Calculation Engagement versus Valuation Engagement in a Marital Dissolution Context

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In a marital dissolution context, legal counsel hired by each party often will require the services of a valuation analyst to assist with certain property settlement aspects of the divorce. Specifically, an analyst may be retained to provide an independent opinion of the value of certain marital property, such as a closely held business interest, included in a marital estate. Typically based on cost considerations, legal counsel frequently find themselves considering between two scopes of service that an analyst can provide in a divorce setting: (1) a calculation engagement or (2) a valuation engagement. This discussion highlights the differences between a calculation engagement and a valuation engagement within a marital dissolution context, and explains the business valuation standards and requirements associated with each engagement. Also discussed is the assessment of projections that may be used in a discounted cash flow analysis in a calculation engagement.

Introduction

Over the last several decades, Americans have continued to divorce at a rate approaching 50 percent. Typically, both husband and wife are represented by legal counsel. Similarly, legal counsel have relied increasingly on valuation analysts ("analysts") in order to assist with certain property settlement aspects associated with marital dissolutions, specifically, obtaining independent estimates of the value (as defined in the relevant jurisdiction) of certain closely held business ownership interests included in a marital estate.

According to the American Institute of Certified Public Accountants (AICPA) *Statement on Standards for Valuation Services* (SSVS), there are two types of engagements that can be completed to produce a value indication: (1) a valuation engagement and (2) a calculation engagement.[1] Generally, these are the two types of engagements for which the analyst would be retained within a marital dissolution context.

A calculation engagement is performed when (1) the analyst and a client (i.e., legal counsel)[2] agree in writing on the specific valuation approaches and methods the analyst will use to calculate the value of a closely held business ownership interest(s) and (2) the analyst calculates the value of a closely held business ownership interest(s) according to the written agreement.

A valuation engagement is performed when (1) the engagement letter specifically requires the analyst to estimate the value of a closely held business ownership interest(s) and (2) the analyst estimates the value of the closely held business ownership interest(s) based on the full application of generally accepted valuation practice, including adherence to relevant business valuation standards and legal precedents. In other words, there are no limitations placed upon the analyst when completing a valuation engagement, other than natural, unavoidable limitations encountered during the valuation process (such as unavailable data).

This discussion highlights the differences between a calculation engagement and a valuation engagement within a marital dissolution context (in addition to considering when each engagement may be most appropriate). Also, this discussion will present the business valuation standards and requirements associated with each type of engagement.

This discussion also addresses management-prepared financial projections, in a litigation context, and their application within the income approach, discounted cash flow method.

Calculation Engagement versus Valuation Engagement

When the analyst is retained by legal counsel to provide services in a marital dissolution context, typically the analyst is retained through what generally can be described as an "engagement to estimate value." While the analyst may be retained to provide other services within a marital dissolution context, such as general consulting or forensic accounting services, this discussion will focus on the situation where the analyst is retained to estimate the value of a closely held business ownership interest.

SSVS provides guidance to the business valuation profession with regard to the types of services, and more specifically, the types of engagements and reports, that the analyst may provide (in a marital dissolution context as well as in other contexts). It is important for the analyst to adhere to relevant business valuation standards and procedures when being retained to estimate the value of a closely held business ownership interest in a marital dissolution context.

As presented in SSVS, an engagement is defined as follows:

> Engagement to estimate value. An engagement, or any part of an engagement (for example, a tax, litigation, or acquisition-related engagement), that involves determining the value of a business, business ownership interest, security, or intangible asset. Also known as *valuation service*.[3]

Once it is determined that the analyst will be formally retained by a client/legal counsel for the purpose of completing an engagement to estimate value, it should then be determined what type of engagement (as defined in SSVS) will be completed. As presented in SSVS, the types of engagements are described as follows:

