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Issue No. 1, 2016

# *Wisniewski v. Walsh:* Bad Behavior (Marketability) Discount in New Jersey

by Z. Christopher Mercer, FASA, CFA, ABAR

**Peter Mahler** reported on a **recent New Jersey appellate level case** focusing on the application of a 25% marketability discount in a statutory fair value determination in his New York Business Divorce blog. The New Jersey Appellate Division issued an unpublished decision in *Wisniewski v Walsh*, 2015 N.J. Super. Unpub. LEXIS 3001 [App. Div. Dec. 24, 2015]. The case is interesting in that it attempts to determine a marketability discount in relationship to the “bad behavior” of a selling shareholder.

The *Wisniewski* case has a long and tortuous history dating back to the mid-1990s. The case involves a successful family-owned trucking business founded by the father in 1952. Three siblings, Frank, Norbert, and Patricia owned the business equally following the father's death. Frank assumed leadership of the business by 1973, and Norbert and Patricia's husband also worked in the business. In 1992, Frank was sentenced to a prison term, leaving Norbert in charge of the business. Norbert stopped paying certain bills that had customarily been paid for Patricia and her husband, and diverted certain revenues from a business owned by Patricia to one in which she had no interest. In addition, even after Frank's return, Norbert tried to exclude Patricia from a real estate deal that she ordinarily would have participated in.

The litigation began around 1995. Interestingly, the trial court held that Norbert was an oppressing shareholder, and none of the parties contested that finding or the court's later decision that Norbert should be bought out. Hold that thought, because it becomes a key factor in the court's determination of statutory

fair value. I can only call the concluded marketability discount in the matter a “bad behavior” discount.

## The Valuations

The court's valuation was determined through two trials in 2007 and 2008. **Roger Grabowski** of **Duff & Phelps** was retained by Frank and Patricia (the company) and **Gary Trugman** of **Trugman Valuation Associates** was retained by Norbert. I have been unable to locate the trial court's decision in that matter, and so I can only write about the valuation from the perspective of the appellate decision.

The trial court issued opinions in October 2007 and July 2008, which explained how and why the trial judge concluded that the fair market value of Norbert's interest was about \$32.2 million. We learn in the appellate decision that the trial court applied a separate 15% “key man” discount “to account for Frank's importance.” If the conclusion was \$32.2 million for Norbert's interest, then the value before the discount was about \$37.9 million ( $\$32.2 / (1 - 15\%)$ ). No marketability discount was applied by the trial court. This would place an implied value of the trucking business at about \$114 million.

We do not know the conclusions of either Grabowski or Trugman that were considered by the trial court. According to the appellate decision, the trial judge found Trugman's discounted cash flow analysis more credible than Grabowski's market approach. However, the trial judge used assumptions

suggested by Grabowski for certain normalizing adjustments to operating expenses for Trugman's discounted cash flow method.

## The Initial Appeals and Application of a Marketability Discount

There was an appeal of the trial court's decisions in 2007 and 2008. The appellate court, in a **decision issued April 2, 2013**, held in part that "the trial judge erred in not applying a marketability discount" and remanded "for the fixing and application of a marketability discount to the extent not already subsumed in the judge's findings..."

The 2015 appellate decision states regarding the remand to the trial court in 2013:

On remand, Judge Hector R. Velazquez briefly contemplated that the record might need to be supplemented with expert testimony pertaining to the narrow issues presented, but ultimately decided against it; none of the parties quarrel with that approach now. Left to resolve the matter on the record developed after the first remand, Judge Velazquez heard oral argument and issued an opinion on October 16, 2013, concluding that a discount for marketability was not embedded in the prior valuation and that a discount of twenty-five percent should be applied. He entered a second amended final judgment to that effect on January 7, 2014.

And of course the parties appealed and cross-appealed.

