.

8. **MAINTENANCE, REPAIRS, ALTERATIONS:**

- (a) In this Section 8, "Maintain" and variations thereof means maintaining in a good, clean and safe condition, including making required repairs, and including making replacements if a repair would not be effective or if the cost of the repair would exceed the cost of replacement.

- (b) Tenant shall, at Tenant's cost and expense, Maintain the Premises, including the interior of the Premises (including plumbing and plumbing fixtures that are exposed in the Premises), windows and interior and exterior doors.
 - (c) Landlord shall, at Landlord's cost and expense, Maintain the exterior and structure of the Building, plumbing that is not exposed in the Premises and the parking area; provided, however, Tenant shall bear the cost of repairs (including replacements) required as a result of the negligence or willful misconduct of Tenant or its employees, agents or contractors; and provided further, any such cost shall be due and payable 10 days after delivery of the bill therefor.
 - (d) Landlord will Maintain the electrical system of the Building, including the wiring, and the heating, ventilating and air conditioning system of the Building at Tenant's cost and expense, subject to the following: (a) to the extent the system serves only the Premises, Tenant shall pay the entire cost; and (b) to the extent the same serves the Premises and other premises in the building, Tenant shall pay Tenant's Proportionate Share. Such costs shall be due and payable 10 days after delivery of the bill therefor.
 - (e) After completion of work pursuant to Exhibit "B", no improvement or alteration of the Premises will be made without the prior written consent of Landlord. Tenant shall keep the Premises and the Property free of any liens or claims of lien arising from any work performed, material furnished or obligations incurred by Tenant. If Tenant disputes the correctness or validity of any claim of lien, Tenant shall, within 10 days after written notice from Landlord, record such bond as will release said property from the lien claimed. Prior to the commencement of any substantial repair, improvement or alteration, Tenant will notify Landlord in writing at least 15 days in advance so that Landlord may post notices of non-responsibility.
9. **ENTRY AND INSPECTION:** Landlord and its employees, agents and contractors may enter the Premises at reasonable times and upon reasonable notice for the purpose of inspecting them, making the repairs which Landlord is obligated to make (or has the right to make) under this Lease, curing a default of Tenant, posting any notice provided by law that relieves a Landlord from responsibility for the acts of a tenant, exhibiting the Premises to prospective buyers, tenants or lenders, and posting ordinary signs advertising the Premises for sale or for lease during the last 60 days of the Term. Landlord shall have the right to use any and all means Landlord may deem proper in an emergency to obtain entry to the Premises, and advance notice shall not be required in an emergency. Tenant waives claims for damages or abatement of rent or for any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Premises, and any other loss occasioned by entry pursuant to this Section.
10. **INDEMNIFICATION OF LANDLORD:** Landlord will not be liable for any damage or injury to Tenant, or any other person, or to any property, occurring on the Premises. Tenant shall indemnify, protect, defend and hold Landlord harmless from and against any and all liens, claims, demands, actions, causes of action, obligations, penalties, charges, liabilities, damages, losses, costs or expenses, including reasonable attorney's fees and costs for the defense thereof, arising from, out of or in connection with (i) the conduct or management of the business conducted by Tenant on the Premises; (ii) any occurrence in the Premises (including the use, release or discharge of Hazardous Materials (defined below)); or (iii) any acts or omissions of Tenant, of any person in the Premises or on the Property by invitation of Tenant or of any person deriving his, her or its right to occupy the Premises or any part thereof from, by or through Tenant.
11. **DELAYING CAUSES:** If a party is delayed in the performance of any covenant of this Lease because of any of the following causes ("delaying cause"): action of the elements, war, riot, labor dispute, inability to procure or general shortage of labor or material in the normal channels of trade, delay in transportation, delay in inspections, governmental action or moratorium or any other cause beyond the reasonable control of the party so obligated, whether similar or dissimilar to the foregoing, financial inability excepted, then such performance shall be excused for the period of the delay and the period for such performance shall be extended for a period equivalent to the period of such delay, except that a delaying cause shall in no way affect (a) Tenant's obligation to pay rent or any other amount payable under this Lease; or (b) the length of the Term.
12. **TENANT'S INSURANCE:** Tenant shall, at Tenant's cost and expense, maintain in full force the following policies of insurance:
- (a) Commercial general liability insurance for injury to or death of persons and loss of or damage to property occurring in, on or about the Premises. Such liability insurance shall (i) be for not less than \$1 million combined single limit per occurrence and in the aggregate for bodily and personal injury and property damage; (ii) include contractual liability insurance covering the indemnity requirements of Section 10; (iii) be

- endorsed to designate Landlord as an additional insured; (iv) be primary and non-contributing with insurance carried by Landlord; (v) either provide for severability of interests or contain a cross-liability endorsement; (vi) be canceled only after 10 days advance written notice to Landlord; and (vii) be issued by a company admitted in California and otherwise acceptable to Landlord.
- (b) A policy insuring against perils of fire and special causes of loss (also known as "special perils" or "all risk"), the "deductible" of which shall not be greater than \$5,000.00, covering all interior glass, stock in trade, merchandise, trade fixtures, equipment and other personal property located in the Premises and used by Tenant in connection with its business. Such insurance shall be issued by a company admitted in California and otherwise acceptable to Landlord.
13. **LANDLORD'S INSURANCE:** Landlord shall obtain and maintain a policy insuring against perils of fire and special causes of loss (also known as "special perils" or "all risk") covering the Building; and such insurance shall include rental income insurance for interruption in Base Rent and additional rent for up to one year. Landlord may obtain other insurance in Landlord's sole, absolute and unfettered discretion. Any insurance Landlord obtains will not insure Tenant's furniture, trade fixtures equipment or personal property. Pursuant to Section 3(c), Tenant shall pay Tenant's Proportionate Share of the cost and expense of Landlord's insurance.
14. **WAIVER OF SUBROGATION:** Each party waives its right of recovery against the other party and the other party's officers, directors, agents, representatives, employees, partners, successors and assigns with respect to any loss or damage, including consequential loss or damage, to the waiving party's property caused, resulting from or occasioned by any peril or perils (including negligent acts) covered by any policy or policies carried or required to be carried by the waiving party.
15. **UTILITIES:** If a utility is separately metered to the Premises, Tenant shall (a) establish an account for the utility in Tenant's name (including making any deposits required to establish the account); and (b) pay each bill for the utility consumed at the Premises directly to the utility provider and before delinquency. If a utility is not separately metered to the Premises, Tenant shall pay Tenant's Proportionate Share of such utility cost within 10 days after delivery of Landlord's bill therefor, which shall be accompanied by a copy of the utility bill of which Tenant is paying Tenant's Proportionate Share.
16. **SIGNS:**
- (a) Landlord shall apply for and seek City approval of one or more awnings to be affixed to the Building in front of the Premises, including City approval to print Tenant's business names on such awning(s). If Landlord receives such approval: (i) Landlord will bear the cost of fabricating and installing the awning(s); (ii) Tenant shall be permitted to have Tenant's business name printed on the awning(s) in front of the Premises; and (iii) Tenant shall bear the cost of having Tenant's name printed on the awning(s).
- (a) Other than as provided in Section 16(a), Tenant shall not place, maintain, nor permit any sign or awning on the exterior of the Building or on any exterior door, wall or window of the Premises without the prior written consent of Landlord, which will not be unreasonably withheld.
17. **OPERATION OF BUSINESS:** Tenant shall continuously and uninterruptedly operate its business during regular business hours during the Term. Tenant shall not vacate or abandon the Premises at any time during the Term.
18. **CONDEMNATION:** If there is any taking of all or any part of the Premises because of the exercise of the power of eminent domain or inverse condemnation, whether by condemnation proceedings or otherwise, or any transfer of any part of the Premises or any interest in any part of the Shopping Center made in avoidance thereof (all of the foregoing being a "taking") before or during the Term, the rights and obligations of the parties with respect to such taking shall be as provided in this Section. A termination in accordance with this Section shall become effective as of the date on which title or physical possession of the condemned portion of the Premises is taken, whichever is earlier ("Taking Date"). If there is a taking of all of the Premises, this Lease shall terminate as of the Taking Date. If there is a taking of less than all of the Premises, but the part remaining is not susceptible of occupation by Tenant, this Lease shall terminate as of the Taking Date. If there is a taking of less than all of the Premises, and the part remaining is susceptible of occupation by Tenant, this Lease shall, only as to the part taken, terminate as of the Taking Date. Tenant will be required to pay such proportion of the rent for the remaining Term as the value of the Premises remaining bears to the total value of the Premises at the Taking Date. All sums which may be payable on account of any taking belong solely to Landlord; except that Tenant may make a separate claim for trade fixtures that cannot be relocated and moving expenses.

19. **SURRENDER OF PREMISES; REMOVING TRADE FIXTURES:** Tenant shall surrender the Premises at the expiration of the Term or earlier termination of this Lease in as good condition as received, normal wear and tear excepted. Any and all improvements made to the Premises will belong to Landlord and shall not be removed, unless Landlord directs Tenant in writing to remove the improvements. Before expiration of the Term or before the effectiveness of any earlier termination thereof, Tenant shall have removed at its own expense (including repairing any resulting damage to the Premises or the Building) all furniture, trade fixtures, equipment, merchandise and other personal property; and Landlord may remove any such items remaining on the Premises, and dispose of the same in accordance with California Civil Code Sections 1993 through 1993.09.
20. **DESTRUCTION OF PREMISES:** In the event of a casualty causing partial damage or destruction of the Premises from any cause, Landlord will promptly repair the Premises, provided that such repairs can be completed within 120 days after the date of the damage or destruction. Such partial damage or destruction will not terminate this Lease, except that Tenant will be entitled to a proportionate reduction of rent while such repairs are being made, based upon the extent to which making such repairs interferes with the business of Tenant on the Premises. If the repairs cannot be completed within 120 days after the date of the damage or destruction, this Lease may be terminated at the option of either party by delivering written notice to the other party within 30 days after the date of the damage or destruction.
21. **HAZARDOUS MATERIALS:** "Hazardous Materials" means any and all materials and substances regulated by state or federal laws now or in the future because of their toxic, polluting or hazardous nature, or because they may cause reproductive harm. Tenant will not use, store or dispose of any Hazardous Materials on or about the Premises, except the use and storage of Hazardous Materials customarily used in Tenant's business; and in that case, Tenant keep at the Premises only such quantities as are reasonably necessary for Tenant's business at the Premises, and must use and store the Hazardous Materials in strict compliance with all governing laws.
22. **INSOLVENCY:** The appointment of a receiver, an assignment for the benefit of creditors, or the filing of a petition in bankruptcy by or against Tenant, will constitute a breach of this Lease by Tenant.
23. **TENANT'S DEFAULT:** If Tenant fails to pay rent or to perform any of Tenant's other obligations under this Lease, or any part of this Lease, when due or called for under this Lease, Tenant shall be in default. Tenant shall have a period of three days after delivery of written notice by Landlord specifying the nature of Tenant's default within which to cure such default, provided that if the nature of a non-monetary default is such that it cannot be fully cured within said three-day period, Tenant shall have such additional time as may be reasonably necessary to cure such default so long as Tenant proceeds promptly after delivery of Landlord's notice and proceeds diligently at all times to complete said cure. A notice delivered in accordance with the provisions of Section 1161 of the California Code of Civil Procedure will constitute compliance with the notice requirements of this Section. If Tenant fails to cure any such default in a timely manner, Tenant shall be in breach of this Lease, and Landlord may, with or without further notice or demand of any kind, at its option:
- (a) Terminate Tenant's right to possession of the Premises because of such breach and recover from Tenant all damages allowed under Section 1951.2 of the California Civil Code, including, without limitation, the worth at the time of the award of the amount by which the unpaid rent for the balance of the Term after the time of the award exceeds the amount of such rental loss for the same period that Tenant proves could be reasonably avoided; or
 - (b) Not terminate Tenant's right to possession because of such breach, but continue this Lease in full force and effect; and in that event (i) Landlord may enforce all rights and remedies under this Lease and under the provisions of Section 1951.4 of the California Civil Code, including the right to recover the rent and all other amounts due under this Lease as such rent and other amounts become due under this Lease; and (ii) Tenant may assign its interest in this Lease with Landlord's prior written consent, which consent shall not be unreasonably withheld.

No re-entry or reletting of the Premises shall be construed as an election by Landlord to terminate Tenant's right to possession of this Lease unless a written notice of such intention is given by Landlord to Tenant; and notwithstanding any such reletting without such termination, Landlord may at any time thereafter elect to terminate Tenant's right to possession and this Lease in the event that at such time Tenant remains in default under this Lease.

Nothing contained in this Lease limits Landlord to the remedies set forth in this Section. Upon Tenant's default or breach, Landlord shall be entitled to exercise any right or remedy then provided by law, including, but not without limitation, the right to obtain injunctive relief and the right to recover all damages caused by Tenant's default or breach in the performance of any of its obligations under this Lease.

24. **LANDLORD'S DEFAULT:** If Landlord fails to perform any of its material obligations under this Lease, then Landlord shall be in default. Landlord shall commence promptly to cure such default immediately after receipt of written notice from Tenant specifying the nature of such default and shall complete such cure within 30 days thereafter, provided that if the nature of such default is such that it cannot be cured within said 30-day period, Landlord shall have such additional time as may be reasonably necessary to complete its performance so long as Landlord has proceeded with diligence after receipt of Tenant's notice and is then proceeding with diligence to cure such default.
25. **SECURITY DEPOSIT:** Upon signing this Lease, Tenant shall deposit with Landlord the amount of \$7,420.00 as security for the faithful performance of obligations relating to rent, repairs and cleaning. The security deposit shall not constitute payment of the last month's rent. If Tenant defaults with respect to any provision of this Lease, including provisions relating to the payment of rent, Landlord may (but shall not be required to) use, apply or retain all or any part of the security deposit for the payment of any rent or any other amount in default, or for the payment of any other amount which Landlord may spend or become obligated to spend by reason of Tenant's default or to compensate Landlord for any other loss or damage which Landlord may suffer by reason of Tenant's default. If any portion of said deposit is so used or applied, Tenant shall, upon demand therefor, deposit cash with Landlord in an amount sufficient to restore the security deposit to its original amount and Tenant's failure to do so shall be a material breach of this Lease. Landlord shall not be required to keep the security deposit separate from its general funds, and Tenant shall not be entitled to interest on such deposit. If Tenant fully and faithfully performs every provision of this Lease to be performed by it, the security deposit or any balance thereof shall be returned to Tenant (or at Landlord's option, to the last assignee of Tenant's interests hereunder) at the expiration of the Term, provided that Landlord may retain the security deposit until such time as any amount due from Tenant under this Lease (including damages under California Civil Code Section 1951.2) has been determined and paid in full. Landlord shall be entitled to retain any unapplied balance of the security deposit, and Tenant waives any claim or right under California Civil Code Section 1950.7 to the return thereof, until such time as the amount of Landlord's damages, including those under California Civil Code Section 1951.2, has been determined.
26. **ATTORNEY FEES:** In any action or proceeding involving a dispute between Landlord and Tenant arising from, out of or in connection with this Lease (including interpretation and enforcement of this Lease, and including enforcing any indemnity provision), the prevailing party will be entitled to reasonable attorney fees and costs (including expert witness fees and costs, whether or not the expert is called to testify).
27. **WAIVER:** No failure of Landlord to enforce any term of this Lease will be deemed to be a waiver. Any waiver must be in writing, signed by the waiving party and delivered to the other party.
28. **NOTICES:** Any notice which either party may or is required to deliver, will be delivered by personal delivery, by messenger service, by mailing the notice, postage prepaid and return receipt requested, or by overnight courier service, to Tenant at the Premises, or to Landlord at the address shown in the preamble, or at such other place as may be designated in writing by the party. Notice will be effective when receipt is acknowledged in writing or when delivery is refused.
29. **SURRENDER OF PREMISES; HOLDING OVER:** If Tenant holds the Premises after the expiration of the Term with the consent of Landlord, expressed or implied, such holding over shall, in the absence of a written agreement on the subject, be deemed to have created a tenancy for month to month, terminable on 30 days' written notice by either party to the other, at a monthly Base Rent equal to 150 percent of the Base Rent payable for the last month of the Term, and otherwise subject to all terms of this Lease, including the payment of all other amounts payable by Tenant under this Lease. Nothing contained in this Section shall be construed as consent to such holding over. If Tenant fails to surrender the Premises upon the expiration of the Term or earlier termination of this Lease, Tenant shall indemnify, protect, defend and hold harmless Landlord from loss or liability resulting from such failure, including, without limiting the generality of the foregoing, any claims made by any succeeding tenant arising out of such failure.
30. **TIME:** Time is of the essence of this Lease.
31. **HEIRS, ASSIGNS, SUCCESSORS:** This Lease is binding upon and inures to the benefit of the heirs, assigns and successors of the parties.
32. **PROPERTY TAXES:** Pursuant to Section 3(c), Tenant shall pay to Landlord, as additional rent, an amount equal to Tenant's Proportionate Share percent of nondelinquent general and special real property taxes and assessment levied against the Property. If such taxes are assessed for a tax year extending beyond the Expiration Date, the obligation of Tenant will be prorated.

33. **LANDLORD'S LIABILITY:** The Premises or Landlord's interest under this Lease (or both) may be freely sold or assigned by Landlord and, in the event of any such sale or assignment, the covenants and obligations of Landlord herein shall be binding on each successive "landlord" and its successors and assigns, only during their respective periods of ownership. If during the Term of this Lease, Landlord conveys its interest in the Premises or this Lease, then from and after the effective date of such conveyance, Landlord shall be released and discharged from any and all further obligations and responsibilities under this Lease except those already accrued of which Landlord has notice at the time of conveyance.
34. **SUBORDINATION; ESTOPPEL CERTIFICATE:**
- (a) Tenant agrees that this Lease, at Landlord's option, shall be subordinated to any mortgage(s) or deed(s) of trust that may hereafter be placed upon the Property, provided that such mortgagees or beneficiaries request such subordination and agree in writing to recognize this Lease and not to disturb Tenant's tenancy and possession in the event of foreclosure so long as Tenant is not in default. In the event any proceedings are brought for foreclosure, or in the event of the exercise of the power of sale under any mortgage or deed of trust made by Landlord covering the Property or delivery to a mortgagee or deed of trust beneficiary of a deed in lieu of foreclosure, Tenant shall attorn to the purchaser or transferee upon any such foreclosure or sale or transfer and recognize such purchaser or transferee as "Landlord" under this Lease. Tenant shall sign and deliver, without cost to Landlord, whatever instruments may be required to effect such subordination and return the same to Landlord within 10 days after receipt thereof. If Tenant fails to deliver such subordination within said 10-day period, Tenant appoints Landlord as Tenant's attorney in fact for the purpose of completing, signing and delivering the subordination to the person or persons requesting it.
 - (b) Tenant shall, at any time and from time to time within 10 days after written request therefor by Landlord, sign and deliver a certificate to Landlord or to any proposed mortgagee, beneficiary under a deed of trust, purchaser or successor in interest, certifying the date to which rent has been paid under the Lease, the amount of any security deposit paid by Tenant, the Commencement Date and Expiration Date of the Term and that this Lease is then in full force and effect and setting forth the amount and nature of modifications, defenses or offsets, if any, claimed by Tenant. If Tenant fails to deliver such certificate within said 10-day period, Tenant appoints Landlord as Tenant's attorney in fact for the purpose of completing, signing and delivering the certificate to the Person requesting it.
35. **ENTIRE AGREEMENT:** This Lease constitutes the entire agreement between the parties and may be modified only in writing signed by all parties.
36. **INTERPRETATION:** The captions by which the Sections of this Lease are identified are for convenience only and shall not affect the interpretation of this Lease. Wherever the context so requires, the singular number shall include the plural, the plural shall refer to the singular, the neuter gender shall include the masculine and feminine genders. If there is more than one signatory of this Lease as Tenant, the liability of such signatories shall be joint and several. If any provision of this Lease shall be held to be invalid by a court of competent jurisdiction, the remaining provisions shall remain in effect and shall in no way be impaired thereby.
37. **BROKERAGE:** Each party to this Lease represents and warrants to the other that no licensed real estate broker or other professional was involved in this transaction and/or is owed a commission. Tenant discloses that principals of Tenant are licensed real estate brokers.
38. **DISABILITY ACCESS DISCLOSURE:** California Civil Code Section 1938 requires Landlord to disclose whether the Property has been inspected by a Certified Access Specialist ("CASp") and, if so, whether the Property has been determined to meet all applicable construction-related accessibility standards pursuant to California Civil Code Section 55.53. To Landlord's current actual knowledge at the date of this Lease, without inquiry or investigation or any duty to inquire or investigate, the Property has not been inspected by a CASp.
39. **ADDENDUM AND EXHIBITS:** The following addendum and exhibits are a part of this Lease:
- Addendum No. 1: Option to Extend
 - Exhibit A: Floor Plan Of Building, Including Depicting Premises
 - Exhibit B: Construction and Delivery of Possession

TENANT REPRESENTS AND WARRANTS TO LANDLORD THAT TENANT HAS THOROUGHLY READ AND APPROVED EACH OF THE PROVISIONS CONTAINED IN THIS LEASE, UNDERSTANDS THE SAME AND AGREES TO BE BOUND THEREBY.

