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21 [Additional Counsel for Plaintiff on Signature Page]

22 *Attorneys for Plaintiff FLO & EDDIE, INC. and the Class*

23 **UNITED STATES DISTRICT COURT**
24 **CENTRAL DISTRICT OF CALIFORNIA**
25 **WESTERN DIVISION**

26 FLO & EDDIE, INC., a California
27 corporation, individually and on behalf
28 of all others similarly situated,

Plaintiff,

v.

SIRIUS XM RADIO, INC., a Delaware
corporation; and DOES 1 through 10,

Defendants.

Case No. CV13-05693 PSG (GJSx)

**DECLARATION OF MICHAEL
WALLACE IN SUPPORT OF
PLAINTIFFS' MOTION FOR
FINAL APPROVAL**

1 **DECLARATION OF MICHAEL WALLACE**

2 I, Michael Wallace, hereby declare and state as follows:

3 1. I have personal knowledge of the facts stated herein and, if called upon,
4 could and would testify competently thereto. I submit this Declaration in support of
5 Plaintiff Flo & Eddie, Inc.'s ("Flo & Eddie") Motion for Preliminary Approval.

6 **Qualifications**

7 2. I am a founding member and the Chief Operating Officer of TM
8 Financial Forensics, LLC (TMF). I have over 30 years of experience in forensic
9 accounting and the preparation and analysis of claims for economic damages in a
10 wide variety of business disputes. TMF is a specialized business and litigation
11 consulting firm with approximately 60 professionals experienced in accounting,
12 economics, finance, engineering and information technology, with offices in Los
13 Angeles, San Francisco and Chicago. I have testified as an expert witness on the
14 subjects of accounting and economic damages in federal and state courts, as well as
15 in arbitrations.

16 3. Prior to becoming a founding member of TMF in 2010, I was a
17 Managing Director in the Los Angeles office of Navigant Consulting, an
18 international business, management and litigation consulting firm. Prior to joining
19 Navigant Consulting in 2004, I was a Vice President and founding member of
20 Tucker Alan, a business and litigation consulting firm. Prior to joining Tucker Alan
21 in 1994, I was a Vice President in the Los Angeles office of Peterson Consulting, an
22 international consulting firm. At Navigant Consulting, Tucker Alan, and Peterson
23 Consulting, I performed consulting and expert witness work similar to the work I
24 currently perform at TMF.

25 4. I received a Master of Business Administration degree from the
26 University of California at Berkeley with a specialization in finance and accounting
27 and a Bachelor of Science degree in mechanical engineering from the University of
28 California at Los Angeles. While earning my MBA, I was employed as a Teaching

1 Assistant by the University of California in the subjects of statistics and quantitative
2 methods for business decisions. Prior to attending business school, I worked as a
3 design engineer in Chevron's El Segundo, California oil refinery.

4 5. I have extensive experience analyzing accounting issues and economic
5 damages in connection with the entertainment industry. I have served as an expert
6 witness or consulted on dozens of litigation disputes involving licensing, production
7 and distribution of music, television, motion pictures, and related merchandise,
8 among other entertainment matters. In the course of my entertainment industry
9 work, I have studied the revenues, expenses and profits associated with the
10 recording and distribution of music in a variety of formats. I have testified in
11 federal court, state court and in arbitrations on accounting issues and economic
12 damages related to the music, television and motion picture industries.

13 6. I am experienced in the financial, economic, accounting, statistics and
14 damages concepts relevant to my work on this matter. As examples, I have
15 consulted and testified on many commercial litigation and intellectual property
16 matters. I have prepared and analyzed numerous claims for improper accounting,
17 lost earnings, lost profits, unjust enrichment, increased costs, cost of capital,
18 reasonable royalties, disgorgement of revenues or profits, and other measures of
19 economic damages. I am familiar with standards for preparation of forensic
20 accounting analyses and economic damage claims for use in judicial proceedings
21 and the requirement for the use of reliable principles and supporting data.

22 7. My resume and a listing of my testimony in the last four years are
23 included as Appendix A and Appendix B, respectively. My current billing rate for
24 work performed on this matter is \$650 per hour.

25 8. I have performed my work to date with the assistance of other TMF
26 professionals working at my direction. A listing of the documents used in the
27 course of performing this work is attached to my Supplemental Expert Report dated
28 September 21, 2016. The opinions and analyses presented in this declaration are

1 based on currently available information and may be supplemented or revised if
2 relevant new information becomes available.

