THE Witness Chair

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Alternatives for the Dissatisfied Business Owner

by Claudia Stern, CPA
and Jim Andersen, CPA

What remedies are available to an owner of a business interest who is dissatisfied with the management of the business? For a shareholder whose interest is in a corporation, the answer depends on their percentage ownership. For those who own half of the stock, the appropriate statute is Corporations Code Sec. 1900. For those who own less than half the stock, the appropriate statute is Sec. 1800. If the shareholder meets the legal requirements, then the court may order dissolution of the corporation. The remaining shareholder(s) may file under Sec. 2000 to stay the dissolution and to have an option to buy the moving shareholder's interest.

For a member of an LLC, the remedy is found in Sec. 17707.03 and, for a partner in a partnership, the remedy is in Sec. 15908.02. Again, if the owner of the interest meets the legal requirements, then the court may order dissolution of the LLC or partnership. In these cases, the remaining member(s) or partner(s) may file to stay the dissolution and to have an option to buy out the moving party.

If the owners of the business cannot agree on a price to buy out the moving party, all three sections of the code have provisions that allow the court to appoint three disinterested business appraisers to help the court establish the value of the business interest of the moving party. Then the remaining owner(s) may, but are not required to, buy the moving party's interest. Unfortunately for us, as business appraisers, the language used to describe the value of the moving party's corporate shares is different than the language used to describe the moving party's LLC membership interest or partnership interest.

In Sec. 2000, we are to "appraise the fair value of the shares owned by the moving parties." In the same section, "fair value" is determined "on the basis of the liquidation value as of the valuation date but taking into account the possibility, if any, of sale of the entire business as a going concern in a liquidation." For LLCs and partnerships, we are to "appraise the fair market value" of the membership or partnership interest. No further definition of "fair market value" is provided in the section.

Sec. 2000 is also clarified by case law. Specifically, one of the cornerstones of a Sec. 2000 valuation is to put the moving shareholder in the same financial position they would have been in as if the corporation had dissolved.

The *Brown* (*Brown v. Allied Corrugated Box Co.* (1979) 91 Cal.App.3d 477, 154 Cal.Rptr. 170) and *Ronald* (*Ronald v. 4-C's Electronic Packaging, Inc.* (1985) 168 Cal. App.3d 290, 214 Cal.Rptr. 225) decisions confirm that the moving party should get no more or no less than the amount they would have received had the dissolution proceeded. Accordingly, fair value in the context of Sec. 2000 is a pro rata share of the value of the business without consideration of discounts for lack of control (for a minority or non-controlling interest) or the lack of marketability (for interests in privately held corporations).

In the business valuation world, we use the term "standard of value" to describe the transaction terms under which the business interest is valued. For LLCs and partnerships, the standard of value is fair market value, which has a specific meaning to valuation professionals. Two common definitions of fair market value are provided in the Internal Revenue Code and the International Glossary of Business Valuation Terms. These two definitions are slightly different, but both describe fair market value as the cash price at which a purchase is made between a willing buyer and willing seller with relevant facts in an unrestricted market.

Fair market value requires business appraisers to consider factors such as discounts for lack of control and lack of marketability. A discount for lack of control is an amount or percentage deducted from the pro rata share of value of an equity interest to reflect the absence of some or all of the powers of control. For example, the inability to decide upon distributions would be considered a lack of power for which a discount would be merited.

A discount for lack of marketability is an amount or percentage deducted from the value of an ownership interest to reflect the relative absence of marketability. A fully

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Section Action

Business Valuation

by Lynda Setzke-Schauer, CPA

At one of last year's CalCPA Forensic Services Joint Section meetings, body language specialist Mark Edgar Stephens discussed how our body language and behaviors impact courtroom testimony. Attendee Eileen Preville, attorney and private judge from Oakland, confirmed the importance of body language when testifying, stating, "Absent credible evidence, body language matters."

Even before getting on the stand, it is important to be conscious of your attire. Wear professional, conservative attire as your impression should be strong and positive. Your demeanor should be equally professional, attentive and respectful. Sit upright and tall, but not stiff, as posture demonstrates either confidence or weakness.

To project confidence and convey sincerity, relax your face and body by taking a slow, long deep breath. Maintain a slight smile by just barely lifting the corners of your mouth. Hands should be visible and when turned upward, indicate openness and willingness. A slight tilt of your head and eye contact with the jury or judge indicates you are interested and ready to respond.