Landlord

Stefano Brunetto
STEFANO BRUNETTO, CO-TRUSTEE OF THE
BRUNETTO FAMILY TRUST UTD AUGUST 30,
2001

Giovanna Brunetto
GIOVANNA BRUNETTO, CO-TRUSTEE OF THE
BRUNETTO FAMILY TRUST UTD AUGUST 30,
2001

Tenant:

BENNION & DEVILLE FINE HOMES SOCAL, INC.,
a California corporation, dba Windermere Real Estate SoCal

By:

Its:

By:

Its:

John P. Bennion

Vice President

Joseph E. Deville

Pres.

Addendum No. 1
Option to Extend

Addendum No. 1 to Lease between STEFANO AND GIOVANNA BRUNETTO, TRUSTEES OF THE BRUNETTO FAMILY TRUST UTD AUGUST 30, 2001, as "Landlord", and BENNION & DEVILLE FINE HOMES SOCIAL, INC., a California corporation, dba Windermere Real Estate SoCal, as Tenant, dated as of February 25, 2014.

(i) Provided both of the following conditions are met, Tenant shall have the option to extend the Term for one additional period of three years upon the same terms and conditions as provided in this Lease, except the Base Rent for such additional period shall be determined pursuant to this Addendum:

(a) Tenant is not in default under any of the terms and conditions of this Lease at the time a Notice of Exercise (defined below) is given and on the last day of the Term; and

(b) This Lease is in effect at the time a Notice of Exercise is given and on the last day of the Term, as it may have been extended previously.

(ii) If Tenant has an interest in extending the Term, then not more than one year and not less than nine months before the expiration of the Term, Tenant shall deliver to Landlord a notice of intention to extend the Term for the additional period ("Notice of Intention"). Within 10 days after the delivery of the Notice of Intention, Landlord shall notify Tenant of the Base Rent for the first 12 months of the additional period, which shall not be less than 103 percent of the Base Rent payable during the last 12 months of the Term ("Rent Notification"). If Tenant objects to the Base Rent stated in the Rent Notification, then Tenant shall notify Landlord of Tenant's objection within 10 days after delivery of the Rent Notification. If Tenant fails to object within such 10-day period, then the Base Rent for the first 12 months of the ensuing additional period shall be the Base Rent stated in the Rent Notification. If Tenant objects within such 10-day period, then Landlord and Tenant shall meet to determine, in good faith, the Base Rent for the first 12 months of the additional period, which shall be an amount they consider to be the Fair Market Rent (defined below), but which shall not be less than 103 percent of the Base Rent payable during the last 12 months of the Term.

(iii) If Landlord and Tenant are unable to agree on the Base Rent for the first 12 month of the additional period within 30 days after delivery of a Notice of Intention, such Base Rent shall be determined as follows:

(A) Landlord and Tenant will each, within 10 days, designate a licensed commercial real estate broker who has at least 10 years full-time experience in the San Diego area. The two appointed brokers shall, within 10 days designate a third broker meeting the foregoing qualifications and with whom neither Landlord nor Tenant shall have (aa) previously consulted as to his or her opinion of Fair Market Rent; or (bb) retained as a broker or consultant for any purpose within the previous 36 months. Landlord and Tenant each must, within 10 days after the third appraiser is appointed, submit to the third broker their respective determinations of Fair Market Rent (which shall not be less than 103 percent of the Base Rent payable during the last 12 months of the Term) and such information in support of such determination as the third broker deems necessary. Each party may also submit concurrently such other information in support of its determination as it deems relevant. The third broker will then determine with reference to the standards this described in this Addendum, within 15 days after the third broker's receipt of the parties' respective submissions, whether Landlord's or Tenant's determination of Fair Market Rent is most reasonable, and the determination of Fair Market Rent selected by the third broker shall constitute the Base Rent for the first 12 months of the additional period. The parties will equally share any costs and fees charged by the third broker and will separately pay their own broker, counsel, experts and other representatives.

(B) "Fair Market Rent" means the annual amount per square foot for comparable space in the Little Italy and Downtown trade areas of San Diego ("Comparable Transaction"). In any determination of Comparable Transactions, appropriate consideration shall be given to the annual rental rates per square foot, the standard of measurement by which the square footage is measured, the ratio of rentable square feet to usable square feet (if applicable), the type of rent escalation clause, the extent of Tenant's liability under this Lease, abatement provisions reflecting so-called "free rent" and/or no rent during the period of construction or subsequent to the commencement date as to the space in question, brokerage commissions, if any, which would be payable by Landlord in similar transactions, length of the lease term, size and location of premises being leased, landlord's work and/or tenant improvement allowances, if any, and other generally applicable conditions of tenancy for such Comparable Transactions. The intent is that Tenant will obtain the same rent Landlord would otherwise give

in Comparable Transactions and that Landlord will make and receive the same rent payments that Landlord would otherwise receive in Comparable Transactions.

(iv) The initial Base Rent, however determined pursuant to this Addendum, shall be increased three percent annually during the additional period as of the anniversary of the Commencement Date.

(v) Tenant shall exercise its option to extend, if at all, by delivering to Landlord irrevocable written notice of its exercise ("Notice of Exercise") at least 180 days before the expiration of the Term; provided, however, if the Base Rent for the first 12 months of the additional period has not been established before 180 days before the expiration of the Term because of Landlord's failure to comply with the time requirements set forth in this Addendum, then the date on or before which Tenant is required to deliver its Notice of Exercise shall be extended for a period equal to Landlord's delay. If Tenant fails to comply with any of the deadlines or time requirements set forth in this Addendum, or if Tenant otherwise fails to exercise its option to extend in accordance with this Addendum, Tenant's option to extend as provided in this Addendum shall be void and of no further force and effect. If Tenant exercises its option to extend in accordance with this Addendum, then the "Term" of this Lease shall mean the Term as so extended.

"LANDLORD"

S. B.

C. B.

"TENANT"

John P. Binn
Joseph J. Deville

Exhibit A

Floor Plan Of Building, Including Depicting Premises

[One page attached following this page]

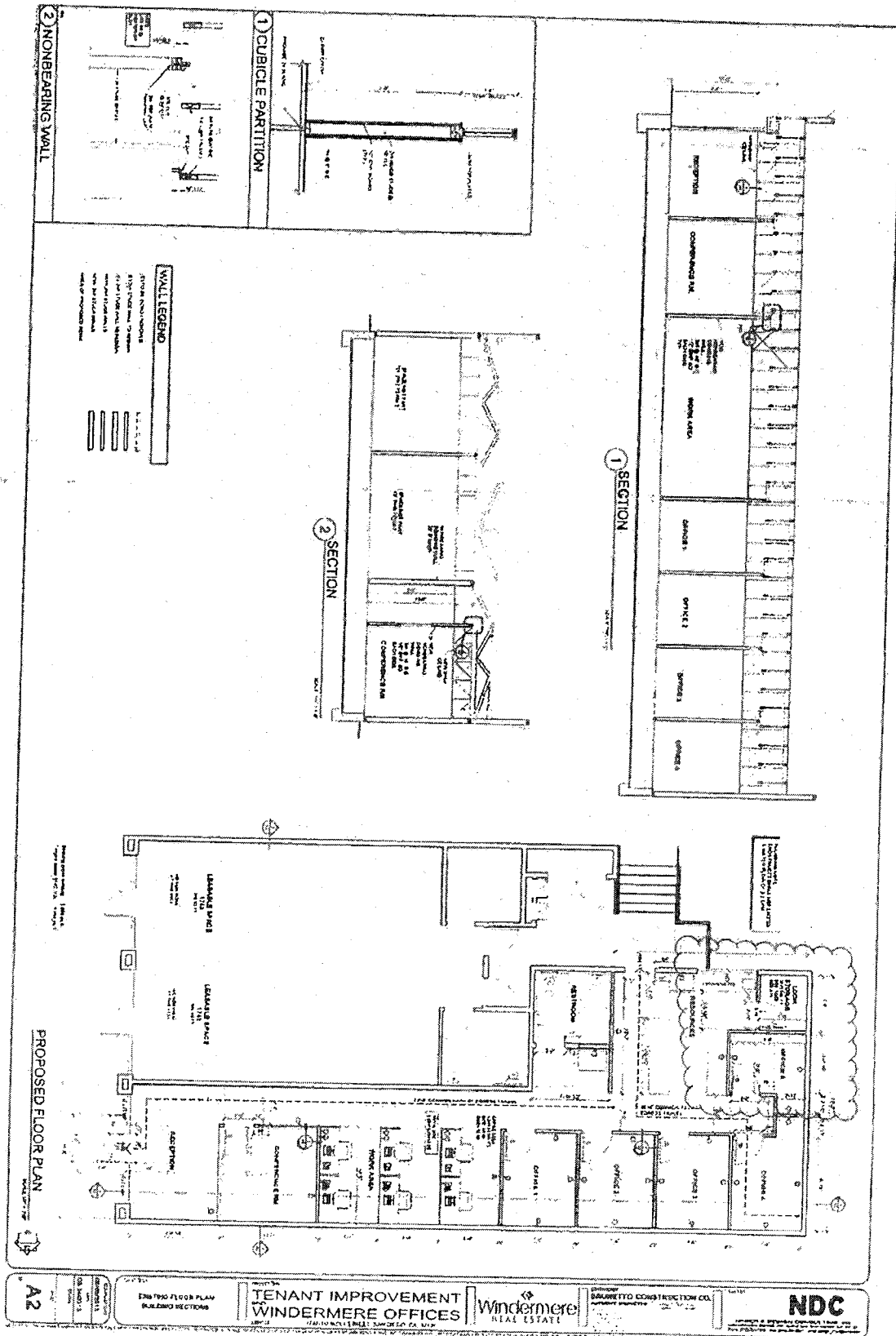


Exhibit B**Construction and Delivery of Possession**

1. Before the date of this Lease, Landlord commenced a remodel of the Building. After the parties sign and enter into this Lease, Landlord shall complete its remodel, including the scope of "Landlord's Work" described on Attachment 1 attached to this Exhibit "B".

2. [Intentionally Omitted]

3. Upon substantial completion of the Landlord's Work (i.e., as certified by Landlord's contractor as having been substantially completed in accordance with the plans and specifications therefor, with the exception of minor corrective "punchlist" items determined by Landlord and Tenant based on a joint walk-through upon delivery of possession), Landlord shall deliver possession of the Premises to Tenant in their then-current condition, AS IS, except that Landlord shall complete or repair punchlist items for the Landlord's Work as soon as practicable after delivering possession of the Premises to Tenant. ~~Tenant's taking possession of the Premises shall constitute acceptance of the Premises by Tenant; conclusive to establish that the Premises are in good and satisfactory condition as of the date Tenant takes possession, subject to Landlord correcting the punchlist items.~~

4. Landlord estimates that it will deliver possession of the Premises to Tenant on Monday, June 2, 2014 ("Estimated Delivery Date"). If Landlord fails to deliver possession of the Premises on the Estimated Delivery Date, Landlord will not be liable for any damage caused by the delay, nor will this Lease be void or voidable; however, if Landlord has not delivered possession within 90 days after the Estimated Delivery Date (as such 90-day period may be extended by delaying causes, as defined in Section 11), then Tenant may terminate this Lease by delivering notice of termination to Landlord within 10 days after the expiration of such 90-day period.

"LANDLORD"

S. B.
C. B.

"TENANT"

[Signature]
Joseph & Deville

Attachment 1 to Exhibit "B"

Landlord's Work

[Two pages attached following this page]

BRUNETTO CONSTRUCTION CO.

February 25, 2014

General Contractor: Antonino Brunetto
Brunetto Construction Co.
1414 Morenci St.
San Diego, Ca. 92110
Ph: (619) 276-3518
Ex: (619) 276-8935

Ca. State License #: 675881

Owner: Brunetto Family Trust
3502 Moultrie Ave.
San Diego, Ca. 92117

Property: 1742 1/2" India Street
San Diego, Ca. 92101

Project: Tenant Improvement to complete office
Space for Windermere Real Estate SoCal

Interior work to be performed

Plans & Permits: Provide and coordinate approved plans & permits with Windermere for office interior Tenant Improvement.

Demo: Remove interior existing wall and rough plumbing for urinal and framed niche.

Rough Carpentry: Frame-in new walls for offices, pony walls for opened work area, soffits and walls for conference room. Frame closet space in resource/kitchenette area. Frame all doorways and hallways according to ADA permitted plans.

Electrical: Install all needed circuits for lighting and outlets according to plans.

Plumbing: Rough plumbing for sink in kitchenette. Install sink, faucet and disposal for kitchenette. Install standard plumbing fixtures and accessories for bathroom including ADA grab bars.

Insulate: Insulate ceiling and walls per code.

Drywall: Install 5/8" drywall throughout space; tape, mud and texture.

T-bar Ceiling: Install T-bar ceilings throughout office space. Hard lids to be installed in bathroom.

Finish Carpentry: Frame-in jams to install 5-Single panel interior 1/1ite French doors and casings for offices. Install two 8'0 solid core door for bathroom and closet.

Cabinet: Install one custom built cabinet for kitchenette sink base only.

Finish Hardware: Hardware to be brushed nickel throughout.

Paint: Basic 1-color throughout unit. Color to be chosen by Windermere.

Tile: Standard tile to be installed in bathroom floor, kitchenette, passage ways and reception area. Wainscote installed in bathroom. Specification: Arizona Tile, Fibra (12x24), Linen (color)

Carpet: Carpet tiles to be installed in remaining areas. Specification: Masland, Trends, 48105, Chic (color)

BRUNETTO CONSTRUCTION CO. CA. STATE LIC NO. 675881
1414 MORENCI STREET SAN DIEGO, CA 92110
PH: (619) 276-3518 FAX: (619) 276-8935



Peter D. Wrobel, CPA/ABV, CFE
Managing Director

550 South Hope Street
Suite 2150
Los Angeles, CA 90071
pwrobel@thinkbrg.com
Telephone: 213.261.7707
Fax: 213.622.0390

September 16, 2016

James M. Mulcahy, Esquire
Kevin A. Adams, Esquire
Mulcahy LLP
Four Park Plaza, Suite 1230
Irvine, California 92614

Re: Bennion & Deville Fine Homes, Inc., et al. v. Windermere Real
Estate Services Company
United States District Court
Central District of California
Case 5:15-cv-0192-R-KK

Dear Messrs. Mulcahy and Adams:

I was engaged on behalf of Plaintiffs and Counter-Defendants Bennion & Deville Fine Homes, Inc. ("BD Fine"), Bennion & Deville Fine Homes SoCal, Inc. ("BD SoCal") and Windermere Services Southern California, Inc. ("WSSC") in the above-referenced matter. I have been asked to calculate the amount of out-of-pocket damages, if any, suffered by these entities as a result of the certain alleged activities at issue in this matter. All work was or will be performed by me or by other employees of BRG LLC working at my direction. I have been requested to provide expert testimony regarding my opinions and prepare this report in accordance with FRCP Rule 26.

Letter to Messrs. Mulcahy and Adams
 September 16, 2016
 Page 2

I. EXPERT OPINIONS

WSSC and BD SoCal have or will suffer at least \$4,237,000 in damages. See Schedule 1.

Damages consist of the following:

1	Net Value of WSSC as of January 2015	\$2,592,526
2	Settlement Amounts Improperly Withheld from WSSC	66,037
3	Past Losses and Future Lease Obligations – BD SoCal	1,431,482
4	Net Unreimbursed Windermere Watch Expenses	146,954
	Total	<u>\$4,237,999</u>

Net Value of WSSC as of January 2015

WSSC was an Area Representative of the Defendant Windermere Real Estate Services Company (“WSC”). BD SoCal and BD Fine were franchisees of WSC under the WSSC Area Representative umbrella. It is my understanding that WSC effectuated a constructive termination of the area representation relationship with WSSC by late summer 2014, and later provided WSSC a formal notice of termination in January 2015. In either event, it is my further understanding that the termination of the area representation relationship was without cause. This termination triggered a clause in the May 1, 2004 Agreement between WSC and WSSC which provided for the terminating party to pay the terminated party “an amount equal to the fair market value of the Terminated Party’s interest in the Agreement.” The value of WSSC, net of any subsequent earned income in 2015 was \$2,889,299. See Schedule 2A. The value was determined by discounting future cash flows expected to be generated from WSSC for the years 2015 through 2019 and then capitalizing a terminal value for WSSC as of December 31, 2020.¹ This value was then adjusted for the cash flows earned by WSSC in 2015. The 2015 through 2019 cash flows were adjusted as a result of WSSC’s inability to open three additional franchises in 2014 due to the failure of WSC to properly register its Southern California Franchise Disclosure Document with the California Department of Business Oversight. The operating cash flow generated by WSSC in 2014 was \$379,079. This amount was adjusted to \$413,486 to reflect the expected income to be generated by the additional franchisees.² These adjustments to WSSC’s profit and loss statements are shown on Schedule 2B.

The value of WSSC is also consistent with contemporaneous valuations and offers to purchase WSSC, BD SoCal and BD Fine that were performed or made in 2014 and 2015. For example, CPA Gregory Barton calculated a value for WSSC of approximately \$3,200,000 as of August

¹ The discount rate used is 18% and the capitalization rate is 16%. These rates, as well as growth rates and the general methodology utilized are also consistent with a contemporaneous valuation of BD Fine and BD SoCal that was performed in September 2014 by the Mentor Group.

² In addition, the failure to open the three additional franchises resulted in the loss of half of the initial franchise fee, or \$37,500,

Letter to Messrs. Mulcahy and Adams
September 16, 2016
Page 3

2015.³ In addition, WSC attempted to purchase WSSC, BD SoCal and BD Fine in July 2015 for approximately \$12,700,000. Also, the Mentor Group valued BD SoCal and BD Fine (excluding WSSC) for \$9,800,000 in September 2014. Separately, Vincent and Nicholas Gattuso made an \$11 million cash offer for BD SoCal and BD Fine (excluding WSSC) in August 2015. Subtracting these amounts from WSC's offer of \$12,500,000 implies a value of WSSC of \$1,500,000 or \$2,700,000. See Schedule 2C.

Settlement Amounts Improperly Withheld from WSSC

It is my understanding that WSC has improperly withheld WSSC's interest in settlements related to three franchisees no longer in operation. The Browne settlement was obtained in Bankruptcy Court and WSSC's interest was \$8,469. King and Kirksey have been making payments to WSC. The present value of WSSC's interest in the King and Kirksey payments are \$16,690 and \$40,878, respectively. See Schedules 3 and 4.

Past Losses and Future Lease Obligations – BD SoCal

It is my understanding that WSC induced WSSC to open two offices in the San Diego area – Encinitas and Little Italy. These offices have never been profitable and are expected to continue to lose money in the future. Damages consist of lost income through 2016 and the present value of their lease obligations through the end of their lease period.⁴ See Schedules 5, 6 and 7.

