

VALOREM PRINCIPIA

The Principles of Value

Volume 13 Issue 2 July 2005

SP&H – Overview

Premier Provider of:

- ◆ Business Valuations
 - Total Enterprise Value
 - Discount Studies
 - Corporate & Securities
 - Intangible Assets
- ◆ M&A Transactional Assignments
 - Fairness Opinions
 - Solvency Opinions
 - FASB 141-142 Assessments
 - Purchase Price Allocation
 - Value Determination
- ◆ Litigation Support & Expert Witness Testimony



Profile of a Friend: The Strange Law Firm

The Strange Law Firm offers the services expected from a major law firm with the customer service and personal attention only found at a small firm. The firm and its attorneys have litigated an array of multi-million dollar matters including condemnation, real estate disputes, securities class actions, environmental litigation, personal injury, medical malpractice and representation of corporate entities with regard to administrative and legal matters before the California Public Utilities Commission ("CPUC").

The firm's expertise in regulatory litigation matters was apparent in its recent defense of SBC Communications on a regulatory accounting audit performed by the CPUC. StrangeLaw served as lead outside counsel for SBC, working closely with SBC's in-house counsel and regulatory accounting experts. Paul Strange, founder of StrangeLaw, led the firm's legal team in the matter, which culminated in a successful defense against over \$1 billion in potential liability.

In another recent matter, StrangeLaw successfully defended the CEO of a start-up company against a shareholder derivative action brought by the company's former general counsel. The firm also recently represented a pro bono client who was being evicted from a supportive housing program for veterans. In what Mr. Strange describes as one of the firm's most important recent successes, the client was able to keep his housing and avoid returning to life on the street.

StrangeLaw is currently representing SBC in an administrative proceeding that will develop a uniform regulatory framework for telecommunications utilities in California. Mr. Strange noted:

"The telecommunications industry has transformed from a monopoly market where a single telephone company delivered narrowly defined services, to a market where multiple providers offer multiple services over multiple technologies. Today, the competitors in the marketplace include traditional wireline telephone companies, wireless telephone companies, cable companies, Voice over Internet Protocol ("VoIP") companies, wireless internet access providers and a host of other providers using new technologies to provide communication services. In reaction to this fundamental shift in the telecommunications industry, legislatures and utility commissions across the country are reassessing telecommunications regulation. The CPUC's uniform regulatory framework review will provide an opportunity for California to once again become a leader in telecommunications regulation, bringing benefits to consumers, businesses, and the economy of the State of California."

Other current StrangeLaw matters include a several hundred million dollar trust dispute in Los Angeles County and prosecution of a misappropriation of trade secrets and breach of contract matter relating to the sale of an environmental consulting firm. The firm also currently represents individuals and companies in transactional and non-litigation matters and handles various personal injury matters.

Paul Strange started StrangeLaw after working at Thorsnes, Bartolotta & McGuire, San Diego's preeminent team of trial lawyers. He earned his J.D. from California Western School of Law in San Diego and is a member of the California and New Mexico bar associations.

The Strange Law Firm has offices in San Francisco and La Jolla. Paul can be reached at:

San Francisco Office - Telephone: (415) 243-3200 - E-mail: sf@strangelaw.net

La Jolla Office - Telephone: (619) 962-7285 - E-mail: sd@strangelaw.net

www.sphvalue.com

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SANLI PASTORE
& HILL



The Measure of ValueSM

Business Valuations
Fairness Opinions
Solvency Opinions
Expert Testimony

"Every battle is won or lost before it is ever fought."

-Sun Tzu

"You can't build a reputation on what you're going to do."

-Henry Ford

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Why Are Business Valuations Needed?

- ◆ Assisting in setting a price for business acquisitions, divestitures or mergers
 - Fair Market Value Opinions
 - Fairness Opinions
 - Solvency Opinions
 - Pre-sale Value Enhancement Analysis
- ◆ Determining the types and amounts of financing
 - Equity Versus Debt
 - Different Types of Debt and Terms
- ◆ Pre-IPO Planning and IPO Valuations

SP&H ANNUAL FALL CHARITY GALA



- ♠ Silent Auction and Casino
- ♠ Friday, November 4th, 2005 / 7:00pm until 11:00pm
- ♠ Fox Studios, Century City
- ♠ SP&H has always been dedicated to giving back to the community, through individual donations, volunteering, and annual charity fundraising gala events.

