

# Lynn Carl Jones, CPA, ABV, CFE

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<b>EDUCATION</b>	<b>University of California Los Angeles - M.B.A., Finance-Marketing</b> <b>McNeese State University – Bachelor of Science, Accounting</b> <b>McNeese State University – Bachelor of Science, Business Management</b>
<b>PROFESSIONAL CREDENTIALS AND ASSOCIATIONS</b>	<b>CPA - Certified Public Accountant, Texas, Maryland, California, Louisiana.</b> <b>ABV - Accredited Business Valuation</b> <b>CFE - Certified Fraud Examiner</b> American Institute of Certified Public Accountants Member, Forensic & Valuation Services Section Association of Certified Fraud Examiners California Society of Certified Public Accountants Past Chair, Economic Damages Section of the CSCPA Litigation Sections Litigation Sections Steering Committee, approx. 12 yrs. Texas Society of Certified Public Accountants Taught <i>Principles of Accounting</i> at UCLA.
<b>EMPLOYMENT HISTORY</b>	Currently practicing as an independent consultant through my own firm and as a contract consultant to an international consulting firm. <u>Past Employment:</u> Mesirow Financial Consulting LLC, Senior Managing Director JONES & Co, Founder & Managing Principal Price Waterhouse (later PricewaterhouseCoopers, LLP), 5 titles over time, including Senior Managing Director
<b>AVIATION CREDENTIALS</b>	Commercial Pilot, Single and Multi-engine Land with Instrument Privileges Captain and flight officer in the Texas Wing Civil Air Patrol. Owned/operated two Aerostar (pressurized twin-engine) aircraft and two single engine aircraft. Member, Aircraft Owners and Pilots Association (AOPA)
<b>EXPERIENCE HIGHLIGHTS</b>	Lynn Jones is a Certified Public Accountant , is Accredited in Business Valuation and is a Certified Fraud Examiner. Formerly a senior managing director with an international accounting and consulting firm, he has testified as an expert witness on issues concerning accounting, auditing, finance, economic damages, valuation and fraud Lynn has directed corporate investigations on behalf of audit committees, conducted investigations into accounting irregularities, financial statement manipulation and the fraudulent conveyance of business operations.  With respect to practice, principles and standards, Lynn has testified regarding the application of the Code of Professional Conduct to consulting engagements, business valuation and valuation techniques, external economic influences on financial performance, profit measurement, standard of care for fiduciaries and financial managers, generally accepted accounting principles, generally accepted audit standards, fraudulent transfers, self-dealing, transactions to cover up fraudulent dealings, loss measurement, damages measurement, taxation of damage awards, appropriate interest rates and appropriate discount rates.

**CORPORATE  
INVESTIGATIONS**

Engaged by the audit committee of the Board of Directors of a publicly-traded company to investigate apparent earnings overstatement which had been accomplished by overstating inventory held overseas, understating international tax liability and overstating sales. Investigation arose from reports of intimidation of accounting department staff and the sudden departure of a high level executive.

After auditors found accounting irregularities at a company preparing a public offering, prepared an analysis of specific devices used to delay recording purchase liability for goods purchased internationally. The proper recognition of inventory coupled with delayed recognition of related liabilities allowed the overstatement of assets and income for more than four years.

After being engaged by an investor to explore the business operations of a barely-profitable company engaged in defense contracting, learned of a number of illegal acts. Report and testimony resulted in a takeover of the company by investors and led to a later plea to a Federal felony by the ousted company president.

Investigated employee whistleblower complaints of selling actions in violation of embargo against a Middle East government. Effort included analysis of distribution chain through agents, contractors and third party companies to allow the sale of high technology machine parts to a destination that was hidden from mid-level employees at the selling company.

Investigated and reported to the audit committee of the Board of Directors of a nonprofit educational institution regarding apparent embezzlement and false accounting entries. Determined the time period of the embezzlement, devices employed, extent of loss and names of parties other than the educational institution whom suffered losses through this activity.

When auditors learned that repurchase guarantees had been given in connection with certain fast-depreciating technology goods, conducted a thorough review of the selling process, including extensive interviews with sales staff. Learned of the type of "side letter" guarantees issued, the time periods issued, and measured this previously unrecognized liability associated with replacement parts for an evolving product line.

Appointed by the Los Angeles Superior Courts to investigate the accounting for revenue sharing by a multi-state producer-distributor of infomercials and licensed services. Reported the existence of payments to insiders erroneously recorded as operating costs and the existence of false financial reports that had been issued only to the complaining party, resulting in the appointment of a receiver to take over the company.

Investigated the accounting for foreign tax credits and the determination of partnership distributions by the producer of more than 200 low budget feature length movies. Report outlined failure to account for tax credits in the determination of partnership profits. While not an original part of the investigation, also found and reported a pattern of shifting costs from one production to another in order to enrich certain partners at the expense of others.

On behalf of an energy regulator, directed a management audit of energy conservation incentive programs and related expenditures for energy-efficient materials, devices and educational programs. Included an evaluation of funds management, an exploration of slow adoption of qualified programs, and the favoring of certain vendors despite poor performance by the vendors. Report included the serendipitous finding of ongoing criminal conduct by a mid-level insider and demonstrated that neglectful financial management caused significant losses.

**BANKING**

Assisted counsel to a bank accused of breaching fiduciary duties in its management of collection accounts for the capture of license fees and royalties from the international distribution of motion pictures.