When responding to questions, answers should be clear and loud enough for the audience to hear you. Leave small spaces of silence when you finish a sentence for impact in your testimony. Use assertive—not aggressive—physical gestures when making a point, such as a hand tap to your report or relevant documents when expressing your opinion. It is important to glance for a few seconds at the judge when answering questions or, if before a jury, have eye contact with each person.

Common behaviors that distract the audience and take away from your testimony include breaks in speech, such as, "uh," "erm," "ah" and "well," or fumbling over words. Your listeners are highly sensitive to these speech disruptions and they distract from what you are trying to convey.

We each have our own unique body language or behaviors. Our goal is to be aware of them and modify our behaviors to avoid distracting recipients during our testimony and allowing them to focus on the most important aspects of what we're saying.

Lynda Setzke-Schauer, CPA, CVA *is the Business Valuations Section vice chair and a partner with Miod and Company, LLP in Valencia.*

Economic Damages

by Haley J. Eckhart, CPA

Gone are the days of downplaying the hours incurred and fees billed for the work needed to render an expert opinion on damages. Don't hide from big bills that show you've done a significant amount of work.

These days, big bills resonate positively when the diligence of your document review and thoroughness of your analysis is clearly explained. A jury will take note of a damages expert's assertion that he reviewed so many pages of financial documents, reviewed so many depositions, and prepared so many analyses. With big bills, the perception of quality work and attention to detail is magnified, especially if the opposing expert cannot demonstrate a similar effort.

If the jury hears a large amount was billed, but doesn't see the associated volume of work, you will have lost an opportunity. The jury may expect your analysis to be detailed, and therefore, voluminous.

Many experts generate big bills to undertake the requisite analysis, but then drop the ball by not showing the jury the volume of their effort. This is why it is important to lug your work product to the courthouse, into the courtroom and set it out before the jury. When the opportunity arises, engage in show and tell. Tell the jury what is included in all those binders and the effort undertaken to collect, analyze and summarize the documents. Be confident of the work done to earn those big fees.

And now, a word of caution: This approach could backfire if your case is David v. Goliath, and you're defending Goliath. Consider how it would look to the jury if your effort and fees far exceed that of David's damages expert. In this case, you may want to keep your effort and billings in line with that of the plaintiff's expert. This might involve limiting your work to a rebuttal of the plaintiff's damages expert.

Haley J. Eckhart, CPA, CFE *is Economic Damages Section chair and a principal with Freeman & Mills in Los Angeles.*

Family Law

by Mike Radakovich, CPA

In *David Iglicki* *and Laura J. Stultz, Petitioners v. Commissioner of Internal Revenue*, TC Memo 2015-80, under the separation agreement entered in Harford County, MD, Mr. Iglicki (H) agreed to pay child support to his wife (W).

There was no requirement for H to pay W spousal support unless he defaulted on his obligations under the separation agreement.

Upon default, H would become liable for $1,000 per month in spousal support. If spousal support was required due to default by H it would continue until either W died, H died or H made 36 payments.

H subsequently moved to Colorado and defaulted. W successfully sued H in the District Court of El Paso County, Colo., on the total support arrears in a general civil action—not by a registration of the Maryland family law judgment. W prevailed in the action, obtaining a civil judgment for the total support arrears. W then obtained a writ of execution, resulting in a garnishment based on the Maryland civil judgment.

In 2010, H reported on his federal tax return the amount garnished from his wages, collected by W and applied to past due alimony. Accordingly, he took a commensurate deduction on his 2010 tax return. He was audited and the IRS disallowed the alimony deduction.

Sec. 215(a) of the IRC provides that "[i]n the case of an individual, there shall be allowed as a deduction an amount equal to the alimony or separate maintenance payments paid during such individual's taxable year." To meet the definition of alimony, IRC Sec. 71(b)(1) has five requirements:

1. Payment has to be made in cash;
2. Payment has to be paid under a divorce or separation agreement;
3. The separation agreement cannot designate the payments as non-deductible, non-includible;
4. The payer and payee cannot be living together; and
5. Payer has no obligation to make payments after the death of the payee.

