



FRANK WILLIAM KEENEY

Curriculum Vitae

Summary

Keeney attended the University of Washington on an NROTC scholarship, earned membership in Phi Beta Kappa and other academic honorary organizations, and graduated with honors. Before graduation, he passed all four parts of the state CPA examination in one sitting. His career included three years on active duty with the US Navy Supply Corps during the Korean War (he was the "Bull Ensign" of the Corps); 22 years working in large companies; and 26 years in small business startups and turnaround situations, which included numerous financings, a successful Chapter 11 reorganization, the sale of a turnaround to First Data Resources and sale of a startup to Qualcomm.

In retirement, Keeney developed a keen interest in government and with his wife founded the Act 2 reform movement (act2reform.org).

Four of Frank's more interesting business experiences follow.

IBM

Started as a sales trainee in 1957. In second year on quota, was one of top salesmen in the company. Promoted to Assistant IBM Director of Budgets in the Office of the Chairman with responsibility to review all divisional operating plans. Subsequent management assignments were in divisions and the product development and manufacturing group. Last position was Director of Financial

Planning for the group, which generated 95% of the company profits. When Keeney resigned, the president of IBM offered him several promotion alternatives in an attempt to induce him to stay.

Smith Barney

In 1968 was recruited as Chief Financial Officer of this Wall Street firm to bring professional management to what was then described as a "cottage industry." Was CFO, Director, and member of Executive Committee. Major accomplishments: Designed new financial system that was copied by other major Wall Street firms; Initiated planning and budgeting and led industry planning group; Designed incentive compensation plan for professional staff; Initiated salary and bonus administration system; Implemented pension plan integrated with 401K plan; Installed first computer in the firm, replacing 25-year-old accounting equipment; Handled lease negotiations for 80 branch offices and other legal matters; Created facilities department for office planning and remodeling, handling 50 projects at cost of \$10 million in two year period; Handled acquisition of Harris, Upham & Co.; Recruited and trained key managers: Managed staff of 200. Keeney left when he ran out of challenges.

Turnaround: Nanodata Computer Corp.

When the engineering development of a new computer product was not successfully completed. the investors decided to terminate the development effort and implemented a reduction of staff from 130 to 10. The Board of Directors asked Keeney to try to save the large tax loss carryforward, electing him president and CEO. He agreed, and filed a petition for reorganization under Chapter 11 of the Bankruptcy Code in June 1982. At that time, there was no sales backlog, monthly expenses exceeded maintenance income by \$14,000, cash on hand was less than \$1,000, all assets were encumbered by a bank loan and long term debt security agreements, and creditor claims totaled \$9 million. It was generally assumed that the company would be forced to liquidate within a few weeks (even the lead investor from J. H. Whitney & Co. had recommended filing for Chapter 7 Liquidation instead of the Chapter 11 Reorganization).

The company had a 10-year old special-purpose computer system that was designed to run simulations for engineering design projects; Keeney developed a

plan to resurrect it, make engineering improvements, and attempt to manufacture and market it. Over the next two years he successfully implemented this plan and accomplished the following:

- Shortly after the Chapter 11 filing, made a sale of add-on memory to an aerospace customer for \$125,000 and won court approval to retain 50% of the proceeds for working capital.
- Arranged for a debtor-in-possession line of credit from investors as his plan gained traction.
- Increased employment from 10 to 19, adding sales, development engineering, and manufacturing personnel. With consulting help from former employees, made significant engineering changes to the old computer product, including conversion of system to 50 cycle power for the European market, conversion of memory to solid-state technology, and 20% improvement in processing speed through a rewrite of microcode.
- Made sale of a system to a major French engineering firm for \$700,000. Successfully manufactured it and shipped it to France, where it passed the contractual acceptance tests. Received a monthly fee for six months of engineering training and support of the system on-site in France.
- Sold many customers a microcode upgrade for \$50,000 each.
- Sold the real property of the company in a complex transaction for \$1.5 million cash and the release of \$4.5 million of long-term debt originally held by the federal government. The cash proceeds satisfied mortgages of \$1 million held by the State of New York and \$100,000 by the City of Buffalo and generated working capital of \$345,000 for the company.
- Sold excess semi-conductor inventory and equipment over a one-year period, realizing cash proceeds of \$260,000 compared to liquidator bids of \$25,000.
- Achieved profitable operations for the fiscal year ended September 30, 1983 with product sales of \$1.8 million and net income of \$220,000. It was the first profitable year in company history.
- Resolved more than 360 creditor claims, some involving lawsuits against the company. Negotiated reductions of \$2.4 million in these claims from the original total of \$9 million.