Assisted counsel to a bank in several matters involving real estate and construction financing wherein the banks were accused (variously) of failing to disclose relevant information to borrowers and purchasers of special real estate assets or of overly-restricting borrowers after loans became nonperforming.

Assisted counsel to banks in numerous real estate and construction financing matters wherein the banks sought to recover real estate after loans became nonperforming.

Designed a simulation model to track credit card portfolio performance against variable credit quality accounts to estimate uncollectible amounts over time and the resulting shrinkage in the aggregate portfolio.

Developed a workaround to avoid resurrecting an abandoned accounting and inventory system so that historical sales and returns performance, and related royalties due, could be accurately measured and reported.

Developed calculations to apportion losses to the various identified causes affecting business operations in several matters involving allegations of lender liability. In one matter, demonstrated that all losses were attributable to factors unrelated to lender actions.

**REAL ESTATE AND  
CONSTRUCTION  
LITIGATION**

Testified as to measurement ambiguity problems associated with total cost claims in *Amelco Electric v City of Thousand Oaks*, a case in which the California Supreme Court would later rule that total cost claims against governmental entities are not allowable as damages.

Acted as financial, accounting and tax advisor to a group of family-controlled entities in a series of complex transactions involving the dissolution of businesses and sale of a premium commercial real estate parcel in Southern California, followed by the establishment of an umbrella organization to manage newly acquired properties and business operations.

Reviewed construction history to determine feasibility of continued financing on a multi-use university park; a country club, golf course, and residential housing complex, and several office and retail properties.

Developed a comprehensive financial plan for an office park converting from aerospace tenants to state agencies and smaller business tenants including the financing of required tenant improvements and rent incentives.

**INTELLECTUAL  
PROPERTY:  
PATENT,  
COPYRIGHT,  
TRADEMARK,  
TRADE NAME,  
TRADE DRESS  
DISPUTES**

Developed calculations of lost profits and (alternative) reasonable royalties in several patent infringement matters for specialized electronic and mechanical equipment.

Determined the effect of trade name and trade dress infringement on U. S. sales of a food product.

Led an effort to explore the value of the use of individuals' name and personal stories in a feature length motion picture.

Determined the extent of royalties due from a multi-year agreement to produce and distribute copyrighted works.

Determined the extent of gains attributable to the manufacture and sale of a line of musical instruments produced and marketed overseas using protected designs and trade name in excess of the terms of a license agreement.

Calculated losses to a University and a Research and Development partnership arising from the marketing and sale of dental implants using a proprietary design.

**TESTIMONY**

Costa Brava Partnership III, L.P., v Goodman & Company, LLP

[Circuit Court of the County of Fairfax, Virginia]

Testified regarding the applicable professional standards for the conduct of the financial statement audit and related SEC reporting and related such standards to actions of the defendant public accounting firm.

RSR Corporation v PricewaterhouseCoopers, LLP and FTI Consulting, Inc.

[District Court of Dallas County, Texas, 298th Judicial District]

My role involved describing the professional standards applicable to the conduct of consulting engagements by CPA licensees in Texas and firms registered with the Texas State Board of Public Accountancy and contrasting such standards with the acts of defendants.

Barbara Hayden, M. D. v St. John's Medical Plaza, et al.

[Superior Court for the County of Los Angeles, California, presentation at Mediation, Deposition testimony, Court testimony]

My work involved measuring losses associated with a delay in the build-out and opening of an outpatient surgery center including operating rooms, procedure rooms and related staffing.

Urethane Products Corporation v Gerald Thermos

[Superior Court for the County of Los Angeles, California, Declaration]

My testimony included one or more declarations relating to fabricated stock transfer records and other actions by the company president.

Santa Monica Airport Association v City of Santa Monica

[Superior Court for the County of Los Angeles, California, Trial testimony]

I testified as to the economic disparity between the treatment of favored versus non-favored business tenants of the Santa Monica airport and the disincentive to investment referable to the City's withholding of long-term lease for fixed base operators and other business tenants.

Amelco v. City of Thousand Oaks

[Superior Court for the County of Ventura, Deposition and Trial Testimony] Trial II

In this re-trial resulting for a California Supreme Court decision disallowing much of plaintiff's earlier damages evidence and related testimony, I again provided an analysis of plaintiff's costs in excess of contract amounts and related some to events under the control of plaintiff, others not.

One-on-One Sports Radio Network v. Premiere Radio Networks, Inc. [American

Arbitration Association in Los Angeles, Deposition testimony, Arbitration testimony]

My role was to outline audit procedures which could be used to verify the accuracy of payments arising from the agency sale of advertising run in connection with radio programming and to assess whether one network had been treated equitably relative to another based on audience share in connection with the sale of bundled advertising contracts and to comment on alternative means of verifying specific information which would allow greater protection of the confidential information held by the respondent.

John Cottle dba Valley Fresh Produce v Pacific Rim Enterprises, LLC et al. and counterclaim

[Superior Court of California for the County of Fresno, Deposition (May 2002) testimony]

I provided an analysis of both plaintiff's and defendant's profitability before and after the break-up of their former alliance and determined the extent to which sales by one harmed the other.

Covington v Intervalley Health Plan and Pomona Valley Hospital

[Los Angeles Superior Court, Deposition (July, 2000) and Trial testimony]

I was called as a percipient witness via subpoena from plaintiff's counsel to testify as to the financial strength and prospective financial condition of Intervalley Health Plan (a former client at which I had performed financial consulting) based on my analysis of same during 1996-97.

