



Michael F. Maloney, CPA, CFF, CFE

Curriculum Vitae

Mike is a leading expert in forensic accounting investigations, white-collar criminal and civil defense, and other matters involving complex accounting, auditing, financial reporting and fraud issues. Mike served as Chief Accountant of the Division of Enforcement for the U.S. Securities and Exchange Commission from 2014 to 2018. Prior to his work at the SEC, Mike's practice involved corporate, individual, and governmental clients and their counsel across a wide range of industries including work on SEC/DOJ investigations, fraud and embezzlement matters, complex litigation matters, and as an external auditor. He has testified as an expert, supported complex settlement and regulatory negotiations, and provided on-site support during depositions and trial. Mike also has experience assessing and testifying to financial damages in commercial litigation matters. Early in his career, Mike completed a 3-year assignment providing external audit and consulting services in Eastern Europe.

Mike served as an Adjunct Professor in the McDonough School of Business at Georgetown University, teaching MBA coursework in Forensic Accounting. He is a Certified Public Accountant, Certified in Financial Forensics, and a Certified Fraud Examiner.

Professional Experience

Prior to joining Credibility International in 2018, Mike was with: (1) the U.S. Securities and Exchange Commission from 2014 to 2018, as Chief Accountant of the Division of Enforcement; (2) Navigant Consulting, from 2002 to 2014 as a managing director and leader of Navigant's Forensic Accounting practice; (3) Arthur Andersen, where he began as a staff auditor in 1986 and finished as a partner in 2002.

Chief Accountant – U.S. Securities and Exchange Commission Division of Enforcement

As Chief Accountant of the SEC's Division of Enforcement from 2014 to 2018, Mike oversaw and advised the Division on all accounting, auditing, and financial reporting enforcement matters, as well as other fraud matters including FCPA investigations, Ponzi schemes, and investment frauds. During his tenure Mike advised on and participated in over 400 financial fraud enforcement matters publicly filed by the SEC as well as hundreds of additional ongoing financial fraud investigations. Mike provided leadership and support to the Division's approximately 100 accountants and legal investigative teams through advice, guidance, and involvement on individual enforcement matters, as well as facilitating communication, knowledge sharing, and training on emerging issues. In addition, he worked on significant policy issues within the Division and with other Commission staff including the SEC's Office of the Chief Accountant and the Division of Corporation Finance, and led the Division's coordination with the Public Company Accounting Oversight Board's enforcement program. Mike also participated as an SEC representative on a multitude of public speaking engagements and conference panels. During Mike's tenure the SEC brought hundreds of financial reporting enforcement actions addressing a wide range of misconduct, including the following representative matters:

Michael F. Maloney, CPA, CFF, CFE

- A major oil-services company and two senior executives for fraudulently inflating earnings reported to investors by using deceptive income tax accounting
- A major petroleum company and three top finance executives for defrauding investors through an allegedly extensive, multi-year accounting fraud that moved hundreds of millions of dollars in expenses from operating expenses to capital accounts
- A major agriculture company and three executives for failing to recognize millions of dollars of expenses associated with rebates for a flagship product in the period in which they occurred, resulting in materially misstated earnings over three years
- A for-profit educational institution and two senior executives for allegedly fraudulently concealing from investors the poor performance and looming financial impact of two student loan programs the institution financially guaranteed
- Four large accounting firms and numerous individual partners for professional failures in audits of clients that faced SEC actions
- A large accounting firm and three of its partners for auditor independence violations due to close personal relationships between auditors and client personnel

Forensic Accounting Investigations, Litigation, and White Collar Matters

Mike is a leading expert and consultant on forensic accounting investigations, litigation, and white-collar matters. His expert and consulting experience includes matters involving allegations of accounting and securities fraud, violations of professional accounting, auditing, and SEC reporting standards and rules, auditor malpractice, FCPA investigations, Ponzi and other investment schemes, and asset misappropriation/embezzlement matters. His work has supported clients and their counsel in resolving issues with regulators, auditors, and other third parties, in both criminal and civil matters and in independent investigations. He has been deeply involved in many of the highest-profile accounting and securities fraud matters that occurred over the past 15 years. Selected engagement experiences include:

