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3:04-CV-02295 SEC V. EMVEST MORTGAGE FUND

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CLERK, U.S. DISTRICT COURT  
SOUTHERN DISTRICT OF CALIFORNIA

*Calmer* DEPUTY

1 MOLLY WHITE, Cal. Bar No. 171448  
2 KELLY BOWERS, Cal. Bar No. 164007  
3 VICTORIA A. LEVIN, Cal. Bar No. 166616  
4 SUSAN F. HANNAN, Cal. Bar No. 97604

5 Securities and Exchange Commission  
6 Randall R. Lee, Regional Director  
7 Sandra J. Harris, Associate Regional Director  
8 Briane Nelson Mitchell, Associate Regional Director  
9 5670 Wilshire Boulevard, 11th Floor  
10 Los Angeles, California 90036  
11 Telephone: (323) 965-3998  
12 Facsimile: (323) 965-3908

13 **UNITED STATES DISTRICT COURT**  
14 **SOUTHERN DISTRICT OF CALIFORNIA**

15 SECURITIES AND EXCHANGE  
16 COMMISSION,

17 Plaintiff,

18 vs.

19 EMVEST MORTGAGE FUND, LLC,  
20 EMVEST, INC., and MILON LYLE  
21 BROCK

22 Defendants.

Case No.: '04 CV 2295 ... DMS (LSP)

**RECOMMENDATION BY  
PLAINTIFF SECURITIES AND  
EXCHANGE COMMISSION  
THAT DENNIS M. MURPHY BE  
APPOINTED RECEIVER**

CR

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1 Plaintiff Securities and Exchange Commission ("Commission") seeks the  
2 appointment of a receiver over Emvest Mortgage Fund, LLC (the "Fund") and  
3 Emvest, Inc., and their subsidiaries and affiliates. The Commission requests that  
4 the receiver have the full powers of an equity receiver, including but not limited to  
5 full power over all funds, assets, collateral, premises, choses in action, books,  
6 records, papers, and other real or personal property, including notes, deeds of trust,  
7 and other interests in real property, belonging to, being managed by, or in the  
8 possession or control of the Fund or Emvest, Inc., and any of their subsidiaries and  
9 affiliates.

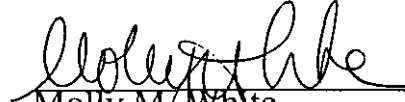
10 The Commission respectfully recommends the appointment of Dennis M.  
11 Murphy as a receiver. As reflected in Mr. Murphy's resume, he is well-qualified to  
12 act as a receiver over the Fund and Emvest, Inc. Attached as Exhibit 1 hereto is a  
13 true and correct copy of Mr. Murphy's proposal (excluding the voluminous Large  
14 Case Support Group identification and summary book), containing his resume and  
15 his letter setting forth additional information, including the hourly rates he charges  
16 for his and his staff's time, and what steps he would initially take if appointed  
17 receiver.

18 The Commission recommends Mr. Murphy for several reasons. First, he has  
19 relevant experience with other matters involving real-estate related ponzi schemes.  
20 Second, notwithstanding his experience, his hourly blended rate of \$190.00  
21 appears reasonable. Moreover, because Mr. Murphy has extensive real estate  
22 background, forensic accounting experience, and has in-house staff with  
23 substantial real estate and forensic accounting experience, the Commission expects  
24 he will quickly be able to evaluate the steps necessary to locate, manage, and  
25 protect the assets of the Fund and Emvest, Inc. Finally, it appears that Mr. Murphy  
26 will make every attempt to minimize overall expenses to the receivership estate,  
27 by, among other things, obtaining appropriate discounts of the billing rates of any  
28 attorneys or other professionals he may retain.

1 For these reasons, and the reasons stated in his proposal attached as Exhibit  
2 I hereto, the Commission respectfully recommends that the Court appoint Dennis  
3 M. Murphy as the receiver in this matter.