3 **Background**

4 9. I have previously submitted three declarations and two expert reports in
5 this matter. I submitted (1) a Declaration In Support of Flo & Eddie, Inc.'s Motion
6 for Class Certification and associated exhibits dated March 12, 2015 ("First
7 Declaration"); (2) a Supplemental Declaration In Support of Flo & Eddie, Inc.'s
8 Motion for Class Certification and associated exhibits dated May 6, 2015 ("Second
9 Declaration"); (3) a Declaration dated November 28, 2016 ("Third Declaration");
10 (4) an Expert Report dated March 13, 2015 ("Initial Expert Report"); and (5) a
11 Supplemental Expert Report dated September 21, 2016 ("Supplemental Expert
12 Report").

13 10. I was initially asked by counsel for Flo & Eddie to: (1) determine
14 whether damages are capable of measurement on a class-wide basis ("Class
15 Damages"); (2) identify a reasonable method for calculating Class Damages; and (3)
16 calculate the amount of those Class Damages. Tasks 1 and 2 were discussed in
17 detail in my First Declaration dated March 12, 2015 and my Second Declaration,
18 dated May 6, 2015. Task 3 was addressed in my Initial Expert Report dated March
19 13, 2015.

20 11. Subsequent to my Initial Expert Report and Class Certification, certain
21 Class Members opted out of this action and Sirius XM entered into settlement
22 agreements or written licenses for certain Pre-1972 Sound Recordings with a
23 number of Class Members. In my Supplemental Expert Report, I (1) updated my
24 calculation of Class Damages to include the period March 1, 2015 through October
25 31, 2016; and (2) excluded from the calculated Class Damages the amount of
26 damages attributable to the use of Pre-1972 Sound Recordings owned or controlled
27 by Class Members that had opted out of this action, and for which Sirius XM
28

1 asserted it had authorization to exploit pursuant to settlement agreements or written
2 licenses.

3 12. On November 13, 2016, the parties reached a Stipulated Class Action
4 Settlement (“Stipulation”). In my Third Declaration, I provided two estimates of
5 future royalties in accordance with the terms of the Stipulation using a royalty rate
6 of 5.5%, one assuming no growth in Sirius XM annual revenues attributable to Pre-
7 1972 Sound Recordings from current levels and another assuming continued growth
8 in Sirius XM annual revenues attributable to Pre-1972 Sound Recordings.

9 13. I was also asked by counsel to compare the financial terms of the
10 Stipulation to (1) the reported financial terms of the Major Label Settlement dated
11 June 17, 2015, and (2) the financial terms of other Direct Licenses covering Pre-
12 1972 Sound Recordings which Sirius XM has entered into with independent record
13 labels since June 2015.

14 14. Subsequent to my Third Declaration, on February 16, 2017, the United
15 States Court of Appeals for the Second Circuit granted the Appellant’s (Sirius XM)
16 motion for summary judgement (“New York Appeal”) and dismissed the case with
17 prejudice following a ruling by the New York Court of Appeals.

18 **This Declaration (“Fourth Declaration”)**

19 15. In this Fourth Declaration, I was asked by counsel for Flo & Eddie to
20 provide two additional estimates of future royalties based on the data for Sirius
21 XM’s exploitation of Pre-1972 Sound Recordings for the period 2018 to 2028,
22 taking into account the outcome of the New York Appeal and reduction of the
23 potential maximum future royalty rate from 5.5% to 3.5%. The first estimate
24 assumes no growth in Sirius XM annual revenues attributable to Pre-1972 Sound
25 Recordings from current levels. The second estimate assumes growth in Sirius XM
26 annual revenues attributable to Pre-1972 Sound Recordings revenues continuing at a
27 growth rate similar to the growth rate experienced during the last several years.
28

1 16. For each estimate of future royalties, I have been asked to assume that
2 15% of the Sirius XM revenues attributable to Pre-1972 Sound Recordings during
3 the period 2018 to 2028 will be attributable to sound recordings owned or controlled
4 by the current Class Members. I have further been asked to estimate royalties by
5 applying a royalty rate of 3.5% to Sirius XM's revenues attributable to Pre-1972
6 Sound Recordings owned or controlled by the current Class Members.

7 17. I was also asked to calculate (1) the current maximum value of the
8 Stipulation and (2) a range of per-play payments based on the minimum number of
9 historical plays required to be accounted for and the outstanding range of settlement
10 payments provided for in the Stipulation.