*How Can You,
Our Valued SP&H Friends, Contribute?
We Are Thrilled You Asked!*

Charity Nominations

We are currently in the process of reviewing several charities for consideration. Your nominations of potential charities are greatly appreciated. Please ensure you include the charities' contact information, your affiliation with them and all other pertinent details with your submission. Submissions may be directed to Soroya Crystal Imam via simam@sphvalue.com or via fax 310-571-3420.

Nomination criteria

- ♣ Non-profit organization.
- ♣ Average budget under \$750,000 per year. We focus on smaller organizations upon which we can make a significant impact.
- ♣ Charity run by dedicated, energetic, workaholic founders who have an emotional link to the charity's success.

How do the charities benefit from this event?

- ♥ All proceeds from the gala go directly to the charity.
- ♥ Exceptional publicity via marketing efforts that begin months prior to the actual event about the charity and its mission.
- ♥ Introduction to our client base and friends, both at the reception and through our newsletter (newsletter circulation is over 20,000 and growing)
- ♥ Correspondence including website, invitations, faxes, e-mails and any other creative marketing efforts.
- ♥ Coordination of Silent Auction, Casino, Raffle, Entertainment and Cuisine.

Sponsorship Opportunities

Don't miss this incredible opportunity to support a charity, be involved in a high-profile event and most importantly, have FUN! A few select co-sponsorship opportunities are still available. Please peruse our website at www.sphvalue.com for sponsorship details. For more information on this exciting event please contact Soroya Crystal Imam via simam@sphvalue.com.

In each edition of Valorem Principia, SP&H features a different dining hotspot, providing highlights, reviews, and insights to our clients and friends across the state. If there is a restaurant that you feel should be showcased in future editions, please contact our Director of Business Development & Events, Soroya Crystal Imam at 310-571-3400, x233 or simam@sphvalue.com. We look forward to hearing from you. Until then, Bon Appetit!

Unveiled only nine months ago, we discovered this hidden jewel. Distinctive Sapphire Blues welcome you as you immerse into a blue-hued heaven. 310 Lounge & Bistro is bejeweled with ultrahip chandeliers, mirrors, wall sconces, candles, mood lighting, taste sensations and exotic libations to delight the most discerning palate.

Formerly Flynt's, 310 Lounge & Bistro has undergone a complete renovation and boasts an upscale supper club atmosphere complete with an open dining area, private plush fabric-adorned dining booths, outdoor patio, secluded area encompassed by a beaded curtain, bar, plasma screens and an elevated DJ booth amidst velvet curtains stylishly draped from arched ceilings in an inconspicuous location.



310
lounge & bistro



Rating → 5 out of 5 SP&H Diamonds

The menu has eclectic offerings from start to finish. Begin your dining experience with such Small Plate or Appetizer selections as Teriyaki Filet Tips, Macaroni & Cheese, Baby Arugula Salad with sheep's milk cheese and hazelnut vinaigrette, Dungeness Crab Ravioli with rich mascarpone and tomato citrus coulis, or a basket of mixed Fingerling and Kennebeck fries. Ease into exquisite entrees, perhaps a perfectly prepared Filet Mignon, melt in your mouth Chilean Sea Bass or Crispy Chicken Breast with mushroom ragout. For a sweet ending, indulge in the Chocolate Souffle with vanilla gelato, Apple Tart a la mode, or even a good old fashioned Root Beer Float!

For those who leave the office early and for those who stay late, 310 presents Happy Hour Monday through Friday from 5:00pm until 7:00pm with drink specials accompanied by a Complimentary Small Plate selection as well as Late Night Dining until 1:00am, which includes Small Plates, Appetizers, Gourmet Sandwiches and Desserts.

In the mood for lighter fare...310 has a wonderful Wine List and Exotic Martini List, pair either with their House Selected Cheeses, walnut currant bread and quince preserve.

