

FSG



Finance Scholars Group

FINANCE



FSG is a privately held consulting firm with offices in California, Illinois, New York, Texas, and Washington, D.C.

We provide litigation support, expert witness, valuation, and other consulting services throughout the country.

- Seasoned Professionals
- Independent, Objective Consulting
- Sound, Research-Based Analysis
- Well Supported Findings
- Clear Reports and Presentations
- Credible and Convincing Testimony

CONTACT INFORMATION

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There are few markets more complex or more important than financial markets. There are few products more complicated or more pervasive than financial products. There are few businesses more difficult to understand, or more influential in our modern economy, than large financial institutions. And there are few areas of litigation in which understanding and explaining how things work are more critical to the outcome of a dispute.

At Finance Scholars Group, we built our reputation explaining and helping others understand complex issues in finance. Whether it is explaining how banks make – and lose – money; how employee stock options work; how stock prices respond to new information; how CDOs are packaged; why investors choose mutual funds; or how debt markets work—no one can do so better, more thoroughly, or more clearly than we do.

The key to explaining difficult issues in finance clearly is to understand them intimately. Deep understanding—based on years of careful research and years of hands-on experience—is our experts’ main strength. On many current topics, our finance experts literally “wrote the book,” or at least many of the leading research papers. Additionally, many of our professionals have spent time “in the trenches”—e.g., trading in the pits, rating mortgage backed securities, examining and auditing banks, selling whole mortgages, or managing IPOs. Our expert teams offer clients the benefit of years of research and years of experience. The result: sound advice upon which you can rely.



WHO WE ARE

Our finance experts and consultants include prominent professors at top-tier business schools and former accounting firm audit partners and forensic accountants with financial markets backgrounds. We have consulted or opined on a variety of issues, including financial reporting and disclosure, market efficiency, loss causation and damages in securities cases, value of employee stock options, causes of bank failures, risks associated with complex securities, and valuation of portfolios of illiquid financial assets. In addition, our professionals have audited large banks, broker dealers, and exchanges, and have worked on high-profile investigations related to alleged failed audits and fraud. Our affiliates include current and former chairmen of university accounting and finance departments, as well as former officials who have held senior positions with agencies such as the Securities and Exchange Commission, the Office of the Comptroller of the Currency, and the Federal Reserve System.

Our professionals and affiliates also include experts on corporate governance with experience consulting or testifying on the roles and responsibilities of corporate boards, management, and auditors, as well as on the interaction among corporate governance structures, corporate decisions, and outcomes. Others are experts in best practices in corporate governance, including Sarbanes-Oxley compliance and executive compensation.

One indicator of the strength and breadth of our finance experts is their authorship of leading textbooks and professional guides, among them:

- Kramer, Hilary, *Ahead of the Curve: Nine Simple Ways to Create Wealth by Spotting Stock Trends*, Simon and Schuster, New York, 2007.
- Nair, Vinay, *Investing for Change: Profit from Responsible Investing* (with A. Lanier), Oxford University Press, 2008.
- Rao, K.S. Ramesh, *A Theory of the Firm's Cost of Capital: How Debt Affects the Firm's Risk, Value and Tax Rate* (with E. C. Stevens), World Scientific Publishing, Singapore, 2007.
- Saunders, Anthony, *Credit Risk Measurement: In and Out of the Financial Crisis* (with Linda Allen), 3rd ed., Wiley, New York, 2010.
- Saunders, Anthony, *Fundamentals of Financial Institutions Management* (with Marcia Cornett), McGraw-Hill, New York, 1998.
- Titman, Sheridan, *Financial Markets and Corporate Strategy* (with Mark Grinblatt), 2nd ed., McGraw-Hill, New York, 2001.
- Titman, Sheridan, *Valuation: The Art and Science of Corporate Investment Decisions* (with John D. Martin), Pearson / Addison Wesley, Boston, 2008.

