



Grant Thornton



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Forensic Advisory Services, Wisconsin Practice Leader

Scott is the leader of Grant Thornton's Wisconsin's Forensic Advisory Services Practice. With more than 30 years of experience, Scott has served as a **litigation consultant, expert witness, forensic accountant and fraud investigator**. Scott has consulted, testified and/or authored expert reports as an accounting, financial and fraud expert in a number of jurisdictions.

His experience includes serving clients in a variety of industries, including real estate, retail, manufacturing, construction, health care, financial services, professional services, gaming, insurance, not-for-profit and governmental. He is a Certified Public Accountant (CPA), Certified Fraud Examiner (CFE), Certified Construction Auditor (CCA), and earned his MBA.

Professional Experience

Selected Damage and Forensic Accounting Assignments

- Prepared a disgorgement analysis of a company that was formed in the malt manufacturing industry. A group of employees for a large malt manufacturer left the manufacturer and formed a competing business after raising millions of dollars from private equity investors. The manufacturer sued the former employees and the company they formed for damages, which I calculated.
- Prepared a lost profit analysis of a roofing contractor. The roofing contractor was one of the bidders on a large construction project for a school district. Their bid was submitted and not chosen. The roofing contractor claimed they were wrongfully denied the bid award and sued the general contractor for lost profits. I issued my expert report and testified at trial.
- Retained as an expert in a case involving fifteen real estate partnerships that were formed by two partners in connection with the purchase of commercial and office properties. The partners would purchase properties through their LLCs which in turn would sell to third party investors via tenant in common (TIC) transactions. One partner (plaintiff) alleged the other partner (defendant) owed him over \$7 million. My work included reviewing of LLC tax returns, financing documents, financial statements, bank records, investor reports and other related documents. I performed an accounting of the flow of funds and determined that the defendant was actually owed \$5 million and that monies allegedly owed by the defendant was recorded on both the LLCs and the TIC balance sheets. The matter settled shortly after my determination.
- Prepared a rebuttal damage report in connection with a manufacturer and distributor of engineered and customized systems in the plastic technology and processing industry. The manufacturer terminated its relationship with its broker who arranged equipment financing



for the customers of the manufacturer. The broker sued the manufacturer for lost profits, alleging damages in the seven figures. My report summarized the deficiencies in the opposing expert's report in addition to calculating damages.

- Provided damages report and testimony in relation to the default by a Native American tribe on \$50 million of bonds secured by gaming revenues in litigation between Native American tribe, lenders, and transaction advisors. Assisted legal counsel with cash flow modeling and various damages scenarios in response to other expert reports and for settlement discussions. Analysis of tribal government and casino financials indicated the tribe had the ability to make payments on the bonds as due and also provide distributions for tribal governmental services.
- Retained in a litigation strategy consultation in relation to a failed blood testing services business with peak revenues of over \$1 billion per annum. Engagement included analysis and modeling of various damages and mitigation theories in a complex fact pattern including Department of Justice fines and multiple suits levied by health insurance companies. Solvency analysis of business' financial statements indicated a number of factors outside of alleged wrongdoing that contributed to bankruptcy including unprofitable investments, elevated administrative spend, and draining of business liquidity through distributions to owners. Analysis was used to refute unsecured creditor's committee malpractice allegations and claimed damages of approximately \$650 million against former outside counsel (and insurers).
- Prepared a rebuttal damage report in a matter involving a medical device manufacturer and its new sales agent. The sales agent terminated its relationship with a prior medical device manufacturer. The prior medical device manufacturer sued the sales agent, and the new medical device manufacturer alleging violations of among other things, the non-compete provisions under an implied contract (the prior written contract expired at the end of 2010).
- Prepared a rebuttal damage report in connection with a dispute between a plaintiff and a defendant. The plaintiff was a real estate developer and builder who held over thirty properties of various types. The defendant, who purchased the debt on the plaintiff's properties, allegedly reneged on the formation of an oral joint venture between the two and instead foreclosed on the defendant's properties and damaged the plaintiff. The plaintiff claimed that many of these properties were going to be developed into condominiums and manufactured home communities and as a result of the defendant's alleged actions, he lost millions of dollars of lost profits.
- Prepared a damage report on behalf of a manufacturer in a matter involving one of their distributors who was responsible for the Saudi Arabian market. The distributor terminated its relationship with the manufacturer to distribute a competing product. The allegations were that a former divisional President for the manufacturer left employment and among other things, violated his non-compete agreement with the manufacturer by conspiring with the distributor.
- Prepared an expert report in connection with a manufacturer who attempted to terminate one of their underperforming dealers. My work included preparing various financial