> There are two types of engagements to estimate value—a **valuation engagement** and a **calculation engagement**. The valuation engagement requires more procedures than does the calculation engagement. The valuation engagement results in a conclusion of value. The calculation engagement results in a calculated value. The type of engagement is established in the understanding with the client (see paragraphs .16 and .17):
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> a. *Valuation engagement*. A valuation analyst performs a valuation engagement when (1) the engagement calls for the valuation analyst to estimate the value of a subject interest and (2) the valuation analyst estimates the value (as outlined in paragraphs .23-.45) and is free to apply the valuation approaches and methods he or she deems appropriate in the circumstances. The valuation analyst expresses the results of the valuation as a conclusion of value; the conclusion may be either a single amount or a range.
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> b. *Calculation engagement*. A valuation analyst performs a calculation engagement when (1) the valuation analyst and the client agree on the valuation approaches and methods the valuation analyst will use and the extent of procedures the valuation analyst will perform in the process of calculating the value of a subject interest (these procedures will be more limited than those of a valuation engagement) and (2) the valuation analyst calculates the value in compliance with the agreement. The valuation analyst expresses the results of these procedures as a calculated value. The calculated value is expressed as a range or as a single amount. A calculation engagement does not include all of the procedures required for a valuation engagement (see paragraph .46).

Is a Calculation Engagement or a Valuation Engagement More Appropriate?

While SSVS provides important guidance to the business valuation profession with regard to the valuation of a closely held business ownership interest in a marital dissolution context, other professional organizations have issued standards that provide similar guidance.

Because cost typically is a consideration in the resolution of most marital dissolutions, divorcing parties and their legal counsel typically perform cost-benefit analysis when deciding the level of

services required to develop and support rational positions. The decision to engage an analyst to perform a calculation engagement versus a valuation engagement often is one such decision when marital property includes business interests.

Though cost is a consideration, the defensibility of opinions rendered by the analyst is also a key consideration. The opinion of the analyst resulting from a calculation engagement may not be attributed the same weight as the opinion of an opposing analyst based on a valuation engagement due to court perceptions regarding differences in the level of diligence and/or objectivity between the two levels of service.

Applicable Standards for a Valuation Engagement or a Calculation Engagement

Once again, the AICPA is one professional organization that provides practitioner guidance to the business valuation profession. While SSVS is developed and published by the AICPA, it provides relevant guidance to all business valuation practitioners (not just certified public accountants). Although different organizations produce different business valuation standards, there is a relative commonality to the relevant business valuation standards and procedures within each organization that can assist the analyst in performing the assignment properly.

Examples of other professional valuation standards include (1) the *Uniform Standards of Professional Appraisal Practice* (USPAP), issued by the Appraisal Foundation, (2) the National Association of Certified Valuators and Analysts (NACVA) Standards, and (3) ASA Business Valuation Standards issued by the American Society of Appraisers (ASA).

If the analyst agrees with a client/legal counsel to enter into a valuation engagement, the professional standards specific to a valuation engagement may apply. These specific standards are listed on page 74 of this *Insights* issue in the discussion, "Understanding the Appraisal Review Process."

If the analyst agrees with client/legal counsel to enter into a calculation engagement, the following professional standards issued by the AICPA and NACVA specific to a calculation engagement may apply:

- NACVA Professional Standards II General and Ethical Standards; Standard III Scope of Services (B)(2) Calculation Engagement; Standard IV Development Standards; and Standard V Reporting Standards (C)(3) Contents of Report for calculation reports

- SSVS No. 1 0.21(b), .46 for calculation engagements, .48(c), .73 through .77 for calculation reports

Neither USPAP nor the ASA provide an alternative to a valuation engagement, such as a calculation engagement. The analyst may be required to follow USPAP in performing a valuation. In this case, the analyst should follow all applicable USPAP standards.

When appropriate, the analyst should ensure that each segment of a valuation engagement or a calculation engagement is compliant with all applicable professional standards.

Consideration of a Calculation Engagement Based on the Income Approach

A client may request that the analyst complete a calculation engagement based on consideration of several factors, including the estimated cost difference between a calculation engagement and a valuation engagement. Other factors that may drive a client to opt for a calculation engagement include the following:

1. Timing limitations
2. Data limitations
3. Facts and circumstances specific to the subject company that render the application of a specific valuation approach most relevant

Regardless of the reason(s) for an engagement being structured as a calculation engagement, it is incumbent on an analyst to deliver the service

consistent with relevant standards in order to produce a defensible opinion.

The following sections of this discussion focus on the use of the income approach discounted cash flow (DCF) method when completing a calculation engagement. The discussion emphasizes the use of business projections to complete the DCF method.

Courts throughout the country have rendered numerous decisions discussing the DCF method and the underlying financial projections serving as the foundation for the method. As a result, the remainder of this discussion focuses on both valuation theory and judicial decisions regarding the use of forecasts and projections to complete the DCF method.