## The Final (?) Appeal

**The appellate decision was issued** December 24, 2015. To cut to the chase, the appellate court found "no merit" in the appeal and affirmed Judge Velazquez' 2014 opinion. The appellate decision recounts that Norbert was found to be an oppressing shareholder. This turns out to be an important point, because in New Jersey, the marketability discount is typically reserved for "extraordinary circumstances" involving

inequitable or coercive conduct on the part of the seller, who is Norbert in this case.

The issue on appeal was whether the trial judge had erred in application of the 25% marketability discount because marketability may already have been considered in Trugman's DCF analysis. The key facts relating to the marketability discount question, as best I can glean them from the 2015 appellate decision, include:

- » **Trugman's Discount Rate Risk Factors.** Trugman used a build-up method to develop his discount rate for his DCF analysis. The company-specific risk factors in the build-up included key man risk regarding Frank's perceived management ability, customer relationships, customer concentrations, the closely-held nature of the trucking business, and undercapitalization. Trugman made two important additional points regarding the marketability of the business. He stated that the company is profitable, attractive, and marketable and that the company made substantial distributions on a regular basis that should offset any risks during a normal marketing period (of six to nine months). Trugman did not apply a marketability discount (or assumed it to be zero), noting that the discount rate was the "right place" to consider these risks. Recall also that the trial judge in the valuation trial had already applied a separate 15% key man discount after accepting Trugman's DCF (as modified by Grabowski's expense assumptions).
- » **Grabowski's Marketability Factors.** Grabowski had applied a marketability discount of 35% in his valuation. Judge Velazquez concluded that Grabowski and Trugman considered several of the same factors in reaching their discount rate and marketability discount, respectively. Grabowski's marketability factors included heavy dependence on Frank as a key man, customer concentrations in the retail industry, the company's size and closely held nature, its profitability, and the anticipated holding period. Grabowski per the court noted that his marketability discount was also "consistent with guidance from applicable [minority] studies and legal precedent."

Grabowski viewed the company as having a relative lack of marketability.

The appellate court notes the trial court's decision:

Judge Velazquez concluded, based on that record, that although Trugman and Grabowski had considered several of the same factors in formulating their discount rate and marketability discount, respectively, that Trugman had made no adjustment for marketability in building up his discount rate — in short, the judge concluded that no marketability discount was embedded in his evaluation. The judge rejected both expert opinions, moreover, in selecting an appropriate discount, and fixed the rate at twenty-five percent.

It gets more interesting for valuation professionals. The appellate court reasoned that a marketability discount was necessary because of Norbert's bad behavior towards his fellow shareholders (there was never a finding that his behavior harmed the company in any way).

The second trial judge rejected application of a marketability discount following our first remand. He considered Frank's criminal conviction, a factor Grabowski suggested would reduce the company's value, but noted that while the company endured a lull during Frank's absence, it resumed its growth on his return with no apparent hindrance attributable of his criminal history. Neither that nor any other circumstance, the trial judge at the time reasoned, justified application of the discount.

Although the reasoning was sound for the most part, we reversed because the judge at the time failed to consider that Norbert's oppressive conduct had harmed his fellow shareholders and necessitated the forced buyout...[paraphrasing the New Jersey Supreme Court in *Balsamides* under similar circumstances]. ...[A]bsent the application of a discount, the oppressing shareholder would receive a windfall, leaving the innocent party to shoulder the entire burden of the asset's illiquidity in any future sale. **Equity demanded application of the discount, or else the statute would create an incentive for oppressive behavior.** (emphasis added)

The appellate decision restated some of Judge Velazquez' logic in making the following point:

On remand, Judge Velazquez determined on the existing record that a marketability discount was not already embedded in the valuation. He recounted that the discount rate Trugman build up included a size premium and an adjustment for a series of company-specific factors including the company's reliance on Frank, its customer concentration in the retail industry, and high debt. Although Grabowski had considered similar factors in formulating his marketability discount, the judge concluded that **Trugman had certainly "utilized them in a different way" than to adjust for any lack of illiquidity.** (emphasis added)

