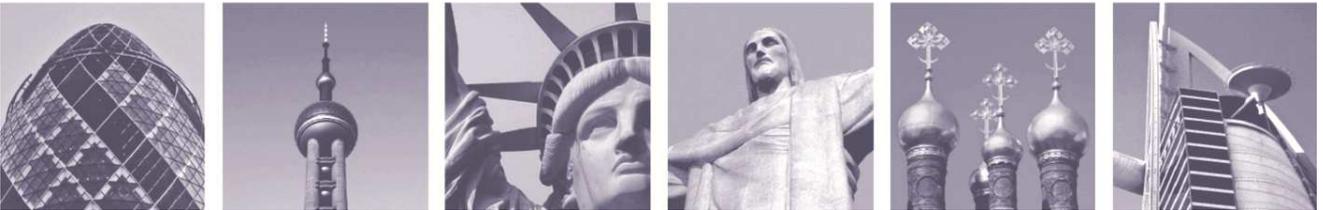


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DUE DILIGENCE REPORT

CROSS, FERNANDEZ & RILEY LLP

17 July 2015

Strictly Private and Confidential

Ref: RP_NY_HBOIF_150717

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INTRODUCTION

BACKGROUND

Harbor Branch Oceanographic Institute Foundation (“HBOIF” or “the Client”) instructed Diligence USA, LLC to conduct a due diligence review of Cross, Fernandez & Riley, LLP (“C/F/R” or “the Subject”). The Client is considering a business relationship with the Subject and would like to ensure that their background and reputation will not pose any risk to the Client should a decision to pursue the relationship be taken.

METHODOLOGY

Diligence made discreet inquiries with individuals well placed to comment on the Subject’s business activities, reputation and integrity. The investigation was handled discreetly and at no point was the Client’s name or interest revealed. Each source was contacted independently from the other sources to corroborate the intelligence they provided. The sources included:

SOURCE	SOURCE DESCRIPTION
Audit Manager	The Audit Manager was employed at C/F/R for one year as an Assurance Manager. He now works with another accounting firm also located in the Orlando, FL area.
Tax Manager	The Tax Manager was employed with C/F/R for five years, from 2010 to 2015, and held various positions with the firm, including Senior Tax Supervisor and Tax Manager. The Source managed approximately USD 750,000 worth of the firm’s business. He currently works with another firm in the Winter Haven, FL area.
Corporate Controller	The Corporate Controller was with C/F/R for four years as a Senior Auditor. He is currently employed with another firm in the Orlando, FL area.
Supervising Senior, Assurances (“SSA”)	The SSA was employed with C/F/R for almost ten years, from 2005 to 2014. She is currently the Lead Accountant at another accounting firm located in the Tampa, FL area.

Diligence also conducted searches of legal, criminal, public records, press and proprietary databases. These databases included address histories, liens, judgments, civil litigation and criminal records, as well as media coverage in the United States.

EXECUTIVE SUMMARY

Diligence conducted a due diligence review of Cross, Fernandez & Riley. Based on a review of open sources, press articles and proprietary databases, as well as source inquiries, Diligence identified no adverse information related to the firm or the four primary auditors of interest to the Client.

Sources provided positive commentary for C/F/R, highlighting the firm's reputation, stating that C/F/R was one of the larger as well as one of the well-respected auditing firms in the region. Sources emphasized the benefits of C/F/R's extensive access to resources, particularly given their recent acquisition by BDO USA, LLP. Sources did not express any concerns about their ethics and integrity.

Within the public domain, C/F/R has a normal public profile, in which it appears in media reports and open source materials largely in relation to its business reputation as well as its philanthropic and charitable actions. We note that open source materials report that C/F/R will merge with BDO USA LLP on 1 August 2015.

Diligence did not identify any criminal records for C/F/R. However, Diligence identified three civil cases naming C/F/R as a party. All three cases have either been dismissed or disposed. In addition, Diligence identified one closed judgment naming C/F/R, as well as nine active uniform commercial code ("UCC") filings. Diligence did not identify any bankruptcies for C/F/R.

Both C/F/R and three of the four primary auditors are registered as a CPA firm/Certified Public Accountant. We note that Tara Miller does not appear to have a CPA accreditation; however, she does not claim to have this designation on the company website. Neither C/F/R nor the four primary auditors of interest are registered with any of the major US financial regulatory bodies, nor were any regulatory actions identified for them.

