

# JASON J. BRANCAZIO, CPA

## SENIOR MANAGER

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Jason J. Brancazio, CPA is a Senior Manager at Bruce L. Ross & Company. He received a Bachelor of Arts degree in Economics from Princeton University in 1995. He became licensed as a Certified Public Accountant in the State of California in 2008. Prior to joining Bruce L. Ross & Company, Mr. Brancazio held positions in the investment banking and software industries.

Mr. Brancazio has consulted on approximately one hundred litigation matters. His experience is focused in the areas of economic damages, valuation, and fraud investigations. As a Senior Manager, he is involved in all phases of an engagement with Bruce L. Ross & Company: defining issues with the client, reviewing documents, creating accounting schedules, contributing to the report drafting process, communicating analysis results and attending meetings, mediations and trials.

Mr. Brancazio has been involved in many areas of litigation, including:

- Bankruptcy
- Breach of Contract
- Breach of Fiduciary Duty
- Business Valuation
- Class Actions
- Construction
- Family Law
- Fee Disputes
- Fraud Investigations
- Government
- Health Care
- Insurance
- Intellectual Property
- Labor
- Personal Injury/Wrongful Death
- Punitive Damages
- Real Estate
- Securities

The attached addendum describes Mr. Brancazio's activities on selected matters in some of the above areas.

In 2008, the AICPA awarded Mr. Brancazio its Elijah Watt Sells award for achieving one of the ten highest scores nationally on the CPA exam in 2007. In addition, the California Society of CPAs awarded Mr. Brancazio the John F. Forbes Award for achieving the top score on the CPA exam in California in 2007. Fulfilling the coursework required to obtain his CPA license, Mr. Brancazio received an Award in Accounting from the Extension School of the University of California, Los Angeles in 2006.

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## Résumé Addendum

Mr. Brancazio has consulted on approximately one hundred different matters involving many areas of the law. His work involves the calculation or determination of lost profits, out-of-pocket damages, consequential damages, royalties and the tracing of accounting records to uncover fraudulent activity. Listed below are brief descriptions of selected cases in which Mr. Brancazio has provided his expertise and assistance.

### Asset Valuation

- A bankrupt software company sought to recover damages related to training and marketing services not fully delivered by a computer products manufacturer. The software company provided warrants as consideration for the manufacturer's services. Mr. Brancazio critiqued plaintiff's expert reports, highlighting several problems with plaintiff's valuation methodology. The matter settled prior to trial.
- A motion picture copyright licensor was sued for infringing on the copyrights of five films from the Golden Age of Mexican Cinema. Mr. Brancazio created schedules to analyze the value of licenses to distribute home videos of the films as compared to the statutory damages under copyright law. He also contributed to the drafting of a valuation report in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP).

### Breach of Contract

- An automotive products company licensed a patent to a distributor, giving it territorial rights to North America. The patent holder and distributor subsequently disagreed about both contract terms and safety procedures, leading the patent holder to terminate the contract. The distributor sued to recover lost profits arising as a consequence of business interruptions allegedly resulting from the parties' disputes. BLR&Co. was engaged to provide opinions regarding the report submitted by distributor's expert. Mr. Brancazio designed an alternative lost profits model, prepared exhibits for arbitration and attended all four days of arbitration. At arbitration, he performed financial analysis to evaluate the basis for the assertions of the distributor's expert.
- A developer of wind power defaulted on certain loans made to it by its development partner. The developer pledged collateral on the loans and sought to offset amounts due by the value of the collateral. BLR&Co. was engaged to value the collateral, including an interest in proceeds from the expected sale of tax credits to investors. Mr. Brancazio researched valuation issues relating to tax credits as well as the relevant standard and premise of value.
- Two of three owners of a closely held real estate business sought to dissociate from the partnership, although the entity had never been formally established. The owners had previously signed an agreement dictating that all distributions from the entities comprising the partnership

were to be in a certain ratio. Mr. Brancazio designed a complex equalization model to determine the amount of distributions needed to restore the partners' payments to balance.

