

## MARTIN DIRKS

Investment Strategy & Analysis  
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Mr. Dirks is an expert in hedge fund strategies, securities selection, portfolio management and other investment-related issues. He researched fraud and misrepresentation by publicly-traded companies as a short seller from 1989 through 2010. Cryptocurrencies – Bitcoin, Bitcoin Cash, Ethereum, Ripple and other forms of cryptocurrency – are a new frontier in finance and a special focus.

Marty Dirks has provided investment consulting, investment research and expert witness services to investment funds and law firms at his own firm, Investment Strategy & Analysis, since 2004. From 2012 to 2017, he also provided investment consulting and expert witness services as part of Milliman, Inc., an international consulting firm with more than 3,000 employees worldwide.

Prior to 2004, Mr. Dirks managed Dirks Capital Management, a firm managing long/short equity hedge fund (2000-2002) and sub-advising a long-only portfolio for Davidson Investment Advisors (2001-2004), the investment management subsidiary of DA Davidson. He managed a long/short equity portfolio for Harvard University's endowment (1994-1999) which generated an average unleveraged annual return on investment of 43% per year, increasing the portfolio from \$110 million at December 1993 to \$870 million at June 1999. Mr. Dirks also worked as an equity analyst for Odyssey Partners (1991-1993), a \$2 billion hedge fund managed by Jack Nash and Leon Levy, (co-founders of Oppenheimer & Co.) and Feshbach Brothers (1989-1991), a \$1 billion short-only equity hedge fund.

His corporate industry experience includes working as a senior financial planning analyst at Cooper Industries (1987-1989), a Fortune 100 manufacturing company, and as a program manager/product engineer at Texas Instruments (1979-1985), a leading semiconductor manufacturing company.

Mr. Dirks has been an adjunct professor of finance at Golden Gate University in San Francisco since 2006 and currently teaches Portfolio Management, the advanced investments course for the MBA program. He was the director of research at McCullough & Associates, a value equity manager, from 2010-2012. He has been a board member for the Federated Retirement System for the City of San José since 2010 where he works with staff on manager selection and investment strategy issues. From his roles as an Adjunct Professor and Investment Consultant he has proven his ability as a confident public speaker with the ability to convey technical concepts to diverse audiences.

## **Representative Litigation-Relevant Experience**

### **Business Valuation Experience**

- Fund of Hedge Funds – Prepared valuation analysis for fund of hedge funds under damaged and undamaged scenarios.
- Hedge Fund – Prepared valuation analysis of long/short equity hedge fund.
- Private business – As a corporate merger and acquisition analyst, prepared any discounted cash flow-based valuation analyses with and without synergies. Several businesses recommended were subsequently acquired.
- Publicly-traded businesses – As an institutional investor, prepared valuation analyses for hundreds of publicly-traded businesses and executed transactions in the public markets based on these valuations. Positions were up to \$70 million in size.

### **Complex Damages Calculation Experience**

- Calculated damages for options arbitrage hedge fund due to margin calls miscalculated by the prime broker, a top five international investment bank.
- Calculated damages for loss of option value of warrants issued by publicly-traded company which were not allowed to be exercised according to the contractual agreement.

### **Investment and Corporate Financial Fraud Experience**

- Evaluated fund of hedge funds, which invested in a Ponzi Scheme, for inappropriate business practices: due diligence, accounting, anti-money laundering policy and client communications.
- Analyzed financial statements of corporation using bankruptcy and fraudulent conveyance (inappropriate expense allocation to fraudulently transfer assets) to avoid creditor's claims.
- As an institutional investor, analyzed hundreds of publicly-traded corporations with accounting fraud or other misrepresentation for short selling and executed the resulting investment transactions.
- Defense expert for hedge fund criminal fraud cases, People vs. Glenn Jackson [Fund: Highland Capital Partners] (2013) and People vs. Chad Sloat [Fund: Black Diamond] (2012).

### **Testimony Experience**

- Vigilant Investors, LLC vs. Goodin, MacBride, Squeri, Day & Lamprey, LLP (American Arbitration Association, January 2008)
- Luisa Li vs. Headwaters Holdings, LLC (American Arbitration Association, December 2015)

## Education

**Harvard Business School**, Boston, Massachusetts  
Master in Business Administration, 1987. Ellis/LeBaron Fellowship recipient.