Net Unreimbursed Windermere Watch Expenses

It is my understanding that WSC has not fully reimbursed WSSC for expenses associated with WSSC's efforts to remedy the Windermere brand damage occasioned by the "Windermere Watch" websites from 2013 through 2015. The net amount of unreimbursed Windermere Watch expenses are \$146,954 and are summarized on Schedule 8.

II. DOCUMENTS CONSIDERED

A list of the documents I have considered in this matter is attached as Exhibit A.

³ Mr. Barton's analysis of WSSC excluded franchisee fee revenue for franchises owned by Bennion and Deville companies. Mr. Barton subsequently restated WSSC profit and loss statements to include this source of revenue. These recasted profit and loss statements are summarized on Schedule 2B and Mr. Barton's recasted valuation conclusion (using the recast data) is summarized on Schedule 2D.

⁴ The two offices are expected to continue to lose money in the future. The amount of these losses (which are projected and shown on Schedule 6) are expected to exceed their lease obligations (shown on Schedule 7). Accordingly, BD SoCal could mitigate their losses by closing both offices and continuing to make payments to their landlords.

Letter to Messrs. Mulcahy and Adams
September 16, 2016
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III. QUALIFICATIONS OF PETER D. WROBEL, CPA/ABV, CFE

I am a Managing Director with Berkeley Research Group. A current copy of my resume is attached as Exhibit B. I have not written any publications in the last ten years.

IV. COMPENSATION

My hourly billing rate for deposition testimony is \$595 per hour.

V. PRIOR EXPERT TESTIMONY

A listing of all cases in which I have testified as an expert at trial or in deposition within the preceding four years is attached as Exhibit C.

This report presents my opinions. It is my understanding that I may receive additional information. The opinions in this report are subject to modification based on additional facts that may surface from now through trial. This report is prepared and issued to counsel for Plaintiffs and Counter-Defendants solely for use in the above-referenced matter in connection with the representation of the Plaintiffs and Counter-Defendants.

Very truly yours,



Peter D. Wrobel, CPA/ABV, CFE
Managing Director

PDW:com

*Bennion & Deville Fine Homes, Inc. v. Windermere Real Estate Services Company***Windermere Services Southern California ("WSSC")
Bennion & DeVille Fine Homes SoCal, Inc. ("BD SoCal")****Summary of Damages and Valuation of WSSC**

Net Value of WSSC as of January 2015		\$2,592,526
Settlement Amounts Improperly Withheld from WSSC		
King Settlement	\$16,690	
Kirksey Settlement	40,878	
Browne Settlement	8,469	
Subtotal		66,037
Past Losses and Future Lease Obligations - BD SoCal		
Encintas Office	724,375	
Little Italy Office	707,107	
Subtotal		1,431,482
Net Unreimbursed Windermere Watch Expenses		146,954
Total Damages and Value of WSSC		<u>\$4,236,999</u>

Bennion & Deville Fine Homes, Inc. v. Windermere Real Estate Services Company

Windermere Services Southern California ("WSSC")

Discounted Operating Cash Flows
Valuation as of January 2015

Date	Annual Operating Cash Flow	Initial Franchise Fees	Annual Operating Cash Flow + Franchise Fees	Present Value of Annual Operating Cash Flow + Franchise Fees	Terminal Cash Flow	Present Value of Terminal Cash Flow	Value of WSSC
12/31/15	\$413,486	\$37,500	\$450,986	\$415,166			
12/31/16	434,160	0	434,160	338,709			
12/31/17	455,868	0	455,868	301,394			
12/31/18	478,661	0	478,661	268,189			
12/31/19	502,594	0	502,594	238,643			
12/31/20	527,724	0	527,724		\$3,298,275	\$1,327,198	
				<u>\$1,562,101</u>		<u>\$1,327,198</u>	
Value of WSSC							\$2,889,299
Less: Net Income 2015							<u>(296,773)</u>
Damages							<u>\$2,592,526</u>

Bennion & Deville Fine Homes, Inc. v. Windermere Real Estate Services Company

Windermere Services Southern California ("WSSC")
Profit and Loss Statements (Recasted)
For the Years Ended December 31,

	2013		2014		2015	
Number of Branch Offices	30		33			
Revenue Growth			-3.4%		0.5%	
Revenue						
B&D Fine Homes CV & Coast Franchise Fee	\$390,000	78.7%	\$365,000	76.3%	\$270,000	56.2%
Third Party Revenue	105,260	21.3%	113,213	23.7%	210,756	43.8%
	<u>495,260</u>	100.0%	<u>478,213</u>	100.0%	<u>480,756</u>	100.0%
Expenses						
Advertising	2,289	0.5%	(115)	0.0%	(240)	0.0%
Bank Charges	351	0.1%	300	0.1%	300	0.1%
Business Taxes		0.0%	800	0.2%	1,161	0.2%
Dues and Subscriptions	260	0.1%	50	0.0%	50	0.0%
Legal and Professional Fees	14,533	2.9%	12,304	2.6%	88,211	18.3%
Meals and Entertainment		0.0%	370	0.1%	5,832	1.2%
Miscellaneous	597	0.1%	372	0.1%	43	0.0%
Office Salaries	52,650	10.6%	52,650	11.0%	52,650	11.0%
Office Expense		0.0%	123	0.0%	4	0.0%
Payroll Taxes	5,358	1.1%	5,358	1.1%	5,358	1.1%
Payroll Service Fees	2,634	0.5%	682	0.1%	682	0.1%
Postage	797	0.2%	947	0.2%	868	0.2%
Rent	14,953	3.0%	14,953	3.1%	14,953	3.1%
Telephone	4,512	0.9%	4,905	1.0%	3,184	0.7%
Travel	2,574	0.5%	5,462	1.1%	10,662	2.2%
Vehicle Expenses		0.0%	23	0.0%		0.0%
Subtotal	<u>101,508</u>	20.5%	<u>99,184</u>	20.7%	<u>183,718</u>	38.2%
Income from Operations	393,752	79.5%	379,029	79.3%	297,038	61.8%
Other Income (Expenses)						
Owners' salaries & payroll tax	(129,180)	-26.1%	(20,000)	-4.2%		0.0%
Depreciation & Amortization	(2,295)	-0.5%	(266)	-0.1%	(265)	-0.1%
Interest Income	30,095	6.1%		0.0%		0.0%
Interest Expense		0.0%		0.0%		0.0%
Subtotal	<u>(101,380)</u>	-20.5%	<u>(20,266)</u>	-4.2%	<u>(265)</u>	-0.1%
Net Income (Loss)	<u>\$292,372</u>	59.0%	<u>\$358,763</u>	75.0%	<u>\$296,773</u>	61.7%

Operating Cash Flow	\$379,029
Average Annual Operating Cash Flow per Branch Office	\$11,486
WSSC share of Initial Franchise Fee [(\$25,000 * 3) / 2]	\$37,500
Increase in Annual Operating Cash Flow with Three Additional Branch Offices	34,457
Adjusted Operating Cash Flow	<u>\$413,486</u>

WSSC Average Annual Net Revenue		
	2014	478,213
	January through July 2015	<u>280,441</u>
Total / Numerator		758,654
Denominator		<u>1.58</u>
WSSC Average Annual Net Revenue		<u>\$479,150</u>

Bennion & Deville Fine Homes, Inc. v. Windermere Real Estate Services Company

Windermere Services Southern California ("WSSC")
Bennion & Deville Fine Homes, Inc. ("BD Fine")
Bennion & Deville Fine Homes SoCal, Inc. ("BD SoCal")
Alternative Contemporaneous Valuations and Purchase Offers
2014 and 2015

Value of WSSC

"Potential WSSC Franchise Fee Valuation" - Recasted Values (August 2015) \$3,243,662

Value of WSSC, BD SoCal and BD Fine**"Letter of Intent" from Jill Jacobi Wood (July 2015)**

Cash				\$7,903,502	
Assumption of Liabilities					
Coast Note			\$230,530		
Coachella Valley Note			219,701		
Aggregate Franchise Fees			<u>646,267</u>		
				1,096,498	
Discounted Note Payable (discounted at 10%)					
8/15/2016	900,000		814,188		
8/15/2017	900,000		740,220		
8/15/2018	900,000		672,971		
8/15/2019	1,400,000		<u>951,738</u>		
Discounted Salaries (discounted at 10%)				3,179,117	
2016	100,000		91,534		
2017	100,000		83,218		
2018	100,000		75,658		
2019	100,000		<u>68,784</u>		
				319,194	
Value of WSSC, BD SoCal and BD Fine				<u><u>\$12,498,311</u></u>	[A]

Value of BD Fine and BD SoCal

Mentor Group (September 2014)	9,800,000	[B]	
Implied Value of WSSC [A] - [B]			<u><u>\$2,698,311</u></u>
Gottuso Offer (August 2015)	11,000,000	[C]	
Implied Value of WSSC [A] - [C]			<u><u>\$1,498,311</u></u>

Bennion & Deville Fine Homes, Inc. v. Windermere Real Estate Services Company

**Windermere Services Southern California ("WSSC")
Alternative Contemporaneous Valuations**

**"Potential WSSC Franchise Fee Valuation"
Prepared by Greg Barton, CPA - September 2015
Adjusted to Reflect Recasted Profit and Loss Statements**

	<u>Barton</u>	<u>Recasted</u>
WSSC Avg Annual Net Revenue (2014 & 2015 through July)	\$137,319	\$479,150
Historical Growth Rate	7.32%	7.32%
Discount Rate	18.00%	18.00%
Total Future Earnings	1,926,020	6,720,366
Present Value of Today's Earnings	929,611	3,243,662
Potential Business Value based on Assumptions above:	\$929,611	\$3,243,662

Year	Barton Original		With Recasted Data	
	Future Earnings	Discounted Value	Future Earnings	Discounted Value
1	\$137,319	\$137,319	\$479,150	\$479,150
2	147,368	124,888	514,213	435,774
3	158,152	113,582	551,842	396,324
4	169,725	103,300	592,225	360,446
5	182,146	93,949	635,563	327,816
6	195,475	85,444	682,072	298,140
7	209,779	77,709	731,985	271,150
8	225,131	70,674	785,551	246,604
9	241,605	64,276	843,036	224,280
10	259,285	58,457	904,728	203,976
	\$1,925,985	\$929,599	\$6,720,366	\$3,243,662
<i>Rounding</i>	35	12		
	\$1,926,020	\$929,611	\$6,720,366	\$3,243,662

*Bennion & Deville Fine Homes, Inc. v. Windermere Real Estate Services Company***Windermere Services Southern California ("WSSC")****Amounts Owed to WSSC From King Settlement
2015 - 2019**

Period Start	Period End	Payment	Present Value of Payment
11/15/15	08/31/16	\$4,332	\$4,332
09/01/16	09/30/16	1,083	1,083
10/01/16	10/31/16	1,083	1,083
11/01/16	11/30/16	1,083	1,083
12/01/16	12/31/16	1,083	1,083
01/01/17	01/31/17	1,083	1,075
02/01/17	02/28/17	1,083	1,059
03/01/17	03/31/17	1,083	1,044
04/01/17	04/30/17	1,083	1,028
05/01/17	05/31/17	1,083	1,012
06/01/17	06/30/17	1,083	997
07/01/17	07/31/17	1,083	982
08/01/17	08/31/17	1,083	967
09/01/17	09/30/17	1,083	952
10/01/17	10/31/17	1,083	938
11/01/17	11/30/17	1,083	924
12/01/17	12/31/17	1,083	910
01/01/18	01/31/18	1,083	896
02/01/18	02/28/18	1,083	883
03/01/18	03/31/18	1,083	870
04/01/18	04/30/18	1,083	857
05/01/18	05/31/18	1,083	844
06/01/18	06/30/18	1,083	831
07/01/18	07/31/18	1,083	818
08/01/18	08/31/18	1,083	806
09/01/18	09/30/18	1,083	794
10/01/18	10/31/18	1,083	782
11/01/18	11/30/18	1,083	770
12/01/18	12/31/18	1,083	758
01/01/19	01/31/19	1,083	747
02/01/19	02/28/19	1,083	736
03/01/19	03/31/19	1,083	725
04/01/19	04/30/19	1,083	714
		<u>\$38,987</u>	<u>33,381</u>

Percentage of Settlement Payments to WSSC: 50%Amounts Owed to WSSC: \$16,690

Bennion & Deville Fine Homes, Inc. v. Windermere Real Estate Services Company

Windermere Services Southern California ("WSSC")

Amounts Owed to WSSC From Kirksey Settlement
2015 - 2020

Period Start	Period End	Payment	Present Value of Payment
11/09/15	08/31/16	\$14,187	\$14,187
09/01/16	09/30/16	1,773	1,773
10/01/16	10/31/16	1,773	1,773
11/01/16	11/30/16	1,773	1,773
12/01/16	12/31/16	1,773	1,773
01/01/17	01/31/17	1,773	1,760
02/01/17	02/28/17	1,773	1,734
03/01/17	03/31/17	1,773	1,709
04/01/17	04/30/17	1,773	1,683
05/01/17	05/31/17	1,773	1,658
06/01/17	06/30/17	1,773	1,633
07/01/17	07/31/17	1,773	1,608
08/01/17	08/31/17	1,773	1,583
09/01/17	09/30/17	1,773	1,559
10/01/17	10/31/17	1,773	1,536
11/01/17	11/30/17	1,773	1,513
12/01/17	12/31/17	1,773	1,490
01/01/18	01/31/18	1,773	1,467
02/01/18	02/28/18	1,773	1,445
03/01/18	03/31/18	1,773	1,424
04/01/18	04/30/18	1,773	1,403
05/01/18	05/31/18	1,773	1,382
06/01/18	06/30/18	1,773	1,361
07/01/18	07/31/18	1,773	1,340
08/01/18	08/31/18	1,773	1,320
09/01/18	09/30/18	1,773	1,300
10/01/18	10/31/18	1,773	1,280
11/01/18	11/30/18	1,773	1,261
12/01/18	12/31/18	1,773	1,242
01/01/19	01/31/19	1,773	1,223
02/01/19	02/28/19	1,773	1,205
03/01/19	03/31/19	1,773	1,187
04/01/19	04/30/19	1,773	1,169
05/01/19	05/31/19	1,773	1,152
06/01/19	06/30/19	1,773	1,134
07/01/19	07/31/19	1,773	1,117
08/01/19	08/31/19	1,773	1,100
09/01/19	09/30/19	1,773	1,083
10/01/19	10/31/19	1,773	1,067
11/01/19	11/30/19	1,773	1,051
12/01/19	12/31/19	1,773	1,035
01/01/20	01/31/20	1,773	1,019
02/01/20	02/29/20	1,773	1,004
03/01/20	03/31/20	1,773	989
04/01/20	04/30/20	1,773	974
05/01/20	05/31/20	1,773	959
06/01/20	06/30/20	1,773	945
07/01/20	07/31/20	1,773	930
08/01/20	08/31/20	1,773	916
09/01/20	09/30/20	1,773	902
10/01/20	10/31/20	1,773	889
11/01/20	11/30/20	1,773	875
12/01/20	12/31/20	1,773	862
		\$106,400	\$81,757
Percentage of Settlement Payments to WSSC:			50%
Amounts Owed to WSSC:			\$40,878

*Bennion & Deville Fine Homes, Inc. v. Windermere Real Estate Services Company***Bennion & Deville Fine Homes SoCal, Inc.**

**Past Losses and
Future Lease Costs to be Incurred by Encinitas and Little Italy Offices
2014-2019**

Period Start	Period End	Period	Period Loss/Lease Cost	Present Value of Period Loss/Lease Cost
<i>Encinitas [1]</i>				
12/01/14	12/31/14	0.08	\$28,129	\$28,129
01/01/15	12/31/15	1.00	174,688	174,688
01/01/16	12/31/16	1.00	159,062	159,062
01/01/17	12/31/17	1.00	127,760	126,505
01/01/18	12/31/18	1.00	127,760	124,027
01/01/19	11/30/19	0.92	117,539	111,963
		5.00	734,939	724,375
<i>Little Italy [2]</i>				
06/02/14	12/31/14	0.58	140,003	140,003
01/01/15	12/31/15	1.00	241,681	241,681
01/01/16	12/31/16	1.00	272,377	272,377
01/01/17	06/01/17	0.42	53,265	53,047
		3.00	707,325	707,107
			<u>\$1,442,264</u>	<u>\$1,431,482</u>

Note:

[1] The Encinitas lease is assumed to expire on December 1, 2019.

[2] The Little Italy lease is assumed to expire on June 1, 2017.

Future Lease costs shaded.

*Bennion & Deville Fine Homes, Inc. v. Windermere Real Estate Services Company***Bennion & Deville Fine Homes SoCal, Inc.****Annual Losses Incurred Related to the Little Italy and Encinitas Locations**

Year	Little Italy	Encinitas
2014	\$140,003	\$28,129
2015	241,681	174,688
2016 [1]	272,377	159,062
2017	272,377	159,062
2018		159,062
2019		159,062

Note:

[1] Annualized assuming that 60.2% of the losses were incurred in the first 8 months of 2016.

Bennion & Deville Fine Homes, Inc. v. Windermere Real Estate Services Company

Bennion & Deville Fine Homes SoCal, Inc.

