



Cyrus F. Khory, Managing Director, Froese Forensic Partners

55 University Avenue, Suite 1000
Toronto, Ontario,
M5J 2H7 CANADA

direct: 416.682.7185
main: 416.364.6400
fax: 416.364.6900
email: ckhory@froese forensic.com

BIO/SUMMARY

Cyrus F. Khory, CPA, CA, CBV, CFE, CPA (U.S.), CFF (U.S.) has practiced in the field of forensic and investigative accounting since 2001. He is experienced in:

- (1) Assessing the professional conduct of public accountants and auditors, and rendering opinions on matters involving the alleged violation of applicable auditing, review, compilation and other professional assurance-related standards;
- (2) Evaluating the financial disclosures of privately-held and publicly-traded enterprises and rendering opinions on alleged misrepresentations, or omissions, contained therein; and
- (3) Opining on whether financial reporting of private and public companies have been prepared in accordance with applicable Canadian, U.S. or international professional accounting standards and/or standards applicable to internal controls.

In addition, Cyrus is frequently retained to prepare expert opinions on the quantification of economic losses in relation to commercial and shareholder disputes, alleged breaches of contract, franchise disputes, class action litigation and other litigation matters. Cyrus is also experienced in conducting forensic accounting investigations of alleged corporate and employee fraud/irregularities for public and private corporations, charities, labour unions, government agencies and individuals, and has performed business valuations pursuant to shareholder disputes.

Cyrus has been retained as an accounting expert on many occasions and has authored numerous reports in respect of the above matters. Cyrus has appeared as an expert witness in civil matters in Ontario and has provided oral and written evidence pursuant to arbitration and mediation proceedings.

PROFESSIONAL EXPERIENCE

Evaluating the Professional Performance of Auditors and Public Accountants

Assignments addressing the professional performance of auditors and public accountants, and their compliance with generally accepted auditing standards (GAAS), Canadian Auditing Standards (CAS), standards applicable to review engagements, compilation engagement standards and other related assurance standards, include the following:

- Preparing expert opinions evaluating the professional performance of auditors and public accountants (and related financial reporting) pursuant to litigation matters that involved the alleged negligence of:
 - An accounting firm that conducted compilation engagements on the financial statements of a family-owned corporation engaged in operating hair salon and hardware franchises as well as commercial investments;
 - A regional accounting firm that audited the financial statements of a privately-held auto-financing and investment company alleged to have perpetrated a Ponzi scheme;
 - A national accounting firm that conducted review engagements on the financial statements of privately-held importers and distributors of tobacco products;
 - A large multi-national accounting firm that audited the financial statements of a regional credit union;
 - A sole practitioner who prepared notice to reader financial statements and income tax returns for a small business owner;
 - An auditor of the financial statements of a privately-held financing company;
 - A large multi-national accounting firm that audited financial statements of a publicly-traded transportation, distribution and supply chain management company;
 - A large multi-national accounting firm that audited the financial statements of a publicly-traded metals processing, scrap recovery and waste management company;
 - A regional accounting firm that performed financial statement review engagements for a privately-held real-estate company;
 - A regional accounting firm that performed financial statement review engagements for a privately-held distributor of industrial tools and safety products;
 - A sole practitioner that audited the annual financial statements of a government film agency;
 - A regional accounting firm that provided professional advice to a small business owner; and
 - A sole practitioner who provided compilation, tax and estate planning services to a small business owner.

- Assisting counsel in evaluating the professional performance of auditors and public accountants pursuant to litigation matters that involved the alleged negligence of:
 - A national accounting firm that performed annual review engagements of companies involved in the manufacture, repair and sale of industrial equipment;
 - A large multi-national accounting firm that performed annual audits of a publicly-traded management accounting, information management and media services company;
 - A sole practitioner that performed compilation and review engagements, as well as other services for a privately-held logistics and trucking company;
 - A regional auditing firm that performed annual audits of a privately-held automobile leasing company;
 - A regional accounting firm that performed annual audits of a credit union's financial statements;
 - National and regional accounting firms that performed annual financial statement audits of a credit union;
 - A large multi-national accounting firm, which performed financial statement audits of a real estate investment company;
 - A large multi-national accounting firm that audited the annual financial statements of a privately-held national food distributor;
 - A large multi-national accounting firm that audited the annual financial statements of a Canadian public income trust;
 - A regional accounting firm that conducted review engagements on the financial statements of a privately-held baby products distributor;
 - A large multi-national accounting firm that audited the annual financial statements of a publicly-traded scaffolding company; and
 - A regional accounting firm that performed financial statement audits for a privately-held childcare centre.