The Court held that the 2010 payment

made by H did not satisfy cease upon death requirement. The Court's reasoning? Unclear. One theory is that the 2010 payments made by H were arrearage payments made pursuant to a verified entry of judgment. Under Colorado law, if H died before satisfying the judgment, then W could file a claim against H's estate. Hence the payments did not cease upon H's death. Another explanation is that while the original family law judgment in Maryland had all the Sec. 71 contingencies that are required to allow deductibility, the civil judgment by which those arrears were collected did not have any contingencies. Therefore, the judgment that caused the money to be paid did not qualify.

What is unclear is whether the deciding factor was that the payments were made pursuant to a money judgment or simply that they were in arrears. If it is the latter, one could conclude that an alimony payment made one day late is suddenly non-deductible. Furthermore, one could argue this ruling may jeopardize the deductibility of a support true up.

Reasonable minds would also conclude this was not the intent of the alimony rules and is not in the best interest of the federal and state governments. That said, until there is further clarification, should professionals now include "terminate on death" language to cover late payments and support equalization payments? Or should they provide for a "tax discounted" payment if collected after the death of the recipient? Hopefully we will have further answers in the coming months.

Mike Radakovich, CPA, ABV, CFF, CVA *is Family Law Section chair and a partner with Radakovich, Shaw & Blythe, LLP in San Luis Obispo.*

MessagefromtheChair

by Martin G. Laffer, CPA

I once heard that the number of West Pointers in the military officer corps was relatively small in absolute terms, and was equated to dropping a small amount of ink in a bottle of water. The ink would cause the water to darken, similar to the influence of West Point graduates to the U.S. Army. Why the symbolism? Although CalCPA is one of many state CPA societies across the nation and our FSS members comprise a small portion of CPAs engaged in forensic services, we are the ink in the bottle.

Greg Regan, our steering committee treasurer, and Annette Stalker, an active FSS member, co-chaired the most recent AICPA Forensic & Valuations Services Conference in November. Many of the presenters were FSS members and are exemplary of the high caliber of CalCPA members and practitioners. Read the AICPA Alert for more participation by other CalCPA members.

At our FSS joint meeting in October, we were fortunate to have Lisa Bloom, Esq. as our luncheon speaker. Bloom is a longtime legal analyst for NBC, MSNBC, CNN and other media outlets, and had her own series on Court TV. She discussed her book, *Suspicion Nation*, the subject of which was the Trayvon Martin shooting and the trial of George Zimmerman. Bloom provided insight into the trial and backstory of the prosecution's "half-hearted" efforts of pursuing justice on behalf of Martin. It is a riveting expose of the trial, jurors, defense strategy and an introduction to the various participants.

In contrast, our FSS joint meeting in May featured luncheon speaker Karl A. Schmidt, chair of the Labor & Employment Department at Parker, Milliken, Clark, O'Hara & Samuelian, who discussed the impact of the diverse cultures and "tribes" inherent among employees of most corporations, and the importance of understanding this when communicating with our colleagues, mentees, clients, juries, adversaries, et al.

For those CalCPA members and non-members interested in joining our highly diverse practice areas, we welcome you to our next FSS section meetings, which are listed in Happenings on Page 6.

— **Martin G. Laffer, CPA** *is a partner with Laffer and Gottlieb in Beverly Hills.*

Fraud

by Steven M. Franklin, CPA and Coral M. Hansen, CPA

After what you felt and hoped was a successful day or afternoon of trial testimony, you may have considered the potential that the lawyer who engaged you will remember you for future cases. And any future business from opposing counsel is a real compliment. But what about the judge?

There are numerous instances where a judge will either desire advice and counsel from an experienced and knowledgeable CPA, or will require an outside audit or investigation, which the judge wants performed by an independent third party, rather than either plaintiff's or defendant's experts.

An excellent practice, if one is interested in securing this type of work, is to communicate with the judge. Obviously, you must wait until the final ruling has been made, and also check with your counsel to make sure there is no objection on their part for you to directly communicate with the court. Your communication should take the form of a letter to the judge, thanking him or her for admitting you as an expert, perhaps including self-serving marketing materials or brochures, and offering to provide independent accounting services to the court, in the appropriate situation.

The potential services can range from a simple phone call from the judge asking you to explain some accounting terminology or theory, to analyzing the reports of opposing experts in an area the judge feels unqualified to rule upon without additional (impartial) input. You may be asked to examine books and records on behalf of the court, and make a report thereon, in cases where neither the plaintiff nor the defendant has presented meaningful or compelling reports. You may even be asked how you would decide a case, under a given set of facts and circumstances.

