



# Firm Overview

## About Us

Houlihan Capital is a leading, solutions driven, valuation, financial advisory and boutique investment banking firm. We pride ourselves on being thought leaders in an ever-changing landscape.

Houlihan Capital is a FINRA and SIPC member, committed to the highest levels of professional ethics and standards.

Houlihan Capital's origins date back to 1996 when Andrew Smith and Richard Houlihan founded a valuation and investment banking firm to serve small to middle-market companies. Over the years, the firm organically grew to accommodate the needs of an increasingly complex client base.

Today, Houlihan Capital continues that rich tradition through our Valuation & Financial Advisory, Investment Banking, and Litigation Support groups. We serve some of the largest corporations, hedge funds, private equity funds and sovereign wealth funds in the world. We pride ourselves on being solutions-driven and delivering superior client value. In short: *Value. Added.*

## Our Services

### Valuation & Financial Advisory

- Portfolio Valuation (ASC 820)
- Complex & Illiquid Securities (Level 3)
- Enterprise Valuations
- Fairness & Solvency Opinions
- Estate and Gift Valuations
- Purchase Price Allocation (ASC 805)
- Goodwill Impairment Testing (ASC 350)
- Stock-based Compensation (ASC 718, IRC 409A)

### Investment Banking

- Buy Side/Sell Side Advisory
- Equity Raises/Debt Raises
- Financial Modeling
- Investor Presentation Creation
- Structured Finance
- Special Situations

### Litigation Support

- Commercial and Shareholder Disputes
- Bankruptcy Litigation
- Derivatives and Structured Finance Litigation
- Fraudulent Conveyance

## Firm Overview

### SOC 1 Compliant

Houlihan Capital pledges to maintain the highest levels of professional ethics and standards. This is exemplified through our SOC 1 examination completion. Companies that complete an annual SOC 1 examination are able to demonstrate a substantially higher level of assurance and operational visibility than those companies that do not.



#### Completion of the SOC 1 examination:

- Highlights Houlihan Capital's continued commitment to create and maintain the most stringent controls needed to ensure the highest quality and security of service provided to our customers.
- Illustrates that Houlihan Capital has the appropriate controls in place to mitigate risks related to material misstatements of user entities' financial statements.

The AICPA SOC 1 Report (formerly SAS 70 Report) is an internal control report on the services provided by a service organization.

### Why Houlihan Capital?

#### Senior Level Attention

Our key principals are involved at every juncture of the process, lending years of experience and expertise to every assignment. We have the breadth and depth of decades of global service firm experience providing best in class Valuation & Financial Advisory and Investment Banking services.

#### Quality

Our work product undergoes a stringent internal review process, and we continuously monitor and improve our policies and procedures to remain at the forefront of industry best practices.

#### Competitively Priced

We structure our engagements efficiently to accurately assess the situation, identify the needs, define the scope of the engagement, and propose a fee arrangement that makes us highly competitive.

#### Responsive

Houlihan Capital offers responsive, customized solutions to meet the demands of our clients.

#### Independent

We understand the need for independence in these times of heightened scrutiny. Our practice is built on strong risk-management principles where we seek to reduce conflicts of interest and ensure our analyses are objective and unbiased.

#### Knowledge

Houlihan Capital goes beyond theoretical models to bring real world M&A and private placement experience to bear on each of our assignments. In addition, Houlihan Capital provides robust, independent analyses that support can withstand audit scrutiny.

#### Expertise

Based on our knowledge of valuation and investment banking, and our interaction and expertise with auditors, regulatory agencies, business owners and sources of capital, our professionals are on the leading edge of our industry.

#### Long-Term Focus

Our commitment to our clients extends beyond any single transaction to include our active interest and support of strategic goals.

# Firm Overview

## Our Professionals

Our clients often require an objective perspective, which our professionals routinely present to senior executives, boards, and legal and regulatory authorities. Our team members have extensive experience and business knowledge. We utilize our practical experience while advising clients on how they should look at their important issues. Our clients count on our expertise and ability while finding great value in our opinions. Committed to providing superior client service, our professionals respond quickly and strive to exceed expectations.

## Our Clients

We serve a vast clientele from small market companies to large corporate organizations.