**Bemidji State University**, Bemidji, Minnesota  
Bachelor of Science in Engineering Physics, 1979, *summa cum laude*.

### Other education:

**Yale University/Commonfund**, New Haven, Connecticut  
Endowment Institute, Level II (2014)

**Bar Association of San Francisco**, San Francisco, California  
Deposition Bootcamp (2009)

**McMillan Analysis**, Burlingame, California  
Advanced Options Seminars (2005)

**International Trading Institute**, Chicago, Illinois  
Trading & Pricing for the Professional Options Trader (2004)

**Market Compass**, San Francisco, California  
Advanced Options Curriculum (2002)

### Affiliations:

Board member, Federated Retirement System for the City of San José  
Adjunct Professor of Finance, Golden Gate University  
Event Coordinator, CALAPRS Trustee Roundtable  
Member, Global Association of Risk Professionals  
Member, Gerson Lehrman Group Councils  
Member: Investment Industry Advisory Board, Zyme Solutions  
Advisory Board, Silicon Valley Venture – Private Equity Capital Roundtable  
Advisory Board, Commonfund Hedge FundDirect Strategies  
Advisory Board, Inferess, Inc.  
Advisory Board, HedgeSight

### Publications:

**Clear Path Analysis** (2017)  
“Insurance Linked Securities - Asset Owner Survey”  
Co-author with Aaron Koch

**LinkedIn** (2016)  
“How hard is it to beat the S&P 500? It depends on how you try to do it...”  
July 10, 2016 <https://www.linkedin.com/in/marty/>

**Study prepared for Ohio Retirement Study Council** (2012)  
“Ohio and United States Unemployment” white paper

**Publications (continued):**

**Ivey Publishing (2012)**

“How to Sell Short: Green Mountain Coffee Roasters,” Business school case and teaching note.

**China Opportunities (2010)**

“Short Selling – A Primer” A six-part series of articles in an English-language alternative investments magazine for the China market

**Ivey Publishing (2009)**

“Cypress Semiconductor Corporation and SunPower Corporation,” Business school case and teaching note.

**U.S. Securities and Exchange Commission**, File No. S7-09-09, Comment on Proposed Rule: Custody of Funds or Securities of Clients by Investment Advisers, May 27, 2009.

**Public Investors Arbitration Bar Association Journal (Winter 2007)**

“Selling Deep-in-the-Money Calls as an Option Writing Strategy: The Good, the Bad and the Ugly.”

**Barron’s**, “Bargain Investing” November 20, 2006 (Letter to the editor)

**Submitted for publication:**

**Public Investors Arbitration Bar Association Journal**, Shortcomings of the Best Intermediate Price Damages Theory.

**Presentations:**

**Principals of Corporate Governance (2018)**

RSK Institutional Investors’ Forum

**Private Equity and Venture Capital: How to Extract New Alpha (2018)**

Opal Group  
Public Funds Summit East

**Emerging Markets Equities: Balancing the Risk/Reward Tradeoff (2017)**

Markets Group  
5th Annual California Institutional Forum

**Enhancing Risk Adjusted Returns and Portfolio Performance with Listed Options (2017)**

CAIA/CalALTs/CFA Society San Francisco  
ALTSV 2017 Alternative Investment Conference

**Discretionary vs. Non-discretionary Management (2017)**

Investment Management Institute  
Outsourced Chief Investment Officer Summit

**Presentations (continued):**

**Private Equity: Keeping Your Powder Dry (2017)**

Information Management Network (IMN)  
Total Alts 2017 Conference

**How Do Investors Search For Alternative Managers (2017)**

Investment Management Institute  
11th Annual Alternative Investment Consultants Summit

**Retaining Clients After Poor Performance (2017)**

Investment Management Institute  
Consultants Congress San Francisco

**Best Strategies for Proper Manager Selection (2017)**

Opal Public Funds Summit East

**Rebalancing Using Options (2017)**

Investment Management Institute  
Consultants Retreat Las Vegas

**Discretionary VS Non-Discretionary Management (2017)**

Investment Management Institute  
OCIO Summit Stamford

**Endowment Portfolios: A New Model for A New Market (2017)**

Information Management Network (IMN)  
22nd Annual Global Indexing & ETFs/ EBI West