- A company sued a former employee for breach of a covenant not to compete. To assist counsel in settlement negotiations, Mr. Brancazio created accounting schedules to calculate damages that excluded data relating to divisions that were not involved in the competing enterprise. He analyzed seasonality and commissions in calculating a past growth rate and profit margin.
- A tire company lost its ability to distribute a well-known brand of tires after it allegedly failed to meet a minimum sales requirement. Mr. Brancazio created schedules to analyze whether the tire company met the minimum sales requirement and to calculate the lost profits resulting from the loss of the license. Mr. Brancazio also created a Microsoft Access database system that converted raw sales data for hundreds of products into output usable in the minimum sales requirement analysis.

### **Breach of Fiduciary Duty**

- Two partners in a health sanctuary sought to obtain an accounting of their current capital balances. BLR&Co. was retained to evaluate an analysis already prepared by an accountant for one of the parties. Mr. Brancazio reviewed the accountant's analysis, reconciling it with source data and identifying possible adjustments. Mr. Brancazio also assisted in the preparation of a memorandum to counsel outlining the possible adjustments to the accountant's work.
- A minority shareholder brought suit derivatively against the majority owner of two real estate development corporations, alleging breach of fiduciary duty. Mr. Brancazio designed schedules to calculate damages, including excess salary paid to the majority shareholder, expenses incurred in the formation of a third company for the purpose of assuming the financial and management functions of two existing corporations, consulting fees and expenses paid to a third party and other self-dealing by the majority shareholder. Mr. Brancazio also reviewed the books and records of the companies, focusing on the actual and should-have-been salaries and expenses.

### **Business Valuations**

- A staffing company was accused of stealing employees from one of its competitors. Plaintiff's expert calculated damages including a loss in business value and out-of-pocket expenses. BLR&Co. was retained to provide analysis and opinions in rebuttal. Mr. Brancazio researched USPAP and AICPA valuation standards. He also created several regression schedules to assess the reliability of the regression-based guideline transactions method chosen by Plaintiff's expert.

### **Class Actions**

- Plaintiff class brought suit against an automobile manufacturer and several related businesses claiming that purchasers of certified pre-owned vehicles were promised a factory warranty but, in fact, received a more limited service contract. Mr. Brancazio assisted counsel in mediation by

designing a complex model showing damages from a variety of sources, including the claims denied under the service contract that should have been covered under the warranty. The model contained a page in which key assumptions could be input by counsel to vary the results.

- In this class action matter, counsel for Plaintiffs alleged that a major health insurer wrongfully deprived class members of their auto-medpay insurance benefits, which are medical benefits provided by a member's automobile insurance policy. Mr. Brancazio attended mediation discussions and provided feedback on database searches designed to extract class members from the health insurer's vast databases. To assist with settlement, Mr. Brancazio developed schedules to calculate both the benefit that could be provided by restitution and the benefit afforded by an injunction. The matter has been settled.
- A class representative brought suit against a health insurance carrier complaining that midyear modifications to benefit provisions in her contract caused her to suffer monetary damages. Liability was decided in favor of plaintiff, but due to the complexity inherent in calculating unique damages for each class member, the defendant was permitted to calculate damages. Mr. Brancazio evaluated defendant's calculation algorithms and provided insight into the reliability of defendant's calculations. He performed a detailed analysis of the Evidence of Coverage documents to identify midyear modifications not included by defendant in its damage analysis and to determine those that would result in monetary damages to the plaintiff class. The matter has been settled.
- Brothers of a Catholic religious order were accused of acting inappropriately towards young people. BLR&Co. was retained to provide assistance with the punitive damage calculation. Mr. Brancazio supported the deposition of the controller of the religious order.

