Avinash Verma

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## EDUCATION

**Ph.D**., Finance, University of California, Berkeley, CA.

**MBA**, Finance and Marketing, University of Delhi, Delhi, India.

**B.Sc**., Physics Mathematics and Chemistry, Jiwaji University, Gwalior, M.P., India.

**EXPERIENCE**

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| Academic Experience |
| 2007-date, 1999-2003 | Lecturer, Haas School of Business, University of California at Berkeley |
| 2010-2011 | A. Gary Anderson Graduate School of Management, University of California, Riverside, CA |
| 2008-2010 | Lundquist College of Business, University of Oregon, Eugene, OR |
| 2007-2008 | McCombs School of Business, University of Texas at Austin, TX |
| 1996-1998: | Jesse H. Jones Graduate School of Administration, Rice University, Houston, TX |
| Spring 1996: | School of Business, Indiana University, Bloomington, IN |
| 1994-1995: | John M. Olin School of Business, Washington University, St. Louis, MO |
| Fall 1993: | Indian Institute of Management, Bangalore, India. |
| 1987-1993: | University of Massachusetts, Amherst, MA |
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| Consulting Experience |
| 2013-Date | Independent Consultant |
| 2011-2013 | Compass Lexecon, Pasadena, CA |
| 2005-2011 | Independent Consultant |
| 2004-2005 | CRA International, Inc., Boston, MA. |
| 1998-2003 | LECG, Inc., Emeryville, CA.  |

**RESEARCH INTERESTS**

# Financial Crisis; Theory of Financial Intermediation and Financial Regulation; Risk management; Corporate finance; Applications of Option Pricing Theory; Business Valuation; Valuation of intangibles; Valuation of Intellectual Property Rights; Credit derivatives; Measurement of default risk and estimating probability of default from observed market prices; Systemic Risk.

**PUBLISHED RESEARCH**

“Correlated Default Risks and Bank Regulations” (with Andrew Chen, Nengju Jiu, and Sumon Mazumdar) *Journal of Money Credit and Banking*, Volume 38, No. 2 (March 2006)

“If California Adopted the Single Factor (Sales) Apportionment Formula. What Would be the Impact?” *State Tax Notes*, Vol. 24, No. 11 (June 10 2002), 1017-1051 (with William Hamm)

“Risk-Based Capital Adequacy Standards for a Sample of 43 Major Banks,” *Journal of Banking and Finance*, 13 (1989), 21-29 (with E.I. Ronn).
(Also appeared in Proceedings of the Conference on Bank Structure and Competition, Federal Reserve Bank of Chicago 1988.)

“A Multi-Attribute Comparative Evaluation of Relative Risks for a Sample of Banks,” *Journal of Banking and Finance*, 11 (1987), 499-523 (with E.I. Ronn).

“Pricing Risk-Adjusted Deposit Insurance: An Option-Based Model,” *Journal of Finance*, vol. XLI, no. 4, September 1986, 871-895 (with E.I. Ronn). Also included in “The Regulation and Supervision of Banks” edited by Maximilian J.B. Hall, Edward Elgar, Cheltenham, U.K. This paper is cited in Nobel Laureate Robert Merton’s “Continuous Time Finance” Wiley, 1992

**PAPERS PRESENTED AT PROFESSIONAL MEETINGS**

“Default Risks Of Marginal Loans, Bank Moral Hazard And Deposit Insurance” presented at the 2003 Financial Management Association Annual Meeting (with Andrew Chen, Nengju, Jiu, and Sumon Mazumdar).

“Globalization and Restructuring of Financial Institutions,” Bangalore Management Association, Bangalore, India 1993.

“Pricing Demand Deposits and Transactions Services,” University of Connecticut, Storrs, 1990.

“Risk Based Capital Adequacy Standards for a Sample of 43 Major Banks,” Conference on Bank Structure and Competition, Federal Reserve Bank of Chicago, 1988.

“A Multi-Attribute Comparative Evaluation of Relative Risks for a Sample of Banks,” Seminar on Banking and Securitization, Northwestern University, 1987.

“Pricing Risk-Adjusted Deposit Insurance: An Option-Based Model,” Western Finance Association Meetings, 1985.