Seeking entertainment filled Summer nights? 310 Lounge & Bistro displays an array of live entertainment seven nights a week. Don't miss Expo occurring every Friday night with performance paintings, DJ's and a percussionist.

So, whether in pursuit of diverse cuisine, mesmerizing sapphire blues, smooth sounds or a chilled cocktail concoction, 310 Lounge & Bistro awaits your arrival.

310 Lounge & Bistro
3321 Pico Boulevard, Santa Monica
310-453-5001
www.310lounge.com

M-Sat / 5pm - 1am
Sun / 3pm - 8:30pm
Happy Hour ~ Mon-Fri / 5pm - 7pm
Late Night Menu / until 1am

Small Plates / \$5-\$7 • Appetizers / \$8 - \$14
Entrees / \$12 - \$32
Late Night / \$6 - \$13
Dessert / \$6 - \$8

At SP&H We Are...

- ❖ *Serious People* doing *Serious Work* for *Serious Clients*
- ❖ *Quality Beyond Expectations*
- ❖ *Uncompromising Commitment* to Client service
- ❖ *Results* not just activity
- ❖ *Cost effective* and *Deadline Oriented*
- ❖ *Superior Training, Technology* and *Resources*
- ❖ *Mature and Skilled* Professionals
- ❖ *Ethical, Honest* and *Loyal*

New Music Theatre In Los Angeles

Sanli Pastore & Hill's own Nevin Sanli has recently been appointed to the Advisory Board for the Academy For New Musical Theatre (ANMT) a non-profit based in Los Angeles. The Academy for New Musical Theatre's mission is to foster the highest quality of musical theatre writing, and to advance the state of new musical theatre production. This is accomplished by training and guiding writers and actors through an extensive workshop process as well as creating and developing new musicals for producers.

Have you ever wanted to get involved with a new Broadway musical from the ground floor? Perhaps even write one? There's an organization in Los Angeles which specializes in developing new musicals and new musical theatre writers.

The Academy for New Musical Theatre is a bustling community of writers, actors, directors and theatre artists creating new works for commercial producers, and a lively curriculum for training new writers and actors to work in the field. ANMT's roots go back 30 years to the teachings of Lehman Engel, the preeminent Broadway musical director. The Academy became a non-profit corporation in response to an ever-growing interest in the international musical theatre community.

John Sparks assumed Artistic Directorship of the workshop in 1981 and has been leading this prestigious arts community ever since. Back in the 40's and 50's, producers created musicals by assembling teams around an idea. ANMT has returned to that model by

continued on page 4

Coming Soon

Valuation Verdicts[®] & Financial Brief[®]

Sanli Pastore & Hill is pleased to announce the addition of **2 Quarterly Newsletters!**

◆

Valuation Verdicts[®]
focuses on current valuation and taxation rulings regarding divorce

Financial Brief[®]
addresses valuation and litigation support issues

NEWSFLASH

June 7th - San Diego, California

ACG San Diego Annual Deal Maker Awards Dinner

SP&H was a reception sponsor at this event.

June 14th - Los Angeles, California

Lava Breakfast Event

"Valuing Your Business, A Practical Primer"

SP&H sponsored this event where Nevin was a speaker.

June 14th - Los Angeles, California

Goodwill Loss Seminar by Tom Pastore.

June 15th - Pomona, California

Cal Poly AccelTech NASA Seminar

Nevin was a featured speaker.

June 23rd - Sacramento, California

Goodwill Loss Seminar by Forrest Vickery.

July 15th - Los Angeles, California

Valuation & Legal Issues Seminar

Johnson & Rishwain / Sanli Pastore & Hill presenting at the Olympic Collection.

August 10th & 11th - San Jose, California

CRA's Legal Issues Symposium

SP&H principals will be panelists.

November 4th - Los Angeles, California

SP&H Annual Fall Charity Gala

"How *Not* To Steal A Company"

Nevin Sanli, President & Co-Founder of SP&H was a featured speaker at UCLA Computer Science Department. Nevin discussed **How Not To Steal A Company**.

