

SIDNEY P. BLUM
CPA, CFE, CPEA (E)(H&S), CFF

FLARE, Inc.
Forensics – Litigation – Accounting - Royalties, Experts
Los Angeles, California
818-631-3192 (mobile)

ECONOMIC DAMAGES, IP, AND FRAUD EXPERT WITNESS

Range of Experience

Mr. Blum is an economic damages expert with more than 30 years of experience who opines on financial forensics, royalty auditor professional competency and fraud. He is a world leading authority in royalty auditing and standards. He was a Big 4 Partner and was Chief Audit Officer at Beats Electronics until its sale to Apple. His career has been split between leading corporations (Disney, Occidental Petroleum, and Unocal) and accounting firms. He is the author of two books on financial terms in agreements (Oxford University Press & LexisNexis) and serves on the five member Board of Regents with the 75,000 member Association of Certified Fraud Examiners.

Complex Business Litigation and Intellectual Property Expert Witness

Mr. Blum has been an economics damages witness in approximately 50 matters. His testimony has been equally for plaintiffs and defendants in Federal, State, arbitration, and USITC matters. Case experience includes breach of contract, complex commercial litigation, patent, trademark, copyright, wrongful termination, false advertising, personal injury, energy, partnerships, and professional accounting standards related to royalty audits. His clients have won more than 90% of the cases where he has testified and his calculations have always been accepted over other experts. He has strong industry expertise in entertainment, apparel, energy, consumer products, construction, licensing, manufacturing, software, hardware, and toys. Sid was named Forensic Services Expert Witness of the Year in 2016 by Corporate America News.

Royalty Agreements

Mr. Blum led the national royalty audit practices for Big 4 firms Ernst & Young and KPMG where he also wrote the global royalty audit methodologies. His clients have included industry leaders to individuals. Commonly audited industries include consumer products, electronics, software, apparel, media and entertainment, aerospace, automotive for trademarks, patents and copyrights. He also provides frequent talks on royalty agreements to bar organizations, law firms and at major events.

Fraud & Forensics

Having lead more than 1,500 forensic investigations, Mr. Blum was named the “Certified Fraud Examiner (CFE) of the Year” in 2012 by the 75,000 member global Association of CFE’s. Mr. Blum is one of five members of the Board of Regents of the ACFE for 2016-2017. The Board of Regents has sole authority over the admission of members, including but not limited to examination standards. The Board is also responsible for establishing, modifying and enforcing the CFE Code of Professional Ethics and all other matters necessary to maintain the high standards of the ACFE.

SIDNEY P. BLUM
CPA, CFE, CPEA (E)(H&S), CFF

WORK EXPERIENCE

Shareholder

Flare, Inc. (August 2016 – present)

Managing Director

Stout, Risius, Ross (2014 – August 2016)

- West coast in charge of litigation support and royalty audit.
- Expert witness in multiple cases including Federal, State and USITC.

Chief Audit Officer / Head of Audit

Beats Electronics, LLC (2012 – 2014)

- Hired by client and with Beats from one employee to sale to Apple.
- Established internal audit department. Consultant to executive management.
- Involved in licensor and licensee contract negotiations and monitoring compliance.

Partner – Royalty & Contract Audit and Litigation Support

Green Hasson & Janks, LLP (2009 - 2012)

- Partner in charge of royalty & contract audit and litigation support.

Principal In Charge of Forensic Advisory Services

Stonefield Josephson, Inc. (2008 – 2009)

- Principal in Charge of four principals plus staff.
- Only Principal with Fortune 100 clients (Diageo, Sony, Viacom)

Partner – Advisory Services

KPMG, LLP (2003 – 2008)

- Partner in Charge: West Region Royalty Audit Services
- Wrote global contract compliance and Royalty Compliance Services methodologies.
- Lead internal audit partner over two financial/insurance companies.
- Lead advisory service Partner for several clients. Responsibilities include consultation on business operations, information technology, budgeting, organization process improvements, and partner relationships along with many other areas.