4  
5 DATED: November 15, 2004

6 Respectfully submitted,

7   
8 Molly M. White  
9 Susan F. Hannan  
10 Attorney for Plaintiff  
11 Securities and Exchange Commission  
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DENNIS M. MURPHY  
Certified Public Accountant  
Certified Insolvency & Restructuring Advisor

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RECEIVED

Stephen J. Baumgartner  
Dickson Hung, C.P.A.  
Douglass L. Montgomery  
Ed Cantrell

November 12, 2004

Molly M. White, Esq.  
Trial Counsel  
U.S. Securities and Exchange Commission  
Pacific Regional Office  
11<sup>th</sup> Floor  
5670 Wilshire Boulevard  
Los Angeles, CA 90036-3648

Re: Potential Receivership

Dear Ms. White:

Thank you for having considered this firm and its' Support Group in a receivership role; we are very excited about the possibility of being of service.

Accompanying this letter is our proposal which contains our firm's resume and billing rates as well as a resume from the real estate attorney we intend to utilize for the case. In addition we have included answers to the five questions you queried in your November 8<sup>th</sup> letter as well as a copy of our Large Case Support Group book which further outlines this firms capabilities and provides resumes of the group as well as supporting documentation.

Please review the proposal and supporting documents and if you have any questions, please do not hesitate to contact me or my staff. We look forward to hearing from you and we await your decision.

Sincerely,

  
Dennis M. Murphy, CPA

Encls.

**DENNIS M. MURPHY**  
Certified Public Accountant  
Certified Insolvency & Restructuring Advisor

---

Stephen J. Baumgartner  
Dickson Hung, C.P.A.  
Douglass L. Montgomery  
Ed Cantrell

**PROPOSAL**

**IN RE: POTENTIAL RECEIVERSHIP**

by

**DENNIS M. MURPHY**  
**LARGE CASE**  
**SUPPORT GROUP**

**November 12, 2004**

**PROPOSAL CONTENTS**

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**DENNIS M. MURPHY**  
Certified Public Accountant  
Certified Insolvency & Restructuring Advisor

**NARRATIVE**

1. Hourly rate and the expected hourly rate of each professional you would hire to work on the matter (i.e., attorneys and accountants);

The hourly rate we would charge for our services would be a blended rate of \$190.00 per hour excluding any associated costs. We would hire Mr. David Adelman, Esquire as a real estate attorney whose normal billing rate is \$295.00 per hour and who will work at a rate of \$250.00 per hour. A copy of our billing rates as well as a resume of Mr. Adelman is included in the addendum to this proposal.

We have also sent with this proposal a copy of our Large Case Support Group identification and summary book which provides resumes of the team as well as pertinent supporting information.

2. An indication of whether these rates reflect any discount from the usual rates you and/or the professionals charge;

As mentioned above, we have reduced our normal billing rates to provide the SEC with a blended rate of \$190.00. Mr. Adelman has done likewise reducing his rate from \$295.00 per hour to \$250.00 per hour. Any other professionals or Support Group members that we may eventually determine to utilize will also reduce their rates.

3. A general description of the steps you would take to perform the tasks of the receiver;

Please see the attached General Steps to be taken which identifies the steps we would take within the first ten days and beyond.

4. How you would staff the various tasks involved;

The assignment of tasks would be determined by the applicability to the situation at hand and to the billing rate of and educational background and experience level of each particular task. Those tasks that can continue to be implemented by the existing company personnel will continue to be handled by them. Those tasks requiring our expertise will be assigned according to their relevance and applicability to our Support Group. A legal matter will be assigned to an attorney, but depending upon the degree of difficulty and knowledge required, may be handed off to a subordinate paralegal or law clerk. Likewise, an accounting matter will be assigned to an accountant, but may be handed off to a bookkeeper or paraprofessional.

