Do you have to reach out to your banker? 
Or is it the other way around?

You want a financial specialist who understands your world. A proven banking expert with a solid track record of helping businesses realize their financial goals. When you team with Union Bank®, you’ll experience a more personal banking relationship centered around your needs. Our relationship managers will put their knowledge and expertise to work to help streamline your treasury management operations and maximize profitability. So now a stronger banking relationship is well within your reach.

Proud sponsor of the Orange County Business Journal CFO of the Year Awards.

With Union Bank, the world can be an easy place to do business. Call us today.

Commercial Banking:
Scott Connella
Executive Vice President
949-553-6855

Kjell Gronvold
Senior Vice President
949-553-7102

Commercial Treasury Services:
Susan Beat, CTP, AAP
Senior Vice President
949-553-7024

Retail Banking:
Lawrence Henry
Senior Vice President & Market President
714-565-5701

The Private Bank:
Joe E. Sweet
Wealth Market Executive
949-553-2521

©2010 Union Bank, N.A.
Union Bank is a proud member of the Mitsubishi UFJ Financial Group (MUFG), one of the world’s largest financial organizations. unionbank.com
Financing the Future

Strategies for accessing capital

Companies that want to grow, whether organically or by acquisition, need capital. Sometimes cash flow from operations can fund expansion. In other cases, business owners need to tap outside sources. In a quest for external funding, a private company often starts and ends with traditional bank loans. These days, however, bank credit is not as easy to come by as it once was.

One reason for this is that the number of traditional lenders actively participating in the market has diminished over the past few years, due to banking industry consolidation; and many of those lenders are focused primarily on their existing loan portfolios. Banks that continue to lend have made their loan underwriting standards more rigorous, their covenants for senior debt tighter, and their pricing higher. They’ve also stepped up their due diligence in assessing potential borrowers, including stress-testing borrowers’ projections.

Despite these challenges, there’s good news for solidly performing companies: “Many banks and other lenders have money to put to work,” says Michael Milani, president of PwC Corporate Finance LLC. “They’re willing to lend to businesses that exhibit a strong balance sheet, predictable EBITDA, and a solid business plan. Creditworthy businesses should therefore have a variety of capital sources available to them. The trick is knowing what’s out there. It can take a bit of homework.”

Some funding sources may be better suited to a company’s growth needs than others. With that in mind, businesses seeking funds should research a range of borrowing options, carefully consider which ones make the most sense for their particular growth objectives, and then devise a well-thought-out strategy for accessing the capital.

Know the range of capital sources

A traditional bank loan is just one among a number of potential funding sources. And yet alternative funding options are often overlooked. They are worth investigating, says Milani: “Not only does alternative financing reduce your dependence on your current lenders, but it can also increase your company’s ability to invest in long-term projects.

Milani: “Not only does alternative financing reduce your dependence on your current lenders, but it can also increase your company’s ability to invest in long-term projects. On one hand, creditworthy companies should research a range of borrowing options, carefully consider which ones make the most sense for their particular growth objectives, and then devise a well-thought-out strategy for accessing the capital.

Private equity firms provide industry-focused assurance, tax and advisory services to emerging businesses for strategic relevance and consider divesting non-core business units so that the proceeds can be invested more effectively.

Getting started

“Anticipate your funding needs early,” advises Milani. “Quick credit decisions from lenders are a rarity these days, so allow for sufficient lead time as your company searches for capital. Also, understand that the stronger your company and the more prepared you are, the greater your leverage in negotiating terms with capital providers.”

© 2010 PwC. All rights reserved. “PwC” and “PwC US” refers to PricewaterhouseCoopers LLP, a Delaware limited liability partnership, which is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate and independent legal entity.
The Dodd-Frank Whistleblower Program - A preview of the details as the SEC proposes rules

by Larry Gerutti, Partner, and Ryan Chavez, Associate, Rutan & Tucker

Bounty Hunters at the Water Cooler

The Dodd-Frank Whistleblower Program added a new whistleblower program entitled “Securities Whistleblower Incentives and Protections” (the “Whistleblower Program”) to the Securities Exchange Act. The Whistleblower Program requires the SEC to pay an award to eligible whistleblowers who “voluntarily” provide “original information” to the SEC about a federal securities law violation that ultimately leads to a successful enforcement action which results in monetary sanctions exceeding $1,000,000. Awards can range from between ten percent and thirty percent of the monetary sanctions obtained from the enforcement action. Under the Whistleblower Program, there is currently no requirement for an individual to report any violations to a company prior to informing the SEC of such violation.

Undoubtedly, the Dodd-Frank Act added a new whistleblower program entitled “Securities Whistleblower Incentives and Protections” (the “Whistleblower Program”) to the Securities Exchange Act. The Whistleblower Program requires the SEC to pay an award to eligible whistleblowers who “voluntarily” provide “original information” to the SEC about a federal securities law violation that ultimately leads to a successful enforcement action which results in monetary sanctions exceeding $1,000,000. Awards can range from between ten percent and thirty percent of the monetary sanctions obtained from the enforcement action. Under the Whistleblower Program, there is currently no requirement for an individual to report any violations to a company prior to informing the SEC of such violation.

Under the Whistleblower Program, there is currently no requirement for an individual to report any violations to a company prior to informing the SEC of such violation. The information does not have to be direct, first-hand knowledge (information learned from the individual or the company). Information is also not considered to be voluntarily provided if the individual or the company did not have a clear duty to report the violations. A request, inquiry or demand is considered received if it is directed to the individual or the company.

The proposed rules define “original information” to mean information derived from a company’s processes for identifying “competing interests” that are presented in implementing the Whistleblower Program, including the potential for the awards to “reducing the effectiveness of a company’s existing compliance, legal, audit and similar internal processes for investigating and responding to potential violations.” However, the proposed rules failed to require whistleblowers to utilize a company’s internal procedures prior to submitting the information to the SEC. Instead, the proposed rules provide a whistleblower with an option to first submit the information to the company and, yet, still be eligible for an award if the person subsequently submits the information to the SEC within 90 days.

Information Must Be “Voluntarily” Provided and “Original”

As mentioned above, a person is eligible for an award only if the information is “voluntarily provided” and “original.” The proposed rules define these terms.

Voluntarily

The proposed rules define “voluntarily” as information that is received by the SEC before any request, inquiry, or demand is made by certain federal, state or local authorities for the purpose of investigating the potential for the awards to “reduce the effectiveness of a company’s existing compliance, legal, audit and similar internal processes for investigating and responding to potential violations.” However, the proposed rules failed to require whistleblowers to utilize a company’s internal procedures prior to submitting the information to the SEC. Instead, the proposed rules provide a whistleblower with an option to first submit the information to the company and, yet, still be eligible for an award if the person subsequently submits the information to the SEC within 90 days.

Original Information

The proposed rules define “original information” to mean information derived from a whistleblower’s independent knowledge or analysis that is not already known by the SEC. The information does not have to be direct, first-hand knowledge (information learned from a conversation at the water cooler is adequate), and the information can be based on an employee’s knowledge of corporate matters that he is involved with. Mr. Gerutti represents corporate issuers in connection with public and private securities offerings, preparation of reports filed with the Securities and Exchange Commission, acquisitions and general corporate matters and also acts as counsel to investment banking firms in connection with capital raising activities. Mr. Gerutti can be reached at gerutti@rutan.com.

Ryan Chavez

Mr. Chavez is an associate in Rutan & Tucker’s Corporate & Securities Section, where he represents both public and private clients in various corporate matters, including mergers, stock purchases, asset sales, securities reporting and other general corporate transactions and brings experience and a background in business, specifically finance and sales, to any corporate matters that he is involved with. Mr. Chavez can be reached at rchavez@rutan.com.

or

Larry Gerutti

Larry Gerutti is a partner and leads Rutan & Tucker’s Corporate Section and has a diverse practice that is principally devoted to financing and acquisition transactions for public and private companies. He represents corporate issuers in connection with public and private securities offerings, preparation of reports filed with the Securities and Exchange Commission, acquisitions and general corporate matters and also acts as counsel to investment banking firms in connection with capital raising activities. Mr. Gerutti can be reached at gerutti@rutan.com.
Behind all the numbers, people are the bottom line.

CalCPA Members. Trusted. Objective.
At the heart of sound financial decisions.
T

his article highlights opportunities for the CFO of a closely-held or publicly held company to provide value to company owners and top executives annually.

Business succession planning, in the early stages, may take a variety of forms, such as wills, revocable living trusts, instructions for key employees, grooming of a successor manager, or a buy-sell agreement. During the later stages of ownership, succession planning often becomes more complex and may involve estate and income tax planning, the implementation of a management succession plan, and intra family loans. Ensuring that a succession plan is relevant and responsive to the owners’ business and personal objectives each year is an important responsibility of the CFO.

THE PRIVATE COMPANY CFO

Host a “Kick-Off” Meeting

The beginning of any year brings an opportunity to eliminate loose ends. The CFO should schedule a meeting with company owners during the first quarter of 2011 to review their estate plans for changes in circumstances (marriage, birth, death or divorce) and any recent estate plan amendment that may impact the company’s future ownership structure.

In reviewing these documents, the CFO should keep two components in mind. The first component is a basic revocable will and a trust plan that addresses distribution of the owner’s estate at death. The second component addresses lifetime gifts and other types of transfers to trusts, limited liability companies, qualified personal residence trusts, charitable trusts, employee stock ownership plans, and other types of plans that serve wealth distribution goals and reduce or avoid estate taxes at death. With regard to the second component, the CFO should review any documentation related to proposed gifts, sales, or transfers of company ownership interests including stock powers, stock certificates, gift assignments, deeds of sale, beneficiary designation forms, spousal consent forms, and manager approvals.

Track Intra-Family Loans

Business owners and top executives may have taken advantage of current low interest rates for estate planning purposes through a sale of their business interests to a grantor trust using intra-family loans. In a typical sale transaction, the parent/grantor “sells” an asset that is expected to appreciate over time (i.e. stock or LLC membership interests) to a grantor trust for the benefit of a child or grandchild. In exchange, the parent receives a promissory note for the amount loaned, plus interest at the applicable federal rate corresponding to the month that the loan was made and for the length of time of the note.

For example, a 9-year note executed in December 2010 carries an interest rate of 1.53%. Over the term of the note, if the value of the company increases at a rate greater than the 1.53% interest rate on the note, the grantor trust for the child or grandchild will retain the appreciation of the company interests and will have done so free of gift and estate tax.

The CFO should ensure that both the grantor trust for the child or grandchild and the promissory note are adequately documented and respected during the term of the note. To do this, the CFO should keep record of and track all payments under the promissory note to avoid unintended tax consequences. If the IRS finds that there was no real expectation of repayment under the note, the IRS could disregard the note as a disguised gift and impose gift tax liability.

Consider Whether Crummey Notices Are Required

Many business owners own life insurance through an irrevocable life insurance trust (“ILIT”) to avoid estate tax on the face amount of the policy at death. Premium payments are made through the ILIT, which is the true owner of the policy. A CFO should carefully review the documentation related to an owner’s annual exclusion gifts to an ILIT.

If annual exclusion gifts have been made to an ILIT, the Trustee of the ILIT has a duty to deliver “Crummey Notices” to the beneficiaries notifying them of their right to withdraw all or a portion of the gifted assets. Instructions regarding the use of Crummey Notices from a tax professional should be carefully followed in order to minimize taxes. The annual gift tax exclusion amount in 2011 is $13,000 per donee. Any gift exceeding such amount may reduce that person’s $1,000,000 lifetime gift tax exemption amount and must be reported on a gift tax return.

Review Company Buy-Sell Agreement

The CFO should review the company’s shareholder or buy-sell agreement (“Buy-Sell Agreement”) for estate and income tax planning purposes annually for changes in circumstances including births, marriages, divorces, deaths, and changes in company value. A Buy-Sell Agreement should evolve with the company and the owner’s business succession objectives and thus, the agreement should be reviewed periodically to assess whether it accurately expresses the wishes of the parties involved. The CFO should also carefully review the value of any insurance related to the Buy-Sell Agreement. If the company has increased or decreased in value, the value of insurance related to the Buy-Sell Agreement should be adjusted accordingly.

If the company does not utilize a Buy-Sell Agreement, the CFO should meet with the owners and their tax professionals, such as the attorneys at Paul Hastings, to discuss the impact of marriage, divorce, and death on the company’s ownership structure.

THE PUBLIC COMPANY CFO

Consider a Collar for Top Executives with a Concentrated Position

For many high net worth individuals, including top executives, company stock or stock options constitute a significant portion of their investment portfolio or compensation package. While accumulating stock in a growing company has created wealth for many individuals (e.g. Bill Gates and John D. Rockefeller), a “concentrated position” may be disadvantageous. Typically a concentrated position is any single holding which constitutes more than 10%-20% of an individual’s investment portfolio. Without the ability to control the company (as the founder may have done prior to the company’s public offering), the shareholder’s concentrated position can seriously hinder diversification and create exposure to risk associated with the company far beyond ordinary market risk.

Despite the risks of holding a concentrated position, many shareholders are hesitant to sell their concentrated position, which may result in a large capital gains tax. In addition, shareholders may be prohibited from selling their concentrated position due to the existence of material nonpublic information or an executive’s contract which may prohibit or limit a sale.

An alternative to selling a concentrated position is known as a “collar.” A collar is used to isolate investment risk by locking in the stock’s current price through the purchase and sale of options or futures, without a taxable event. To further protect against the downside, the investor can use the locked-in price as collateral for a margin loan that can be used to generate cash flow for the investor’s expenses or diversified investments. While the risk of downside is mitigated through the use of a collar, so is the opportunity for potential gains.

The implementation of a collar is highly complex and requires the involvement of a team of tax and financial professionals such as the attorneys at Paul Hastings who are able to work with the CFO on all suggestions in this article.

continued on page A-34

Renee M. Gabbard

Renee M. Gabbard is a partner in the tax department who leads the West Coast Private Client Practice Group. Ms. Gabbard provides services to clients located in the Orange County, Los Angeles, San Diego and San Francisco offices of Paul Hastings. Ms. Gabbard’s practice focuses on privately held businesses, high net worth clients and charitable organizations. Her areas of practice include all aspects of income, capital gains, gift and estate tax planning, charitable planning, advanced wealth and business succession planning, capital gains tax deferral techniques, asset acquisition, sale and liquidity planning, private corporate structuring, asset freeze techniques, family office planning, insurance planning, trust tax planning and trust administration.

Megan Genovese Acosta

Megan Genovese Acosta is an associate in the Tax practice of Paul Hastings’ Orange County office. Ms. Acosta’s practice focuses on advising high net worth individuals and families, privately held businesses and tax-exempt organizations on income, capital gains and gift and estate tax issues, as well as probate and trust administration matters. Her practice includes wealth planning using advanced estate planning techniques including family limited liability companies, grantor retained annuity trusts, gifting plans and sales to grantor trusts, charitable remainder trusts, charitable lead trusts and family foundations.
Shared KNOWLEDGE.
EMPOWERED Clients.

Hein & Associates has a legacy of being a leader and innovator in the professional field of accounting. We share our knowledge, thrive on teamwork, and build long-term relationships deeply rooted in integrity. Our people are accessible and provide the attention you require and deserve. We communicate with you clearly and frequently. And you can rely on advice that's based on knowledge and experience.

For more information, contact: Scott Appel, Partner-in-Charge, Irvine
303.298.9000  1  sappel@heincpa.com

www.heincpa.com
Emerging Companies Require Top Tier ERP to Manage 21st Century Realities

S
ome say the world is flat. Others say the world is shrinking. No matter how someone chooses to describe the world today, all will agree that Information Technology (IT) innovation is a principal cause of cultural and economic global transformation. This innovation has created a level playing field for businesses of all sizes. Being “best” no longer has to mean being “big.” Enterprise Resource Planning (ERP) applications, delivery ecosystems, and knowledge resources have evolved radically over the last two decades. With that evolution, the IT applications needs of emerging companies – start-ups and fast growing companies with less than $100 million in revenue – have changed.

In some ways, these organizations need Top Tier ERP – integrated and collaborative solutions with broad and deep capabilities – more than their larger competitors.

21st Century realities for emerging companies

Think about how business has changed in the last ten years. Global supply chains, global customer markets, and growth by acquisition are viable business models for companies of all sizes. “Big Box” retail supercenters have pulled many small competitors out of business while creating an ecosystem for thousands of niche suppliers. Business and consumers who once would rather “fight than switch” now require quality, speed, and lowest price from whoever can provide it in the most convenient manner. By necessity, companies look to contract labor, outsourcing services, off-shoring, and re-shoring to deal with the ebb and flow of demand resulting from volatile economic conditions. Emerging companies aspiring to greatness increasingly deploy Top Tier ERP sooner than later – realizing the value earlier in life while avoiding the pitfalls of waiting too long.

What is “Top Tier ERP”? Top Tier ERP solutions offer functionality across all major industries & business processes, multi-location/currency capabilities, undisputed long term product viability, and global operations and support. In contrast, Tier 2 and 3 solutions typically offer niche industry functionality with multi-location/currency requirements or broad industry and process fit for single location/currency operations. With Tier 2 and 3 solutions, customers usually have less assurance of long term product viability and must realize that the vendors can only offer opportunistic global operations & support.

Tier 2 and 3 solutions have their place, often a good fit for companies with less complex functional requirements and limited revenue growth and global expansion aspirations. But for emerging companies with boundless ambitions, Top Tier ERP may be the only approach to building an Information Technology IT infrastructure that is viable in the long term.

Why should emerging companies invest in Top Tier ERP NOW?

Today, almost every consulting, process reengineering, and compliance project aimed at improving business performance ultimately becomes an IT project. The desired results – for Standards and Compliance, Manufacturing & Supply Chain Efficiency, Business Process Automation, B2B or B2C Collaboration, Marketing and Sales – cannot be achieved without corresponding IT innovation.

The vast majority of large enterprises implemented Top Tier ERP at some point in the past. Beyond the immediate payoff, emerging companies benefit from Top Tier ERP in the long term. They face lower opportunity costs for subsequent innovation because the IT infrastructure is in place. They can leverage the broad product footprint in their core ERP to automate processes earlier. Applications can be rolled out in smaller, easier phases. Most importantly, these companies can avoid a costly and disruptive “Rip and Replace” scenario – tearing out a Tier 2 or 3 system and replacing it with a more functionally rich and scalable solution.

How do emerging companies deploy Top Tier ERP?

Whereas emerging companies need the functional depth and product breadth of Top Tier ERP, they typically cannot deploy them in the same manner as do large enterprises.

Resources

Typically, emerging companies do not have the in-house resource bandwidth and expertise to support a full scale replacement of legacy systems. When deploying Top Tier ERP at emerging companies, partners mentor the internal IT staff to transfer knowledge during all phases of the implementation. Additionally, partners augment internal resources to provide the necessary incremental bandwidth to complete the project on time and avoid business disruption.

Product and project scope

Emerging companies must keep focused on the project plan and avoid being distracted by add-on projects when implementing Top Tier ERP. Whenever possible, applications should be implemented rapidly during the slowest season and deployed in shorter projects – typically 60-120 days – with rigid scope control that addresses very specific needs. The initial phase should focus on high value areas with tangible benefits that may fund subsequent phases of the overall IT applications strategy.