During Nevin's slide presentation, he defined in depth:

- **The Necessity of Business Valuations**
- **Standard of Value vs. Book Value**
- **Valuation Methodologies**
- **Asset Approach**
- **Qualifications of a Valuation Expert**

Nevin included an overview of a recent victorious case involving:

- **Breach of Contract**
- **Breach of Fiduciary Duty**
- **Fraudulent Concealment**

Nevin reviewed the services SP&H provided in this case:

- **Determine Business Value and Viability**
- **Determine Reasonable Royalty Rate**
- **Provide Expert Witness Analysis**
- **Determine Net Worth**

*Thank you UCLA
for the opportunity to educate students about SP&H.*

What Qualifications Should Your Valuation Expert Have?

- ❖ Business valuation experience and credentials (finance, economics & business)
- ❖ American Society of Appraisers:
 - Accredited Senior Appraiser (ASA) designation in *Business Valuation*
- ❖ Firm power: well trained, knowledgeable and professional staff
- ❖ Strong financial capabilities and staying power
- ❖ A good library
- ❖ Access to technology, publications and important data
- ❖ Ability to handle several cases and trials at once
- ❖ Prepare professional and comprehensive reports and succinct presentations
- ❖ Testimony experience and results
- ❖ Provide litigation/mediation support

Valorem Principia

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Sanli Pastore & Hill, Inc.

1990 S. Bundy Drive, Suite 800 • Los Angeles, CA 90025
T: 310/571-3400 F: 310/571-3420
2151 River Plaza Drive, Suite 308 • Sacramento, CA 95833
T: 916/614-0530 F: 916/614-0522

www.sphvalue.com

Articles, comments and suggestions are welcome. Please contact Patricia Aviles or Soroya Crystal Imam at 310/571-3400, or paviles@sphvalue.com and simam@sphvalue.com.

Musical Theatre continued from page 3

approaching producers before a musical is even begun to see what the producer thinks his audience wants. "We want to see our writers' musicals onstage," says Sparks, "Too many writers spend five years writing musicals which no one wants to see. We're changing that. Having producers involved from the very beginning ensures at least an initial interest."

ANMT's approach to developing new musicals is already paying off. *Imelda* had a world premiere production at East West Players this year. ANMT is working closely with Civic Light Opera / South Bay Cities to realize their dream of opening *The Cotton Club* in the fall of 2007, and ANMT writers are developing *Sour Grapes* for the Broadway Rose Theatre. Under John's direction, more than 1,200 musicals have been developed, resulting in over 400 productions here in the United States and abroad.

Mark Hollmann, the Tony award-winning composer of the hit Broadway musical *Urinetown*, credits the workshop for its part in his development as a writer. "John Sparks is a wonderful teacher and was a real help to me. I still think about things he said in that Workshop. He's a real boon to people writing musicals."

ANMT's venerable Writers' Workshop is a two-year curriculum for composers, lyricists, and book writers. It is designed to nurture a musical from a half-page concept through a series of structured workshops and presentations to developmental and main stage productions.

First Year Members collaborate to write scenes, songs duets, ensembles, and final fifteen-minute musical which ANMT produces in a professional theatre. Second Year Members collaborate to write full-length musicals and Alumni qualify to participate in collaborative projects with theatre companies and producers, and may also bring musicals of their own into the workshop process.

The musical theatre workshop is moving to a new home this summer, one which will give ANMT a performance space to produce musicals, in addition to developing them. They're in need of some donors to help purchase lighting instruments, sound equipment, and new theatre seats.

"Perhaps, like us," says Executive Director Scott Guy, "you are a lifelong lover of the uniquely American art of the musical theatre. Maybe you share our passion to shepherd new works to the musical theatre stage. We invite you to join us in the art of the possible as we create tomorrow's musicals today."

If you would like to offer some assistance with their new home, or you'd like to produce a musical – or write one yourself!—contact Scott Guy at sguy@anmt.org or 818.502.3309 or visit their website at www.anmt.org.

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1990 S. Bundy Drive, Suite 800
Los Angeles, California 90025



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