

Steven C. Hastings
MBA, CPA/ABV/CFF, CGMA, ASA, CVA
Principal
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Mr. Hastings has over twenty years of financial and valuation experience, assisting attorneys, investors, regulators and financial institutions in investment analysis, bankruptcy and workout situations, forensic investigations and expert witness testimony. An accomplished speaker, Mr. Hastings is able to communicate complex valuation and financial issues clearly and concisely.

FINANCIAL FORENSICS, ACCOUNTING AND TAX

Being Certified in Financial Forensics by the American Institute of Certified Public Accountants, Mr. Hastings is often called upon by corporations and attorneys to assist them in understanding complicated and potentially fraudulent financial transactions.

Mr. Hastings has a well-rounded understanding of generally accepted accounting principles (GAAP) and tax basis reporting. As a certified public accountant, he has audited public and private companies, served as a chief financial officer for public and private companies, and has been responsible for the filing of corporate, partnership and personal tax returns.

Mr. Hastings heads up ValueScope's transfer pricing group. He has the broad understanding of the U.S. Internal Revenue Service and foreign tax authorities necessary to implement defensible transfer pricing policies and procedures. Mr. Hastings' transfer pricing group specializes in creating optimal financial analytics to support global compliance requirements

LITIGATION SUPPORT

Mr. Hastings specializes in preparing thoroughly documented valuations and economic studies and provides expert testimony for clients involved in negotiation, mediation, due diligence, reporting, audit, commercial damages or other disputes. He leads a team of qualified individuals that include CFA, ASA, CPA, PhD, MBA and other relevant credentials. Litigation services for plaintiffs and defendants include:

- Economic loss valuations
- Personal injury
- Patent and trademark infringement valuation
- Dissenting shareholder suit support
- Class action damages and securities
- Shareholder oppression analysis
- Wrongful termination and related lost profits
- Business interruption claims valuation
- Marital dissolution analysis- valuation and tracing
- Analyzing and adjusting financial statements
- Cheap stock issues and early stage valuations
- Solvency and fairness opinions
- General business contract dispute analysis

INTELLECTUAL PROPERTY AND INTANGIBLE ASSET VALUATION

Mr. Hastings has extensive experience in valuing intellectual property and other types of intangible assets. Having analyzed and overseen the valuation of hundreds of businesses, Mr. Hastings has gained the technical background necessary to analyze complex intellectual property valuations including:

- Contract-related (e.g., favorable supplier or other product/service contracts)

- Customer-related (e.g., customer lists and customer relationships)
- Data processing-related (e.g., computer software, automated databases)
- Engineering-related (e.g., patents, trade secrets)
- Goodwill-related (e.g., going-concern value)
- Human capital-related (e.g., employment agreements, a trained and assembled workforce)
- Internet-related (e.g., domain names, process applications, services and delivery systems)
- Literary-related (e.g., literary copyrights, musical composition copyrights)
- Location-related (e.g., leasehold interests, certificates of need)
- Marketing-related (e.g., trademarks and trade names)
- Technology-related (e.g., engineering drawings and technical documentation)

He also assists companies in estimating the useful lives of intangibles and determinations of market royalty rates.

ECONOMETRICS

Mr. Hastings is experienced in the application of financial and econometric analysis to value measurement and shareholder value growth. His Company is one of the leading valuation, litigation support and financial advisory firms in the country. Clients include middle market business owners, corporate executives, major corporations, government agencies, private equity firms, attorneys, accountants and other professional advisers.

TAX REPORTING

Mr. Hastings specializes in tax reporting valuations and U.S. Tax Court testimony. Valuation services include:

- Common and preferred stock values (IRC Section 409A)
- Fair market values and discount studies
- Gift and estate valuations
- Reasonable compensation studies
- Employee stock compensation (IRC Section 83(b))
- Transfer pricing analyses (IRC Section 482)
- Worthless stock deductions (IRC Section 165(g)(3))
- Tax inversion transactions (IRC Section 7874)
- Sub Chapter S Conversion Issues
- Built-in Capital Gain Issues
- Derivatives
- ESOPs

REGULATORY SERVICES

Mr. Hastings served six years as a Finance Commissioner of Texas. The Finance Commission provides overall policy and supervisory control for three key state agencies: the Banking Department, the Savings and Loan Department and the Office of Consumer Credit Commissioner. The key role of the Commission was to interpret the banking and finance laws passed by the Texas legislature and craft appropriate regulations for interpretation and enforcement. Mr. Hastings served as chairman of the Audit Committee for the Texas Department of Banking, which provided the guidance and oversight for compliance with Texas's banking rules and regulations. Having been responsible for training and supervising Texas state bank auditors, Mr. Hastings gained an in-depth understanding of banking issues, successes and failures. As the CPA member of the Finance Commission, Mr. Hastings was responsible for testifying to the Texas Senate on the validity and achievability of bi-annual budgets. He was

instrumental in assisting the Savings and Loan Department in writing new mortgage broker regulations and worked closely with the Consumer Credit Commissioner in clarifying the Texas payday lending regulations.

