PROJECT CONTROL COMPANIES, INC.

A Certified WBE

Unique approach, superior results

Forensic Accounting/Litigation Support

Overview

PCC was retained by a large Boston law firm on behalf of its client as a non-testifying expert. The client was the defendant in a case involving multiple private business entities he owned as the sole shareholder. The plaintiff claimed ownership based on an initial investment that she had sold back to the sole shareholder. She claimed that her original investment in one of the defendant's companies contributed to the growth of ten entities over a 25-year period. Therefore, entitling the plaintiff to the same share of the current international conglomerate.

Approach & Methodology

- Performed an extensive review of general ledger statements, inter-company loans and defendant's cash investments to map the flow of investments and funding among the companies
- Prepared deposition documents for defendant's witnesses and assisted the attorneys to prepare witnesses for deposition
- Prepared business valuation for portfolio of businesses using seven different valuation models
- Analyzed 20 comparable companies over a five-year period to benchmark against client's portfolio of businesses
- Determined the tax impact of transactions for both S-corporations and C-corporations and analyzed the defendant's tax burden
- Compared the client's compensation to industry to ratios and comparable public companies to demonstrate industry-normalized compensation level
- Analyzed items on financial statements such as depreciation, amortization, leases and fixed assets to validate financial statements and use of recognized and accepted accounting methods
- Analyzed industry trends to determine multipliers for business valuations
- Identified, quantified and explained to attorneys the potential risks in the case
- Explained key financial documents to the legal team and answered questions regarding financial issues
- Created multiple graphs and charts to simplify and to illustrate complex financial data, risks and opportunities to legal team

Benefits

PCC quantified the potential liability for the client to be between $6M and $8M. By mapping the flow of money among the companies, PCC isolated the plaintiff's claim to a single entity, rather than the multiple entities owned by the defendant, thereby reducing the plaintiff's defensible claim.

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