White Collar Criminal and SEC Defense Matters

- Technology Industry (2008 - 2012) - Led and managed a team assisting a CFO and Chief Accounting Officer in defense of civil allegations of GAAP and SEC reporting violations. Issues analyzed included revenue recognition and round-trip transactions, among others. Work included analysis of the accounting and auditing aspects of several complex transactions, the preparation of an extensive expert report, and support during depositions and trial preparation.
- Automotive Industry (2007 - 2009) - Led and managed a team assisting a CEO in defense of criminal and civil allegations regarding GAAP and SEC reporting violations. Issues analyzed included vendor rebate accounting, bank covenant compliance, EBITDA disclosures, and secured financing transactions. After nearly two years of discovery, extensive analysis of millions of pages of information, and detailed analysis of the accounting and reporting issues in the case, Mike's team supported a written submission to regulators that resulted in all criminal charges being dropped against the client and three co-defendants.
- Insurance Industry (2006 - 2008) - Led and managed a team assisting the VP of Reinsurance in defense of criminal and civil allegations of GAAP and SEC reporting violations regarding a complex finite reinsurance transaction. Work included extensive analysis of accounting and audit related aspects of the transaction, detailed analysis and consultation on the work of the auditors, and on-site consultation and support during a criminal trial and through the appeals process.
- Insurance Industry (2005 - 2008) - Led and managed a team assisting a CEO in defense of civil allegations of GAAP and SEC reporting violations. Issues analyzed included revenue recognition, insurance reserve accounting, reinsurance accounting, and consolidation accounting, among others. Work included review and analysis of the accounting aspects of various transactions, and significant analysis and consultation on the work of the auditors.
- Foodservice Distribution Industry (2004 - 2010) - Led and managed a team assisting a CFO and VP of Marketing in defense of criminal and civil allegations of GAAP and SEC reporting violations and misrepresentations to auditors. Issues analyzed included vendor rebate accounting, revenue recognition, and incentive compensation accruals, among others. The work included extensive analysis of over 10 million pages of information, detailed analysis of the work of auditors, ongoing consultation on accounting and auditing issues, and support during a complex criminal trial and through the conclusion of the appeals process.

Michael F. Maloney, CPA, CFF, CFE

- Cable Industry (2003 - 2007) - Led and managed a team assisting a CEO, CFO, COO, and VP of Treasury in defense of criminal and civil allegations of GAAP and SEC reporting violations, and misappropriation and embezzlement. Issues analyzed included revenue recognition, round-trip transactions, related party transactions and disclosures, equity/debt financing transactions, commingling of funds, reporting of non-accounting metrics, ability-to-pay analyses, and adequacy of audit procedures, among others. The work included extensive analysis of 15-20 million pages of information, preparation of detailed accounting, auditing and transactional analyses, detailed analysis of the work of auditors, and support during a 5-month criminal trial and through the conclusion of extensive civil litigation.

Forensic Investigations

- Oil & Gas Industry (2013 - 2014) – Led a matter involving potential violations of the FCPA. Work included forensic analysis of the flow of funds through multiple related entities, transaction tracing, and identification of potential payments in violation of the FCPA.
- Manufacturing Industry (2012 - 2014) – Led a matter involving potential violations of the Foreign Corrupt Practice Act ("FCPA"). Work included analysis of several contracts in various countries, analysis and identification of potential payments in violation of the FCPA, and forensic analysis of the flow of funds through various entities and other third-parties.
- Specialty Retailing Industry (2004 - 2006) - Led and managed a team assisting a Special Committee of the Board of Directors in an independent forensic investigation involving complex GAAP and SEC reporting issues. Issues analyzed included revenue recognition, business combination accounting, goodwill impairment, analysis of reserves, incentive compensation accruals, and the public reporting of business metrics. The investigation led to and ultimately supported a restatement of the financial statements. The forensic accounting team supported the process of resolving issues with the external auditors, the SEC and the DOJ.

Auditing-Related Matters

- Pharmaceutical Industry (2018 – 2019) – Assisting on a matter involving the results of a PCAOB inspection and collateral impacts on the company's accounting for a particular issue.
- Financial Services Industry (2012) - Assisted in the defense of an EVP and Commercial Loan Officer in defense of criminal and civil allegations of accounting and financial reporting violations, and asset misappropriation. Work included consultation on the work of the internal and external auditors, including assistance in preparing counsel for cross examination of audit-related witnesses.
- China-Based Entity (2011) - Assisted in the evaluation of the adequacy of local audit work related to a Chinese manufacturing and distribution company that became an SEC registrant through a reverse merger. Issues included assessment of the nature and extent of audit procedures performed by both the principal auditor and the local audit team.
- Pharmaceutical Industry (2010 - 2012) - Led and managed a team assisting an international audit partner regarding auditor malpractice claims brought by a regulator. The work involved analysis of audit work performed, both domestic and international, in a multi-location audit, assistance in preparation of an expert report and rebuttal of the opposing expert, and on-site support during the regulatory hearing and through the appeals process.