While much of the discussion addresses the use of the DCF method and projections in the context of shareholder disputes, the concepts and principles are equally relevant in a marital dissolution context.

The DCF and Management-Prepared Financial Projections

When completing a calculation engagement, the analyst can consider each of the three generally recognized valuation approaches: (1) the income approach, (2) the market approach, and (3) the asset-based approach. Within the three approaches, there are a number of generally accepted valuation methods on which an analyst can rely.

Fundamentally, each method is based on the premise that the value of an investment is a function of the income that will be generated by that investment over its expected life. Further, most of the available methods, either directly or indirectly, are based on the estimation of an investment's future earnings stream, and the application of an appropriate risk-adjusted, present value discount/capitalization rate.

The income approach DCF method is a generally accepted method used to value companies on a going-concern basis. The DCF method is appealing to investors because it directly incorporates the trade-off between risk and expected return, a critical component to the investment decision and the value calculation process.

The DCF method produces an indication of value based on (1) estimating the future earnings (e.g., cash flow) of a business and (2) estimating an appropriate risk-adjusted required rate of return used to discount the estimated future earnings—including the terminal or final cash flow—to a present value.

There are many issues the analyst should consider in developing the discount rate (i.e., step two in the DCF method) that appropriately reflect the estimated risk inherent in the subject company's expected future earnings. However, this discussion will focus on the development and application of the projected future earnings used in the DCF method (i.e., step one in the DCF method).

In defining the economic earnings of a business, there are a number of common measurements, which include the following:

1. Dividends or partnership distributions
2. Net cash flow to equity or net cash flow to invested capital (i.e., total market value of company debt and equity)
3. Various accounting measures of income, such as net income, net operating income, and numerous others

One consideration for the analyst in appropriately implementing the DCF method is developing a measure of earnings and a discount rate on a consistent basis.

Generally, if the subject interest in a calculation engagement represents the direct calculation of an equity position, then an appropriate earnings measure is "net cash flow to equity." Similarly, if the initial objective is the direct calculation of total invested capital (i.e., debt and equity capital), then an appropriate earnings measure is "net cash flow to invested capital."

Once the analyst determines the appropriate measure of earnings to apply in the DCF method, the next step is to estimate the earnings over a defined future time period.

Courts have demonstrated a preference for analysts to rely on management-prepared projections developed in the normal course of business operations when completing the DCF method. Generally, courts have expressed the opinion that management-prepared, board-approved projections relied upon for strategic planning and day-to-day decision making represent operating perspectives on which the analyst reasonably can rely.

While it may seem unimportant, the simple labeling of the estimated earnings of a business as either a forecast or a projection is a topic of discussion within the valuation industry. As presented in *Understanding Business Valuation*[4] and *PPC's Guide to Business Valuations*,[5] respectively, a forecast and a projection can be differentiated as follows:

1. Financial forecast. Prospective financial statements that present, to the best of the responsible party's knowledge and belief, an entity's financial position, results of operations, and cash flow. A financial forecast is based on the responsible party's assumptions reflecting the conditions it expects to exist and the course of action it expects to take.
2. Financial projection. Prospective financial statements that present, to the best of the responsible party's knowledge and belief, given one or more hypothetical assumptions, an entity's expected financial position, results of operations, and cash flow. A financial projection is sometimes prepared to present one or more hypothetical courses of action for evaluation, as in response to a question such as, "What would happen if . . .?"

According to *Understanding Business Valuation* and *PPC's Guide to Business Valuations*, the analyst may refer to the management-prepared estimated future earnings as a financial forecast.

However, there are differing points of view. For instance, *Valuing a Business*[6] prefers the term "projected" in defining the estimated future benefits of ownership of a business. Similarly, *Financial Valuation Applications and Models*[7] applies the term "projections" to define estimated future cash flows or economic benefits.

While *PPC's Guide to Business Valuations* and *Understanding Business Valuation* prefer to use the term "forecast" rather than "projection" based on the above definitions, for purposes of this discussion the term "projection" will encompass all company management estimations of future cash flow, earnings, or benefits to be utilized in the income approach—the DCF method.

Further, it is probably ill-advised for an analyst to use the term "forecast" unless the analyst is prepared to be the "responsible party" for all of the financial information used to prepare the forecast. A projection, however, generally means that the analyst is using data that has been provided by a third party (i.e., company management), and adjusted, if necessary, by the analyst.

