



LUIGI CALABRESE, ASA, CVA, CFE
Director

SUMMARY

Mr. Calabrese has been assisting businesses and law firms with commercial litigation and business valuation matters for over 15 years. Luigi has experience appraising businesses, equity securities, and specific assets of manufacturing, holding companies, and professional services firms domestically and internationally. His experience has been in a variety of industries including energy, oil and gas, information technology, chemicals, healthcare, and real estate. His securities valuation experience includes valuing ownership interest in privately held companies on a controlling and non-controlling basis, corporate notes, incentive distribution rights, and financial and physical derivatives. Past assignments have involved the determination of fair value and fair market value, personal and enterprise goodwill, minority and marketability discounts, and non-compete agreements.



In litigation service support, Luigi has assessed economic damages in matters involving allegations of fraud, breach of fiduciary duty, breach of contract, securities fraud, misrepresentation, business interference, business interruption, infringement of intellectual property, personal injury, wrongful death, and wrongful termination. Analysis developed includes complex damage models of lost profits, lost value, disgorgement, lost earning capacity, loss of use, event studies, and economic market and financial analyses. His work has been used in commercial litigation disputes, including real property disputes, bankruptcy proceedings, and business interruption and insurance claims. Further responsibilities include assets tracing and other financial forensic investigations. Luigi has lectured at Rice University Jones Graduate School of Business on the topic of business valuation and is a Corporate Fellow instructor in the Davies College of Business at University of Houston Downtown.

EDUCATION AND CERTIFICATIONS

- Master of Business Administration (MBA) from Rice University, with a concentration in Finance and Accounting.
- Bachelor and Master Degrees in Electrical Engineering from Politecnico Di Milano, Italy.
- Accredited Senior Appraiser (ASA) in Business Valuation by the American Society of Appraisers.
- Certified Valuation Analyst (CVA) in Business Valuation by the National Association of Certified Valuators and Analysts.
- Certified Fraud Examiner (CFE) by the Association of Certified Fraud Examiners.

PRESENTATIONS AND LECTURES

- Corporate Fellow at the Davies Business College, University of Houston-Downtown, taught Managerial Accounting core course to graduate students for Fall semesters of 2015 and 2016.

- Gas Royalty Economics & Current Litigation Update, September 17, 2015 CLE presented with Scott Bayley, Ronald Guajardo, and Jay Wieser.
- Mexico Energy and Business Forum, August 19, 2015, Houston, TX , panelist with Pablo Medina Andrade (analyst at Wood Mackenzie), Fluvio Ruiz (past member of board of directors at Pemex Petroquimica), and moderator Eduardo Canales at Akin Gump Strauss Hauer & Feld, on the outcomes of Round One of 14 blocks offered for bid by Mexican Government to private investors.
- Guest speaker at Jesse H. Jones Graduate School of Business, Rice University, presented a case sample on the topic of business valuation. Spring of 2015, Fall of 2015 and 2016.

