



Michael Ozawa

Managing Principal

INSOLVENCY SITUATIONS

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Michael M. Ozawa, CPA/CFF, CIRA, CFE, CGMA is a Managing Principal at EMAGroup and leads the firm's insolvency practice.

He has over 30 years of experience in restructuring, insolvency, bankruptcy, and transaction advisory services, including overseeing the administration of dozens of companies in Chapter 11 on behalf of debtors, lenders, and creditors' committees. Michael has also served fiduciary roles as Chapter 7 trustee, liquidating trustee, and independent board member.

Previously, Michael was a partner in the bankruptcy and restructuring group at PricewaterhouseCoopers ("PwC") and a senior managing director in the corporate finance and restructuring group at FTI Consulting. He is a Certified Insolvency & Restructuring Advisor ("CIRA"), a Certified Public Accountant with a financial forensics specialization credential ("CPA/CFF"), a Certified Global Management Accountant ("CGMA") and a Certified Fraud Examiner ("CFE").

Clients have ranged from private companies with \$20 million in revenue to public enterprises with revenues exceeding \$2 billion. Michael has experience across many industries and sectors, including retail and consumer products, light manufacturing, food, logistics and distribution, software, technology, building products, automotive, airlines, financial services, and media and telecom.

Michael works side-by-side on a daily basis with senior management and operating teams to develop and coordinate execution of restructuring plans, coordinating with treasury on cash management and building out the framework for cash flow budgets, analysis and maintenance of 13-week rolling cash forecasts, helping negotiate with senior secured lenders and unsecured creditors, and coordinating with other restructuring professionals, such as attorneys, investment bankers and appraisers. In this regard, Michael focuses on relieving management of the cumbersome and time-consuming restructuring process, so that management can focus on core business operations.

Michael also manages capital sourcing mandates, sales processes, forensic accounting analyses/investigations, and litigation support matters. Related client services include sell-side quality of earnings ("QOE"), business plan reviews and preparation, due diligence support, sell-side due diligence support, review of company financial and operating results, coordination with other transaction professionals such as investment bankers, alternative capital sources, diligence team, and helps manage the transaction structuring process.

Michael is a board member of the Turnaround Management Association Southern California Chapter, a member of the Association of Insolvency and Restructuring Advisors, the Los Angeles Bankruptcy Forum, the American Bankruptcy Institute, the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants. Michael earned his Bachelor of Arts degree in Economics - Business from the University of California at Los Angeles.

Below is a selection of Michael's experience that provides a unique background in restructuring and insolvency matters.

His experience permits him to provide added value for debtor clients by allowing him to anticipate and solve lender, investor, and court-related issues before they become larger problems. Michael's capabilities are unmatched even among the biggest firms in the country thus allowing him to provide unparalleled experience for middle market clients.

Company/Debtor Restructurings:

- For a consumer products company, Michael assisted the CFO and the finance and accounting team with managing cash; improved working capital liquidity; negotiated faster customer payments; prioritized and then communicated with vendors to structure and schedule vendor payments; identified excess assets and aged inventory for immediate disposition; shut down non-core foreign operations; established working relationships with the incumbent lenders and arranged for new financing.
- For a retail company, Michael implemented a four-wall store analysis in support of a store closure program to rationalize the company's mall-based footprint. For a national theatre company, assisted in the pre-bankruptcy planning and reorganization efforts in the Regus Business Centers Corporation bankruptcy.
- For a major national retailer, led the liquidation and wind-down in the House2Home bankruptcy.
- For the debtors, led the restructuring assignment in the Thermatrix, et al., bankruptcy.
- For a major national retailer, led the business regeneration engagement for Musicland, including negotiation of revolving credit facility, design and implementation of store-closure program, and planning for possible bankruptcy.
- For a large real estate developer, quantified tax consequences arising from the realignment of its business operation, the restructuring of its debt portfolio, debt forgiveness, foreclosures or deeds-in-lieu of foreclosure, and evaluating the impact on its cash flow requirements. Furthermore, proposed various structures to the lenders to meet their segregation requirements while minimizing the tax impact on the transfer of property and partnership interests into the new entities.
- For a major airline, reviewed the income tax returns previously filed and analyzed the tax impact of future tax liabilities in the projected financial information contained in America West's Plan of Reorganization.
- For a regional retail chain, evaluated the tax consequences arising from debt discharge, and analyzed tax impact of future tax liabilities contained in the debtor's projected financial information contained in its Plan of Reorganization.

