



## **CHRISTOPHER S. BEACH, CPA\*, CFF, CFE**



Christopher S. Beach is a Principal with Long International and has over 35 years of professional experience in public accounting, financial consulting, claims consulting, and dispute resolution. As a CPA and financial consultant, Mr. Beach's experience includes extensive audit and financial analysis of companies engaged in the design, manufacture, construction, and/or installation of specialty engineered products and systems, as well as construction contractors and engineering services firms. He has performed investigations, prepared and evaluated cost-based and economic damage claims, and presented testimony in deposition, arbitration, and civil court. That experience has involved the evaluation of cost overruns, claims for additional payment, change order disputes, progress payment claims, the propriety of costs incurred and charged, charges for additional corporate/ home office/ job-site overhead, profit determination, and the cost for warranty claims, among other cost determination and recovery issues.

Mr. Beach has testified in deposition and given testimony in State and Federal courts, including Bankruptcy court. He has also been engaged on international construction arbitration matters filed at the International Chamber of Commerce (ICC). His industry experience includes litigation support and consulting relative to:

- Construction and Capital Project Evaluation
- Financial and Accounting Damage Analysis
- Forensic Accounting
- Insurance Claims
- International Arbitration
- Oil and Gas Disputes
- Bankruptcy and Restructuring
- Economic Development Consulting

Mr. Beach co-authored, developed, and instructed industry courses for construction industry executives and management on, "Financial Management for Non-financial Executives." These multi-day courses were developed and given to members of one of primary construction industry associations in the United States. The courses included GAAP financial accounting for construction companies, micro-economics, project financial management, and company financial management. He also co-authored, developed, and instructed a course on "Financial Management: Job Cost Control." This was a multi-day course developed for the Mechanical Contractors Association of America that included financial statement analysis, micro-economics, construction industry GAAP, financial management, and project cost control utilizing proprietary job cost estimating methodologies.

### **EDUCATION**

M.P.A, Masters of Professional Accountancy, University of Texas at Austin, 1973

B.A., Economics, University of Kansas, 1971

### **PROFESSIONAL AFFILIATIONS**

Certified Public Accountant (CPA)\*

Certified in Financial Forensics (CFF)

Certified Fraud Examiner (CFE)

Member, AICPA

Member, Texas Society of CPA's

*\*Long International, Inc. is not a CPA firm*



### **CONSTRUCTION FORENSIC ACCOUNTING EXPERIENCE**

As a CPA and financial consultant, Mr. Beach's experience includes extensive audit and financial analysis of construction contractors, companies that design, manufacture, construct, install engineered products, and provide engineering services. He has performed investigations, prepared and evaluated economic damage claims and presented testimony in deposition, arbitration, and civil court. That experience has involved significant fact finding and complex damage analyses, including cost determination and economic damages. Representative projects include the following:

#### **Multinational Engineering and Construction Company v. Multinational Chemical Manufacturer (International Arbitration)**

Evaluated claims by an engineering and construction company for cost overruns during the construction of multiple, but similar petrochemical manufacturing plants at different locations in the world. The overruns allegedly arose from owner design changes, changes in owner schedules, late owner-furnished equipment, and owner jobsite interference, among other causes. On the owner's part, there were allegations of late drawings and specifications, unqualified contractor supervision, out-of-sequence work, changes in schedule, and poor workmanship, among others. The plants did not perform to specification and were significantly late and over budget in delivery to the owner. As a result, the owner also evaluated significant cross claims which were quantified. Throughout the effort, close coordination with counsel, consulting engineers, and company personnel was required.

#### **Multinational Manufacturer v. International Engineering Company**

A multinational manufacturer was contracted to design and manufacture a significant part of an offshore production platform that was engineered by an international engineering company. The engineering work was performed by a joint venture of a U.S. company and a European company. Fabrication of the platform and installation of the engineered systems was shared by multiple parties involved in the dispute. Mr. Beach audited the costs incurred by the principal parties and identified costs that were incurred for fabrication, installation, rework, and warranty. The work was performed working with counsel, consulting engineers, and company personnel to evaluate the responsibility for the costs incurred given contract terms and conditions. Finally, Mr. Beach analyzed the amount of the additional cost incurred and the responsibility for the incurrence of those costs.