FINANCIAL ADVISORY SERVICES

Mr. Hastings has experience conducting business valuations and financings in many different industries. His expertise includes financial structuring; creating and analyzing financial derivatives such as stock options, puts and calls; structuring management compensation plans; strategic business planning; research; financial modeling; due diligence and tax advisory; corporate revitalization; strategic and competitive research and intelligence; negotiation assistance; and investor communication. He has provided services to companies in numerous transactions involving valuations, sales, mergers and acquisitions, and was party to numerous creative financing transactions.

As a former licensed Securities Financial and Operations Principal, General Securities Principal, and Registered Investment Advisor Principal (all of which are supervisory licenses issued by the National Association of Security Dealers), Mr. Hastings trained and supervised stock and bond brokers and salespeople.

EMPLOYMENT HISTORY

2006 – Present

ValueScope, Inc.

Principal

Mr. Hastings joined the company as a principal to provide valuation and financial modeling and expert advisory services to a select group of clients that expect a high level of accurate financial analysis. As a CPA with significant valuation and financial reporting experience, Mr. Hastings bridges the gap between deal structuring, valuation and the requirements of financial reporting.

2001 – 2006

Value Capital, LLC

Principal

Mr. Hastings served as a principal with Value Capital, LLC. During his tenure at Value Capital Mr. Hastings gained extensive experience in business financings, as well as the analysis of market dynamics in various industries. He provided services to clients in several transactions involving mergers and acquisitions, and consulted on and was party to several creative financing transactions. His clients include: health care providers; software development, India outsource services, pre-media print services, and e-learning; video productions and TV show producers; finance companies; restaurant development companies; and other service industries.

Public Service - 1994 to 2000

Finance Commission of Texas

Director

The Commission provides overall policy and supervisory control for three key state agencies: the Banking Department, the Savings and Loan Department and the Office of Consumer Credit Commissioner. As the CPA member of the Finance Commission, Mr. Hastings was responsible for testifying to the Texas Senate on the validity and achievability of bi-annual budgets. Mr. Hastings served as chairman of the Audit Committee for the Texas Department of Banking, which provided the guidance and oversight for compliance with Texas's banking rules and regulations. He was instrumental in assisting the Savings and Loan Department in writing new Mortgage Broker regulations and worked closely with the Consumer Credit Commissioner in clarifying the Texas payday lending regulations.

1994 – 2001

MedCare Financial Solutions, Inc.

President

Mr. Hastings served as an officer of MedCare Financial Solutions, Inc. and MedCapital Funding Corporation. MedCapital provided Medicare, Medicaid and private pay receivable financing to health care providers. MedCare Financial Solutions provided other financial and operational services to health

care providers. These services included: divestitures; mergers and acquisitions; claims processing; educational/training; financial consulting; and financing advice regarding working capital, subordinated debt and equity lending. Mr. Hastings developed several reimbursement and financing training courses and is an accomplished speaker on topics related to health care reimbursement and financing systems.

1986 – 1994

H.D. Vest Financial Services

Executive Vice President and CFO

As executive vice president and CFO of H.D. Vest Financial Services, Mr. Hastings assisted in placing over \$1.5 billion annually in investment. Responsible for day-to-day financial operations and capital structuring, Mr. Hastings gained experience in a wide variety of industries and gained strategic relationships with other investment bankers and business brokers. Mr. Hastings was instrumental in taking HD Vest public.

As a general securities principal, Mr. Hastings supervised stock brokers' and investment advisors' day-to-day activities. As a securities financial and operations principal, he was responsible for filing net capital reports and other types of certifications with the NASD, SIPIIC and other state and federal regulating bodies. Being licensed in life, disability, health, property and casualty insurance, Mr. Hasting was instrumental in implementing this line of business at HD Vest.

1979 – 1986

Arthur Andersen & Co.