Group Director, Director, Assistant Director, Senior Manager and Manager

Ernst & Young (1997- 2003) “Internal Audit Services”

- National IAS Leader: Fraud and Forensics.
- Wrote royalty audit methodology and conducted several hundred contract and royalty audits.
- Area IAS Industry Leader for Manufacturing and Distribution clients.
- Area IAS Industry Leader for Entertainment, Technology and Communication clients.
- Worked closely with Internal Audit Vice Presidents and/or CFO’s in starting and maintaining their Internal Audit department and implementing best practices.

SIDNEY P. BLUM
CPA, CFE, CPEA (E)(H&S), CFF

Accounting Manager and Internal Audit Manager

The Walt Disney Company (1995 – 1997) [Consumer Products Division]

- Responsible for various accounting department activities including monthly closures, review of reconciliations, forecasting, and a wide variety of special reports.
- Started two Internal Audit Departments (one for Disney Consumer Products (software) and one for Buena Vista Home Video). Developed annual audit plan and budgets, hired and supervised staff, ensured compliance with plans and prepared and presented final reports.
- Conducted numerous royalty audits
- Wrote corporate policies and procedures for both divisions.

Senior Internal Auditor

Unocal Corporation (1992 – 1995)

- Supervised domestic and international engagements.
- Responsible for internal forensic investigations.

Senior Internal Auditor, Staff Internal Auditor

Occidental Petroleum Corporation (1990 – 1992)

- Developed internal audit programs for multiple new areas.
- Supervised domestic and international engagements.

Senior Auditor, Staff Auditor

Ernst & Whinney (aka: Ernst & Young) (1986 – 1990)

- Focused work primarily on forensic investigations and financial statement audits.

PUBLICATIONS

Books

- *Financial Elements of Contracts: Drafting, Monitoring and Compliance Audits* – Oxford University Press (2010)
- *License, Royalty & Revenue Agreements: Drafting, Monitoring and Auditing* – Lexus Nexus (2013)

Articles

- "Effective Licensee Monitoring," Intellectual Asset Management magazine (February/March 2005)
- "Challenges in Global Licensee Monitoring," Global License! magazine (June 2007)
- "Dealing with IP Licensees Around the World," IP Law 360 (April 2008)
- "Tips for Developing Effective Licensee Monitoring," IP Law 360 (February 2015)
- "Challenges in Global Licensing Monitoring." BEL: Brand Extensions & Licensing Worldwide Magazine (Autumn 2015)
- "Drafting Agreement Tips – Common Mistakes in Defining Net Sales in a Royalty Agreement," The Licensing Journal (November/December 2015)

SIDNEY P. BLUM
CPA, CFE, CPEA (E)(H&S), CFF

- “Under Reporting Royalties by Licensees is More The Rule, Not the Exception,” The Licensing Journal (January 2016)
- “20 Licensee Best Practices to Reduce Royalty Audit Claims,” The Licensing Journal (April 2016)
- “Royalty Audits – Compliance with AICPA Standards,” American Institute of Certified Public Accountants, Forensic and Valuation Services Consulting Digest, Issue 28 (July 2016)