A prime consideration of Dennis Murphy and the Support Group is that task assignments be given to those most qualified and that moneys spent are for

**legitimate and pertinent matters. We regard any receiver moneys that we handle to be that of our own and likewise take the same care and responsibility.**

- 5. Any other information you deem pertinent in view of the particular nature of the proposed receivership.**

**Please see the attached list of previous real estate based and Ponzi Scheme cases handled for this information.**

**GENERAL STEPS TO BE TAKEN  
TO PERFORM THE TASKS OF A RECEIVER**

**TASKS TO BE PERFORMED  
WITHIN INITIAL TEN DAY PERIOD:**

**1. SECURING OF THE PREMISES –**

- A. Doors - All doors leading in and out of the building(s) as well as those leading from room to room and/or floor to floor would be reviewed for their strength, ability to be locked, and whether connected to an alarm system (if applicable). Depending upon the specific circumstances, all keys belonging to employees would be marked and accounted for in a "Key Log" as well as those masters and duplicates contained within the key cabinet. Some determination would be made as to the necessity of any particular person(s) having access to any and/or all keys. Change locks as needed.**
- B. Computers and Network – A master list of the computers would be inspected as to its accuracy and currency and updated accordingly. If none existed, such a list would be prepared. The list would not only contain the serial number of the computer or printer, but also its location and user. Again, if this information is not currently mentioned, an update would be made to reflect this information. A list of users and passwords would be obtained and updated accordingly. Some notation would be made as to whether each computer is a stand-alone or networked and programming or software contained within. Some restrictions to vital information may become necessary for some computers and/or a "read only" capability placed upon it.**
- C. Post Office – A letter or direct notification supplemented by a formal letter would be made to the local post office advising them of the receivership and as to who is authorized to make postal decisions. If a post office box exists, that ownership would also be changed. If a mail pickup and delivery service is used, notification would be made to them as well. If an internal "mail room" is in use, access to that room and/or such personnel may require some restrictions be put in place.**
- D. Bank Accounts – All checking accounts with banks or similar financial institutions would be changed to reflect the receivership. A list of all banking and similar institutions would be made and existing checks would become the responsibility of the receiver and/or his staff unless such a restriction is deemed unnecessary. If CDs or savings accounts or other financial products exist, the same procedure would be followed.**

**E. Video Tape of Premises and Alarm Capability – A video of all areas of the firm would be made accompanied by an audio recording of the rooms/areas content and general appearance including files and desk drawers. A video surveillance system would be put in place immediately to record all activity within any given area and infrequently used areas would also be monitored (depending upon the circumstances of the case). Decisions would be made as to the coverage and reliability of the existing alarm service and if none exists, then the necessity of having one installed.**

**2. INTERVIEW STAFF**

**A. Interview - All existing staff would be interviewed as to their existing duties and responsibilities and a determination would be made as to any restriction or curtailment to be made to those duties. An evaluation would also be made as to the necessity of retaining part-time, seasonal and temporary employees and as to their restrictions or updated duties.**

**B. Assessment – An assessment of the data collected from the interview process will determine how the Support Group will assist in the day-to-day operations of the company. Any restrictions or limitations placed upon existing company staff may need to be picked up by the Support Group.**

**3. INSURANCE**

**A. Coverage – A list of all existing insurance policies would be made and then, each insurance company would be notified as to the receivership.**

**B. Insurance Review – A review of all existing policies would be made as to their pertinence and coverage and some determination made as to their continuance or deletion.**

**4. SEARCH OF PUBLIC RECORDS**

**A. Search Public Records – A Public Records Search would be made to identify both real and personal property and assets that the entity holds an interest in.**

**5. FINANCIAL STATEMENT**

**A. Prepare a Financial Statement – A Financial Statement as of the immediate date would be prepared indicating the assets and liabilities and net worth of the company supported by banking statements, profit & loss statements, and other financial documents.**

- B. Note Irregularities – Notations would be made as to any irregularities found during the creation of such a Financial Statement and appropriate avenues to correct those irregularities would be mentioned.**

**6. CASH FLOW**

- A. Preparation of Cash Flow Statement – A Cash Flow Statement would be made as to the company's cash inflows and outflows would be made complete with annotated analysis.**

**7. TEN DAY REPORT ON KEY ISSUES**

**At the end of the ten day assessment, a report will be prepared covering the following areas:**

- A. List Key Issues – A list of key issues that will financially as well as otherwise affect the company within the next six months would be made.**
- B. Issue Resolution – Upon completion of identifying the key issues to be examined within the next six months, those with potential or actual problems will be prioritized.**
- C. Operating Plan – We will prepare a six month cash-based operating plan with break-even cash flow.**