As a business appraiser examining this case from business and valuation perspectives, the economic logic for applying a 25% marketability discount by the court is considerably strained. If a group of risk factors are considered in the DCF method that lower value in the context of that method, it is difficult to see how their further consideration for the application of an additional marketability discount is not double-counting. However, the appellate court addressed this issue as follows:

Grabowski analyzed a handful of the same factors, among many others, in formulating his marketability discount, but, in contrast, focused on the inherent liquidity of closely-held companies and the anticipated holding period for a rational investor in this company. **There was no clear indication in the record**, then, that Trugman and Grabowski had accounted for the same risks relative to marketability, **such that application of a separate marketability discount would cause double counting.** (emphasis added)

In the light of day, it would seem that there is double-counting to the extent that both appraisers considered the same factors that would reduce each of their values, even if they used those factors in different ways. And note that the original trial judge had already allowed for a key man discount of 15%, which occurred, obviously, after the experts had testified and provided their evidence. This discount, which certainly pertains to the "marketability" of a business, is substantial

discount that had already been considered in the trial court's conclusion. It just wasn't labeled as a marketability discount.

## The Marketability (Bad Behavior) Discount

What it seems that we have in *Wisniewski v. Walsh* is a situation that is a business appraiser's nightmare. At the original valuation trial, the court held that there should be no marketability discount. That was appealed. The appellate court then remanded back to the trial court for the application of a marketability discount to the extent that one was not already embedded in Trugman's DCF analysis. The trial judge then, based on logic outlined above, concluded that no marketability discount was embedded in the DCF analysis and that the appropriate punitive marketability discount was 25%. This was appealed, and in this current appellate decision, the trial court's marketability discount is affirmed.

I have no problem if a court of equity wants to penalize a party for oppressive behavior to other shareholders. That is certainly one of the jobs that courts of equity are called upon to do in appropriate circumstances. And that discount can be zero, 10%, 20%, 25% or anything the court determines is appropriate in a specific case.

I do have a problem with a court making an "equitable" decision and then trying to justify that decision based on parsing of valuation evidence.

Assume an appraiser provided a valuation in another New Jersey statutory fair value matter involving the oppressive behavior of a selling shareholder named John. Let's say that the value conclusion for the interest before the application of a "bad behavior discount" was \$100 per share. The appraiser then concludes as follows:

Based on my analysis of John's bad behavior, I believe that a marketability (bad behavior) discount of 20% is appropriate.

The appraiser might be thrown out of court. His opinion would certainly be given no weight. How then, is an appraiser to respond when the ultimate marketability, or bad behavior,

discount will be determined by a judge who is responding to the equities of a matter? After all, valuation evidence pertaining to the marketability of a company or of an interest in a company has absolutely nothing to do with the behavior of any shareholder.

Let's look further at the appellate decision and we will see that the trial court's conclusion has nothing to do with the economics of the trucking business in *Wisniewski*.

The Court noted in *Balsamides*, supra, 160 N.J. at 377, 379, that marketability discounts for closely-held companies frequently ranged from thirty to forty percent, though the Court explained that selection of an appropriate rate, and **the applicability of a rate in the first place, must always be responsive to the equities of a given matter.**

Judge Velazquez properly rejected from the outset Norbert's suggestion that the marketability discount be set at zero percent. Indeed, **we had already decided that a marketability discount was required** and Judge Velazquez was bound by our mandate.

After carefully canvassing the record, Judge Velazquez came to the conclusion that **selecting a thirty to forty percent rate as described in *Balsamides* would excessively punish Norbert**, the oppressing shareholder, **beyond what the equities of this case required** and, in light of the company's past financial success and anticipated continued future growth, stood to "give the remaining shareholders a significant windfall."