analyses on the dealer to determine if it was financially dependent on the manufacturer's product lines they were selling.

- In connection with the construction of a prototype wind turbine generator under a cost reimbursement contract, performed procedures to verify project costs. My work included tracing costs from job cost records to underlying source documentation which included invoices, payment applications for subcontractors, payroll records, labor burden rate schedules, and equipment charge rate schedules. I quantified the total construction costs to build the prototype, calculated the balance owed from the design engineer and testified at the arbitration hearing.
- Prepared a lost profit analysis and rebuttal report in a case involving a global manufacturer in the aerospace industry and its distributor. The allegations were that the manufacturer wrongfully terminated its distribution agreement and the distributor did not use best efforts to distribute the manufacturer's product.
- Performed a forensic accounting analysis in connection with an estate valued over \$17 million. The analysis included reconstructing the decedent's records over a 20 year period in order to show that he contributed to the household expenses of him and his 2nd wife. The 2nd wife's surviving children alleged, among other things, that the decedent did not contribute to the household expenses and as such his wife had to expend her own funds for her support. I quantified the amount of monies the descendant expended for the household expenses and issued an expert report.
- Prepared a lost profit damage analysis in a case involving a global automotive manufacturer and its third party logistics operator. The allegations in the case were that the manufacturer terminated its contract with the logistics company prior to the contract expiration date. The logistics company sued the manufacturer for lost profits. I performed my analysis and issued an expert report.
- Prepared a damage analysis in connection with litigation where the plaintiffs' alleged that the defendants violated the "Single Bidder Rule" in connection with tax lien sales in Cook County, Illinois. Plaintiffs asserted claims under the Racketeer Influence and Corruption Organizations Act (RICO) and Illinois law. My work included estimating the number of tax liens that would have been awarded the plaintiffs but for the defendants alleged acts and pattern of racketeering activity and computing the lost profits damages associated with those liens. An expert report was issued and deposition and jury trial testimony provided.
- Prepared a damage analysis in connection with a lease between a building owner and a major tenant. Work included recalculating base rent charges, rent escalations, common area maintenance charges and rent attributable to replacement tenants. An expert report was issued summarizing my opinions.
- Prepared a damage analysis in connection with the purchase of a consumer loan portfolio that allegedly did not perform up to the purchaser's expectations. Issued an expert report of my opinions and rebutted opinions of four opposing experts.
- Prepared an expert report opining as to the value and accounting treatment of the liability reduction for a class of plaintiffs in connection with their health club memberships and its impact on their net worth.