**8. OVERHEAD REDUCTION**

- A. Reduce to Essential Employees – A reduction in staff would be made to retain only those employees who are essential.**
- B. Employee's Payroll Taxes – Review and make appropriate recommendations.**
- C. Employee's Benefits – Review and make appropriate recommendations.**
- D. Rented Equipment and Space – A review of the company's rented equipment and space would be conducted and a determination made as to their ongoing viability and continuance.**
- E. Utilities – An assessment as to the company's current utility coverage would be conducted and a determination made as to their ongoing viability and continuance. Some phone service may be significantly reduced or discontinued and closing areas of the receiver company that will no longer be operational will further reduce the utility expense.**
- F. Liability Insurance – Obtain as needed.**

**9. MISCELLANEOUS**

- A. Guard Service – Hiring a guard service may be necessary dependent upon the circumstance reviewed. If one is required, the Support Group is staffed by qualified guard services.**
- B. Federal I.D. Numbers – A new federal identification number would be obtained for company payroll.**
- C. Website – A web site would be established within the first twenty days for company information to existing note holders and vendors alike.**

## PREVIOUS REAL ESTATE & PONZI SCHEME CASES HANDLED

### MANCHESTER MORTGAGE CORP:

- Worked with F.B.I. on involuntary Chapter 7 case filed by Fannie Mae and other institutional lenders.
- Principals of firm forged mortgage paperwork, sold paper to lenders and then fled the country.
- We located and recovered hidden assets including real property, bank accounts, stock, CDs and Trust Deed paper.
- Provided quantitative documentation used to obtain non-dischargeable \$21,000,000 judgments against principals of firm.

### FIRST LENDERS INDEMNITY CORPORATION (FLIC):

- Dennis Murphy was elected by the creditors in this supposedly no asset case.
- Dennis Murphy remains Chapter 7 Trustee on this Ponzi Scheme case.
- The Debtor was engaged in the business of purchasing and re-selling high yield retail automobile installment loan contracts. Pursuant to certain indenture trust agreements and offering circulars, the Debtor issued to creditors promissory notes which were purportedly secured by portfolios of auto contracts. Bank One, Texas, N.A. ("Bank One") and Sun Trust Banks of Florida, Inc. ("Sun Trust") are the indenture trustees for the authenticated note holders. Omni Financial Services of America, Inc. ("Omni") services the auto contracts pursuant to two separate servicing agreements.
- Approximately 2200 note holders were victims of this Ponzi Scheme in which over \$80,000,000 was fraudulently obtained.
- Many of the victims were elderly and have since been deceased. Many could ill afford the cost of the note at \$25,000.
- In September of 2003 the estate distributed approximately \$17,000,000 of funds to its note holders.
- The percentage of principal and interest returned ranges from 20% to 25% and a normal return from a bankruptcy is less than 5%.

### ADDITIONAL FACTS:

- Dennis M. Murphy holds a real estate brokers license which he has held for 20 years.
- Stephen J. Baumgartner has held a real estate brokers license for approximately 30 years.
- Stephen Baumgartner is an Appraisal Institute MAI candidate.
- Both Dennis Murphy and Stephen Baumgartner have transacted hundreds of millions of dollars in real estate and mortgage transactions.