Lenders & Bank Groups:

- For the bank group, led the negotiations of the amendments to their \$150 million debt facility with a troubled disk drive manufacturer.
- For the bank group, assisted in the negotiations of a \$75 million credit facility for a multi-national office products company.

- For the bank group, assisted in the strategy sessions for the financial restructuring of a large theater chain, including the tax implications of various proposed reorganization plans.
- For the secured lender group, led the assignment in the Matthews Studios bankruptcy.
- For a secured lender, assisted in the negotiations for amendments to the credit facility for a women's apparel designer and manufacturer.
- For a group of public investment funds, assisted with the reorganization of the investment funds, including the elimination of certain creditors and the transfer of the real estate portfolio into a newly-created REIT.

Trustee & Related:

- For the debtor, was elected the Chapter 7 trustee in the NorthPoint Communications Group bankruptcy, including successfully defending the estate against a substantive consolidation motion brought by the Chapter 7 trustee of a subsidiary corporation.
- For the Chapter 7 trustee in Financial Corporation of America, assisted counsel in contesting pre-petition tax assessments, negotiated settlement agreements with the Department of Justice and the California Franchise Tax Board, and provided tax compliance services during the period of administration of the estate.
- On behalf of the Chapter 7 trustee, led the investigation into allegations of the debtor's improper use of investor proceeds through various international entities controlled by the debtor.
- On behalf of the SEC-appointed receiver in the Greg Setser/IPIC receivership, participated in the initial asset seizure, conducted witness interviews and performed an accounting and tracing of investor funds to multiple foreign jurisdictions.
- On behalf of certain defendants subject to the Chapter 7 trustee's avoidance actions, led the forensic accounting analysis performed to determine whether the debtor operated a Ponzi scheme in the Reed Slatkin bankruptcy.
- On behalf of the Chapter 7 trustee, led the forensic accounting analysis performed to prove a Ponzi scheme in the First Lenders Indemnity Corporation bankruptcy.

Transaction Advisory Services:

- For a subordinated lender, led the pre-investment due diligence assignment on an acquisition of a publicly traded \$1 billion annual gross sales optical retailer.
- For an equity sponsor, led the pre-investment due diligence assignment on an acquisition of a \$4 billion annual gross sales building products distributor.

- For an equity sponsor, led the pre-investment due diligence assignment of a section 363 purchase of a \$300 million annual gross sale competitive local exchange carrier (CLEC).
- For a potential asset-based lender, led the pre-funding collateral due diligence on an acquisition of a \$100 million annual gross sales display manufacturer.
- For an equity sponsor, led the pre-investment due diligence assignment on an acquisition of a cluster of hospitals with net revenues of over \$1 billion.
- For an equity sponsor, led the pre-investment due diligence assignment on a section 363 purchase of an \$850 million annual gross sales carpeting and apparel manufacturer.
- For an equity sponsor, led the pre-investment due diligence assignment on an acquisition of an \$800 million annual gross sales distressed, diversified, high-tech manufacturer.
- For an equity sponsor, led the pre-investment due diligence assignment on an investment in a distressed \$2.5 billion annual sales retailer.
- For an equity sponsor, led the pre-investment due diligence assignment on an acquisition of a prison phone system carved out of a public entity.

Forensic Assignments:

- For an equity sponsor, led the preparation of a portfolio company's carve-out financial statements in anticipation of the portfolio company's public offering.
- For the Board of Trustees of an educational research institution, directed the investigation into the Office of the Inspector General's inquiry of various operating practices, including task order funding, cost accounting, and compliance with government contract regulations. The investigation also encompassed the Health and Human Services letter of credit reimbursement procedures, accounting processes and internal audit issues. The period of investigation spanned over six years during which time the organization received approximately \$7 billion in federal funds (approximately \$100 million per month).
- On behalf of the SEC-appointed receiver in the Greg Setser/IPIC receivership, participated in the initial asset seizure, conducted witness interviews, and performed an accounting and tracing of investor funds to multiple foreign jurisdictions.
- On behalf of the Chapter 7 trustee, led the forensic accounting analysis to track the receipt and disbursements of funds through multiple related entities, investigate the debtor's businesses and business affairs, and trace assets throughout the world.
- On behalf of certain defendants subject to the Chapter 7 trustee's avoidance actions, led the forensic accounting analysis performed to determine whether the debtor operated a Ponzi scheme.