Profit and Loss Statements for Little Italy and Encinitas Locations
2014 - 2016

	Little Italy						Encinitas			
	2014	Jan - Aug 2015	% of Total	Sep - Dec 2015	% of Total	2015	1/1 - 8/31/16	2014	2015	1/1 - 8/31/16
Income										
Agent Commissions	\$52,002	\$120,070	62.2%	\$72,871	37.8%	\$192,941	\$133,217	\$0	\$97,304	\$95,547
E&O Income										1,350
Uncategorized Income										250
Total Income	52,002	120,070	62.2%	72,871	37.8%	192,941	133,217	0	97,304	97,147
Expense										
Advertising	16,202	13,549	66.0%	6,974	34.0%	20,523	8,911		1,383	(25)
Alarm/Security	649	324	75.0%	108	25.0%	432	362		737	324
Arena to Mare - Fuel/Maint	2,228									
Auto Lease	422	787	23.5%	2,557	76.5%	3,344	2,595		0	0
Auto Expense	126	244	90.5%	26	9.5%	270	292		0	0
Auto Fuel & Maint	2,104	2,032	75.9%	647	24.1%	2,679	1,196		3,174	331
Bank Service Charges	121	176	78.7%	73	29.3%	249	100	595	0	0
Consulting						833				
Continuing Education							40			
Contributions/Donations	270	660	55.5%	530	44.5%	1,190	583		190	310
Dues/Memberships/Subscriptions	528	466	57.8%	340	42.2%	807	1,705		231	0
Equipment Expense	3,097	2,814	55.4%	2,270	44.6%	5,084	1,692		6,846	3,447
Insurance	6,698	12,029	69.2%	5,365	30.8%	17,394	11,596		0	0
Interest	6,512	6,923	86.1%	1,116	13.9%	8,039	2,672	1,135	12,194	7,178
License/Permits	4	(262)	165.6%	104	-65.6%	(158)	711		0	36
Meals & Entertainment	721	245	25.8%	705	74.2%	950	959		270	10
Moving/Storage	40	479	63.2%	279	36.8%	758	430		1,152	0
Office Cleaning	2,304	1,758	64.2%	980	35.8%	2,738	1,880		2,250	1,800
Office Expenses	4,528	2,199	41.4%	3,119	58.6%	5,317	3,574	503	5,191	877
Office Supplies	2,873	1,257	71.7%	497	28.3%	1,754	1,445		3,058	973
Payroll	41,571	109,166	66.6%	54,845	33.4%	164,011	108,045	16,525	101,505	75,000
Postage/Shipping	932	1,463	68.3%	679	31.7%	2,142	1,814		1,074	1,493
Printing	6,008	5,918	67.8%	2,824	32.2%	8,772	7,975		1,599	1,286
Professional Fees	6,109	10,083	21.2%	37,562	78.8%	47,645	38,027		7,369	3,902
Promotions/Events	950	1,245	86.5%	194	13.5%	1,440	149		0	
Rent	70,103	76,062	66.8%	37,870	33.2%	113,932	84,667	8,820	107,873	85,294
Repairs & Maint.	136	382	67.6%	183	32.4%	565	22	190	935	35
Sales & Use Tax	61	63	66.7%	31	33.3%	94	8		0	
Signage	3,543	432	34.4%	823	65.6%	1,255	3,986		1,023	3,447
Taxes	0	985	67.1%	483	32.9%	1,468	1,017		0	
Telephone	5,804	5,799	66.5%	2,925	33.5%	8,724	5,840	330	7,827	5,060
Travel	2,214	1,118	51.9%	1,314	48.1%	2,732	2,818		1,395	
Utilities	2,849	2,496	62.2%	1,519	37.8%	4,014	2,059		2,993	2,117
Windermere Services SoCal	2,300	4,325	76.9%	1,300	23.1%	5,625			1,725	
Total Expense	192,004	265,548	61.1%	168,240	38.9%	434,621	297,172	28,129	271,992	192,894
Net Ordinary Income	(\$140,003)	(\$145,478)	60.2%	(\$95,369)	39.8%	(\$241,681)	(\$163,955)	(\$28,129)	(\$174,688)	(\$95,747)

*Bennion & Deville Fine Homes, Inc. v. Windermere Real Estate Services Company***Windermere Services Southern California ("WSSC")****Unreimbursed Windermere Watch Expenses
2013 - 2015**

Year	Expenses	Credits	Net Expenses
2013	\$94,113	\$64,113	\$30,000
2014	85,999	21,167	64,832
2015	<u>52,122</u>	<u></u>	<u>52,122</u>
	<u>\$232,234</u>	<u>\$85,280</u>	<u>\$146,954</u>

Exhibit A

Documents and Information Considered

- WSC 1690 – 1727
- First Amended Complaint
- First Amended Counterclaim
- B&D0069221 – 0069393
- B&D0035688 – 0035689
- B&D0042551 – 0042552
- B&D0051403 – 0051466
- B&D0051468 – 0051485
- B&D0051487 – 0051577
- B&D0051581 – 0051584
- B&D0065246 – 0065248
- B&D0068516 – 0068518
- B&D0068539 – 0068889
- B&D0038816 – 0038817
- B&D0038957 – 0038958
- B&D0051578 – 0051580
- B&D0068896 – 0068897
- B&D0038795 – 0038796
- B&D0069414 – 0069529
- B&D0069546 – 0069710
- WSC055178 – 055440
- WSC055463 – 055562
- WSC0057265 – 0057266
- WSC0057269 – 0057270
- August 18, 2015 Purchase and Sale Agreement
- May 2015 Letter of Intent
- B&D0000906 – 0000907
- B&D0004639 – 0004656
- September 29, 2014 Appraisal prepared by the Mentor Group
- Windermere Services Southern California, Inc. recast financial statements
- May 1, 2014 email from Patrick Robinson to selinab@windermere.com
- Copy of Coast Tech Costs.xlsx
- Copy of CV Tech Costs.xlsx
- Windermere Watch Expenses.xls
- WSC057572 – 057630
- WSC057658 – 057673
- Lease documents related to 265 W. Washington St.
- 2015 - August 2016 Profit and Loss Statements for Encinitas, Hillcrest and Little Italy locations
- WSC 1071 – 1075
- WSC 13816 – 13818
- WSC040949 – 040950
- Exhibit 137 (B&D Calculation of Total Owed)
- B&D0003410
- WSC044862 – 044863

- 2014 – 2015 Windermere Real Estate Franchise Disclosure Documents
WSC025516 – 025534

Exhibit B

Peter D. Wrobel, CPA/ABV, CFE

Peter D. Wrobel is a Managing Director with Berkeley Research Group ("BRG"). With more than twenty years of forensic accounting and business valuation experience, Mr. Wrobel has testified as an expert in both Federal and State courts in cases involving business valuation, fraud, breach of contract, wrongful termination, and personal injury matters. He specializes in damage determination; statistical, economic and cost analysis; and mathematical modeling and database development. He has extensive experience in developing trial graphics and other exhibits.

Prior to BRG he was a Director of LECG LLC and Navigant Consulting, Inc. and a Managing Director of FTI Consulting, Inc. in Los Angeles. Prior to joining FTI Consulting, Mr. Wrobel was Senior Partner of Simpson LLP. Most of this work involved determining and analyzing damages. Prior to the formation of Simpson LLP, he was a Senior Manager in the Litigation Services practice in the Los Angeles office of Coopers & Lybrand (now known as PricewaterhouseCoopers LLP).

Mr. Wrobel holds an MBA with a concentration in Accounting from the University of Southern California and a BA and MA in History from UCLA. He is a Certified Public Accountant, and a Certified Fraud Examiner. Mr. Wrobel also holds the American Institute of Certified Public Accountants' Accreditation in Business Valuation. Mr. Wrobel is a member of the American Institute of Certified Public Accountants and the Association of Certified Fraud Examiners.

Mr. Wrobel has participated in and taught various professional courses for the American Institute of Certified Public Accountants, the California Society of Certified Public Accountants and the Gould School of Law at the University of Southern California.

Exhibit C

Prior Expert Testimony of Peter D. Wrobel, CPA/ABV, CFE

- 09/12 *Jeffrey Nordella, MD v. Blue Cross of California*
04/13 [BC 444364] California Superior Court, Los Angeles County
(deposition and trial testimony)
- 10/12 *Richardson & Patel LLP v. David Coloris, Graham Phillips, et al. and related matters*
[BC 39259] California Superior Court, Los Angeles County
(deposition testimony)
- 10/12 *Artis Knox v. Goodwill Industries of Southern California, et al.*
[BC 450967] California Superior Court, Los Angeles County
(deposition testimony)
- 10/12 *Steven Rodriguez v. Hermosa Beach Chamber of Commerce, et al.*
[YC 064185] California Superior Court, Los Angeles County
(deposition testimony)
- 01/13 *Schlumberger Technology Corporation v. East Charleston, Inc., et al.*
[CV 11-02587 LHK] United States District Court, Northern District of California
(deposition testimony)
- 01/13 *Randy and Lisa Herman v. Shijin Kim*
[BC 462962] California Superior Court, Los Angeles County
(deposition testimony)
- 02/13 *Kathryn Johnston, et al. v. Pacific Hills Treatment Centers, Inc., et al.*
[30-2010-00429819] California Superior Court, Orange County
(deposition testimony)
- 02/13 *Palm Springs Pump, Inc. v. Peerless Insurance Company, et al.*
04/13 [INC 1109263] California Superior Court, Riverside-Inyo County
(deposition and trial testimony)
- 03/13 *SME Consolidated, Ltd. v. Sweet People Apparel, Inc.*
[13 130 Y] American Arbitration Association
(arbitration testimony)
- 06/13 *Dylan Ridgel v. United States of America, et al.*
[SACV 12-00071 JVS (MLGx)] United States District Court, Central District of California
(deposition testimony)
- 07/13 *Ronald Nelson, Jr. v. BNSF Railway Company, et al.*
[RG12644175] California Superior Court, Alameda County
(deposition testimony)
- 08/13 *Delton R. Fair v. BNSF Railway Company*
[11 CECG04269] California Superior Court, Fresno County
(deposition testimony)
- 10/13 *Charles Henley v. Union Pacific Railroad Company*
[RG 12633325] California Superior Court, Alameda County
(deposition testimony)
- 10/13 *Jennifer Anderson v. City of Torrance, et al.*
[YC066843] California Superior Court, Los Angeles County
(deposition testimony)

- 12/13 *Martha Aboulafia, et al. v. GACN, Inc., et al.*
[BC 469940] California Superior Court, Los Angeles County
(trial testimony)
- 01/14 *Lorie Valero v. City of Placentia, et al.*
[00513403] California Superior Court, Orange County
(deposition testimony)
- 02/14 *Estella Butler and Phillip Fikes v. Elsinore Valley Municipal Water District, et al.*
[5:12-cv-01900-PSG-OP] United States District Court, Central District of California
(deposition testimony)
- 02/14 *Wang v. Eden Rock, et al.*
[72 115 00021 12 HIIB] American Arbitration Association
(arbitration testimony)
- 02/14 *Onolia Rodriguez v. Caliente Farms, et al.*
[] California Superior Court, Los Angeles County
(deposition testimony)
- 03/14 *Kyle Brown v. Du Puy Mitek, Inc., et al.*
[BC 494993] California Superior Court, Los Angeles County
(deposition testimony)
- 03/14 *Lexjet Corporation v. Breathing Color*
[8:11-cv-02828-JSM-TBM] United States District Court, Middle District of Florida, Tampa Division
(deposition testimony)
- 04/14 *Debra Votta v. Red Alinsod, MD, et al.*
- 05/14 [30-2009-00323060-CU-PL-CJC] California Superior Court, Orange County
(deposition and trial testimony)
- 04/14 *Jeremiah J. Kerneen v. Wham-O, Inc., Frank Smith, et al.*
- 05/14 [72 160 00762 13 JOG3] American Arbitration Association
(deposition and arbitration testimony)
- 05/14 *Bhikhubhai C. Patel v. Clocktower Inn, Inc., et al. and related actions*
- 07/14 [YC067782] California Superior Court, Los Angeles County
(deposition and arbitration testimony)
- 06/14 *Crystal Thomas v. Union Pacific Railroad Company*
[12CECG02012] California Superior Court, Fresno County
(deposition testimony)
- 06/14 *Prowess Inc. v. Siemens Medical Solutions USA, Inc.*
[1100072826] JAMS Arbitration, County of San Francisco
(deposition testimony)
- 06/14 *Estate of Arturo Cabrales, et al. v. County of Los Angeles*
[ED CV 12-01900 PSG (OPx)] United States District Court, Central District of California
(deposition testimony)
- 07/14 *Pirooze Khebreh v. Scottsdale Indemnity Company*
[BS 147860] California Superior Court, Los Angeles County
(deposition testimony)
- 08/14 *DAVRO LLC and David Weisman v. Kais Almarzouk, et al. and related actions*
- 09/14 [BC 481423] California Superior Court, Los Angeles County
(deposition and trial testimony)
- 08/14 *Jazmyne Gurrola, et al. v. Los Angeles Unified School District, et al.*
[BC 501416] California Superior Court, Los Angeles County
(deposition testimony)

08/14 *Telesys Communications Corporation v. Inn Room Video, Inc., et al.*
[C12-00109] California Superior Court, Contra Costa County
(deposition testimony)

08/14 *Property ID Corporation v. Geoassurance, Inc., et al.*

09/14 [NC056013] California Superior Court, Los Angeles County
(deposition and trial testimony)

09/14 *Charta Group, Inc. v. Tony Sara, et al.*
[YC 060343] California Superior Court, Los Angeles County
(deposition testimony)

09/14 *Detta Ruth Cavanagh v. Eric Pfeifer*
[30-2011 00531828] California Superior Court, Los Angeles County
(deposition testimony)

10/14 *Izek Shomof v. Naty Saidoff, et al.*

11/14 [BC 499518] California Superior Court, Los Angeles County
(deposition and trial testimony)

12/14 *Gladys Vallone v. Taco Bell Corp., et al.*
[30-2013-00691532] California Superior Court, Orange County
(deposition testimony)

12/14 *Perry Mack, Jr., v. Union Pacific Railroad Company*

01/15 [NC058492] California Superior Court, Los Angeles County
(deposition and trial testimony)

02/15 *Mike Johar, et al. v. Richard Kelly, et al.*

03/15 [30-2013-00626770] California Superior Court, Orange County
(deposition and trial testimony)

02/15 *Corbin Northridge LP v. HBC Solutions, Inc., The Harris Corporation, Inc.*
[2:14-CV-02714-RGK-JC] United States District Court, Central Division California, Western Division
(deposition testimony)

02/15 *Jeffrey Boxer v. Christyne Buteyn, et al.*

03/15 [BC 522433] California Superior Court, Los Angeles County
(deposition and trial testimony)

04/15 *Burley Tompkins v. Union Pacific Railroad Company*
[2:12-CV-01481-JAM-GGH] United States District Court, Eastern District of California – Sacramento
Division]
(deposition testimony)

05/15 *Joseph E. Blodgett v. Allstate Insurance Company*
[UIM Arbitration]
(deposition testimony)

05/15 *Brooke Harman v. Target Corporation, et al.*
[BC 489100] California Superior Court, Los Angeles County
(deposition testimony)

05/15 *Jeffrey Young v. Union Pacific Railroad Company*
[BC 54293] California Superior Court, Los Angeles County
(deposition testimony)

06/15 *Jose Sanguino v. George Benjamin, et al.*
[BC 509234] California Superior Court, Los Angeles County
(deposition testimony)

06/15 *Monarch Medical Group, Inc. v. Stacia Green*
[SC 122948] California Superior Court, Los Angeles County – West District
(deposition testimony)

07/15 *In the Matter of the Patton Family Lead Trust*
[P079997] California Superior Court, Ventura County
(deposition testimony)

08/15 *Cecilia Diego v. Pilgrim United Church of Christ*
[37-2011-00099381-CU-OE-CTL] California Superior Court, San Diego County
(deposition testimony)

09/15 *Silvia Gomez v. MagCo Drilling, Inc.*
[BC 534017] California Superior Court, Los Angeles County
(trial testimony)

09/15 *Jennifer Hendrickson v. Tracey Layana*
[BC514536] California Superior Court, Los Angeles County
(deposition testimony)

10/14 *Izek Shomof v. Naty Saidoff, et al.*

11/14 [BC 499518] California Superior Court, Los Angeles County

12/14 (deposition and trial testimony)

12/14 *Gladys Vallone v. Taco Bell Corp., et al.*
[30-2013-00691532] California Superior Court, Orange County
(deposition testimony)

12/14 *Perry Mack, Jr., v. Union Pacific Railroad Company*

01/15 [NC058492] California Superior Court, Los Angeles County
(deposition and trial testimony)

02/15 *Mike Johar, et al. v. Richard Kelly, et al.*

03/15 [30-2013-00626770] California Superior Court, Orange County
(deposition and trial testimony)

02/15 *Corbin Northridge LP v. HBC Solutions, Inc., The Harris Corporation, Inc.*
[2:14-CV-02714-RGK-JC] United States District Court, Central Division California, Western Division
(deposition testimony)

02/15 *Jeffrey Boxer v. Christyne Buteyn, et al.*

03/15 [BC 522433] California Superior Court, Los Angeles County
(deposition and trial testimony)

04/15 *Burley Tompkins v. Union Pacific Railroad Company*
[2:12-CV-01481-JAM-GGH] United States District Court, Eastern District of California – Sacramento
Division]
(deposition testimony)

05/15 *Joseph E. Blodgett v. Allstate Insurance Company*
[UJM Arbitration]
(deposition testimony)

05/15 *Brooke Harman v. Target Corporation, et al.*
[BC 489100] California Superior Court, Los Angeles County
(deposition testimony)

- 05/15 *Jeffrey Young v. Union Pacific Railroad Company*
[BC 54293] California Superior Court, Los Angeles County
(deposition testimony)
- 06/15 *Jose Sanguino v. George Benjamin, et al.*
[BC 509234] California Superior Court, Los Angeles County
(deposition testimony)
- 06/15 *Monarch Medical Group, Inc. v. Stacia Green*
[SC 122948] California Superior Court, Los Angeles County – West District
(deposition testimony)
- 07/15 *In the Matter of the Patton Family Lead Trust*
02/16 [P079997] California Superior Court, Ventura County
05/16 (deposition and trial testimony)
- 08/15 *Cecilia Diego v. Pilgrim United Church of Christ*
[37-2011-00099381-CU-OE-CTL] California Superior Court, San Diego County
(deposition testimony)
- 09/15 *Silvia Gomez v. MagCo Drilling, Inc.*
[BC 534017] California Superior Court, Los Angeles County
(trial testimony)
- 09/15 *Jennifer Hendrickson v. Tracey Layana*
02/16 [BC514536] California Superior Court, Los Angeles County
(deposition and trial testimony)
- 01/16 *Jose Figueroa v. United States of America*
[15-CV-00555JFW(ASx)] United States District Court, Central District of California
(deposition testimony)
- 03/16 *Ronald Farina v. Hilton Worldwide, et al.*
[BC 551918] California Superior Court, Los Angeles County
(deposition testimony)
- 04/16 *Kim Nguyen-Amour v. International Rectified Corporation, et al.*
[BC 565159] California Superior Court, Los Angeles County
(deposition testimony)
- 04/16 *Lani Gulmette, et al. v. City of Los Angeles, et al.*
[BC 523080] California Superior Court, Los Angeles County
(deposition and trial testimony)
- 05/16 *Charles and Karen Draper v. Loma Linda University Medical Center, et al.*
[CIVDS 1109299] California Superior Court, San Bernardino County
(deposition testimony)
- 05/16 *Planet Desert, Inc. v. Swajian & Swajian*
[INC 1107795] California Superior Court, Riverside County
(deposition testimony)
- 07/16 *HSV Realty Exchange LLC v. Construction Insurance Partners LLC, et al.*
[BC 530787] California Superior Court, Los Angeles County
(deposition testimony)

08/16 *Uisu Lai v. Sarah Seif*
[30-2015-00779669] California Superior Court, Orange County
(deposition testimony)

08/16 *Nancy Lynn v. Walmart Stores, Inc., et al.*
[BC 539472] California Superior Court, Los Angeles County
(deposition testimony)

08/16 *Shawn Bennett v. Rancho California Water District*
[RIC 1218298] California Superior Court, Riverside County
(deposition testimony)

09/16 *G.P.P., Inc. v. Guardian Protection Products, Inc.*
[1:15-cv-00321 SKO] United States District Court, Eastern District of California
(deposition testimony)

EXHIBIT G

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Attorneys for Defendant and Counterclaimant
Windermere Real Estate Services Company

**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

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

Hon. Manuel L. Real

**WINDERMERE REAL ESTATE
SERVICES COMPANY'S
REBUTTAL EXPERT WITNESS
DISCLOSURE PURSUANT TO
RULE 26 OF THE FEDERAL
RULES OF CIVIL PROCEDURE**

Courtroom 8

Trial Date: October 18, 2016

Complaint Filed: September 17, 2015

1 Pursuant to Federal Rule of Civil Procedure 26, defendant and
2 counterclaimant Windermere Real Estate Services Company ("WSC") hereby
3 provides the following Rebuttal Expert Witness Disclosure:

4 1. WSC has retained Neil J. Beaton, CPA/ABV/CFF, CFA, ASA, and his
5 company Alvarez & Marsal Valuation Services, LLC, as persons who may be used
6 at trial to present evidence under Federal Rules of Evidence 702, 703, or 705. A
7 written report and supporting materials prepared by Mr. Beaton and Alvarez &
8 Marsal Valuation Services, LLC, pursuant to Federal Rule of Civil Procedure Rule
9 26(a)(2)(B), is attached hereto as Exhibit 1 and incorporated by this reference.

10 2. WSC also reserves the right to utilize the testimony of any expert
11 retained by plaintiffs and counter-defendants in this matter.

12 3. WSC expressly reserves the right to identify other experts as a
13 supplement to these disclosures if discovery continues and/or as additional
14 individuals, documents, or information are identified or obtained which are likely to
15 lead to, possess, or contain discoverable information, or as parties identify other
16 experts.

17 4. These disclosures are based upon information and facts no available
18 from WSC's understating of the issues, contentions, and arguments WSC intends to
19 assert at the time of trial in this matter. These disclosures are without prejudice to
20 experts, facts, issues, and contentions subsequently learned or discovered.

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1 5. WSC shall supplement this disclosure when and as required under the
2 Federal Rules of Civil Procedure or any other applicable rules.

3
4 DATED: March 3, 2017 PEREZ VAUGHN & FEASBY Inc.