Emerging companies typically have small IT staffs focused on maintaining legacy systems and rely heavily on partner and software tools and methodologies to ensure a successful project. Companies in foundational stages should focus more on the “to be” rather than the “as is” – spending less project time on documenting existing processes and more on understanding post go-live business processes. They are more likely and willing to adopt embedded industry leading practices for most processes and devote resources to configuring unique needs. Companies should expect their implementation partner to employ tools and methodologies that aid in the rapid configuration of both embedded industry leading practices and specialized needs.

Deployment options

A growing company’s hardware and staff needs change rapidly as does its capital structure. Thus, it is increasingly common for companies to adopt a hybrid or blended approach that accommodates current needs while providing flexibility for changes in the future. Applications vendors and third parties offer financing and hosting alternatives that may eliminate capital expenditures and reduce both physical and IT staff needs. They frequently contract with their implementation partner on an ongoing basis for functions database administration when such roles don’t warrant staff in Full-Time-Equivalents.

The Oracle Accelerate difference

Oracle Accelerate is Oracle’s approach to provide business software solutions to mid-size organizations. Oracle partners deliver complete software and services packaged in rapid, low cost implementations. The keys to this approach are Oracle Business Accelerators. They allow solution providers to deliver industry-leading practices gained via more than 24,000 implementations in a low cost fixed-scope implementation.

Enterprise class applications

Emerging and midsize Oracle customers deploy the same applications as those used by Oracle’s largest customers. They choose from multiple, mature product suites that provide deep capabilities and broad product footprints for a company’s unique industry and deployment needs.

Unparalleled implementation simplicity

Industry leading practices embedded in Oracle ERP allow for business transformation while retaining the unique aspects of each business. Need-based, modular deployment projects deliver business value now while retaining flexibility for the future. Customers can achieve Conference Room Pilot in days to start working with the software almost immediately.

Expert delivery ecosystem

Expert delivery teams at emerging and midsize customers leverage partner and Oracle tools, methodologies, training techniques to accelerate end user adoption and realize tangible business value in weeks not months. They choose from a large pool of partners with documented success in implementing Oracle products and specialization in building the optimal project plan.

The Oracle Accelerate customer experience – JR286

JR286, located in Redondo Beach, contracts with leading sporting goods brands and accessories. They deployed Oracle ERP several years ago, as a company with less than 100 employees at the time, because they were growing dramatically and found that their ability to support customer needs was deteriorating.

“Last year, the largest customer told us that we were the worst vendor they had,” says Ruben Inofuentes, COO at JR286. “The company lacked a cohesive IT infrastructure to support financials, supply chain management, and warehousing management. “We were all paper-based,” says Inofuentes. “It was just people walking around our distribution center all day long with pieces of paper.”

JR286 deployed a broad footprint of Oracle ERP in 90 days and saw improved results almost immediately. They have more than doubled in revenues since deploying Oracle. The company’s largest customer – the one who had called them out – increased their orders dramatically. JR286 now can scale to growth at any rate.

Oracle Accelerate for Midsize Companies

More than 65% of Oracle’s 370,000 customers worldwide are midsize companies with fewer than 1,000 employees. To learn more about Oracle Software and Solutions for Midsize Companies call your local Oracle representative or visit: http://www.oracle.com/us/solutions/midsize/index.html

Dorsey Puts the Done in “Done Deal”

In 2009, Dorsey ranked #2 among all law firms for the number of completed U.S. mergers and acquisitions. Since Thomson Reuters began publishing law firm M&A rankings in 1994, Dorsey has ranked among the top 5 law firms annually for the number of U.S. M&A deals. For a firm with deep experience, the breadth to manage complex transactions, and a clear focus on your business success, look to Dorsey – and get it done.

<table>
<thead>
<tr>
<th>Company</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Irvine Sensors Corporation</td>
<td>PIPE Financing represented the issuer December 2010</td>
</tr>
<tr>
<td>RightNow Technologies, Inc.</td>
<td>Rule 144A Private Placement represented the issuer November 2010</td>
</tr>
<tr>
<td>AnaJet, Inc.</td>
<td>Sale to Chicago Growth Partners represented the issuer November 2010</td>
</tr>
<tr>
<td>NYX Cosmetics</td>
<td>Series A Preferred Stock Financing represented the issuer October 2010</td>
</tr>
<tr>
<td>Western Emulsions, Inc.</td>
<td>Series A-1 Preferred Stock Financing represented the issuer October 2010</td>
</tr>
<tr>
<td>CrownPeak Technology</td>
<td>Series C Preferred Stock Financing represented the issuer September 2010</td>
</tr>
<tr>
<td>Fluid Medical, Inc.</td>
<td>Sale to Volcanic Corp represented the Seller August 2010</td>
</tr>
<tr>
<td>Buy.com Inc.</td>
<td>Sale to Revlon, Inc represented the Seller July 2010</td>
</tr>
<tr>
<td>Zoo Entertainment, Inc.</td>
<td>Follow-on Public Offering represented the Underwriters July 2010</td>
</tr>
<tr>
<td>Live On The Go, Inc.</td>
<td>Sale to Kudzu Interactive, Inc. represented the Seller July 2010</td>
</tr>
<tr>
<td>Advanced ICU Care, Inc.</td>
<td>Convertible Note Financing represented the Issuer July 2010</td>
</tr>
<tr>
<td>NeuroSigma, Inc.</td>
<td>Bridge Note Financing represented the Issuer June 2010</td>
</tr>
<tr>
<td>OHMx Corporation</td>
<td>Bridge Note Financing represented the Issuer May 2010</td>
</tr>
<tr>
<td>Virtual Cosourcing Solutions</td>
<td>Sale to Boley &amp; Dorsey, LLC represented the Seller April 2010</td>
</tr>
<tr>
<td>eDiets, Inc.</td>
<td>Registered Direct Offering represented the Placement Agent April 2010</td>
</tr>
<tr>
<td>Interactive Gift Corporation</td>
<td>Sale to InComm Holdings, Inc. represented the Seller April 2010</td>
</tr>
<tr>
<td>Glacier Bancorp, Inc.</td>
<td>Follow-on Public Offering represented the Underwriters March 2010</td>
</tr>
<tr>
<td>Irvine Sensors Corporation</td>
<td>PIPE Financing represented the Issuer March 2010</td>
</tr>
<tr>
<td>ECOtality, Inc.</td>
<td>PIPE Financing represented the Placement Agent January 2010</td>
</tr>
<tr>
<td>Vanguard Vinyl</td>
<td>Sale to LMT-Merger Group, Inc. represented the Seller January 2010</td>
</tr>
<tr>
<td>Advanced ICU Care, Inc.</td>
<td>Series C Preferred Stock Financing represented the Issuer December 2009</td>
</tr>
<tr>
<td>Adrienne Designs</td>
<td>Sale to Houseman Jewelry New York, Inc. represented the Seller November 2003</td>
</tr>
<tr>
<td>PC Mail, Inc.</td>
<td>Acquisition of Data Systems Worldwide, Inc. represented the Buyer November 2003</td>
</tr>
<tr>
<td>RightNow Technologies, Inc.</td>
<td>Acquisition of HiveLive, Inc. represented the Buyer September 2005</td>
</tr>
</tbody>
</table>

Dorsey & Whitney LLP • 38 Technology Drive, Suite 100 • Irvine, CA 92618-5310 • (949) 932-3600

Ellen S. Bancroft
(949) 932-3670
bancroftein@dorsey.com

Bryan S. Gadol
(949) 932-3669
gadol.bryan@dorsey.com

JR Kang
(949) 932-3665
kang.jr@dorsey.com

Parker A. Schweich
(949) 932-3671
schweich.parker@dorsey.com

www.dorsey.com
Understanding the Challenges of Turnover

As CFOs face increased turnover, they are focusing on the underlying drivers that contribute to this phenomenon. Turnover impacts not only the company’s bottom line but also its reputation and ability to attract and retain top talent.

Turnover Drivers

The speed of the recovery notwithstanding, several CFOs expressed concerns over the need to balance and limit advancement as their primary voluntary turnover drivers (45%), followed by poor training and development opportunities (32%). Unnecessary compensation/benefits landed fourth on the list of major turnover drivers, a finding consistent with other research suggesting that higher financial rewards do not necessarily promote higher levels of retention.

Unsatisfactory compensation/benefits landed fourth on the list of major turnover drivers, many CFOs viewed higher monetary rewards as a short-term fix and not the only – or the most effective – tactic in retaining accounting talent. “Salaries are a minor reason for people leaving,” commented one CFO. “If you involve people and engage them in what they are doing and pay attention to them, they tend to stick around a lot longer even if they don’t get more pay.” Competitive pay is critical, and many CFOs benchmark compensation to ensure equitable financial rewards. But research suggests that CFOs also leverage non-financial factors (e.g., recognition, exposure to senior management, and participation in special projects) to drive higher levels of engagement and retention.

CFOs also cited training challenges on a number of accounting-related issues, from understanding technical accounting principles, “Many times, you need critical thinking and business judgment in order to translate data and effectively communicate it externally,” remarked one CFO. “Our people can’t just focus on accounting principles. They need to broaden their experience and background knowledge to understand the business application of these principles,” remarked one CFO. “Many times, you need critical thinking and business judgment in order to translate data and effectively communicate it externally.”

In our interviews, CFOs suggested several underlying drivers leading to the increased demand for a variety of nontechnical skills.

1. Turnover drivers (45%), followed by poor training and development opportunities (32%)
2. Unsatisfactory compensation/benefits (45%)
3. Nonsensical accounting environment (32%)
4. Excessively taxing workloads (25%)
5. Nonsensical compensation programs (10%)
Staying the course is like navigating a new world with an old map.

The financial world has fundamentally changed. More than ever, plans must recognize and adapt to new realities — mitigating the risks and leveraging the opportunities that lie ahead. Because staying the course may mean falling behind.

We have helped many investors get back on track with an honest assessment of their current portfolio and plan. May we help you?

David Emmes II
(949) 253-5066
bnymellon.com/truth

©2011 The Bank of New York Mellon Corporation. All rights reserved. Products and services may be provided by various subsidiaries of The Bank of New York Mellon Corporation.
ver the past few years, enterprises have grown comfortable turning over certain IT functions to an outsourcing partner. This trend has more recently extended to the outsourcing of IT infrastructure (servers and the systems required for servers to run efficiently), to data center colocation, managed hosting, and managed services providers. In fact, Gartner predicts that by 2012, 20% of businesses will own virtually no IT assets, a testament to the potential cost and performance gains that firms can realize by leveraging an outsourcing partner with expertise and capabilities surpassing those of in-house solutions.

Outsourcing IT infrastructure versus IT services

Outsourcing IT infrastructure is a critical decision made by companies once they have concluded that a third-party provider can run the infrastructure more cost-effectively, with improved capital management, specifically defined service level agreements (SLAs) and increased flexibility. It means the decision makers in a company want to stay focused on the core business, growth and management operations and want a supplier they can trust with the rest.

Primary benefits of outsourcing IT infrastructure

While there are many economic and business advantages that can be realized by outsourcing IT infrastructure, the three primary benefits are:

1. Strategic outsourcing can deliver savings on capital expenses and a reduced total cost of ownership (TCO) for the organization. Instead of making heavy investments in power, cooling, security and network access, for example, a firm can leverage an outsourcing provider’s investments in technology, technical know-how and data center infrastructure for a best-of-breed solution without the burden of continuous capital investment.

2. A firm can leverage SLAs to ensure that IT infrastructure availability and performance sync with the firm’s business objectives. These service level agreements help guarantee performance delivery by including economic penalties that hold the outsourcing provider financially accountable, which may vary from company to company if IT infrastructure is managed in-house.

3. The third benefit is the ability to augment internal skills with the expertise of the outsourcing provider. This can be a distinct advantage when it comes to managing service delivery across platforms providing load balancing, security, storage and managed services providers. Benefits from this expertise without having to purchase, own, operate or maintain data centers — or invest in training required to manage these systems — is of real value, particularly for firms with data center facilities unable to grow or accommodate increased power density and efficient cooling.

CFOs finding it difficult to meet growing IT infrastructure demands in-house

CFOs today have a big say in IT infrastructure investments. Companies are faced with important choices on the best place to allocate money to grow or maintain their business.

And whether that business is heavily based on IT infrastructure or not, the challenge for the CFO remains the same: How do I strike the right balance while investing wisely in IT, sales, marketing, customer service, product development, service delivery and other areas of the business?

As soaring capital expenditures and overwhelmed staffing resources start making in-house services less feasible, IT infrastructure outsourcing starts to become the smart alternative.

What to look for in an IT outsourcing partner

Data center colocation, managed hosting and managed services providers come in different flavors, with varied power and cooling capabilities. Regardless of your firm’s specific needs, you should always seek out ITO partners with an operations and services model that is well run and has sufficient growth capacity to meet your space, power and cooling needs — both now and into the future.

Beyond that, consider financial stability, physical and logical security in and around the data center facilities, geographic diversity to ensure redundancy, clearly defined SLAs and multiple connectivity options when identifying the capabilities you need your ITO partner to deliver.

Latisys

Latisys was founded in June, 2007 in conjunction with two high-quality private equity investors: Great Hill Partners and Catalyst Investors. Latisys operates enterprise-class data centers across Tier I and Tier II markets in the U.S. to meet the increasing demand for managed hosting, managed services, colocation space and disaster recovery services required by service providers, enterprises and government agencies.

Latisys customers not only receive local solutions to reduce their capital expenditures for storage and ongoing maintenance, but a geographical diverse presence as well, for safe and secure managed backup and disaster recovery solutions. Their national data center footprint includes Tier III data centers in Irvine (serving customers since 1994 as InteleNet), Denver, Chicago and Ashburn, VA.

Latisys is dedicated to helping companies meet ever-changing and demanding IT requirements by offering scalable outsourced IT infrastructure management solutions that deliver more of what customers need, when they need it. Their team of rapid response specialists provide real-time turn-around of dedicated or colocated servers to help customers take advantage of every market upswing. All while optimizing ROI. All while delivering more.

Latisys

Latisys offers business customers flexible IT infrastructure outsourcing solutions to help them take the next step in their growth plan and achieve an optimal return on their IT infrastructure investment.
The key to attracting and retaining top financial talent is here.

Download your FREE 2011 Salary Guide or use our interactive salary calculator at roberthalf.com/SalaryCenter.
Protect Your Benefit Plan from Healthcare Volatility
Stop Loss Coverage for Your Financial Stability

Today, many employers elect to self-fund their employee health plans to take advantage of benefits such as plan design flexibility, improved cash flow and potential financial savings. But the potential risks of self-funding can be as significant as the rewards. Stop Loss insurance is a critical consideration for employers who may decide to self-fund their medical plan benefits. It enables employers with 50 or more employees to enjoy the benefits of self-funding while limiting the associated risk.

Stop Loss insurance is often viewed as a commodity where price is the primary variable considered. But to ensure adequate protection, it’s important to understand how the nuances of Stop Loss options and contract terms affect coverage when a high-cost claim situation arises. In some cases, saving a little money up front can prove costly down the road.

What is self-funding?
Employers have a choice in how they want to fund their medical benefits. For some employers, a fixed monthly premium to the insurer provides the medical benefits. The premium covers the expected claims and administrative costs, as well as an insurance risk charge. If actual claims are lower than expected, the insurer keeps the difference. If actual claims are higher than expected, the insurer pays the difference.

Pooling arrangements, the employer typically pays a fee to a plan administrator, who functions as such claim processing and securing discounted services from health care providers. The employer takes on the risk of claim fluctuation, paying the actual claims incurred by enrolled employees and their covered dependents.

Risk and benefits of self-funding
Today, many employers elect to self-fund their employee health plans so that they can take advantage of features unique to this funding option:

• Plan design flexibility. Self-funded arrangements are generally exempt from most state mandates.
• Improved cash flow. Self-funding minimizes the amount of time before employer funding of claims and actual claim payments.
• Potential savings. If claims are lower than expected, the employer retains the financial savings. Self-funded employers also benefit from reduced premium taxes.

In exchange for the benefits of self-funding, the employer accepts an increased amount of risk. If claims are higher than expected—due to catastrophic illness, accident or overall adverse utilization shifts—the employer is liable for all claims, including those exceeding the expected amount.

Why choose Stop Loss insurance?
Stop Loss is a critical consideration for employers who may decide to self-fund their medical plan benefits. It enables eligible employers of 50 or more employees to enjoy the benefits of self-funding while limiting the associated risk.

From time to time, many employers experience claim fluctuation due to an unexpected serious illness or accident, such as a premature infant, a transplant or cancer claims. Likewise, particularly for smaller employers, a shift in overall utilization (such as a widespread flu outbreak) can significantly impact both an employer’s cash flow and bottom line, even if there is no high-cost claim incident does not occur.

Stop Loss is designed to limit an employer’s liability to a predetermined amount for each covered individual on the plan, per policy year. It can also be used to limit overall claim liability per policy year, if desired. As a result, employers gain peace of mind knowing that their financial stability will not be impacted by unexpected fluctuations in claims.

Types of Stop Loss coverage
There are two common types of Stop Loss coverage:

• Individual Stop Loss (also called Specific Stop Loss) limits an employer’s liability to a specific dollar per individual, per policy year. This limit is known as a pooling point or “deductible.” For example, an employer may elect a pooling point of $100,000 per policy year. That means their maximum liability per person on their benefit plan for that policy year that are paid within that policy year and partially within the following policy year. For Stop Loss purposes, splitting claims between two policy years potentially eliminates a reimbursement to the employer or requires them to cover claims up to the Stop Loss pooling level for both policy years, reducing their reimbursement amount. This is particularly likely in the case of high-dollar, high-complexity hospital bills, especially toward the end of each policy year.

Inured contracts accumulate claims based on incurred dates (rather than paid dates), eliminating claim payment timing from the Stop Loss equation. An included contract also provides built-in terminal liability protection in the final year of coverage. Because the Incurred contract matches the Stop Loss liability with the way employers think about their medical liability, an Included contract is a natural choice for a client converting from a fully insured plan.

Be Aware of Coverage Variations
Stop Loss should not be viewed as a commodity where price is the only variable. Stop Loss coverage has many nuances with significant variation between the contracts offered by different Stop Loss carriers. This can have a dramatic effect on how or even whether a claim is covered under Stop Loss. Without a clear understanding of contract terms, an employer could face unexpected exclusions or claim denials.

In order to assess the true value of a Stop Loss policy, it is important to understand where gaps in coverage may exist, such as:

• Unique lifetime or annual maximums. Unique coverage limits may also be applied to specific conditions, such as transplants, or in exclusions applied to individuals. Stop Loss coverage that contains separate maximums can result in increased claim liability for the employer.
• Run-in claim caps. Some Stop Loss policies contain a Run-in cap that limits the new carrier’s liability for claims that were incurred prior to the new policy effective date. For example, a policy with a $100,000 pooling level may include a Run-in liability cap of $50,000 per individual. If a plan member incurs $500,000 in charges in the final months of the previous policy year and the claims are paid during the new policy year, the Stop Loss carrier will only pay the first $50,000 in paid claims toward the current year pooling point and the remaining $450,000 will not be covered under Stop Loss. Caps may also be applied to Aggregate Stop Loss coverage.
• Inconsistencies with medical plan. Stop Loss contractual provisions, eligibility rules or definitions that differ from those contained in the underlying medical plan can result in claim reductions or denials under the Stop Loss policy for claims that are paid under the medical plan.