11 18. I was also asked by counsel for Flo & Eddie to compare the financial
12 terms of the Stipulation, taking into account the outcome of the New York Appeal,
13 to the financial terms of other Direct Licenses covering Pre-1972 Sound Recordings
14 which Sirius XM has entered into with independent record labels since June 2015.

15 **Future Royalty Estimate Assuming No Growth in Revenues**

16 19. I performed a calculation of future royalties for Sirius XM's
17 exploitation of Pre-1972 Sound Recordings during the period 2018 to 2028
18 assuming that there will be no growth in Sirius XM's revenues attributable to Pre-
19 1972 Sound Recordings. Assuming (1) no growth, (2) that 15% of Pre-1972
20 revenues will be attributable to Pre-1972 Sound Recordings owned or controlled by
21 Class Members, and (3) applying the 3.5% royalty rate under the Stipulation, I
22 estimate future royalties for the period 2018 to 2028 to be approximately \$28.939
23 million.

24 **Future Royalty Estimate with 3.5% Annual Growth in Revenues**

25 20. I also performed a calculation of future royalties for Sirius XM's
26 exploitation of Pre-1972 Sound Recordings during the period 2018 to 2028
27 assuming that Sirius XM's revenues attributable to Pre-1972 Sound Recordings will
28 increase at a rate similar to the growth experienced during the last several years.

1 After studying the growth rates for Sirius XM's Pre-1972 revenues from 2010 to
2 2015, I concluded that a 3.5 % annual growth rate is a reasonable and conservative
3 estimate of future growth rates for estimating future royalties.¹ After applying (1) a
4 3.5% annual growth rate to the Pre-1972 revenues; (2) the assumption that 15% of
5 these estimated Pre-1972 revenues will be attributable to Pre-1972 Sound
6 Recordings owned or controlled by Class Members; and (3) a 3.5% royalty rate, I
7 estimate future royalties for the period 2018 to 2028 to be approximately \$37.679
8 million.

9 21. Based on the foregoing, it is my opinion that either \$28.939 million
10 (assuming no revenue growth) or \$37.679 million (assuming 3.5% annual revenue
11 growth) are reasonable estimates of future royalties for the period 2018 to 2028,
12 based on the further assumptions that 15% of projected Pre-1972 revenues will be
13 attributable to Pre-1972 Sound Recordings owned or controlled by Class Members,
14 and applying a 3.5% royalty rate.

15 **Current Value of Stipulation**

16 22. I have reviewed the Stipulation dated November 13, 2016, which
17 covers 15% of historical plays of Pre-1972 Sound Recordings during the damage
18 period estimated to be owned or controlled by the Settlement Class. The Stipulation
19 provides for a cash settlement ranging from \$25 million to \$40 million depending on
20 the outcomes of certain appellate actions, in exchange for a release of claims
21 through 2017.

22 23. The maximum cash settlement is now \$35 million in light of the
23 outcome of the New York Appeal, lowering the maximum value of the Stipulation
24

25 ¹ To estimate the annual growth rate for Pre-1972 revenues, I studied Sirius
26 XM's historical growth in Pre-1972 revenues during the period 2010 to 2015.
27 Annual growth rates ranged from 3.3% to 36.8% during this period, with an average
28 compound annual growth rate of 14.5% over the entire 2010 to 2015 period. To be
conservative, I used the compound annual growth observed during the period 2013
to 2015 of 3.5%.

1 to \$72.679 million (\$35 million maximum settlement + \$37.679 million estimated
2 future royalties, assuming 3.5% annual growth in revenues).

3 24. In addition, the minimum number of historical plays required to be
4 accounted for by the Settlement Class under the Stipulation -- 1,594,205 historical
5 plays -- now represents a per-play payment of between \$15.68 (\$25 million /
6 1,594,205) to \$21.95 (\$35 million / 1,594,205).

7 **Comparison of Stipulation to Direct Licenses**

8 25. As part of my work in this case, I have also reviewed all of the Direct
9 Licenses covering Pre-1972 Sound Recordings entered into by Sirius XM with
10 independent record labels since June 2015. Only one Direct License expressly
11 provided compensation for past use of Pre-1972 Sound Recordings (for the year
12 2015). The Stipulation's original potential royalty rate of 5.5% is the highest
13 royalty rate provided for in any of the Direct Licenses. Moreover, the 3.5%
14 potential maximum future royalty provided for in the Stipulation in light of the
15 outcome of the New York Appeal, is well within the 0% to 5.5% range of royalty
16 rates provided for in the Direct Licenses (Dkt. 489-3, Ex. 19 at 1.).