In choosing an appropriate marketability discount after rejecting portions of both expert opinions on the issue, Judge Velazquez acknowledged our Supreme Court's advice in *Balsamides* that such discounts frequently ranged from thirty to forty percent, but noted that other studies supported a broader range, reaching as low as twenty percent. He alluded to authorities from other jurisdictions approving the application of a wide range of discounts, sensitive to the equities of each individual case, and to our decision in *Cap City Products Co. v. Loureiro*, **332 N.J. Super. 499**, 501, 505-07 (App. Div. 2000), allowing application of a twenty-five percent discount. (emphasis added)

If trial courts determine marketability discounts as bad behavior discounts, there really is no way that business appraisers can provide meaningful information to a court. If the court's concern is one of "the equities" in a matter rather than in determining the fair value or the fair market value of a business or interest in a business, then there is little that appraisers can do to help. In *Wisniewski*, the application of a marketability discount flowed, not from the lack of marketability of the trucking business, but from the bad behavior of Norbert. Neither Trugman nor Grabowski had a chance in that determination. All we can say is that the court's ultimate conclusion for the bad behavior (marketability) discount fell within the range suggested by Trugman (0%) and Grabowski (35%) and had nothing to do with the relative marketability of the business at hand.

## Peter Mahler's Conclusion

Mahler concluded similarly in his blog post:

If you ask accredited business appraisers whether the determination of a marketability discount rate for the shares of a particular closely-held company should be based on case precedent involving other companies, I think the vast majority will answer "no." **I wrote a piece** on that very subject last year, quoting from the IRS's DLOM Job Aid and experts in the field. Yet cases such as *Wisniewski* point the other way, effectively encouraging advocates and judges to select a rate within a self-

perpetuating, "established" range of case precedent based as much if not more on the "equities" of the case than the financial performance, prospects, and liquidity risks of the company being valued. It's not for me to say whether appellate courts and legislatures should decide as a matter of policy to incorporate into fair value determinations equitable considerations based on the good or bad conduct and motives of the litigants toward one another. But I am saying that if that's the way it's going to be, there's an associated cost in the form of greater indeterminacy in fair value adjudications which makes it harder for lawyers and valuation professionals to advise their clients and to reach buyout agreements before they ripen into litigation

Readers can see the bad news in this appellate decision in *Wisniewski*. The good news, I guess, is that most statutory fair value cases do not involve bad behavior on the part of a selling shareholder.



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# 10 Ideas for Preparing for Expert Depositions

by Z. Christopher Mercer, FASA, CFA, ABAR

An expert deposition is a formal proceeding. I can only speak from my own experience in having my deposition taken and in attending a number of depositions of other experts or parties to various matters. There is one thing that is true in the majority of expert depositions I have seen. The opposing attorney prepares for the deposition. In a recent deposition, the opposing counsel had his outline of questions to ask me contained in a three-ring notebook. I couldn't be sure, but it appeared to have more than 50 pages of typewritten questions.

If opposing counsel is going to prepare for your deposition as an expert witness, it is equally critical that you prepare as well. Preparation for an expert deposition entails a number of activities:

- 1. Do good work all the time.** In some cases, experts are retained to prepare business valuation, economic damages, or financial forensic reports in the context of litigation. In those cases, it is critical to do good work, to support each opinion, to be sure that the math checks out, and to be certain that a report is internally consistent and consistent with an expert's prior work, writings and speaking. However, your first deposition may not arise because you were retained as an expert. You may be deposed on a report that you prepared in the ordinary course of business. This could happen with a report prepared for tax purposes, for a buy-sell agreement, for an ESOP, or for some other purpose. In those cases, you don't get a chance to "do the report over" for the litigation. You must live with the report you signed long ago. Remember to do good work all the time.
- 2. Read your expert report.** Experts write reports that summarize their opinions and provide the basis, support and rationale for their opinions. In business valuation and economic damages matters, expert reports can be of considerable length, perhaps 100, 200, 300 or more pages. In many cases, considerable time will have passed between the submission of an expert's report and his or her deposition. This makes it essential to read the report carefully, and from cover to cover, including all boilerplate. An expert has to be familiar with what is in his report as well as what is not in the report.
- 3. Review the entire file.** An expert's file will contain many documents, maybe hundreds or even many thousands of them. The expert must review the file to know what is there. In large litigations with literally thousands of documents, it may be necessary for another professional to review documents. If so, the expert then must review the key documents identified in that review. Not every document will have been relied upon, but you have to be familiar with the key documents supporting your opinion. When working on litigation matters, I routinely accumulate the major documents that will be referenced in a spiral-

bound notebook. Depending on the circumstances, I may take my own notebook to deposition or trial because I am familiar with the book and the documents. In any event, I review those documents carefully, often multiple times.