PRESENTATIONS

- “Royalty Auditing: What IP Lawyers Should Know”
- “Monitoring 3rd Parties”
- “What Every Licensor Should Know About Royalty Auditing” (Multiple presentations including at the 2005 Licensing International Networking Conference)
- “Legal Foundations of Licensing - The Royalty Audit and Accounting Issues”
- “Common Mistakes in Royalty Agreements”
- “Avoid Key Financial Errors in Licensing Agreements”
- “Selected Issues in Dispute Resolution: Entertainment & Media Industry” (Pepperdine School of Law / Strauss Institute for Dispute Resolution)– April 2012)
- “Forensic Accounting and Expert Witness Workshop” (Finance Education Resources CPE - 8 hour seminar taught several times a year through ICDC College)
- “Establishing a Company’s Fraud Detection Program – Part A” (On-line video class of ICDC College, 2 hours), released in February 2015
- “Establishing a Company’s Fraud Detection Program – Part B” (On-line video class of ICDC College, 2 hours), released in February 2015
- “Fraud Detection – Understanding the Accounting Investigators Role – Part A ” (On-line video class of ICDC College, 2 hours), released in February 2015
- “Fraud Detection – Understanding the Accounting Investigators Role – Part B ” (On-line video class of ICDC College, 2 hours), released in February 2015
- “Preparing a Fraud Damages Report for Court – Part A ” (On-line video class of ICDC College, 2 hours), released in February 2015
- “Preparing a Fraud Damages Report for Court – Part B ” (On-line video class of ICDC College, 2 hours), released in February 2015
- “Drafting Clear Financial Terms and Conditions To Avoid The Pitfalls In Royalty Contracts” – Presented to Beverly Hills Bar Association in June 2015
- “Top Dozen Financial Mistakes in License Agreements” – Presented at Licensing University at the Licensing Merchandiser Industry Association, Licensing Expo 2015 in June 2015
- “Financial, Auditing, and Operational Considerations in IP Agreements and Royalty Audits” – Presented at the 2015 Intellectual Property Symposium” hosted by Stout Risius Ross, Inc.
- “Should Auditing For Fraud Be a Full-Time Job?” – Presented at the Association of Certified Fraud Examiners Annual Convention in June 2016

SIDNEY P. BLUM
CPA, CFE, CPEA (E)(H&S), CFF

CERTIFICATIONS

- Certified Public Accountant (California & New York)
- Certified Fraud Examiner
- Certified Professional Environmental Auditor:
- Health & Safety
- Environmental Compliance
- Certified in Financial Forensics (American Institute of Certified Public Accountants)

HONORS, AWARDS, OTHER

- “Certified Fraud Examiner of the Year” – 2012 (75,000 member association of CFE’s)
- Member, Board of Regents. Association of Certified Fraud Examiners (2016-2017)
- National Innovation Award – Ernst & Young (Tied self for 1st & 2nd place out of 350 entries)
- “Forensic Services Expert Witness of the Year” – Corporate America News (2016)

EDUCATION

- California State University, Northridge – BA, Business Administration, Accounting Major. (Cum Laude)

EXPERT WITNESS EXPERIENCE - ARBITRATIONS

1. Patent infringement and breach of contract: \$100 million case involving rail transportation technology between a U.S. Fortune 50 company and a well-known European company.
[Plaintiff] {Expert report, trial testimony}
2. Class Action, tips: **Class vs. The Coffee Bean & Tea Leaf**
[Plaintiffs] {Expert report}
3. Partnership dispute, wrongful termination, breach of contract: **PVD Coatings vs. Neville**
[Defendant] {Expert report, trial testimony}
4. Breach of contract: **Donald Kushner, Charlize Theron, Christian Ricci et al vs. Media 8**
[Plaintiff] {Expert report, trial testimony}
5. Real Estate construction defect and breach of contract: **Cardenas vs. Mulligan, et al**
[Plaintiff] {Expert report, deposition testimony}
- Wrongful termination: Leading sitcom Director. **Correll vs. The Walt Disney Company**
[Plaintiff] {Expert report}
6. Royalty auditor professional competency and breach of contract: Failure of royalty auditor to make findings from a royalty audit. **Qualcomm vs. Licensee**
[Plaintiff] {Expert report}
7. Breach of contract, partnership dispute, royalty underpayment: **Free Films, Inc. v. EMP, Inc.**
[Defendant] {Expert report}
8. Breach of duty of good faith and fair dealings, unfair competition and unjust enrichment: **Jillian Michaels, J.M. Athletics LLC, Empowered Media LLC vs. Lions Gate Films, Inc and Exercise TV, LLC**
[Plaintiff] {In progress}