Additionally, it never hurts to have friends in high places, or to have a judge as a reference on your curriculum vitae.

Steven M. Franklin, CPA, CFF, CFE, CGMA *is a shareholder with CBIZ Mayer Hoffman McCann, PC based in Los Angeles and* **Coral M. Hansen, CPA, CFF, CFE** *is Fraud Section chair and a shareholder and director with CBIZ Mayer Hoffman McCann, PC based in Ventura.*

Keepin' It Legal

The Juror Psychology of Economic Damages

by Richard Matthews, Esq.

In the old days, lawyers believed jurors arrived in court as blank slates upon which attorneys would write their brilliant words. That, combined with the jury instructions read by the judge, would lead these good people to the only correct decision.

But jurors are neither blank nor slates. They are humans and come with attitudes developed over a lifetime, opinions based on various information (and misinformation) and beliefs that are impervious to change. They have beliefs that don't apply to a specific situation (e.g., my aunt got cheated by her car insurer when she was in a collision many years ago) but will somehow find their way into this case (a worker's compensation insurer declined payment to a claimant).

In short, there are so many variables in a person's brain—experiences, mental habits, beliefs, basic building blocks of personality—that one person is not blank and is definitely not standing still. Now, multiply that animated tapestry by 12. How that "blank slate" nonsense got started is a mystery.

So what is the psychology of jurors, especially when it comes to economic damages? If they are not blank, and if the citizens who were knowledgeable about the subject of the case got weeded out during jury selection, then are they throwing dice back in the deliberation room? Of course not.

Two Big Questions Jurors Ask Themselves … And Answer

There are two questions at the heart of what every jury answers: What happened? What's fair to do here?

It's worth noticing that nowhere in the verdict forms or jury instructions are these questions asked. The law asks the jury, "Is the defendant liable?" It's a closed question, answerable with only a "yes" or a "no." But to answer it almost requires the jury to first answer, 'What happened?' And, fortunately and unfortunately, humans are programmed to be story machines.

We speak in stories, we learn and store information as stories, we remember things that are part of a story and often forget individual facts that are not. Since the first cavemen told stories of successful and unsuccessful strategies for bringing down a woolly mammoth to how Sony's emails "really" got hacked in 2014, humans have lived awash in an ocean of stories.

Juries are not asked what might be a fair result; they are asked the much narrower question of what amount of money will compensate the plaintiff for their losses, whether in tort or due under a contract. Those are two components worth noticing: the money and the compensation.

Juries often spend a great deal of time deliberating non-monetary results that they would like to impose, such as "more sensitivity training for the management," "a trust fund for the kids," "she should get her job back, but in another division so she doesn't have to deal with that supervisor," or unlimited other solutions that would produce a more satisfying story. But when they finally grasp that the only tool American civil juries have is money, they then make a rough translation of these things into dollars.

The second piece of that narrow question is compensation, meaning "balancing." It is an unnatural and difficult puzzle to ask people how many dollars it takes to balance a particular kind of harm. Questions such as, "What is a human life worth?" are cliché philosophical questions in school essays, but are far from academic when 12 citizens are given a form and a room and not much else.

Jurors will spend the first part of their time together figuring out their own process. Then they will talk, form tentative factions, eventually a majority and maybe a functional unanimity. Along the way there will be clarification, confusion, entrenchment, negotiation. Oh, how there will be negotiation. And eventually, a result.

Economic Damages: What Matters Most?

Based on considerable research and decades of psychologists looking at this question, it is widely believed that the single most important variable that drives jury damages is the severity of injury to the plaintiff. (*Determining Damages: The Psychology of Jury Awards*, Edie Greene & Brian Bornstein (2003); *Jury Decision Making: The State of the Science*, Dennis Devine (2012), among others.) This is appropriate if the purpose of compensation is to balance the harms.

But humans are not machines. There is a powerful effect of the frame of reference used by the people answering this question.

In one experiment relevant to tort cases, participants were told to imagine themselves as the plaintiff, that the injury had already happened and to figure out how much money would "make them whole" again.

Another set of participants were told to imagine themselves as the plaintiff, but the injury had not yet happened. Someone comes up to you and offers you a sum of money to suffer the injury that is the subject of the case. What would be your "selling price" to willingly accept the injury? (Greene & Bornstein, p.113.)