- Calculated the damages due to a developer of an apartment complex for profits that would have been realized over a 17-year period, but for the delay in the construction of the complex.
- Prepared a damage analysis in connection with a dispute between a charter airline company and an owner of multiple aircraft. Project consisted of reviewing charter agreements, invoices, bank records and source documents in order to compute the amount owed from the aircrafts' owner to the charter company. Additionally, a lost profits computation was prepared to compute the damages owed the charter company as a result of the owner taking back its airplanes prior to the expiration date of the charter agreements. An expert report was issued and deposition and jury trial testimony provided.
- Prepared a damage analysis in connection with a dispute relating to the contractual non-compliance between an automotive manufacturer and one of its suppliers. The automotive manufacturer alleged its roadside assistance supplier incorrectly calculated the refund it owed the manufacturer under the contract. Procedures included interviews with key supplier personnel, the development of a statistical sample to verify over 100,000 claims and forensic accounting procedures to calculate the damages due to the manufacturer. Testimony related to my procedures and findings was provided at two arbitration hearings.
- Performed a damage analysis on behalf of a public software distribution company in connection with a dispute with one of their vendors. Project consisted of tracing various transactions to source documents, interviewing company personnel, review and interpretation of the rep agreement, review of deposition testimony and issuance of a Rule 26 report for Federal Court.
- Calculated lost profit damages in a breach of contract dispute between two computer technology manufacturers. Issued a Rule 26 expert report of my opinions and rebutted opinions of the opposing expert.
- Prepared a damage analysis in connection with a dispute between two reinsurers of a title company. The matter required tracing of thousands of closing transactions through accounting records and source documents, in addition to performing interviews in order to determine the amount of the title company's escrow shortfall that needed to be funded by each reinsurer. One of the defences of the defendant (prior reinsurer) that I represented was that the plaintiff (new reinsurer), based on their due diligence should have been aware that the title company was virtually insolvent at the time the new reinsurer commenced insuring the title company's escrow. In addition to the tracing mentioned above, I performed various ratio and cash flow analyses on the historical financial statements of the title company to reach a conclusion that their ability to continue as a going concern was doubtful at the time the new reinsurer took over. An expert report was issued describing my findings and deposition testimony provided.
- Performed a forensic accounting examination of \$35 million worth of allegedly excessive pass-through charges incurred on behalf of a \$500 million international disposable products manufacturer. The suspect charges analyzed related to the Company's "cost plus" agreement with its outsourced logistics provider. The examination consisted of a thorough review and reclassification of various pass-through charges levied against the company



including tracing from the books of original entry through source documents. Deposition testimony was provided as well as assisting counsel at various arbitration hearings.

- Prepared a damage analysis relating to employee theft through a falsification of accounting records for a regional soft drink bottler. Accounting issues involved were re-aging of accounts receivable, fraudulent cash disbursements, and unreported cash receipts. The analysis included tracing numerous transactions through voluminous accounting records and source documents in order to recreate the trail of funds. This resulted in issuance of report enumerating the findings and quantification of the damages and providing jury trial testimony.
- Prepared a damage analysis in connection with a dispute between two partners of a real estate holding company. This engagement required the examination of various source documents, reconstructing books and records, conducting interviews of employees and assisting lead counsel in discovery issues. The analysis resulted in the discovery of an off balance sheet bank account and over \$1 million being misappropriated by one of the partners.
- Prepared a damage analysis on behalf of a private equity investment company into potential accounting and valuation irregularities pertaining to the financial statements and management reports prepared by an outside management company. The analysis revealed the management company charged expenses to the investment entities that should have been the responsibility of the management company. An expert report was prepared and assistance at an arbitration hearing was provided.
- Prepared a damage analysis in connection with a dispute between a large governmental entity and one of their vendors. The vendor alleged in a lawsuit that it was owed over \$1 million from the governmental entity for services provided but not yet paid. Our analysis included tracing transactions through the vendor's and entity's source documents and accounting records, along with interviewing vendor's management and accounting personnel. The engagement documented the governmental entity overpaid the vendor, resulting in a counterclaim being filed. Eventually both parties agreed to drop the lawsuits.
- Led a forensic accounting assignment in the investigation of the cost savings claimed by a contractor who worked as the Chief Financial Officer and Chief Operations Officer of a school district whose compensation was based on a percentage of the cost savings. The team under my direction assessed data, performed interviews, reviewed books and records of the district and reviewed source documents. Our findings were summarized in a procedures and findings report was reported out to the school board.
- Investigated allegations of contractual non-compliance between a global beverage manufacturer and one of its largest suppliers. The allegations surrounded the supplier's failure to appropriately account for and pass along cost savings with the beverage company as contractually required. We conducted interviews of key supplier personnel as well as performing forensic accounting procedures spanning an eight year period. Our findings of non-compliance were shared with both parties and assisted our client in receiving a multi-million dollar settlement from the supplier.
- Assisted a client who was a supplier to the Department of Defense (DOD) in quantifying the potential overcharge to the DOD in connection with their services being rendered.