Lastly, neither C/F/R nor the four primary auditors feature on any sanctions, politically exposed persons or watch lists accessed for the purpose of this review.

CROSS, FERNANDEZ & RILEY LLP

CORPORATE PROFILE

Registration: The Florida Department of State corporate registry reports that Cross, Fernandez & Riley, LLP (“C/F/R”) (Document No. LLP060002176) was originally incorporated in Florida on 12 June 2000 under the name “Gallogly, Fernandez & Riley, LLP.”¹ Effective 21 April 2005, the firm changed its name to “Cross, Fernandez & Riley.” Corporate registries further give C/F/R’s Federal Employer Identification Number (“FEIN”) as 59-3651466.

Address: Corporate records and US public directories report the below address for C/F/R’s headquarters. The firm also has branches in Tampa Bay, Winter Haven, and Lakeland, FL.

201 S. Orange Ave, Suite 800
Orlando, Florida 32801-3471

Tel: +1 (407) 841-6930

Diligence notes that, per records held with the Orange County Property Appraiser, C/F/R does not own the above property. In addition, per records held with local counties, C/F/R does not appear to own any of its other 3 office locations in Florida.

Services/Activities: Various online directories, including the Florida Virtual Entrepreneur Center, describe C/F/R as a full-service accounting and consulting firm that offers audit, tax, forensic accounting and litigation support as well as due diligence, emerging business, employee benefit plan and other business consulting services, to a wide variety of hospitality, real estate and non-profit clients.

Shareholders: Florida Department of State records do not reveal the precise ownership structure of C/F/R. However, we note the firm announced that it has been acquired by BDO; the merger is set to come into effect on 1 August 2015.

Principals: Proprietary databases concur with information provided on the C/F/R website, which lists the following as Partners (former and current) at C/F/R:

¹ We note that per Florida law, Cross, Fernandez & Riley also has an active General Partnership (“GP”) status (Document No. GP0000001062). This is the original filing for the company and is followed by the LLP formation “event.”

- Cynthia D Baker, Partner
- Howard M Beckert, Partner
- Raymond J Bersch Jr., Partner Emeritus
- Steven E Crisman, Partner in charge of Winter Haven Office
- James B Cross, Managing Partner
- Daniel F Dorrell Partner in charge of Lakeland Office
- Melanie B Fernandez, Partner, Director of Assurance Services
- Laura L Hathaway, Partner and assistant director of assurance services
- Michael Heald, Partner, assurance services
- David P Lee, Partner
- Anne M McHugh, Tax Partner
- R Gary Price, Partner Emeritus
- Kevin J Riley, Partner
- William A Rowse, Jr., Partner
- Jennifer Spooner, Partner, Director of Tax Services
- Ellen C Thornton, Partner
- Robert E White, Partner in Charge of Tampa office

AUDITORS SPECIFIC TO CLIENT

Name and Position: Melanie B Fernandez (“Fernandez”), Director of Assurance Services

Negative Public Profile: A review of press reports and open source information revealed no adverse or derogatory information pertaining to Fernandez.

International Sanctions and Watch Lists: Diligence carried out a review of approximately 300 records comprising Politically Exposed Persons data, anti-money laundering lists, international sanctions, debarment lists and other prohibitive lists (see *Appendix 2* for further detail of records accessed). Fernandez does not appear on any of the lists reviewed.

Name and Position: Anne McHugh (“McHugh”), Tax Partner

Negative Public Profile: A review of press reports and open source information revealed no adverse or derogatory information pertaining to McHugh.

International Sanctions and Watch Lists: Diligence carried out a review of approximately 300 records compromising Politically Exposed Persons data, anti-money laundering lists, international sanctions, debarment lists and other prohibitive lists (see *Appendix 2* for further detail of records accessed). McHugh does not appear on any of the lists reviewed.

Name and Position: Erick Kepfer (“Kepfer”), Assurance Senior Manager

Negative Public Profile: A review of press reports and open source information revealed no adverse or derogatory information pertaining to Kepfer.

International Sanctions and Watch Lists: Diligence carried out a review of approximately 300 records compromising Politically Exposed Persons data, anti-money laundering lists, international sanctions, debarment lists and other prohibitive lists (see *Appendix 2* for further detail of records accessed). Kepfer does not appear on any of the lists reviewed.