SIDNEY P. BLUM
CPA, CFE, CPEA (E)(H&S), CFF

EXPERT WITNESS EXPERIENCE – COURT TRIALS

9. Fraud, Ponzi scheme and class action: Class vs. Triad Holding Company (aka: Adnan Khashoggi)
[Plaintiff] {Expert report}
10. Eminent domain and unpaid royalties: Advanced Development Holdings vs. Brea Canyon Oil
[Defendant] {Trial testimony} <California Superior Court>
11. Theft of trade secrets and breach of contract: Berg-Nelson Company vs. Advanced Sealing & Supply and Chevron.
[Plaintiff] {Expert report, trial testimony - 2009} <California Superior Court>
12. Domestic Dispute - misappropriation of assets, fraud: Tawney Kitaen vs. Phil Cyburt
[Plaintiff] {2009}
13. Challenge to report of trustees: Estate of Margaret Cairns (Napa Valley vineyard)
[Plaintiff] {Expert report – 2011}
14. Copyright infringement: LA Printex Industries vs. J.C. Penney Company, Ross Stores, Kellwood Company, et al
[Defendant] {Expert report - 2009}
<U.S. District Court – California Central; Case No. CV08-02758 GHK (JTLx)>
15. Copyright infringement: LA Printex Industries vs. Alarmax Holdings, LLC, et al
[Defendant] {Expert report – 2009}
<U.S. District Court – California Central; Case No. CV09-0434 SLO (PLAx)>
16. Copyright infringement: LA Printex Industries vs. William Carter Co., et al
[Defendant] {Expert report – 2010}
<U.S. District Court – California Central; Case No. CV09-2449 JFW FMOx>
17. Breach of contract and partnership/royalty dispute: Circa Publishing Enterprises vs. Frank O. Gehry and Gehry Design LLC
[Plaintiff] {Expert report, trial testimony - 2009}
<Superior Court of California - LA County>
18. Breach of contract: Real-Estate partnership dispute. Heller vs. Blanchard
[Defendant] {Expert report}
<Superior Court of California; Case No. BC 409710>
19. Trademark infringement: Wham-O vs. Manley Toys
[Defendant] {Expert report - 2010}
<U.S. District Court - California Central; Case No. CV-08-01281 RSWL (CWx)>
20. Attorney malpractice: Westdale Holdings, LLC and Parham “Paul Soroudi” vs. Hochman, Linda Associates, Henry Shalom, et al
[Defendant- Hochman, only]
<Superior Court of CA – Los Angeles County; Case No. 423213>
21. Patent infringement, Lanham Act, false advertising, Minnesota deceptive trade practices act: Aviva Sports, Inc. vs. Fingerhut Direct Marketing, Inc; Menard, Inc.; Kmart Corporation; Wal-Mart Stores, Inc; and Manley Toys, Ltd.
[Defendant] {Expert report, deposition - 2011}
<U.S. District Court-Minnesota; Civil No. 09CV-1091>
22. Royalty dispute & Royalty Auditor Professional Competency: MPEG LA LLC vs. Nero
[Defendant]
<Superior Court of CA – County of Los Angeles; Case No. BC 427817>