#### **Cost Determination**

Audited the cost classifications of constructed assets and consistency of the costs incurred with the cost estimate/commitment. Variances from the commitment were identified and the appropriateness or inappropriateness of the cost incurred was evaluated in context of purchase orders, contracts, correspondence, plans, and specifications, and in consultation with design/project engineers. Costs incurred per the project cost control and the general ledgers were evaluated for accuracy and appropriateness. Examples of specific projects for which cost determination services have been performed include the following:

- Foundry manufacturing plant in Ohio
- Pharmaceutical manufacturing plant in Illinois
- Offshore petrochemical production platform in West Africa
- Petrochemical product manufacturing plant in Argentina, The Netherlands, and Spain
- Refabrication of the world's largest marine equipment lifting vessel in Louisiana



**Estimating, Project Cost Control and Evaluation**

Audited project cost estimates for consistency with plans, specifications, and contracts terms via consultation with estimating engineers. The cost incurred at interim points and at the end of a project were compared to cost estimates to determine variances from the estimate and the points at which the actual cost varied from the estimate. Reconciliations between the estimate and actual cost as recorded in the companies' books and records were reconciled to further identify and evaluate the reasons for variances and identify the parties responsible for cost variances. Examples of specific projects for which estimating, project cost control, and evaluation services have been performed include the following:

- Heavy metal product manufacturing plant in Ohio
- Offshore production facility in West Africa
- Wastewater treatment plant in Houston, Texas
- Waterway levees in Louisiana
- HVAC building systems in commercial office buildings in several states in the U. S.
- Coke residue conveying systems in the U.S. Gulf Coast.

**Money Center Bank v. Investment Builder**

The engagement required the audit of the cost of construction funded by interim construction loans made to construct multiple commercial office towers. The investment builder was in bankruptcy and the construction records had to be reconstructed. As a result of the construction audit, the bank alleged that their loan was not "adequately protected."

**Insurance Carrier v. Natural Gas Pipeline Owner**

A natural gas pipeline owner suffered an explosion on its pipeline. The pipeline was repaired and placed back in service, causing as little disruption in service as possible. The insurance carrier sought an audit of the cost to reconstruct the pipeline, among other things, to determine that the costs to repair as claimed were properly stated and did not represent costs that might have been incurred for other purposes, such as pipeline improvement.

**Insurance Carrier v. Industrial Products Conveyor Company**

A large, custom engineered, industrial products conveyor system suffered a collapse during construction prior to the system being placed into service. The failure was remedied at significant cost and the system was placed into service, but the cost to construct and replace was challenged by the insurance underwriter. An audit of the cost to construct the original system and the replacement structures was required to be performed to determine that the original cost to construct report was complete, the replacement structure was not reconstructed in an improved manner, and the cost to reconstruct was not overstated.

**Foundation Contractor v. Construction Company**

A subcontractor to a large general constructor was owed money for the work that it performed on a project of the construction company. As a result of the unpaid work, the subcontractor became an unsecured creditor of the general contractor. The subcontractor sued the general contractor for fraud alleging that the general contractor had sought to avoid payment to the subcontractor by causing job profits to be recorded on other unrelated projects of the general contractor. Mr. Beach was requested to determine the profitability of the projects in question and identify activities of the general contractor that were undertaken to complete the related company's projects, as well as determine that the profits were properly reflected on the relevant projects during the time period at issue.



**Undersea Pipeline Installation**

Analysis of a claim associated with the placement of undersea oil & gas pipelines in the Gulf of Mexico. Prepared an expert report regarding the calculation of the claim amount for direct and time-related costs, and performed a substantiation of the accounting records to support the incurred costs associated with the claim. Testified in arbitration.