Name and Position: Tara Miller (“Miller”), Tax Senior Manager

Negative Public Profile: A review of press reports and open source information revealed no adverse or derogatory information pertaining to Miller.

International Sanctions and Watch Lists: Diligence carried out a review of approximately 300 records compromising Politically Exposed Persons data, anti-money laundering lists, international sanctions, debarment lists and other prohibitive lists (see *Appendix 2* for further detail of records accessed). Miller does not appear on any of the lists reviewed.

REPUTATIONAL PROFILE

FINDINGS

Sources provided positive commentary for C/F/R, highlighting the firm's reputation, stating that C/F/R was one of the larger and well-respected auditing firms in the region. Sources also emphasized the firm's depth of resources due to its affiliation with, and now acquisition by, the BDO Alliance/BDO USA, LLP. Diligence notes, however, that the Audit Manager mentioned that C/F/R had an unspecified issue with a client in the past; he caveated this by maintaining that he had no doubts about the ethics and integrity of the firm and had no reason or indication to believe that C/F/R would engage in any unlawful behavior. In fact, each of the Sources expressed confidence in C/F/R operating with a high level of ethics and integrity.

SIZE AND QUALIFICATIONS

The Audit Manager estimated that, between 2012 and 2013, C/F/R staff numbered approximately 100 to 120 people, of which he noted that approximately 75 were Certified Public Accountants ("CPAs"). The Tax Manager, Corporate Controller and SSA each stated that the majority of the firm's staff are CPA certified; all of the Partners and Managers are CPA certified. Sources approximated that 90% of the senior staff are CPA certified and that anyone who isn't certified is working towards becoming CPA certified.

Sources each independently corroborated that C/F/R is a full-service firm, offering various tax services such as tax preparation, auditing, assurances, evaluations, due diligence, accounting, bookkeeping, forensic accounting, small business related work, payroll and sales tax.

CLIENT BASE AND EXPERTISE

The Audit Manager estimated that C/F/R services more than one thousand clients, but could not attest to the accuracy of his estimate. He additionally indicated that a large part of C/F/R's business is not-for-profit clients and further noted that Federal Communications Commission ("FCC") clients and Time-Share businesses are also among their niche clientele and products, which the Corporate Controller, SSA and Tax Manager corroborated. The SSA and Tax Manager further mentioned that, in general, C/F/R's client base is very broad and that additional types of clients include manufacturing firms, agribusinesses, real estate developers, professional service firms, retail companies, regulatory bodies and private companies.

The Tax Manager, Corporate Controller and SSA emphasized that C/F/R is particularly experienced in working with non-profit clients and that this is one of the firm's biggest areas of service. The SSA explained that Melanie B Fernandez, one of the firm's name Partners and the Director of Assurance Services, usually handles the non-profit related cases because she is "very knowledgeable" of the non-profit industry and is on the board of several non-profits. She added that Lee Klumpp, a Director (National Assurance, Nonprofit Industry Group's Auditing and Accounting Technical Leader) at BDO USA, LLP, works closely with C/F/R, including consulting on the firm's cases and providing staff training. In fact, when queried as to what sets C/F/R apart from its competitor's, the Tax Manager stated that the firm had an edge because of its membership with the BDO Alliance. He stated that C/F/R's combination of charging reasonable fees while having access to a depth of resources allows them to be able to take on any type of case, therefore making them very attractive to clients.

The Tax Manager also stated that C/F/R's offices in Polk County are very competitive, and that their Orange County based office is well-known for its expertise in the nonprofit industry; the Orange County based office releases a newsletter and survey on the non-profit industry every year that is well received in the community.

Indeed, the SSA commented that C/F/R's recent acquisition by BDO USA, LLP was very positive news, as it will further boost C/F/R's access to resources. Additionally, the SSA divulged that C/F/R is so committed to the non-profit industry that they donate their time to volunteer at several non-profit organizations, including those of their clients, such as Give Kids the World, Inc. and Habitat for Humanity of Greater Orlando, Inc.

CASE MANAGEMENT

The Audit Manager described the following as the typical internal workflow for an engagement with C/F/R: A planning meeting during which the partners target the specific needs of the case/client followed by continued communication between the Partners and Case Managers to ensure compliance with client deadlines and budgetary requirements. Partners review all financial statements for accuracy before the completion of the client engagement. The Audit Manager also stated that at no point does C/F/R send work to third party services for completion. The Corporate Controller and Tax Manager stated that the Partners are heavily involved in each case but that the Managers, Supervisors and Seniors (who generally make up the "team" on every case) are the ones who carry out the day to day tasks of a case. Partners conduct the majority of client-interactions, including going out into the "field" to visit the clients.