Senior Manager

Mr. Hastings served as a senior manager with significant responsibilities in the several industries. He consulted on accounting, finance, tax, operations and systems issues.

FORMAL EDUCATION

Master of Business Administration - Arizona State University, Tempe, Arizona
Bachelor of Science - Indiana University, Bloomington, Indiana

CERTIFICATIONS AND LICENSES

Certified Public Accountant (CPA)
Accredited Senior Appraiser (ASA)
Certified Valuation Analyst (CVA)
Accredited in Business Valuations, AICPA (ABV)
Certified in Financial Forensics, AICPA (CFF)
Chartered Global Management Accountant, AICPA (CGMA)
Former, Certified Health Insurance Claims Professional (NACAP)
Former, Securities Financial and Operations Principal
Former, General Securities Principal
Former, Registered Investment Advisor Principal
Former, Life, Disability, Health, Property and Casualty Licenses

ORGANIZATIONS AND PROFESSIONAL ASSOCIATIONS

American Institute of CPAs (CPA license, ABV and CFF credential)
Texas Society of CPAs (CPA license)
American Society of Appraisers (ASA credential)
National Association of Certified Valuation Analysts (CVA credential)
AICPA Business Valuation & Forensic Litigation Support (CFF Credential)
Financial Executive Institute

RECENT CIVIL COURT REPORTS, TESTIMONY AND DEPOSITIONS

Expert Witness – State of Louisiana Division of Administrative Law, Docket No. 2015-4059-HH, Department of Health and Hospitals in the Matter of General Medicine. Medicaid claims coding issues.

- Expert Report February 2016
- Trial Testimony March 2016

Expert Witness – Circuit Court of Jefferson County, Alabama, Civil Action No. CV-05-1483, General Medicine, PC v. Healthsouth Corporation v. General Medicine, PC. Economic damages related to contract dispute.

- Expert Report April 2014
- Deposition June 2014
- Jury Trial February 2015

Expert Witness – District Court of Dallas County, April 2014, Cause No. 09-01306-E, Henry S. Miller Commercial Company v. Newsom, Terry & Newsom, LLP et al. Negligent claim for a Stowers Demand

- Testimony April 2014
- Expert Report September 2013

Expert Witness – Court Appointed Valuation Expert, District Court of Dallas County, Cause No. 12-03419, Kehrer v. Kehrer. *Shareholder buyout dispute.*

- Expert Report September 2013
- Testimony January 2014

Expert Witness – District Court of Collin County, Cause No. 366-03111-2011, Don Gustafson v. Zimmer, Inc. *Personal injury*

- Testimony January 2014

Expert Witness – County Court of Parker County, Texas, October 2012, Case No. CIV08-620, Crosstex North Texas Gathering, LP v. WAY Ranch at Mary's Creek et al. *Easement valuation.*

- Expert Report October 2012

Expert Witness – Circuit Court of Baldwin County, Alabama, August 2012, Case No.: CV 09-205, Samuel Moody v. David Smith, United Non-Wovens, LLC. *Contract utility dispute.*

- Expert Report August 2012

Expert Witness – United States District Court, Central District of California, May 2012, Case No.: 2:11-cv-08175-SVW –MRW, YoungBlood Timepieces Inc. v. Fossil Inc. et al. *Trademark infringement.*

- Deposition May 2012
- Expert Report April 2012

Expert Witness – District Court of Denton County, Texas, December 2011, Case No. 2010-20268-158, Adame v. Mallard Supply Company L.P. *Wrongful termination and lost wages.*

- Expert Report September 2011

Expert Witness – District Court of Bexar County, Texas, December 2011, Dreamscape Interiors, Cause No. 2010-CI-07053, Inc., Plaintiff v. Xennia Technologies, Inc. *Patent, software and prototype dispute.*

- Deposition December 2011
- Expert Report September 2011

Expert Witness – The Court of Common Pleas of Hamilton County, Ohio, December 2011, Case No.: A-1009767, *Golf-Chic Boutique LLC., Plaintiff v. The Ladies Pro Shop Inc., Defendant. Business interference.*

- Deposition December 2011
- Expert Report October 2011

Expert Witness - Arbitration, Ohio, November 2011, Arb. #: 1340008134, *Mojo MVNO Consulting Group, LLC, Plaintiff v. PNG Telecommunications, Inc., Defendant. Benefit-of-the-bargain contract dispute.*