Tasks included performing interviews, analyzing databases, tracing through source documents, and performing statistical sampling on revenue data in order to compare the actual charges to those contractually allowed. Our findings were used to assist the client in bringing the issue to the attention of the DOD.

- Performed forensic accounting assignment in connection with a bankruptcy for one of the largest banks in Europe (with over 60 branches worldwide) involving a loan to a publicly held company secured by accounts receivable. The bank originally granted the loan based on an expected accounts receivable balance being available to repay the debt in the event of default. After the filing of the bankruptcy petition, it was discovered the reported accounts receivable balance was not enough to satisfy the loan. The investigation resulted in the discovery of the accounts receivable being understated by over \$4 million.

Selected Purchase Price Disputes

- Acted as a neutral on behalf of the Buyer and Seller of an insurance agency which sold insurance policies providing coverage for satellites. The issue centered around the timing of recognition of commission income on the sold policies and its impact on working capital.
- Acted as a neutral arbitrator on behalf of the Buyer and Seller of an engineering company with resolving certain disputed issues in a purchase price dispute related to the calculation of working capital. Analyzed the accounting records and assessed the positions of both parties to determine findings and conclusions of the disputed issues.
- Acted as a neutral arbitrator in an earn-out dispute between a Buyer and Seller of an energy company which the primary disputed issue was the accounting treatment of a foreign exchange loss. Reviewed the submissions and rebuttal submissions of both parties, conducted interviews and analyzed numerous records in consideration of my ruling.
- Represented the purchaser (who was a portfolio company of a private equity fund) of a large pipeline contractor in its dispute with the seller over the earn-out calculation resulting in an additional purchase price owed. The seller made a \$19 million demand. My analysis included reviewing the numerous disputed items, performing a detail review of the percentage of completion calculations, researching the applicable GAAP, conducting interviews, preparing revised calculations and preparing a submission report to rebut the seller's calculations. The parties settled the matter for \$6 million after my report was submitted to the seller.
- Acted as a neutral arbitrator in a purchase price dispute between two large insurance companies. The main issue focused on the calculations of a multi-million dollar earn-out provision over multiple years. As the neutral, I held hearings, reviewed the parties' submissions and issued written rulings of my findings.
- Analyzed accounting records to assist an attorney acting as an arbitrator in the calculation of the book value adjustment in a post-closing dispute between two automotive suppliers.



- Represented the seller in the medical industry in a purchase price dispute over various working capital adjustments which included accounts receivable, inventory and goodwill. Work included review of detailed working papers, preparation of analysis, interviews and assistance in the preparation of submissions.
- Represented a manufacturer of polymer products in a post-acquisition dispute pertaining to the sale of one of its business segments. Disputed issues included inventory valuation, excess and obsolete inventory reserves, accounts payable, and accrued expenses. Assisted in the preparation of the seller's submissions along supporting documentation to the arbitrator.