Real-life example: An employer placed their Stop Loss coverage with a third-party carrier and experienced a claim denial for a $700,000 heart transplant due to an “experimental” continued on page A-34
Integrity.
Passion.
Leadership.

It’s not all about the numbers.

 Congratulations to the nominees and winners of the 2010 CFO of the Year awards.

Passion for serving our clients, technical experience, and partner involvement have been the hallmark of Grant Thornton LLP in the U.S. for nearly 90 years. Plus, you get the benefit of Grant Thornton International member firms in more than 100 countries around the world. Contact Gary Wilson, Partner-In-Charge, at 949.608.5232 or Gary.Wilson@gt.com or visit GrantThornton.com.

Find out how it feels to work with people who love what they do!

Grant Thornton refers to Grant Thornton LLP, the U.S. member firm of Grant Thornton International Ltd, an organization of independently owned and managed accounting and consulting firms.
The Perfect Storm
Navigating the waters of your software implementation

In just 30 days, the entire company had transformed from manual requisition processes to a fully automated system. NexGen Digital, a global independent distributor of electronic components, was faced with long lead times, obsolescence issues, and an outdated financial management system. The company used Microsoft® Business Solutions to implement an integrated customer relationship management (CRM) and accounting solution, Dynamics GP, which gave employees a centralized place to store and access information. With its new solution, NexGen was able to reduce operating costs, increase revenue, improve efficiency, and increase productivity – all without hiring more staff.

The Problem
The company faced long lead times, obsolescence issues, and support shortages. The company used many paper-based processes that were slow and inefficient. For example, one of the most important processes for NexGen is the requisition process, which manages a customer’s order from beginning to end. The manual process began when a NexGen salesperson received a customer request for a product by fax, e-mail, or telephone. The sales representative would fill out a requisition form by hand and give it to a member of the purchasing staff. If that person was unavailable, the requisition was left on the person’s chair, and the entire process halted until that person returned. Sometimes one purchasing person handed off the requisition to another purchasing person, and the sales representative had to track it down from person to person to find out where the requisition was.

The Solution
NexGen decided to implement a new CRM and accounting solution to replace its antiquated financial and contact management systems. After considering several options such as SalesLogix and products from BestWare, the company chose Microsoft Dynamics CRM and Microsoft Dynamics GP because they provided an integrated solution that was compatible with the Microsoft Office programs used by NexGen.

With an initial infrastructure upgrade, NexGen decided to work with Dynamic Methods, a “double” Microsoft Gold Certified Partner, to replace its ACT! contact and customer management software and SAP output management system. In just 30 days, the entire company had transformed completely from its previous systems to a single integrated business management solution. Not only were all the employees able to use Microsoft Dynamics CRM and Microsoft Dynamics GP, they experienced increased efficiency from day one.

For the requisition process, Dynamic Methods built a specialized module with the Microsoft Visual Studio® .NET 2003 development system. “When a call is initiated inboundsales from a customer to the sales team, there is solid communication between the sales team and the purchasing staff, and it continues throughout the entire requisition process,” says Paul Kardiban, Controller of NexGen Digital. When a requisition is completed, it is passed back to the salesperson who initiated the contact and a sales order is generated – all within Microsoft Dynamics CRM. Once the sales order has been confirmed, the information is transferred and stored automatically in Microsoft Dynamics GP where it is scheduled for fulfillment and retained for accounting purposes.

Benefits
The solution has helped improve employee communication, reduce operating costs, and increase the credibility of the company with customers and its lender. “From our sales and purchasing staff to the personnel in accounting and fulfillment, everyone benefits with Microsoft Dynamics CRM and GP because they now are aware of the entire business process,” Kardiban says.

“Ultimately, this benefits our customers tremendously. “Using Microsoft Dynamics CRM and GP, we can get a very comprehensive look into everything – from the initial order stage to the fulfillment process,” says Kardiban. “Even if we haven’t officially signed on to the project, we can still see exactly what the status is. We are not guessing anymore, and we do not have to rely on other staff members to get us the information that we need. We can get it ourselves.”

To request our flyer on the “Top 10 Reasons a Software Implementation Fails” email klougas@dynamicmethods.com or for more information about Dynamic Methods go to www.DynamicMethods.com

Dynamic Methods
Dynamic Methods, a Microsoft Double Gold Certified Partner and Back to Back President’s Club winner, is dedicated to improving the business IQ of our clients through the implementation of Microsoft Dynamics GP (formerly Great Plains), Microsoft Dynamics CRM including CRM Online, and SharePoint. Celebrating ten years of business in 2011, we have attracted a fiercely loyal customer base of more than 100 growing companies with annual revenues of $1 million to $500 million in Southern California and across the nation. We have teams of consultants that specialize in various industries thereby bringing practical and valuable experience to your growing company.
IT’S TIME TO GET THE CASH FLOWING
CHASE IS HERE FOR YOU

Delivering the ideal working capital solution for your business requires a thoughtful review of every aspect of your cash management activities. Chase is here to help you accelerate collections, maximize daily liquidity and optimize payment discounts, rebates and float, all while keeping you informed and in control.

Supported by a team of credit, treasury and service professionals located right here in Orange County, a Chase commercial banker can deliver your complete working capital solution.

To put our cash management expertise to work for you, contact market president Paul Kaufman at 949-838-1604 or visit chase.com/commercial.

CHASE

ACCESS TO EXPERTISE | STEADFAST RELATIONSHIPS
DELIVERING RESULTS | FINANCIAL INTEGRITY
Mistakes You’re Making That Could Deflate Morale

by Brett Good, Senior District President, Robert Half International

We all have worked with or have heard stories of bad managers – those who make blatant mistakes when overseeing employees, such as criticizing people in front of other staff, playing favorites or other behavior that harms morale for the entire team.

Yet, the reality is that even supervisors with the best of intentions often make less obvious missteps that can be just as damaging to employee motivation and productivity. As the job market improves, these slip-ups can also lead to turnover, so it’s especially critical to make sure you’re not inadvertently alienating your staff. Following are some common mistakes that may be deflating morale in your group:

Keeping them in the dark
Your company has decided to sell a business unit, one that has little involvement with your team. So, you figure there isn’t any urgency in telling your employees. Unfortunately, by not telling staff about the situation right away, they may listen to the rumor mill and believe there’s something to hide – perhaps your own business unit is also being sold or the firm is in financial trouble. It is always a wise move to be up-front about company developments, so people feel they are in the loop and know what to expect in the coming months. The more connected people are to the organization and its future, the more motivated they will be in their jobs.

While e-mails, memos and information on the company intranet can be useful in providing updates, try to hold group face-to-face discussions whenever feasible, particularly if company events will affect employees directly. This will allow people to ask questions, which can ease concerns or anxiety about potential changes.

Being too involved on the front lines
Another morale deflator is becoming too caught up in your staff’s responsibilities. You may pride yourself on being a hands-on manager, remaining highly involved in your employees’ daily work. In fact, you may be aware of precisely where every project is in the completion stages because you sign off or receive updates at each step of the process.

While it may seem like you’re showing an interest in your staff and making sure you’re always there as a resource, what you’re really doing is micromanaging. What motivates employees is being given the latitude to do their jobs the way they deem best. Try to empower people to make decisions and problem-solve. In doing so, you’ll not only boost morale, but you’ll also find that you’re better able to focus on higher priority initiatives.

Being too removed from the front lines
At the same time, be careful about being so involved in your own work as a manager that you make yourself unavailable to your employees. If your door is always closed and you fail to respond to e-mails and calls from staff in a timely manner, those on your team may believe they’ve been left to “sink or swim.” That feeling is hardly confidence-building.

Try to keep a routine of ongoing staff meetings and impromptu discussions with individuals in your group about their projects. If you’re particularly busy and know you won’t be easily accessible to employees, give people the heads-up and explain the best way to reach you if needed. You might also designate someone to serve as your backup, so the staff knows there’s a support system in case they have questions or concerns about their assignments.

Avoiding risk
Also think about the way you handle change. When business conditions are uncertain, it’s particularly tempting to go with the status quo. After all, if you know particular processes or strategies have worked well in the past, why make adjustments? How-ever, by avoiding innovation and risk, you may be implying that you don’t value your staff’s suggestions, which can cause people to lose respect for you as their manager.

Even if you don’t openly tell employees not to offer new ideas, consider whether your actions are sending the same message. Do you follow through when people make good proposals and try to implement the best ones when feasible? Are you critical when suggestions fail? The way you handle recommendations can greatly affect whether your staff feels confident enough to make them in the first place.

Overlooking burnout
Also consider whether your team has been running at 110 percent too long. If your employees have been asked to do more with less for an extended time, they are at high risk of not just having poor morale but also physical or mental distress. Odds are staff won’t approach you to tell you they’ve reached their limits, out of fear of being perceived as complainers or incompetent in their roles. So, watch for the warning signs that include starting to miss deadlines, having greater conflict with co-workers, generating customer or internal complaints about service quality or job performance, or frequent attendance problems.

Even if you can’t afford to hire more full-time staff to alleviate stress, there are steps you can take to help. For starters, look at ways to redistribute and reprioritize assignments so the work isn’t so overwhelming. You might also consider bringing in temporary or project professionals to assist with peak workloads. Simply making sure employees take their breaks and use their vacation time allotment also can go a long way toward renewing energy and motivation.

Build camaraderie and community
The more people enjoy working together, the higher their morale. Foster team unity by creating an environment of collaboration and cooperation rather than competition. Another way to build cohesion and good will is to publicly recognize milestones like anniversaries with your firm, as well as birthdays, weddings or other events in the lives of your employees. Monthly staff lunches give staff an opportunity to relax and socialize together.

Forgetting the power of praise
Finally, don’t underestimate the value of showing appreciation to your employees. Even if your budget doesn’t allow you to give bonuses or other pricey rewards, acknowledge the contributions of those on your team. Praise during a meeting or an appointment may be the same message. Do you follow through when people make good proposals and try to implement the best ones when feasible? Are you critical when suggestions fail? The way you handle recommendations can greatly affect whether your staff feels confident enough to make them in the first place.

Overlooking burnout
Also consider whether your team has been running at 110 percent too long. If your employees have been asked to do more with less for an extended time, they are at high risk of not just having poor morale but also physical or mental distress. Odds are staff won’t approach you to tell you they’ve reached their limits, out of fear of being perceived as complainers or incompetent in their roles. So, watch for the warning signs that include starting to miss deadlines, having greater conflict with co-workers, generating customer or internal complaints about service quality or job performance, or frequent attendance problems.

Even if you can’t afford to hire more full-time staff to alleviate stress, there are steps you can take to help. For starters, look at ways to redistribute and reprioritize assignments so the work isn’t so overwhelming. You might also consider bringing in temporary or project professionals to assist with peak workloads. Simply making sure employees take their breaks and use their vacation time allotment also can go a long way toward renewing energy and motivation.

Build camaraderie and community
The more people enjoy working together, the higher their morale. Foster team unity by creating an environment of collaboration and cooperation rather than competition. Another way to build cohesion and good will is to publicly recognize milestones like anniversaries with your firm, as well as birthdays, weddings or other events in the lives of your employees. Monthly staff lunches give staff an opportunity to relax and socialize together.

Forgetting the power of praise
Finally, don’t underestimate the value of showing appreciation to your employees. Even if your budget doesn’t allow you to give bonuses or other pricey rewards, acknowledge the contributions of those on your team. Praise during a meeting or an appointment may be the same message. Do you follow through when people make good proposals and try to implement the best ones when feasible? Are you critical when suggestions fail? The way you handle recommendations can greatly affect whether your staff feels confident enough to make them in the first place.

Robert Half Management Resources

Robert Half Management Resources is the world’s premier provider of senior-level finance and accounting professionals to supplement companies’ project and interim staffing needs. The company provides cost-effective solutions to project staffing needs in the areas of accounting, finance, interim management, information technology, audit and compliance, taxation, treasury and operations management.

Robert Half Management Resources

Robert Half Management Resources is the world’s premier provider of senior-level finance and accounting professionals to supplement companies’ project and interim staffing needs. The company provides cost-effective solutions to project staffing needs in the areas of accounting, finance, interim management, information technology, audit and compliance, taxation, treasury and operations management.
Oracle Accelerate
Solutions for Midsize Companies

“Live in two countries on Oracle Financials in 33 days”
Active Network, 1800 employees
Online Registration, Marketing & Event Management Software

“Monthly financial closing time shortened by 64%”
Falken Tire Corporation, 110 employees
High Performance Tires & Wheels

“Warehouse processing time reduced by 50%”
JR286 Inc., 120 employees
Branded Sportswear & Accessories

oracle.com/goto/accelerate
or call 1.800.633.0737

Oracle Accelerate solutions are application bundles developed and implemented by qualified partners. Individual results are dependent on a number of factors and may vary significantly.

CONGRATULATIONS
2010 Orange County CFO of the Year Nominees and Winners!
Worldwide Accounting Convergence Could Change the Face of Business

While formal adoption of international standards is less than certain, joint projects of U.S. and international standard setters will mean big changes for U.S. companies

by James Brendel, CPA, CFE, Hein & Associates LLP

The convergence of global accounting standards is nothing less than a financial tsunami that will have both immediate and long-range effects that will touch everyone who participates in any economy.

The SEC is scheduled to decide next year whether to require U.S. public companies to adopt International Financial Reporting Standards (“IFRS”) in place of U.S. Generally Accepted Accounting Standards (“GAAP”). Mandatory adoption is expected to take place in 2015 or 2016 at the earliest. Nevertheless, convergence of U.S. and international accounting standards is well underway. The joint agenda of the Financial Accounting Standards Board (“FASB”) and the International Accounting Standards Board (“IASB”) will result in changes to financial reporting the likes of which U.S. companies have never seen.

A Quick Backdrop

The London-based IASB’s mission, with 14 members from nine nations – including the U.S. – is to develop, in the public interest, a single set of high quality, understandable international financial reporting standards for general purpose financial statements.

In the U.S., we have the FASB to set GAAP. Its seven members are drawn from accounting, academia and investor groups, and it is funded by fees charged to public companies. GAAP guides private companies as well as public companies, but the SEC, as an arm of the federal government, is the ultimate regulator of public company reporting.

Over 100 countries have adopted IFRS, and several others, including Brazil, Canada, India and Korea said they intend to adopt IFRS for their listed companies on or around 2011 or early 2012. The SEC has been debating the mandatory adoption of IFRS for several years. The current SEC position calls for a study of six major topics before any decision is made.

The SEC has been debating the mandatory adoption of IFRS for several years. The SEC is using the IASB calls for a study of six major topics before any decision is made. While effort is underway, the FASB and IASB, under an agreement reached in 2002, are quickly moving to produce converged standards in 11 major areas by the end of 2011. In addition, the G20 world trade group leaders have called on both boards to re-double their efforts to achieve a single set of high quality, global accounting standards by 2011.

The Convergence Agenda

Some of the key projects on the Boards’ convergence agenda include:

Leases – This easily released exposure draft would put all leases on the balance sheet, with operating lease treatment no longer allowed.

Revenue recognition – This exposure draft has also been released and would replace virtually industry-specific revenue guidance with a set of broad principles.

Financial statement presentation – This project could mean fundamental changes to the look of financial statements. The overriding objective is to make financial statements more relevant to users. The balance sheet and income statement may be separated into operating, investing and financing activities, similar to the current cash flow statement, and the direct method of presenting cash flows from operating activities may become mandatory.

Consolidation – In this project, the basis for consolidation of another entity by the reporting entity would be control. In addition to the current majority voting interest test, control could be determined based on other factors such as decision making roles, rights held by other parties, or exposure to risks and rewards.

Differences between GAAP and IFRS

“IFRS is generally considered to be more principles based, versus the rules-based accounting we have in the U.S.,” according to Tracy Pharis, Denver Audit Practice Leader for Hein & Associates. “IFRS gives you guidance, but it’s more subject to management’s judgment and industry standards.” Ten companies might have the same transaction but have four different ways to account for it.

Here are just some of the existing differences:

◆ IFRS guidance regarding revenue recognition is less extensive than GAAP and contains relatively little industry-specific instruction.

◆ IFRS has a narrower definition of equity.

◆ IFRS has increased use of fair value.

◆ IFRS may include additional entities being consolidated.

◆ IFRS does not permit Last In, First Out (“LIFO”) as an inventory costing method.

◆ IFRS uses a single-step method for impairment write-downs rather than the two-step method used in U.S. GAAP, making write-downs more likely.

◆ IFRS has a different probability threshold and measurement objective for contingencies.

◆ IFRS does not permit curing debt covenant violations after year-end.

The terminology is also different under IFRS: “shares” instead of “stock,” “reserves” for “equity,” “provision” versus “accrual” and so on.

The IASB also has kind of an IFRS-lite for small-and-medium-sized entities and private companies. It’s an easier, cheaper form of compliance. For example, IFRS for SMEs has just 300 pages of guidance versus 2,800 pages for the full-blown IFRS. It also has only 300 potential disclosures versus 3,000.

The Convergence Debate

Convergence to the international standards will be viewed differently by different companies. Here are the arguments that have been presented for and against:

Proponents say it will improve the quality and comparability of financial reporting, reduce the cost of capital and create cost savings for global companies by using a single set of standards.

Some might say that this is because our rules are so detailed and voluminous that more mistakes are made. One could also argue that there may be as many mistakes in the UK, but the securities regulators are not as strict,” Brendel said.

Pharis further characterized the differences between the two systems: “Every time there’s a problem in the U.S., we create a new rule. IFRS doesn’t work that way.”

Stay Tuned

So what’s next? Companies need to start getting ready now for the impact of the changes proposed by the FASB and IASB on internal systems, personnel needs, and outside stakeholders. “The convergence of U.S. and international standards is moving forward regardless of what the SEC does with IFRS,” Brendel said. If accounting is the ‘language of business’, we may be looking at learning a new language. Companies cannot afford to wait until the changes are effective to start implementing them.

James Brendel

James Brendel, CPA, CFE, is the National Director of Auditing and Accounting for Hein & Associates LLP, a full-service public accounting and advisory firm with offices in Irvine, Denver, Houston, and Dallas. He specializes in SEC reporting and assists companies with public offerings and complex accounting issues. For more information, please call 949.428.0288. www.heincpa.com

Hein & Associates

For more than 30 years, Hein & Associates has been recognized as a leading accounting and advisory firm where its people and clients share knowledge, thrive in a culture of teamwork, and build long-term relationships deeply rooted in integrity. With offices in Irvine, Denver, Dallas, and Houston, Hein serves public and private companies in a variety of industries across the country. Hein is a member of two of the largest international associations of accounting and advisory firms, which allows us to provide seamless client care domestically and throughout the world. Hein is ranked as one of the “Top 100” accounting and advisory firms in the country by Accounting Today, and consistently recognized by Inside Public Accounting as a “Best of the Best” firm, an honor bestowed on only 25 firms each year, based exclusively on management performance.
Estate Planning and Tax Practice
Serving Business Owners, Philanthropists, and High Net Worth Families for Over 35 Years

Personal and confidential service to business owners, philanthropists, and high net work families is a long-standing and successful tradition at Paul Hastings. We advise on family business and succession consulting, advanced estate, trust and leveraged gift planning, and planning related to charitable gifts for purposes of income, gift and estate tax. This constantly developing field of law requires a close, long-standing relationship between the client and his or her attorney. Paul Hastings is committed to continuing to serve this need, as we have for generations, and to apply the same creative problem-solving skills and client focus we use throughout our practice.

