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## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 09/18/2009

RICHARD WITHEY was contacted at the law offices of Gibson, Dunn & Crutcher, 333 S. Grand Avenue, 47th floor, Los Angeles, CA, tel. 213-229-7000. Also present were Assistant U.S. Attorney Michael Wilner and counsel for WITHEY, Dean Kitchens, Esq. Having been previously advised of the identity of the interviewing personnel and the nature of the interview, WITHEY provided the following information:

In 2000 and 2001, WITHEY's employer, PriceWaterhouseCoopers ("PWC"), was transitioning from maintaining paper files to a pure electronic framework of record keeping. The process is ongoing. In 2000 and 2001, a single database existed comprised of quarterly review paperwork and year-end audit work. At present, a separate database exists for the review done each quarter and these records are archived. This was not the procedure followed in 2001.

No opinions are issued in connection with the quarterly reviews. Opinions are only issued in connection with the annual audit. A quarterly review is an inquiry of management. The audit is a test of detailed information.

In October, November and December, 2001, PWC had an open file from the second quarter review of financial activity at Homestore.com ("Homestore"). Though the review work was done on a timely basis, documentation of the work that was done earlier continued after the quarterly report was completed. It was not improper for documentation to continue and no policy was violated when information from a review continued to be documented.

Rules for documenting certain information gathered during reviews or audits has changed following the passage of the Sarbanes-Oxley Act.

On November 14, 2001, WITHEY was present at a meeting between the Homestore audit committee and other PWC personnel. There was a discussion about Homestore's receipt of a confirmation letter from L90 and whether Homestore could file its 10-Q report. Homestore consulted outside counsel regarding the issue and concluded it (Homestore) did not see any reason why it should not file its 10-Q. At the time, WITHEY was unaware of a request for

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Investigation on 9-17-09 at Los Angeles, CA

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by SA Marie H. Kondzielski

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payment from L90 in exchange for signing the confirm letter, but he was aware of a delay in Homestore's receipt of the confirm from L90. On November 14, 2001, PWC was not retained to do any investigative work related to Homestore.

WITHEY became aware, though he could not recall when, that Fenwick & West was engaged by Homestore, but this engagement was on a privileged basis so Fenwick personnel could not discuss the matter with PWC personnel. In late November and early December, 2001, PWC was not involved in the internal investigation. PWC was specifically excluded from the investigation and any information about it until after the Cahill Gordon firm was engaged. After the Cahill firm was engaged, PWC was brought into the process and Cahill asked PWC to assist with data recovery.

WITHEY had a family medical emergency in the United Kingdom and was out of the United States for almost two weeks, beginning shortly after November 14, 2001. He checked in with his office by phone periodically until the middle of December, 2001.

WITHEY gained some clarity into the triangle deal structure at issue in January or February, 2002, when shown a list of advertising referral companies. The allegation about a triangle structure was raised near the end of December, 2001.

In December, 2001, Homestore indicated that its financials may need to be re-stated. WITHEY believed that this decision was based on information that had been accumulated regarding various transactions which had been reviewed.

The statement WITHEY made in his trial testimony about freezing work papers referred to conversations WITHEY had with PWC attorneys HILARY KRANE and JOE GROSS. There were a number of conversations about preserving work papers and taking a snapshot of the work papers, while continuing to work on the Homestore audit. PWC had an agreement with the SEC to continue work on the Homestore audit. WITHEY got confused about the time line during his testimony. WITHEY's recollection about freezing work papers pertained to instructions he received from PWC attorneys in January, 2002.

WITHEY was not aware of additional documentation obtained by the Homestore audit team in 2001.

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In 2001, PWC did not retain copies of documents or contracts it reviewed in the course of its work. Audit personnel would look at a contract and then give it back to the company. If PWC got a hard copy of certain key documents from the client, PWC retained those documents in binders.

It was not unusual for PWC to get a management representation letter after the majority of the work was done on a quarterly review. If a company executive was traveling, sometimes the executive gave PWC a verbal acknowledgment that the representation letter would be signed upon the executive's return. Sometimes PWC received a management representation letter via fax. WITHEY does not recall PWC having trouble getting a representation letter from Homestore until the third quarter of 2001.

The documentation from a quarterly review could be finalized at a later date. Documentation from a quarterly review continued in an effort to finalize the work papers for the year-end audit. A quarterly review is not a discrete engagement, it is done in the context of the audit.