



## **D. Ray Strong, Director**

### **Salt Lake City, UT**

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### **SUMMARY**

D. Ray Strong is a director at Berkeley Research Group, LLC. Mr. Strong is a former director of LECG, LLC and partner of Neilson Elggren LLP. He is a certified public accountant, certified fraud examiner, and certified insolvency and restructuring advisor with more than 17 years experience providing investigative accounting, bankruptcy, and litigation services.

Mr. Strong has been involved in numerous bankruptcy and insolvency matters including court appointments as estate manager, examiner, receiver, accountant to the trustee, accountant to the creditors' committee, and accountant to the debtor. His experience includes the liquidation of assets, investigation of alleged insider dealings, liquidation and substantive consolidation analyses, plan feasibility analyses, plan preparation, investigation and pursuit of preferences, fraudulent transfers and other causes of action, solvency analyses, and claims resolution. He has also operated various companies in bankruptcy and receivership proceedings and provided services that include analyzing operating viability, developing operational and cash flow forecasts and projections, restructuring accounting and IT functions, analyzing and implementing internal controls, resolving employee retention and benefit issues, identifying and resolving insurance and environmental issues, restructuring marketing and business development efforts, implementing cash flow and cash collateral management systems, developing cost control measures, reconstructing financial data and information, performing various financial analyses and investigations, and managing day-to-day operating and accounting activity.

Mr. Strong has provided civil and criminal litigation support services including the investigation of fraud and mismanagement, tracing of funds, partner disputes, lost profit damage analyses, breach of contract damage analyses, economic analyses, and insurance claims.

Mr. Strong has extensive training and experience investigating fraud and mismanagement including financial statement fraud, embezzlement, "Ponzi" schemes, check kiting, bank fraud, bankruptcy fraud, inventory schemes, and payroll schemes. He has also conducted presentations and seminars relating to various fraud, bankruptcy, and accounting topics.



## **CASE EXAMPLES**

Mr. Strong has assisted the bankruptcy trustee and the liquidation trustee in the administration and investigation of Le-Nature's, Inc., a water, juice, and tea bottling company in Latrobe, Pennsylvania. Mr. Strong has assisted with, among other things, the identification and liquidation of assets, termination and wind down of business operations, analysis and assistance in the resolution of ownership disputes relating to leased equipment, analysis of potential causes of action, and the preservation of electronic data and documentation. Mr. Strong also lead a massive forensic accounting analysis and investigation to reconstruct and determine the actual financial activities of the company and its principals. The principals allegedly defrauded creditors out of more than \$700 million. More than \$1 billion of transactions have been analyzed to date.

Mr. Strong is assisting the bankruptcy trustee in the administration and investigation of Estate Financial, Inc., a "hard money lender" that solicited investments for, and arranged and made, real estate secured loans. At the time of the bankruptcy filing, the loan portfolio consisted of nearly 550 loans totaling \$350 million funded by over 2,000 investors. Mr. Strong is supervising the reconstruction and analysis of the company's financial activities, analysis of loan documentation to determine the identity of the owners and allocation of ownership of the loans, reconciliation of hundreds of thousands of underlying transactions to determine the appropriate distribution of the proceeds from the loan payoffs and property sales, and the identification of avoidance actions.

Mr. Strong was engaged by the court appointed receiver of Diversified Lending, Inc. to assist in the administration and investigation of the company based on allegation of fraudulent activity. Mr. Strong is supervising the investigation and reconstruction of the financial activities of the company and its principals, the identification and analysis of company assets, investor claims, causes of action, and business termination activities. The investigation, reconstruction, and analysis involved over 1,500 investor accounts, 100 bank accounts, and the identification of over \$8 billion in cash activity.

Mr. Strong was responsible for leading an engagement to identify, reconstruct, locate, and trace billions of dollars of assets owned or previously owned by a prince of a royal family that owns and controls significant oil reserves. The engagement involved analyzing hundreds of corporate structures and identifying and investigating thousands of assets located in countries throughout the world, including Argentina, France, Indonesia, Japan, Malaysia, New Zealand, the Philippines, Saudi Arabia, Singapore, United Kingdom, and the United States. The assets identified and analyzed included substantial properties (including palaces, homes, condos, apartments, hotels, and raw land); high-end sport and luxury custom automobiles; large custom yachts; custom luxury aircraft; paintings by master artists; gems; and jewelry.