Financial Disclosure Evaluation and Class Action Litigation

Experience relating to financial disclosure evaluation and class action litigation includes the following:

- Analyzing financial statements, financial disclosures, and accounting and auditing issues pertaining to publicly-traded and privately-held entities;
- Preparing expert opinions on the compliance of financial disclosures of privately-held or publicly-traded entities with Canadian generally accepted accounting principles (GAAP), Canadian accounting standards for private enterprises, U.S. GAAP, or international financial reporting standards (IFRS), and/or standards applicable to internal controls;
- Conducting forensic accounting investigations;
- Preparing expert opinions on aggregate class-wide losses; and
- Rendering independent expert or expert consulting services in class action litigation involving the following companies:
 - Armtec Infrastructure Inc.
 - Atlantic Power Corporation
 - Avigilon Corporation
 - Blackberry Limited
 - Borealis Capital Corp.
 - Celestica Inc.
 - Canadian Solar Inc.
 - National Bank of Canada
 - Martinrea International Inc.
 - Mount Real Corporation
 - Penn West Petroleum Ltd.
 - Porsche Cars Canada Ltd.
 - Poseidon Concepts Corp.
 - Robert Bosch GMBH
 - Sino-Forest Corporation
 - Valeant Pharmaceuticals International Inc.
 - Volkswagen Group Canada Inc.
 - Western One Inc.

Forensic and Investigative

Forensic and investigative accounting experience for civil litigation matters includes the following:

- Conducted forensic accounting investigations of a national health and benefits services provider in relation to allegations of improper benefits administration;
- Conducted a forensic accounting investigation, and prepared an expert report in relation to allegations that privately-held importers and distributors of tobacco products reported fraudulent accounts receivable to a Canadian financial institution;
- Conducted forensic accounting investigations in the context of Estate disputes;
- Conducted a forensic accounting investigation of a start-up penny-auction website alleged to have perpetrated a fraud;
- Conducted a forensic accounting investigation into allegations of mismanagement and fraud performed by the CFO of a private investment company;
- Conducted a forensic accounting investigation on behalf of a credit union in regards to the tracing of real estate commission funds that were fraudulently obtained by a real estate agent and transferred to bank accounts at various financial institutions;
- Conducted a forensic accounting investigation at a non-profit Ontario Food Bank, and prepared an expert report outlining initial findings in relation to allegations of operational irregularities and mismanagement of charitable funds by the Food Bank's Senior Executives and Board of Directors;
- Conducted a forensic accounting investigation pursuant to Class Action litigation involving the beneficiaries of a major Canadian pension fund and the fund administrator. Prepared an expert report detailing findings of the investigation in relation to allegations of financial and operational irregularities, related party transactions, fraud and executive conflicts of interest;
- Conducted a forensic accounting investigation, and prepared an expert report outlining findings, in relation to allegations of fraud and financial mismanagement perpetrated by a commercial property manager against the property owner;
- Conducted a forensic accounting investigation of alleged price manipulations in a purchase and sale transaction between two media companies. Provided oral testimony on forensic accounting findings at a private arbitration that was heard by the Honourable John Morden (8 days in-chief examination and 6 days cross-examination);
- Conducted a forensic accounting investigation of an alleged financial fraud perpetrated by the majority shareholder of a privately-held company that supplies outdoor media equipment;
- Conducted a forensic accounting investigation and prepared a report in respect of an alleged fraud perpetrated by a property manager who misappropriated corporate funds;
- Assisted in the investigation of an employee fraud perpetrated at a financial institution; and

- Performed gross revenue audits pursuant to landlord-tenant agreements between a national property manager and its retail clients.

Quantification of Economic Losses

Experience relating to quantifying losses includes:

- Quantifying losses experienced by a national union due to the alleged negligence of its outsourced drug benefits plan administrator;
- Quantifying losses experienced by a purchaser of scrap metal products resulting from allegations of breach of contract and misappropriation;
- Quantifying losses resulting from allegations of fraud with respect to the services provided by a mutual fund investment manager;
- Prepared an expert opinion report quantifying rescission damages experienced by a restaurant franchisee in accordance with the Arthur Wishart Act;
- Prepared expert opinion reports quantifying business losses suffered by a hotel pursuant to business interruption insurance claims;
- Quantification of losses in the context of Class Action litigation, including:
 - Prepared expert opinion reports outlining the methodology for quantifying aggregate losses suffered by class members in class action litigation against Volkswagen, Porsche and Bosch in relation to the manufacture and installation of defective automobile emissions systems.
 - Prepared an expert opinion report quantifying losses suffered by donors of an alleged charitable donation scam. Participated in a two-day mediation with the Honourable George W. Adams;
 - Prepared an expert opinion report quantifying losses suffered by investors of a publicly-traded silicon products manufacturer, which allegedly made material misrepresentations and omissions in its public disclosures; and
 - Assisted Counsel with estimating losses suffered by donors of an alleged national charitable donation scam.
- Prepared an expert opinion report quantifying losses in litigation involving the alleged negligence of a public accountant who prepared notice to reader financial statements and income tax returns;
- Prepared an expert opinion report quantifying losses sustained by a business operating in the industrial wash and chemical treatment industry;
- Prepared an expert opinion report quantifying damages for losses sustained by a privately-held company operating in the engineering and environmental services industry;

- Prepared expert opinion reports quantifying losses of income suffered by the following individuals involved in motor vehicle and slip-and-fall accidents:
 - An owner-manager of a software development company;
 - An owner-manager of a family restaurant;
 - An independent contractor in the information technology industry; and
 - An owner-manager of an interior-decorating business.
- Prepared an expert opinion report quantifying the losses sustained by the shareholders of a nightclub due to allegations of police harassment.