The "selling price" frame got much higher dollar awards than the "make me whole" frame, by about 3-to-1. It takes more money to move from a healthy set point than from an injured one.

Economic Damages: How To Count?

It is clear that juries follow different paths in reaching their verdicts and dollar amounts. Most jurors do not go into the deliberation room with a specific dollar amount in mind. (Devine, p.176, citations omitted.) Juries do not just accept the figure offered by the plaintiff's lawyer or the defendant's lawyer. Rather, they follow either of two approaches:

- The "component sums" approach: Jurors attempt to assign an appropriate dollar amount to each component of harm, then add the amounts.
- The "gestalt" approach: This involves going back and forth and eventually producing on overall amount that "feels right." (*Ibid.*)

Additionally, jurors usually consider things that they are either not instructed to consider or instructed specifically not to

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AICPA Alert

by Ted Israel, CPA

This space is written by CalCPA FSS members who also serve on AICPA committees to inform fellow Californians about AICPA activities of interest. I was appointed to the Business Valuation Committee of the AICPA's FVS Section in October and I look forward to working with the group to expand tools and guidance for all forensic and valuation services CPAs.

Lest you think the AICPA is just an entity on the East Coast, here's a look at California CPA involvement in the AICPA's FVS Section: Greg Regan (FVS Executive Committee); Annette Stalker (Chair) and Tim Bryan (Forensic & Litigation Services Committee); Joe Emanuele and Ted Israel (Business Valuation Committee); Jolene Fraser (CFF Credential Committee); and Maryellen Galuchie (ABV Credential Committee).

CalCPA members occupy seven of the approximately 50 available committee slots, as well as other task force committee positions.

To address growing concerns over reporting deficiencies related to fair value measurement in the reports of publicly traded companies, the AICPA Council approved development of two new credentials.

The credentials will be developed with other valuation organizations and available to qualified CPAs and non-CPAs internationally.

There are many free resources available at the FVS members section of the AICPA's website, including:

- *Business Reference Guide Online* (BRG Online): Statistics, ratios and valuation rules of thumb on hundreds of industries.
- *Daubert* Tracker: A regularly updated database reporting on experts that have been challenged under *Daubert*.
- *A CPA's Guide To Family Law Services*: Published in 2013, this provides an overview of family law forensic accounting services. CalCPA member Tracy Katz served on the task force for the practice aid and was a principal author.
- *Business Valuation Practice Management Toolkit*: Also published in 2013, this practice aid provides considerations and checklists for new and experienced business valuation practitioners.

The Business Valuation Committee is considering a number of projects, including possible article(s), webinars, etc. on how to implement ASC 360—*Impairment or Disposal of Long-lived Assets*; developing an online database of key court cases that are of interest to FVS practitioners; and webinars and other resources addressing issues unique to specific industries.

Ted Israel, CPA, ABV *is a co-founder of Israel Frey Group, LLP in San Rafael.*

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consider, such as attorney fees, insurance, taxes, and so on. Academics call these "extra legal"; judges and lawyers patronize them as "beyond what we asked you to consider." I call them, "real-world things that we know savvy adults think about, so pretending they won't is not a wise strategy for keeping them out of the verdicts."

Are There Boundaries Of What Jurors Consider?

We know that jurors consider information, no matter the source: evidence they hear in court that the judge then rules inadmissible and then instructs the jurors to ignore; pre-trial publicity; overheard snippets of conversation; their own experience. This is not necessarily bad behavior by them. People simply lose track of the original source of a piece of information and it gets incorporated into the accumulating ball of thought that will form our story of what happened.

This lack of boundaries in thinking extends to another critical phenomenon: evidence that jurors are supposed to use to only determine liability will splash over into their thinking about damages, and their feelings about damages will splash over into their consideration of liability. Or their feelings of greater "blameworthiness" of a defendant can make up for a weaker case on causation. (*Legal Blame: How Jurors Think & Talk About Accidents*,' Neal Feigenson (2000); citations omitted.)

We know that deliberations are not democratic. A few people speak a lot, a few speak a little and most speak a middling amount. Those who speak more tend to be men, extroverts or people of higher social standing. (Devine, p.185.) Influence within the jury is driven by who speaks more and how that interacts with the makeup of the quieter jurors, who are not all created equal.

Jury's Damages Awards: A Roll of the Dice or Sensible?