17 **Conclusion**

18 26. I declare under penalty of perjury under the laws of the United States
19 that the foregoing is true and correct.

20 Signed this 10th day of April, 2017, at Los Angeles, California.

21
22 
23 Michael Wallace



Michael J. Wallace

Michael J. Wallace
Chief Operating Officer, Member

TM Financial Forensics, LLC
333 South Grand Avenue
40th Floor
Los Angeles, California 90071

Tel: 213.784.5010
mwallace@tmfin.com

Professional History

- Navigant Consulting, Managing Director
- Tucker Alan Inc., Vice President
- Peterson Consulting, Vice President
- Chevron USA El Segundo Refinery, Design Engineer

Education and Certifications

- MBA in finance and accounting
 - UC Berkeley
- BS in mechanical engineering
 - UCLA

Professional Associations

- Western Justice Center Foundation – Board Member, Audit Committee Chair
- USC Intellectual Property Institute – Planning Committee Member
- Institute for Corporate Counsel – Advisory Board Member
- National Contract Management Association
- American Bar Association – Litigation Section, Public Contract Section
- State Bar of California – Intellectual Property Section

Michael Wallace is the Chief Operating Officer and a founding Member of TM Financial Forensics, LLC. He has over 30 years of experience in the field of business and litigation consulting. He specializes in providing consulting and testimony services to clients regarding financial, economic, accounting and damages issues. Mr. Wallace has testified as an expert witness in federal and state court, in arbitration and in depositions in a number of jurisdictions.

Mr. Wallace has prepared and analyzed numerous damages claims, including claims for lost profits, increased costs, unjust enrichment, reasonable royalties and other measures of economic damages. He has extensive experience in the interpretation and application of financial and accounting principles and standards in regulatory and contractual settings. His professional work has included analyzing the financial condition and financial performance of businesses through review of financial statements, public disclosures, accounting information, operational reports, and other business records.

Mr. Wallace's experience has included significant work in the following practice areas, among others:

- » Commercial Litigation
- » Construction
- » Entertainment And Sports
- » Financial Institutions
- » Government Contracts
- » Health Care
- » Investment Management
- » Intellectual Property
- » Regulated Industries



Michael J. Wallace

CLIENT AND INDUSTRY EXPERIENCE

Clients have included corporations, partnerships and individuals; in-house and outside counsel; plaintiffs, defendants and judicial bodies; on litigation, non-litigation, arbitration and mediation matters. Client matters have involved issues in a wide variety of industries including the following:

Advertising	Electronics	Oil and Gas
Aerospace	Environmental	Pharmaceutical
Airline	Health Care	Professional Sports
Asset Management	Industrial Supplies	Promotion
Automotive	Insurance	Real Estate
Banking	Licensing	Restaurants
Biotechnology	Manufacturing	Retail
Commercial Fishing	Marketing	Sporting Goods
Construction	Medical Practice	Structured Investments
Data Processing	Merchandising	Telecommunications
Defense	Motion Pictures	Television
Distribution	Music Recording	Transportation
Electric Power	Newspaper	Video

SELECTED EXPERIENCE

Economic, Operational, Damage and Accounting Analyses

Consulted on projects involving calculation of lost profits, business valuation, reasonable royalty analysis, determination and allocation of costs, investigation and analysis of fraud allegations, tracing of funds, and other economic damages issues.

Prepared and analyzed claims resulting from breach of contract, business interruption, patent infringement and other intellectual property claims, antitrust, fraud and other allegations.

Evaluated issues such as lost or diminished product sales and other lost revenues, loss of market share, loss of business value, losses of specific customer accounts or contracts, diminution of future revenue prospects, increased costs, avoided costs, fixed and variable costs, costs of capital and mitigation.

Utilized a variety of statistical analysis techniques in a number of circumstances. Have applied or analyzed statistical methods including random sampling, estimation, extrapolation, stratification, simple and multiple regression, and analysis of variance.



Michael J. Wallace

ENTERTAINMENT AND SPORTS

Performed consulting services and provided expert witness testimony on a variety of entertainment and sports matters.