Mr. Strong was appointed by the United States Bankruptcy Court as Examiner with Expanded Powers of Tri-Valley Distributing, Inc., a wholesale and retail petroleum business. His duties included operating and liquidating a wholesale fuel distribution and bulk oil business, over 45 convenience stores, several fast food franchises, and a sizeable semi tractor and tank trailer fleet with annual revenues of more than \$200 million and claims exceeding \$35 million. The debtors operated in Arizona, California, Nevada, Wyoming and Utah. Mr. Strong was also responsible for implementing a liquidating plan, investigating various transactions and activities between the debtors and related parties, supervising numerous environmental remediation projects, and identifying and litigating various causes of action.



Mr. Strong was appointed by the United States Bankruptcy Court as Successor Estate Manager of Natural Wonders, Inc., a national retail chain. The debtor operated as a specialty gift retailer with over 260 stores located throughout the country. Mr. Strong was responsible for liquidating the debtor's remaining assets, identifying and litigating various causes of action, resolving and negotiating disputed claims, and making distributions to creditors pursuant to the confirmed plan and disclosure statement. More than three 3,000 claims were resolved and more than \$18 million was distributed to holders of allowed claims.

Mr. Strong was appointed by the United States Bankruptcy Court as Examiner of Medical Software Solutions, a medical software company. The company created a web-based back-office software product to assist physicians with the management of their medical practices. His court mandate required the review and analysis of a proposed debtor-in-possession (DIP) financing agreement, asset purchase agreement, and investigation of alleged inappropriate insider dealings. Mr. Strong interviewed and deposed several key debtor personnel, venture capitalist, potential asset purchasers and other relevant insiders. Additionally, he reviewed and analyzed a large volume of documentation obtained from various parties and reported his findings to the court by written reports and testimony.

Mr. Strong's firm was appointed receiver of two Nissan auto dealerships, Kirkland and Bellevue Nissan, in a state court insolvency proceeding in the State of Washington. He was the partner in-charge of this engagement with sole responsibility for all decision making on behalf of the firm. His responsibilities included developing cash and asset controls to protect and preserve the secured creditor's collateral, investigating potential claims, analyzing and determining the viability of on-going operations, making recommendations to the court regarding the future existence of the dealerships, locating and liquidating the debtor's new and used car inventory, parts, fixed assets, intangible assets, and receivables.

Mr. Strong was engaged by a large national bank to investigate the financial dealings of Graham Motors, which included three automotive dealership locations with Ford, Chevrolet, Chrysler, Dodge, Jeep, and Subaru franchises in Wyoming. His investigation included the analysis of cash and flooring activity, identification of collateral, analysis of flooring transmittals and vehicle inventories, identification of existing liabilities, and calculation of loss due to the fraudulent conduct of the owner and his associates. Mr. Strong also assisted the bank in winding-down the dealership's operations including processing outstanding finance contracts, collection of outstanding trade and manufacturer receivables, and processing of state license and titling applications.

Mr. Strong performed an investigation of a real estate partnership on behalf of a silent general partner. His investigation included analyzing current operations, determining reasonableness of development and construction costs, investigating unauthorized payments to the active general partner and unauthorized real property transfers to the active general partner and related insiders.

Mr. Strong supervised the analysis of development and construction cost allocations relating to a joint venture agreement between a real estate developer and landowner. He determined the reasonableness of development and construction costs and investigated whether costs from other projects, unrelated to the joint venture agreement, were allocated to the development to the detriment of the landowner.



Mr. Strong assisted in operating Magic Ford, one of the largest Ford/Mercury/Lincoln automobile dealerships in the country, to assist the bankruptcy trustee in selling the business as a going concern. His services included the management of cash flow, identification of assets and liabilities, analysis of historical and current operations, supervision of remaining employees, and various other daily operating activities. Additionally, Mr. Strong assisted the bankruptcy trustee with investigating the financial dealings of the dealership, owner, and various associates. His investigation and analyses helped uncover various fraudulent schemes and aided the bankruptcy Trustee in pursuing avoidance actions.

Mr. Strong operated Express.com, a large e-commerce company, for a two-month period until the bankruptcy trustee could sell the company as a going concern. His services included cash management, analysis of historical and on-going operations, implementation of cost cutting strategies, negotiations with credit card merchants, financial reporting, preparation of financial and operational statistics to solicit potential buyers, supervision of remaining employees, web page management, and various day-to-day activities. Mr. Strong's efforts aided the bankruptcy trustee in the sale of all company assets resulting in values substantially in excess of liquidation values. Additionally, he has analyzed and investigated filed claims to determine amounts to be allowed and made in creditor distributions.