Trial and Arbitration Testimony

- New Dalton Foundry, LLC v. Neenah Foundry Company, No. 01-16-0003-8226, American Arbitration Association, Chicago, Illinois (2017)
- State of Wisconsin v. Sterling W. Kienbaum, DA Case No. 2016FL001510, Circuit Court, Fond Du Lac, Wisconsin (2017)
- Skyline Roofing & Sheet Metal Company v. Ziolkowski Construction Inc. and United Union Roofers, Waterproofers and Allied Workers Local 26, Cause No. 71C01-1009-PL-00183, Circuit Court of St. Joseph County, Indiana (2017)
- Rexnord Industries, LLC v. Jamaica Bearings Co., Inc., Case No. 10CV013197, Circuit Court of Milwaukee County, Wisconsin (2015)
- AUI Construction Group, LLC v. Postensa Wind Structure, LLC. No. 50-158-T-00663-12, American Arbitration Association, Harvey J. Barnett, Arbitrator (2013)
- BCS Services Inc., et al. v. Heartwood 88, LLC, et al., No. 07 C 1367 consolidated with No. 05 C 4095, Northern District of Illinois, Eastern Division (2011)
- Ford Motor Company and Ford Auto Club, Inc. against Associates Auto Club Services, Inc. International Institute for Conflict Prevention and Resolution, Paul J. Bschorr, Arbitrator (2008)
- Dabler v. Dabler, No. 01 D 18850, Circuit Court of Cook County, Illinois (2005)
- Priester Aviation, Inc. v. Rubloff Aviation, LLC and Executive Air Charter, LLC. No. 00 L-50491 and L-009626, Circuit Court of Cook County, Illinois (2003)
- Alessio v. Alessio, No. 99 D 441, Circuit Court of Will County, Illinois (2002)
- Schwartz v. Schwartz, No. 00 D 1307, Circuit Court of Lake County, Illinois (2001)
- John Parthenios and Jim Parthenios, Individually and D/B/A Parthenios Luncheonette v. Rockford Mass Transit District, No. 95 L 308, Circuit Court of Winnebago County, Illinois (2001)
- Pearl v. Pearl, No. 98 D 3369, Circuit Court of Cook County, Illinois (2000)
- Pepsi-Cola Bottlers, Inc. v. PK's Industrial Supply & General, et al., No. 96 L 0008045, Circuit Court of Cook County, Illinois (2000)



Deposition Testimony

- Sadoff & Rudy Industries v. Sterling W. Kienbaum et al, Case No. 16-CV-538, Circuit Court of Fond Du Lac County, Wisconsin (2018)
- Malteurop North America, Inc v. Amy Germershausen, Dale West, Dale Bugajski, Gary McLoughlin, and Proximity Malt, LLC, Case No. 15-CV-10221, Circuit Court of Milwaukee County, Wisconsin (2017)
- New Dalton Foundry, LLC v. Neenah Foundry Company, Case No. 01-16-0003-8226, American Arbitration Association, Chicago, Illinois (2017)
- Equipment Finance Group, LLC v. Milacron Marketing Company, LLC, Case No. A1504049, Court of Common Pleas, Hamilton County, Ohio (2017)
- Saybrook v. Lac Du Flambeau Band of Lake Superior Chippewa Indians, et al, Case No. 12-CV-00187 / 15-CV-00302, Circuit Court of Waukesha County, Wisconsin (2017)
- Heathwerks, Inc., Spine Group of Wisconsin, LLC and Paul Breitenbach and Biomet Spine, LLC v. Stryker Spine, A Division of Howmedica Osteonics Corp, Case No. 14-CV-00093, United States District Court, Eastern District of Wisconsin (2016)
- Kohler Co. v. Otto R. Kopietzski and Pacific Power Solution Pte Ltd, Case No. 13-CV-1170, United States District Court, Eastern District of Wisconsin, Milwaukee Division (2015)
- CNH America LLC v. Quinlan's Equipment, Inc., Case No. 14CV0709, Circuit Court of Racine County, Wisconsin (2015)
- Robert A. Rynders v. William Gardner and Minocqua Land Investments, LLC, Case No. 13-CV-252, Circuit Court of Oneida County, Wisconsin (2015)
- Rexnord Industries, LLC v. Jamaica Bearings Co., Inc., Case No. 10CV013197, Circuit Court of Milwaukee County, Wisconsin (2014)
- Ace Distribution Services, Inc. v. Harley Davidson Motor Group, LLC, Case No. 13-CV-00391, Circuit Court of Waukesha County, Wisconsin (2014)
- Robert E. Reilly, Jr. v. DHR International, Inc., et al., Case No. 05 L 008700, Circuit Court of Cook County, Illinois (2011)
- BCS Services Inc., et al. v. Heartwood 88, LLC, et al., No. 07 C 1367 consolidated with No. 05 C 4095, Northern District of Illinois, Eastern Division (2010)
- Fidelity National Title Insurance Company of New York v. Westhaven Properties Partnership et al., No. 03 CH 00382, Circuit Court of Cook County, Illinois (2006)
- Fidelity National Title Insurance Company v. Intercounty National Title Insurance Company et al., No. 00 C 5658, United States District Court, Northern District of Illinois, Eastern Division (2006)
- David Schele v. State Farm Mutual Automobile Insurance Company, No. 00 LK 483, Circuit Court of Kane County, Illinois (2005)