- Deposition November 2011
- Expert Report September 2011

Expert Witness – Office of Medicare Hearings and Appeals, November 2011, Administrative Law Judge, Case #: 1-705153517, *General Medicine v. Center for Medicare Services, Cleveland, Ohio. Medicare statistical audit rebuttal.*

- Testimony November 2011
- Expert Report October 2011

Expert Witness – District Court of Montgomery County, Texas, December 2010, Cause No.: 07-07-07125, *Jane C. Reed, MD, et al v. Memorial Hermann Surgery Center The Woodlands, LLP, et al. Wrongful termination and lost profits.*

- *Jane C. Reed, MD, et al v. Memorial Hermann Surgery Center The Woodlands, LLP, et al.,* Expert Report – November 2010
- *Jane C. Reed, MD, et al v. Memorial Hermann Surgery Center The Woodlands, LLP, et al.,* Deposition – December 2010

Expert Witness – District Court of Jefferson County, Texas, December 2010, NO. W 186,376, *Gulfstar Rental Solutions, LP, Naymola Investments, Inc., Gulfco Industrial Equipment, LP and National Pump & Compressore, Ltd. V. Andrew W. Foster. Shareholder oppression.*

- *Andrew W. Foster,* Expert Report, November 2010
- *Andrew W. Foster,* Mediation Presentation, December 2010

Expert Witness for (Jury Trial) – The Court of Common Pleas of Cuyahoga County, Ohio, February 2010, Case No.: CV06-586654, *General Medicine, P.C., Plaintiff v. Petrica Manolache, M.D., Defendant. Violation of non-compete agreement and related damages.*

- *General Medicine, P.C., Plaintiff v. Petrica Manolache, M.D.,* Deposition – January 2010

RECENT IRS CASES - OFFICE OF CHIEF COUNSEL

Expert Witness – United States Tax Court (Nashville) 2009, T.C. Docket No. 30515-09, *Nancy Sue Hawk, Transferee, Petitioner v. Commissioner of Internal Revenue, Respondent. Transferee of a transferee liability issues.*

- Expert Report April 2016
- Testimony June 2016

Expert Witness – United States Tax Court (Boston) 2014, T.C. Docket No. 8401-13, *Estate of Edward S. Redstone, Petitioner, v. Commissioner of Internal Revenue, Respondent. Economic interest in a corporation for gift tax purposes.*

- Expert Report June 2014
- Testimony August 2014
- Tax Court Opinion October 2015

Expert Witness – United States Tax Court (Washington DC) 2014, T.C. Docket No. 223630-12, *Michael Tricarichi, Petitioner, v. Commissioner of Internal Revenue, Respondent. Transferee of a transferee liability issues.*

- Expert Report April 2014
- Testimony June 2014
- Tax Court Opinion October 2015

Expert Witness - United States Tax Court (Chicago, IL) 2014, T.C. Docket No. 6936-10, et al, John M. Alterman, et al, Petitioner, v. Commissioner of Internal Revenue, Respondent. Transferee of a transferee liability issues.

- Expert Report March 2014
- Testimony May 2014
- Tax Court Opinion December 2015

Expert Witness – United States Tax Court (Los Angeles), 2013 - 2014, Docket No. 8097-13, *Sumner Redstone, Petitioner, v. Commissioner of Internal Revenue, Respondent. Economic interest in a corporation for gift tax purposes.*

- Expert Report January 2014
- Testimony March 2014
- Tax Court Opinion December 2015

Expert Witness – IRS & DOJ, United States Tax Court (Houston) 2013, Docket No. 20177-11, *Richard H. Cullifer, Petitioner, v. Commissioner of Internal Revenue, Respondent. Transferee of a transferee liability issues.*

- Expert Report August 2013
- Testimony November 2013
- Tax Court Opinion October 2014

Expert Witness - United States Tax Court (Boston) 2009, Docket No. 5008-08, *Estate of Myra H. Cohen, Petitioner, v. Commissioner of Internal Revenue, Respondent. Built in capital gains valuation issues.*

Expert Witness - United States Tax Court (Denver) 2009, Docket No. 30099-08, *Estate of Handler, Petitioner, v. Commissioner of Internal Revenue, Respondent. Discount for lack of marketability, control and Section 2703 issues.*

Expert Witness - United States Tax Court (Denver) 2009, Docket No. 10751-09 and 10808-09, *Estate of Wandry, Petitioner, v. Commissioner of Internal Revenue, Respondent. Discount for lack of marketability, control and Section 2703 issues.*

Expert Witness - United States Tax Court (Atlanta) December 2008, Docket No. 22783-07, *The Ringgold Telephone Company, Petitioner, v. Commissioner of Internal Revenue, Respondent. C corporation conversion to Sub S status valuation issues.*

RECENT IRS CASES – LMSB AUDIT DIVISION

Expert Witness for the IRS LSMB Audit Division – Houston, TX, 2016, International financing transactions subject to IRC Section 482.