**Meet the Allocators (2017)**

ConsortiumWEST

**Asset Class Experts - Hedge (2017)**

ConsortiumWEST

**Next Best Move in Alternatives (2016)**

Markets Group 2nd Annual Pacific Credit & Hedge Fund Investor Forum

**Voter Empowerment or Member Impairment? A Candid Conversation  
About Pending Pension Initiatives (2015)**

State Association of County Retirement Systems (SACRS) Fall Conference

**Why Bother Investing in Hedge Funds? (2015)**

Commonfund Forum

**Catastrophe Bonds and Insurance-Linked Investments (2015)**

Investment Management Institute Endowments & Foundations Forum

**The Debate on Hedge Fund Allocation (2014)**

California Institutional Investors Forum

**Presentations (continued):**

**Outsourced CIO Model from Strategy to Execution (2014)**  
Koried Conference

**Opportunities for Emerging Managers (2014)**  
Annual IMI Consultants Congress

**An Introduction to Funds of Hedge Funds (2013)**  
Milliman 2013 Investment Conference

**Pros and Cons of Liability Driven Investing (2013)**  
Koried Conference

**Credit Strategies and Lending Opportunities (2013)**  
Pension Bridge Annual Conference

**Hedge Fund Portfolios for a Growing Market (2013)**  
30<sup>th</sup> Annual IMI Consultants Congress

**Alternatives: Risk or Opportunity? (2012)**  
Institutional Investors' Roundtable

**Evolving Investor Expectations (2012)**  
18th Annual Institutional Investment Conference

**Optimizing Trader-PM Communication for Improved Execution (2012)**  
7th Annual TradeTech West Conference

**Financial Fraud: How It's Done - How to Spot It (2010)**  
Golden Gate University School of Law's annual continuing education seminar series

**Judge, 2010 Venture Capital Investment Competition (2010)**  
The Venture Capital Investment Competition (VCIC) is an international, graduate-level business school competition with over 1,000 students competing in 2010. Actual entrepreneurs seeking venture capital present and approximately 25% of ventures that present at VCIC go on to raise venture capital, averaging \$10 million each. Presenting companies have raised over \$600M in venture funding after participating in VCIC events.

**Identifying Accounting Fraud for Management Accountants (2009)**  
Silicon Valley Chapter of the Institute of Management Accountants  
A seminar for management accountants on accounting fraud.

**Cooking the Books (2009)**  
Presentation to the San Francisco Bar Association.  
A seminar for legal professionals on accounting fraud.

**Presentations (continued):**

**Advanced Investment Topics (2009)**

Guest lecturer at the University of San Francisco.

Presented 40% of the investment course lectures for the MBA program.

**Portable Alpha**

**Overview of the Hedge Fund Industry (2008)**

Lecturer for Hedge Funds 101 and 102, New York, NY.

A seminar for professionals in the hedge fund and hedge fund service industry.

**Hedge Funds – A Look Under the Covers (2005)**

Presentation to the Venture Capital Roundtable in Palo Alto, CA.

A discussion of the hedge fund industry, the pros and cons of hedge funds as an investment and how to evaluate a hedge fund

**Investment Manager Selection:**

**US Fixed Income Manager (2015)**

Client: San Francisco Zen Center Endowment

Assets to be managed: \$5 million

**International Equity Manager (2015)**

Client: San Francisco Zen Center Endowment

Assets to be managed: \$3 million

**US Small/Mid-Cap Equity Manager (2014)**

Client: San Francisco Zen Center Endowment

Assets to be managed: \$2 million

**Portable Alpha Manager for US Equity (2014)**

Client: Contra Costa County Employees' Retirement Association

Assets to be managed: \$260 million

**US Small-Cap Value Equity Manager (2014)**

Client: Rabobank Retirement

Assets to be managed: \$8 million

**Private Equity Specialist Manager (2014)**

Client: Contra Costa County Employees' Retirement Association

Assets to be managed: \$30 million

**Private Real Assets Manager (2013)**

Client: Contra Costa County Employees' Retirement Association

Assets to be managed: \$140 million

**International Value Equity Manager (2013)**

Client: Contra Costa County Employees' Retirement Association

Assets to be managed: \$304 million

**Investment Manager Selection (continued):**

**Unconstrained Fixed Income Manager (2013)**

Client: San Domenico School Endowment

Assets to be managed: \$50 million

**Private Equity Manager with focus on Small/Mid-Cap Companies (2013)**

Client: Contra Costa County Employees' Retirement Association

Assets to be managed: \$50 million

**Public Real Assets Manager (2012)**

Client: Contra Costa County Employees' Retirement Association

Assets to be managed: \$140 million

**Asset Allocation Reports:**

**Asset Allocation Report for City of Miami Beach Employees' Retirement Plan (2017)**

Client: Miami Beach General Employees' Retirement System

Assets to be managed: \$537 million

**Asset Allocation Report for Las Vegas Valley Water District Retirement Plan (2016)**

Client: Las Vegas Valley Water District

Assets to be managed: \$300 million

**Asset Allocation Report for City of Miami Beach Employees' Retirement Plan (2013)**

Client: Miami Beach General Employees' Retirement System

Assets to be managed: \$423 million