**Ash Production from a Refinery**

Evaluated a claim for the recovery of costs, lost profits and other asserted monetary damages allegedly incurred from furnishing ash materials to a major refinery expansion in Texas. Prepared an expert report and testified in deposition, which led to a successful settlement of the dispute.

**COMMERCIAL AND CORPORATE FORENSIC ACCOUNTING EXPERIENCE**

Representative engagements that involved Mr. Beach's commercial and corporate forensic accounting and litigation support experience include the successful completion of engagements for private sector corporate owners, financial institutions, law firms, and their various clients and contractors. Descriptions of these representative projects follows:

**NYSE Retail Merchandise Company**

Engaged by General Counsel, the Board of Directors, and the company's multiple outside law firms to investigate the stock option granting practices and grants over a ten-year time period. The grants made under various stock option plans were evaluated to determine the basis on which the grants were made and whether the grants were properly reported in accordance with appropriate Generally Accepted Accounting Principles (GAAP) and SEC requirements. Calculations of the amount of compensation for misdated stock options were made and the IRS tax implications were analyzed. Assistance was provided to the company's financial reporting group to determine potential financial statement restatements to comply with GAAP and SEC requirements.

**NYSE Specialty Insurance Underwriter**

Forensic accounting and financial analysis services were provided to the Special/Audit Committee of the Board of Directors to investigate the stock option granting practices and grants over a ten-year period. Assistance was provided to Counsel to the Committee in the interviews of corporate officers, Board of Director members, Treasury department officers, internal audit staff, and other personnel. The quantification of additional compensation expenses and the implementation of revised option grant information were determined in conjunction with counsel given the evaluation of option grant dates and grant amounts.

**Lamkin, et al. v. UBS Painwebber, Inc.**

Engaged by counsel to a bank client to evaluate the bank's role in transactions of the bank and the public financial reporting of those transactions as they related to Enron. The engagement also required the evaluation of other expert work and opinions relative to the financial reporting of Enron to the public.



**MMAR Group, Inc. v. Dow Jones & Company, et al.**

Analyzed the financial performance, condition, and operating plans of MMAR (a financial derivative trading business) prior to and after allegedly libelous statements were made in The Wall Street Journal. Testified as to damages related to the loss of business and the impact on the value of MMAR Group. As a result of the testimony, the jury awarded MMAR the largest amount of damages awarded at trial for libel/slander in the history of the Federal Court up to that time.

**Champion Realty Corporation (subsidiary of Champion Paper Company) v. Mitchell Development Corporation**

Retained by Mitchell to examine the financial reporting of a joint venture company over a ten-year period for consistency with the joint venture agreement. Testimony was provided in the matter and the opposing expert accountants' reports were evaluated.

**Jewell Recovery, L.P. (subsidiary of Zale Corp.) v. Skadden, Arps, et al.**

Engaged by counsel to evaluate the use of bond proceeds that were transferred between a public company and its wholly owned financing subsidiary. Significant transaction funds tracing was required over a period of years to determine the source of funds transferred and the use of the funds as represented to bond holders and as actually used. Based on the results of the forensic analysis, opinions were offered as to the source and use of the funds, the cause of the parent's ultimate bankruptcy, and the basis for the financial condition of the bondholders and other relevant parties.

**NYSE Commercial/ Industrial/Consumer Manufacturing Corporation**

Services were retained by outside counsel to assist in the investigation of changes in inventory subsequent to the purchase of a manufacturing distribution business by the SEC registrant. Interviews were conducted of employees, former management, and parties involved in the sale/purchase of the business. The investigation also involved the reconstruction of records that were required to quantify the amount of the financial statement impact. As a result of the forensic investigation, adjustments were made to the ultimate transaction price of the purchase/sale.