REPUTATION, ETHICS, AND INTEGRITY

The Sources described C/F/R's reputation in the industry as positive. For example the Tax Manager expressed that C/F/R has a "very favorable reputation" and that its clients are quite pleased with their work. He expressed that the firm has a high client retention rate and a low employee turnover rate as well as several "legacy clients"—meaning that some clients have been with them for more than 25 years. Additionally, for example, when C/F/R acquired Beckert, Price and Rowse in 2008, the majority of clients stayed and have continued to this day to engage C/F/R's services. C/F/R is one of the larger, better respected regional audit and accounting firms according to the Audit Manager; the Corporate Controller stated C/F/R has a "great" reputation. The SSA commented that she would recommend C/F/R to anyone and that the firm treats its employees "really well," offers a "good work-life balance" and "doesn't treat clients like a number" but rather on a more personal level.

None of the Sources expressed any concern whatsoever regarding C/F/R's ethics and integrity. Furthermore, each of the Sources, especially the Corporate Controller, firmly stated that C/F/R has strict compliance measures in place. The Tax Manager added that the firm has in place several quality control partners and even a "tax technical committee" that handles extremely technical tax matters and settles any internal tax disputes.

The Audit Manager noted that he was aware of litigation between C/F/R and a client that occurred prior to his joining the firm in 2012. The Audit Manager could not specify any details of the incident or its outcome; however, he noted that he believed the employees of C/F/R to be very ethical and professional. The Audit Manager added that he had no reason to believe that C/F/R had engaged or would engage in any malfeasance.

PUBLIC PROFILE

FINDINGS

A review of press reports and open source information revealed no adverse information pertaining to C/F/R. Within the public domain, C/F/R has a normal public profile (see *Appendix 1* for public profile scale), in which it appears in media reports and open source materials largely in relation to its business reputation as well as its philanthropic and charitable actions.

BUSINESS ACTIVITIES

Press articles and other open source materials occasionally cover C/F/R's business dealings. Most recently, in July 2015, several media outlets covered BDO USA, LLP's ("BDO") announcement that C/F/R had re-merged with BDO. Media outlets noted that C/F/R was created in 2000, after partners at the Orlando office of BDO bought out the firm. In response to the re-merger, James B Cross, a Managing Partner ("Cross"), stated that he hoped the move would allow the firm to "attract and retain the best and brightest talent in Central Florida."² Open sources report that the merger is expected to be completed on 1 August 2015. Media articles further note that Beckert, Price and Rowse, another local firm, merged with C/F/R in 2008.³

Media articles also cover C/F/R's employment changes. For instance, in December 2013, several media outlets reported that Ellen Thorton was promoted to partnership, while in February 2011 other outlets reported that Jennifer Spooner was promoted to director of tax services at C/F/R.⁴

C/F/R employees are occasionally sought to make a statement on tax issues by Florida press. For instance, on 23 December 2014, the *Orlando Sentinel* ran a story on citizens calculating their annual tax deductions. The article quoted Denise Robson of the firm as follows: "Taxpayers would want to begin to collect this data if they had larger purchases during 2014 or feel they have receipts to support the deduction of actual sales tax paid."⁵

² See: <http://www.bizjournals.com/orlando/blog/2015/07/bdo-usa-acquires-cross-fernandez-riley.html>.

³ See, for instance: <http://www.theledger.com/article/20141116/NEWSCHIEF/141119604>.

⁴ See, for instance: <http://www.bizjournals.com/orlando/print-edition/2013/12/27/people-in-the-news.html>.

⁵ "Floridians can begin sizing up tax deductions" in *Orlando Sentinel* on 23 December 2014.