# DAVID ADELMAN, ESQ.

## SUMMARY OF REPRESENTATIVE REAL ESTATE EXPERIENCE

- Negotiated a variety of commercial, industrial and ground leases, including the leases of a multi-acre college campus, a regional distribution facility for a major shoe manufacturer, a municipal courthouse and office complex and a famous restaurant/brewery
- Assisted a major health care company with the acquisition of a multi-million dollar hospital and medical office complex, including all related business assets
- Managed the disposition of real estate owned by a failed savings and loan after its take over by Federal authorities
- Developed complete package of "form" real estate loan agreements for a regional savings and loan
- Assisted a major real estate developer with the development of a residential subdivision and private country club, including the preservation of forest and wildlife areas, preparation of environmental impact reports and acquisition of requisite development entitlements
- Managed site acquisition (both purchase and ground lease) and construction programs for several fast-food franchisees, including cooperative ventures with oil companies and communications companies
- Reviewed, renegotiated and systematized pipeline franchises for a major oil company
- Assisted a professional golf association with its due diligence in connection with its possible purchase of property intended for the development of a residential, golf-oriented resort, including preparation of a contingency plan for remediation of a known environmental hazard
- Managed the leasing program for a large shopping center management company with major regional mall holdings throughout the western U.S.
- Facilitated for a major communications company the remodel of one of its television production facilities, including the preservation of historical landmarks
- Formed a variety of corporations, limited and general partnerships, joint ventures and limited liability companies for various purposes, including the acquisition of parking lots for a major parking lot operator and the acquisition of hotels for a boutique hospitality company
- Represented a local bank in connection with its SBA lending program for both real estate and commercial loans
- Acquired and disposed of property, secured development entitlements, drafted restrictive covenants, formed homeowners' associations, managed design and construction issues and secured easements in connection with the development of two sizable residential resort communities in Puerto Rico
- Assisted a major defense contractor in connection with the construction of its high-rise corporate offices and the leasing of space therein to third party tenants
- Coordinated a nationwide lease renewal and modification program for a major department store chain
- Represented a 120-person creditors committee in connection with a voluntary multi-million dollar loan workout program, which included securitization work and on-going management of the disposition of the debtor's portfolio of 50 multi-family residential properties

Prior Associations: McCutchen, Black, Verleger & Shea (now Baker & Hostetler), Los Angeles, California  
Ervin, Cohen & Jessup, Beverly Hills, California  
Efron & Associates, San Juan, Puerto Rico

Education: University of California at Los Angeles, B.A., Political Science, with Honors  
Loyola University School of Law, Los Angeles, California, J.D., with Honors  
Extern for the California Supreme Court (Associate Justice Otto Kaus)

Affiliations: Member - American, Los Angeles, Beverly Hills and San Fernando Valley Bar Associations  
Board of Directors - Lambda Chi Alpha Fraternity (UCLA Chapter)  
Pro-Bono Adoption Counsel - Alliance for Children's Rights  
Board of Directors - World Stage Performance Gallery  
Member - Valley Industry and Commerce Association

Bar Admissions: California (1984) and Puerto Rico (Federal court only) (1994)

**GREENBERG & BASS, LLP**  
16000 Ventura Boulevard, Suite 1000  
Encino, California 91436  
(818) 382-6200/(818) 986-6534 fax  
e-mail: dadelman@greenbass.com

Exhibit 1 Page 11

**DENNIS M. MURPHY, CPA**  
**2004 HOURLY BILLING RATES**

<b>DENNIS MURPHY (Principal)</b>	<b>\$320.00</b>
<b>STEPHEN BAUMGARTNER (Senior Manager)</b>	<b>\$285.00</b>
<b>DICKSON HUNG (Senior Accountant)</b>	<b>\$160.00</b>
<b>WILLIAM KENNEDY (Senior Accountant)</b>	<b>\$160.00</b>
<b>NATHAN WIEBE (Computer Consultant)</b>	<b>\$125.00</b>
<b>ED CANTRELL (Paraprofessional)</b>	<b>\$100.00</b>

**DENNIS M. MURPHY**  
Certified Public Accountant  
Certified Insolvency & Restructuring Advisor

# **BIOGRAPHICAL RESUME**

**DENNIS M. MURPHY, CPA, CIRA**  
**630 N. ROSEMEAD BLVD., #100**  
**PASADENA, CA 91107**

**phone: (626) 794-0288**  
**fax: (626) 794-7298**  
**email: dmmurphy@ix.netcom.net**

**BIOGRAPHICAL INFORMATION:**

**Dennis M. Murphy:** Mr. Murphy is a CPA and is also a Certified Insolvency and Restructuring Advisor (CIRA). He has more than twenty years of experience in a full range of services including: forensic accounting, financial management, tax planning, internal auditing, certified audits, due diligence, cash flow planning, reorganization plans, asset evaluation, pro forma five year financial statements, and preparation of tax returns. He is a member of the Superior Court Panel of Receivers, and has served successfully as a receiver. He is currently serving as a Chapter 7 Trustee on a case in the United States Bankruptcy Court, Central District of California.