- Initiated a lawsuit against two former suppliers of the company, claiming damages in excess of \$10 million as a defensive maneuver against them.
- As the basis of a Plan of Reorganization to exit Chapter 11, completed the design of a new RISC architecture mini-computer with 14 MIP register-to-register processing speed and included it in a business plan for future operations.
- Developed a Plan of Reorganization which was approved by 16 classes of creditors and stockholders; the lowest ranking class (an equipment lessor) was “crammed down.” The plan was confirmed by the U.S. Bankruptcy Court for the Western District of New York on May 17, 1984. In the plan, all creditors other than the unsecured group were paid 100% of their claims, the unsecured group (which voted in favor of the Plan) received 30%, and equipment on lease was returned to the lessor. NCC emerged from the Chapter 11 proceedings with a \$15 million tax loss carryforward and no debt.
- Distributions under the Plan included payment in full of approximately \$2 million of pre-Chapter 11 debt (taxes, secured bank loans and real estate mortgages) and resolution of installment purchase debt through return of equipment to the lessor.
- Paid legal fees incurred during Chapter 11 operations of \$175,000, repaid short-term working capital loans of \$256,000, and paid payroll, taxes and employee benefits of more than \$1.1 million during the proceeding.

(The bankruptcy judge, attorneys and other observers expressed astonishment at what had been accomplished in those two years.)

The company subsequently made three acquisitions and was sold to First Data Resources in 1988.

Start-Up: Ultra-Sound Corporation

After a short retirement, Keeney founded this company in 1989 to develop an ultrasonic scanner to capture fingerprint images for use in a proprietary personal identification system. The FBI was encouraging private companies to explore alternative technologies for this application because of the deficiencies in the optical systems then in use, which experienced 20% error rates. Keeney saw this

as more than a business opportunity: if successful it could be of significant benefit to society.

This ultrasonic development work was challenging, but it eventually led to a successful product that was adopted by our military Special Forces for use in the field in Afghanistan, which was an extremely difficult environment for personal ID systems. It became the only identification system that the FBI approved for law enforcement work other than the original optical system. Because of its improved accuracy, it held the promise of becoming the only technology capable of achieving a fully automatic system that delivered accurate identification results.

The company was sold to Qualcomm in 2013.

Education & Military

- B.A. in Accounting, University of Washington, 1950, Magna Cum Laude
- Member of Phi Beta Kappa and other honorary societies
- Lt. (j.g.), USN, Supply Corps, 1950 to 1953; USNR 1953 to 1958
- MBA, University of Washington, 1957, Magna Cum Laude
- IBM Executive School, 1962
- Brookings Institution course on business and governmental relations, 1962

Professional

- Touche, Niven, Bailey & Smart, 1953-1956 (now Deloitte)
- Certified Public Accountant license, State of Washington, 1954
- IBM Corporation, 1957-1966
- Founder and Chairman, Datastation of New York, Inc. 1966-1968
- Director, Smith Barney & Co., 1968-1978
- President, Wall Street Planning Group, 1971
- Director, Securities Industry Association, 1972-1975
- Director, Smith Barney Real Estate Corporation, 1973-1978

- Director, Datamedia Corporation, 1979-1987
- Director, Nanodata (Intellitek) Computer Corporation, 1980-1988
- Founder and Chairman, Ultra-Scan Corporation, 1989-2003
- Founder and Chairman, Act 2 Inc, 2010-2019

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