Shareholder Appraisal Right Actions—Use of and Reliance on Management-Prepared Projections as Proffered by the Delaware Chancery Court

As a large number of business entities within the Unites States are organized in the State of Delaware, the Delaware Chancery Court has become an influential voice in providing guidance related to business valuation issues. One of those valuation issues is the use of, and reliance on, management projections in shareholder dispute matters that utilize the DCF method.

There are several categories of shareholder disputes. Some of the common types include the following:

1. Dissenting shareholder appraisal rights (i.e., appraisal action)
2. Shareholder oppression
3. Noncontrolling shareholder "freeze-out"
4. Breach of noncompete agreements
5. Purchase/sale agreement dispute
6. Shareholder derivative action

The following sections focus on the development and use of management financial projections when applying the DCF method in calculating an opinion of value within appraisal actions.

In an appraisal action, a noncontrolling shareholder has the right to object or dissent to certain extraordinary actions taken by a corporation, such as a merger. The "appraisal remedy" requires the corporation to repurchase the shareholder's stock at a price equivalent to the corporation's value immediately prior to the corporate action.

As documented in past opinions, the Chancery Court has demonstrated that the favored method in valuing a dissenting shareholder's stock is the DCF method. As opined in *Crescent/Mach I P'ship, L.P. v. Turner* and *Cede & Co. v. JRC Acquisition Corp.*, respectively:

> [T]he Court tends to favor the discounted cash flow method ("DCF"). As a practical matter, appraisal cases frequently center around the credibility and weight to be accorded the various projections for the DCF analysis.[8]
>
> In recent years, the DCF valuation methodology has featured prominently in this court because it "is the approach that merits the greatest confidence" within the financial community.[9]

It should be noted that, according to general valuation theory, the analyst should consider all available valuation approaches and methods when calculating the value of a dissenting shareholder's stock. Of course, the objective of using more than one valuation approach is to develop mutually supporting evidence as to the conclusion of value.

Prior to 1982, the "Delaware Block" method was employed by the Court as the method of valuation in an appraisal hearing. The "Delaware Block" method entailed assigning specific weights to certain "elements of value," such as total assets, current market price, and company earnings.

The Chancery Court ultimately opined that the "Delaware Block" method was archaic and excluded other generally accepted valuation approaches and methods that were being utilized by the valuation profession and the courts. In critiquing the previous "Delaware Block" method, the Chancery Court opined in *Weinberger v. UOP, Inc., et al.:*

> Accordingly, the standard "Delaware Block" or weighted average method of valuation . . . employed in appraisal and other stock valuation cases, shall no longer exclusively control such proceedings. We believe that a more liberal approach must include proof of value by any techniques or methods which are generally considered acceptable in the financial community and otherwise admissible."[10]

Nevertheless, while the analyst should consider all available valuation approaches and methods, the DCF method is generally viewed by the Chancery Court as the favored method in valuing a dissenting shareholder's stock, assuming the company can reasonably project performance beyond the next fiscal year.

To Adjust or Not to Adjust Management-Prepared Projections

The Chancery Court has a consistent history of preferring management-prepared financial projections for the subject company to any alternative projections. Therefore, any valuation analysis that does not incorporate management-prepared projections, when available, is at risk of being rejected by the Chancery Court. In many instances the Court has rejected alternative financial projections that were created solely for litigation purposes.

As explained in *Agranoff v. Miller*:

> [C]ontemporary pre-merger management projections are particularly useful in the appraisal context because management projections, by definition, are not tainted by post-merger hindsight and are usually created by an impartial body. In stark contrast, post hoc, litigation-driven forecasts have an "untenably high" probability of containing "hindsight bias and other cognitive distortions." When management projections are made in the ordinary course of business, they are generally deemed reliable. Experts who then vary from management forecasts should proffer legitimate reasons for such variance.[11]

The Chancery Court recently has affirmed its opinion that management projections produced during the ordinary course of business will typically be deemed reliable.[12]

However, it is important to note that the analyst is expected to incorporate judgment with regard to the use of management projections based on consideration of information obtained through due diligence procedures. The Chancery Court simply explains that in varying from management projections, the analyst must provide legitimate and cogent reasons for the variation.