## **Construction**

- A developer of low-income housing and a construction subcontractor entered into a guaranteed maximum price contract. The subcontractor's performance under the contract suffered from cost overruns and substantial delays. Mr. Brancazio formulated an analysis of the economic damages due to the overrun of the guaranteed maximum price and the damages resulting from the project delay.
- A construction subcontractor specializing in California highway development projects lost employees and know-how to a startup competitor. The subcontractor claimed lost profits as a result of the competitor's entry into the marketplace. Using both public and internal company data, Mr. Brancazio created schedules to calculate the subcontractor's historical bid success rate and used it to calculate the subcontractor's lost profits on bids placed after the competitor's entry into the market.

## **Fraud Investigations**

- A state agency awarded an advertising company a contract to promote its tobacco education media campaign. The agency and the company agreed to follow a payment procedure whereby the agency would make payment to the company after receiving verification it had paid its vendors. A company vendor sued the agency for sums which it could not collect from the company. Mr. Brancazio created accounting schedules to verify the vendor's claim, making necessary adjustments to correspond with the books, records and documentation.
- Upon the termination of its license agreement with a major credit reporting vendor, a licensor of proprietary technology exercised its right to audit the licensee's books and records. Mr. Brancazio spent several days on-site reviewing documents and working with the licensee's personnel to generate reports. He discovered two significant accounting errors.
- A shareholder in a construction technology licensing company requested to inspect the company's books and records. Seventeen volumes of information were provided. Mr. Brancazio reviewed these documents to determine whether they were responsive to the Inspection Request. He focused on the state of the business records, management policies and procedures and the manner of record-keeping, and noted many deficiencies.

## **Intellectual Property**

- A recreational vehicle ("RV") furniture inventor sought to enforce its patent against several defendants whose RVs allegedly contained infringing items. BLR&Co. was retained so that Mr. Brancazio could provide an independent opinion of a reasonable royalty for the use of the inventor's patent. Mr. Brancazio performed fieldwork, interviewed the inventor, analyzed industry and company-specific data and started to draft a federal report. The case settled prior to the deadline for the production of a report.
- A doctor/inventor licensed technology to a major medical device distributor and manufacturer. The medical device company sold thousands of products incorporating the doctor's technology. The doctor exercised his contractual right to audit the company's books and records of the licensee and Bruce L. Ross & Company was appointed auditor. The company refused to produce some of the information requested and to make much of the data accessible in digital form. Mr. Brancazio created a custom Microsoft Access database to assist in the analysis and reconciliation of the output with royalty reports that had been provided to the doctor.
- A manufacturer of a garage organization product sued its former "private label" marketing partner for trade dress infringement and unfair competition after the latter allegedly created a knock-off and ceased using the company as its manufacturer. Plaintiff's expert submitted a written report claiming lost profits from its lost manufacturing opportunity. Counsel for the defendant retained BLR&Co. to analyze the opposing expert's work. Mr. Brancazio provided observations regarding the opposing expert's opinion of lost profits and created schedules to calculate the amount of profit that could be disgorged by the defendant. He also contributed to the drafting of a rebuttal

report.

- A manufacturer of automotive testing equipment sued to recover damages arising from defendant's utilization of proprietary trade secrets. Mr. Brancazio assisted in providing information useful in mediation between the parties. He provided schedules to calculate disgorgement damages and, for lost profits, created a variable model dependent upon plaintiffs' input of various assumptions for certain key parameters, such as sales growth rates.
- A patent owner and manufacturer sued a large dental supplier for patent and copyright infringement in connection with the manufacture and distribution of tooth-colored materials used in the making of dental crowns. Mr. Brancazio designed schedules to calculate both the lost profits and a reasonable royalty. He analyzed the hypothetical negotiation, considering the economic expectations of both parties and then recommended adjustments to the result after considering the other Georgia-Pacific factors.
- A national chain of dollar stores sold a knock-off of a patented flashlight. The owner of the patent sued for patent infringement, claiming damages in excess of the revenues actually collected by the infringer. Mr. Brancazio created schedules to address the issues of disgorgement and reasonable royalties. He also calculated a reasonable royalty, stressing the economic analysis underlying the hypothetical negotiation, adjusting the result of the hypothetical negotiation for the other Georgia-Pacific factors.
- A wholesale clothing manufacturer lost its license to a well-known clothing brand. Mr. Brancazio created schedules to calculate the manufacturer's unreimbursed out-of-pocket expenses and lost profits due to the licensor's reclamation of its brand. As part of the engagement, Mr. Brancazio designed a Microsoft Access database system that facilitated the identification of relevant out-of-pocket expenses.