- Hedge Funds
- Private Equity Funds
- Fund of Funds
- Fund Administrators
- '40 Act Funds
- Law Firms
- Public & Private Corporations
- Business Owners
- Sovereign Wealth Funds

## Our Industries

- Aerospace, Defense & Government
- Asset Management
- Banking
- Blockchain
- Building Products
- Business Development
- Business Services
- Cannabis
- Consumer Products
- Containers, Packaging & Paper Products
- Cryptoassets
- Diversified Industrials
- Energy
- Financial Services
- Financial Technology
- Food & Beverage
- Healthcare & Pharmaceuticals
- Hotels, Restaurants & Leisure
- Insurance
- Internet Retail
- Media & Entertainment
- Oil & Gas
- Power & Utilities
- Real Estate
- Retail
- Steel
- Telecommunications
- Technology
- Transportation & Logistics

For more information, please contact:

**Andrew Smith, CPA/ABV**

**President**

**Direct: (216) 340-8011**

**[asmith@houlihancapital.com](mailto:asmith@houlihancapital.com)**

# Services for Alternative Investment Funds

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## Valuation & Financial Advisory

Houlihan Capital has extensive experience providing companies with objective, independent, and defensible opinions of value that meet accounting, regulatory, and corporate governance requirements. Our analyses and reports are transparent, supportable, and clearly outline the assumptions and projections incorporated into our financial models.

## What does Houlihan Capital offer?

Houlihan Capital offers an integrated advisory approach that draws upon strategic and technical expertise, transactional and financing experience, and an expansive network of institutional and private investors to guide management teams and investors. Understanding the time sensitivity of many of our assignments, we work diligently to meet demands and minimize operational disruption.

### We can assist as follows:

- Develop, or assist in developing, valuation policies for Level 3 Assets
- Determine, or assist in determining, unobservable inputs
- Develop, or assist in developing, valuation pricing model
- Provide valuation opinion, and/or positive assurance, for each illiquid asset
- Should fund portfolio assets be suspended, assist in providing valuation opinion and/or positive assurance, for portfolio as a whole

## Transaction Opinions

Houlihan Capital's principals have rendered transaction opinions on behalf of boards of directors, lenders, equity sponsors and investment banks.

Our team has been valuing companies and their underlying securities for decades, in some of the most complex situations, and in virtually every type of transaction.

- Fairness Opinions
- Solvency Opinions

## Areas of Expertise:

- Illiquid Debt
- Common and Preferred Equity
- Warrants and Options
- Derivatives
- Private Placements
- Convertible Securities
- PIPE's
- Structured Products

# Types of Services

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## ASC 820

Fair Value, in accordance with FASB Accounting Standards Classification Topic 820: Fair Value Measurements and Disclosures (“ASC Topic 820”), is defined as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date”. Further, ASC Topic 820 establishes a framework for measuring fair value under generally accepted accounting principles, and expands disclosures about fair value measurements.

### Independent Valuations

- Houlihan Capital has rendered thousands of valuation opinions for hedge funds, private equity firms, and other investment managers and financial institutions for financial reporting purposes.
- We have assisted of with various assets and asset types, ranging from single investments to multi-class portfolios.

### Review of Internally Prepared Valuations

- Investors are seeking additional security and insight into the performance, pricing, and risk of invested capital. Additionally, recent regulatory changes are increasing pressures on investment managers to provide clarity in their reporting to interested parties.
- Houlihan Capital provides a suite of services to fund managers and interested parties aimed at independently critiquing assumptions, valuation methods, and conclusions for today’s changing market environment.

### Valuation Policy Review

Given the difficulty of valuing illiquid assets and the potential for conflict of interest, hedge funds, private equity firms, and other investment managers and financial institutions are receiving greater attention from regulators, investors, auditors, politicians, and other industry participants, with the trend toward a well defined and consistently applied valuation policy that complies with the relevant reporting standards, greater transparency and independence.

Authored by a team of investment management experts, our process for policies and procedure review provides clear guidance in reviewing a compliance manual that meets regulatory best practices.

The policies and procedure review solution at Houlihan Capital combines practical and industry proven “know how” with the flexibility to integrate your existing materials into one centralized solution.

### Fairness Opinions

Houlihan Capital can render Fairness Opinions on fund to fund transfers of illiquid investments, in connection with capital raises and other similar transactions. A Fairness Opinion is often requested by Boards of Directors insignificant change of control or capital transactions and is an effective, often necessary, risk management tool that determines whether the terms of a transaction are fair to stakeholders from a financial point of view.

# Fairness Opinions - Houlihan Capital Published Resources

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At Houlihan Capital, fairness opinions are not a sideline service offering. In fact, we own the domain name [www.fairnessopinion.com](http://www.fairnessopinion.com). We have completed more than 150 fairness opinions for virtually every conceivable change of control transaction and other complex financings. We are constantly researching case law on valuation and the Entire Fairness Standard.