18 Offices Worldwide
Paul, Hastings, Janofsky & Walker LLP
www.paulhastings.com

Renee Gabbard
1.714.668.6214
reene.gabbard@paulhastings.com

Doug Schaaf
1.714.668.6221
doug.schaaf@paulhastings.com

Glenn Dassoff
1.714.668.6227
glenn.dassoff@paulhastings.com

Lisa LaFourcade
1.714.668.6203
lisa.lafourcade@paulhastings.com

Megan Genovese Acosta
1.714.668.6288
megan.genovese@paulhastings.com
I
n this age of global climate awareness, a company’s corporate social respon-
sibility and environmental footprint can exert a substantial influence over the
bottom line. Realizing the positive impact that “going green” can have on orga-
nizational success, many businesses are proactively making significant long-
term investments towards eco-friendly operations.

Internally, they are implementing sustainable strategies, from reducing paper
and energy consumption to limiting air travel and participating in carbon offset
programs. Externally, they’re building environmental performance into their procure-
ment decisions and collaborating with partners and customers to develop resource-
efficient practices.

For these environmentally-aware chief financial officers, the return on investment
is clear and formidable – they are saving time, labor and money, while boosting effi-
ciency and bolstering their company’s reputation with an increasingly green-con-
scious public.

The Need to Embrace a Paperless Environment

In many organizations, finance operations have traditionally been paper-intensive
environments. Over the course of a fiscal year, the paper-based processes for send-
ing bills and receiving payments can have a significant impact on the environment as
well as on the treasury cost structure.

For example, many companies still generate paper invoices and mail them to sup-
pliers at regular intervals, and collect a variety of ancillary paper documents such as
reconciliation reports and stop payment advices. They also issue paper checks daily
to pay their vendors, employees and other expenses, and receive boxes of canceled
checks that must be securely stored to comply with internal and regulatory guide-
lines. What’s more, finance staff often relies on a variety of paper statements and re-
ports to track transactions and manage cash flow, and must be able to find these
documents whenever customers inquire about past transactions.

In doing so, large finance operations can easily generate 5.5 tons of paper each
year – the equivalent of 143 trees and 106 tons of greenhouse gases! These paper
documents are also expensive to handle. On average, to file and maintain 500,000
pieces of paper, companies spend an estimated $515,000 in workflow management,
storage and disposal costs. Plus, they often pay extra fees for their paper trails, since
the paper documentation they request often duplicates information they already re-
duce from their banks online.

Paper documents can also expose companies to significant business risks. Natu-
ral disasters and acts of terrorism can destroy critical company and customer docu-
ments and bring the entire cash management process to a halt. It is also more difficult
to protect paper documents from unauthorized viewers and, in a troubled economy,
companies that issue paper checks are more vulnerable than ever to check fraud.

Realizing that producing, transporting, printing on and disposing of paper is a car-
bon-intensive process, many CFOs view embracing a paperless environment as one of
the fastest, easiest and most cost-effective ways to significantly reduce their envi-
noment footprint.

To reduce redundancies and better manage risk and business continuity, they are
moving steadily toward a “zero-return” environment, where they send and receive in-
formation electronically. They’re also creating leaner operations by analyzing the
paper volume that their operations create and adopting new processes supported by
technology that meet their requirements for accuracy, secure transactions and regu-
latory compliance.

Calculating the Cost of Paper

CFOs are motivated to learn how much their paper-based receivables processes are costing their companies on an annual basis. For instance, thousands of
dollars are spent each year to return paper checks and documentation from lock-
boxes, enter data manually into the accounts receivable system and manually iden-
tify and resolve exceptions. Also, thousands more are required to store paper
documents in compliance with internal and regulatory guidelines. When customer
questions arise about past transactions, companies must also absorb extra research
costs.

JPMorgan Chase & Co.

JPMorgan Chase & Co. (NYSE: JPM) is a leading global financial services
firm with assets of $2 trillion and operations in more than 60 countries. The
firm is a leader in investment banking, financial services for consumers, small
business and commercial banking, financial transaction processing, asset
management and private equity. A component of the Dow Jones Industrial
Average, JPMorgan Chase & Co. serves millions of consumers in the United
States and many of the world’s most prominent corporate, institutional and
government clients under its J.P. Morgan and Chase brands. Information about
JPMorgan Chase & Co. is available at www.jpmorganchase.com.
Dynamic Methods is a Microsoft Double Gold Certified Partner and Back to Back President’s Club winner dedicated to improving the business IQ of our clients through the implementation of Microsoft Dynamics GP (formerly Great Plains), Microsoft Dynamics CRM including CRM Online, and SharePoint. Celebrating 10 years in 2011, we have attracted a fiercely loyal customer base of more than 100 growing companies with annual revenues of $1 million to $500 million in Southern California and across the nation. We have teams of consultants that specialize in various industries thereby bringing practical and valuable experience to your growing company.

Dynamic Methods
9070 Irvine Center Drive Suite 260, Irvine CA 92618
949.333.5380 DynamicMethods.com
IPO Readiness
Preparation for the capital markets

The prospect of going public is an exciting moment for a company – and one that’s accompanied by a host of questions on how best to proceed. While an IPO may be beneficial for your company and shareholders, the requirements for going public have significantly increased in recent years. The Sarbanes-Oxley Act of 2002 has placed increased emphasis on sound corporate governance, strong internal processes, and effective systems and controls. With the additional challenge of gathering and providing all of the financial and non-financial information required to issue an IPO prospectus, it is clear that a pre-IPO company needs to plan carefully – even to the point of effectively operating as a public company before filing for an IPO. This advance preparation can be a complex, time-consuming, and resource-intensive process. Here are some initial considerations for you to keep in mind as you take your company public.

Start by asking the right questions

Is an IPO the right option?

It is important to understand the challenges and risks of going public in deciding whether an IPO makes sense. A variety of factors need to be considered, including:
- Your company’s business objectives and capital requirements
- The advantages and disadvantages of operating as a public enterprise
- The regulatory requirements as they apply to your company, including new post-IPO requirements
- The initial and maintenance costs of “public company” status
- The required additional commitment of time and resources
- The IPO process and timetable
- The direct and indirect consequences of an IPO from a tax perspective
- Alternatives for capital financing
- Various stock exchanges in the U.S. or abroad, and their individual listing requirements

Is the company adequately prepared?

As the owner or chief executive, asking these key questions will help you decide whether your company is ready for an IPO:
- Do you have a compelling business plan, and are you able to effectively explain it to the public markets?
- Do you have optimal tax structures and policies in place?
- Are your financial statements and underlying supporting data in order?
- Have you gathered all of the information your company will need to prepare an IPO prospectus?
- Do you have adequate reporting systems, processes, and internal control infrastructure in place to manage increased reporting requirements within tight timelines?
- Are your corporate governance policies and practices in compliance with the requirements necessary for a public company?
- Are your accounting, tax, treasury, and internal control departments adequately staffed and trained?
- Do you have established professional relationships with legal counsel, external auditors, and the other advisors necessary to build an IPO advisory team? Do you have the senior management team required to go public?

Your company can facilitate the transition from private to public by adopting the many fiscal, legal, and compliance requirements that are associated with public company status. As managing partner of the Orange County practice, Rob oversees the Orange County practice, Deloitte & Touche LLP

Rob has more than 20 years of public accounting experience with Deloitte, including leadership roles as a Senior Strategic Client Relationship partner in Los Angeles, serving as the Pacific Southwest Region Audit Enterprise Risk Services Marketplace leader. During this time he was involved in building client relationships with a focus on driving quality service before assuming the managing partner role for the firm’s Orange County practice in June 2008. As managing partner of the Orange County practice, Rob oversees the firm’s four business groups: audit, tax, consulting, and financial advisory services. Rob leads the firm’s Orange County marketplace and community activities and serves as an advisory partner on many of the practice’s major clients. In addition, Rob is in charge of Alumni Relations for the Pacific Southwest practice of Deloitte. Contact Rob at 714.436.7241.

Deloitte

“Deloitte” is the brand under which tens of thousands of dedicated professionals in independent firms throughout the world collaborate to provide audit, consulting, financial advisory, risk management and tax services to selected clients. These firms are members of Deloitte Touche Tohmatsu Limited (DTTL), a UK private company limited by guarantee. Each member firm provides services in a particular geographic area and is subject to the laws and professional regulations of the particular country or countries in which it operates.

In the United States, Deloitte Growth Enterprise Services professionals are focused on delivering a distinctive client experience through service offerings tailored to address the unique needs of companies ranging from start-ups to those with up to $1 billion in revenue. To learn more about DGES, visit us at www.deloitte.com/us/dges.
Congratulations
to the CFO of the Year Nominees

Guiding your organization to ensure financial health is a vital role, and we are proud to acknowledge your demonstrated leadership and growth in these uncharted economic times.

CIGNA understands your challenges and knows that when it comes to managing cash flow and risk, your company has unique needs. Needs that change as your business changes.

We also know that a "one size fits all" approach to benefits does not work. That's why we provide one of the most extensive selections of funding solutions in our industry. Our funding options provide increased cash flows and premium tax savings, and our consultative support can help you decide how you want to manage your cash flow and balance your risk.

To learn more about CIGNA, contact your CIGNA broker or visit us at www.cigna.com.
Achieving Success in an Environment of Slow Growth, Rapid-Fire Changes

As investors continue to grapple with the aftermath of financial crisis and ongoing economic and market challenges, they are unclear what is ahead. The landscape has changed, leaving investors unsure about what steps to take and uncertain about where they might lead. In addition, they are probably wondering whether success is even possible in this complex new environment. It is—but not without new thinking and strategies.

The Changing Nature of Growth
To better understand the forces shaping the future, it helps to understand the past. In the three decades prior to the financial crisis, economic growth was led by consumers and fueled by debt. This leveraged growth was unsustainable—a fact the crisis made alarmingly clear. Consumers and corporations were compelled to cut spending and deleverage. Although massive amounts of government stimulus helped to prevent a worse outcome, they also masked the severity of the situation.

It is not surprising that consumption is trending almost $1.5 trillion below the pre-recession level. Given the severity of consumer debt, uncertainty in the job market and low overall confidence, consumers are unlikely to resume their historical spending patterns any time soon. That is unwelcome news for the economy, as consumer spending accounts for about 70% of GDP.

Market Volatility Driven by Economic Uncertainty
With asset classes and global markets no longer performing according to historical norms, new thinking about diversification is needed. For example, the basis of modern market volatility while the new economy completes its transformation and finds its footing. In addition, there is the aforementioned concern about deflation. This lack of clarity will continue to fuel down gaining or losing up to 4% in any one session.

The market seesawed through deflation worries and growing evidence of a recovery slowdown gaining or losing up to 4% in any one session. That is unwelcome news for the economy, as consumer spending accounts for about 70% of GDP.

In addition, the market volatility is driven by economic uncertainty. We are experiencing an environment of rapid change and market extremes as global powers, fiscal policy makers and investors simultaneously grapple with the challenging economic climate, sometimes overreacting. Consider 2010’s daily SAP fluctuations as the market shifted from expectations of a strong, V-shaped recovery and fears of deflation at the beginning of the year to sovereign debt concerns in Europe and fears of contagion in the spring. A few months later, the market saw the eurozone debt crisis and yield pressures, with the European Bank of Central Bank it seen as leading to a possible exit.

Rethinking Diversification
The changing nature of growth means that investors must rethink the way they manage their portfolios. With asset classes and global markets no longer performing according to historical norms, new thinking about diversification is needed.

Purpose: Asking What and Why
Investors will need to expand their thinking about asset class opportunities, looking beyond stocks, bonds and cash to consider the purpose of investments within an asset class. Take for example, alternative investments, which will serve an increasingly important diversification role due to their low correlation to traditional asset classes. Investors often make a single alternatives allocation in pursuit of diversification. Yet, the sub-asset classes of these investments have unique attributes that can contribute to a portfolio in very different ways. For instance, long/short hedge fund strategies can provide incremental diversification due to their ability to profit in both rising and falling markets.

Alternatively, private equity strategies may provide high relative returns, and so on (Exhibit 2). Understanding the role each investment plays in offsetting or exploiting economic and market events can help investors perform better together in varying market conditions while ensuring alignment with specific goals. Therefore, traditional thinking about asset class opportunities must be complemented by a new emphasis on opportunities deep within asset classes.

Greater Insights and Access to the Right Opportunities
As the distinction between “global” and “domestic” continues to blur and market information becomes more abundant, complex and contradictory, a greater level of market intelligence is required. The ability to quickly and deeply evaluate—and act on—market insights and timely diversification ideas is key.

Wealth managers who actually manage money (versus simply recommend products) are more likely to recognize and optimize short-lived opportunities, promptly deploying their asset management capabilities. Careful selection of investment solutions and rigorous ongoing oversight are also essential to ensure that investments remain true to their intent.

A Disciplined Combination of New and Proven Truths
Regardless of the way the landscape has changed, it will be critical to not abandon “old truths” that still work.

BNY Mellon Wealth Management
BNY Mellon Wealth Management is among the nation’s leading wealth managers, with more than two centuries of experience in providing investment management, wealth and estate planning, and private banking services to financially successful individuals and families, their family offices and business enterprises, charitable gift programs, and endowments and foundations. It is among the top 10 U.S. wealth managers with about $161 billion in private client assets and an extensive network of offices in the U.S. and internationally.
Your data center coming up short?

Get the additional power you need at Latisys.

- Power Density in excess of 230 watts per square foot
- Recently added 93,000 sq. ft. of high-density colocation capacity in Irvine
- Carrier-neutral facility with 10 carriers providing fiber into the data center
- Service Offerings include Colocation, Hosting and Managed Services
- SAS 70 Type II compliant; customer supported and manned 24x7x365

Call Tom Panarisi and his team at (949) 784-7923 to learn more.

Latisys, A data center that delivers more. Right next door.

Located in the heart of the Orange County corporate community, this state-of-the-art Tier III data center provides convenient reach from several major highways.

Latisys

data center  hosting  managed services
sk most business executives how they would describe a chief financial officer’s skills, and you might have once heard: “accounting wizard,” “cost-cutting expert” or even “numbers geek.” How surprising, then, that some of the terms I hear to describe a CFO’s most valuable qualifications in today’s fast-paced global business world include: “corporate strategist,” “acting COO,” “Head of M&A” and even “chief communicator.”

The truth is the traditional view of the role of CFO has given way to the realization that it is one of a corporation’s most valuable positions. One key reason is the need to understand, manage, and optimize a corporation’s cost of capital – both financial and non-financial. In order to be successful, today’s CFOs have to take on many new responsibilities that CFOs in the past didn’t have to worry about.

Another reason is the need for businesses to operate at warp speed, both locally and globally. Entering a new market requires an ability to sift through mountains of data to arrive at the correct solution more quickly than ever before. I recall how one CFO took on the responsibility for a substantial acquisition in an overseas market in the depths of the financial crisis. Not only did he have to find a way to pay for the acquisition, arranging both equity and senior debt offerings, but also he had to take the story on the road—explaining to the company’s banking partners, bondholders, industry analysts, and institutional shareholders how the acquisition was a good fit for the company. During one of the worst financing environments ever, he was a tireless communicator for the transaction, and a key reason why it succeeded.

Today’s CFOs, whether helping to lead a publicly traded or a privately held company, do far more than act as their company’s internal cost controller. They must be able to quickly analyze the information, both internal and external, that can show their company which markets to be in, which business strategies will be profitable, and how to finance their growth during unprecedented volatility in the financing markets. In some cases, mid-size companies are eliminating the role of chief operating officer altogether, and looking to the CFO to fill those shoes as well.

Innovative Solutions

I know of one company’s CFO who was able to execute a bold strategy for unlocking shareholder value in an extremely innovative way. She was a sophisticated interpreter of complex financial and tax data, and, over time, came to understand that her company’s involvement in two different businesses could lead to the creation of a new entity. The resulting business structure of the new and existing company had the potential to achieve a substantially larger total market capitalization.

Over a two-year period, this CFO was able to solve the puzzle posed by how to divide the assets and liabilities – including bank debt and publicly traded bonds – into two different companies. She was able to successfully negotiate with the company’s employees, key banks, debt holders, and institutional shareholders to unlock the value of the assets already on the company’s books. In doing so, this executive moved beyond simply accounting for and reporting transactions, to take on the rearranging of the assets, earnings power, and financial market valuations of her company – much like a skilled investment banker.

The Global Marketplace

The demands of the global marketplace have also changed the role of the typical CFO, who must now understand foreign legal, tax and business requirements, and use this knowledge to successfully launch new businesses and projects abroad. Very few companies in Orange County – public or private – are not affected by global business trends. Just consider what currency volatility can do to a company’s profitability when the dollar has fluctuated more than 30 percent against the Euro over the past 12 months alone. I remember an example where we helped one private company CFO navigate the intricacies of setting up a new division in China. This company had decided where to establish a manufacturing facility, and who was going to help them build it. But how should it be financed? It is easy to bring capital into China, but much more difficult to get it out again.

Working with the CFO, we established a standby letter of credit that served as the collateral for a local currency loan – made possible by our parent bank’s presence in the Chinese marketplace. Borrowing the necessary funds in renminbi enabled this company to use this knowledge to successfully launch new businesses and projects abroad. Very few companies in Orange County – public or private – are not affected by global business trends.

Kjell Gronvold

Kjell Gronvold is Senior Vice President and Manager of Union Bank’s Orange County corporate banking business. He can be reached at (949) 553-7102 or kjell.gronvold@unionbank.com.
Master the leader in you.

The Presidential and Key Executive MBA
Our exclusive Presidential and Key Executive MBA serves as your own “personal boardroom” where strategic insights are exchanged among top-tier faculty and peers. Offered at our Southern California graduate campuses.

The Executive MBA
Our 20-month Executive MBA program challenges senior managers to dig deep into every facet of themselves and their organization – to emerge even stronger leaders than before. Offered at our Northern and Southern California graduate campuses.

To learn more, call 800.766.5062 or visit bschool.pepperdine.edu

PEPPERDINE UNIVERSITY
Graziadio School of Business and Management
West LA, Malibu, Irvine and Silicon Valley Graduate Campuses
Have You Avoided Successor Liability? Maybe Not.

by Gabrielle M. Wirth, Partner, Dorsey & Whitney, LLP

I
cany companies prefer to buy assets rather than the stock of a business under the misunderstanding that a purchaser of assets is not liable for the liabilities of the seller. Unfortunately, especially with respect to the various statutes in the employment arena, it is not that simple. Failure to structure an asset acquisition correctly can still subject a purchaser to significant unforeseen liability.

Generally, a purchaser of assets can be liable to a third party for the liability of a seller when the business conducted by the purchaser after the sale is substantially similar to a "defacto merger" or "mere continuation" theory. The most common example of this is when a purchaser of assets will leave the structure of the business in place to maximize the return on the purchased assets. For example, the purchaser will often operate the acquired business from the same location after the sale under the same name and even rehire the seller's employees to run the business. Additionally, where the transfer is made to escape liability and no provisions are made for the creditors of the seller, various fraud theories can be used to hold the purchaser responsible for liabilities of the seller. Finally, purchasers can also be liable if they agree to assume an obligation, even if such agreement is only implied.