- Federal Tax Fast Track Appeals Testimony – Houston, TX, January 2016.

Expert Witness for the IRS LSMB Audit Division – Houston, TX, 2015, Split-dollar life insurance policy dealing with IRC Sections 1.7872, 1.61-22 and 20.2031.

- Federal Tax Appeals Testimony – Houston, TX, August 2015.

Expert Witness for the IRS LSMB Audit Division – Detroit, MI, 2015, International Inversion Case dealing with IRC Section 7874.

- Federal Tax Appeals Testimony – Detroit, MI, June 2015.

Expert Witness for the IRS LSMB Audit Division, Ft. Lauderdale, FL, April 2013, Foreign corporation debt/equity conversion issues and IRC Section 482.

Expert Witness for the IRS LSMB Audit Division – New York, NY, February 2012, Transfer pricing and worthless stock issues resulting from U.K and U.S corporate restructuring and IRC Section 7874 issues.

Expert Witness for the IRS LSMB Audit Division – Hartford, CT, 2008 - 2009, Worthless stock write-off valuation issues.

- Federal Tax Appeals Testimony – Hartford, CT, October 2010.

RECENT IRS CASES – ESTATE & GIFT TAX GROUP

Expert Witness - Estate and Gift Tax Group – Garden City, NY, 2009. Multi-tiered partnership valuation issues.

Expert Witness - Estate and Gift Tax Group – Garden City, NY, 2009. Discount for lack of marketability, control and Section 2703 issues.

Expert Witness - IRS Estate and Gift Tax Group – Garden City, NY, 2009. Control and Section 2703 issues.

Expert Witness – IRS Estate and Gift Tax Group – New York (Manhattan), NY, 2010. Net asset value and discount issues.

Expert Witness – IRS Estate and Gift Tax Group – Fort Worth, TX, 2010. Discount for lack of marketability, control and accounting method issues.

RECENT DEPARTMENT OF JUSTICE CASE

Expert Witness – Federal Court, Case No. 12-844, *The Estate of David W. Longaberger v. The United States*. Valuation issues report, 2014.

Expert Witness – United States Court of Federal Claims, Case 1:06-cv-00030-EGB, January 2006, Russian Recovery Fund Limited, Russian Recovery Advisors, LLC – Tax Advisor, Complainant vs. The United States, Respondent

- Contributing author to the Expert Report December 2013

SPEAKING ENGAGEMENTS

“How to Finance Your Company” – National Med Trade

“Employee Stock Ownership Plans – When They Make Sense” – TAHC

“Documentation Linking Systems” – Oklahoma Healthcare Association

“CORF – What You Need To Know To Run A Successful Business” – PT Association

“Surviving a Prospective Payment System” – TAHC

“Diversification Strategies for Healthcare Providers” – Missouri Healthcare Association

“Diversification Strategies” – NAHC

“Cost Reporting Under IPS and PPS” –TAHC

“Key Survival Strategies under the Balanced Budget Act of 1997” – NAHC

“Financing Receivables” – Kitchens, Lambert & Associates

“Getting Paid” – NAHC

“The Cost Reimbursement System – Achieving Your Goals” – Amedisys Corporation Annual Client Seminar

“Cost Reporting – What You Need To Know To Run A Successful Business” – The Southwest Region AHH

“The Political Process and Your Business” – The Dallas/Fort Worth Association of Mortgage Brokers

“Underwater Stock Options: A Drag on the Company’s Financial Performance” – Polaris International

“Estate & Gift Tax Discount Issues – Case Studies” – Internal Revenue Service

“Discounted Cash Flow Analysis: The Four-Step Process” – Internal Revenue Service

“Purchase Price Allocation: Valuation Challenges During Due Diligence” – Strafford Publications

“What’s It Worth” – Financial Executives International

WHITE PAPERS

Attaining Reasonable Certainty in Economic Damages Calculations

Healthcare Compensation Arrangements at Risk - OIG Issues Alert on Physician Compensation

An Easy Tool for Determination of Personal v. Enterprise Goodwill

Common Transfer Pricing Mistakes

Possible Changes to Valuation Discount Rules is Unlikely