Below is a list of links to thought pieces put together by our Firm for the purpose of helping our clients and relationships understand Fairness Opinions:

## [Fairness Opinion Library](#)

- [Representative Fairness Opinion Transactions](#)

## [Houlihan Capital's Fairness Compendium:](#)

- [A summary of relevant court cases relating to Fairness Opinions and issues.](#)

## [Fairness Opinions: Uses and Issues:](#)

- [101 guide to Fairness Opinions.](#)

## [Fairness Guidelines & Issues: Use of a Special Committee to the Board of Directors:](#)

- [When confronted with a merger & acquisition, change of control, and/or other potential conflict-of-interest situation, even sophisticated Board members can be confused about their fiduciary role, duties, and responsibilities. This report is intended to provide practical and useful guidelines for Special Committees to the Board of Directors in dealing with these situations.](#)

## [Houlihan Capital & Fairness Opinions:](#)

- [One-pager information on Fairness Opinions and how Houlihan Capital can help.](#)

## [Fairness Opinions: Going Private vs. Going Dark](#)

- [Information on “going private” transactions and the “going dark” alternative.](#)

# Your Team

Our clients often require an objective perspective, which our professionals routinely present to senior executives, boards, and legal and regulatory authorities. Our team members have extensive experience and business knowledge. They utilize their practical experience while advising clients on how they should look at their important issues. Our clients count on our expertise and ability, and find great value in our opinions. Committed to providing superior client service, our professionals respond quickly and strive to exceed expectations.

- Our commitment to our clients extends beyond any single transaction to include our active interest and support of strategic goals.
- Our work product undergoes a stringent internal review process, and we continuously monitor and improve our policies and procedures to remain at the forefront of industry best practices.
- We staff our teams with exceptional talent, and equip them with cutting edge technology & resources.

## Experience. Knowledge. Guidance.

Senior level attention is involved at every step of the process, lending years of experience and expertise to every assignment.



**Andrew Smith**  
Co-Founder / President



**Paul Clark**  
Managing Director



**Ted Frecka**  
Director



**Grant Casteel**  
Director



**Nancy Shao**  
Senior Vice President



**Varun Sood**  
Vice President



## Your Team

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### **Andrew Smith, CPA/ABV**

Co-Founder/President

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Andrew Smith, CPA/ABV is a co-founder and President of Houlihan Capital. Mr. Smith was previously a Senior Vice President for EVEREN Securities, Inc. (formerly Kemper Securities, Inc., 1993 to 1996) where he was the founder and co-head of the firm's Mergers & Acquisitions Group. For the past 25 years, Mr. Smith has been active on a full-time basis in mergers and acquisitions and financing middle-market, private and public businesses.

During this period, he has completed more than 200 M&A and financing assignments. Mr. Smith was previously a Managing Director at Geneva Capital Markets. Mr. Smith was an auditor for Ernst & Young, where he specialized in serving financial institutions. He is currently the chairman of Houlihan Capital's Fairness and Solvency Committee, and is a frequent speaker on business valuation and corporate finance topics.

Mr. Smith's experience in the fast-growing cannabis industry is extensive. He has provided valuation and investment banking services to private cannabis companies throughout the United States and also to many of the largest publicly-traded multi-state cannabis operators.

He graduated with honors from Ohio Wesleyan University, earning a BA in Economics. Mr. Smith is a Certified Public Accountant and is registered with FINRA as a General Securities Representative (Series 7), General Securities Principal (Series 24), and a Financial and Operations Principal (Series 27). He is also a member of the American Institute of Certified Public Accountants and the Illinois CPA Society. He is credentialed through the American Institute of Certified Public Accountants as "Accredited in Business Valuation."

### **Paul Clark, CFA**

Managing Director

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Paul Clark, CFA is a Managing Director for the firm's Valuation and Financial Advisory group and has advised businesses and business owners on mergers and acquisitions, recapitalizations, leveraged buyouts, and other corporate planning matters. Mr. Clark has provided numerous fairness and solvency opinions for corporations, private equity groups, board of directors and significant shareholders. These assignments have involved many Fortune 500 companies and mid-market entities. Additionally, Mr. Clark has provided numerous business enterprise, equity and intangible asset valuations for financial reporting and tax compliance purposes. Further, Mr. Clark has valued debt, preferred stock, options and complex securities for various purposes.

Prior to joining Houlihan Capital, Mr. Clark was a Director in Ceteris US, LLC's valuation group. Previously, Mr. Clark was a Senior Vice President in the Financial Advisory Services group of Houlihan Lokey. He began his valuation services career at Arthur Andersen. Prior to that, he was a flight test engineer on the F-15 program with McDonnell Douglas Aerospace. Mr. Clark has earned an MBA from Washington University, a Master of Science in Mechanical Engineering from the University of Missouri and a Bachelor of Science in Mechanical Engineering from the University of Iowa. Mr. Clark holds the designation of Chartered Financial Analyst (CFA) and is a member of both the CFA Institute and the CFA Society of Chicago.