In the context of employment laws, the question of successor liability is even more complicated because different statutes and different federal and state agencies impose varying standards as to when successor liability attaches. For example, in California, a buyer of assets can be responsible for withholding from the purchase price a sufficient amount to cover the seller's required contributions to the California unemployment fund, employment training fund and unemployment compensation disability fund unless the seller can prove to the satisfaction of the Employment Development Department that all contributions have been made. In other states, purchasers of assets may be required to send a notice to the local taxing authorities or make other filings prior to taking possession of the assets or paying the purchase price to the seller. Failure to comply with these individual state requirements may obligate the purchaser to satisfy any existing liens or outstanding taxes.

The Courts have continued to refine the analysis of when a successor in an asset sale will be held liable for the seller's obligations. The early cases started in the context of holding a purchaser liable under the National Labor Relations Act for unfair labor practices that the predecessor committed under a continuity of enterprise theory. In Fall River Dyeing & Finishing Corp. v. ALRB, 482 U.S. 27 the U.S. Supreme Court applied the substantial continuity test and applied the following factors to determine successor liability:

- whether the business of both employers is essentially the same;
- whether the employees of the new company are doing the same jobs under the same working conditions with the same supervisors; and
- whether the new entity has the same production process, produces the same products, and basically has the same body of customers.

The EEOC also convinced Courts to apply the substantial continuity test to hold a purchaser liable for the torts of the seller, including discrimination claims, when the purchaser had notice of the claim and conducted the same business as the seller after the purchase.

Successor liability may exist under virtually every federal and state employment law. For example, under COBRA, purchasers of assets who rehire a majority of the seller's employees and use the seller's equipment, databases, copyrights and trademarks to continue such operations can be subject to successor liability. As a result, the purchaser can be required to allow former employees of the seller to participate in the purchaser's group health plan for the duration of such employees' COBRA coverage.

In September 2010, in Sullivan v. Dollar Tree Stores, Inc., the Ninth Circuit provided helpful guidance concerning to assist an employer in avoiding successor liability under the federal Family and Medical Act ("FMLA"). The FMLA requires companies with 50 or more employees to provide 12 weeks of unpaid leave to employees for their own serious health condition, the birth or adoption of a child or the serious health condition of a spouse, parent or child. Generally, an employee must have worked for the employer for at least one year and have performed at least 1,250 hours of service for the employer in the preceding 12 months. Dollar Tree purchased the leasehold interests in 40 of 200 stores from a bankruptcy company, Factory 2U. Plaintiff, Christine Sullivan, was an assistant manager for a Factory 2U store and she was hired after the acquisition by Dollar Tree in the same position at the same store. Sullivan had no period of unemployment between the two jobs. Less than a year after she was hired, she sought to take a protected FMLA leave. Sullivan argued she was entitled to FMLA leave because Dollar Tree was Factory 2U's successor, and therefore, she met FMLA's 12 month employment requirement. Dollar Tree granted plaintiff some unpaid leave but not the full 12 weeks that would have been required under the FMLA.

Dollar Tree contacted the Department of Labor ("DOL"), which investigated this matter and concluded that Dollar Tree was the successor to Factory 2U under the FMLA and issued a written report to that effect. The DOL then negotiated plaintiff’s reinstatement, and the plaintiff then sued Dollar Tree for her lost wages.

The Court reviewed this matter and concluded that the test for whether an employer is the successor in interest of another depends on a balance of the equities and fairness. The FMLA does not define the term "successor in interest" but the DOL regulations instruct Courts to apply the factors under Title VII of the Civil Rights Act and the Vietnam Era Veterans' Adjustment Act to assist with this inquiry. 29 C.F.R. Sec. 825.107. These factors include the following:

- substantial continuity of the same business operations;
- use of the same plant;
- similarity of the work force;
- similarity of jobs and working conditions;
- similarity of supervisory personnel;
- similarity in machinery, equipment, and production methods;
- similarity of products or services; and
- the ability of the seller to provide relief or pay damages.

In this case, Dollar Tree carefully structured the acquisition to successfully avoid successor liability. In finding that Dollar Tree was not liable as a successor to Factory 2U, the Court relied upon several key facts. First, Dollar Tree purchased no inventory from Factory 2U but instead brought in products that Factory 2U had never sold and used a different pricing structure for its products. Second, Dollar Tree required Factory 2U's employees to apply for jobs if they desired to work for Dollar Tree; brought in many of its own workers including a new store manager and hired some new employees. Dollar Tree also changed the plaintiff's job title and responsibilities. Finally, Dollar Tree did not operate the store immediately after the purchase but instead closed the store to perform renovations and train employees.

Plaintiff argued that the Court should be bound by the Department of Labor's prior conclusion in an internal DOL document that Dollar Tree was a "successor in interest" under the FMLA. The Court found the DOL opinion was not controlling and did not find Dollar Tree was the successor in interest to Factory 2U.

The Sullivan case is a powerful reminder that employers buying assets must carefully consider the way in which they plan to operate following the asset acquisition. In addition to retaining experienced counsel to structure and document the acquisition itself, the purchaser should minimize any resemblance to the seller's business to the extent possible. Companies who must, as a practical matter, continue to operate with the purchased assets in the same location as the seller, should consider structuring the purchase to provide for a cessation in operations, consider hiring new management and enact new employment policies and procedures for the new employees. Additionally, care should be taken to avoid appearing as a mere continuation of the old employer.

Contracts, signage, business plans and the like should be changed as much as possible. While structuring an acquisition as an asset purchase will not always relieve the purchaser of successor liability, careful attention to the post acquisition operations can significantly minimize any such liability.

Gabrielle M. Wirth
Ms. Wirth is a partner and Head of the Labor & Employment Group for Southern California. She has a litigation and advice practice with emphases on complex employment litigation and class actions, including sexual harassment, race, age, sex and disability discrimination, wrongful discharge, wage and hour, unfair competition, WARN Act, misappropriation of trade secrets, after ego and invasion of privacy. She can be reached at (949) 932-3600 or at wirth.gabrielle@dorsey.com.

Dorsey & Whitney LLP

Clients have relied on Dorsey since 1912 as a valued business partner. With more than 600 lawyers in 19 locations in the United States, Asia, Australia, Canada and Europe, Dorsey provides an integrated, proactive approach to its clients' legal and business needs. Dorsey represents a number of the world's most successful Fortune 500 companies in a broad range of industries. Dorsey lawyers in the Southern California office practice in the areas of labor and employment, mergers and acquisitions, securities and corporate finance, intellectual property, as well as general business litigation, international law and corporate trust. More information about the firm can be found at www.dorsey.com.
As many small business owners will tell you – finding the right loan for your growing business is one of the most important decisions you will make. It can mean the difference between a successful company and a struggling one.

Given current economic conditions, government-backed loans through the U.S. Small Business Administration (SBA) are now one of the more attractive options for some businesses. Through the 504 and 7(a) programs, loans can be made to companies in need of capital. Because these loans are partially guaranteed by the SBA, they can be easier to obtain than conventional business loans. Still, for more mature companies, a conventional loan may be the best option.

So what are the differences between a conventional loan and an SBA loan? There are benefits to both.

- **Borrower equity** – SBA allows for owners to put in less equity so business owners can preserve precious working capital. For example, SBA only requires a 10% stake for real estate, whereas, conventional financing requires 25%.

- **Repayment period** – SBA loans provide business owners with a longer repayment period than conventional financing. For example, SBA can provide a repayment term of ten years for equipment compared with five years for conventional financing.

- **Rates** – Typically SBA loans have a higher rate than conventional loans for working capital requests. However, for owner-occupied real estate loans, SBA-backed loans can have more attractive longer term rates than conventional loans.

- **Fees** – Conventional loans have lower fee requirements than SBA loans. SBA loans have what is called an SBA guaranty fee, which is typically 2% to 3.75% of the SBA guaranteed portion of the loan.

- **Documentation requirements** – SBA loans typically require the same conventional application plus several SBA-specific forms, such as the SBA 912 form.

- **Company age** – For mature businesses, a conventional loan can be more beneficial as their cash flow is more predictable and they can forecast their repayment with more reliability. However, for rapidly growing businesses, an SBA loan could be a great option as SBA provides more flexible and longer repayment terms.

The best way for business owners to understand which loan is best for them, is to build a relationship with a seasoned banker who is knowledgeable about their business, understands the pros and cons of different lending structures, and is willing to sit down and explain the options. Matching the bank loan structure to the purpose of the loan is vital for the business and for the lender.

Joe McHugh
For more information, please don’t hesitate to call Joe McHugh today: 949.754.1505. He is located at City National Bank: 20 Pacifica, Suite 100, Irvine, CA 92618.

Member FDIC

City National Bank
City National Bank, California’s Premier Private and Business Bank®, is a Preferred Lender under the U.S. Small Business Administration and SBAExpress programs.

City National’s comprehensive range of small business services also includes conventional loans and lines of credit; business deposit and treasury management services; international banking and foreign exchange; and check and Visa® commercial credit cards.

In 2010, City National won nine Excellence Awards for small business banking from Greenwich Associates, a leading global financial services research and consulting firm. It is the fifth consecutive year that City National has been recognized for its performance serving small businesses and mid-sized companies.

Rainy days are brighter when you save.

With a little help from us, you can reduce your document-related expenses by up to 30%. For 40 years, we’ve helped businesses manage documents and information more cost-efficiently. Whether it’s with software and services designed to reduce expensive paper-driven processes, or a full line of MFPs and printers starting as low as $279, there are lots of ways your office can save enough to weather the occasional storm.

Laurie.Jones@xerox.com

Up to 30% is based on data from more than 100,000 Xerox customer visits and service calls. 

© 2010 XEROX CORPORATION. All rights reserved. XEROX®, Xerox and Design® and Ready For Real Business are trademarks of Xerox Corporation in the United States and/or other countries.
City Police Monitor Officials
City officers who do not take steps to actively monitor how their entities spend their money can expose themselves as individuals to charges of fraud, civil conspiracy, waste of public funds and breach of fiduciary duty. Perhaps even more alarming are the attendant risks the municipalities run of driving themselves into bankruptcy. In 2008, Vallejo became the largest city in California to declare Chapter 9 bankruptcy, largely caused by excessive salaries and pension expenses of which the city could not bear the cost.

Municipalities Need to Monitor Officials
City officials do not take steps to actively monitor how their entities spend their money can expose themselves as individuals to charges of fraud, civil conspiracy, waste of public funds and breach of fiduciary duty. Perhaps even more alarming are the attendant risks the municipalities run of driving themselves into bankruptcy. In 2008, Vallejo became the largest city in California to declare Chapter 9 bankruptcy, largely caused by excessive salaries and pension expenses of which the city could not bear the cost.

Municipalities Need to Monitor Officials
City officers who do not take steps to actively monitor how their entities spend their money can expose themselves as individuals to charges of fraud, civil conspiracy, waste of public funds and breach of fiduciary duty. Perhaps even more alarming are the attendant risks the municipalities run of driving themselves into bankruptcy. In 2008, Vallejo became the largest city in California to declare Chapter 9 bankruptcy, largely caused by excessive salaries and pension expenses of which the city could not bear the cost.

Municipalities Need to Monitor Officials
City officers who do not take steps to actively monitor how their entities spend their money can expose themselves as individuals to charges of fraud, civil conspiracy, waste of public funds and breach of fiduciary duty. Perhaps even more alarming are the attendant risks the municipalities run of driving themselves into bankruptcy. In 2008, Vallejo became the largest city in California to declare Chapter 9 bankruptcy, largely caused by excessive salaries and pension expenses of which the city could not bear the cost.

Municipalities Need to Monitor Officials
City officers who do not take steps to actively monitor how their entities spend their money can expose themselves as individuals to charges of fraud, civil conspiracy, waste of public funds and breach of fiduciary duty. Perhaps even more alarming are the attendant risks the municipalities run of driving themselves into bankruptcy. In 2008, Vallejo became the largest city in California to declare Chapter 9 bankruptcy, largely caused by excessive salaries and pension expenses of which the city could not bear the cost.

Municipalities Need to Monitor Officials
City officers who do not take steps to actively monitor how their entities spend their money can expose themselves as individuals to charges of fraud, civil conspiracy, waste of public funds and breach of fiduciary duty. Perhaps even more alarming are the attendant risks the municipalities run of driving themselves into bankruptcy. In 2008, Vallejo became the largest city in California to declare Chapter 9 bankruptcy, largely caused by excessive salaries and pension expenses of which the city could not bear the cost.

Municipalities Need to Monitor Officials
City officers who do not take steps to actively monitor how their entities spend their money can expose themselves as individuals to charges of fraud, civil conspiracy, waste of public funds and breach of fiduciary duty. Perhaps even more alarming are the attendant risks the municipalities run of driving themselves into bankruptcy. In 2008, Vallejo became the largest city in California to declare Chapter 9 bankruptcy, largely caused by excessive salaries and pension expenses of which the city could not bear the cost.

Municipalities Need to Monitor Officials
City officers who do not take steps to actively monitor how their entities spend their money can expose themselves as individuals to charges of fraud, civil conspiracy, waste of public funds and breach of fiduciary duty. Perhaps even more alarming are the attendant risks the municipalities run of driving themselves into bankruptcy. In 2008, Vallejo became the largest city in California to declare Chapter 9 bankruptcy, largely caused by excessive salaries and pension expenses of which the city could not bear the cost.

Municipalities Need to Monitor Officials
City officers who do not take steps to actively monitor how their entities spend their money can expose themselves as individuals to charges of fraud, civil conspiracy, waste of public funds and breach of fiduciary duty. Perhaps even more alarming are the attendant risks the municipalities run of driving themselves into bankruptcy. In 2008, Vallejo became the largest city in California to declare Chapter 9 bankruptcy, largely caused by excessive salaries and pension expenses of which the city could not bear the cost.

Municipalities Need to Monitor Officials
City officers who do not take steps to actively monitor how their entities spend their money can expose themselves as individuals to charges of fraud, civil conspiracy, waste of public funds and breach of fiduciary duty. Perhaps even more alarming are the attendant risks the municipalities run of driving themselves into bankruptcy. In 2008, Vallejo became the largest city in California to declare Chapter 9 bankruptcy, largely caused by excessive salaries and pension expenses of which the city could not bear the cost.

Municipalities Need to Monitor Officials
City officers who do not take steps to actively monitor how their entities spend their money can expose themselves as individuals to charges of fraud, civil conspiracy, waste of public funds and breach of fiduciary duty. Perhaps even more alarming are the attendant risks the municipalities run of driving themselves into bankruptcy. In 2008, Vallejo became the largest city in California to declare Chapter 9 bankruptcy, largely caused by excessive salaries and pension expenses of which the city could not bear the cost.

Municipalities Need to Monitor Officials
City officers who do not take steps to actively monitor how their entities spend their money can expose themselves as individuals to charges of fraud, civil conspiracy, waste of public funds and breach of fiduciary duty. Perhaps even more alarming are the attendant risks the municipalities run of driving themselves into bankruptcy. In 2008, Vallejo became the largest city in California to declare Chapter 9 bankruptcy, largely caused by excessive salaries and pension expenses of which the city could not bear the cost.

Municipalities Need to Monitor Officials
City officers who do not take steps to actively monitor how their entities spend their money can expose themselves as individuals to charges of fraud, civil conspiracy, waste of public funds and breach of fiduciary duty. Perhaps even more alarming are the attendant risks the municipalities run of driving themselves into bankruptcy. In 2008, Vallejo became the largest city in California to declare Chapter 9 bankruptcy, largely caused by excessive salaries and pension expenses of which the city could not bear the cost.

Municipalities Need to Monitor Officials
City officers who do not take steps to actively monitor how their entities spend their money can expose themselves as individuals to charges of fraud, civil conspiracy, waste of public funds and breach of fiduciary duty. Perhaps even more alarming are the attendant risks the municipalities run of driving themselves into bankruptcy. In 2008, Vallejo became the largest city in California to declare Chapter 9 bankruptcy, largely caused by excessive salaries and pension expenses of which the city could not bear the cost.
Still Searching for Cost Savings? Take a Good Look at Managed Print Services

by Jim Joyce, Senior Vice President, Xerox Enterprise Print Services

The economic climate raised the profile for print/document output as the last unmanaged frontier when it comes to optimizing IT infrastructure. Now more than ever, companies are calling on managed print services (MPS) to save money and spur growth. MPS is a service offering that helps companies of all sizes better manage the way documents are printed, shared and updated throughout their business. It brings multiple print budgets and output devices, like printers, copiers and fax machines, under the management of a single vendor. The fact is, MPS takes many forms – and the most important form is the one that matters to the client decision maker, making a well-executed MPS strategy one that drives value in several clearly defined and measurable areas.

It’s creating a tremendous market opportunity for vendors but it’s important for clients to understand that success in MPS comes from effective execution, not up-front promises. How do you know if your business should explore an MPS relationship? Ask yourself the following questions:

1. Will this effort truly deliver a defined and hard dollar return on investment? Gartner says yes. According to its research, enterprises can save up to 30 percent on printing services by selecting the right partner. Companies like KeyCorp saved more than $6 million on operating costs; Dow Chemical reduced print related spend by more than $20 million in five years. Multiple case studies exist in financial services, manufacturing, aerospace, retail/consumer goods, healthcare, insurance and government entities with very similar results.

2. Are you benefiting from your current investments? Consider what went into the decision-making process for your company’s current output environment – including the current fleet of multi-vendor copiers, printers and other hardware. Is it still delivering what you need? Could it do more – like scanning and imaging for easy access to documents? A qualified MPS partner will assess the environment and also help transform key document driven business processes.

3. Can your technology keep up? As a business changes and evolves, so must its output solution. If the current technology is unable to keep up with the demand from additional employees and increased usage, it is merely a drain on your financial and human resources. Or, if your current strategy does not provide flexibility as the total employee population fluctuates up or down, you have an opportunity for improvement. While the economic environment may mean you need to hold onto your technology assets for a longer period of time, MPS will still reduce costs by combining the right technology with software, services, and proven best practices so your business can streamline workflow, eliminate time consuming manual tasks, and focus on what it does best: its real business.

Jim Joyce

Jim Joyce serves as Senior Vice President, Enterprise Print Services, for Xerox Global Document Outsourcing. Joyce is responsible for global strategy, offering development, and operational execution. This article first appeared in Global Services Media. For more information on MPS, please contact Laurie.Jones@xerox.com.

Xerox Corporation

Xerox Corporation is a $22 billion leading global enterprise for business process and document management. Through its broad portfolio of technology and services, Xerox provides the essential back-office support that clears the way for clients to focus on what they do best: their real business. Headquartered in Norwalk, Conn., Xerox provides leading-edge document technology, services, software and genuine Xerox supplies for graphic communication and office printing environments of any size. Through ACS, A Xerox Company, which Xerox acquired in February 2010, Xerox also offers extensive business process outsourcing and IT outsourcing services, including data processing, HR benefits management, finance support, and customer relationship management services for commercial and government organizations worldwide.
S owly but steadily, Orange County is pulling out of the economic downturn. The California Employment Development Department reported that Orange County added 13,700 jobs from September to October of 2010 and has now added 14,200 jobs for the year. The strong month for job data suggests that Orange County is ready to turn a corner and enter a period of sustained economic growth. But the size of that growth will be largely dependent on businesses’ ability to raise capital and add jobs.