REGIONAL IMPACT

C/F/R has been awarded several awards for its charitable activities and has been specifically lauded for allowing its employees paid time off to serve local charities. C/F/R is also heavily involved in the movement to empower women in the workplace; spearheaded by founding partner, Melanie Fernandez. C/F/R is a founding sponsor of weVenture, which “is a part of C/F/R’s ongoing WHO (Women Having Opportunities) Initiative.”⁶ C/F/R is involved in its local community both at an individual employee level and at a corporate level. C/F/R not only undertakes pro-bono work for many organizations such as the YMCA but it is also a partner of the YMCA. The President and CEO of YMCA, Jim Ferber, said this of C/F/R: “Over the years, their role has gone far beyond conducting our annual audits. Their ongoing involvement in our strategic planning and growth management has enabled us to be proactive rather than reactive in our finance and accounting practices. But what we really value is the relationship we have been able to develop over the past several years”.⁷

After accepting the *Orlando Business Journal Award* for top ten charitable organizations in Florida, founding partners Melanie Fernandez and Jim Cross were asked why their company donated so extensively. To which they replied: “To serve our clients and community to the fullest extent possible. The return on investment my firm gets from being charitable: Not only is it helping improve our communities, it builds employee morale and contributes to firm marketing and public relations. Many of our clients are nonprofits, so we are also helping them succeed and that is our No. 1 goal”.⁸

Additionally, C/F/R engages the local community through its weekly correspondence with a financial column published by the *Ledger*. Correspondence is generally authored by Daniel F Dorrell, the partner in charge of the Lakeland office of C/F/R. Topics range from what to do with the IRS tax rebates, to how various local, state, and federal tax reforms affect taxpayers.⁹

AWARDS AND WORKPLACE

C/F/R is sometimes lauded for its excellence in the accounting industry as well as their employee work environment. From 2013 to 2014 C/F/R earned more than six accolades ranging from “Best CPA in Florida” to “A Top Philanthropic Company in Central Florida.”¹⁰ On 3 October 2013, *Florida Trend Magazine* named C/F/R one of the

⁶ See: “Firm News: May 29, 2015; Webinars, young professional leadership conferences and more ...” in *Accounting Today Online* on 19 May 2015.

⁷ See: <http://www.cfrcpa.com/success-stories/partnering-for-a-better-way-of-life/>.

⁸ See: <http://www.bizjournals.com/orlando/news/2013/11/14/philanthropic-companies-discover.html>.

⁹ See: <http://www.cfrcpa.com/our-people/daniel-f-dorrell/>.

¹⁰ See: <http://www.cfrcpa.com/about/accounting-done-right/>.

“Top Accounting Firms in the Gulf Coast Region” along with other companies such as Deloitte, PriceWaterHouse Cooper, KPMG and more.¹¹

Florida Trend Magazine has named C/F/R as one of the “Best Companies to Work For” every year dating back to 25 July 2011.¹² On 14 November 2014, C/F/R won an Acquisition International Finance Award for “Best CPA Firm in Florida”.¹³ *Accounting Today*, on 28 May 2015, placed C/F/R on the “Best Places to Work for Millennials” list. *Accounting Today* asserted that C/F/R employees “felt valued, made progress at work and liked the work they did.”¹⁴ C/F/R also made the “Best Places to Work for Millennials list” by *Bestplacestoworkwillenials.com*.¹⁵

On 16 August 2014, *The Ledger* did a profile on the work environment at C/F/R, extolling its perks and methods to help manage stress, especially during tax season. The article noted that: “The list includes weekly lunches and dinners paid for by the company, as well as care packages filled with snacks and energy drinks for auditors. The firm also tries to keep things light by playing bingo games with staff through email; winners get gift cards... Other perks during the year include paid time off for volunteering in the community, flexible schedules, and leaving early on Fridays.”¹⁶

INDUSTRIES OF FOCUS/CLIENTS

While C/F/R does not provide a client list on its website, Diligence was able to identify several corporate and non-profit clients through SEC News releases. The following are a sample of some of these clients: iMedicor, Inc. (an electronic health records company); LightPath Technologies, Inc. (an optics and photonics company); GeneLink, Inc. (genetics industry); AxoGen, Inc. (medical technology); Dais Analytic Corp. (nanotechnology based heating, cooling, water treatment and energy storage); Nexus Lighting, Inc. (lighting company); Blue Earth Solutions, Inc. (recycling); Natural Blue Resources, Inc. (waste management company); General Automotive Company (auto-part manufacturing); The Boys & Girls Club of Central Florida (not-for-profit organization); AMIkids, Inc. (not-for-profit organization).

While the above companies are mostly technology-related, C/F/R does not solely cater to technology and healthcare companies. The firm states on its website that it “has established practice groups specializing in the

¹¹ See: <http://www.floridatrend.com/article/16233/top-accounting-firms-in-florida>.