Entertainment and sports matters have involved the production, recording, licensing, promotion, distribution and sale of a variety of entertainment media including motion pictures, television, recorded music, online games, concert and sports merchandise and DVD/video.

Addressed a wide range of issues on entertainment and sports matters including the following:

Accounting practices	Management fees
Antitrust issues	Personal vs. business expense
Breach of contract	Pricing policies
Budgets and forecasts	Production costs and funding
Cooperative advertising	Professional malpractice
Contract terms	Promotional tie-ins
Copyrights	Revenue recognition
Distribution costs and fees	Sales projections
Diversion of collateral	Trademarks
Financing vehicles	Trade Secrets
Fraud and embezzlement	Tax Incentives
Lost profits	Valuation

Assisted counsel for seven major motion picture studios in responding to price-fixing and other antitrust allegations in class action matter. Evaluated and presented the variety of financial and other contractual terms for thousands of motion picture talent contracts, including front-end and back-end fixed and contingent payments and profit participations.

Analyzed lost profits and disgorgement of profit issues related to numerous breach of contract, copyright and trademark matters in the music industry.

Prepared and reviewed breach of contract lost profits claims related to videocassette licensing and promotion, as well as licensed concert and sports merchandise.

Analyzed direct and indirect revenues and costs associated with online games, online direct marketing, online distribution and other internet based business models.

Performed an accounting of motion picture production funds and distribution proceeds for over 40 films. Evaluated producer's fees, distribution fees and the accounting procedures and practices of the production company to evaluate allegations of management fraud.

Evaluated unjust enrichment damages related to the misappropriation of trade secrets used for manufacturing competition-quality sporting goods.



Michael J. Wallace

INTELLECTUAL PROPERTY

Analyzed and prepared claims for damages in a broad range of intellectual property matters, including patent, copyright, trade secret, trademark and trade dress. Evaluated lost profits, price erosion and reasonable royalty issues on patent infringement matters. Patent cases have included analysis of market share issues, non-infringing alternatives and design around issues.

In connection with copyright, trademark and trade secret matters, analysis has been performed of the lost profits or other damages to the rights holder, and the profits or cost savings of the alleged infringer. Have also studied apportionment of profits between the infringed property and other factors unrelated to infringement.

Addressed intellectual property issues with respect to the following industries or technologies:

- | | |
|----------------|--------------------|
| Advertising | Petroleum Products |
| Aerospace | Pharmaceutical |
| Automotive | Publishing |
| Communications | Religion |
| Diagnostics | Restaurants |
| Electronics | Satellites |
| Electric Power | Software |
| Fitness | Sports |
| Internet | Television |
| Manufacturing | Test Equipment |
| Music | Toys |
| Paper Products | Water Treatment |

Analysis of lost profits has included evaluating achievability of sales; capacity for manufacturing, sales and distribution; and impacts of competition on pricing. Cost analysis has included determining fixed and variable costs, costs of expansion, research and development costs and costs of capital.

LABOR AND EMPLOYMENT MATTERS

Analyzed and prepared claims for damages in connection with labor termination and discrimination matters. These engagements have included economic analysis of compensation, fringe benefits, retirement and pension plans, stock options, appropriate period of loss, and wage escalation and discount rates.

Analyzed replacement compensation, including independent consulting ventures and operation of small businesses. Performed numerous analyses of labor and related costs on commercial damage matters, including analysis of labor burdens, benefit costs, salary and compensation plans.



Michael J. Wallace

GOVERNMENT CONTRACT MATTERS

Provided consulting services and testified on a variety of government contracts matters involving issues such as cost accounting, cost estimating, defective pricing, false claims, pension accounting, purchase price adjustments, regulatory compliance and contract claims.

Have assisted counsel on liability, damages and penalty issues on numerous cases filed under the Federal False Claims Act. Provided expert testimony on qui tam matters, in addition to providing formal and informal presentations to Department of Justice, Defense Contract Audit Agency and Defense Criminal Investigative Service regarding defective pricing and false claims issues. Consulted and testified on False Claims Act matters involving defective pricing, improper accounting, mischarging, overbilling, design defects, violations of the Cost Accounting Standards and the Federal Acquisition Regulation, non-compliance with contract terms, and false certification, among other claims

Government contract matters have included substantial work in analyzing and applying provisions of the Federal Acquisition Regulations, Cost Accounting Standards and other regulatory guidance. Application of this regulatory guidance has involved evaluation of cost estimating procedures and proposal preparation; determination of the cost of service and allocation of costs among multiple cost objectives; and in the pricing of contracts, contract claims and contract price adjustments. Analyzed proper accounting for pension costs, pension assets and pension liabilities under the Cost Accounting Standards (CAS) and the Employee Retirement Income Security Act (ERISA). Studied Prepayment Credits and Segment Closing Claim procedures under CAS rules. Assisted buyers and sellers in resolving acquisition disputes regarding the transfer of pension assets and liabilities upon the sale of subsidiaries and divisions.