**First Republic Corporation**

Subsequent to the FDIC supported merger of two large regional bank holding companies, assistance was provided to outside counsel in the investigation of a large SEC registrant's loan portfolio to determine, in part, the role of management in the alleged understatement of loan loss reserves. A significant amount of analysis was required to determine what information bank management had at the time reserves were determined and how such contemporaneous information was utilized in the setting of loan loss reserves. In addition, the financial impact of the subsequent changes in the level of loan loss reserves on the bank holding company's financial statements was evaluated. As a result, opinions were developed as to whether full financial statement disclosure was provided to FDIC regulators and the public prior to the merger of the two bank holding companies.



**Coral Petroleum, Inc.**

Reporting to the Unsecured Creditor's Committee, forensic accounting services were provided to a large private company in Chapter 11 bankruptcy. At the time, it was the largest bankruptcy filed in the Southern District of Texas. Evaluations of the activities of the debtor prior to bankruptcy filing were performed. In particular, officer compensation, payments to specified third parties, traded commodities, and pre-filing financing transactions were examined as to whether the transactions were preferential payments. In addition, questions of adequate protection were evaluated. The investigation involved the reconstruction of detail transaction histories, close coordination with corporate counsel in the evaluation of transactions as they impacted the financial condition of the debtor.

**Texas Oil and Gas Family Estate Dispute**

Services were retained by counsel of estate beneficiaries to provide forensic assistance in the reconstruction of accounting transactions to determine the true assets and liabilities of a fifty-year-old estate. The re-accounting was performed utilizing sophisticated computerized transaction analysis models that were developed for the engagement. The re-accounting models aided in determining the balances of assets due to the various heirs following and "estate out first" rule for funding disbursements of the estate.

**PROFESSIONAL EXPERIENCE**

**Long International, Inc.**

*Houston, Texas (December 2008 to Present)*

As a Principal and CPA, Mr. Beach provides specialized forensic accounting, cost determination, and financial analysis capabilities on insurance claims and engineering and construction projects on which disputes arise due to cost overruns, claims for additional payment, change order disputes, progress payment claims, the propriety of costs incurred and charged, charges for additional corporate/ home office/ job-site overhead, profit determination, and the cost for warranty claims, among other cost determination and recovery issues. In addition, he performs and expresses opinions as to the agreement between engineering and job-site records and the company's financial books and records at the corporate, subsidiary, joint-venture, and job-site levels where courts and others may require a determination as to correspondence between the various sets of records and cost accounting systems. Finally, Mr. Beach can express opinions for Generally Accepted Accounting Principles (GAAP) and special contract reporting purposes (e.g., joint ventures, financial institution loan reports, insurance underwriter reports, and project investor reports).

**Beach Analytics, LLC**

*Houston, Texas (October 2007 to December 2008)*

Mr. Beach was the Managing Director of Beach Analytics, LLC, wherein he sought opportunities for capital investment and provided management assistance to existing management to increase profitability of the business lines. Accordingly, business line profitability analysis, working capital utilization and monitoring, as well as strategic planning were performed to increase the valuation of the businesses. In addition, Mr. Beach and company management identified potential purchasers and joint-venture partners, and engaged in selling certain business lines.



**LECG**

*Houston, Texas (December 2005 to October 2007)*

Mr. Beach was Managing Director of the Houston office. LECG is a global expert services and consulting firm, with more than 800 experts and professionals in 33 offices around the world, that provides independent expert testimony, original authoritative studies, and strategic advisory and financial advisory services to clients, including Fortune Global 500 corporations, major law firms, and local, state, and federal governments and agencies worldwide.

At LECG, Mr. Beach was responsible for the development and performance of forensic accounting and financial analysis engagements for clients under Securities and Exchange Commission (SEC) investigation for stock-option granting practices, multiple-party litigation arising from the collapse of Enron Corporation, and other commercial disputes. Furthermore, an important part of the discovery assistance performed by Mr. Beach arose from extensive electronic discovery (e-discovery) conducted by Mr. Beach and LECG.