He is also a professor emeritus of accounting at California State University, Los Angeles, he has served on the Pasadena Citizens' Finance Committee, he is serving on the Boards of Directors of the Rose Bowl Aquatics Center and of the Hillside Education Center, he has served as court appointed accountant on more than 300 bankruptcy cases, and he is licensed as a California Real Estate Broker.

His education includes an M.B.A. in Finance from the University of Michigan, an M.B.A. in Taxation from Golden Gate University, and a B.A. in Accounting from Michigan State University. He is a member of Beta Gamma Sigma (national business honor society), he is a Diplomat of the American Board of Forensic Accounting (DABFA), and he is a member of the American Bankruptcy Institute, the National Association of Bankruptcy Trustees, the Los Angeles Bankruptcy Forum, the Association of Insolvency and Restructuring Advisors, the American College of Forensic Examiners, INSOL International, the California Receivers Forum, and the California Society of Certified Public Accountants.

A recent bankruptcy publication of his is: Stephen J. Baumgartner and Dennis M. Murphy, "Using a Web Site to Administer a Chapter 7 Case", *Journal of the National Association of Bankruptcy Trustees*, Vol. 15, No. 4, January 2000.

**CREDENTIALS AND REFERENCES**  
**DENNIS M. MURPHY, CPA, CIRA**

**CREDENTIALS:**

- California Certified Public Accountant (CPA)
- Certified Insolvency and Restructuring Advisor (CIRA)
- U.S. Department of Justice - Chapter 7 Trustee
- Diplomat of the American Board of Forensic Accounting (DABFA)
- Superior Court Panel of Receivers
- California Real Estate Broker
- Professor Emeritus of Accounting, California State University, Los Angeles
- M.B.A. in Finance, University of Michigan
- M.B.A. in Taxation, Golden Gate University
- B.A. in Accounting, Michigan State University
- Member of Beta Gamma Sigma (national business honor society)

**COMMUNITY SERVICE:**

- Rose Bowl Aquatics Center - reorganized finances and management structure as treasurer and member of Board of Directors
- City of Pasadena Citizens' Finance Committee - solved \$120 million pension shortfall
- Urban League - conducted seminars on how to start and operate a business
- Jobs Through Entrepreneurship - lectured in program for inner-city entrepreneurs
- Hillside Education Center - member of Board of Directors of private school for children with learning and behavior disabilities

**PROFESSIONAL MEMBERSHIPS:**

- California Society of Certified Public Accountants
- Association of Insolvency and Restructuring Advisors
- National Association of Bankruptcy Trustees
- American Bankruptcy Institute
- American College of Forensic Examiners
- Los Angeles Bankruptcy Forum
- INSOL International
- California Receivers Forum

**REFERENCES:**

- Marc T. Dworsky, Esq., Munger, Tolles & Olsen, Los Angeles, CA, (213) 683-9255
- Willie D. Davis, CEO, All-Pro Broadcasting, Inc., Inglewood, CA, (310) 330-3114
- Richard C. Hendricks, VP, KennaMetal Inc., Latrobe, PA, (724) 834-6655
- Charlie E.P. Wood, CEO, C.E. Peterson & Co., Pasadena, CA, (213) 718-4900
- Deborah H. Eisen, Esq., Weinstein, Eisen, Weiss & Rothschild, L.A., CA, (310) 203-9393
- Jeffrey C. Coyne, Esq., Chapel Hill, NC, (919) 933-9292
- Douglas M. Neistat, Esq., Greenberg & Bass, Encino, CA, (818) 382-6200
- Dr. Margaret Hartman, Deputy Provost, Zayed University, UAE

## **CAPABILITIES OVERVIEW**

### **DENNIS M. MURPHY, CPA, CIRA**

Serving as a Certified Public Accountant (CPA) and as a Certified Insolvency and Restructuring Advisor (CIRA), the firm responds quickly to client needs and provides cost-effective assistance. An experienced staff provides a flexible, multidisciplinary approach to both short term projects and to longer term assignments. Services provided include:

**Business Planning:** start-up/growth/phasedown assistance, business plan preparation, financial modeling, strategy formulation/implementation, cash management, financial planning, tax planning, design of control systems, hiring of staff, and design and installation of information systems.