While I sympathize with clients and colleagues who have gotten unfavorable verdicts they were not expecting, jury verdicts are neither irrational, nor random. We know findings of liability are largely a function of the severity of the plaintiff's harm, and magnitude of damages is a function of the perceived bad conduct of the defendant.

Taking these into account and crafting a satisfying story of what happened—and then telling that story well, with relatable language, sticky metaphors and memorable visuals—have more success because they embrace the reality of juror psychology.

After all, the 12 people in the box are people, and regardless of which side we are on, we are asking them for help. Getting that help is impossible if we keep imagining them as blank slates.

Richard Matthews, Esq. *is a trial consultant and member of the California bar based in San Francisco. His expertise encompasses issue analysis; crafting themes and frames of a case; focus group research; communication and presentation strategy; story development; voir dire and juror selection; witness preparation; and post-verdict juror research. He can be reached at Rich@Juryology.com.*

The Witness Chair is Going Digital

The Forensic Services Section has determined that a more effective method of delivering *The Witness Chair* is electronically. There will be a one-year transition period to capture email addresses from judges, attorneys and other related parties that receive the newsletter.

If you would like to continue receiving *The Witness Chair,* please send an email to *witnesschair@calcpa.org* that includes: your name, preferred email address, firm/court and preferred mailing address.

HAPPENINGS

FORENSIC SERVICES SECTION 2015-16 MEETING DATES

All Sections Joint Meeting	Oct. 29	LAX
	May 27, 2016	TBD
	Oct. 27, 2016	LAX
Business Valuation	Aug. 20	OAK
	Feb. 18, 2016	LAX
Economic Damages	Aug. 27	LAX
	Feb. 24, 2016	LAX
Family Law	Aug. 21	OAK
	Oct. 30	LAX
	Feb. 19, 2016	LAX
	Oct. 28, 2016	LAX
Fraud	Aug. 26	LAX
	Feb. 25, 2016	LAX

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right to file for dissolution. In effect, this gives a minority owner control to dissolve the company or, at a minimum, get bought out by the other owner(s). We would not be valuing the company if a judge had not approved a dissolution, so grounds are always present in these types of valuations. Discounts for lack of marketability, which affect LLCs and partnerships, can be minimal if a company is distributing excess cash flows to owners.

Despite the differences in the statutes for valuing a company in dissolution, the end result for the moving party is usually some value less than the pro rata value of their interest in a going concern. We get to that value by considering liquidation, in the case of a corporation, or by considering discounts for lack of marketability and control for an LLC or partnership.

A minority owner in a closely held business needs to consider all of the ramifications before filing an action to dissolve the entity. The risk to reward ratio of filing such a proceeding, because of the exorbitant costs, may far outweigh the financial benefit to the moving party.

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marketable interest is usually described as a share in a publicly traded company that can be bought or sold within a few days. An interest in a privately held company takes a significantly longer time to market and to sell and the cost to do so may be significantly higher than the cost to sell publicly held shares.

In contrast to the fair market value standard for LLCs and partnerships, a corporate dissolution action is valued under the standard of fair value. Fair value, to a business appraiser, is an ambiguous term that takes its meaning from the context or purpose of the valuation. For Sec. 2000 valuations, we are guided by case law, which provides for a pro rata share, without discounts for lack of control or marketability.

In practice, despite the differences in the statutes, we often end up at similar values for an interest in a corporation as the same interest should it be in an LLC or a partnership. Because the corporate interest is valued in a liquidation, the cost of liquidating and the inherent length of time of an orderly liquidation both create implicit discounts for marketability that diminish the ultimate value of the interest. Liquidation costs typically include the fee for a business broker and salaries of employees during the wind-down process as well as other costs. These liquidation costs, as well as the time value of money during the wind down, are often the same costs that we would consider to estimate a discount for marketability in the case of a partnership or LLC dissolution.

For LLCs and partnerships, where a discount for lack of control is considered, that discount is often relatively small for two reasons:

First, the interest is usually fairly significant—if not a 50 percent interest, it is typically more than 30 percent. This is usually the case as it is not cost effective for a small ownership interest to be litigated. These larger interests generally have some control, if not as a swing vote for a majority, then a swing vote for a super majority that is often required for issues like a sale of the company or replacing management.

Secondly, assuming there are grounds for the litigation, minority interests have the

The Witness Chair is published three times a year by the Forensic Services Section of the California Society of Certified Public Accountants.

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