SELECTED ENGAGEMENT SUMMARIES

- Provided deposition testimony and prepared expert report in an alleged breach of contract between two ex-business partners. Analysis involved assessment of lost revenue and lost profits of an information technology company that offers Human-Machine-Interface (“HMI”) software for industrial automation. Work performed included a profit margin analysis of the direct and indirect distribution channels. The margin analysis was developed for HMI software marketed by itself and as an integrated part of Industrial Control Systems (“ICS”) and Supervisory Control and Data Acquisition (“SCADA”) software to provide human-readable visual representations of industrial processes.
- Prepared economic damages analysis in personal injury claims of minors, including a present value analysis of various costs of care over the remained expected life of the injured. The engagement also involved the preparation of economic analyses intended to provide a guide to award punitive damages of the medicinal-product that cause the injury.
- Prepared valuation analysis of a limited ownership interest in an energy brokerage private entity at different point in time. Analysis also valued a “forced” investment in the general partner resulting from excessive overhead expenses charged to the limited partner. The income approach was selected to perform the analysis and required the normalization of the income statements, and the consideration of minority and marketability discounts.
- Provided expert testimony and prepared expert report in an American Arbitration Association hearing of a partners’ dispute related to alleged fraud and alleged lack of appropriate internal control of the managing partner. Analysis involved assessment of unrecorded sale and lost profit related to the operations of a Houston local bar. A detailed review of the partnership accounting and bank records, the Gross Mixed Alcoholic Beverage reports, and historical inventory analysis was performed to complete the assignment.
- Prepared analysis of oil and gas underpayment net royalty interest related to certain leased mineral rights that lessor-plaintiffs claimed operator-defendants fail to pay under a favored nation and well-payout clauses. Analysis involved a detailed review of monthly data over a ten-year period. Data analyzed included production volumes, field and market gas prices, development and drilling costs (review of authorization for expenditures “AFEs”), and operating costs of eleven gas wells located in Jim Hogg County, South Texas. Assignment included the correct application of “decimals” of pooled mineral rights and analysis of “curative payment” made by defendants.
- Led review and rebuttal of lost profit and unjust enrichments damage analyses of alleged trade secret infringement sales in the oilfield equipment industry. The analysis includes the replication and critique of the analyses prepared by the opposing expert, the identification of logic/analytical gaps, and the identification of lack of support in the opinions rendered by the opposing expert.

Assisted counsel in preparing for the deposition of the opposing expert. The trade secret pertains to fiberglass material used in the oilfield equipment industry.

- Led unjust enrichment analysis in a copyright, trademark and trade dress infringement dispute between an OEM-company operating in the sanitary food industry and one of its non-OEM competitors. Analysis involved a detailed review of the non-OEM competitor's accounting records including sales, margins, and semi-variable costs.
- Provided deposition testimony and prepared expert report in an alleged breach of contract between an oil and gas marketing company and a gas producer operating in the Barnett Shale. Work performed includes the review of long-term marketing agency contracts and their amendments, the underlying assets under contract and the determination of certain agency fees.
- Led damage analysis in connection with an alleged tortious interference with a joint operating agreement, which regulated the development of certain oil and gas assets located in the San Joaquin Basin, CA. Damages were calculated by determining the lost fair market value of oil and gas reserves at different points in time and under different market conditions. The assignment was completed by relying on independently estimated production volumes, which were adjusted for development, production and other risk factors. An element of the damages was related to trespass revenues.
- Led lost profit analysis in connection with a business interruption insurance coverage dispute over the termination of a multi-year land-based drilling rig contract. Work included an analysis of liquidated damages, which allowed the plaintiff to recover its daily fee under the contract, and unliquidated damages, which consider any avoidable expenses of the contractor during the rig's idle period.
- Led financial analysis of a certain alleged breach of fiduciary duty and gross negligence involving Officers and Directors of a publicly traded company operating in the oil and gas exploration and production industry. Engagement involved the analysis of the company's investing and financing activity, and a detailed review of the company's liquidity from its inception to its liquidation.
- Led financial and valuation analyses of certain alleged fraudulent transfers involving Officers and Directors of a publicly traded company operating in the financial services industry. The analysis involved a detailed review of certain related-party margin loan accounts, industry and company specific lending limitation and risk mitigation requirements, and margin calls. Engagement also involved analysis of trading activity of officers and directors in light of certain stock disposition plans under rule 10b5-1. The action was brought by the trustee in a post-confirmation plan of liquidation.
- Assisted Counsel during successful mediation of a partners dispute. The analysis involved the determination of the value of 50 percent ownership interest in a \$15 million revenue machine shop based in Houston. Both the income and market approaches were used with a specific assessment of a non-compete agreement of the departing 50 percent partner.
- Assessed economic damages related to an alleged breach of a purchase and sale contract for certain oil and gas assets located in the Marcellus Shale. Analysis included the valuation of developed and undeveloped properties using the income and market approaches during dramatically deteriorating market conditions.
- Prepared appraisal report of a solo practitioner dental practice located in the Houston suburb area. Analysis was prepared in the context of a marital dissolution and involved the normalization

of the practice's financial statements and the determination of owner personal and enterprise goodwill, as well as other intangible assets.