Business Valuation

Experience relating to business valuation includes the following:

- Prepared a comprehensive valuation opinion report on a software distribution company pursuant to a litigation matter that involved claims of shareholder oppression;
- Prepared a limited critique report of a valuation estimate that had been performed for a publicly-traded diamond exploration company, pursuant to a shareholder dispute; and
- Prepared a limited critique report of a valuation estimate that had been prepared by a national accounting firm for a privately-held visual effects company, pursuant to a shareholder dispute.

Other

Involvement in other assignments including:

- Team member of the provincially-appointed Independent Investigator of the Toronto District School Board. Assisted in the examination of financial management practices of trustees and administrators. Prepared a report detailing the findings of the investigation and recommendations for balancing school-board budgets;
- Team member of the Ministry of Health and Long-term Care's Independent Review of Ontario's Health System. Assisted in the examination of the financial management practices of Ontario's public hospitals and prepared a report detailing findings and recommendations for the distribution of government funds;
- A review of the capital expenditures incurred by the Bruce Nuclear Power Plant, in connection with a proposed privatization plan;
- Preparation of expert opinions evaluating the financial disclosures provided: (a) by an employer to a national union in an interest arbitration; and (b) by a franchisor of a large Canadian restaurant chain to its franchisee;



- Preparation of an expert opinion on corporate compliance with financial covenants imposed by a lender; and
- Presentations on accounting and auditing standards (including International Financial Reporting Standards and Canadian Auditing Standards) and economic loss quantification.

EDUCATION AND PROFESSIONAL DESIGNATIONS

- Chartered Professional Accountant (CPA), 2013
- Certified in Financial Forensics (CFF), USA, 2009
- Certified Public Accountant (CPA), State of Illinois, USA, 2005
- Certified Fraud Examiner (CFE), 2004
- Chartered Business Valuator (CBV), 2003
- Chartered Accountant (CA), 2003
- Honours Bachelor of Business Administration (BBA), *With Distinction*, Schulich School of Business, York University, 2000
- Canadian Securities Course, 2000

PRESENT POSITION

- Froese Forensic Partners, Managing Director, 2014 [previously Director (2012-2013)]

OTHER POSITIONS HELD

- Principal (2009-2012), Rosen & Associates Limited [previously Senior Associate (2006-2009) and Associate (2003-2006)]
 - Forensic accounting investigations
 - Auditor and public accountant performance
 - Loss quantification
 - Business valuations
 - Class actions
- Senior, Mintz & Partners LLP (2001-2003)
 - Forensic accounting, valuation and litigation support
 - Preparation and review of corporate and individual income tax returns
 - Research on CRA tax positions

- Staff Accountant II, Deloitte & Touche LLP [1999 (summer), 2000-2001]
 - Audits of major publicly-traded companies, owner-managed businesses and non-profit organizations
 - Audit planning and supervision
 - Internal control reviews and recommendations
 - Assistance with public debt offering

TEACHING AND ACADEMIC

- Course Instructor, Schulich School of Business, York University (2001-2002)
 - Held 3 hour weekly lectures for undergraduate financial accounting students
 - Set course curriculum, assignments and exams
 - Graded exams
- Teaching Assistant, Schulich School of Business, York University (2000-2001)
 - Held weekly tutorials for undergraduate financial accounting students
 - Graded assignments
- Contributor, Intermediate Accounting textbook, Beechy & Conrod, McGraw Hill (1999)
 - Prepared textbook exhibits and tables
 - Accounting research
 - Editing

PROFESSIONAL MEMBERSHIPS AND ASSOCIATIONS

- Chartered Professional Accountants Canada, Member
- Chartered Professional Accountants Ontario, Member
- Canadian Institute of Chartered Business Valuators, Member
- American Institute of Certified Public Accountants, Member
- Association of Certified Fraud Examiners, Member
- Canadian Securities Institute, Past Member

ACCOLADES

- First decile, Uniform Final Examination, Canadian Institute of Chartered Accountants
- First decile, School of Accountancy, Institute of Chartered Accountants of Ontario
- Dean's Honour List, Schulich School of Business, York University
- Recipient, Richter Award for Accounting, Schulich School of Business, York University
- Honours Standing, Canadian Securities Course