## Your Team

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### **Ted Frecka, CFA, CVA**

Director

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Ted Frecka is a Director in Houlihan Capital's Valuation and Financial Advisory group and has over 15 years of professional experience in the financial services industry. He performs valuations for financial reporting (ASC 820, 718, 805, and 350), tax, strategic planning, and transaction opinion (fairness, solvency, and capital adequacy) purposes.

Mr. Frecka has extensive experience valuing common stock, preferred stock, financial derivatives, fixed income instruments, and structured finance products of private and public companies located in the U.S. and internationally in a wide range of industries. His responsibilities include conducting due diligence, performing financial analyses, and drafting valuation reports.

Prior to joining Houlihan Capital, Mr. Frecka spent six years in the Intellectual Property practice of Charles River Associates, where he evaluated economic damages in complex commercial disputes. His responsibilities included developing robust valuation models and drafting expert opinion reports able to withstand intense scrutiny.

Mr. Frecka holds a Master of Science in Finance degree from Boston College and a Bachelor of Business Administration degree in Finance from the University of Notre Dame. Mr. Frecka is a CFA Charterholder and a Certified Valuation Analyst.

### **Grant Casteel, CFA**

Director

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Grant Casteel is a Director in Houlihan Capital's Valuation and Financial Advisory group and has nine years of professional experience in the financial services industry. He performs valuations for financial reporting (ASC 820, 718, 805, and 350), tax, strategic planning, and transaction opinion (fairness, solvency, and capital adequacy) purposes.

Mr. Casteel has extensive experience valuing common stock, preferred stock, financial derivatives, and fixed income instruments of private and public companies across a broad range of industries. He has also advised several fund clients on the value of their cryptocurrency holdings. His primary responsibility is to ensure successful execution of engagements, which often means working closely with his junior colleagues to conduct due diligence, perform financial analyses, and deliver high-quality valuation reports.

Prior to joining Houlihan Capital, Mr. Casteel spent two years with the Tax Services Group of Duff & Phelps. Mr. Casteel earned a Master of Arts in Economics from Washington University in St. Louis and a Bachelor of Science in Physics from the University of Missouri. Mr. Casteel is a CFA Charterholder.

## Your Team

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**Nancy Shao**  
Senior Vice President

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Nancy Shao is a Senior Vice President in Houlihan Capital's Valuation and Financial Advisory group. She has approximately ten years of financial advisory experience and has worked on a variety of financial consulting engagements, including fairness/solvency opinions, financial modeling, tax planning/financial reporting valuations, litigation support, and financial due diligence. Prior to joining Houlihan Capital, Ms. Shao spent five years with the Financial Consulting Services Group of Loop Capital Holdings, LLC, where she specialized in business valuation and financial due diligence. Previously, Ms. Shao was an Analyst in the Valuation and Modeling Group of KPMG Advisory.

Ms. Shao holds a master's degree in Public Finance from the University of Southern California and a Master of Science degree in Applied Mathematics from DePaul University. She is in process of becoming a CFA® Charterholder and has passed the Level II Exam.

**Varun Sood, CAIA**  
Vice President

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Varun Sood is a Vice President in the firm's Valuation and Financial Advisory group, where he has worked on valuation projects for financial accounting and tax reporting purposes. His areas of expertise include valuation of contingent considerations, convertible debt, embedded derivatives, stock-based compensation, and portfolio valuation for PE/VC/BDC clients.

Prior to joining Houlihan Capital, Mr. Sood spent more than three years with the Business Valuation Group at RSM US, LLP in their Complex Financial Instruments valuations practice, where his responsibilities ranged from performing valuation of derivatives, convertible debt, contingent consideration, swaps, and other complex securities to review of fair value analyses for financial reporting purposes, and creation of financial models/analyses for ASC 350, ASC 718, ASC 805, ASC 820, and fair market value analyses. Mr. Sood has also worked with Moody's Analytics Knowledge Services in their Investment Banking Research division previously.

Mr. Sood earned an MS in Financial Mathematics from the University of Minnesota, MBA in Finance and Accounting from ICAFI Business School, India, and a Bachelor of Science (Honors) in Physics from the University of Delhi, India. He passed both levels of the CAIA (Chartered Alternative Investment Analyst) examination and is in the process of becoming a CAIA charter holder.