As opined by the Chancery Court in *Prescott Group Small Cap, L.P., et al., v. The Coleman Company, Inc*., and *In re Appraisal of the Orchard Enterprises, Inc.*, respectively:

> [Respondent's expert witness firm] has failed to "proffer legitimate reasons" to vary from the projections that management prepared and delivered to [the acquiring Company's] banks on January 31, 2000, and that were ascertainable on the merger date.[13]

> The fact that [Respondent] has not offered any straightforward explanation of why [Respondent's expert] alterations to his model in between the fairness opinion and the valuation report make any sense, coupled with the fact that these unexplained alterations had the effect of benefiting [Respondent's] litigation position, precludes me from finding [Respondent's expert] most recent NOL adjustments warranted.[14]

Accordingly, a prudent analyst will provide detailed and compelling support in order to substantiate adjustments made to management projections utilized in an appraisal action or a marital dissolution context.

Additionally, the Chancery Court clearly expects the analyst to perform appropriate due diligence in regard to management projections, regardless of whether they are adjusted by the analyst.

Normal diligence performed by analysts includes reviewing management projections and confirming that the assumptions on which the projections are based are reasonable and appropriate. As explained

by the Chancery Court *In re John Q. Hammons Hotels Inc. Shareholder Litigation*:

> Generally, management projections made in the ordinary course of business are considered to be reliable. In this case, however, testimony at trial established that management's projections were not created in the ordinary course of business. [Plaintiff's expert], nonetheless, performed no independent analysis of the assumptions underlying management's projections and did nothing to determine whether those projections were prepared by management in the ordinary course of business.[15]

The Chancery Court has further indicated a preference for contemporary management projections that benefit from being relied upon by independent third parties. Projections that are prepared for purposes of obtaining financing, or for fairness opinions in preparation of a potential merger, are viewed as independent and unbiased (e.g., nonlitigation driven). As opined in *WaveDivision Holdings, LLC v. Millennium Digital Media Systems, LLC*:

> [Plaintiffs] Base Case projections that it provided to its lenders are the fairest representation of [the Company's] expectations in the record . . . the Base Case projections provided to the bank provide a sound, conservative estimate of [Plaintiffs] expectations at the time of the breach. These estimates have the added benefit of having been relied upon by a party—the bank—with a strong interest in getting repaid.[16]

Therefore, based on guidance from the Chancery Court, management projections used in an appraisal action are considered relevant when (1) created by management or with management's in-depth input; (2) as close to, but not subsequent to, the valuation date as possible; (3) created in the ordinary course of business for general management planning or non-litigation-driven purposes; (4) fully supported and documented if adjusted by the analyst; and (5) appropriately scrutinized for reliability and reasonableness by the analyst.

The Chancery Court has also expressed a preference for management projections that have been prepared for independent, third-party purposes, such as to obtain financing or for pre-merger fairness opinions.

Guidance from the Valuation Profession

It is intuitive that wholesale acceptance of management projections, when applying the DCF method in an appraisal action, may beg the immediate question regarding an analyst's objectivity. If data provided by management are blindly accepted by the analyst as being appropriate and reasonable, absent independent diligence establishing the credibility of the information, the resulting conclusion of value may be unduly influenced by management.

The Chancery Court has opined that, in applying the DCF method to a subject company involved in an appraisal action, the analyst's due diligence process should include a detailed analysis of the assumptions on which management's financial projections are based.

As presented in *Understanding Business Valuation*, general factors to consider that can assist the analyst in analyzing management projections include the following:

1. Company-specific factors
2. Economic conditions
3. Industry trends[17]

In looking at company-specific factors, *PPC's Guide to Business Valuations* suggests several company-specific assumptions related to management financial projections that the analyst can examine, including the following:

1. Assumptions about revenue and receivables
2. Assumptions about cost of sales and inventory
3. Assumptions about other costs (such as selling, general, and administrative costs)
4. Assumptions about property and equipment, and related depreciation
5. Assumptions about debt and equity
6. Assumptions about income taxes[18]

While it is important that the analyst vet the assumptions on which management projections are based, it is equally important that the analyst document and justify any changes made to management-prepared financial projections.

Best practices of the valuation profession indicate that analysts assess the reasonableness of management-prepared projections by ensuring the financial projections are:

1. consistent with the company's growth prospects;
2. reasonable as compared to the company's historical financial results;
3. achievable based on the company's operating capacity and expected future capital expenditures;
4. reasonable as compared to the company's client and supplier projected financial results;

5. reasonable based on the industry's historical and projected financial results;
6. reasonable based on the expected future outlook of the regional, domestic, and international (if applicable) economy; and
7. extensively documented and justified if the projections have been amended by the analyst.

