



VALUESCOPE

Focusing analytics through experience.

Steven C. Hastings
MBA, CPA, ASA, CVA, ABV, CFF
Principal

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.

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 include:

- Economic loss valuations
- Dissenting shareholder suit support
- Class action damages and securities
- Shareholder oppression analysis
- Business interruption claims valuation
- Marital dissolution analysis
- Analyzing and adjusting financial statements
- Cheap stock issues and early stage valuations
- Solvency and fairness opinions
- General business contract dispute analysis

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



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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.

HEALTH CARE INDUSTRY

Mr. Hastings has extensive experience in health care business financings, as well as the analysis of its market dynamics. His expertise includes the valuation of patents and products, health care facilities and services, claims processing, and financing of Medicare, Medicaid and private pay receivables. Over a seven-year period, Mr. Hastings developed and taught an array of health care provider courses including as "Financing Receivables," "Getting Paid," and Cost Reporting...". His customers included small hospitals, surgery centers, MRI centers, home health care and hospice agencies, CORFs, nursing homes, ambulatory outpatient care facilities and DME companies. During his tenure at MedCare Financial Solutions, he dealt with such critical issues as Medicare cost reporting, cost shifting, reimbursement rate adjustments, beneficiary limits, sequential billing rules, "Operation Restore Trust," platform holding rules, line item limitation rules, HIPPA rules, Stark Laws, prospective payment system, HMO and PPO reimbursement structures, and the continued restructuring of government eligibility and payment rules.

CORPORATE GOVERNANCE

Mr. Hastings has guided organizations through the start-up and growth process, initial capital formation and eventual public offering. He has:

- Provided advice on selecting and developing corporate structures for corporations, limited liability companies and partnerships



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- Helped assemble and formalize corporate documentation such as shareholder agreements, minute books, corporate agreements, employment agreements, business plans and executive summaries
- Created offering documents, both private placement memoranda or public offering prospectus, and handled all aspects of capital market transactions
- Advised clients on corporate governance and related matters such as boards of directors and committee compositions; practices and procedures; and duties and responsibilities

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. When appropriate, Mr. Hastings would serve as a management employee, taking CFO responsibility for restructuring, mergers, expansion and other strategic services.

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.



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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. This company was sold to Elk Alpha Funding I Corporation and then later rolled up into a public company, DVI Financial Services.

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, SIPC and other state and federal regulating bodies.

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)

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



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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 – 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.*

- *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.*

- *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*

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

Expert Witness (Jury Trial) – United States District Court for the Northern District of Texas Dallas Division, March 2009, Case: 3:05-cv-01814, *Globex International, Inc., Plaintiff v. Michael Disabato and Silver Knight Sales & Marketing, Ltd., Defendants*

- *Globex International v. Silver Knight Sales & Marketing, Deposition – April 2008*
- *Globex International v. Silver Knight Sales & Marketing, Expert Report – February 2008*

Expert Witness (Jury Trial) – District Court of Dallas County Texas, June 2008, Cause No.: 04-01870, *Blind Spot Media, Inc., Plaintiff v. Kjehl Rasmussen, Paradise Media, LLC, Praxis Entertainment Group Limited, Fabrication Films International, LLC and A Film By, Defendants*

Expert Witness – District Court of Dallas County Texas, 192nd Judicial District, November 2007, Cause No.: 01-04748, *C-Span Entertainment, Inc., et al., Plaintiffs v. Akin Gump Strauss Hauer & Feld, Blockbuster, et al., Defendants, Court Appearance*

- *C-Span Entertainment v. Akin Gump Strauss Hauer & Feld, Blockbuster, et al., Deposition – October 2007*
- *C-Span Entertainment v. Akin Gump Strauss Hauer & Feld, Blockbuster, et al., Expert Report – September 2007*



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RECENT IRS CASES - OFFICE OF CHIEF COUNSEL

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 – Hartford, CT, 2008 - 2009, Worthless stock write-off valuation issues.

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

Expert Witness for the IRS LSMB Audit Division – New York, NY, 2011, Worthless stock write-off valuation issues.

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 DOMESTIC CASES

Expert Report – Divorce – Midland, TX, 2010. Business valuation and Jensen Claim support.



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Expert Report – Divorce – Ft. Worth, TX, 2010. Marital estate asset tracking for separate property computations.

Expert Report – Child Support – Dallas, TX, 2010. Forensic accounting and analysis with respect to a closely held corporation for income recognition purposes.

Mediation Presentation – Divorce – Ft. Worth, TX, 2011. Presentation of personal v. enterprise goodwill and the application of a multi-attribute utility model.

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