

EXHIBIT P

Stern Consulting Associates, LLC

Stern Consulting Associates (SCA) provides a full spectrum of consulting and litigation support services ranging from reports, analyses, studies and reviews to trial exhibits, depositions and expert testimony. *SCA* specializes in quantitative analyses and consulting in the areas of finance, economics, mathematics and statistics. *SCA* offers the highest standards, quality and effectiveness of larger consulting firms without charging the high fees and overhead costs associated with a large organization.

Howard S. Stern

Areas of expertise

Sample cases

Services provided to

Econometric and statistical modeling



Howard S. Stern can be contacted at hsstern@mindspring.com

This page has been accessed **17 29 1** times.

Howard S. Stern, Ph.D.

Dr. Stern holds a Ph.D. in Economics from the Massachusetts Institute of Technology and a B.A. in Mathematics from Swarthmore College. Prior to founding *Stern Consulting Associates*, Dr. Stern worked at other consulting firms and has also held positions at several large banks ranging from Financial Consultant and Senior Analyst to Vice President and Director. Before entering the banking industry, Dr. Stern was Assistant Professor of Finance and Real Estate at the University of Arizona. While in Arizona, he was also a real estate broker, developer and owner of several businesses. Dr. Stern is a designated SAS Institute **Alliance Partner** and is certified at the Professional Version 6 level.

Areas of expertise:

- Custom prepayment/default models
 - Model integration, validation and testing
 - Mortgage and credit score development
 - Damages and lost profits studies
 - Econometric and statistical modeling
 - Economic analysis and research
 - Quantitative financial analysis
 - Real estate and corporate finance
 - Risk measurement and analysis
 - Securities and derivatives analysis
 - Valuations
-

Sample cases:

Foreign Exchange Risk Management System: Multinational bank required a risk monitoring and reporting system for its foreign exchange activities.

Dr. Stern created a large data warehouse of foreign exchange rates using SAS. Procedures were written to automate the process of calculating the statistical variables and large matrices that were used in the analyses. Value at Risk (VaR) and Monte Carlo methodologies were incorporated in the programs that produced the risk management reports and statistics.

Credit Card Loss Forecasts: Large California bank required a loss forecasting and risk based pricing system for its national credit card business.

Dr. Stern extracted extensive credit card information from large relational databases using SAS Access and SQL. Automated processes were written to perform the series of logistic regressions which modeled credit card losses and defaults. A system to forecast losses and risk base price the credit card portfolio was developed.

Mortgage Prepayment & Loss Modeling: West coast S&L required mortgage prepayment/default modeling and reporting for its \$40+ billion loan portfolio.

Dr. Stern extracted mortgage prepayment and default information from the bank's relational databases using SAS. Macros were written to automatically query the databases and generate prepayment and default reports and forecasts. Econometric models of mortgage prepayments and defaults were used to assist in pricing and new product development.

Lost Profits Analysis: A large manufacturer of computer peripherals was sued by a smaller computer servicing company over alleged anti-competitive business practices.

Dr. Stern reviewed, analyzed and critiqued the smaller company's lost profits study. He reworked and revised the study by applying econometric techniques to the accounting data. As a direct result of his critique the calculated damages were significantly reduced.

Insurance Rates Analysis: The rate increase proposal of a large property and casualty insurance company was challenged by the Department of Insurance.

Dr. Stern identified and analyzed the cost of capital issues that were critical to the financial aspects of the rate proposal. He reviewed and critiqued the Department's cost of capital calculations and methodology. During preparatory sessions and hearings he provided exhibits and detailed summaries for the expert witness and lines of questioning for the attorneys.

Antitrust Analysis: A large food company's acquisition of a cereal brand was challenged by the State of New York as a violation of federal antitrust law.

Dr. Stern performed an analysis which used econometric methods to calculate price elasticities and predict the price effects of the acquisition. He designed, maintained and managed large databases and used advanced econometric techniques to estimate sets of consumer demand equations. Dr. Stern also reviewed and critiqued the State's analysis, pointing out flaws in its methodology and errors in its calculations. New York State lost the case at trial.

Mortgage Rates Study: A mortgage company was accused of charging excessive fees and rates in a class action suit.

Dr. Stern managed the case, and directed and performed the research for the damages study. By analyzing the company's rate and fee structure using finance theory and econometric methods he was able to show that no damages had occurred. The expert witness used these results and supporting exhibits in a deposition. The case settled shortly thereafter.

Real Estate Valuation: A real estate partnership received several properties through foreclosure. It needed advice on whether to sell or hold the properties.

Dr. Stern developed a real estate valuation model which incorporated econometric hedonic modeling and financial forecasting methods. The owners and their attorneys were able to use the results to make an informed decision on how and when to liquidate their portfolio.

"Embedded" Option Valuation: A home furnishings rental company was sued over its rental contract terms. The company was accused of charging usurious rates in its "rent-to-own" contracts.

Dr. Stern's analysis revealed options that were embedded in the standard form contract. After modeling and valuing these options he was able to show that the rental rates were not excessively high once the prices of the options were taken into account.

Mathematical Analysis: A class action suit was brought against electronic gaming manufactures and casinos claiming fraud and misrepresentation of the randomness of their games.

Dr. Stern provided plaintiffs' counsel with succinct summaries of the literature on the mathematics of the random number generators used by electronic gaming machine manufacturers. His mathematical analysis and further research supported the claim that the games' outcomes were not randomly determined.

Profitability Analysis: Computer simulations of profitability of Internet Casino bonus promotion offers and marketing campaigns.

Dr. Stern provided marketing departments with mathematical and financial analyses of their bonus promotions offers. Calculated profitability distributions for various games and wagering patterns. Advised on targeting specific customers with customized promotions leading to a 25% increase in profits.

Services provided to:

- Arnold & Porter

- Bank of America
 - Duker & Barrett
 - Graham & James
 - Great Western Bank
 - Kirkland & Ellis
 - Morrison & Foerster
 - Thelen, Marrin, Johnson & Bridges
 - Venture Asset Management
 - Wells Fargo Bank
-

Howard S. Stern can be contacted at hsstern@mindspring.com