- Provided appraisal report for the fair market value of 100 percent equity interest of a fast-growing telecommunications private holding company with investments in the U.S.A. and Mexico. Valuation analysis was prepared for anticipated external capital infusion and utilized the discounted cash flow method, the guideline public company method, and the comparable transaction method.
- Provided appraisal report for the fair market value of 100 percent equity interest of a financially-distressed private company operating in the metal building frame manufacturing and design industry. A valuation was prepared for capital restructuring purposes utilizing the discounted cash flow method, the public guideline company's method, and the comparable transaction method.
- Valuation of limited partnership interest in a 100-bed acute care health facility. Valuation primarily based on the economic benefit received by the health system managing and limited partner of the doctor's group partnership. Analysis included detailed review of related party transactions involving guaranty fees and interest expenses charged by the system and paid by the partnership health facility.
- Assessed economic damages related to the lost interest in a 60 billion cubic feet gas storage investment. Damages were based on the change over time in the Fair Value of the gas storage business and ownership interest. Valuation analysis considered the income, market, and cost approaches in accordance with authoritative valuation standards, and included the preparation of detailed cash flow projections based on relevant market conditions.
- Determined lost earnings capacity, related fringe benefits, and other pecuniary damages resulting from injuries in an auto pedestrian accident. Analysis included the use of age earnings profiles, work life expectancy and healthy life expectancy on a pre and post injury basis. Analysis accounted for a pre-existing kidney disease and transplant, for the effect of taxes on the lost earnings and for the expected interest income on the award.
- Developed a business interruption claim filed by a financial institution that suffered property damages at over 50 branch locations. The business interruption model included analysis of extensive accounting and financial records at each location.
- Provided critique of other expert business valuations and analyses. The engagement required reviewing the application of the methodologies employed, evaluating the reasonableness and basis for the assumptions and conclusions, and proposing alternative approaches. The critique included an analysis of the comparable companies using the market approach, assessments of discounts and premiums, and internal consistency of debt-to-equity ratio.
- Analyzed subordinate convertible debt, its conversion price, and valuation of the attached warrant. The analysis consisted of the assessment of controlling rights granted to the borrower, the impact of the magnitude of the discount and premium adjustments on the enterprise value, the role of anti-dilution provisions, and ultimately the relationship between the contractually agreed upon conversion price and the Fair Market Value of the company's shares.
- Developed lost profits, reasonable royalties and design-around cost analyses for an intellectual property dispute for a worldwide personal computer company and its vendors. Coordinated computation of the royalty base, researched data supporting the reasonable royalty and the design-around cost.

- Investigated an alleged fraud involving offshore banking of disguised investments from U.S.A. to Europe. The investigation involved tracing funds in a complex international conglomerate “system” with operations in U.S.A., Europe, and the Caribbean, and analyzing the banking and accounting records, general ledgers and the trail balances of a variety of entities.
- Developed complex financial models for use in analyzing commodity trading strategies, including assessment of underlying assets and implied volatility. The analysis included pricing puts, calls and zero-collar options.
- Analyzed claim of alleged fraud in a post-acquisition dispute involving two of the world’s leading health and fitness club operators. Work performed included the valuation of acquired assets, quantification of the effect of seller’s misrepresentation on the acquisition price, forensic analysis of damages from failure to implement membership management software at club locations nationwide, analysis of losses from prohibited sales and promotional activities in time period leading up to the acquisition, and critique of other expert reports on damages.
- In an alleged Financial Statement fraud, analyzed the compliance of a multibillion-dollar financial institution in perpetrating the alleged fraud. Analysis included the accounting treatment of complex pre-paid transactions under FAS 133, its related pronouncements and consensus, and the securitization of certain interests using sales accounting treatment under FAS 125 and 140.
- Analyzed off-balance sheet accounting treatment by a major publicly traded bank in a dispute between the bank and one of the world’s biggest petroleum companies. The two companies had entered into a co-branding agreement for the marketing of the bank credit cards. Analysis centered on securitization of sales accounting under FAS 140 used by the bank in selling credit card receivables to a special purpose entity, and the permissibility of the bank’s decision to subsequently “recall” and sell the co-branded credit card receivables to a competitor bank.