Prepared and reviewed claims and counterclaims for cost and schedule impacts on a variety of government contract projects. Analyzed claims based on defective specifications, change orders, regulatory changes, increased project scope, acceleration, constructive changes, defective work, excessive inspections, and delay and disruption, among other causes.

HEALTH CARE

Assisted clients with health care related matters and researched emerging industry issues, including fraud, waste and abuse. Client matters have included private hospital urgent care affiliates, municipalities providing emergency medical care to the public and the incarcerated, a biomedical research material supplier, a manufacturer of hematology equipment and reagents, and a medical transportation company, among others.

Issues analyzed have included false claims allegations, lost profits, business valuation, lost wages, insurance claims coverage, construction costs and professional liability.



Michael J. Wallace

CONSTRUCTION CLAIMS AND RELATED MATTERS

Provided consulting services on a variety of construction related matters. Prepared and analyzed claims related to construction projects including assessment of formal and constructive change orders, delay and disruption, defective specifications, differing site conditions, acceleration, defective workmanship and cost of rework, and false claims allegations.

Analyzed issues including assessment of the reasonableness of original bids, causes for cost growth and budget overruns, determining the impact of individual events or changes on cost and schedule. Have also prepared and analyzed claims for economic impacts of delayed, diminished or lost use of facilities including lost profits, cost of substitute facilities, costs of capital and other measures of economic damages.

Construction project analyzed have included the following types of facilities:

- | | |
|---------------------------|------------------------------|
| Apartment Buildings | Oil Refineries and Pipelines |
| Environmental Remediation | Petroleum Tank Farms |
| Hospitals | Prisons |
| Municipal Sewers | Residential Housing |
| Nuclear Power Plants | Retail Complex |
| Office Buildings | University Facilities |

Experienced in working with counsel and other experts to combine entitlement analysis with cost, schedule and other technical analyses to develop a coherent presentation of the chronology of a construction project and the resultant economic impacts of unplanned and unforeseen events and conditions.

REAL ESTATE DEVELOPMENT

Consulted on a variety of real estate development matters. Real estate projects have included office buildings, hotels, apartments, townhouses, university housing, theatres, retail complexes and condominiums. Issues have included market value, lease costs, occupancy rates, construction defects, loss of use, lost profits and breach of contract.

Evaluated damages claimed by the limited partners due to the reorganization of a real estate limited partnership. Damage issues included the real estate valuations and transaction costs for a number of distressed properties. Risks associated with various scenarios were analyzed, along with the appropriate discount rates applicable to the financial analysis.



Michael J. Wallace

FINANCIAL INSTITUTIONS AND ASSET MANAGEMENT

Provided consulting services on a variety of financial institutions and asset management matters. Prepared and analyzed claims related to mortgage origination and servicing, real estate development, structured investments, film financing, custodial and trustee services, private equity and hedge funds, Ponzi schemes and embezzlement.

Analyses have included funds tracing, collateral analysis, portfolio analysis, calculations of carried interest, alternative investment returns and analysis of lost profits, among other areas.

Projects have included the following types of entities:

- | | |
|----------------------------|----------------------------------|
| Asset Management Companies | Insurance Companies |
| Commercial Banks | Mortgage Originators & Servicers |
| Commodities Brokers | Real Estate Investment Trusts |
| Film Financing Vehicles | Structured Investments |

Evaluated claims for lost profits and loss of business value damages in connection with the departure of key executives from a major asset management company. Also assessed counterclaims for lost income of key executives due to termination of employment.

Studied causation and damages issues in a professional malpractice claim, including determination of the losses suffered by an asset management company and its investors caused by the failure of independent accountants, outside counsel and investment bankers to uncover and disclose fraudulent practices of the asset manager's prime broker.

Analyzed investor losses in connection with a Ponzi-type scheme. Determined potential losses attributable to the failure by the financial institution that served as custodian of investor funds to uncover the scheme. Evaluated involvement and fees earned by plaintiff banks in connection with the distribution and sale of the investments in the fraudulent funds.