The Pepperdine Private Capital Markets Survey takes a holistic look at where the money is flowing and who is lending. The survey examines private lending sources and simultaneously the privately owned companies looking for funding. The findings, which ask private businesses and private lenders to examine their current circumstances as well as the outlook ahead, show a mixed picture. For the local economy, expectations held by lenders and borrowers will need to come into line in order for business to gain momentum and flourish.

Utilizing this data, businesses can make educated choices on where to seek capital and private lenders can better understand ways to act as a catalyst to encourage widespread business growth.

Outlook for the next 12 months: privately held businesses see optimism; lenders are lukewarm

Recent reports that the economy is no longer in a downward spiral and the job market is finally stabilizing are resulting in greater business confidence. The results from the Private Capital Markets Survey support that sentiment – more than half of privately held businesses think that general business confidence will increase over the next 12 months.

Some of the businesses’ optimism may stem from business owners thinking that they will be able to balance their ledgers. They also are looking at a wide variety of sources from banks and venture capital to more informal sources of funding in hopes of growing and expanding their businesses.

In fact, many private businesses are repaying friends and family from whom they have borrowed money. Of the 38% privately held businesses surveyed almost 35% of respondents reported “friends and family” as a current source of financing. This is down from the previous iteration of the survey where 56% of privately held businesses highlighted “friends and family” as a financing source. Some entrepreneurs may be less reliant on personal loans and are looking increasingly to institutional lenders, the overall reliance on friends and family is very high as only 25% of privately held businesses say they have bank financing.

While lenders are looking to grow, talk to an angel investor

Looking to grow? Talk to an angel investor

As banks maintain tough underwriting standards and venture capitalists exhibit caution, businesses looking for seed funding and growth capital may be well served to turn their attention to angel investors.

One hundred and fifty-two angel investors completed the survey and a large number (28.7%) said their deal flow comes from entrepreneurs compared to the second highest source (14.8%) said their deal flow comes from friends and family. In recent months, angel investors are becoming increasingly active and are looking to invest in opportunities that were previously outside their portfolio.

They also do their due diligence conducting a lot of research with 53.8% saying that reviewing a company and wanting a say in major decisions. Many angel investors are former business owners who want to help people like themselves. In the last survey, 84.4% of angel investors who responded said they would offer assistance with future financing or exit transactions while 67.2% said they would actively help with post-funding processes such as selecting a team and building and recruiting services. However, strategic advice topped the list and was reported by 96.9% of respondents. This guidance can help build a sustainable company as well as find funders for the next round of capital or a possible buyer.

In comparison to venture capitalists, angel investors and their returns are an average of 28% of investment. They also do less follow-on rounds and are interested in early-stage companies. However, angel investors can be mutually beneficial for angel investors who stand to enjoy a tremendous upside when the companies they have invested in go public or sell their business.

CleanTech already growing in Orange County

Orange County can lead the way

Along with CleanTech OC, prominent business groups such as the Orange County Business Council are working to make Orange County a haven for growth and investment. While business advocacy groups are working to make Orange County a business sanctuary, policy makers also have to join the effort.

However, other cities and states offer ideas that could benefit California and Orange County. According to Crais’ Cleveland Business, the state of Ohio recently launched a free online match service for lenders and borrowers. This non-traditional channel for doing business is already paying off. Recently, there were more than 400 potential borrowers who created profiles for lenders to read on the Ohio Business Lending Clearinghouse, and of those, 86 were selected by lenders for full review of their qualifications.

California would be well served to review the Ohio model as the state continues to rebound. Likewise, policymakers would be wise to consider ways to make it easier for businesses to succeed and further the sustained job growth of recent months.

The Pepperdine Private Capital Markets Survey offers businesses, lenders and policy makers a unique look at how the private capital market works. In Orange County there is great reason to be optimistic in the year ahead. Innovation is the key to our great economy and I expect Orange County to continue its innovation in 2011 and beyond.

For more information, visit the Pepperdine University Graziadio School of Business and Management at 6100 Center Drive, 3rd Floor, Los Angeles, CA 90045, call (310) 568-5555, or visit bschool.pepperdine.edu.

Dr. John Paglia
Dr. John Paglia, the Denney Academic Chair and former Julian Virtue Professor, is an associate professor of finance and senior researcher of the Pepperdine Private Capital Markets Project at the Graziadio School of Business and Management. His latest report is available at bschool.pepperdine.edu/privatecapital. Paglia holds a Ph.D. in Finance, an MBA, a B.S. in Finance, and is a Certified Public Accountant (CPA), Accredited in Business Valuation (ABV), Chartered Financial Analyst (CFA), and is an Accredited Senior Appraiser in business valuation (ASA).

Pepperdine University's Graziadio School of Business and Management

Founded on the core values of integrity, stewardship, courage, and compassion, Pepperdine University's Graziadio School of Business and Management has been developing values-centered leaders for contemporary business practice through a commitment to education that is entrepreneurial in spirit, ethical in focus, and global in orientation. Since 1969, our portfolio of fully accredited MBA, Master of Science, and Bachelor's completion business programs provide personalized attention in an intimate setting, emphasis on applied and relevant business practices, and the convenience of five graduate campuses located in Encino, Irvine, Malibu, West Los Angeles, and Westlake Village. With an alumni network of more than 33,000 business professionals, the Graziadio School delivers superior quality of experience, depth of knowledge and flexibility for professionals continuing their education as full-time students, fully-employed degree recipients and senior executives. 
Lack of alternative exit strategies
Mismanaged investor relations and lack of communications with shareholders and the public.

**Bridging the Readiness Gap**
Deloitte offers an experienced team of professionals to help your company throughout the IPO process. We help private companies evaluate the requirements and merits of an IPO and also review other possible options. We offer the following services to help with the IPO process:

- An assessment of readiness for an IPO
- An assessment of tax structure policies and potentials for improvements
- Preparation of a detailed action plan
- A process for managing the challenges

The assessment process not only identifies the key information and preparation required for an IPO, but also considers potential improvements, such as discerning enhancements to tax structuring. An assessment of readiness for an IPO focuses primarily on evaluating:

- The quality of your company’s financial reporting, with a focus on accounting policies your company will need to adopt or revise upon going public
- The business flows and legal entity structure within your company
- The availability of the key information required for your company’s IPO prospectus, and your company’s ability to gather that information
- The state of your company’s internal controls over financial reporting and identifying enhancements in the control environment your company may need before going public
- Corporate governance structure for your company and reviewing processes for sound governance and risk management
- Alignment of tax technical and reporting policies with accounting and financial reporting objectives

We refer to the outcome of this assessment as the “Readiness Gap,” as it helps the organization gauge where it stands (and where it needs to go) in terms of its overall IPO readiness. It also forms the basis for developing a detailed action plan, including an estimate of the time, effort, approach, and resources required to close the Readiness Gap.

Even with a comprehensive action plan, the process of preparing for an IPO is complex and can put significant pressure on your company’s resources, especially senior management. Our team provides project management skills to support your company in managing the project efficiently and effectively – from the initial assessment, through completion of the IPO and beyond.

**Ongoing support for life as a public company**
We can also help your company manage the ongoing requirements of being public. We offer continued support to help you embed leading practices throughout your company.

As you grow, your company will benefit from Deloitte’s global presence. You and your management team will have access to the same high-quality services, including accounting, financial reporting tax, and technology, through a network of professionals located in business centers around the world. Our vast experience and a strong track record with U.S. GAAP, International Financial Reporting Standards (IFRS), and regulatory filings (SEC and other regulatory agencies) enable us to assist wherever your company operates in the world, as well as help you explore options to list on foreign exchanges.

Deloitte stands ready to serve your IPO readiness needs.

---

**CFO of the Year nominees**

Excelling among your peers brings excellence to Orange County.

---

**CFO-Guide(small):Layout 1  12/23/10  10:36 AM  Page 33**
EMERGING COMPANIES REQUIRE TOP TIER ERP TO MANAGE 21ST CENTURY REALITIES

continued from page A-6

“We were a small company that now can execute and manage its business like a big guy,” Inofuentes says. “For example, we were able to set up a warehouse in China in 30 days. I went, signed the contract, and within a month, we were shipping products from 13 different factories from that warehouse.”

Ten Questions to Answer before Choosing Tier 2 ERP

Top Tier ERP may not be the right solution for every growing midsize company. But before you choose a solution from a Tier 2 ERP provider, you need to get the right answers to these questions.

1. Will we have multiple implementation partners to choose from in our geographic area with both product and industry expertise?
2. How many partners will be required to complete our enterprise applications implementation?
3. How hard will it be to find and hire IT staff to support our ERP choice?
4. Will we have to move to a different version of ERP when we grow beyond mid-size and/or expand to multiple countries?
5. How much of the functionality will we need to be provided by standard “out of the box” – capabilities and how much will require customizations?
6. How will we be provided with support for all products and customizations we need to meet our project goals and how will that impact our ability to upgrade those products in the future?
7. How financially strong and stable is our potential Tier 2 ERP vendor of choice?
8. What is the long term viability of our potential Tier 2 ERP product suite of choice?
9. Will our product of choice be able to support expansion into new global markets?
10. How do Tier 2 ERP choices compare to Tier 2 ERP in both Total Cost of Ownership (TCO) and Return on Investment (ROI)?

FINANCING THE FUTURE

continued from page A-1

With those thoughts in mind, you should take the following preparatory actions before approaching prospective lenders:

• Assess your company’s creditworthiness
• Foster strong relationships with current and prospective lenders
• Make your information package compelling
• Do a self-assessment. “Regardless of whether a company is seeking capital from traditional lenders or from alternative sources, the first step is knowing the key areas that capital providers focus on when evaluating potential credit or investment risk,” says Tuchman. “That analysis will affect the availability of capital to your business, as well as the structure, pricing, covenants, and any other terms associated with the capital.”

In assessing prospective borrowers, lenders typically use the “five Cs of credit” as their main criteria: current capital structure, cash flow, collateral, conditions, and character. Business seeking capital should study these criteria and make sure their company measures up before approaching prospective lenders.

• Cultivate lender relationships. To make itself attractive to lenders, your company will want to develop relationships with multiple potential funding sources. Your current team of advisors – attorneys, consultants, investment bankers, and accountants – can be instrumental in making introductions to new lenders, by leveraging their networks to identify appropriate funding sources for your particular needs. They can also help you cultivate and manage relationships with both your current providers of capital and prospective lenders, developing requests for proposals and negotiating terms, among other things.

Although you might end up tapping only one or two of the lending sources you cultivate, maintaining relationships with a good number of them is a sound strategy. Keep as many eggs in your basket as you reasonably can. It could end up being well worth the effort.

• Make your package compelling. Once you have assessed your company via the “five Cs of credit,” as well as considered what a particular lender might be looking for, the next step is to create a comprehensive, well-organized package that’s tailored to each of your targeted funding sources.

The package should not only include your request for capital and what you intend to do with the funding, but also present a solid business plan – one mapping out a clear strategy and financial projections. Make sure your plan demonstrates that you have a good handle on your business, your cash flow, and your capital needs. All data should be presented accurately and clearly, and the package as a whole should have no significant information gaps. Be transparent about any concerns, past or present, and about your plans for the future.

Conclusion. Regardless of whether your company wants to make an acquisition, launch a capital-intensive project, refinance, or find a way to bridge a lean period, it will benefit from looking at a range of capital sources beyond traditional bank loans. By studying those sources and maintaining your company’s creditworthiness, your business can work more effectively with current and prospective capital sources; and as a result, better position itself for growth – in any type of economic environment.

1 PwC Corporate Finance LLC is owned by PricewaterhouseCoopers LLP, a member firm of PricewaterhouseCoopers, and is a member of FINRA and SIPC. PwC Corporate Finance LLC is not engaged in the practice of public accounting.

Want to learn more about strategies for accessing capital? Please contact someone on the PwC team, including: Knutep.p.kurtz@us.pwc.com or Michael L. Milani, President, PwC Corporate Finance, LLC at michael.milani@us.pwc.com.
Still searching for cost savings? Take a good look at managed print services continued from page A-31

speed up access to critical information and reduce operational costs.

4. Does your print infrastructure support other company objectives? Implementing MPS not only tackles cost and productivity goals, but it can offer sustainability benefits as well. For example, by decreasing the number of output devices from 10,000 to 3,500, KeyCorp addressed a corporate commitment to reduce paper consumption, decrease power usage and eliminate several tons of landfill waste. How? By strategically rationalizing the ratio of output devices to its employee population, the company reduced energy usage – leading to reduced carbon production and greenhouse gases. Eliminating unnecessary output also helps save a significant amount of fresh water and trees via the reduction in the paper and pulp manufacturing process.

5. Does downtime cost you? One of the fundamental challenges when assessing printing expenses is determining what is being spent and where. When your IT department is constantly fixing hardware while employees are unable to effectively print, scan and handle documents, all departments suffer. Printing costs are often buried in various department budgets and each employee likely has a personalized work process that may not be optimal to reducing overall printing costs. Providers utilizing Lean Six Sigma or other proven methodologies unlock the potential to save on document costs by identifying ways to eliminate errors and unnecessary steps. By leveraging intelligent network-based tools to monitor all devices, proactive management strategies can be implemented to help avoid unnecessary downtime.

6. Do you have more important things to focus on than print? Most businesses do not have the print management knowledge internally to handle local, national and even global print solutions without outside help. An MPS partner brings the expertise to manage, upgrade and improve millions of devices, while empowering the workforce to embrace productivity and operational changes through effective change management programs. By assessing digital and paper document volume, related work processes and the technology that supports it, an MPS partner will develop a plan that achieves the right formula for existing employee work habits, daily volume and organizational readiness for implementing new strategies so workers can focus on revenue generating tasks, not print related issues. John A. Huntington Bank saw the benefits of embracing an MPS strategy. “We signed on for MPS for the cost savings opportunity and to help the environment, but working with Xerox is also a smart business strategy for us. By improving the way we work, we help us stay competitive,” said Zahid Afzal, Executive Vice President and Chief Information Officer, Huntington Bank. Huntington will also meet its sustainability goals by decreasing the number of printers and educating employees on responsible printing. The bank has already seen a 35 percent drop in toner usage, as well as reduced paper and power consumption.

How to Choose an MPS Partner

The long-term results of a successful MPS partnership include enhanced productivity, increased compliance and improved environmental sustainability. Companies with future plans for MPS should evaluate the following when selecting a supplier:

• Improved user experience: Do they monitor all devices, and proactively solve problems to avoid unnecessary downtime and keep employees productive?

• Customer service focus: Will they collaborate to understand the business and provide innovative ways for employees to work more effectively – beyond simply managing print?

• Sales and distribution flexibility: Is there a single point of contact and a consistent approach to MPS for businesses that span different geographies?

• Commitment to innovation: Will they collaborate to understand the business and provide innovative ways for employees to work more effectively – beyond simply managing print?

• Track record: Can they provide quality references that demonstrate measurable and sustainable results?

While MPS is not a new solution, it continues to be an overlooked opportunity for companies to save money. And for those who have discovered the benefits – there’s more to uncover. Businesses are eager to innovate and give their employees new ways to work efficiently – to win new business, to get products to market, to get invoices processed, and to communicate more effectively with customers. A properly implemented MPS strategy does that and more by creating a digital platform that integrates with their overall IT strategy.

ACHIEVING SUCCESS IN AN ENVIRONMENT OF SLOW GROWTH, RAPID-FIRE CHANGES

Key investment principles, such as actively – and responsibly – managing money for its intended purpose, will continue to position investors for success, no matter how challenging the market environment. And proven processes around astute and insightful securities selection, such as finding quality and value or identifying weaknesses, can be more of a requisite than ever before.

Take for example, taxes. Managers who can deliver innovative solutions that control and coordinate the timing and nature of tax consequences will become increasingly valued in the event taxes rise, the return environment remains low and the concept of “total portfolio results” takes on new resonance.

Another imperative for the years ahead is a complete, transparent portfolio view. Investors and advisors alike must have a full and clear understanding of what is held, why it is held and how it may impact other investment decisions. This is particularly relevant as diversification ideas become more complex and require deeper insights and analysis. A complete, transparent view can quickly reveal areas of excess exposure or unnecessary risk that may have been hidden in the past.

No matter how powerful these investment cornerstones may be, they are only effective when investors are disciplined. Yet, history has shown that investors tend to panic when things are at their worst, often missing out on the good news that displaces the bad. Adherence to a disciplined strategy – another “old truth” – will become even more essential in the crucial years ahead, when traditional recovery periods may be more erratic and upswings may feel more like up-and-down swings.

Moving Forward in a World that Seems Backwards

In many ways, the next decade will be the most critical in investment history. An innovative yet disciplined strategy is mandatory for success in this increasingly complex and volatile environment. Those who adopt a comprehensive, forward-thinking approach that combines a new mindset with proven investment principles will not only move more confidently through the ever-changing landscape, but will be more likely to come out ahead.

For more information on how BNY Mellon Wealth Management can help you succeed in the decade ahead and beyond, please call David Emmes, II at 949-253-5066.

This material is provided for educational purposes only. It is not intended to constitute legal, tax, investment or financial advice and may not be used as such. Effort has been made to assure that the material presented herein is accurate at the time of publication. However, this material is not intended to be a full and exhaustive explanation of the law in any area or of all of the tax, investment or financial options available. We recommend all individuals consult with their lawyer or tax professional, or their investment or financial advisor for professional assurance that this material, and the interpretation of it, is accurate and appropriate for their unique situation.

Pursuant to IRS Circular 230, we inform you that any tax information contained in this communication is not intended to constitute tax advice and is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein.

©2010 The Bank of New York Mellon Corporation. All rights reserved.
Steve Brake
Del Taco Holdings Inc., Lake Forest
As both the Senior Vice President and Chief Financial Officer of Del Taco Holdings Inc., Lake Forest, Steve Brake has led various strategic initiatives focused on improving the efficiency of the front line staff in the restaurants to enhance the revenue earned from each guest, improving the procurement function and overall supply chain efficiency, obtaining lower lease rates, and managing the labor pool through better labor management processes. Brake is a licensed certified public accountant and holds a BA in Economics from the University of California, Irvine, and a Masters in Business Administration. Outside of his duties at Del Taco Holdings, Brake is on the board of the Orange County Academic Decathlon which engages sophomores and juniors in 69 high schools in Orange County and is involved with the Orange County Susan G. Komen Foundation and the Wylam Foundation. Del Taco Holdings operates the Del Taco fast food chain, the #2 quick-service Mexican brand in the US.