Ponzi and Investment Schemes, and Market Manipulation Matters:

- Market Manipulation Matter (2018) – Assisted in the defense of SEC allegations against a top management individual for alleged participation in various alleged pump-and-dump schemes. Work included extensive analysis of the trading patterns in various securities and analysis of connections between trading patterns and significant events.
- Hedge Fund Industry (2012 - 2014) – Supported a matter involving the investigation of a hedge fund group. Work included analysis of historical subscriptions, redemptions, and other transactions, through a variety of entities, to determine whether Ponzi-type payments or other inappropriate transactions existed.
- Oil & Gas Industry (2012 - 2013) - Assisted in a matter regarding allegations by a bankruptcy trustee that a joint-venture participant was aware that its joint-venture partner was perpetrating a Ponzi scheme. Work included analysis of flows of funds through numerous entities, rebuttal of opposing expert reports, and supporting the preparation of an expert report.
- Hedge Fund Industry (2009 - 2012) - Led and managed a team assisting a feeder/hedge fund investor group and its top executive regarding investments it had with Bernard L. Madoff Investment Securities LLC. Work included a variety of forensic accounting, damages, transactional and reporting analyses regarding the Madoff Ponzi scheme, and on-site support during various arbitration hearings.
- Financial Services Industry (2009 - 2010) - Assisted in a matter involving an international financial institution, analyzing allegations of accounting and financial reporting fraud, and allegations that the institution was a Ponzi scheme.



Michael F. Maloney, CPA, CFF, CFE

Accounting Disputes and Litigation:

- Oil & Gas Industry (2010 - 2012) - Led and managed a team assisting in a complex litigation matter involving GAAP and SEC reporting issues related to environmental remediation and toxic tort liabilities. Work included analysis of the accounting for and process supporting the accounting for environmental remediation and toxic tort reserves, detailed analysis of the work of the auditors, and analysis of financial statement and MD&A disclosures in a Form S-1 Registration Statement filed with the SEC. The work resulted in the filing of an extensive expert report, and on-site support during depositions and trial.

Auditing and Related Experience

In earlier stages of his career, Mike performed and supervised financial statement audits of both public registrants and private corporations, both domestic and international, in a wide variety of industries. He has had significant exposure to GAAP, GAAS, and various international accounting standards through his audit experience. He also has experience performing accounting and financial due diligence for buyers and lenders in M&A transactions, experience performing accounting and financial analysis in corporate restructuring situations, and experience performing business valuations for a variety of purposes including litigation, M&A and internal decisions.

Commercial Damages

Mike has calculated, analyzed and testified to general business and commercial damages, including breach of contract matters and other commercial disputes, as well as a range of intellectual property litigation, including patent, trademark, copyright and trade secret disputes. He has calculated damages on all types of IP, addressing issues including lost profits, reasonable royalties and unjust enrichment, among others. He has provided testimony in federal court and in deposition, and authored expert reports on commercial damages, IP damages, and related issues. He also has experience related to licensing and royalty disputes involving issues that include underpaid royalties, license agreement interpretation, studies of comparable royalty rates, royalty audits and transfer pricing studies.

Insurance Claims

Mike has experience working on behalf of policyholders and insurance carriers to resolve complex insurance claim disputes through settlement and litigation. He has participated in insurance claim settlement negotiations on behalf of several clients involving over \$300 million in cumulative settlements. Subject areas include 3rd party environmental, asbestos, product and toxic tort matters, 1st party property damage and business interruption matters. His work on these matters has included insurance policy analysis and allocation, historical costs accumulation, future cost projections, reinsurance analysis, and business interruption and extra expense claims. He has provided deposition testimony and authored expert reports in insurance litigation matters, and has defended the results of his insurance claim analyses in major settlement negotiations and in expert filings.

Michael F. Maloney, CPA, CFF, CFE

Testimony:

- Coface Collections North America, Inc. v. William J. Newton, United States District Court for the District of Delaware (No. 11-00052 LPS) (Deposition Testimony, Expert Report) (Intellectual Property Damages -Trade Secrets) (2011)
- Aurum STS Aggressive Trading LLC v. Societe Generale, et al, FINRA Dispute Resolution (FINRA Arbitration Number 09-3598) (Hearing Testimony, Expert Report) (Breach of Contract Damages - Hedge fund derivative financial instrument) (2011)
- Image API, Inc. v. Maximus, Inc., American Arbitration Association (No. 16 103 Y 00223 08) (Hearing Testimony, Expert Report) (Breach of Contract Damages - Consulting industry) (2009)
- Freedom Card, Inc. and Urban Television Network, Inc. v. J.P. Morgan Chase & Co., United States District Court for the District of Delaware (No. 03-217 KAJ) (Deposition Testimony, Expert Report) (Intellectual Property Damages - Trademarks) (2004)
- Medical Broadcasting Company v. William C. Flaiz and i-FRONTIER Corp., United States District Court for the Eastern District of Pennsylvania (C.A. No. 02-8554 HB) (Trial Testimony, 3 Expert Reports) (Intellectual Property Damages -Trade Secrets) (2003)
- RSR Corporation, et al. v. AIU Insurance Co., et al., District Court of Harrison County, Texas (C.A. No. 93-0127) (Deposition Testimony) (Insurance Claim - GAAP Issues) (2003)
- Road Runners Transportation Corporation v. Atlantic of New York, Inc., et al., United States District Court for the Eastern District of Virginia (No. 3:96:CV184) (Deposition Testimony) (Breach of Contract Damages - Transportation industry) (1996)