**COURSES TAUGHT**

DOCTORAL COURSES:

### A Two-Semester Capital Markets Seminar at the University of Massachusetts, Amherst, MA

MBA COURSES:

* Introduction to Corporate Finance
* Advanced Corporate Finance (case-based)
* Futures and Options
* Investments
* International Finance

#### Global Capital Markets

* Fixed Income Securities (included Structured Finance)
* Corporate Risk Management
* Commercial Bank Management
* Financial Institutions
* Managerial Economics

UNDERGRADUATE COURSES:

* Introduction to Corporate Finance
* Futures Options and Derivatives
* Investments
* International Finance
* Fixed Income Securities
* Corporate Finance and Financial Analysis
* Advanced Corporate Finance (case-based)

##### Money, Banking and Financial Institutions

IN-HOUSE SEMINAR FOR SENIOR EXECUTIVES:

* Modern Contingent Claims Pricing Theory (to Senior Executives of WIPRO, Bangalore, India. WIPRO is one of the largest software firms in India, trading at NYSE under Ticker Symbol WIT)
* “Lattice-Based Valuation Models for Employee Stock Options Under FAS 123(R)” (to Certified Public Accountants at JH Cohn, NYC)

## EXPERT WITNESS TESTIMONY ON RECORD

## Testified in arbitration proceedings, in the matter of a dispute between Andrew Laszlo and Lillian Laszlo vs. Morgan Stanley and Antony Gordon, March 2004. My testimony dealt with construction and dynamic rebalancing of a portfolio of stocks so as to track returns on a given stock.

## CONSULTING ASSIGNMENTS

* Inferred the value of the underlying assets of a start-up from data on convertible debt issued by it.
* Constructed and valued a 10-year forward hedge for a $200 million exposure for a Norwegian firm invested in the USD.
* Valuation of start-up firms in IT sector.
* Estimated probability of default in a prominent bankruptcy litigation using market indicia such as bond prices and CDS spreads.
* Empirical analysis on various corporate governance issues in a bankruptcy case.
* Constructed what-if models for analyzing the impact of various allegations in the context of litigation ensuing the bankruptcy of a prominent hedge fund invested in Agency Floating Rate RMBS and leveraged with Repo Loans. This hedge fund was promoted by one of the largest and best known private equity firms in the world. It went bankrupt at the same time as Bear Stearns.
* Analyzed risk in a structured finance case involving Auction Rate Securities, Credit Default Swaps and Collateralized Debt Obligations.
* Estimated impact of certain key events on trading activity by various econometric techniques in one of the most prominent insider trading cases; reviewed extant literature on estimating the probability that informed trading is afoot in the market.
* Econometrically tested for collusive behavior in LIBOR investigations. Examined violations of Covered Interest rate Parity. Estimated impact on panel banks’ portfolio of derivatives of a one basis point change in LIBOR.
* Estimated the impact of various regulatory initiatives on the liquidity and efficiency of various market segments such as commercial paper, auction rate securities, etc., following the 2007-08 financial crisis in the context of class action lawsuits.
* Estimated effectiveness of an interest rate hedge for compliance with FASB 133 for a $165 million issue of Floating Rate Notes.
* Estimated values of foreign subsidiaries of various US-based multinationals in various contexts such as transfer pricing, mergers and spin-offs.
* Estimated implied volatility of WorldCom’s total enterprise value, and valued its debt in a “but-for” setting using an option pricing model.
* Estimated damages in a mutual fund market timing case involving a mutual fund with assets of $10 billion.
* Valued convertible bonds of SMTK Expedite, Inc. using a binomial model.
* Valued interest rate swaps in a tax case.
* Worked out the composition of a “basket hedge” for tracking the return on a restricted stock on the basis of *ex ante* data, and estimated financial damages based on the *ex post* effectiveness of the hedge. Also testified before the arbitration panel in the case.
* Valued warrants and Employee Stock Options in a number of cases for both prominent publicly traded and for small privately held firms in the context of mergers and acquisitions, financial disclosure, and advisability of purchase into a pre-packaged portfolio of warrants on pre-IPO technology firms.
* Estimated damages in a number of securities class actions lawsuits.
* Estimated the probability that an option to buy certain real assets will be exercised in the context of a tax court litigation involving EuroDisneyland.
* Valued intellectual property rights using Discounted Cash Flow (and its equivalent, the Residual Income model) and Real Options valuation methodologies. Also compared results with those obtained by using other valuation methods such as valuation by metrics.
* Managed, supervised work on, and had intellectual responsibility for, two expert reports in Winstar cases (both by Professor Anthony Sanders) for the US Department of Justice. Each of these two cases involved estimating the value of, and the risk inherent in, $500-800 million Risk-Controlled Arbitrage portfolios of Mortgage-Backed Securities and their derivatives financed by repos.
* Constructed a hedge against downside market risk using a Portfolio Insurance strategy.
* Estimated a hedge fund’s market exposure from its large holdings of Index options;
* Provided analytical support both in evolving a strategic defense and in developing and implementing financial valuation models in a variety of cases involving valuation of an internet spin-off, valuation of privately held firms, valuation of corporate bonds, securities fraud litigation, transfer pricing, intellectual property, portfolio insurance, and valuation of derivatives.
* Analyzed and critiqued opposition expert report valuing supervisory goodwill as a barrier option (a down and out call); assisted US Department of Justice attorneys in deposition and cross-examination of opposition expert witness, Professor Roger Kormendi. Assisted Prof. Alan Shapiro of USC with preparation of his expert report.
* Provided analytical support to a California utility in a review by the California Public Utilities Commission on the prudence of its buying policies in spot and futures markets for electricity.
* Served as a consulting expert to the Commercial Litigation Branch of the US Department of Justice on several Winstar cases involving lawsuits against the government arising from FIRREA-mandated disallowance of supervisory goodwill as regulatory capital. Attended and assisted US Department of Justice attorneys with questions in the deposition of plaintiffs’ expert witnesses including Professor Paul Horvitz, Dr. Roger Kormendi, and Dr. R. Dan Brumbaugh.
* Helped US Department of Justice attorneys with deposition questions for several other plaintiffs’ expert and fact witnesses in Winstar cases.
* Helped the US Department of Justice critique expert reports of several plaintiffs’ expert witnesses in Winstar cases.
* Helped prepare defendants’ expert witnesses reports in several Winstar cases.
* Provided litigation support to the US Department of Justice in Suess vs. the US Government; analyzed and critiqued opposition expert reports and financial models; assisted US Department of Justice attorneys with questions in the testimony of opposition expert witnesses at deposition and trial
* Provided litigation support to the US Department of Justice in California Federal Savings and Loan (Calfed) vs. the US Government; analyzed and critiqued opposition expert reports and financial models; valued the thrift’s capital certificates on an *ex ante* basis.
* Provided litigation support to the US Department of Justice in Maco Bank vs. the US Government; analyzed and critiqued opposition expert reports and financial models; evolved a framework for pricing supervisory goodwill with option-pricing; helped design an event study for valuing supervisory capital by estimating the stock price reaction to its elimination; helped prepare the expert report of Professor Robert Hall of Hoover Institute and Stanford University.
* Provided litigation support to an investment banking firm in a case dealing with alleged mismanagement in a managed futures account.
* Analyzed the impact it would have on the state economy and revenue base if California were to adopt a single-factor (sales) apportionment formula.