**Business Management:** accounting services, inventory management, business plan review and modification, tax return preparation, payroll preparation and supervision, internal auditing, certified audits, forensic accounting, due diligence, project management, financial review, building banking relationships, coordinating information systems, and interfacing to stockholders and Board of Directors.

**Management of Change:** strategic planning, turnaround management, forensic analysis, due diligence, merger/acquisition/sale support, cash flow planning, debtor/creditor negotiations, crisis consulting, reorganization planning, debt/equity restructuring, asset evaluation, staffing changes, proforma five year financial statements, litigation support, project management, phasedown and liquidation, serving as trustee/receiver, bankruptcy administration, and tax return preparation.

For example, in recent months the firm has:

- performed strategic services including: financial analysis, competitive market survey, business valuation, due diligence, buyer qualification, contract negotiations, tax analysis, loan refinance, and sale support for a manufacturer and worldwide distributor of film equipment.
- provided strategic direction, generated a comprehensive cash flow plan, negotiated with major creditors, coordinated the restructuring of debt, served as liaison between management and key stockholders, and supervised the strategic redirection of an international furniture manufacturer.
- produced a crisis management plan, presented the plan to trade creditors and the client's bank, initiated improved financial controls, hired a new controller, and raised morale by conducting employee meetings for a major regional auto parts distributor.
- continued serving as Chapter 7 trustee on \$80 million bankruptcy case involving litigation of alleged fraud, federal and state securities violations, conversion, breach of fiduciary responsibilities by indenture trustees, "Ponzi scheme" transactions, recovery of hidden assets, and alter-ego issues.

**FIRM RESUME**

**DENNIS M. MURPHY, CPA, CIRA**  
630 N. Rosemead Blvd., Suite 100  
Pasadena, CA 91107  
phone: (626) 794-0288  
fax: (626) 794-7298  
email: dmmurphy@ix.netcom.net

**BIOGRAPHICAL INFORMATION:**

**Dennis M. Murphy (Principal):** Mr. Murphy is a CPA and is also a Certified Insolvency and Restructuring Advisor (CIRA). He has more than twenty years of experience in a full range of services including: forensic accounting, financial management, tax planning, internal auditing, certified audits, due diligence, cash flow planning, reorganization plans, asset evaluation, pro forma five year financial statements, and preparation of tax returns. He is a member of the Superior Court Panel of Receivers, and has served successfully as a receiver. He is currently serving as a Chapter 7 Trustee on a case in the U.S. Bankruptcy Court, Central District of California.

He is also a professor emeritus of accounting at California State University, Los Angeles, he has served on the Pasadena Citizens' Finance Committee, he is serving on the Boards of Directors of the Rose Bowl Aquatics Center and of the Hillside Education Center, he has served as court appointed accountant on more than 300 bankruptcy cases, and he is licensed as a California Real Estate Broker.

His education includes an M.B.A. in Finance from the University of Michigan, an M.B.A. in Taxation from Golden Gate University, and a B.A. in Accounting from Michigan State University. He is a member of Beta Gamma Sigma (national business honor society), he is a Diplomate of the American Board of Forensic Accounting (DABFA), and he is a member of the American Bankruptcy Institute, the National Association of Bankruptcy Trustees, the Los Angeles Bankruptcy Forum, the Association of Insolvency and restructuring Advisors, the American College of Forensic Examiners, INSOL International, the California Receivers Forum, and the California Society of Certified Public Accountants.

A recent bankruptcy publication of his is: Stephen J. Baumgartner and Dennis M. Murphy, "Using a Web Site to Administer a Chapter 7 Case", *Journal of the National Association of Bankruptcy Trustees*, Vol. 15, No. 4, January 2000.