SIDNEY P. BLUM
CPA, CFE, CPEA (E)(H&S), CFF

23. Sherman Antitrust Act: **Nero vs. MPEG LA, LLC**
[Plaintiff]
<U.S. District Court - California Central; Case No. 10-cv-3672-MRP-RZ>
24. Accounting malpractice: **Kosmos Pappas DDS, AB Dental vs. Terri Lynne Petring**
[Defendant] {Expert report}
<Superior Court of CA – County of Orange; Case #30-2010 00370883>
25. Wrongful termination: **Jacks vs. Chevron**
[Plaintiff] {Expert report, deposition 2011}
<U.S. District Court – California Northern; Case No. C09-4523 JSW>
26. Trademark infringement: **Samuel David Moore (aka: the Legendary Soul Man Same Moore), Joyce Ellen Moore, the SJM Trust vs. MGM Studios, The Weinstein Company, Concord Music Group, Harvey Weinstein, Bob Weinstein, Genius Products, Dimension Films**
[Plaintiff]
<U.S. District Court – Tennessee; Case No. 3:09-0166>
27. Trademark infringement: **Gary Legator vs. Nordstrom, Fortune Swimwear**
[Defendant] {Expert report}
<U.S. District Court – California Central; Case No. CV11-04136 PA (Ex)>
28. Water Rates and Replenish Assessment. **Cities of Cerritos, Signal Hill & Downey vs. Water Replenishment District of Southern California**
[Defendant]
<Superior Court of CA – County of Los Angeles; Case No. BS 128136>
29. Employment matter, commissions, special damages, breach of contract. **Karen Forman vs. Krengel Spamer Vance LLC; dba: Domain Talent Agency [Defendant]**
[Defendant] {Expert report, trial testimony - 2012}
<Superior Court of CA – County of Los Angeles; Case No. BC 462838>
30. Book Valuation in martial dispute: **Paula Schofield vs. Andrew S. Cook**
[Petitioner] {Expert report, trial testimony - 2015}
<Superior Court of CA – County of Orange; Case No. 13/d006203>
31. Personal Injury: **Andrew S. Wilder vs. Gold's Gym North Hollywood**
[Plaintiff] {Expert report – 2014}
<Superior Court of CA – County of Los Angeles; Case No. BC507984>
32. Royalty audit expert, professional duties, breach of contract: **Traxxas, LP vs. Feld Motor Sports, Inc.**
[Defendant] {Expert report, trial testimony – 2015}
<U.S. District Court for the Eastern District of Texas, Sherman Division; Case No. 4:14-CV00543.RC-ALM>
33. Royalty auditor professional competency: **East West Sounds, Douglas Rodgers vs. Deepwell, Inc.**
[Plaintiff] {Expert report - 2012}
34. Unfair competition and breach of contract: **Oribe Canales vs. Tevya Finger et al.**
[Plaintiff] {Expert report - 2015}
<Supreme Court of the State of New York – County of New York; Index No. 650919/2014>
35. Wrongful termination, unlawful retaliation, breach of contract, failure to pay wages owed, and violation of business and professional code: **Robert Shibuya vs. UGL Limited, DTZ, Inc.**
[Plaintiff] {Expert report - 2015}

SIDNEY P. BLUM
CPA, CFE, CPEA (E)(H&S), CFF

- <U.S. District Court, California Central; Case No. CV-14-2683-SJO-PJW>
36. DMCA, Public Performance Copyright, Lanham Act, Unfair Competition, Trademark Infringement, Reproduction & Distribution Copyright Infringement: **MBC, SBS and KBS et al vs. Create New Technology (HK) Co. Ltd**
[Plaintiff] {Expert report - 2015}
<U.S. District Court, California Central; Case No. CV-14-4213-RGK-RZx>
37. Trade Dress Expert & Marketing Expert – Section 337 of the Tariff Act of 1930: **Converse, Inc. vs. Highline United, et al**
[Defendant] {Expert report, trial testimony - August 2015}
<US International Trade Commission, Investigation No. 227-TA-936>
38. Patent Infringement, Breach of Contract, Tortious Interference & Covenant of Good Faith: **California Expanded Metal Products Co., vs. ClarkWestern Dietrich, BlazeFrame, et al**
[Plaintiff & Respondent] {three expert reports, deposition testimony – 2015}
<U.S. District Court, California Central; Case No. CV-12-10791-DDP-MRWx>
39. Breach of Contract, Fraudulent Misrepresentation and Negligent Misrepresentation: **E.I. Du Pont De Nemours and Company vs. Medtronic Vascular, Inc.**
[Defendant] {Expert report, deposition testimony – 2012}
<Superior Court of the State of Delaware; Case No. 280,2013>
40. Patent Infringement: **Carsar, LLC & Aspen Medical Products vs. DeRoyal Industries, Inc.**
[Plaintiff] {Expert report, deposition testimony – 2015}
<U.S. District Court, California Central; Case No. SACV14-01141 CJC (ANx)>
41. Breach of Contract, Patent Infringement, Royalty Auditor Independence: **Rehco, LLC vs. Spin Master, LTD.**
[Defendant & Counterclaimant] {Expert report – in progress}
<U.S. District Court, Northern District of Illinois; Case No. 13-CV-02245>
42. Copyright Infringement, Trademark Infringement, Federal Anti-Dilution Statute, False Advertising, Unfair Competition, Injury to Business Reputation, Unjust Enrichment, False Designation of Origin: **Fuzzy Logic Productions, Inc., vs. Trapflix, Inc, Calvin Broadus (aka: Snoop Dog), Joseph Tom (aka: Figg Panamera / the Bigga Fiffa)**
[Plaintiff] {Expert report} <U.S. District Court, California Central; Case No. 2:15-CV-06203 PA (SSx)>
43. Copyright Infringement: **Morgan Fabrics Corporation vs. Acacia Design Inc.**
[Plaintiff] {Expert report - 2016}
<U.S. District Court, California Central; Case No. 1:14-CV-00234-SA-DAS>
44. Patent Infringement: **Larry Tang v. Northpole Ltd and Tofasco of America, Inc.**
[Plaintiff] {Expert report – in progress}
<U.S. District Court, Western District of Arkansas; Case No. 11-5112>
45. Breach of Contract, Beach of the Covenant of Good Faith and Fair Dealings, Bad Faith Denial of Contract, Breach of Fiduciary Duties, Intentional Interference with Contractual Relationships, Negligent Interference with Contractual Relationships, Intentional Interference with a Prospective Economic Advantage. **Hinrichs & Associates and Pentagram Design, Inc.. v. Beats Electronics, Andre Young (p/k/a Dr. Dre), Jimmy Iovine, Steven Lamar.** {Fact Witness Deposition - 2015} <Superior Court of the State of California, County of Los Angeles>