5
6 By: /s/ Jeffrey A. Feasby
7 John D. Vaughn
8 Jeffrey A. Feasby
9 Attorneys for
10 Windermere Real Estate Services Company
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EXHIBIT 1

**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,
Defendants.**

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

**Rebuttal Report of
Neil J. Beaton, CPA/ABV/CFF, CFA, ASA
March 3, 2017**

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

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Attachments:

- Exhibit 1 – Curriculum Vitae
- Exhibit 2 – Testimony Summary
- Exhibit 3 – Speeches and Publications
- Exhibit 4 – Documents Reviewed and Considered

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”), I was asked to review and analyze an expert report dated September 16, 2016 prepared by Peter D. Wrobel (“Wrobel Report”). In his expert report, Mr. Wrobel opines that 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 the “Bennion & Deville Entities”) allegedly incurred “out-of-pocket damages” due to various alleged breaches by WSC. The Wrobel Report limits its damages to B&D SoCal and WSSC, but states these two entities “have or will suffer” damages totaling \$4,236,999.
4. I previously provided an expert report on September 16, 2016 (“A&M Expert Report”) regarding my expert opinions regarding the claims being made by Bennion & Deville Entities against WSC. The Bennion & Deville Entities are claiming breach of contract, breach of implied covenant of good faith and fair dealing, and violation of the California Franchise Relations Action. As of the date of this rebuttal report, WSC had prevailed on a number of summary judgement claims related to the technology and “Windermere system” portions of specific claims made by the Bennion & Deville Entities as well as certain claims related to California franchise law. I have assumed that WSC is liable for other portions of the alleged bad acts that the Bennion & Deville Entities claim occurred although the nexus of these alleged claims to damages are not set forth in the Wrobel Report. Although I have assumed that WSC is liable for the alleged bad acts for purposes of this rebuttal report, I do not offer, nor do I plan to offer, any evidence regarding liability.

MATERIALS REVIEWED

5. When used hereinafter, “we” and/or “our” means me and/or persons working under my supervision and control. The A&M Expert Report contains a complete list of documents I reviewed up through the issuance of that report. Since the issuance of the A&M Expert Report, I have been provided with various additional documents, but specifically Plaintiffs and Counterdefendants’ Expert Witness Disclosure Pursuant to Rule 26 of the Federal Rules of Civil Procedure which disclosed the Wrobel Report, a “rough” deposition transcript and accompanying discovery for Greg Barton, CPA, dated October 19, 2016, and various other discovery. A list of documents received since the issuance of the A&M Expert Report is provided on Exhibit 4.

BACKGROUND

6. A detailed background regarding this matter was provided in the A&M Expert Report dated September 16, 2016; the reader is referred to that report for additional information that forms the basis for some of my rebuttal opinions in this rebuttal report.

SUMMARY OF REBUTTAL OPINIONS

7. The Wrobel Report outlines four specific areas of alleged damage that include: 1) the net value of WSSC as of January 2015; 2) settlement amounts improperly withheld from WSSC; 3) past losses and future lease obligations related to offices leased by BD SoCal; and 4) net unreimbursed Windermere Watch expenses. These alleged damages total \$4,236,999 and are detailed in the following table:

Net Value of WSSC as of January 2015		\$ 2,592,526
Settlement Amounts Improperly Withheld from WSSC		
King Settlement	\$ 16,690	
Kirksey Settlement	40,878	
Brown Settlement	<u>8,469</u>	
Subtotal		66,037
Past Losses and Future Lease Obligations - B&D SoCal		
Encintas Office	\$ 724,375	
Little Italy Office	<u>707,107</u>	
Subtotal		1,431,482
Net Unreimbursed Windermere Watch Expenses		<u>146,954</u>
Total Damages and Value of WSSC		<u>\$ 4,236,999</u>

8. It is my opinion that the Wrobel Report incorrectly calculates and materially overstates the net value of WSSC under the valuation formula set forth in the WSSC Area Representation Agreement (“ARA”). Furthermore, the valuation calculations set forth in the Wrobel Report are flawed and do not comport with generally accepted valuation principles, resulting in an unreliable and inaccurate damages conclusion.
9. It is also my opinion that the Wrobel Report’s damages related to improperly withheld settlement amounts are redundant with the net value of WSSC, since the settlement payments would be part of future payments under the Termination Obligation of section 4.2 of the ARA. However, even if it is adjudicated that such settlement amounts are due to WSSC, the calculation is a simple accounting exercise which does not require expert opinion.
10. The Wrobel Report assumes that WSC induced WSSC to open two offices in the San Diego area, Encinitas and Little Italy, and therefore claims that WSC is liable for these two offices’ past and future losses and lease costs. The Wrobel Report does not provide a basis for the assumption that WSC induced WSSC to open these two locations, and therefore it is my opinion that this measure of damages is improper. However, assuming that it is adjudicated

that WSC somehow illegally induced WSSC to open the two offices, it is my opinion that the Wrobel Report overstates the damages related to WSC's alleged act. Moreover, the damages calculations in the Wrobel Report do not comply with generally accepted damages calculations since they ignore expenditure offsets and potential mitigation that should be included in assessing damages.

11. The last measure of damage, i.e., net unreimbursed Windermere Watch expenses, is a simple accounting exercise assuming it is adjudicated that such costs were, in fact, owed by WSC and unreimbursed. As such, I have no expert rebuttal opinion for the calculations made in the Wrobel Report since those costs can be measured without the need of an expert.

WORK PERFORMED AND BASIS FOR OPINIONS

12. Of the four categories of damage set forth in the Wrobel Report, only two require an in-depth expert discussion and analysis, namely the calculation of WSSC's net value and the past and future losses and lease obligations. The calculation of the allegedly improper settlement amounts and allegedly net unreimbursed expenses are simple math and accounting calculations dependent upon legal findings. My analysis and rebuttal opinions follow.

Net Value of WSSC as of January 2015

13. The following background was primarily obtained from the Windermere ARA dated May 1, 2004 between WSSC and WSC.¹ WSSC was an Area Representative for WSC throughout a non-exclusive market comprised mainly of the Inland Empire and Southern California areas of California from 2004 through January 2015. As an Area Representative, WSSC was to offer Windermere licenses to real estate brokerages in a defined area to use the Windermere trademark and Windermere System. WSSC's responsibilities included marketing Windermere licenses, establishing and operating training and development centers for salespersons

¹ Windermere Area Services Agreement, dated May 1, 2004.

operating under Windermere licensed real estate brokerages, offering marketing programs and materials, collecting fees from Windermere licensees, and other services as defined in the ARA. As compensation for these services, WSSC generally was to receive 50 percent of the initiation and license fees collected from Windermere-licensed real estate brokerages.

14. According to Section 4.1 of the ARA, the ARA was terminable at any time by mutual written agreement of the parties, by either party upon one hundred eighty days written notice to the other party, by either party upon ninety days written notice to the other party for cause, or by either party without giving prior notice if the other party (i) is adjudicated bankrupt or insolvent, (ii) makes an assignment for the benefit of creditors or similar disposition of the assets of its business, (iii) voluntarily abandons its Franchise or licensing business, or (iv) is (or its principals are) convicted of or pleads guilty or no contest to a charge of violating any franchise laws and regulations and/or any real estate licensing laws and regulations.
15. Furthermore, according to Section 17 of the ARA, the agreement and the rights construed by the ARA were non-transferable without the express written consent of WSC, which could be withheld WSC's sole discretion.
16. According to Section 4.2 of the ARA, in the event of a termination of the agreement by either party without cause, the "Terminating Party" would pay the "Terminated Party" "an amount equal to the fair market value of Terminated Party's interest in the Agreement... (the 'Termination Obligation')". The "fair market value of the Terminated Party's interest will be determined by the appraisers *without* [emphasis added] consideration of speculative factors including, specifically, future revenue. The appraisers shall look at the gross revenues *received* [emphasis added] under the Transaction during the twelve months preceding the termination date from the *then existing* [emphasis added] licensees that *remain with or affiliate with the Terminating Party* [emphasis added]."

17. The Wrobel Report did not follow the instructions in the ARA in determining “the fair market value of the Terminated Party’s [assuming it was WSSC] interest in the Agreement...” Rather, the Wrobel Report calculated what it terms the “net value of WSSC as of January 2015.” WSSC was not entitled to the net value of WSSC upon termination; rather it was only entitled to the Termination Obligation defined as “the fair market value of the Terminated Party’s [assuming it was WSSC] interest in the Agreement...” The net value of WSSC is NOT equal to the “the fair market value of the Terminated Party’s [assuming it was WSSC] interest in the Agreement...” Accordingly, it is my opinion that the calculation of WSSC’s net value as set forth in the Wrobel Report is irrelevant to what WSSC would have been entitled to receive as a result of the termination of the ARA.
18. For argument’s sake, assuming that the net value of WSSC was the appropriate measure of the Termination Obligation, the calculations set forth on Schedules 2A through 2D of the Wrobel Report are unreliable, unsupported, and contrary to generally accepted valuation principles for a damages analysis. Schedule 2B of the Wrobel Report ostensibly calculates the “Adjusted Operating Cash Flow” that is used as the initial level of cash flow in Schedule 2A for the Wrobel Report’s discounted cash flow analysis. The profit and loss statements utilized in Schedule 2B to derive WSSC’s cash flow were “recast” by Gary Barton, the Bennion & Deville Entities’ certified public accountant.² The recast income statements add back license fees that were never paid by B&D Fine Homes or B&D SoCal. As a matter of fact, much of these “recast” fees that were owed to WSSC and WSC were either never paid or they have been forgiven by WSC.³
19. One of the requirements in the ARA was for WSSC to provide audited financial statements to WSC by March 1 of each year for inclusion in WSC’s Uniform Franchise Offering Circular

² See “WSSC Valuation Worksheet” contained in Mr. Barton’s production.

³ See Windermere Services Southern California, Inc. Financial Statements for the Years Ended December 31, 2013, 2012 and 2011 and WSC 1215 through 1225.

(“UFOC”) that it submitted to the State of California on an annual basis.⁴ Although WSSC was late in obtaining its audited financial statements from 2011 through 2013 (the last year that WSSC’s audited financial statements were provided to WSC), a reading of the latest audited financial statements for the year ended December 31, 2013 indicates that neither B&D Fine Homes nor B&D SoCal paid their obligatory license fees to WSSC for any year between 2011 and 2013. These financial statements were submitted to the State of California as part of WSC’s UFOC and were therefore relied upon by prospective franchisees in making their decisions to enter into a franchise agreement with WSC. If the B&D Fine Home and B&D SoCal license fees were never paid, and according to WSSC’s own audited financial statements were not going to be paid,⁵ then recasting them as Mr. Barton has done (and upon which the Wrobel Report relies) is a complete fabrication and a violation of generally accepted valuation principles as set forth in the Wrobel Report.

20. When questioned at his deposition, Mr. Barton responded in the following way to this question posed by Mr. Jeff Feasby, counsel to WSC:

Q (By Mr. Feasby) Would it be proper to include related party debt cancelation as income for purposes of doing a valuation of a company?

A (By Mr. Barton) Probably not.

Q Can you think of an instance when it would be?

A If it was deemed collectible subsequent to the write-off, then yes.

Q Do you whether or -- know whether or not -- in this instance, if this -- any of this amount had ever been deemed collectible?

A I couldn’t tell you.

Q Where would that information be reflected?

⁴ WSSC did not satisfy this timing requirement for any year between 2011 and 2015.

⁵ See Windermere Services Southern California audited financial statements, pages 3, 5 and Footnote 2 on page 10.

A It would be in payments made after it was written off.⁶

21. As such, Mr. Barton himself indicated that his recasting of WSSC's income statement would be an improper basis for the valuation of WSSC, assuming the valuation of WSSC was a proper measure of damage, which it is not. This alone renders the Wrobel Report damages calculation related to WSSC's net value unreliable and contrary to generally accepted valuation principles. WSSC recorded losses on its audited income statement totaling \$335,450, \$165,424, and \$1,049,395 in 2011, 2012, and 2013, respectively. I was not provided with an income statement for 2014, but based on Mr. Barton's recast WSSC Valuation Worksheet, WSSC would have recorded a \$6,237 loss in 2014 without the inclusion of the fictitious and unpaid license fees from B&D Fine Homes and B&D SoCal. For the year ended December 31, 2015, Mr. Barton prepared a compiled income statement for WSSC, based on financial data provided by WSSC management, which showed a loss of \$80,518. Thus, in the four years prior to the valuation date and the one year after the valuation date, WSSC never reported a profit but rather compiled losses over this period totaling over \$1,637,000.
22. In valuation theory, a company's prospects are the driver of value since future cash flows are what create value. In this case, WSSC did not prepare a forecast so future cash flows would normally be based on an analysis of past performance. Under the fair market value standard, a willing buyer and a willing seller would have at their disposal all relevant facts regarding the business. In this case, a buyer would have five years of losses, three of which were certified by an audit and one of which was based on information provided by WSSC management. Under this circumstance, it would be highly unlikely, if not impossible, to convince a buyer that after five years of losses, WSSC was going to earn over \$400,000 in cash flow at an increasing rate forever. However, that is exactly the assumption contained in the Wrobel

⁶ Videotaped Deposition of Greg Bargon (sic), dated October 19, 2016, page 118.

Report. As such, the net value determined in the Wrobel Report is nothing short of a fabrication based on artificially inflated cash flows created for this litigation.

23. In a proper discounted cash flow analysis, an appraiser requires the estimation of cash flows (which have already been discussed), the derivation of a discount rate, and an estimate of the company's long-term cash flow growth rate. I have already pointed out the unreliable nature of the cash flows estimated on Schedule 2A of the Wrobel Report, but the discount rate and cash flow growth rate used therein suffer from similar shortcomings. In regards to the discount and growth rates used, the Wrobel Report states in footnote 1 on page 2: "The discount rate used is 18% and the capitalization rate is 16%. These rates, as well as growth rates and the general methodology utilized are also consistent with a contemporaneous valuation of BD Fine and BD SoCal that was performed in September 2014 by the Mentor Group." Utilizing discount, capitalization, and growth rates based on a valuation report prepared by another firm on another company in a different time frame violates generally accepted valuation principles as well as professional valuation standards.
24. The Mentor Group's valuation report⁷ was of B&D Fine Homes based on a valuation date of April 30, 2014, eight months prior to the net value valuation date used in the Wrobel Report. In determining an appropriate discount and growth rate applicable to B&D Fine Homes, the Mentor Group performed extensive financial, risk, and market analyses using a sophisticated Monte Carlo analysis; in contrast, the Wrobel Report contained no independent financial, market, or risk analysis. The Mentor Group estimated B&D Fine Homes' growth rate at 5.25 percent from 2014 through 2018 based on an analysis of B&D Fine Homes' historical growth; the Wrobel Report used a 5.00 percent growth rate from 2015 through 2019 without explanation except to refer to the Mentor Group valuation. B&D Fine Homes (a real estate brokerage) was a fundamentally different company than WSSC (a services company) and had

⁷ The Mentor Group's valuation is not in accordance with the valuation formula under Section 4.1

a fundamentally different risk profile and growth prospects. To assume that the risk profiles and growth prospects of two such fundamentally different companies were the same is an egregious violation of generally accepted valuation principles and professional standards, and those violations alone would render the valuation conclusion unreliable and unsupportable even if the cash flows had been properly vetted. In short, the net value of WSSC in the Wrobel Report is entirely unreliable and a total misapplication of the Termination Obligation in the ARA.

Settlement Amounts Improperly Withheld from WSSC

25. As I noted in the Summary of Rebuttal Opinions section of this report, the amount of damages set forth in the Wrobel Report for “Settlement Amounts Improperly Withheld from WSSC” is based on a legal finding that that has not yet occurred. Assuming WSC is found to have improperly withheld such payments, the calculation of the amount due to WSSC does not require expert assistance as the calculation is simple math.
26. Setting aside my opinion in the foregoing paragraph, it is further my opinion that the Wrobel Report’s damages related to improperly withheld settlement amounts are redundant with the net value of WSSC he has calculated since the settlement payments form part of future payments under the Termination Obligation of Section 4.2 of the ARA. The future cash flows used in the Wrobel Report are assumed to consist of all payments that would owed to WSSC, *including* the amounts that would hypothetically be due under the Termination Obligation of Section 4.2 of the ARA; thus the two payments taken together would be redundant. Furthermore, the Wrobel Report does not identify the discount rate used in Schedule 3 or 4, although one could determine the implied discount rate based on those Schedules.

Past Losses and Future Lease Obligations – BD SoCal

27. For this measure of damage, the Wrobel Report assumes that WSC induced WSSC to open two offices in the San Diego area: Encinitas and Little Italy. However, WSSC neither opens nor runs Windermere real estate offices; rather one of WSSC responsibilities was to offer Windermere franchises to prospective real estate brokers for them to open and run. The fact that losses were incurred in those two offices was not new to B&D SoCal, as B&D SoCal had incurred significant losses in 2011, 2012, and 2013 well before the Encinitas and Little Italy offices were opened.
28. The majority of the losses calculated for this category relate to past losses, primarily at the Little Italy location. Startup costs are typical for a new location and again, this was known by WSSC and B&D SoCal management before they opened these locations. Assuming it is adjudicated that WSC did improperly induce B&D SoCal to open these two offices, there is no reason B&D SoCal would not be able to sublet the Encinitas office for the remaining lease period and thereby mitigate those alleged damages. By assuming no mitigation was available to B&D SoCal to offset the lease costs of these two locations, the Wrobel Report overstates these alleged damages and violates generally accepted damages standards. The implication is that B&D SoCal's damages are equal to the lease expense it has incurred, or is expected to, incur. This is an oversimplification of a typically complex measure of damages.

Net Unreimbursed Windermere Watch Expenses

29. The last category of damages in the Wrobel Report relate to alleged "Net Unreimbursed Windermere Watch Expenses" and are laid out on Schedule 8 of the Wrobel Report. As noted in the Summary of Rebuttal Opinions section of this report, these damages are based on a legal finding that has not yet occurred. Assuming WSC is found liable for these extra expenses, the calculation of the amount due to WSSC does not require expert assistance as the calculation is simple math.

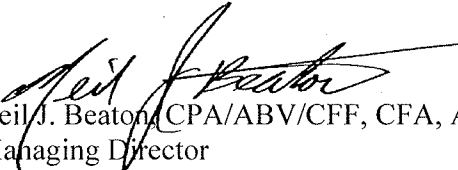
CONCLUSIONS

29. It is my opinion that the Wrobel Report incorrectly calculates and materially overstates the net value of WSSC under the valuation formula set forth in the WSSC Area Representation Agreement. Furthermore, these valuation calculations are flawed and do not comport with generally accepted valuation principles, resulting in an unreliable and inaccurate damages conclusion.
30. It is also my opinion that the Wrobel Report's damages related to improperly withheld settlement amounts are redundant with the net value of WSSC since the settlement payments would be part of future payments under the Termination Obligation of Section 4.2 of the ARA. However, even if it is adjudicated that such settlement amounts are due to WSSC, the calculation is a simple accounting exercise which does not require expert opinion.
31. The Wrobel Report assumes that WSC induced WSSC to open two offices in the San Diego area, Encinitas and Little Italy, and therefore claims that WSC is liable for these two offices' past and future losses and lease costs. The Wrobel Report does not provide a basis for the assumption that WSC induced WSSC to open these two locations and therefore it is my opinion that this measure of damages is improper. However, assuming that it is adjudicated that WSC somehow illegally induced WSSC to open the two offices, it is my opinion that the Wrobel Report overstates the damages related to WSC's alleged act.
32. The last measure of damage, i.e., net unreimbursed Windermere Watch expenses, is a simple accounting exercise assuming it is adjudicated that such costs were, in fact, unreimbursed. As such, I have no expert rebuttal opinion for the calculations made in the Wrobel Report since those costs can be measured without the need of an expert.

FEES

33. Alvarez & Marsal Valuation Services is compensated for my time on this matter at an hourly rate of \$500. In addition to my own time, I directed other Alvarez & Marsal professionals who performed supporting work and analyses in connection with my preparation of this report. Their hourly rates range from \$175 to \$450 per hour.
34. I completed this report on March 3, 2017.