Conclusion

In a marital dissolution context, clients face the choice of retaining an analyst to perform a calculation engagement or a valuation engagement. Generally, and relative to a valuation engagement, a calculation engagement results in a conclusion or opinion of value based on agreed upon procedures and methods that typically are more limited in scope and disclosure.

The income approach DCF method is often relied upon to complete calculation engagements. In a marital dissolution context, the analyst completing a calculation engagement that relies on the DCF method faces the challenge of establishing the reasonableness of management-prepared financial projections.

Generally accepted valuation theory and judicial precedents—including decisions issued by the Delaware Chancery Court—provide significant guidance to analysts regarding the assessment of financial projections incorporated in a DCF analysis.

Because a financial projection serves as the foundation for the DCF method, prudent analysts conduct diligence necessary to establish the reasonableness of the projections and provide rational, documented explanations for any adjustments to the financial projections.

Adherence to applicable appraisal standards—whether completing a valuation engagement or a calculation engagement—and providing rational, documented support for key assumptions, is an analyst's best procedure to developing value conclusions on which clients in a marital dissolution context reasonably can rely.

Notes:

1. Statement on Standards for Valuation Services No. 1, *Valuation of a Business, Business Ownership Interest, Security, or Intangible Asset,* VS Sec. 100 (New York: American Institute of Certified Public Accountants, 2007), 21.
2. It is important to note that the analyst can be retained directly by the husband or wife, rather than by legal counsel, and may be retained by the husband and wife on a joint basis (or retained by the husband and wife through legal counsel). This means that the estimated value concluded by the analyst, as a result of a calculation engagement or a valuation engagement, may be accepted by both parties.
3. SSVS, .82.
4. Gary Trugman, *Understanding Business Valuation*, 4th ed. (New York: American Institute of Certified Public Accountants, 2012), 428.
5. Jay E. Fishman, Shannon P. Pratt, J. Clifford Griffith, James H. Hitchner, Stanton L. Meltzer, Mark W. Wells, and Eric G. Lipnicky, *PPC's Guide to Business Valuations*, 22nd ed. (Fort Worth, TX: Thomson Reuters/PPC, 2012), 5–7.
6. Shannon P. Pratt, *Valuing a Business: The Analysis and Appraisal of Closely Held Companies*, 5th ed. (New York: McGraw-Hill, 2008), 57.
7. James R. Hitchner, *Financial Valuation Applications and Models*, 3rd ed. (New York: John Wiley & Sons, 2011), 138.
8. Crescent/Mach I P'ship, L.P. v. Turner, No. Civ.A 17455-VCN, Civ.A. 17711-VCN, 2007 WL 1342263, at *9 (Del. Ch. May 2, 2007).
9. Cede & Co. v. JRC Acquisition Corp., No. Civ.A. 18648-NC, 2004 WL 286963, at *2 (Del. Ch. Feb. 10, 2004).
10. Weinberger v. UOP, Inc., 457 A.2d 701 (Del. Ch. 1983).
11. Agranoff v. Miller, 791 A.2d 880, 892 (Del. Ch. 2001).
12. In re BJ's Wholesale Club, Inc., Shareholders Litigation, C.A. No. 6623-VCN 2013, WL 396202 (Del. Ch. Jan. 31, 2013).
13. Prescott Group Small Cap, L.P., et al., v. The Coleman Company, No. Civ. A. 17802, 2004 WL 2059515 (Del. Ch. Sep. 8, 2004).
14. In re Appraisal of the Orchard Enterprises, Inc., C.A. No. 5713-CS, 2012 WL 2923305 (Del. Ch. July 18, 2012).
15. In re John Q. Hammons Hotels Inc. Shareholder Litigation, No. 758-CC, 2011 WL 227634 (Del. Ch. Jan. 14, 2011).
16. WaveDivision Holdings, LLC, et al., v. Millennium Digital Media Services, LLC, et al., C.A. No. 2993-VCS, 2010 WL 3706624 (Del. Ch. Sep. 17, 2010).
17. Trugman, *Understanding Business Valuation*, 239.
18. Fishman, Pratt, Griffith, Hitchner, Meltzer, Wells, and Lipnicky, *PPC's Guide to Business Valuations*, 5–9.

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