###### DISTINCTIONS AND AWARDS

* Nominated for, and received Honorable Mention for, the Cheit Award for Distinguished Teacher of the Year for 1999-2000 at Haas School of Business, University of California, Berkeley. Also, I have been a member of “Club 6”, to which only those achieving ratings of 6.0 or better on a 7 point scale are admitted.
* Was the only student in my class to get Distinction in comprehensive examination for PhD Finance at University of California, Berkeley in 1984.
* Dean Witter Fellowship, University of California, Berkeley, 1982-3.
* Finished high school at age 14 and finished B.Sc. at age 17 appearing in the Vice-Chancellor’s list of top 10.

OTHER PROFESSIONAL ACTIVITIES

* Served as a referee for Journal of Banking and Finance, Quarterly Journal of Business and Economics, and Journal of Financial Research.
* Chaired sessions and discussed papers at meetings of Eastern Finance Association and Eastern Accounting Association.
* Served as an Independent Director on the Board of F&G European Equity Fund, a Cayman Island market-neutral hedge fund run out of London, from its inception in 2003 to its [voluntary] liquidation in October 2008.

**DISSERTATION COMMITTEES**

* Served on the dissertation committees of doctoral students in Finance and in Economics at University of Massachusetts, Amherst.
* Served as independent study advisor to MBA students at University of Massachusetts, Amherst, at Washington University at Saint Louis, Missouri, and at University of Oregon, Eugene, OR, on topics as diverse as Financial Crisis, Applications of Stochastic Calculus to Finance, Tax Havens, Collectibles as Investment, and Emergence of an Integrated Market in Europe.