Charles F. Cargile
Newport Corporation, Irvine
Charles F. Cargile serves as Newport Corporation’s Senior Vice President and Chief Financial Officer. Newport Corporation is a leading global supplier of advanced technology products and solutions for Scientific Research, Life & Health Science, Aerospace & Defense, Photovoltaics, Industrial Manufacturing, Semiconductors, and Microelectronics markets. In his position, Cargile is responsible for the strategic direction of the company and manages over $180 million of cash and marketable securities including portfolio management, acquisition/investment spending, and share repurchases. Recently, as a result of the recession, Cargile implemented a restructuring program that has achieved over $30 million in annual savings. He also led the financial efforts that have allowed Newport to increase revenue 30% in 2010. Cargile graduated from the Marshall School of Business at the University of Southern California with a Bachelor of Science in Business Administration. In addition to his duties at Newport, Cargile is also the Co-Chairman for his alma mater, American Career College, and hosts fundraisers at home. Eric is actively involved in his local community serving on the board of directors for non-profit organizations including Newport Beach Little League, Newport Pony League Baseball; and NJB Youth Basketball.

Martin Cortes
Cardenas Markets, Ontario
Martin Cortes acts as the Chief Financial Officer of Cardenas Markets, a supermarket chain that offers a mix of produce, meats and dry goods catered to the Latino market. Arriving at the company in March 2009, Cortes has been working to better align the finance department with the needs of the company and top management, providing better information in a timely manner. Management can analyze the business and make critical decisions. Since his arrival, the company has dramatically improved processes and systems to reduce touch points and other manual efforts so the finance staff can spend more time on process improvement and value-added activities. Cortes has also aided in the restructuring of the finance group into teams of people for different functions, pushing down accountability and empowering the teams to do more without running to the CFO for every decision, and thus saving approximately $200k per year in staff cost.

Alan Czesrezynak
Toyota Material Handling USA Inc., Irvine
As Senior Vice President of Administration/Corporate Secretary of Toyota Material Handling USA Inc., since September 2008, Alan Czesrezynak is responsible for the overall planning, pricing, distribution functions, and a host of other duties of a $970 million operation. Czesrezynak is also responsible for all affiliated companies in the United States and has helped to enact policies and procedures to assure compliance with federal regulation, resulting in zero-finding audits. He has also established banking and financing relationships to support expansion efforts so the finance staff can spend more time on process improvement and value-added activities. Czesrezynak has also aided in the restructuring of the finance group into teams of people for different functions, pushing down accountability and empowering the teams to do more without running to the CFO for every decision, and thus saving approximately $200k per year in staff cost.

Charles F. Cargile
Newport Corporation, Irvine
Charles F. Cargile serves as Newport Corporation’s Senior Vice President and Chief Financial Officer. Newport Corporation is a leading global supplier of advanced technology products and solutions for Scientific Research, Life & Health Science, Aerospace & Defense, Photovoltaics, Industrial Manufacturing, Semiconductors, and Microelectronics markets. In his position, Cargile is responsible for the strategic direction of the company and manages over $180 million of cash and marketable securities including portfolio management, acquisition/investment spending, and share repurchases. Recently, as a result of the recession, Cargile implemented a restructuring program that has achieved over $30 million in annual savings. He also led the financial efforts that have allowed Newport to increase revenue 30% in 2010. Cargile graduated from the Marshall School of Business at the University of Southern California with a Bachelor of Science in Business Administration. In addition to his duties at Newport, Cargile is also the Co-Chairman for his alma mater, American Career College, and hosts fundraisers at home. Eric is actively involved in his local community serving on the board of directors for non-profit organizations including Newport Beach Little League, Newport Pony League Baseball; and NJB Youth Basketball.

Martin Cortes
Cardenas Markets, Ontario
Martin Cortes acts as the Chief Financial Officer of Cardenas Markets, a supermarket chain that offers a mix of produce, meats and dry goods catered to the Latino market. Arriving at the company in March 2009, Cortes has been working to better align the finance department with the needs of the company and top management, providing better information in a timely manner. Management can analyze the business and make critical decisions. Since his arrival, the company has dramatically improved processes and systems to reduce touch points and other manual efforts so the finance staff can spend more time on process improvement and value-added activities. Cortes has also aided in the restructuring of the finance group into teams of people for different functions, pushing down accountability and empowering the teams to do more without running to the CFO for every decision, and thus saving approximately $200k per year in staff cost.

Alan Czesrezynak
Toyota Material Handling USA Inc., Irvine
As Senior Vice President of Administration/Corporate Secretary of Toyota Material Handling USA Inc., since September 2008, Alan Czesrezynak is responsible for the overall planning, pricing, distribution functions, and a host of other duties of a $970 million operation. Czesrezynak is also responsible for all affiliated companies in the United States and has helped to enact policies and procedures to assure compliance with federal regulation, resulting in zero-finding audits. He has also established banking and financing relationships to support expansion efforts so the finance staff can spend more time on process improvement and value-added activities. Czesrezynak has also aided in the restructuring of the finance group into teams of people for different functions, pushing down accountability and empowering the teams to do more without running to the CFO for every decision, and thus saving approximately $200k per year in staff cost.

Charles F. Cargile
Newport Corporation, Irvine
Charles F. Cargile serves as Newport Corporation’s Senior Vice President and Chief Financial Officer. Newport Corporation is a leading global supplier of advanced technology products and solutions for Scientific Research, Life & Health Science, Aerospace & Defense, Photovoltaics, Industrial Manufacturing, Semiconductors, and Microelectronics markets. In his position, Cargile is responsible for the strategic direction of the company and manages over $180 million of cash and marketable securities including portfolio management, acquisition/investment spending, and share repurchases. Recently, as a result of the recession, Cargile implemented a restructuring program that has achieved over $30 million in annual savings. He also led the financial efforts that have allowed Newport to increase revenue 30% in 2010. Cargile graduated from the Marshall School of Business at the University of Southern California with a Bachelor of Science in Business Administration. In addition to his duties at Newport, Cargile is also the Co-Chairman for his alma mater, American Career College, and hosts fundraisers at home. Eric is actively involved in his local community serving on the board of directors for non-profit organizations including Newport Beach Little League, Newport Pony League Baseball; and NJB Youth Basketball.

Martin Cortes
Cardenas Markets, Ontario
Martin Cortes acts as the Chief Financial Officer of Cardenas Markets, a supermarket chain that offers a mix of produce, meats and dry goods catered to the Latino market. Arriving at the company in March 2009, Cortes has been working to better align the finance department with the needs of the company and top management, providing better information in a timely manner. Management can analyze the business and make critical decisions. Since his arrival, the company has dramatically improved processes and systems to reduce touch points and other manual efforts so the finance staff can spend more time on process improvement and value-added activities. Cortes has also aided in the restructuring of the finance group into teams of people for different functions, pushing down accountability and empowering the teams to do more without running to the CFO for every decision, and thus saving approximately $200k per year in staff cost.

Alan Czesrezynak
Toyota Material Handling USA Inc., Irvine
As Senior Vice President of Administration/Corporate Secretary of Toyota Material Handling USA Inc., since September 2008, Alan Czesrezynak is responsible for the overall planning, pricing, distribution functions, and a host of other duties of a $970 million operation. Czesrezynak is also responsible for all affiliated companies in the United States and has helped to enact policies and procedures to assure compliance with federal regulation, resulting in zero-finding audits. He has also established banking and financing relationships to support expansion efforts so the finance staff can spend more time on process improvement and value-added activities. Czesrezynak has also aided in the restructuring of the finance group into teams of people for different functions, pushing down accountability and empowering the teams to do more without running to the CFO for every decision, and thus saving approximately $200k per year in staff cost.
Scharrell Talley Jackson
Squar Milner, Newport Beach
Scharrell Jackson is the Chief Financial and Administrative Officer of Squar Milner, a leading developer, manufacturer and marketer of high performance analog and mixed signal integrated circuits, high reliability semiconductors and RF subsystems, as Chief Financial Officer in 2006. During his tenure, Hohener has been responsible for all public company reporting and financial reporting, as well as capital raising activities. Recently, he completed a $425 million debt offering for Microsemi to fund the acquisition of Actel in November 2010, one of Orange County’s largest acquisitions of the year. In addition to these accomplishments, Hohener has worked diligently to reduce accounting expenses by millions of dollars and set up the internal audit department. He is credited with setting up the entire SOX process and the compliance structure within Microsemi, cleaning up the balance sheet, and completely restructuring the accounting group. Outside of his professional career, Hohener is actively involved in his church and regularly mentors accountants.

Nate Julson
Trace3, Irvine
In 2003, Nate Julson joined Trace3 as the Director of Finance and Operations and Chief Financial Officer. In that role, Julson has managed financial and working capital responsibilities that generated 70% year-over-year growth over seven years without having to raise capital via debt or equity. During his tenure, the total employee headcount has also grown from 7 to 130 people. Taking a hands-on approach to all of his duties, Julson has personally hired and trained every member of the accounting, sales, payroll, human resources, and legal departments from the ground up. Julson graduated from the University of California at Irvine with a BA in Economics and has a Masters in Business Administration from the University of Southern California. In his spare time, Holt serves as a small group leader for junior high school children at Saddleback Church.

Bret W. Johnsen
Mindspeed Technologies, Newport Beach
Mindspeed Technologies Inc. designs, develops and sells semiconductor solutions for communications applications in the wireline and wireless network infrastructure. Under Bret’s leadership as Chief Financial Officer over the last two years, Mindspeed has seen an appreciation in its stock price from $0.85 per share to today’s stock price of $6.60 per share, an increase of over 600%. Equally impressive, the company’s product revenue has increased 36%. Through Johnsen’s hard work and financial leadership, Mindspeed has materially increased their liquidity position in 2010 by growing cash balances by $24 million and closing their fiscal year with the strongest cash balance in five years, while decreasing leverage and strengthening the balance sheet. For the future, Johnsen and his financial team have established five-year financial plans and continually monitor and drive results of the company. In addition to his professional accomplishments, Johnsen is a member of the GSA (semi-conductor industry organization) and is active in various community organizations.

Garrett Kawano
Shortcuts Software, Huntington Beach
As Shortcuts Software Inc.’s Executive Vice President of the Americas since May 2010, Garrett Kawano leads teams in finance/accounting, professional services, client services, help desk operations including but not limited to – Girls Inc., Working Wardrobes, Human Options, Pink Ladder, Orangewood Children’s Foundation and Monarch School. Squar Milner is one of the nation’s 100 largest accounting firms as well as one of the largest independent accounting and advisory firms in California.

Congratulations Chuck Cargile!

From Your Colleagues at Newport Corporation –
Thank You for Your Great Work and Congratulations on Your Nomination for CFO of the Year.

Newport is a leading global provider of photonics technology and products.

Newport
Experience | Solutions
1791 Deere Avenue, Irvine CA 92606
949-863-3144
www.newport.com

Mindspeed Technologies is a leading developer, manufacturer and marketer of high performance analog and mixed signal integrated circuits, high reliability semiconductors and RF subsystems, as Chief Financial Officer in 2006. During his tenure, Hohener has been responsible for all public company reporting and financial reporting, as well as capital raising activities. Recently, he completed a $425 million debt offering for Microsemi to fund the acquisition of Actel in November 2010, one of Orange County’s largest acquisitions of the year. In addition to these accomplishments, Hohener has worked diligently to reduce accounting expenses by millions of dollars and set up the internal audit department. He is credited with setting up the entire SOX process and the compliance structure within Microsemi, cleaning up the balance sheet, and completely restructuring the accounting group. Outside of his professional career, Hohener is actively involved in his church and regularly mentors accountants.

CFO Awards Nominees
John Hohener
Microsemi Corporation, Irvine
John Hohener joined Microsemi Corporation, a leading developer, manufacturer and marketer of high performance analog and mixed signal integrated circuits, high reliability semiconductors and RF subsystems, as Chief Financial Officer in 2006. During his tenure, Hohener has been responsible for all public company reporting and financial reporting, as well as capital raising activities. Recently, he completed a $425 million debt offering for Microsemi to fund the acquisition of Actel in November 2010, one of Orange County’s largest acquisitions of the year. In addition to these accomplishments, Hohener has worked diligently to reduce accounting expenses by millions of dollars and set up the internal audit department. He is credited with setting up the entire SOX process and the compliance structure within Microsemi, cleaning up the balance sheet, and completely restructuring the accounting group. Outside of his professional career, Hohener is actively involved in his church and regularly mentors accountants.

Paul Holt
Quality Systems Inc., Irvine
Paul Holt’s career started on the fast track when he accepted a position as controller in January 2000 at the leader in the provision of electronic health records, Quality Systems Inc. Now under his guidance as the Chief Financial Officer and Secretary, the accounting team has dramatically expanded, growing from approximately ten professionals at the time he joined the company to 60 today – a growth that was necessitated by the company’s explosive growth during this time period. Since his arrival the company to 60 today – a growth that was necessitated by the company’s explosive growth during this time period. Since his arrival the company’s explosive growth during this time period. Since his arrival the company’s explosive growth during this time period.

Scharrell Talley Jackson
Squar Milner, Newport Beach
Scharrell Jackson is the Chief Financial and Administrative Officer of Squar Milner, a leading developer, manufacturer and marketer of high performance analog and mixed signal integrated circuits, high reliability semiconductors and RF subsystems, as Chief Financial Officer in 2006. During his tenure, Hohener has been responsible for all public company reporting and financial reporting, as well as capital raising activities. Recently, he completed a $425 million debt offering for Microsemi to fund the acquisition of Actel in November 2010, one of Orange County’s largest acquisitions of the year. In addition to these accomplishments, Hohener has worked diligently to reduce accounting expenses by millions of dollars and set up the internal audit department. He is credited with setting up the entire SOX process and the compliance structure within Microsemi, cleaning up the balance sheet, and completely restructuring the accounting group. Outside of his professional career, Hohener is actively involved in his church and regularly mentors accountants.
We put our energy into one place. Yours

Deloitte Growth Enterprise Services is everything you expect of Deloitte — experienced people, regulatory insight, and the global resources of a member firm network — scaled to serve privately held companies. We customize our service offerings and take a trusted-advisor approach that gives you access to our best and brightest. All at competitive rates. No one puts more into your business. Except you.

To learn more about DGES, visit us at www.deloitte.com/us/dges.
Robert Krist
Endologix, Irvine

A seasoned executive with 24 years of CFO and senior operating management experience with seven companies, Robert Krist joined Endologix, Inc. in 2004 as Chief Financial Officer. Krist is credited with creating the infrastructure, business systems, reporting and information systems to lead a company to grow from zero to $67 million in revenue in six years, all while never missing a report or any reporting to regulatory authorities. Krist is also responsible for revamping the compensation system that has resulted in growth in revenue and generated 300% improved production for his sales team. Krist earned his MBA in Finance from the University of Southern California and his BS in Physics from Villanova University. Endologix is a developer and manufacturer of minimally invasive treatments for vascular diseases. Endologix is focusing on the development and marketing of its patented technology for the treatment of Abdominal Aortic Aneurysms.

Scott Lamb
ICU Medical, San Clemente

Scott Lamb is a financial professional with a solid background of achievements within high-tech manufacturing, software, engineering and service in the telecom and medical industries. Joining ICU Medical Inc. in April 2008 as Chief Financial Officer, Secretary and Treasurer, Lamb’s list of responsibilities include monitoring the company’s investment portfolio of over $90 million, while managing the finance, accounting, tax, business development, IT and human resource departments. During his time at ICU Medical, Lamb has increased the number of sell-side analysts covering ICU Medical from one to seven. He is also credited with closing two acquisitions resulting in a 25% increase in revenue and a 15% increase in operating income. Lamb earned his BS in International Business, with emphasis in Finance and Japanese from California State University Fullerton, and his MBA from the University of Redlands.

ICU Medical Inc. is a developer of disposable medical connection systems for use in vascular therapy applications.

Tom Liguori
MFLEX, Anaheim

A Chief Financial Officer of public companies for the last ten years, Tom Liguori brought his expertise in international business, manufacturing operations, cost management, M&A, investor relations and tax strategies to MFLEX in February 2008. Heading the finance team, he has spent the last two years working closely with executives in program management on a day to day basis to reduce product costs and create profitable and competitive pricing. Liguori has also built the finance and IT infrastructure during a period of revenue growth from $500 million to $750 million. He has secured $30 million financing for USA/Singapore and $75 million financing for China operations. Liguori received his MBA with a concentration in Finance from Arizona State University and his BS in Business Administration from Boston University.

MFLEX is a $750 million revenue company that manufactures flexible printed circuit boards for mobile phone and electronics industry.

George Malovrazich
Horsemen Investigations, Huntington Beach

During George Malovrazich’s tenure as Chief Financial Officer at Horsemen Investigations, the company has experienced a substantial turnaround under several constraining factors – macroeconomics, tight credit markets and overall, the company operating in its mature business

Free with your paid subscription to the Orange County Business Journal
ORDER NOW!
You get 52 weeks of up-to-date, authoritative news on Orange County business.
PLUS the 2011 Book of Lists, Golf Guide and more
ALL FOR ONLY $89
For more information or to order, call (949) 833-8373

SUBSCRIBER BONUS

Orange County Business Journal
www.ocbj.com
CFO of the Year

Congratulations to our CFO, Nate Julson on Defining Your X

TRACE3
CFO of the Year Nominees

John McAlpine
Telmar Network Technology, Irvine

John McAlpine is a finance leader with more than 20 years of progressive experience in international and domestic public and private corporations, ranging in revenue size from $250 million to over $30 billion. Equipped with this experience, McAlpine began his tenure at Telmar Network Technology, a $250 million market leading provider of communications and network service solutions, as Executive Vice President and Chief Financial Officer in 2008. In his professional duties, McAlpine works closely with the operations side of the business to improve profit margins, resulting in Telmar’s margins improving for last three years. McAlpine takes a proactive management style, and with his close relationship with the CEO, is involved in all levels (the environment, culture, and values) of the company. Outside of his roles at Telmar, McAlpine is an active member of his community; he is an elder at Trinity United Presbyterian Church in Santa Ana.

Patrick McCullough
Amonix, Seal Beach

Prior to joining Amonix in June 2010 as Chief Financial Officer, Patrick McCullough served as CFO of Control Components Incorporated, IMI Service, and Johns Manville. As CFO of Amonix, the leading designer and manufacturer of concentrated photovoltaic solar power systems, McCullough is responsible for leading the finance, human resources, IT and legal departments. He focuses on working with operational personnel to provide the information needed to optimize performance, information that drives decisions and allows measurement of performance, and adopting systems that ensure integrity of the numbers. McCullough is credited with significantly improving the company’s hiring processes, preparing individual development plans for each of the key employees who work for him, as well as empowering employees to do their jobs and allowing them direct exposure to the CEO. In addition to his professional achievements, McCullough is involved with a volunteer program at CHOC that provides gift and toys to underprivileged hospital patients.

Jennifer Mitzner
Hoag Hospital Foundation, Newport Beach

Jennifer Mitzner joined Hoag Hospital Foundation as Controller in 1994; since then her impactful accomplishments have earned her the titles of Senior Vice President and Chief Financial Officer. Mitzner is responsible for the development of an annual operating budget of approximately $700 million. In her roles at Hoag, Mitzner has developed and implemented a new supply chain management initiative which was awarded the VHA National Supply Chain Leadership Award with results including $4 million in realized savings and a 30% reduction in temporary labor costs. Mitzner graduated from Texas Christian University with a Bachelor of Business Administration and received her Masters in Public Health Services Administration from the University of San Francisco.

Pete Moerbeek
Primoris, Lake Forest

With over 20 years of experience in top leadership positions, Pete Moerbeek was named Executive Vice President, Chief Financial Officer and independent director of Primoris since July 2008. Before joining Primoris, he served as CEO of a private equity funded company engaged in the acquisition and operation of water and wastewater utilities. Moerbeek has a BSEE degree and MBA from the University of Washington, and is a Certified Public Accountant.