Presentations, Publications, Academic and Professional Affiliations

Presentations:

- The Knowledge Group, panelist *“How to Effectively Deal with the SEC’s Financial Fraud Enforcement Probes: Practical Guide in 2019”* (2019)
- Northwestern Pritzker School of Law: 45th Annual Securities Regulation Institute, panelist *“What’s New in SEC Enforcement”* (2018)
- AICPA Conference on SEC and PCAOB Developments, panelist *“SEC Enforcement Update”* (2014, 2015, 2016, 2017)
- American Law Institute: Accountants Liability Conference, panelist *“Auditing and Accounting Issues and Substantive Defense Strategies in SEC and PCAOB Proceedings”* (2015, 2016, 2017)
- Baruch College Annual Financial Reporting Conference, panelist *“Current Developments at the SEC”* (2014, 2015, 2016, 2017)
- Practicing Law Institute: The SEC Speaks, panelist *“Accounting”* (2015, 2016, 2017)
- Colorado Bar Association: 49th Annual Rocky Mountain Securities Conference, panelist *“Accounting and Audit Issues: Hot Topics and Important Updates”* (2017)
- Practicing Law Institute 33rd Annual SEC Reporting and FASB Forum, panelist *“Government Enforcement Priorities: What’s New, What’s Hot and What’s Not”* (2017)
- University of Texas School of Law: Government Enforcement Institute, panelist *“Financial Fraud Enforcement: Public Companies, the SEC and the DOJ”* (2017)
- Financial Executives Institute: Current Financial Reporting Issues Conference, panelist *“Update from the SEC Division of Corporation Finance and Division of Enforcement”* (2015, 2016)
- National Association of Corporate Directors Philadelphia Chapter, panelist *“Corporate Investigations”* (2016)
- PCAOB International Institute on Audit Regulation, panelist on SEC Update panel (2016)
- University of California Irvine: The UCI Audit Committee Summit, panelist *“SEC Enforcement – Recent Developments Impacting Audit Committee Members”* (2016)
- CPE Inc., panelist on SEC Update panel (2015)
- DC Bar Association, Corporation Finance and Securities Law Section, panelist *“Financial Fraud – A View from the Office of the Chief Accountant of the SEC’s Division of Enforcement”* (2015)
- AICPA National Conference on Banks and Savings Institutions, panelist on SEC Update panel (2014)
- USC Leventhal School of Accounting: SEC and Financial Reporting Institute Conference, panelist *“Current Accounting and Financial Reporting Practice Issues”* (2014)
- University of Texas School of Law: Government Enforcement Institute, panelist *“Accounting Fraud: The SEC’s New Game Plan”* (2014)
- ABA National Institute on White Collar Crime, panelist *“Securities Fraud: What’s Happening Post-Indictment?”* (2013)
- Guest Lecturer – Georgetown University, Accounting and MBA programs, case studies on *Accounting Litigation and Investigations* (2006 - 2013)

Michael F. Maloney, CPA, CFF, CFE

- Guest Lecturer - Georgetown University Law School, presentation on *Forensic Investigation of Potential Violations of the Foreign Corrupt Practices Act* (2013)
- Federal Circuit Bar Association, "*Expert Witness Examinations - Deposition and Trial*," damages expert in mock-expert program (2012)
- ABA Criminal Justice Section - National Institute on Securities Fraud, panelist "*Dodd Frank's New Tools for the SEC Toolbox*" (2011)
- National Association of Corporate Directors, moderator "*What to Do When the Company Stumbles*" (2011)
- ABA Criminal Justice Section – National Institute on Securities Fraud, panelist "*The Globalization of the Federal Securities Laws*" (2008)
- Guest Lecturer - University of Virginia Accounting program, *case study on Accounting Litigation and Investigations* (2008)

Publications:

- Corporate Disputes Magazine, co-authored article "*Forensic Accounting in Fraud Related Disputes*" October-December 2013 issue

Academic and Professional Affiliations:

- SEC Historical Society, member of a working group supporting the creation of a Historical Society gallery on the PCAOB (2018 – 2019)
- Adjunct Professor – Georgetown University McDonough School of Business, devised and taught an MBA-level course on Forensic Accounting (2012 – 2013)

Education and Professional Certifications

- Bachelor of Science in Accountancy, University of Illinois at Urbana-Champaign
- Certified Public Accountant (CPA), licensed in Illinois
- Certified in Financial Forensics (CFF)
- Certified Fraud Examiner (CFE)
- Member – American Institute of Certified Public Accountants (AICPA)
- Member – Illinois CPA Society