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
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
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

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

TESTIMONY SUMMARY – LAST 4 YEARS		NEIL J. BEATON, CPA/ABV/CFF, CFA, ASA	
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
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
9/16	GDS Holding, Inc. v. Humberstone	Marine Construction & Salvage Services	King County Superior Court
11/16	Thompson v. Thompson	Integrated logistics & training	Circuit Court of Madison County, Alabama
11/16	Harlandale Independent School District v. Ingersoll-Rand Company and Trane America LLC, et al.	HVAC Systems	Bexar County District Court, Texas
11/16	Aster Minds Enterprise Solutions Private Limited v. Microsoft Global Services Center, et al.	IT Consulting	King County Superior Court
12/16	Lamington Resources, Inc., et al. v. Burger King Corporation	Restaurant Franchise	International Court of Arbitration
1/17	FlowWorks, Inc. v. Timothy Hicks	Environmental Analytics Software	King County Superior Court

TESTIMONY SUMMARY – LAST 4 YEARS		NEIL J. BEATON, CPA/ABV/CFF, CFA, ASA	
1/17	Haner v. Haner	Promotional Products	King County Superior Court
2/17	Ross L. McMahon, M.D., v. Swedish Health Services	Bariatric Surgeon	Judicial Arbitration and Mediation Services

ARBITRATION/MEDIATION TESTIMONY

Date	Case Name	Type of Business	Jurisdiction
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
8/14	Murray v. Murray	Building Material Manufacturing	King County Superior Court
9/14	Wong v. Skoczowski	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

TESTIMONY SUMMARY – LAST 4 YEARS		NEIL J. BEATON, CPA/ABV/CFF, CFA, ASA	
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
9/16	Heayoon Woo v. Machine Zone, Inc.	Online Gaming Software	Judicial Arbitration and Mediation Services
1/17	Lamington Resources, Inc., et al. v. Burger King Corporation	Restaurant Franchise	International Court of Arbitration
2/17	Bahraini International Medicine Manufacturing Company W.L.L., v. Vanguard Pharmaceutical Machinery, LLC, et al.	Pharmaceutical Development & Manufacturing	International Chamber of Commerce

COURT TESTIMONY

Date	Case Name	Type of Business	Jurisdiction
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. Skoczowski	Mobile Software Solutions	Toronto, Ontario, Canada

TESTIMONY SUMMARY – LAST 4 YEARS		NEIL J. BEATON, CPA/ABV/CFF, CFA, ASA	
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
4/16	In re: Capitol Lakes, Inc.	Retirement Community	U.S. Bankruptcy Court, W. D. of Wisconsin
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
9/16	Libby v. Libby	Real Estate Holdings	King County Superior Court
12/16	GDS Holdings, Inc., et al. v. Humberstone	Offshore Services	King County Superior Court
12/16	Miller v. Ford Law Offices, et al.	Residential Lending	Spokane County Superior Court
2/17	ADC Venture 2011-2 LLC v. BJBDJC, Inc., et al.	Wholesale Hair Pieces	Third Judicial District Court, Salt Lake County, State of Utah

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

<i>VENUE</i>	<i>SPONSOR</i>	<i>DATE</i>	<i>SUBJECT</i>
2017 Forensic & Valuation Services Conference - Ft. Lauderdale, FL	FICPA	Jan 2017	Dual Classes of Stock: Dueling Theories of Valuation
2016 AICPA Forensic & Valuation Services Conference - Nashville, TN	AICPA	Nov 2016	Litigation Report Writing; The Good, Bad, and Ugly Use of Demonstrative Exhibits
2016 ABV Examination Review	AICPA	Nov 2016	ABV Examination Review Course
2016 Regional Specialty Conference Week - Toronto, Canada	NACVA	Sep 2016	Nuances of International Valuation Procedures and Discovery
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

PRESENTATIONS AND PUBLICATIONS

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

<i>VENUE</i>	<i>SPONSOR</i>	<i>DATE</i>	<i>SUBJECT</i>
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
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

PRESENTATIONS AND PUBLICATIONS

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

<i>VENUE</i>	<i>SPONSOR</i>	<i>DATE</i>	<i>SUBJECT</i>
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
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

PRESENTATIONS AND PUBLICATIONS

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

<i>VENUE</i>	<i>SPONSOR</i>	<i>DATE</i>	<i>SUBJECT</i>
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
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

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

<i>VENUE</i>	<i>SPONSOR</i>	<i>DATE</i>	<i>SUBJECT</i>
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
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 1	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	WSCPA	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

DOCUMENTS REVIEWED AND/OR CONSIDERED

Description

WSSC Franchise Fee Net Valuation.pdf

2372225_Exhibit_104_JillWood.PDF

2372225_Exhibit_103_JillWood.PDF

Barton Financial Documents

WSSC 2015 Accountants Compilation & Financial Stmts.pdf

WSSC Board Unanimous 2012 thru 2015.pdf

WSSC Shareholders Unanimous 2012 thru 2015.pdf

WSSC statements 1-31-12 thru 12-31-14.pdf

!2012&2013 FF & Tech Fees Paid to WRE.pdf

!2014&2015 FF&Tech Fees Paid to WRE.pdf

5&6 2016Apr Request final.pdf

7 2016Apr Request - mark pages 12-15.pdf

2015 B&D CV Accountants Review & Financial Stmts.pdf

2015 B&D SoCal Accountants Review & Financial Stmts.pdf

BDFH SoCal Inc Board Unanimous 2012 thru 2015.pdf

BDFH SoCal Inc Shareholders Unanimous 2012 thru 2015.pdf

BDFH SoCal statements 1-31-12 thru 12-31-14.pdf

BDFH, Inc Board Unanimous 2012 thru 2015.pdf

BDFH, Inc Shareholders Unanimous 2012 thru 2015.pdf

BDFH, Inc statements 1-31-12 thru 12-31-13.pdf

BDFH, Inc statements 1-31-14 thru 12-31-14.pdf

Barton Production Docs

WSSC recast p and l.xlsx

WSSC Valuation worksheet.xlsx

WSSC, Inc 2013 P&L (1).xlsx

WSSC, Inc 2013 P&L.xlsx

WSSC, Inc BS 2013.xlsx

WSSC, Inc. 2 12 15 TAX.QBW

WSSC, Inc. 4 26 16.QBW

WSSC, Inc. 8 1 16 pw gator TAX.QBW

WSSC, Inc. 1 22 16.QBW

WTB2009.xlsx

!Deferral Loan activity 2010 (2).xls

!WRECV Owes WSSC (1).xls

!WRECV Owes WSSC.xls

9 30 15 Compilation.xls

10 a m Friday - Escrow Source.msg

12 31 09 fin stmts (1).xls

12 31 09 fin stmts.xls

12 31 11 audit workpapers (1).xls

Barton Production Docs, Continued

Untitled.msg

RE Form 8832.msg

RE FTB Tax notice.msg

RE FYI P and L (1).msg

RE FYI P and L.msg

Re gross office revenue.msg

RE how many office (1).msg

RE how many office.msg

RE info needed (1).msg

RE info needed (2).msg

RE info needed.msg

RE Insurance Affiliate (1).msg

RE Insurance Affiliate.msg

RE insurance.msg

RE Interest paid for 2013 (1).msg

RE Interest paid for 2013.msg

RE invoices (1).msg

RE invoices.msg

RE IRS Notice .msg

RE Joey (12).msg

RE Joey.msg

RE JP Morgan Chase.msg

RE Keith (1).msg

RE Keith.msg

RE Laurel Tree Note - audit .msg

RE Leaf's (1).msg

RE Leaf's (2).msg

RE Leaf's.msg

RE leased vehicle - Seattle.msg

RE Legal memo dot.msg

RE Loan #0000000002.msg

RE Loan Package.msg

RE meeting (2).msg

RE MEETING IN RANCHO MIRAGE.msg

Re meeting.msg

RE New FirstBank Loan.msg

Re NICE TO MEET YOU BOB! (1).msg

RE Note (15).msg

RE Note.msg

DOCUMENTS REVIEWED AND/OR CONSIDERED

Description

12 31 11 audit workpapers.xls	RE OCT - call (10).msg
12 31 15 Compilation.xls	RE OCT - call (11).msg
1099 dispute.msg	RE OCT - call (12).msg
1099's (2).msg	RE OCT - call.msg
1099s and Corporations.msg	RE OCT.msg
1099's.msg	RE p and l's (1).msg
2008 Extensions.msg	RE p and l's (2).msg
2009 Sales Tax Return.pdf	RE p and l's.msg
2009 Windermere Serv Fin Draft .pdf	RE payroll retention.msg
2010 accrual to cash conversion.xls	RE Professional Reference.msg
2011 accrual to cash conversion.xls	RE Property Taxes.msg
2011 Audit Engagement Letter.pdf	RE question on levy notice (1).msg
2012 Audit vs Book.pdf	RE question on levy notice (2).msg
2012 Balance Sheet QB vs Audit.xlsx	RE question on levy notice (3).msg
2012 Jnl entry WRECV.pdf	RE question on levy notice.msg
2012 P&L QB vs Audit (1).xlsx	RE Question.msg
2012 P&L QB vs Audit.xlsx	RE Question-2.msg
2012 YTD P&L 11-26-12.pdf	RE Range Rover in seattle.msg
2012-13 P&L WRE Services.pdf	Re RE Insurance Affiliate.msg
2014 - WSSC.msg	Re Re Windermere.msg
8295 La Mesa .msg	Re RE winding up audit .msg
Account 11145 (1).pdf	RE Receivables and Legal.msg
Account 11145.pdf	RE Regarding Orange Coast \$50k.msg
Account 11149 (1).pdf	RE revised M-1 and M-2 9 12 14.msg
Account 11149.pdf	RE Services (2).msg
account 11157 (1).pdf	RE Services (3).msg
account 11157.pdf	RE Services Audit - 2013.msg
B&D LLC.msg	RE Services Audit (1).msg
Account 11158 (1).pdf	RE Services Audit (2).msg
Account 11158.pdf	RE Services Audit (3).msg
Account 11161 (1).pdf	RE services audit.msg
Account 11161.pdf	RE Services.msg
Account 11162 (1).pdf	RE Settlement Info.msg
Account 11162.pdf	RE So-Cal Lending.msg
Account 11163 (1).pdf	RE SoCal.msg
Account 11163.pdf	RE Tax request (1).msg
Account 11164 (1).pdf	RE Tax request.msg
Account 11164.pdf	RE Tax return memo docx.msg
Account 12005 (1).pdf	RE tax stuff (2).msg
Account 12005.pdf	RE tax stuff.msg

DOCUMENTS REVIEWED AND/OR CONSIDERED

Description

Accrued Expenses - Taxes.msg	RE transfers (1).msg
accounting.msg	RE transfers (2).msg
ADP 401K plan (1).msg	RE transfers (3).msg
ADP 401K plan.msg	RE transfers (4).msg
Affiliate Deposits.msg	RE transfers.msg
AJE 1 12 31 10.pdf	RE Tuesday.msg
AJE 2 12 31 10.pdf	RE Update on projects (1).msg
Audit Engagement letter 2012 .msg	RE Update on projects (2).msg
audit info.pdf	RE Update on projects.msg
audit schedules 2010.xls	RE Update the books (6).msg
B&D adjusted valuation.msg	RE Update the books (7).msg
B&D Fine Homes - May 2010.msg	RE Update the books.msg
B&D Fne Homes Articles of Inc.pdf	RE updated P&L for CV (1).msg
Bal Sheet 11-26-12.pdf	RE updated P&L for CV (2).msg
Balance sheet 12 31 13 (1).xlsx	RE updated P&L for CV (3).msg
Balance sheet 12 31 13.xlsx	RE updated P&L for CV.msg
Balance Sheet Roll Forwards.xlsx	RE Windermere Services Audit.msg
Barton agreement.pdf	RE Windermere (1).msg
BD Inc.msg	RE Windermere (2).msg
CV.msg	RE Windermere (3).msg
Bennion & Deville.msg	RE windermere final read (2).msg
Benville Inc.msg	RE windermere final read.msg
Blue Shield Underwriting Letter.pdf	RE Windermere La Mesa (1).msg
Board of Equalization.msg	RE Windermere La Mesa .msg
Bob's Truck.msg	RE Windermere Services (1).msg
Books on Portal (1).msg	RE Windermere Services (2).msg
Books on Portal (2).msg	RE Windermere Services (3).msg
Books on Portal.msg	RE Windermere Services (4).msg
Burbank (2) (1).xls	RE Windermere Services (5).msg
Burbank (2).xls	RE Windermere Services (6).msg
Business Property Statment.pdf	RE Windermere Services (7).msg
Capital purchase - Coast.msg	RE Windermere Services (8).msg
Capital purchases - 2013.msg	RE Windermere Services (9).msg
Capital Purchases - CV & Coast.msg	RE Windermere Services (10).msg
Car Lease - Bobs.msg	RE Windermere Services (17).msg
files.msg	RE Windermere Services Audit.msg
CARMED Amortization.pdf	RE Windermere Services SoCal .msg
check register 1 1 12 to 6 7 12.pdf	RE Windermere Services.msg
Citizens Bank (1).msg	RE Windermere.msg
Citizens Bank.msg	RE winding up audit (1).msg

DOCUMENTS REVIEWED AND/OR CONSIDERED

Description

client participation schedule.pdf	RE winding up audit .msg
Coachella Valley.msg	RE Wiring Instructions .msg
Compilation Report 9 30 15.docx	RE WRE CV balance sheet.msg
Compilation Report 12 31 15.docx	RE WRECV (1).msg
Conf of Notes Payable (1).doc	RE WRECV (2).msg
Conf of Notes Payable.doc	Re WRECV (3).msg
Conf of Notes Rec (1).doc	RE WRECV.msg
Conf of Notes Rec.doc	RE WSC Audit.msg
Corp Final Notice before Levy.msg	RE WSSC Audit - 2010.msg
Cover Page (1).doc	RE WSSC Audit .msg
Cover Page (2).doc	RE WSSC Draft 2013 Return.msg
Cover Page.doc	RE Year End Financials (1).msg
CP2100 Notice.msg	RE Year End Financials .msg
CV P&L Jan - May 2015.msg	RE year end.msg
Date to transmit to IRS.msg	RECEIVABLES 2011.xlsx
Distributions vs wage increase .msg	Regarding Orange Coast \$50k.msg
Draft 2009 Audit.pdf	SBOE Login Info.pdf
EPL Insurance.msg	Secretary of State.msg
Escrow Source - contact info.msg	Services Audit (2).msg
Exclusive PropertiesNote #1 (1).xls	Services Audit.msg
Exclusive PropertiesNote #1.xls	So-Cal Lending.msg
Financial Spreadsheets (1).xlsx	Statments 12-31-10.pdf
Financial Spreadsheets.xlsx	Suspense Bank Transfer (1).msg
Financial Statements Cover Page.doc	Suspense Bank Transfer.msg
financial stmts 09,10,11.pdf	Tarbell Case - for WSSC Audit.msg
financials (2).msg	Tax return memo (1).docx
Financials & Broker Report.msg	Tax return memo.docx
Financials.msg	Uncategorized Income \$206 000.msg
Flow of information (1).doc	Update - Backing up the books .msg
Flow of information.doc	updated P&L for CV.msg
follow up.msg	We are all set.msg
Foundation Account.msg	Wells Fargo.msg
FTB notice .msg	Wessman Note (1).pdf
FTB notice for 2013.msg	Windermere Resort Properties.msg
FTB notices received (1).msg	Windermere Services Audit (2).msg
FTB notices received.msg	Windermere Services Audit.msg
FW (2).msg	Windermere Services Audit.pdf
FW .msg	WRE Coachella Valley.msg
FW 12 31 12.msg	WRE CV balance sheet.msg
FW 1099 Devlin Development (1).msg	WRE CV loan to SoCal.msg

DOCUMENTS REVIEWED AND/OR CONSIDERED

Description

FW 1099 Devlin Development (2).msg	WRE CV May 2010.xls
FW 1099 Devlin Development (9).msg	WRE Line of Credit.msg
FW 1099 Devlin Development.msg	WRE Services Audit Final.msg
FW 2012 Audit vs QuickBooks.msg	WRE Services.msg
FW 2014 - WSSC.msg	WRE SO CAL .pdf
FW Adjusting entries.msg	WRE SoCal YTD P&L 5-31-15.xlsx
FW agent commission checks.msg	WREEP 2010 2nd Note Schedule.pdf
FW Assignment of Income.msg	WSSC 9 30 15 Compilation.pdf
FW B&D LLC.msg	WSSC 2015 Compilation.pdf
FW Balance Sheet 12-31-10 (1).msg	WSSC Audit - 2010.msg
FW Balance Sheet 12-31-10 (2).msg	WSSC Audit - Attorney Letter.msg
FW Balance Sheet 12-31-10.msg	WSSC Audit.msg
FW Books updating.msg	WSSC Audit-2.msg
FW CPA meeting.msg	1 1 12 to 5 31 12 general ledger.xls
FW CV Office Listing.msg	2009 Entity Financials - for Citizen's Business Bank.msg
FW Encintas.msg	2009 internal financial statements.pdf
FW Financials - October (5).msg	2012-13 Balance Sheet WRE Services.pdf
FW Financials - October.msg	A couple more questions for WSSC audit.msg
FW Financials.msg	accrual to cash conversion 12 2009.xls
FW FirstBank Loan.msg	Amended Amort Sch note due from WRECV to WSSC_5-22-12.pdf
FW FirstBank update.msg	Balance Sheet & Income Statements_2012.msg
FW Foundation Account.msg	Bennion & Deville Fine Homes_Valuation_4-30-14.pdf
FW FYI P and L.msg	Bennion & Deville Fine Homes SoCal.msg
FW Loan #0000000002.msg	Bennion & Deville Fine Homes file.msg
FW Mark Milgard.msg	Bylaws - Bennion & Deville Fine Homes Inc..pdf
FW Need your help Patrick.msg	Capital Purchases 2015-Coast Books.msg
FW New Accounts - Wells Fargo.msg	Coachella Valley paying back WSSC.msg
FW New Bus JE.msg	DEC 2012 WINDERMERE SERVICES SOUTHERN CA.docx
FW New FirstBank Loan.msg	DEC 2012 WINDERMERE SERVICES SOUTHERN CA-1.docx
FW OCT.msg	DEC 2013 WINDERMERE SERVICES SOUTHERN CA issued.pdf
FW Plane LLC.msg	DEC 2011 WINDERMERE SERVICES SOUTHERN CA.docx
FW Question on 1099's.msg	equity roll forward schedule 2008.xls
FW RV (8).msg	DEC 2012 WINDERMERE SERVICES SOUTHERN CA final.pdf
FW request for Bylaws (5).msg	Deferral agreement with Exclusive Properties.msg
FW request for Bylaws.msg	Favor - Business related (politics).msg
FW Resnick note - payback (1).msg	Franchise Tax Board - Late Letter.msg
FW RV.msg	Franchise Tax Board for 2013 diff for B&D.msg
FW Services Audit - 2013.msg	FW Blue Shield Letter for WRE SOCAL (2).msg
FW Services Audit.msg	FW Blue Shield Letter for WRE SOCAL.msg
FW Settlement Info.msg	FW Bennion & Deville Fine Homes SoCal Inc .msg