- Solo Cup Company v. DSC Logistics, Inc., No. 51 Y 181 01640 02, American Arbitration Association (2005)
- Priester Aviation, Inc. v. Rubloff Aviation, LLC and Executive Air Charter, LLC. No. 00 L-50491 and L-009626, Circuit Court of Cook County, Illinois (2003)
- Alessio v. Alessio, No. 99 D 441, Circuit Court of Will County, Illinois (2002)
- Burwell v. Ecker, No. 99 D 14105, Circuit Court of Cook County, Illinois (2002)
- Rothstein v. Rothstein, No. 00 D 1609, Circuit Court of Lake County, Illinois (2002)
- Fossler v. Fossler, No. 98 D 00043, Circuit Court of Cook County, Illinois (2001)
- John Parthenios and Jim Parthenios, Individually and D/B/A Parthenios Luncheonette v. Rockford Mass Transit District, No. 95 L 308, Circuit Court of Winnebago County, Illinois (2000)
- Richard D. Reed v. Nicholas Cellozi and Ronald Chavez; Cellozi-Chavez Ford, Inc. v. Reed Randle Properties, Inc. No. 98 L 494, Circuit Court of Lake County, Illinois (2000)
- Marshall & Isley Trust Company v. Anthony S. Leslie, Terry R. Bush, Bush Management, Inc. and Comtec, Inc, Civil Action No. 97-C-0427, United States District Court, Eastern District of Wisconsin (1999)
- Jim Whitmer, et al. v. Helix Limited, et al., No. 96 L 10593, Circuit Court of Cook County, Illinois (1999)

Publications

- “Con Games – Here’s how contractors can minimize fraud exposure”, *Construction Today*, December 2017 (Co-authored with Seth Snyder)
- “No Harm, No Foul: Proving Damages in Lost Profit Cases”, *Wisconsin Lawyer*, November 2013 (Co-authored with Brandon Greger)
- “Recovery of Damages for Lost Profits”, *Wisconsin Lawyer Blog*, January 17, 2013
- “Recipe for Fraud: Know the Key Ingredients to Keep Your Business Safe”, *ABI Financial Advisors Committee Newsletter*, Volume 9, Number 4, October 2012 (co-authored with Mark Sullivan)
- “Dollars and Sense – Stop the Overcharge”, *US Industry Today*, June 13, 2008 internet issue (Co-authored with Mark E. Pearson)
- “Family Limited Partnerships: Valid Estate Planning or Good Divorce Planning?”, *American Journal of Family Law*, Volume 16, Number 1, Spring 2002, pp.16-20
- “Overview of a Patent Damages Analysis”, *The Valuation Examiner*, November / December 2001, pp. 8-9 (co-authored with Mark E. Pearson)
- “Daubert and Kumho-Landmines for the Expert”, *The Valuation Examiner*, July/August 2001 Issue, pp. 8-10 (Reprinted with permission from the Illinois Association of Defense Trial Counsel)
- “Family Limited Partnerships in Divorce”, *The Valuation Examiner*, January / February 2001 Issue, pp. 10-12



- “Daubert and Kumho-Landmines for the Expert”, *IDC Quarterly*, Second Quarter 2001 Issue, pp. 8-10

Presentations

Mr. Shaffer has presented on numerous occasions topics pertaining to business valuation, financial discovery, accounting, economic damages, internal investigations and fraud.

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