Evaluated claims for lost investment income asserted by investor against an asset management company. Studied potential alternative investment results under a number of different asset allocation scenarios.

Analyzed a claim for damages related to lost commercial real estate opportunities in an REIT investment. Studied the causes of losses incurred by a financial institution in connection with the development of a condominium complex.

Evaluated claims for losses by financial institutions related to fraud perpetrated by a mortgage originator. Determined potential losses attributable to the failure by the financial institution that served as custodian of investor funds to uncover the scheme.



Michael J. Wallace

TESTIMONY AND ALTERNATIVE DISPUTE RESOLUTION EXPERIENCE

Testified on Federal Court, State Court and arbitration matters regarding lost profits, business valuation, forensic accounting, asset management, false claims, breach of contract, intellectual property, employment termination, cost allocation, product defects, construction claims and statistical analyses, among other issues.

Provided written testimony and expert witness reports on Federal and State Court matters regarding data processing billing algorithms, interest accruals on deferred compensation, and internet-based business damages in addition to the testimony subjects listed above.

Prepared analyses and reports which were the bases of findings by a court-appointed Special Master in a case involving allegations of management fraud in an independent motion picture production and distribution company.

LECTURES AND SEMINARS

“Program and Contract Changes” - Albuquerque, NM

- Managing, tracking and pricing contract changes and contract claims
- National Contract Management Association (NCMA) seminar

“What You Need To Know About Trademarks” - Beverly Hills, CA

- Valuation, licensing and economic damages related to trademarks
- Minimum Continuing Legal Education seminar approved by California Bar

**MICHAEL J. WALLACE
TESTIMONY**

<u>Case Name</u>	<u>Venue</u>	<u>Approximate Date</u>
Himelsein Mandel Fund Management, LLC; HM Ruby Fund, L.P; Quantlife, LLC; and Brentwood Holdings, LLC v. Fortress Investment Group LLC, et al.	Superior Court of California, County of Los Angeles (Trial)	2016
Flo & Eddie, Inc., individually and on behalf of all others similarly situated v. Sirius XM Radio, Inc.	Superior Court of California, County of Los Angeles Central District (Deposition)	2016
Aeros Aeronautical Systems Corp. v. United States of America, the Department of the Navy	United States District Court for the Central District of California (Deposition)	2016
Himelsein Mandel Fund Management, LLC; HM Ruby Fund, L.P; Quantlife, LLC; and Brentwood Holdings, LLC v. Fortress Investment Group LLC, et al.	Superior Court of California, County of Los Angeles (Deposition)	2016
MJC America, Ltd., MJC America Holdings Co., Inc., and MJC Supply, LLC v. Gree Electric Appliances, Inc. of Zhuhai and Hong Kong Gree Electric Appliances Sales Ltd. et al.	United States District Court for the Central District of California (Trial)	2015
Flo & Eddie, Inc., individually and on behalf of all others similarly situated v. Sirius XM Radio, Inc.	Superior Court of California, County of Los Angeles Central District (Deposition)	2015
MJC America, Ltd., MJC America Holdings Co., Inc., and MJC Supply, LLC v. Gree Electric Appliances, Inc. of Zhuhai and Hong Kong Gree Electric Appliances Sales Ltd. et al.	United States District Court for the Central District of California (Deposition)	2015
San Diego Gas & Electric Company, City of Riverside, City of Anaheim v. Southern California Edison Company	Judicial Arbitration and Mediation Services, Inc. (Deposition)	2014

**MICHAEL J. WALLACE
TESTIMONY**

<u>Case Name</u>	<u>Venue</u>	<u>Approximate Date</u>
Medley Capital LLC, and Fourth Third, LLC, v. Milbank, Tweed, Hadley & McCloy LLP	Superior Court of California, City and County of San Francisco (Deposition)	2013
In re Medical Capital Securities Litigation; Kenneth and Gwen Bain, et al. v. Wells Fargo Bank, National Association, et al.; James L. Abbate, et al. v. Wells Fargo Bank, National Association, et al.	United States District Court for the Central District of California (Deposition)	2013
Core Industries, Inc. v. Shinn Fu Corporation	United States District Court for the Central District of California (Deposition)	2012
Bagdasarian Productions, LLC v. Capitol Records, Inc. et al.	Superior Court of California, County of Los Angeles, (Deposition)	2012