¹² See: <http://www.cfr CPA.com/news/article/cross-fernandez-riley-llp-ranked-2-by-florida-trend-for-best-companies-to-w/> and <http://www.cfr CPA.com/news/article/cross-fernandez-riley-llp-makes-top-100-best-companies-list1/>.

¹³ See: <http://www.cfr CPA.com/news/article/cross-fernandez-riley-llp-named-best-cpa-firm-in-florida-2/>.

¹⁴ See: <http://www.accountingtoday.com/blogs/accounting-tomorrow/news/protiviti-cpa-firms-among-best-places-to-work-for-millennials-74730-1.html>.

¹⁵ See: <http://bestplacestoworkmillennials.com/UserFiles/File/2015%20Best%20Places%20to%20Work%20for%20Millennials.pdf>.

¹⁶ See: <http://www.theledger.com/article/20140816/NEWS/408165012?p=2&tc=pg>.

unique needs of the industries we serve.”¹⁷ Furthermore, in addition to the non-profits mentioned above, press reports indicate that C/F/R has worked with several other not-for-profit organizations, including the YMCA, and that its employees are prominently involved in various non-profit and charitable ventures.

OTHER MENTIONS

C/F/R also appears in open source materials in connection with its employees and principals. For instance, on 3 February 2012, *BizJournals.com* ran a brief article profiling Melanie Fernandez (“Fernandez”), identifying her as a “former girl scout,” current “business leader” and partner at C/F/R.¹⁸ Similarly, Jennifer Johnson, a director of marketing at C/F/R was profiled in a 17 August 2012 *Orlando Business Journal* article, as a part of a “40 under 40” series.¹⁹

C/F/R is mentioned in several online business databases, including *Bloomberg Businessweek*²⁰ and *LinkedIn*.²¹

¹⁷ See: <http://www.cfrcpa.com/industries/overview/>.

¹⁸ See: <http://www.bizjournals.com/orlando/print-edition/2012/02/03/melanie-fernandez.html>.

¹⁹ See: <http://www.bizjournals.com/orlando/print-edition/2012/08/17/40-under-40-jennifer-johnson.html>.

²⁰ See: <http://www.bloomberg.com/Research/stocks/private/snapshot.asp?privcapId=32370189>.

²¹ See: <https://www.linkedin.com/company/cross-fernandez-&-riley-llp>.

LITIGATION REVIEW

CRIMINAL RECORD

Diligence did not identify any criminal records naming C/F/R as a party, based on a search of federal, state and local legal filings in the United States, including county-level searches in the state of Florida, where C/F/R operates.

CIVIL LITIGATION

An extensive search of US federal and state legal filing databases, including searches of local county court records in Florida where C/F/R has operated, revealed three cases (listed in the below table) naming the firm as a party. Diligence can obtain additional information on any of the below cases upon request.

CASE	CASE NO.	FILED	STATUS	PARTY	TYPE	LOCATION
Cross, Fernandez & Riley LLP vs. Horowitz, Paul	2012-CA-001627-O	1 February 2012	Voluntarily Dismissed on 15 October 2014	Plaintiff	Civil; Business Transactions	Ninth Judicial Circuit, Orange County, FL
Daniel Gallogly vs. Gallogly, Fernandez & Riley, LLP, et al.	5D05-3471	6 October 2005	Disposed on 30 January 2006	Defendant	Appeal	Florida Fifth District Court Of Appeal
Gallogly, Daniel vs. Cheek, James Edward III; Fernandez, Melanie; Gallogly Fernandez & Riley LLP; Riley, Kevin J	48-2004-ca-005184-O	18 June 2004	Disposed on 25 January 2006	Defendant	Class Action; Breach of Contract	Orange County, FL

BANKRUPTCIES, LIENS, JUDGMENTS AND UCC FILINGS

Diligence did not identify any bankruptcies or liens naming C/F/R as a party based on a search of US federal bankruptcy indices and other public records. However, Diligence identified over 30 UCC filings which list C/F/R as debtors. The majority of the UCC filings have lapsed. The active UCC filings (nine in total) are listed below.