Mr. Strong supervised the financial analysis requested by the Creditors' Committee of Stueve Brother Farms. Stueve Brother Farms was a family business that operated one of California's largest dairy operations. The company filed a Chapter 11 bankruptcy petition resulting from a \$10 million judgment obtained by a competitor for alleged trade secret and patent violations. The services performed included identification and analysis of claims, an analysis of the Disclosure Statement and Plan of Reorganization filed by the debtor, identification of potential fraudulent transfers, assistance with the negotiation of plan default provisions, and an analysis of the dairy farm operations.

Mr. Strong assisted the bankruptcy trustee of Bonneville Pacific Corporation, an independent power producer, in a damage study, which included tracing and categorizing transactions in excess of \$5 billion over a six-year period. Recoveries exceeded \$200 million from more than 30 defendants including auditors, law firms, underwriters and insiders.

Mr. Strong analyzed damages relating to lost profits involving a low-level nuclear waste facility. Responsibilities included analyzing current operations, industry data, industry regulations, assisting counsel with depositions and interrogatories, reviewing and analyzing plaintiff's damages, coordinating various data obtained from other experts relating to transportation, construction, industry regulations, hydrology, and geology, and the preparation of a lost profit damage analysis.

## **INDUSTRY EXPERIENCE**

- Automotive
- Construction
- Retail
- Agricultural
- Energy
- Service
- Wholesale
- C-Store/Fuel Distribution
- Real Estate
- Internet/Telecommunication
- Technology
- Transportation
- Waste Disposal
- Manufacturing
- Restaurant
- Software



## **EMPLOYMENT HISTORY**

Berkeley Research Group, LLC – Director (2011 – Current)  
LECG, LLC - Director (2005 - 2011)  
Neilson Elggren LLP - Partner (2000 - 2005)  
The Sundance Group – Assistant Controller (2000)  
Arthur Andersen LLP - Manager (1998 - 2000)  
Neilson, Elggren, Durkin & Company - Senior Accountant (1996 - 98), Staff Accountant (1995 - 96)  
Lynn M. Carlson & Company - Staff Accountant (1990 - 1994)

## **EDUCATION**

Master of Professional Accountancy, University of Utah  
Bachelor of Science in Accounting, Westminster College of Salt Lake City

## **LICENSES AND CERTIFICATIONS**

Certified Public Accountant - California  
Certified Public Accountant - Delaware  
Certified Public Accountant - Utah  
Certified Fraud Examiner  
Certified Insolvency and Restructuring Advisor  
Certified in Financial Forensics – American Institute of Certified Public Accountants

## **HONORS AND AWARDS**

Distinguished Achievement Award, Association of Certified Fraud Examiner, 1995

## **PROFESSIONAL ASSOCIATIONS**

American Institute of Certified Public Accountants  
Utah Association of Certified Public Accountants  
Association of Insolvency and Restructuring Advisors  
Association of Certified Fraud Examiners  
American Bankruptcy Institute

## **PRESENTATIONS AND INSTRUCTION**

Co-Instructor, University of Utah - David Eccles School of Business - Graduate Level Course - "Fraud Examination and Forensic Accounting" - Spring Semester 2007 - 2011

Instructor, Westminster College of Salt Lake City - "MBA Survey of Accounting" - Spring Semester 1999



## **PRESENTATIONS AND INSTRUCTION (CONTINUED)**

Panel Member, American Bankruptcy Institute - 15<sup>th</sup> Annual Rocky Mountain Bankruptcy Conference – “Financing Chapter 11s in Today’s Economy” – January 2010

Panel Member, American Bankruptcy Institute – 10<sup>th</sup> Annual Rocky Mountain Bankruptcy Conference - "Understanding Financial Statements from a Liquidation Perspective" - February 2005

Panel Member, Association of Certified Insolvency and Restructuring Advisors - "Conducting a Fraud Investigation" - June 2003

Presenter, Utah Association of Certified Fraud Examiners - "Financial Statement Fraud" - January 2000

Presenter, Arizona Society of CPAs Conference - "Defining Forensic Accounting" – September 1999

Presenter, University of Utah - "Business Fraud" - September 1999

Presenter, Brigham Young University - "Business Fraud" - March 1999

Presenter, Utah State University - "Business Fraud" - October 1998

Presenter, Utah Association of Internal Auditors - "Financial Statement Fraud" - May 1998

Presenter, Los Angeles Bankruptcy Trustee Administrators - "Bankruptcy Fraud" - April 1998

Presenter, University of Utah - "Internal Controls" - September 1997

## **PUBLICATIONS**

Co-Author, "Are we giving fraud perpetrators a license to steal?," Internal Auditing, Vol. 14, No. 5, Sept/Oct 1998