SIDNEY P. BLUM
CPA, CFE, CPEA (E)(H&S), CFF

46. Breach of Fiduciary Duty, Fraudulent Inducement and Fraudulent Concealment, Aiding and Abetting Breach of Fiduciary Duty, Breach of Contract and Breach of Implied Duty of Good Faith and Fair Dealing, Tortious Interference with Contract, Unjust Enrichment, Reformation, Constructive Trust, Constructive Discharge / Wrongful Termination, Declaration of Rights, Breach of Mediation Agreement, Defamation Per Se, Fraud: **Leslie Benzie vs. Take-Two Interactive Software, Inc., Rockstar Games, Inc., Rockstar North Ltd, Dan Houser, Sam Houser** (Grand Theft Auto) [Plaintiff] <Supreme Court of the State of New York, County of New York; Index No. 651920/2016>
<Supreme Court of the State of New York, County of New York; Index No 651920/2016>
{Expert report – in progress}
47. Conversion, Fraudulent Concealment, Negligence, Unfair Business Practices, Breach of the Duty of Loyalty: **MMP Solutions, Inc. vs. Nerherley Rivas, Tarek Habli, Main Buys LLC, Carmen Vanessa Aguilar, Motivational Fulfillment & Logistics Services et al**; <Superior Court of the State of California> [Plaintiff] {Expert report – 2016}
48. False Advertising, Trademark Infringement, Violation of the Lanham Act, Unfair Competition Breach of Contract **Teleflora, LLC vs. WB Commerce, LLC d/b/a Wesley Berry Flowers** <U.S. District Court, California Central; Case No. 15-cv-3587> [Defendant and Counterclaimant] {Expert report – 2016}
49. Conversion, Fraud, Civil Theft, Deceptive and Unfair Trade Practices Act, **MMP Solutions vs. Tarke Habli, Main Buys, LLC** <Circuit Court of the 20th Judicial District in and for Lee County, Florida – Civil Division; Case No. 15-CA-2065> [Plaintiff] {Expert report – in progress}

Sample Damage Calculations – Not Under Litigation

- Damage calculation: A global fraud investigation of a studio division's CFO that eventually helped support a criminal conviction. Client: Warner Bros.
- Damage calculation: Employees and partners who created fraudulent financial statements and stole major assets. [internal investigation leading to police arrest]
- Damage calculation: A kickback scheme involving a shipping supervisor of a Fortune 500 company. [internal investigation leading to police arrest]
- Damage calculation: Breach of contract construction defect. \$850 million construction project [Plaintiff]
- Damage calculation: Breach of contract – failure to sell a movie theater [Plaintiff]
- Partner dispute investigation: Theft of assets by partner.
- Royalty Engagements: Over 500 conducted and over 1,000 by staff. Over \$8 billion of royalties examined with findings of several hundred million dollars.