DEBTOR	SECURED PARTY	FILING NUMBER	FILE DATE	STATUS	LOCATION
Cross, Fernandez & Riley, LLP	Seaside National Bank & Trust	201503308926	23 March 2015	Active	Florida
Cross, Fernandez & Riley, LLP	Seaside National Bank & Trust	201400926643	14 March 2014	Active	Florida
Cross, Fernandez & Riley, LLP	Seaside National Bank & Trust	201308702114	26 March 2013	Active	Florida
Cross, Fernandez & Riley, LLP	Coactiv Capital Partners, Inc.	20120733134X	14 August 2012	Active	Florida
Cross, Fernandez & Riley, LLP	Seaside National Bank & Trust	201206165233	13 February 2012	Active	Florida
Cross, Fernandez & Riley, LLP	Seaside National Bank & Trust	201104139292	28 February 2011	Active	Florida
Cross, Fernandez & Riley, LLP	LCA Bank Corporation	201003807516	29 December 2010	Active	Florida
Cross, Fernandez & Riley, LLP	Dell Financial Services LLC	201002862262	15 July 2010	Active	Florida

DEBTOR	SECURED PARTY	FILING NUMBER	FILE DATE	STATUS	LOCATION
Cross, Fernandez & Riley, LLP	Seaside National Bank & Trust	200807752582	28 February 2008	Active- Continuation filed on 28 February 2008	Florida

In addition to the UCC filings listed above, Diligence also identified the following civil judgment against Gallogly Fernandez and Riley LLP filed by Daniel Gallogly.

DEBTOR	SECURED PARTY	FILING NUMBER	FILE DATE	STATUS	LOCATION
Gallogly Fernandez and Riley LLP, Anne Mchugh and Kevin J. Riley	Daniel Gallogly	48CA2004005184	18 June 2004	Released on 25 January 2006	Orange County, Circuit Court, FL

Furthermore, Diligence notes that C/F/R had been appointed as the accountant to the debtor in two bankruptcy cases, listed below:

- Black Crow Media Group, LLC Bankruptcy case (Case No. 3:10-bk-00172-PMG) tried in Jacksonville FL; Terminated on 29 October 2013;
- Equivest St. Thomas, Inc.; Bankruptcy case (Case No. 3:07-bk-30011-JKF) tried in Virgin Islands; Terminated 17 December 2012;

RECORD AND REGULATORY CHECKS

REGULATORY BODIES

Diligence conducted a review of the Florida Department of Business & Professional Regulation database in order to confirm that C/F/R, its partners, and the Client's auditing team are properly accredited. Our review indicates that both the company and the three members of the chosen auditing team members are properly accredited. In addition, neither the company nor its employees (i.e. all active Partners reviewed below) have any public complaints filed against them. However, we note that James Cross ("Cross"), the firm's managing partner, does not have an active Certified Public Accountant ("CPA") license. Cross's CPA license expired on 31 August 2008; however, we note that Cross currently has a CPA license "application in progress."

Name	License Number	Licensure Date	License Expiration Date	License Type	Any Public Complaints Filed/ Notes
Cross, Fernandez & Riley LLP	AD0019614	20 July 2000	31 December 2015	CPA Firms	None
James B Cross	AC0019241	3 December 1987	31 December 2008	CPA	CPA license is "NULL AND VOID." New Application in Progress.
Melanie Banker Fernandez	AC0021744	26 April 1990	31 December 2016	CPA	None
Anne Margaret McHugh	AC0019496	3 March 1988	31 December 2015	CPA	None
Erick Kepfer	AC40170	28 February 2008	31 December 2016	CPA	None
Tara Miller	NA	NA	NA	NA	NA
Cynthia D. Baker	AC0027806	19 April 1995	31 December 2015	CPA	None

Name	License Number	Licensure Date	License Expiration Date	License Type	Any Public Complaints Filed/ Notes
Howard M Beckert Jr.	AC0003628	1 May 1992	31 December 2015	CPA	None
Raymond James Bersch Jr.	AC0006025	20 April 1977	31 December 2015	CPA	None
Steven Eric Crisman	AC0025273	4 May 1993	31 December 2015	CPA	None
Daniel Frederick Dorrell	AC0007122/ BK3028396/ Bk3258564	15 August 1978	31 December 2015	CPA	Dorrell has a CPA that has been active since 1978. He also has two active Real Estate Broker licenses.
Laura Lynn Hathaway	AC0027153	15 September 1994	31 December 2015	CPA	None
Michael Ridings Heald	AC0032055	26 March 1999	31 December 2015	CPA	None
David Paul Lee	AC0029476	9 October 1996	31 December 2015	CPA	None
Kevin J Riley	AC0010192	12 October 1981	31 December 2016	CPA	None
William A Rowse Jr.	AC0004548	1 May 1992	31 December 2015	CPA	None
Jennifer Lynn Spooner	AC37710	19 April 2005	31 December 2015	CPA	None
Ellen Clark Thornton	AC 0010544	2 April 1982	31 December 2016	CPA	None
Robert E White	AC0004301	1 May 1992	31 December 2015	CPA	None