## Labor

- Plaintiff, an employee terminated by a shipping company, alleged his termination was in retaliation for an injury he suffered. Plaintiff sought lost earnings damages. BLR&Co. was retained as a consultant to analyze the calculations of Plaintiff's expert. Mr. Brancazio assisted in the development of points for cross-examination of Plaintiff's expert.
- A general maintenance contractor with two employees sued the homeowner's association of a condominium development for unpaid fees and lost earnings. BLR&Co. was retained to evaluate a report submitted by Plaintiff's expert regarding the contractor's profitability. Mr. Brancazio analyzed the contractor's expenses in the light of the expert's assertions regarding the contractor's profitability. Mr. Brancazio also researched AICPA professional standards applicable to the expert's work product, which was labeled an "agreed-upon procedures" report despite the absence of any attest procedures or related findings.
- An investment banker alleged that he had been wrongfully terminated and denied his share of the

profits of his firm. BLR&Co. was engaged to compute damages through the date of termination and to investigate whether the banker's employer was the alter ego of a larger organization. Mr. Brancazio created damage schedules, supported the deposition of the defendant's expert, and assisted in the preparation of memoranda.

- An hourly employee at a major retailer sued for unpaid overtime and meal breaks. BLR&Co. was retained to evaluate Defendant's potential damages liability. Mr. Brancazio analyzed payroll data and created schedules calculating unpaid overtime and meal breaks.
- A shipping company was accused of wrongful termination, age discrimination and retaliation in connection with the termination of one employee. BLR&Co. was engaged to analyze and provide opinions regarding the opposing expert's work product. Mr. Brancazio reviewed the opposing expert's work and supported counsel in deposing the opposing expert. Work was in process on quantitative adjustments to the opposing expert's model when the case settled.

### **Personal Injury/Wrongful Death**

- A real estate investor was injured on the property of defendant and incapacitated for a number of months. He sought damages for both lost wages and a lost investment opportunity. Mr. Brancazio evaluated plaintiff's lost investment opportunity claim, demonstrating areas where more evidence was necessary and highlighting points where plaintiff's assumptions were possibly flawed. This work assisted counsel in settlement negotiations.

### **Real Estate**

- A minority shareholder brought suit individually and derivatively against the majority owner of two corporations that operate skilled nursing facilities, alleging that the majority owner purchased the property inhabited by the facilities without considering a right of first refusal granted to the corporations by their previous landlord. Bruce L. Ross & Company was retained to provide a variety of opinions in the matter. Mr. Brancazio created schedules to calculate the amount of cash that could have been available for a down payment, an accounting for a purchase price, and lost profits.
- A partnership entered into a variety of agreements with a city and its redevelopment agency for the development of a shopping center. In the course of the development, the city foreclosed and portions of the property were sold to third parties. Mr. Brancazio created schedules to calculate the damages for the foreclosure, which had been found wrongful by an earlier Court. The damage claim included a loss in value of the property to the partnership, under the assumption that the foreclosure sale never should have occurred, as well as lost profits relating to the operation of the shopping center.

## **Unfair Business Practices**

- A medical records copy service sought damages after its competitor allegedly hacked its website. BLR&Co. was retained to evaluate a report provided by Plaintiff's expert containing a lost profits calculation. Mr. Brancazio evaluated the reliability of the regression model prepared by Plaintiff's expert. He also designed schedules containing alternative assumptions, created trial exhibits and assisted in memorandum drafting. The case settled prior to trial.