

CORPORATE
VALUATION
SERVICES, INC.



CLE Presentation

Business Valuation Essentials

ACTEC Fellows & Their Colleagues

Giustina, Cullifer

&

Current Audit Issues

Presented by: Corporate Valuation Services, Inc.

C|V|S Offices in Chicago & Naples

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Topic: *Surviving the IRS Valuation Audit*

Course Overview

CLE Course: Fall-out from *Giustina* and *Cullifer* and other recent USTC cases provides insight into the proper handling of valuation related audit issues. This presentation provides an update on current valuation issues in the USTC and IRS Audits. Attendees will also learn about the three main approaches to determining *Fair Market Value* and defensible discounts. The presentation will be open-ended allowing for discussions of attendees experiences, questions and scenarios. Certificates provided (MCLE Certified) at end of course.

CLE Course Length: (1) Hour

Materials: High-end bound presentation book

Lunch: CVS will cater the luncheon

Corporate Valuation Services, Inc. (CVS) is a boutique business valuation and expert witness testimony firm based in Chicago, IL. CVS's Opinions of Values have sustained IRS Audits including notable scenarios presented in this presentation.

CVS's largest services segment is working with ACTEC Members & other Trust & Estate professionals in appraising:

- | | | |
|-----------------------|------------------------|----------------------|
| ▪ Operating companies | ▪ Fractional Interests | ▪ Blockage Discounts |
| ▪ Holding companies | ▪ Promissory Notes | ▪ Fairness Opinions |
| ▪ FLPs / FLLCs | ▪ Options | ▪ Solvency Opinions |



Table of Contents

SECTION I

Premise of Value across Various Engagements

SECTION II

The IRS Today

Estate of Natalie B. Giustina – Ninth Court of Appeals US Tax Court (December 5, 2014)

Cullifer v. Commissioner – T.C. Memo 2014-208 (October 7, 2014)

Estate of Helen B. Richmond – T.C. Memo 2014-26 (February 11, 2014)

CVS IRS Estate Audit #1: Holding Company C-Corp (with Built-In Capital Gains)

CVS IRS Estate Audit #2: Estate Audit Regarding DLOM and Right of First Refusal

CVS IRS Gift Audit: Analysis of Discounts & Timing (Humorous)

Other Hot IRS Audit Issues

IRS, Valuations and the Near-Term Outlook

SECTION III

Discount Analysis

SECTION IV

CVS's Discount for Lack of Marketability Analysis

Tony Garvy, ASA, CPA/ABV/CFF, CVA, FCPA, CDFa



Mr. Garvy is President of Corporate Valuation Services, Inc. (“CVS”) prior to forming CVS, he was Managing Partner for valuation and litigation support services at the firm Chadwick & Garvy LLC. He has appraised billions of dollars of equity interests throughout the country and given court testimony in taxation, Company disputes, divorce matters, intellectual property litigation, rendered fairness opinions and solvency opinions. Mr. Garvy is a Director for several corporate and charitable institutions. Notably, Mr. Garvy was Chair of the Board of Directors for Vegetable Juices, Inc., a closely held food ingredients manufacturer that was successfully sold to a French publicly-traded company, Naturex SA.

Accreditations:

Mr. Garvy’s accreditations include:

- Accredited Senior Appraiser (ASA) – American Society of Appraisers
- Certified Public Accountant (CPA) / Accredited in Business Valuation (ABV) / Certified in Financial Forensics (CFF) – American Institute of Certified Public Accountants
- Certified Valuation Analyst (CVA) – National Association of Certified Valuation Analysts
- Forensic Certified Public Accountant (FCPA) – Society of Forensic Certified Public Accountants
- Certified Divorce Financial Analyst (CDFA) – Institute of Certified Divorce Financial Analysts

Education:

Mr. Garvy’s education includes:

- Master of Business Administration, Kellogg School of Management (Northwestern University)
- Master of Accountancy (Graduate Candidate)
- Kellstadt School of Business (DePaul University)
- Graduate Level Course work in Economics, Booth Graduate School of Business, (University of Chicago)
- Bachelor of Arts, History, Loyola University of Chicago

Membership in Professional & Civic Organizations:

Mr. Garvy’s professional and civic participation includes:

- American Institute of Certified Public Accountants
- American Society of Appraisers
- National Association of Certified Valuation Analysts
- Institute of Certified Divorce Financial Analysts
- Divorce Illinois
- Collier County Bar Association
- Naples Estate Planning Council
- Chicago Planned Giving Council
- Illinois Association of Healthcare Attorneys
- Association for Corporate Growth
- Business Valuation Association
- Adult Congenital Heart Association

James S. Arogeti, CFA, CVA



Manager at Corporate Valuation Services, Inc. He joined the company in 2012. Prior to starting at CVS, he studied at the Tulane University, A.B. Freeman School of Business where he received a Master of Risk Management (2010) and a Bachelor of Science in Management (2009).

Mr. Arogeti is accredited Certified Financial Analyst (“CFA”) Charterholder and an accredited Certified Valuation Analyst (CVA) with the National Association of Certified Valuation Analysts.

Mr. Arogeti currently resides in the city of Chicago.

Representative Engagements:

Mr. Arogeti has rendered on a range of appraisals in many industries for companies of less than \$1 Million to over \$35 Billion in assets. Among the notable industries served: food processing construction, financial institutions, manufacturing, professional services, technology, and metal forming. Below are representative engagements that Mr. Arogeti has co-signed with Mr. Garvy on behalf of clients within the last three years:

Presentations Made:

In the last three years, Mr. Arogeti has given the following presentations:

- “Wisdom from the Battlefield”: Techniques and Takeaways from IRS Audits and Shareholder Disputes.” – Internal CLE for Law Firms July 2016.

- “Surviving the IRS Valuation Audit” – Northwest Suburban Estate Planning Council, October 13, 2015.
- How to Cross Examine an Expert Witness” – several family law firms in 2014;
- “Surviving the IRS Valuation Audit” – several law firms and legal departments focused on tax planning in 2014.

Recent Articles Published

Mr. Arogeti has co-authored the following:

- Valuation Sanity Revisited, Illinois State Bar Association’s Trusts & Estates Newsletter, April 2015.
- Oldie but Goodie and Other Wisdoms in Valuations, Illinois State Bar Association’s Family Law Newsletter, September 2014.

Recent Litigation Testimony

In the last three years, Mr. Arogeti has been involved in the following matters of litigation:

- *In re Marriage of Neumann*, 2014 12-D-661. Will County, IL (report testimony).
- *In re Marriage of McGarel*, 2014 D-159 Kane County, IL (report testimony).
- *In Re Marriage of Eliasek*, 2014 12 -D-81 Kane County, IL (report testimony)
- *In Re Marriage of Basgall*, 2014-D-1696 DuPage County, IL (deposition Testimony)