**Stephen J. Baumgartner (Senior Manager):** Mr. Baumgartner is a specialist in financial matters and quantitative analysis, with extensive experience in debt restructuring, work-out plans, cash flow planning, project management, strategic planning, forensic accounting, and reorganization plan preparation. He has more than twenty years of business experience in the areas of finance, accounting, information systems, manufacturing, and management (at firms including Xerox and Rand), he is a member of the full-time faculty in the School of Business and Management at Pepperdine University, he is licensed as a California Real Estate Broker (since 1976), he is an Appraisal Institute MAI Candidate, he is a member of the Los Angeles Bankruptcy Forum, and he has more than thirty practitioner and academic publications in the areas of bankruptcy, real estate, investments, finance, strategic management, and information technology. His education includes a Ph.D. program (all but dissertation completed) in Executive Management at the Claremont Graduate University, an M.Sc.(Econ.) from the London School of Economics, an M.B.A. from the State University of New York at Buffalo, and a B.S. in mathematics and physics from St. Lawrence University.

SENIOR ACCOUNTANTS:

**Dickson Hung:** Mr. Hung is a Certified Public Accountant (CPA) with more than ten years of experience in public accounting and in industry. His experience includes the preparation of tax returns for corporations, partnerships, fiduciaries, and individuals, and he has performed financial statement audits, reviews and compilations. He also has extensive experience in audits, tax planning, payroll, accounts receivable, accounts payable, general ledger, inventory control, cash flow planning, regulatory agency compliance, and information technology. Mr. Hung holds a Bachelor of Science degree in Civil Engineering from the University of Hong Kong and an M.B.A. from Boston University.

**William Kennedy:** Mr. Kennedy has more than 11 years of accounting experience serving in both the public and private domain. He served in a comptroller capacity for several years before entering public accounting and has experience in taxation, forensic accounting, and business management. He is currently enrolled in the Masters of Science in Taxation program at Golden Gate University where he expects to graduate in 2004. He has a Bachelor of Science degree in Business Administration from Indiana University of Pennsylvania and a Post-Baccalaureate certificate in accounting from California State University, Los Angeles. Mr. Kennedy has passed all four parts of the Uniform CPA examination and expects to receive his CPA Certification in 2003.

**Adele R. Warner:** During the past fifteen years Ms. Warner has worked in public accounting, in real estate investments and construction, in finance and control, and in human resources. She is experienced in taxation related to individuals, partnerships, corporations, trusts, non-profit organizations, and bankruptcy estates. She also has financial control expertise in areas including accounts payable, accounts receivable, payroll, financial reporting, consolidated financial statement preparation, forecasting, budgeting, inventory control, pension plan administration, training, human resources, and forensic accounting (including fraud, conversion, and alter-ego analysis). Ms. Warner holds a B.S. degree in Accounting from Metropolitan State College in Denver, Colorado, and she has been active in professional organizations including Toastmasters and the Pasadena Chamber of Commerce.

**Douglass L. Montgomery:** Mr. Montgomery has worked in the public and private accounting sector for over 17 years. His expertise encompasses small business accounting, corporate consolidations, internal audit, bankruptcy reorganization planning and reporting, and banking relations. He has developed financial planning and budgeting in manufacturing, retail, wholesale and service industries. He has extensive experience in financial statement analysis and internal procedures analysis. Mr. Montgomery's education includes an A.A. degree in Industrial Management from Purdue University and a B.A.A. in Accounting from California State University, Fullerton.

**Nathan Wiebe: (Computer Consultant)** Mr. Wiebe is in his senior year and attends California State University, Los Angeles where he is majoring in Business Information Systems. He previously graduated from Pasadena City College. He has over ten years experience in both computer information systems, bookkeeping, and data processing.

**Ed Cantrell:** (Paraprofessional) Mr. Cantrell has more than twenty years of experience in administration, financial analysis, research, information technology, and litigation support. He attended Pasadena City College and California State University, Los Angeles, and he holds a Paralegal Certificate from Watterson College. He served as a medic in the U.S. Army, where he was awarded two Bronze Star medals (both with "V" device for valor in combat) and a Purple Heart. His chief responsibilities with the firm lie in the areas of data base management, bibliographic and Internet research, and project coordination with an emphasis on fraud and forensic analysis.