Mark McEachen
Freedom Communications, Irvine

Prior to joining Freedom Communications, McEachen was the Controller & Treasurer at Chrysler in the finance department. In 2009, the day after Memorial Day, McEachen was brought into Freedom to help determine a financial restructuring plan for the company. Freedom faced several significant challenges. McEachen interviewed with all of the family members at Freedom, and ultimately became the Chief Restructuring Officer, as well as the Chief Financial Officer and Chief Operating Officer. McEachen led Freedom through a financial and operating restructuring while at the same time avoiding significant layoffs. As a result of the successful restructuring, the company’s performance improved dramatically. In 2009, the profit target was $30 million, and the company achieved a $70 million profit. The 2010 profit is projected to be 160% of the target. Freedom Communications is a national privately owned information and entertainment company of print publications, broadcast television stations and interactive businesses.

Jennifer Mitzner
Hoag Hospital Foundation, Newport Beach

Jennifer Mitzner joined Hoag Hospital Foundation as Controller in 1994; since then her impactful accomplishments have earned her the titles of Senior Vice President and Chief Financial Officer. Mitzner is responsible for the development of an annual operating budget of approximately $700 million. In her roles at Hoag, Mitzner has developed and implemented a new supply chain management initiative which was awarded the VHA National Supply Chain Leadership Award with results including $4 million in realized savings and a 30% reduction in temporary labor costs. Mitzner graduated from Texas Christian University with a Bachelor of Business Administration and received her Masters in Public Health Services Administration from the University of San Francisco.

Pete Moerbeek
Primoris, Lake Forest

With over 20 years of experience in top leadership positions, Pete Moerbeek was named Executive Vice President, Chief Financial Officer and independent director of Primoris since July 2008. Before joining Primoris, he served as CEO of a private equity funded company engaged in the acquisition and operation of water and wastewater utilities. Moerbeek has a BSEE degree and MBA from the University of Washington, and is a Certified Public Accountant.

Mark McEachen
Freedom Communications, Irvine

Prior to joining Freedom Communications, McEachen was the Controller & Treasurer at Chrysler in the finance department. In 2009, the day after Memorial Day, McEachen was brought into Freedom to help determine a financial restructuring plan for the company. Freedom faced several significant challenges. McEachen interviewed with all of the family members at Freedom, and ultimately became the Chief Restructuring Officer, as well as the Chief Financial Officer and Chief Operating Officer. McEachen led Freedom through a financial and operating restructuring while at the same time avoiding significant layoffs. As a result of the successful restructuring, the company’s performance improved dramatically. In 2009, the profit target was $30 million, and the company achieved a $70 million profit. The 2010 profit is projected to be 160% of the target. Freedom Communications is a national privately owned information and entertainment company of print publications, broadcast television stations and interactive businesses.

Pete Moerbeek
Primoris, Lake Forest

With over 20 years of experience in top leadership positions, Pete Moerbeek was named Executive Vice President, Chief Financial Officer and independent director of Primoris since July 2008. Before joining Primoris, he served as CEO of a private equity funded company engaged in the acquisition and operation of water and wastewater utilities. Moerbeek has a BSEE degree and MBA from the University of Washington, and is a Certified Public Accountant.

Mark McEachen
Freedom Communications, Irvine

Prior to joining Freedom Communications, McEachen was the Controller & Treasurer at Chrysler in the finance department. In 2009, the day after Memorial Day, McEachen was brought into Freedom to help determine a financial restructuring plan for the company. Freedom faced several significant challenges. McEachen interviewed with all of the family members at Freedom, and ultimately became the Chief Restructuring Officer, as well as the Chief Financial Officer and Chief Operating Officer. McEachen led Freedom through a financial and operating restructuring while at the same time avoiding significant layoffs. As a result of the successful restructuring, the company’s performance improved dramatically. In 2009, the profit target was $30 million, and the company achieved a $70 million profit. The 2010 profit is projected to be 160% of the target. Freedom Communications is a national privately owned information and entertainment company of print publications, broadcast television stations and interactive businesses.

Pete Moerbeek
Primoris, Lake Forest

With over 20 years of experience in top leadership positions, Pete Moerbeek was named Executive Vice President, Chief Financial Officer and independent director of Primoris since July 2008. Before joining Primoris, he served as CEO of a private equity funded company engaged in the acquisition and operation of water and wastewater utilities. Moerbeek has a BSEE degree and MBA from the University of Washington, and is a Certified Public Accountant.

Mark McEachen
Freedom Communications, Irvine

Prior to joining Freedom Communications, McEachen was the Controller & Treasurer at Chrysler in the finance department. In 2009, the day after Memorial Day, McEachen was brought into Freedom to help determine a financial restructuring plan for the company. Freedom faced several significant challenges. McEachen interviewed with all of the family members at Freedom, and ultimately became the Chief Restructuring Officer, as well as the Chief Financial Officer and Chief Operating Officer. McEachen led Freedom through a financial and operating restructuring while at the same time avoiding significant layoffs. As a result of the successful restructuring, the company’s performance improved dramatically. In 2009, the profit target was $30 million, and the company achieved a $70 million profit. The 2010 profit is projected to be 160% of the target. Freedom Communications is a national privately owned information and entertainment company of print publications, broadcast television stations and interactive businesses.

Pete Moerbeek
Primoris, Lake Forest

With over 20 years of experience in top leadership positions, Pete Moerbeek was named Executive Vice President, Chief Financial Officer and independent director of Primoris since July 2008. Before joining Primoris, he served as CEO of a private equity funded company engaged in the acquisition and operation of water and wastewater utilities. Moerbeek has a BSEE degree and MBA from the University of Washington, and is a Certified Public Accountant.
**CFO Awards Nominees**

**Primmoris** is one of the largest specialty contractors and infrastructure companies in the United States. Primmoris provides a wide range of construction, fabrication, maintenance, replacement, water and wastewater, and engineering services to major public utilities, petrochemical companies, energy companies, municipalities, and other customers.

**Cary Okawa**
*Ceradyne Inc., Costa Mesa*

Cary Okawa brings his GAAP and SEC technical expertise to his position as the Corporate Controller of Ceradyne. In his professional role, he is responsible for budgeting and forecasting, worldwide corporate income tax compliance, financial accounting and reporting and SEC/GAAP compliance across all divisions of Ceradyne. During his tenure, Okawa was responsible for a sizable transaction of a change of accounting for $121 million of convertible debt. He also led the accounting and integration for $100 million acquisition in 2008 and other smaller acquisitions. Currently, Okawa is implementing an income tax compliance system to bring this process in-house and was recently appointed as Ceradyne’s Corporate Risk Manager by the Chairman of the Board. Okawa graduated from the University of Hawai'i at Manoa, earning a BBA with distinction in Accounting.

**Mike Rockenbach**
*Emulex, Costa Mesa*

Mike Rockenbach joined Emulex in 1991 and has served as Executive Vice President and Chief Financial Officer since 1997. During his tenure, Rockenbach’s contributions include driving several key financing transactions as well as analysis and integration of strategic acquisitions. Rockenbach was also instrumental in the company’s move from the NASDAQ to the NYSE in 2003. He has been instrumental in navigating the organization through its public offering, rocketing to $7 billion in market cap (started at $36 million), spinning off companies such as OLogic, and acquiring six to seven companies. Other highlights during Rockenbach’s time at Emulex include the growth of its annual revenues from $50 million to over $400 million per year. Rockenbach holds Bachelor’s degrees in Accounting and Finance as well as a Masters in International Business from California State University, Fullerton. Emulex develops, markets and supports high-performance storage networking products for Intel-based server clusters.

**Steven Richards**
*TTM Technologies, Santa Ana*

As a financial executive who has managed all aspects of finance and accounting with an extensive background in the manufacturing and energy industries, Steven Richards joined TTM Technologies in 2000, and has been the Executive Vice President and Chief Financial Officer since November 2005. At TTM, Richards is responsible for all finance and accounting activities as well as investor relations for this acquisitive publicly traded manufacturing company with projected 2010 revenue in excess of $1 billion. In addition, Richards has managed the integration of finance and accounting operations following two acquisitions. The first, a $226 million purchase of a printed circuit board (PCB) manufacturer specializing in defense applications, and the second was the $878 million acquisition of a Hong Kong-based public company with extensive PCB manufacturing operations. TTM Technologies provides printed circuit boards and backplane assemblies in the United States. The company’s products are used in various applications, including networking/communications infrastructure, computing, commercial and military flight management systems.

**Gary Roth**
*United Capital, Newport Beach*

As Chief Operating Officer and Chief Financial Officer of United Capital, Gary Roth is responsible for the execution of the company’s business plan and for coordination among the key operational functions of the company. His remarkable list of accomplishments include completing 30 mergers and acquisitions from 2006 through 2010, maintaining a healthy balance sheet with no outside debt, and expanding the company from five locations to 28 offices. Working closely with the CEO of United Capital, he has helped to position the company to triple in revenues by 2015. Roth holds MBA degrees from the Columbia University Business School and the University of California at Berkeley, Haas Business School. He earned a BA in History, from Columbia College, Columbia University. United Capital Financial Partners, Inc. is a fast-growing national partnership of exceptional Private Wealth Counseling offices.
**CFO Awards Winners**

**Reagan Sakai**  
Lantronix, Irvine  
Reagan Sakai has been the Chief Financial Officer of Lantronix, a $60 million public company that provides device networking and remote access products for remote IT management, since November 2006. Sakai is responsible for all of the company’s financial operations, reporting, and system of internal controls. He brings more than 20 years of operating financial management and strategic planning experience within the high-tech industry. As Lantronix’s CFO, Sakai worked to structure and optimize organizational structure and reduce quarterly operating expenses by 25% resulting in sustained EBITDA profitability. Sakai also increased cash by 36% over the two years through working capital management, expense controls. Sakai earned his MBA with a concentration in Marketing from the University of Colorado at Boulder and a BS in Finance from the University of Colorado at Boulder.

**Scott Savioe**  
Universal Services of America, Santa Ana  
Universal Services of America is a privately owned company with revenues in excess of $325 million that offers an expansive range of security and building maintenance solutions for properties of every type. Scott Savioe has been the Chief Financial Officer of Universal Services of America since December 2005. As CFO, Savioe has successfully managed the financial and accounting functions for a company whose revenues have nearly tripled over the last five years, all while managing and controlling costs at a level equal to a percent of sales to the levels two years ago. Savioe is also responsible for cash flow and treasury management to meet working capital needs, with average annual organic revenue growth of 25% for the last five years. Savioe oversees Oakley’s finance and accounting functions. His list of impactful accomplishments at Oakley include helping to establish a new growth strategy for the company, consolidating and overseeing Oakley’s $200 million portfolio of retail and manufacturing. His list of impactful accomplishments at Oakley include helping to establish a new growth strategy for the company, consolidating and overseeing Oakley’s $200 million portfolio of retail and manufacturing.

**Kerri Ruppert Schiller**  
CHOC Children’s  
Kerri Ruppert Schiller, Senior Vice President and Chief Financial Officer, is responsible for the leadership, management and direction of all financial operations for Children’s Hospital of Orange County (CHOC), CHOC at Mission, CHOC Foundation for Children, Children’s HealthCare of California and the real estate holding companies, CHOCO Realty Corporation and CHOC Real Estate Corporation. Before joining CHOC in 1998, the organization had suffered the largest operating loss in its history. By tightening financial controls, renegotiating better contracts with insurers and implementing new cost containment strategies, she helped to turn the $19 million loss into an operating gain of $4.9 million by the fiscal year ended June 30, 2000 and with CHOC obtaining an “A+” rating from both Standard & Poor’s and Fitch Rating Agency in 2004. CHOC Children’s is a regional pediatric health care hospital which provides preventive medical care, education, and state-of-the-art pediatric biomedical research.

**Jatan Shah**  
QSC Audio, Costa Mesa  
Since joining QSC Audio nearly one year ago as the Chief Financial Officer and Vice President of Strategic Operations, Jatan Shah has taken an active and extensive role as an agent of transformation, leveraging his global consulting experience and empowering people at every level of the organization to come up with solutions to drive incremental, positive change. Shah’s list of accomplishments at QSC include avoiding any layoffs through management furlough, achieving 5% year-over-year growth in operations improvement to improve profitability, and providing active leadership in driving the company’s list of impactful accomplishments at Oakley growth of 30%+ per year. Outside of his professional duties, Savioe is active in the community with school fundraising as well as AYSO Soccer and Little League.

**Richard Shields**  
Oakley, Lake Forest  
Richard J. Shields joined Oakley Inc., a global optics and optical retail company with annual sales of $41 billion, as Chief Financial Officer in November 2005. Shields has more than 20 years of financial experience and oversees Oakley’s finance and accounting functions. His responsibilities also include all treasury, planning, accounting, tax, reporting, and investment functions. An accomplished executive, Shields has extensive corporate financial experience including international operations, retail and manufacturing, and managing the company’s financial strategies that add value in a rapidly evolving technological space. Under West’s leadership, HID’s revenues grew 20% organic sales growth while keeping costs down and headcount flat. West is also working with executive management in redirecting 35% of the company’s profit from "asset-light" products to "growth-oriented and transformational" products to position the company for even stronger long term growth. West earned his MBA, with a focus on early stage investment and entrepreneurial corporate development, from Harvard School of Public Policy.

**Lauren Silvernau**  
ISTA Pharmaceuticals, Irvine  
Lauren Silvernau is the Chief Financial Officer and Vice President of Corporate Development at ISTA Pharmaceuticals, Inc., a neuro-adaptive ophthalmic pharmaceutical company. Since joining ISTA in 2003, Silvernau has been the key architect of the company’s growth and financing plans, which have changed ISTA from a developmental stage operation to the fourth largest branded ophthalmic pharmaceutical company in the US, with an anticipated 2010 revenue of $147 to $165 million. One of the keys to Silvernau’s success has been the ability to grow her department in a measured fashion. When she started with the company, there were only four to five people in the finance department. Now the department consists of at least 12 individuals, including two individuals dedicated to business development.

**Outside of her professional duties, Silvernau has been involved in the Girl Scouts of America where she is a troop leader in Newport Beach.**

**Christine Sims**  
Covenant Care, Aliso Viejo  
Christine Sims is currently an owner and the Chief Financial Officer for Covenant Care, a nationwide provider of long-term health care services and facilities. As a member of the Senior Management Committee for Covenant Care, Ms. Sims manages the financial, regulatory, banking, insurance and data information relationships for the health care provider. Sims has over 30 years experience as a Certified Public Accountant both as operations and financial officer in large customer service-oriented companies. At Covenant Care, Sims focuses optimizing personnel by hiring good employees and allowing them to grow, including, if necessary, in functions different from those for which they initially hired. Sims holds a BBA, from the honors college of Western Michigan University, and attained the Dean’s List at UCLA while completing her MBA. Sims is also active in the food distribution ministry at St. Anthony’s Menico’s Parish and the Second Harvest Food Bank of Orange County.

**Jared Smith**  
PICS Inc., Irvine  
Jared Smith is the Chief Financial Officer of PICS Inc., a contractor prequalification standard that has tens of thousands of contractors and hundreds of operating companies as clients. Assuming his responsibilities as CFO of PICS in 2005, Smith has helped the company realize an annual average sales growth rate of approximately 50%. Also during that time, employee headcount has nearly doubled each year with Smith being actively involved in recruitment and hiring of over 60 employees. In addition to his duties as CFO, Smith has been directly responsible for acquiring new customers, from lead generation to full-client rollout. He began by cold calling some of the largest organizations in the world, such as BP, ConocoPhillips, Motorola and many others. Outside of his professional career, Smith volunteers much of his time to the community of Huntington Beach with his support of the Surfrider Foundation, Boy Scouts of America, and Heifer International.

**John Stuart**  
Irvine Sensors Corp., Costa Mesa  
John Stuart became Chief Financial Officer of Irvine Sensors Corporation in July 1985. Stuart has played a senior role during the entire operating history of Irvine Sensors, first as a consultant assisting in the company’s IPO and subsequently as CFO, Senior Vice President, Secretary and Treasurer. Prior to his affiliation with Irvine Sensors, Stuart served as President of a management consulting firm and a major technology consulting company. Stuart holds a BS in Industrial Management from MIT and is co-inventor on two US patents.

Irvine Sensors Corporation is a vision systems company engaged in the development and sale of miniaturized infrared and electro-optical cameras, high speed high speed image processors, 3D laser imaging systems, and stacked chip assemblies.

**Khanh Tran**  
Pacific Life Insurance, Newport Beach  
Joining Pacific Life in 1990 as Treasurer, Khanh Tran was promoted to Senior Vice President and Chief Financial Officer 1996. Tran oversees the company’s accounting, audit, enterprise risk management, tax, treasury, and strategic planning, and chairs the company’s Investment and Credit Committee. His accomplishments at Pacific Life include being directly responsible for the diversification of the company that included the new business unit, Aviation Capital; realizing the largest ($42 billion) in surpluses to shareholders and a +25% in earnings that will represent about 22% of the company’s total enterprise net income, the highest success in 146 years of business. Tran received his MBA, with a concentration in Finance and Marketing, from the University of California, Los Angeles.

Pacific Life provides a wide range of investment products and services for individuals, businesses, and pension plans.

**Will West**  
HID Global Corporation, Irvine  
HID Global is the trusted leader in providing access and ID management solutions for the delivery of secure identity. As the company’s Chief Financial Officer, Will West is not only responsible for the financial and accounting functions with 100 finance employee world wide, but more importantly he is charged with measuring, analyzing, advising and developing a culture at HID that unifies and focuses the various businesses on financial strategies that add value in a rapidly evolving technological space. Under West’s leadership, HID has averaged 20% organic sales growth while keeping costs down and headcount flat. West is also working with executive management in redirecting 35% of the company’s profit from "asset-light" products to "growth-oriented and transformational" products to position the company for even stronger long term growth. West earned his MBA, with a focus on early stage investment and entrepreneurial corporate development, from Harvard School of Public Policy.

**Richard Wheeler**  
Clean Energy Fuels, Seal Beach  
Richard Wheeler has been the Chief Financial Officer of Clean Energy Fuels Corp. since early 2003. Prior to joining Clean Energy, Wheeler held several executive level financial positions with various companies, including the Chief Financial Officer position for Blue Energy and Technologies, LLC. Wheeler has an MBA and is a Certified Public Accountant in the State of Colorado. During his tenure, Clean Energy Fuels has seen high growth in business even in the face of difficult economic times, completed a $55 million equity offering, and two significant mergers. Wheeler and Clean Energy is the leading provider of natural gas for transportation in North America. It has a broad customer base in the solid waste, transit, postal, shuttle, taxi, trucking, airport and municipal fleet markets, fueling more than 18,300 vehicles at 200 strategic locations across the United States and Canada.
IT'S NOT ALWAYS THE RIGHT ANSWER. BUT IT'S ALWAYS THE RIGHT ATTITUDE. At PwC, value starts by building a relationship with our clients. Sharing your passion. Taking on your goals and challenges, and championing your vision. By understanding what's important to you, we can channel our strengths and experience to help you bring your goals to reality. To experience our attitude in action, visit pwc.com