AREAS OF EXPERTISE

Among the many specialty areas and subtopics within finance in which our consultants and experts have special knowledge and expertise are:

- Bankruptcy and reorganization
- Commercial banking
- Compliance issues
- Corporate finance
- Corporate governance
- Credit risk measurement
- Executive compensation
- Financial markets and microstructure
- Hedge funds and private equity funds
- Housing markets
- International banking
- Investment banking
- Investment management
- Mergers and acquisitions
- Mortgages and mortgage backed securities
- Real estate finance
- Risk management
- Securities and derivatives
- Structured finance products
- Valuation of complex securities



ILLUSTRATIVE MATTERS

Although FSG is known today for our work across multiple business disciplines, we first earned our reputation on high-stakes litigation in the financial services industry. With the growing docket of litigation involving stressed financial institutions, structured securities, troubled real estate assets, and complex financial transactions, we are uniquely positioned to assist lawyers, investors, trustees, auditors, insurers, and directors and officers on litigation matters. With our proven combination of consulting experts, industry experts, and academics, law firms have turned to our professionals to advise on some of the most complex, high-dollar financial disputes and regulatory investigations of the past decade.

Illustrative matters include:

- Enron securities litigation
- Amaranth v. J.P. Morgan
- In re: Fannie Mae Securities Litigation
- SEC v. Mozilo (Countrywide)
- In re: Adelphia Communications Securities Litigation
- Large bank failures
- Enron criminal cases (“Nigerian Barge”; “Broadband”; Lay/Skilling)
- Mutual fund market timing cases
- Savings and loan “goodwill” cases

In these and many other cases, FSG has been retained on behalf of (or in matters involving) commercial and investment banks, savings and loans, hedge funds, private equity funds, mutual funds, exchanges, and corporate and municipal issuers. We have consulted or testified on financial market disputes involving accounting, auditing, underwriting, trading, asset pricing, securitization, financing, credit analysis, pricing, risk analysis, operating strategies, and risk management. Our experience in these areas—for both plaintiffs and defendants—spans the range of issues that arise in these cases, from class certification issues, to liability issues, to economic damages.

Lehman Brothers v. Barclays Capital

FSG was retained by Boies Schiller & Flexner LLP on behalf of Barclays Bank in defense of a \$13 billion claim brought by the Lehman Brothers Estates and other parties in conjunction with an approximately \$50 billion acquisition of Lehman’s North American broker dealer business. FSG and our academic affiliate provided litigation consulting advisory services, trial support, and expert testimony on a range of issues, including: market events that led to the 2008 financial crisis; analysis of an alleged secret discount and windfall profit embedded in the acquisition; and assessment of a \$5 billion valuation claim involving the fair value of 12,000 mostly illiquid and hard to value positions acquired by Barclays, including auction rate securities, mortgage backed securities, collateralized debt and loan obligations, and other securitized assets. Of the \$5 billion valuation damages sought by the plaintiffs, the judge awarded no damages against Barclays and in so doing specifically cited the clear and convincing testimony of the FSG expert.

FOCUS ON MORTGAGE-RELATED LITIGATION

Our proven combination of renowned academics, industry experts, retired audit partners, and consulting experts makes us the firm of choice to consult with counsel on high profile disputes and investigations involving mortgages and mortgage backed securities. Our professionals with experience related to mortgage lending, securitization, valuation, and disclosures include:

- Prominent finance, economics, statistics, and accounting professors from top-tier business schools with research records in mortgage banking, securitization, fixed-income valuation, risk management, credit analysis, and real estate economics;
- Financial industry professionals experienced in fixed income investment analysis, advisory services, valuation, and trading;
- Former audit partners possessing real-world experience regarding the accounting, auditing, internal controls, financial reporting, and disclosure requirements of investment banks, commercial banks, private equity funds, and hedge funds; and
- Litigation consulting experts and forensic accountants with decades of experience assisting attorneys and their clients in complex financial markets disputes.



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