**Beach & Company International, PLLC**

*Houston, Texas (October 1993 to December 2005)*

Mr. Beach was President of Beach & Company International, PLLC (Beach & Co.). Beach & Co. provided forensic accounting and financial analysis relative to a broad variety of controversies crossing many industries. Some of the larger engagements arose on construction and capital projects, bankruptcy and reorganization, insurance claims, oil and gas, commercial real estate development, estate disputes, and professional malpractice claims, among others. On a number of these matters, he testified in Federal, State, and Bankruptcy Courts as to facts and damages.

Among the matters on which he testified the jury awarded the plaintiff-client (MMAR) the largest amount of damages awarded at trial for libel/slander in the history of the Federal Court up to that time.

Relative to engineered projects, Mr. Beach was engaged to evaluate insurance claims by a large, custom-engineered industrial products conveyor system company. The failure of an engineered conveyor system was remedied at significant cost and the system was placed into service, but the cost to construct and replace was challenged by the insurance underwriter. An audit of the cost to construct the original system and the replacement structures was required to be performed to determine that the original cost to construct was complete, and that the replacement structure was not reconstructed in an improved manner, nor was the cost to reconstruct overstated.

**Peterson Consulting Limited Partnership**

*Houston, Texas (July 1982 to May 1993)*

Mr. Beach was an Executive Vice President and Member of the Board of Directors for Peterson Consulting Limited Partnership. Furthermore, he was responsible for establishing and/or developing the Houston, Dallas, and Austin offices of Peterson Consulting Limited Partnership, now Navigant Consulting, Inc. (NYSE: NCI). Navigant Consulting is a specialized, international consulting firm combining industry expertise and integrated solutions to assist companies and their legal counsel in enhancing stakeholder value, improving operations, and addressing conflict, performance, and risk related challenges. Mr. Beach's engagement experience encompassed claims arising from controversies involving disputes and litigation, extensive fact discovery relating to the business affairs of the parties as documented in the company's books and records, financial and accounting advisory services for entities in reorganization and liquidation, and, investigations of officers and directors relative to their fiduciary conduct.



**Amsted Industries, Inc.**

*Chicago, Illinois (July 1980 to July 1982)*

Mr. Beach was the Corporate Director - Internal Audit at Amsted Industries, Inc. Amsted Industries was a Fortune 500 public company with 41 plants and offices in the United States, Canada, and Europe that manufactured building material products and transportation equipment. Mr. Beach's responsibilities included the review of project management controls at the eleven subsidiary companies to evaluate the subsidiary's and construction contractor's capability to monitor the conduct of the construction and complete the project on time at the contracted price. In this capacity, he worked with the subsidiary company construction project management engineers and the construction company project managers. The result was a history of on-time and on-budget plant construction projects that helped the company meet financial performance goals.

**Arthur Anderson & Co.**

*Chicago, Illinois (July 1973 to July 1980)*

Mr. Beach was Audit Manager in the home office of Arthur Andersen & Co., where he had responsibility for the planning, supervision, and performance of the audits of public and private companies. The audits of the companies' cost accounting and reporting systems were focal points of the engagements. Many of the companies provided engineering services, manufactured engineered products, installed engineered systems in commercial/industrial/institutional plants, and constructed engineered facilities.

In the firmwide Construction Industry Group, Mr. Beach also developed with others executive accounting and financial management training for construction industry executives relative to the interface between accounting and financial records and job cost/estimating records. Mr. Beach also participated in the team that developed the construction industry Statement of Position that forms a significant basis of the generally accepted accounting principles (GAAP) for the industry.

**PUBLICATIONS AND SPEAKING ENGAGEMENTS**

Mr. Beach co-authored, developed, and instructed industry courses for construction industry executives and management on "Financial Management for Non-financial Executives." These multi-day courses were developed and given to members of one of the two primary construction industry associations in the United States. The courses included GAAP financial accounting for construction companies, micro-economics, and project and company financial management.

Mr. Beach also co-authored, developed, and instructed a course on "Financial Management: Job Cost Control." This was a multi-day course developed for the Mechanical Contractors Association of America that included financial statement analysis, micro-economics, construction industry GAAP, financial management, and project cost control utilizing proprietary job cost estimating methodologies.