In addition, Diligence made inquiries with financial and government regulators with a view to determining whether any enforcement action has been taken against C/F/R and/or the four primary auditors, Fernandez, McHugh, Kepfer and Miller. Diligence confirmed that neither C/F/R nor the four auditors are registered with any of the major financial and government regulators; in addition, no action has been taken against C/F/R or the auditors by these bodies.

REGULATORY BODY	REGULATORY ACTIONS	COMMENTS
US Financial Industry Regulatory Authority	None	Neither C/F/R nor its auditors are registered with the FINRA. No regulatory actions were identified for them.
US Securities & Exchange Commission	None	Neither C/F/R nor its auditors are registered with the SEC. In addition, no regulatory actions were identified for them.
US Federal Reserve Board	None	The Federal Reserve Board does not list any regulatory actions for C/F/R or the four auditors.
New York Stock Exchange Regulation, Inc.	None	The NYSE does not list any regulatory actions for C/F/R or the four auditors.
National Futures Association/Commodity Futures Trading Commission	None	Neither C/F/R nor its auditors are registered with the NFA or the CFTC. No regulatory actions have been identified for them.

INTERNATIONAL SANCTIONS AND WATCH LISTS

Diligence carried out a review of approximately 300 records comprising Politically Exposed Persons data, anti-money laundering lists, international sanctions, debarment lists, and other prohibitive lists (see *Appendix 2*). C/F/R does not feature on any of the lists reviewed.

RECOMMENDATIONS

Diligence conducted a due diligence investigation on C/F/R. During the course of the review, Diligence did not find any issues pertaining to C/F/R that would preclude HBOIF from conducting business with them. However, Diligence recommends the following for the Client's consideration:

- Request that C/F/R clarify James Cross's CPA status and determine whether or not he has conducted work for the firm that would require an active CPA license since the license lapsed in 2008;
- While research revealed no lawsuits against C/F/R by clients, sources mentioned a legal action taken by a client. As such, HBOIF may consider including a question about lawsuits filed by C/F/R clients with any larger questionnaire given to the firm.

Diligence appreciates the opportunity to be of service to HBOIF.

APPENDICES

APPENDIX 1- DILIGENCE PUBLIC PROFILE IDENTIFICATION SCALE

PROFILE IDENTIFICATION	PUBLIC PROFILE
Very Limited	Subject's personal life and/or business interests are not covered in either press or open source material other than a personal blog, social networking page, etc. written by the Target.
Limited	Open source and press material provide limited coverage of Subject's personal life and/or business interests, including previous positions held by the Subject and some basic biographical information.
Normal	Subject's personal history and/or business interests are covered by assorted press and open source outlets. Detail is provided as to their prior work history and/or personal life.
High	Subject's personal history and/or business interests are often covered by assorted press and open source outlets. Detail provided includes some analysis of their professional/personal achievements.
Very High	Subject's personal history and business interests are extensively and regularly covered by assorted press and open source outlets. Detail provided includes analysis of their professional/personal achievements as well as profiles and interviews.

APPENDIX 2 – LIST OF SANCTION RECORDS REVIEWED

Diligence carried out a review of approximately 300 records comprising anti-money laundering lists, international sanctions, bank warning lists, debarment lists, prohibitive lists and Politically Exposed Persons data. These records included, but were not limited to, the following:

International Organisations

- Financial Action Task Force
- Interpol
- United Nations (various list)
- World Bank
- Organization for Economic Co-operation and Development – Tax Havens

United States

- Excluded Parties Listing System
- Federal Deposit Insurance Corporation Lists
- US Department of Treasury Lists
- US Federal Reserve Board Enforcement Actions
- US National Credit Union Administration List
- US Office of Foreign Assets Control Lists
- US Office of Thrift Supervision Enforcement Orders

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