DOCUMENTS REVIEWED AND/OR CONSIDERED

Description

FW TIN # X4341.msg	FW BLUE SHIELD COMMON OWNERSHIP UNDERWRITING.msg
FW Update on projects.msg	FW Blue Shield Letter for WRE SOCAL (1).msg
FW Windemere Services Southern.msg	FW Coachella Valley paying back WSSC.msg
FW Windemere (2).msg	Note rec WRECV amort Sch 6 30 10.xls
FW Windemere Deal Points (1).msg	FW CORRECTED P&L for 3 YE 2012 2011 and 2010.msg
FW Windemere Deal Points.msg	FW Deferral agreement with Exclusive Properties.msg
FW windemere final read.msg	FW Financials - Bob Deville Joseph R Deville.msg
FW Windemere.msg	FW Financials - Bob Deville Joseph R Deville (7).msg
FW Windemere Services Audit.msg	FW Franchise Tax Board - Late Letter (1).msg
FW WSSC - Note with WRECV.msg	FW Franchise Tax Board - Late Letter.msg
FW WSSC Audit.msg	FW from Bill Deutchman CPA re unclaimed funds (2).msg
FW WSSC Draft 2013 Return.msg	FW from Bill Deutchman CPA re unclaimed funds (3).msg
FW year end interest & 1099PRO.msg	FW from Bill Deutchman CPA re unclaimed funds (4).msg
FW-1 .msg	FW from Bill Deutchman CPA re unclaimed funds (1).msg
Hello.msg	FW Hard Times - List of Horses & cost.msg
img-119130248-0001.pdf	FW Is this correct Patrick and Gregg .msg
img-225125414-0001.pdf	FW Need signed confirmation by owners .msg
img-228100634-0001.pdf	FW P&L and Balance sheets for FirstBank.msg
img-304104457-0001.pdf	FW RE Coast approx opening dates.msg
img-504143735-0001.pdf	FW Scan from Windemere RM Admin .msg
img-504143749-0001.pdf	FW Scan from Windemere RM Main Admin.msg
img-521104550-0001.pdf	FW Scan from Windemere RM Admin (1).msg
img-625110811-0001.pdf	FW Scan from Windemere RM Admin (2).msg
Inland Empire (1).xls	FW Starbucks Pt Loma Lease 1221 Rosecrans Street .msg
Inland Empire.xls	FW Tax Alert_1st Qtr 2014_IRS Refund Notice Update.msg
insurance.msg	FW Windemere Real Estate Coachella Valley.msg
Interest paid for 2013.msg	RE 2012 Audit vs QuickBooks (2).msg
La Mesa Update .msg	FW WSSC - Audit - Minutes & Misc.msg
Lease Financing (1).msg	FW WSSC 2009 audit - April 20th .msg
Lease Financing.msg	FW Yearend money movement_tax purposes 122313.msg
leased vehicle - Seattle.msg	Intercompany Reconcile_2012_all related companies.xlsx
Legal memo (1).dot	Need signed confirmation by owners .msg
Legal Memo 2011 (1).doc	Notice of Proposed Escape Assessment.msg
Legal Memo 2011.doc	Partial Return_22166808_Windemere_SoCal 2011 Return.pdf
Legal memo.dot	Past Due filing_Statement of Information_WRE SoCal.msg
Mark Milgard.msg	Please don't shoot the messenger_Citizens.msg
Medical Payable.msg	prelim trial bal and adjust to audit tb 12 31 09.xls
Meeting with Neil Barker today .msg	Prospect Cal Metro - Invoice 11176 B&D LLC.msg
N Barker .msg	RE 2012 Audit vs QuickBooks (3).msg
Need your help Patrick.msg	RE 2012 Audit vs QuickBooks (1).msg

DOCUMENTS REVIEWED AND/OR CONSIDERED

Description

new ABA.msg	RE 2012 GL for Windermere Svs So Cal.msg
note 1099.msg	RE A couple more questions for WSSC audit.msg
Note 12 1 11 bob bennion (1).doc	RE Audit Engagement letter 2012.msg
Note 12 1 11 bob bennion.doc	RE B & D fine homes inc- coachella (6).msg
Note 12 1 11 bob deville (1).doc	RE B & D fine homes inc- coachella (7).msg
Note 12 1 11 bob deville.doc	Re B & D fine homes inc- coachella (8).msg
Note WRE CV to WRESCS.pdf	RE B & D fine homes inc- coachella (9).msg
notes.msg	RE B & D fine homes inc- coachella.msg
Notice of Refund Seizure.msg	RE B & D fine homes inc- coachella (1).msg
notice received (1).msg	RE B & D fine homes inc- coachella (2).msg
notice received.msg	RE B & D fine homes inc- coachella (3).msg
OCT - K-1 2012.msg	Re B & D fine homes inc- coachella (4).msg
OCT - Stock - B&D LLC.msg	RE B & D fine homes inc- coachella (5).msg
OCT .msg	RE B & D Fine Homes Inc FTB Notice.msg
Old WRE So Cal.msg	RE B & D Fine Homes Inc FTB Notice (1).msg
Out of Office .msg	RE Balance Sheet and Income Statements for 2012.msg
PFS.msg	RE Bennion & Deville Fine Homes Inc .msg
Patrick's question answer.msg	RE Bennion & Deville Fine Homes So Cal Inc .msg
payroll retention.msg	RE Bennion & Deville Fine Homes SoCal Inc .msg
PFS Bob & Bob.msg	RE Bennion & Deville Line of Credit FirstBank.msg
PFS (2).msg	RE Bennion & Deville Fine Homes file (1).msg
Portal.msg	RE Bennion & Deville Fine Homes file.msg
Process Server.msg	Re Bennion & Deville Fine Homes_Compil Rep1.msg
Professional Reference.msg	Re Bennion & Deville Fine Homes_Compil Report.msg
PROMISSORY NOTE 1 2 08.doc	Re Bennion & Deville Fine Homes_Compil Report3.msg
promissory note.pdf	RE BS COMMON OWNERSHIP UNDERWRITING (3).msg
Question on Allocations.msg	RE BS COMMON OWNERSHIP UNDERWRITING (4).msg
Question.msg	RE BS COMMON OWNERSHIP UNDERWRITING.msg
Quick Question Bob Deville.msg	RE BS COMMON OWNERSHIP UNDERWRITING (1).msg
Quickbooks.msg	RE BS COMMON OWNERSHIP UNDERWRITING (2).msg
RE (2).msg	RE Close Out for Windermere Resort Properties.msg
RE (3).msg	RE Coachella Valley Escrow - Change of Ownership (1).msg
RE (4).msg	RE CorpFilings_B Squared Funding_& Windermere_SoCal.msg
RE (5).msg	RE CorpFilings_B Squared Funding_& Windermere_SoCal4.msg
Rush.msg	RE CorpFilings_B Squared Funding_& Windermere_SoCal5.msg
RE .msg	RE CorpFilings_B Squared Funding_& Windermere_SoCal6.msg
RE 9 30 15 FINANCIAL STATEMENT.msg	RE CorpFilings_B Squared Funding_& Windermere_SoCal7.msg
RE 12 31 12.msg	RE CorpFilings_B Squared Funding_& Windermere_SoCal1.msg
RE 1099 - Kerri Kerley.msg	RE CorpFilings_B Squared Funding_& Windermere_SoCal2.msg
RE 2011 Audit.msg	RE CorpFilings_B Squared Funding_& Windermere_SoCal3.msg

DOCUMENTS REVIEWED AND/OR CONSIDERED

Description

RE 2012 Audit vs QuickBooks.msg	RE Financials - Bob Deville Joseph R Deville.msg
RE 12005 - WSC WRECV WSSC (1).msg	RE Franchise Tax Board for 2013 diff for B&D.msg
RE 12005 - WSC WRECV WSSC.msg	RE from Deutchman CPA regarding unclaimed funds(2).msg
RE 61333 & 61380 Devils Ladder.msg	RE from Deutchman CPA regarding unclaimed funds.msg
RE Accountant's changes.msg	RE from Deutchman CPA regarding unclaimed funds(1).msg
RE accounting.msg	RE FW FW _Welcome J.Jordan and here come the UFDDs.msg
RE Affiliate Deposits.msg	RE FW _Welcome J.Jordan and here come the UFDDs(2).msg
RE are you working.msg	RE FW _Welcome J.Jordan and here come the UFDDs.msg
RE Assignment of Income (1).msg	RE FW _Welcome J.Jordan and here come the UFDDs(1).msg
RE Assignment of Income.msg	RE Items you requested thru Neil Barker.msg
RE Audit for Services.msg	RE Management Yvette Bundled Rates.msg
RE Audit Time - WSSC (1).msg	RE new charitable fdtn checking account to replace X.msg
RE Audit Time - WSSC.msg	RE P&L and Balance sheets for FirstBank.msg
RE Audit Time.msg	RE P&L and Balance sheets for FirstBank (1).msg
RE Audit.msg	RE P&L and Balance sheets for FirstBank (2).msg
RE B & D Fine Homes Inc (1).msg	RE Past Due filing_Statement of Info _WRE SoCal.msg
RE B & D Fine Homes Inc (2).msg	RE Quick questions for you guys.msg
RE B & D Fine Homes Inc.msg	RE RE Coast approx opening dates.msg
RE B & D Fine Homes.msg	RE RENEWAL for Surety Bond - attached due policy.msg
RE B & D Inc-Seattle.msg	RE request for 2010 1099 change!.msg
RE B&D LLC.msg	RE revised M-1 and M-2 9 12 14 (1).msg
RE Backing up the books.msg	RE Scan from Windermere RM Admin .msg
RE Bennion & Deville (1).msg	RE Services Note and Amortization Sch.msg
RE Bennion & Deville.msg	RE Starbucks Pt Loma Lease 1221 Rosecrans Street .msg
RE Bob and Bob.msg	RE Windermere Services Audit3.msg
RE Bob D.msg	RE Windermere Audited Financials_Personal.msg
RE Bob's Truck.msg	RE Windermere Real Estate Coachella Valley.msg
RE Books (1) (1).msg	RE Windermere Services Audit4.msg
RE Books (1).msg	RE Windermere Services Audit5.msg
RE Books (2) (1).msg	RE Windermere Services Audit1.msg
RE Books (2).msg	RE Windermere Services Audit2.msg
RE Books (3) (1).msg	RE Windermere Services Southern CA QBs Zip file (1).msg
RE Books (3).msg	RE Windermere Services Southern CA QBs Zip file.msg
RE Books (4) (1).msg	RE Windermere Services Southern CA (1).msg
RE Books (4).msg	RE Windermere Services Southern CA (2).msg
RE Books (5) (1).msg	RE Windermere Services Southern California.msg
RE Books (5).msg	Re WRE Coachella Valley & WRE Southern CA (2).msg
RE Books (6) (1).msg	RE WRE Coachella Valley & WRE Southern CA.msg
RE Books (6).msg	RE WRE Coachella Valley & WRE Southern CA (1).msg
RE Books (7).msg	RE WREmail Real Estate Tax CPA Needed Pls.msg

DOCUMENTS REVIEWED AND/OR CONSIDERED

Description

RE Books on Portal (1).msg	RE WSSC Audit - Attorney Letter (2).msg
W-7.msg	RE WSSC Audit - Attorney Letter.msg
RE Books on Portal (2).msg	RE WSSC Audit - Attorney Letter (1).msg
RE Books on Portal.msg	RE WSSC Franchise Fee Valuation.msg
RE Books updating.msg	recon trial bal to audit at 12 31 10.xls
RE books.msg	Services Audit request list 2011.pdf
RE Calif Services Audit Quote.msg	short phone chat - Services Audit (1).msg
RE Capital purchases - 2013.msg	short phone chat - Services Audit.msg
RE Coast books (14).msg	Standard bank confirmation - First Bank.doc
RE Coast books.msg	Statement of Info - CA - WRE CV - 2013.pdf
RE Coast.msg	Standard bank confirmation - Citizen Bank (1).doc
Re Company books (7).msg	Standard bank confirmation - Citizen Bank.doc
RE Company books.msg	Standard bank confirmation - First Bank (1).doc
RE Confidential (1).msg	WEP - addl owed to WSSC for 2010.msg
RE Confidential (2).msg	Windermere 12-31-11 Engagement Letter.rtf vance (1).rtf
RE Confidential.msg	Windermere 12-31-11 Engagement Letter.rtf vance.rtf
RE CPA meeting.msg	Windemere Keith A Vance Engagement Letter.docx.pdf
RE Deville.msg	Windermere 12-31-11 Engagement Letter.rtf
RE CV financial statement.msg	Windermere Real Estate of Southern CA Agreement.pdf
RE CV Office list.msg	Windermere Services Southern California, Inc 01-25-12.QBW
RE CV Office Listing (1).msg	Windermere Services Southern California, Inc 2-21-11.QBW
RE CV Office Listing.msg	Windermere Services Southern California, Inc.QBW
RE Date to transmit to IRS.msg	Windermere Services SoCal Audit Update Version 041813.QBB
RE Deferrals - 12 31 2009 (1).msg	Windermere Services SoCal Audit Update Version_041813.QBW
RE Deferrals - 12 31 2009.msg	Windermere Services SoCal_Audit Update Version 041813.QBB
RE employees.msg	WRE Services - simple loan question.msg
RE Engagement letter.msg	WRE Services Balance 1st Qtr 2010 Sheet and P&L.msg
Re Enterprise 14 (1).msg	WREEP 2010 2nd Note Schedule (1).pdf
RE Enterprise 14.msg	WSSC - Our portion of FF - Monthly 2015.msg
RE EPL Insurance.msg	WSSC - WRECV Note & payments rcvd.pdf
RE Extensions .msg	WSSC Audit - WRECV WRESB WRELP.msg
RE files.msg	WSSC Franchise Fee Net Valuation.pdf
RE final draft.msg	WSSC Franchise Fee Valuation Model.xlsx
RE FINANCIAL STATEMENTS.msg	WSSC Franchise Fee Net Valuation Model version 2.xlsx
RE Financials - October (3).msg	WSSC Franchise Fee Net Valuation Model.xlsx
RE Financials - October (4).msg	WSSC Tax Account - Qualified Purchaser Program.msg
RE Financials - October.msg	WSSC, Inc. Audit Update Version 041813 8 24 15.QBW
RE financials.msg	WSSC, Inc. Audit Update Version 041813 8 27 15.QBW
RE fine home (1).msg	WSSC, Inc. Audit Update Version 041813 (12-17-13).QBW
RE fine home.msg	

DOCUMENTS REVIEWED AND/OR CONSIDERED

Description

RE Fine homes (1) (1).msg

RE Fine homes (1).msg

RE Fine homes (2).msg

Re Fine homes.msg

RE First Bank.msg

RE FirstBank update (1).msg

RE FirstBank update (2).msg

RE FirstBank update.msg

Greg Barton Deposition Transcript, October 19, 2016

PROOF OF SERVICE

United States District Court for the Central District of California
Bennion & Deville Homes, Inc., et al. v. Windermere Real Estate Services Company
Case No. 5:15-cv-01921-R-KK
Judge: Hon. Manual L. Real
Courtroom 8

I am an attorney with the law firm of Pérez Vaughn & Feasby Inc., whose address is 600 B Street, Suite 2100, San Diego, California 92101. I am over the age of eighteen years, and am not a party to this action.

On March 3, 2017, served the following:

**1. WINDERMERE REAL ESTATE SERVICES COMPANY'S REBUTTAL
EXPERT WITNESS DISCLOSURE PURSUANT TO RULE 26 OF THE
FEDERAL RULES OF CIVIL PROCEDURE**

on the interested parties in this action by:

XX **U. S. MAIL:** I placed a copy in a separate envelope, with postage fully prepaid, for each address named on the attached service list for collection and mailing on the below indicated day following the ordinary business practices at Pérez Vaughn & Feasby Inc. I certify I am familiar with the ordinary business practices of my place of employment with regard to collection for mailing with the United States Postal Service. I am aware that on motion of the party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit or mailing affidavit.

XX **ELECTRONIC MAIL:** I caused to be transmitted via electronic means to the electronic mail address(es) noted below a true and correct copy of the aforementioned document(s) from feasby@pvflaw.com on the date ascribed below. The transmission was reported as complete without error. I am aware that the form of original signature must be maintained and must be available for review and copying on the request of the court or any party to this action.

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///

///

_____ **OVERNIGHT COURIER SERVICE:** I placed a copy in a separate envelope addressed to each addressee as indicated below, and caused such envelope(s) to be delivered via _____ FedEx.

by serving:

MULCAHY LLP James M. Mulcahy <i>jmulcahy@mulcahyllp.com</i> Kevin A. Adams <i>kadams@mulcahyllp.com</i> Douglas R. Luther <i>dluther@mulcahyllp.com</i> Four Park Plaza, Suite 1230 Irvine, California 92614	Attorneys for Plaintiffs and Counter-Defendants
--	--

XX **(FEDERAL):** I declare under penalty of perjury under the laws of the United State of America that the foregoing is true and correct.

Executed at San Diego, California on March 3, 2017.

/s/ Jeffrey A. Feasby
Jeffrey A. Feasby

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) Case No.
SOUTHERN CALIFORNIA, INC., a) 5:15-CV-01921R(KKx)
California corporation,)
Plaintiffs,)
vs.)
WINDERMERE REAL ESTATE SERVICES)
COMPANY, a Washington)
corporation; and Does 1-10,)
Defendants.)

AND RELATED COUNTERCLAIMS)

DEPOSITION OF PETER D. WROBEL
Irvine, California
Wednesday, April 5, 2017
Volume I

Reported by:
Gail E. Kennamer, CSR 4583, CCRR
Job No. 2588458
Pages 1 - 183

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) Case No.
SOUTHERN CALIFORNIA, INC., a) 5:15-CV-01921R(KKx)
California corporation,)
)
Plaintiffs,)
)
vs.)
)
WINDERMERE REAL ESTATE SERVICES)
COMPANY, a Washington)
corporation; and Does 1-10,)
)
Defendants.)

AND RELATED COUNTERCLAIMS)

Deposition of Peter D. Wrobel, Volume I
taken on behalf of Defendants at 4 Park Plaza, Suite 1230,
Irvine, California, beginning at 11:04 a.m., and ending at
4:08 p.m., Wednesday, April 5, 2017, before
Gail E. Kennamer, CSR 4583, CCRR.

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21
22
23 ALSO PRESENT:

24 Neil J. Beaton, CPA

1 A. Yes. Yes. It's page 20.28, and it's a Bates
2 Number B&D0069708 through -710. And it's an accountant's
3 compilation report, Windermere Services Southern
4 California through -- for the year-end December 31st,
5 2015.

6 Q. 69708 through -710?

7 A. Yes.

8 Q. And did you ask Mr. Barton to prepare that
9 document?

10 A. This document? No, I did not.

11 Q. Did you review similar documents for the
12 franchisees?

13 A. What I looked at primarily were -- there were
14 financials. Well, they were profit and loss statements
15 that were generated from what I believe was a QuickBooks
16 program.

17 Q. For the 2015 year?

18 A. Yes. For 2015, yes.

19 Q. And do you recall whether or not those reflected
20 any profit related to the Bennion & Deville SoCal entity?

21 A. Well, what I was primarily focused on was Little
22 Italy and Encinitas. So I didn't really look at the
23 overall profitability of Bennion & Deville SoCal.
24 However, information related to that, I believe -- No.
25 That's right. I looked at Little Italy and Encinitas.

1 A. Well, no. I mean, again, you're looking at an
2 arm's length transaction. Presumably, the investor would
3 have necessary capital to do whatever he needs to do, but
4 the expectation would be that the franchise fees would be
5 paid.

6 Q. Other than the research that's reflected in the
7 Mentor Group, did you do any additional research into the
8 real estate industry in developing your opinion of the net
9 value of WSSC?

10 A. No. Other than just discussions I had with
11 Bennion -- Mr. Bennion and Mr. Deville about in general
12 the real estate market in Southern California.

13 Q. Do you remember those discussions with them?

14 A. Yes. That it was houses were continuing to
15 sell, and that housing prices had been increasing.

16 Q. Turning to the opinion regarding the losses and
17 the lease obligations.

18 A. (Indicating.)

19 Okay.

20 Q. On page 3 of your report it says, "It is my
21 understanding that WSC induced WSSC to open two offices in
22 the San Diego area - Encinitas and Little Italy."

23 Do you see that?

24 A. Yes.

25 Q. What is your understanding based on?

1 A. Well, again, discussions I had with counsel and
2 some of the pleadings I looked at, it's my understanding
3 that Windermere had indicated that they would obtain -- I
4 can't remember the proper term for it -- but they would
5 exercise reasonable efforts, something to that effect, to
6 deal with the problem of Windermere Watch. And based upon
7 that, that Bennion & Deville had opened up additional
8 offices, two in particular, Encinitas and San Diego, that
9 it's my understanding that had -- had Mr. Bennion and
10 Mr. Deville been aware that Windermere Watch was not going
11 to be dealt with properly by -- by Windermere itself, that
12 they would not have opened those offices.

13 Q. And you mentioned that you saw that in the
14 pleadings?

15 A. Or discussions. I think there's been some
16 discussion of that in the pleadings and also discussions I
17 had with counsel.