- On behalf of the Chapter 7 trustee, led the forensic accounting analysis performed to prove a Ponzi scheme in the First Lenders Indemnity Corporation bankruptcy.

Selected Unsecured Creditors' Committee Assignments:

- For the unsecured creditors' committee, led the analysis to help Factory 2-U reorganize in a difficult retail environment and maximize recovery to the creditors.
- For the unsecured creditors' committee, led the analysis to maximize their recovery as a result of the sale of BMK's distribution business.
- For the creditors' committee representing more than 200 quasi-governmental agencies (school districts, cities, transportation agencies, water districts and sanitation districts), led the creditor-assignment in the County of Orange, California, bankruptcy. These entities invested in the failed \$7 billion investment pool in the largest municipal bankruptcy in United States history. In addition, documented the procedures used to account for creditor funds and to allocate interest, developed strategies for recovery, and assisted in the negotiations of settlements approved by the bankruptcy court.
- For the unsecured creditors' committee in Circle K Convenience Stores, analyzed the tax examinations in progress, evaluated the settlement agreements between the debtor and the tax authorities, and critiqued the pre-petition tax liability payments and the future tax liabilities contained in the debtor's projected financial information contained in its Plan of Reorganization

Selected Due Diligence/ Quality of Earnings Experience

- For the asset-based lenders, led the pre-funding due diligence on a diversified, international vision care provider with over \$1 billion in annual revenues.
- For the equity sponsor, led the pre-investment due diligence assignment on a potential investment, primarily focusing on a collateral review for an asset-based lender, of a \$4 billion annual gross sales building products distributor.
- For the equity sponsor, led the pre-investment due diligence assignment of a potential section 363 purchase of a \$300 million annual gross sales CLEC.
- For asset-based lender, led the pre-funding collateral due diligence on the asset-based loan funding part of a potential acquisition of a \$100 million annual gross sales display manufacturer.
- For the equity sponsor, led the pre-investment due diligence assignment on a potential section 363 purchase of an \$850million annual gross sales carpeting and apparel manufacturer.
- For the equity sponsor, led the pre-investment due diligence assignment on a potential acquisition of a \$50 million annual gross sales international horticulture company.

- For the equity sponsor, led the pre-investment due diligence assignment on a potential investment in an \$800 million annual gross sales distressed, diversified, high-tech manufacturer.
- For the equity sponsor, led the pre-investment due diligence assignment on a potential investment in a distressed \$2.5 billion annual sales retailer.

Selected Litigation and Forensic Accounting Experience

- Analyzed intercompany transfers of funds among members of a group of companies under common ownership and developed strategies and prepared materials in defense of potential fraudulent transfer avoidance actions and violations of California solvency statutes.
- On behalf of certain record labels, performed financial analysis in the Toni Braxton bankruptcy.
- On behalf of two of the investor banks, analyzed competing settlement offers and the Chapter 7 trustee's evaluation of the various settlement "bids" and assisted in the pricing of the "auction-style" settlement negotiations in the Commercial Money Center bankruptcy.
- For the defendant in a breach of contract dispute arising from the purchase of minority shares and the use of tax benefits, formulated liability defense strategies and calculated damages under various hypothetical scenarios.
- For the Board of Trustees of an educational research institution, directed the investigation into the Office of the Inspector General's inquiry of various operating practices, including task order funding, cost accounting, and compliance with government contract regulations. The investigation also encompassed the Health and Human Services letter of credit reimbursement procedures, accounting processes and internal audit issues. The period of investigation spanned six years during which time the organization received approximately \$7 billion in federal funds (approximately \$100 million per month).
- For a public charity who received substantial government grant aid, directed an overseas investigation of a foreign currency exchange fraud, and prepared a report that described our findings, including recommendations for prevention of further fraud at other locations around the world. Our report was ultimately submitted to the U.S. Office of the Inspector General. Based on our report, the OIG determined that no further action was necessary.
- For the Board of Directors of a publicly-held medical equipment manufacturer, participated in the case strategy development and directed one team investigating fraudulent accounting practices by the company's employees, including uncovering the participants and the schemes used to manipulate the financial statements. The investigation spanned various operations across the United States and Europe. The effort included preparing a report to the Securities and Exchange Commission's Enforcement Division describing the improprieties and persons involved.