18 Q. Was that in the Complaint that you thought you
19 saw those allegations?

20 A. I don't recall.

21 Q. Do you know whether or not there's any fraud
22 claims in this case?

23 A. (Indicating.)

24 I'm looking at the First Amended Complaint. At least
25 it appears in the First Amended Complaint, there is not --

1 fraud has not been pled, but I'm not aware if it's been
2 pled subsequent to that or that's not an issue. I don't
3 know.

4 Q. And you understand that it was WSSC that opened
5 those offices or a different entity?

6 A. Different entity.

7 Q. And that's B&D SoCal?

8 A. Yes.

9 Q. So as you have been told, the inducement was
10 based on their belief that my client would do something to
11 address Windermere Watch?

12 A. Yes. I believe that's one of the issues.

13 Q. Was there any discussion of what they
14 anticipated would be done about Windermere Watch?

15 A. I don't think so. Just that they would address
16 the problem and deal with it.

17 Q. And so why did you then just focus on these two
18 offices?

19 A. I believe it may have been related to when they
20 were opened. But these -- These were the two I was told
21 specifically that would not have been opened if -- if they
22 knew that Windermere Watch -- or knew that Windermere was
23 not going to properly deal with Windermere Watch.

24 Q. Do you know whether or not the Encinitas office
25 was opened by a Bennion & Deville Fine Homes SoCal for a

1 placement of the Solana Beach office that they closed?

2 A. I don't recall.

3 Q. If that were the case, would it change your
4 opinion with regard to these losses?

5 A. No.

6 Q. With regard to Footnote 4, the last sentence
7 talks about, "Accordingly, BD SoCal could mitigate their
8 losses by closing both offices and continuing to make
9 payments to their landlords."

10 Do you see that?

11 A. Yes.

12 Q. And did you do any analysis regarding what the
13 lease costs would be if they pursued to mitigate their
14 damages in that way?

15 A. If I understand your question, what -- what I
16 looked at was the fact that through 2016, that they would
17 continue -- they would continue to lose money. The amount
18 they would lose is greater than what the lease obligation
19 was, so I adjusted that going on 2017 forward to assume
20 that B&D could just close -- shut down but still would be
21 obligated under the lease payments.

22 Certainly to the extent that the landlord could find
23 another tenant at some point and relieve that obligation
24 or some portion of it, then this number would be adjusted.

25 The calculation assumes that -- that there will not

1 be another tenant, and they are still on the hook for the
2 lease obligation. But to the extent that other tenants
3 could be found, then that would reduce this number
4 accordingly.

5 Q. Okay. So let me make sure I understand.

6 So the years 2014, 2015, 2016, those reflect the
7 losses at those specific offices generated during that
8 time --

9 A. Correct.

10 Q. -- total loss?

11 A. Total loss, yes.

12 Q. And for '17, '18 and '19 in the case of
13 Encinitas, or '17 in the case of Little Italy, that's just
14 the lease cost?

15 A. Yes.

16 Q. Okay. And to the extent -- Well, so for any of
17 those years, the B&D parties could have mitigated their
18 damages by simply closing up shop, so to speak, and
19 continuing to pay the lease obligation?

20 A. That could have occurred, yes.

21 Q. And for Encinitas, how did you come to the
22 numbers for 2017, '18, and '19?

23 A. That's just the lease cost. That's from the
24 lease itself.

25 Q. Does it include CAM charges?

1 A. (Indicating.)

2 It's the amount that they actually paid for rent
3 that's listed as rent. So I believe it does include CAM
4 charges, but let me double-check.

5 (Indicating.)

6 Yes, I think it does include CAM charges. The
7 minimum annual rent is lower than that number.

8 Q. And for the Encinitas lease, the rental amount
9 increased 3 percent per annum; correct?

10 A. Yes. The base rent did, yes.

11 Q. And did you use that same 3 percent factor with
12 regard to the CAM charges?

13 A. No, I didn't.

14 Q. You just kept it at the amount listed?

15 A. Yes.

16 Q. Then for the Little Italy location, there were
17 no CAM charges associated with that lease; correct?

18 A. It does not appear to be. Yes, that's correct.

19 Q. Okay. Let's take a look at that. That is
20 Exhibit 12, I believe.

21 (Deposition Exhibit 12 was marked for identification
22 by the court reporter.)

23 BY MR. FEASBY:

24 Q. Present value discount on Schedule 5, what
25 number did you use for that?

1 A. That is...

2 (Indicating.)

3 2 percent, which is composed of the discount rate for
4 federal reserve, plus 1 percent for the Encinitas lease.
5 That's, I believe, a function of the -- of the commercial
6 lease they discuss the discount rate.

7 Q. Is that the same for the Little Italy lease?

8 Let me ask this way: Did you use the same rate for
9 the Little Italy lease?

10 A. I believe so.

11 Q. Going back to Exhibit 12, you recognize this as
12 the lease for the Little Italy location?

13 A. Yes.

14 Q. And if you look under Paragraph 3, rent, it's
15 got the base rent on an annualized basis?

16 A. Yes.

17 Q. Are those the numbers you used for calculating
18 the -- the amount for 2017?

19 A. No. I looked at the actual amount that was
20 spent in 2016.

21 Q. That's reflected on schedule --

22 A. Schedule 7.

23 Q. For 2016?

24 A. For 2016 it's 84,667. But if you -- that's a
25 portion of the year. Yes. It's for a portion of the

1 year. If you annualize it and then incorporate the fact
2 you are only dealing with six months, I mean, .42 of the
3 year. So you take the 84,667, divide it by 66.8 to
4 annualize the number for 2016, and then multiply it by
5 42 percent to represent the stub period for 2017. That is
6 how that number is calculated.

7 Q. Do you have any idea why -- what would be the
8 annualized number, then, for that 84,667?

9 A. 127,836 for 2017.

10 Q. The lease year 2016 to 2017?

11 A. Yes.

12 Q. Do you have any idea why that number varies from
13 the amount set forth in Exhibit 12?

14 A. There must be some additional charges they were
15 paying in 2016. I just assumed that would carry forward
16 for this five months and a day period in 2017.

17 Q. In your Schedule 7, was this a document that you
18 prepared?

19 A. Yes.

20 Q. Where did you get the numbers for this document?

21 A. From the individual B&D SoCal profit and loss
22 statements for Little Italy and Encinitas.

23 Q. And those were the -- the ones that were
24 prepared by Greg Barton?

25 A. I -- I assume so, but they were provided to me

1 in September of 2016.

2 Q. Is there a Bates number associated with that?

3 A. No. Wait. Some of them.

4 Q. Looks like it might have been cut off.

5 A. Yeah, it could be cut off. Some -- I have some
6 Bates numbers. 68858 through -865.

7 Q. Those --

8 A. Wait. There is some more.

9 Q. Okay. I think I know which ones you are talking
10 about.

11 A. 6854. These are B&D Fine Homes profit and loss.
12 This is in 2014.

13 Q. All right. Is that the same, then, for the
14 calculation you did on the Encinitas leases there?

15 A. Yes.

16 I'm sorry.

17 Q. Those numbers were borrowed from the P&L or the
18 financial statements that you have?

19 A. Yes.

20 Q. And, then, you just -- To the extent it was a
21 partial year, you calculate what the amount would be over
22 a total one-year period and then applied that?

23 A. Yes.

24 Q. In terms of the years, the prior years, '14, '15
25 and '16 here reflecting the actual losses, how do you

1 normally adjust your damage calculations if a party has
2 not attempted to mitigate their damages?

3 A. Well, I mean, I guess it depends on the facts
4 and circumstances of the case. I mean, you have a damage
5 number, and then -- then you would offset it by
6 mitigation, depending on again, the facts and
7 circumstances of the case. I mean, if the -- Yeah.
8 That's how you would -- I mean, wait. I'm sorry.

9 I guess your question is -- Actually, what was your
10 question?

11 Q. Question was: In instances if you are doing a
12 damages calculation for a client, and they haven't
13 attempted to mitigate, how does that factor? Does that
14 become a factor in your damages calculations?

15 A. Well, that becomes an issue that's oftentimes
16 beyond the scope of what I do as to determine whether or
17 not proper mitigation was done.

18 Certainly if, for example, a trier of fact indicated
19 that there should have been some sort of mitigation, then
20 presumably I could calculate that and subtract it from the
21 amount. But what mitigation would do is just reduce the
22 damage number.

23 Q. Did you calculate the lease obligation on
24 Encinitas for the 2014, '15, and '16 timeframes noted on
25 Schedule 5?

1 A. No.

2 Q. If you had done that, would you've just taken
3 the amount out of the financial statements that were
4 provided to you that was actually paid?

5 A. Yeah. Yeah. That's what you would do.

6 Q. Are you aware of whether or not
7 Bennion & Deville Fine SoCal, whoever the lessee is on
8 these leases, are you aware of whether or not they since
9 defaulted on any of these leases?

10 A. I don't know.

11 Q. Do you know if these locations are still
12 operating as real estate offices for Bennion & Deville?

13 A. I don't know.

14 Q. Are you aware that Bennion & Deville have
15 defaulted on other lease obligations in the Southern
16 California area within the past six months?

17 A. I'm not aware of any.

18 Q. Would that change your opinion at all with
19 regard to their obligations under these leases?

20 A. No.

21 Q. In terms of the operations of the Little Italy
22 and Encinitas offices, were you told why those locations
23 were not profitable?

24 A. The -- What I was told is that they were not
25 profitable, and I don't know if there were other factors.

1 The one I recall is that Windermere Watch was having an
2 impact on the profitability of those two entities.

3 Q. Do you know whether it's still having an impact
4 on the profitability, given they are no longer Windermere
5 franchisees?

6 A. I don't know.

7 Q. Have you discussed that with anyone?

8 A. No.

9 Q. Would that be important for purposes of your
10 analysis?

11 A. No. Because it's my understanding -- Well,
12 presumably it might have an impact on mitigation if they
13 are profitable.

14 It's my understanding these two offices never would
15 have been opened had Windermere Watch been properly taken
16 care of. So I don't -- I just don't know what's happened
17 since then.

18 Q. Are you aware of whether or not brokerage
19 offices typically lose money in their first year of
20 operations?

21 A. It wouldn't surprise me that some brokerage
22 offices lose money.

23 Q. What about in the first three years?

24 A. Again, it depends on the particular facts and
25 circumstances of that brokerage firm, that office.

1
2 I, the undersigned, a Certified Shorthand
3 Reporter of the State of California, do hereby,
4 certify:

5 That the foregoing proceedings were taken
6 before me at the time and place therein set forth;
7 that any witnesses in the foregoing proceedings,
8 prior to testifying, were placed under oath; that a
9 verbatim record of the proceedings was made by me
10 using machine shorthand which was thereafter
11 transcribed under my direction; further that the
12 foregoing is an accurate transcription thereof.

13 I further certify that I am neither financially
14 interested in the action nor a relative or employee
15 of any attorney or any of the parties.

16 IN WITNESS WHEREOF, I have this date subscribed
17 my name.

18 Dated: April 17, 2017

19
20 
21

22 GAIL E. KENNAMER, CSR 4583, CCRR
23
24
25

EXHIBIT I

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

BENNION & DEVILLE FINE HOMES,)
INC., a California corporation,)
BENNION & DEVILLE FINE HOME)
SOCAL, INC., a California)
corporation, WINDERMERE) No.
SERVICES SOUTHERN CALIFORNIA,) 5:15-cv-01921-R-KK
INC., a California corporation,)
Plaintiff,)
vs.)
WINDERMERE REAL ESTATE SERVICES)
COMPANY, a Washington)
corporation,)
Defendant.)
AND RELATED COUNTERCLAIMS)

DEPOSITION OF NEIL J. BEATON, CPA/ABV/CFF, CFA, ASA
Irvine, California
Wednesday, May 17, 2017

Reported by:
RAQUEL L. BROWN
CSR No. 10026, RPR
Job No. 2619790
PAGES 1 - 178

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

BENNION & DEVILLE FINE HOMES,)
INC., A CALIFORNIA CORPORATION,)
BENNION & DEVILLE FINE HOME)
SOCAL, INC., A CALIFORNIA)
CORPORATION, WINDERMERE) NO.
SERVICES SOUTHERN CALIFORNIA,) 5:15-CV-01921-R-KK
INC., A CALIFORNIA CORPORATION,)
PLAINTIFF,)
VS.)
WINDERMERE REAL ESTATE SERVICES)
COMPANY, A WASHINGTON)
CORPORATION,)
DEFENDANT.)
AND RELATED COUNTERCLAIMS)

DEPOSITION OF NEIL J. BEATON, CPA/ABV/CFF,
CFA, ASA, taken on behalf of Plaintiffs and
Counter-Defendants at Four Park Plaza, Suite 1230, Irvine,
California 92614, beginning at 10:03 a.m. and ending at
2:17 p.m. on Wednesday, May 17, 2017, before
RAQUEL L. BROWN, Certified Shorthand Reporter No. 10026,
Registered Professional Reporter.

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23 Also Present:

24 Peter D. Wrobel, CPA/ABV, CFE

25

1 company has -- has losses and lost a million dollars last
2 year and then this year we're going to go up to \$400,000,
3 what's the discount rate, it's going to be big.

4 Q Without just throwing out a number, can you
5 provide us with something a little more concrete than
6 that?

7 A Yeah. So the venture capital rates for a company
8 that has losses but generating income are anywhere between
9 35 and, I'm going to say, 60 percent. So it would be that
10 range.

11 Q On page 14 of your report you address the past
12 losses and future lease obligations for B&D SoCal. Now,
13 paragraph 27 there at the top of the page, you state that
14 for this measure of damages, the Wrobel report assumes
15 that WSC induced WSSC to open two offices in the San Diego
16 area. You've read Mr. Wrobel's deposition, correct?

17 A I did.

18 Q And you understand that WSSC was meant to be
19 Bennion & Deville SoCal, right?

20 A It was meant to be?

21 Q WSSC as reflected in his report was intended -- I
22 believe it was a typo -- was intended to be --

23 A Oh, I see --

24 Q -- Bennion & Deville SoCal that opened these
25 offices and not WSSC.

1 A I did understand that, yeah.

2 Q And, that clarification, does that change your
3 opinions at all?

4 A I would correct this not knowing that it was a
5 typo. I just didn't know it at the time because I didn't
6 have his deposition testimony. That happens. I got to
7 change it.

8 Q Down at paragraph 28 you state there's no reason
9 B&D SoCal would not be able to sublet the Encinitas office
10 for the remaining lease. Do you have any knowledge as to
11 whether or not they attempted to sublet this office?

12 A I do not know.

13 Q And if they could not sublet it, would that
14 change your opinions at all?

15 A I'd have to see why they couldn't. That would be
16 surprising. That's a hot market. Encinitas is a great
17 place to --

18 Q But assuming that they could not sublet it, would
19 that change your opinions?

20 A No. If they can't, then they're going to incur
21 those costs. Now, whether or not there are damages is not
22 something I will opine on. That's a legal fact. But I
23 find that surprising.

24 Q What should the mitigation have been in
25 connection with these two offices? Do you have a figure?

1 A You know, again making the assumption that BD
2 SoCal was induced, then it would be similar to what
3 Mr. Wrobel did, but I would look at their ability to lease
4 or their ability -- what they did, I guess, in other
5 leases; they just walk away from it and then suffer the
6 consequences. I think they did that in a couple of cases.

7 Q Did you attempt to form any analysis to find out
8 what the mitigation should have been?

9 A I didn't except for I stated in here.

10 Q And in here you just state they should have
11 tried. You don't know if they tried, right?

12 A I do not.

13 Q And you didn't attempt to perform any calculation
14 on whether or not they could have, in fact, mitigated
15 those damages?

16 A I didn't do any -- I did not do any independent
17 analysis; however, in my experience of letting or
18 reletting space, it would take about six months to do so.

19 Q What experience is that?

20 A I value commercial real estate brokerages. I
21 have a client that I just met with last week that that's
22 all they do. It takes about six months in a hot market to
23 lease space out.

24 Q Okay. So six months -- so it would have been
25 reasonable to at least assume six months' worth in the

1 calculation making these other assumptions in the case?

2 A That would be my view.

3 Q Okay. You also state that the Wrobel report
4 overstates these alleged damages and violates generally
5 accepted damages standards. What are those standards?

6 A So the standards are you have to look at the
7 entire damage calculation and look back and see is it
8 reasonable. And so the offset is mitigation and he does
9 none. He just said there's going to be -- he made the
10 assumption there can't be any leasing and it's better
11 off to just let the building fly follow because they're
12 losing more money. And that -- you don't do that. You
13 have to at least explore that. I mean, his job is to
14 explore. He's telling the court, he's telling the trier
15 of fact and the jury, hey, my client was harmed by this
16 amount.

17 Now, if I were hired, I would go out and I'd say,
18 well, listen, did you, in fact, try to sublet this? I'd
19 call a couple of brokers and say, hey, how's the market
20 down there in Encinitas? It's a great market. Have you
21 been down there? I mean, it's hot. It's a good market.
22 I'd say how long is it going to take and I'd at least put
23 something in there and that violates in my world damage of
24 standards.

25 Q Okay. So these are your damage of standards?

1 A It's the court's. It's the mitigation.

2 Q It's the court's standard of damages. So when
3 you say it violates generally accepted damages standards,
4 you're talking about the court's damages standards?

5 A Legal -- legal standards, correct.

6 Q Is there a particular court or particular case
7 that you can refer to?

8 A Every court and every case. It's probably
9 codified in -- we have RCWs, advice code, in Washington.
10 You probably have it. I don't know. RCC, advice code of
11 California, that would have that. But you have to
12 mitigate. That's just a standard thing. You can't just
13 say, oh, I'm going to let it go and I'll just go after my
14 opponent for the money I could have mitigated but --
15 that's standard.

16 Q Okay. But you can't identify what the standard
17 is, if it's codified, if it's in some sort of authority
18 that you rely upon. Is that correct?

19 A I can just tell I can go -- if I had the
20 internet, I'd go to RCW and I'd type in mitigation and
21 then it would all pop up. I'd go to California
22 registry -- I don't know what you guys have down here.
23 But it will pop up. I mean, this is not unknown to you
24 so -- I mean, you know that stuff.

25 You have to mitigate and that's what I'm saying.

1 He didn't. He didn't even attempt to. He just said, oh,
2 here are the damages. There's no mitigation whatsoever
3 and that's just improper.

4 Q Okay. And it's your interpretation of
5 Mr. Wrobel's report that there was no mitigation
6 whatsoever, correct?

7 A It's not my interpretation. There isn't any. He
8 didn't state there was any in there.

9 Q Okay. There was an offer made by Vincent and
10 Nicholas Gattuso in August 2015. Are you familiar with
11 that?

12 A Again familiar would be a strong term. I know
13 about the offer, but I'm not familiar with it.

14 Q Why didn't you address that offer in your report?

15 A Same reasons as before. It's a different animal.

16 Q Did you disagree with their valuation of any of
17 the B&D entities?

18 A I didn't even look at it. I mean, I just -- I
19 shouldn't say I didn't look at it. I didn't analyze the
20 valuation that they placed on the two entities. And I
21 think there was three or four others, some ancillary
22 services that they were after, as well. But I didn't
23 again for the same reason, that this is isn't a valuation
24 engagement. These damages analyses are about the
25 valuation of WSSC.

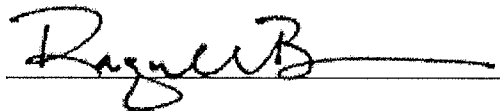
1 I, the undersigned, a Certified Shorthand
2 Reporter of the State of California, do hereby certify:

3 That the foregoing proceedings were taken before
4 me at the time and place herein set forth; that any
5 witnesses in the foregoing proceedings, prior to
6 testifying, were placed under oath; that a verbatim record
7 of the proceedings was made by me using machine shorthand
8 which was thereafter transcribed under my direction;
9 further, that the foregoing is an accurate transcription
10 thereof.

11 I further certify that I am neither financially
12 interested in the action nor a relative or employee of any
13 attorney or any of the parties.

14 IN WITNESS WHEREOF, I have this date subscribed
15 my name.

16
17 Dated: 5/22/17
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24 RAQUEL L. BROWN

25 CSR No. 10026, RPR