4. **Prepare a list of key names, dates or other key information you do not want to forget.** I typically prepare a list that includes the name(s) of our clients, all the attorneys we have worked with on our side, opposing counsel, opposing experts, and key dates or documents I may want for instant recall. There are no opinions on this list, just names and facts. You will only forget the name of your client one time – when the client is sitting in your deposition – before you initiate this habit.
5. **Respond fully to any subpoena for your file.** Most expert depositions are noticed with subpoena duces

tecum, which is a request for the expert's presence at a deposition as well as for documentary evidence from his files. In our shop, subpoenas are provided to our in-house counsel, and she reviews the file in order to be sure that we comply. This means that experts shouldn't put things into their files that they don't want someone else to see. Opposing counsel will ask the expert whether he or she has complied with the subpoena.

6. **Meet with counsel to prepare for the deposition.** This meeting (or meetings) provides a deadline for the expert in doing the preparations noted above. Counsel will usually have some idea of how opposing counsel will approach your deposition, and the themes he thinks you can expect to see. Counsel can give you information about the style of the opposing counsel who will be taking the deposition. It is a good idea to do an

## Industry & Professional Conferences

*The senior staff of Mercer Capital attends and presents at numerous industry and professional conferences. If you are attending as well, please let us know so we can connect with you.*

### AAML Tri-State Seminar (NC, SC, GA)

Sponsored by the AAML  
June 16-18, 2016 | Asheville, NC

**Tim Lee**, Managing Director, will speak on Valuation Issues in Divorce on June 17.

Tim Lee » leet@mercercapital.com

### ASA Advanced Business Valuation Conference

Sponsored by the American Society of Appraisers  
September 11 – 14, 2016 | Boca Raton, FL

**Tim Lee**, Managing Director, will present "How to Effectively Review an Appraisal Report" on September 14.

Tim Lee » leet@mercercapital.com

### Southern Capital Forum

September 14 – 16, 2016 | Atlanta, GA

**Travis Harms**, Senior Vice President, and **Matt Crow**, President, will present "Valuation Issues in Your Portfolio" on September 15.

Travis Harms » harmst@mercercapital.com  
Matt Crow » crowm@mercercapital.com

### AICPA Forensic & Valuation Services Conference

Sponsored by AICPA  
November 6 – 8, 2016 | Nashville, TN

**Travis Harms**, Senior Vice President, will co-present with Gary Roland, Managing Director at Duff & Phelps, in two sessions on fair value measurement.

Travis Harms » harmst@mercercapital.com

internet search and read biographical information about opposing counsel.

- 7. Know your objective for the deposition.** Some experts go into depositions loaded, as it were, for bear. They want to try to “win” the deposition by proving their opinions zealously.

An attorney told me long ago to avoid the temptation of trying to “win” a deposition. He observed that the rules for depositions and trials as they relate to experts were written by attorneys and conducted by attorneys. He then said something I’ve not forgotten: “Chris, your objective in this deposition is not to win it. Your objective is not to lose.”

- 8. Discuss your approach to comments about opposing expert reports with counsel.** In some cases, counsel will want you to be prepared to comment on the report of one or more other experts. If so, outline your comments in advance so that you are organized when asked for your opinions regarding the report(s). In other cases, counsel may have retained another expert to handle rebuttal, and you would not be expected to comment, even if asked by opposing counsel. It is okay not to have opinions about other experts.
- 9. Talk with counsel about local rules applicable to depositions.** In some jurisdictions, experts are not allowed to talk with counsel for their side during a deposition. I recall one arbitration in which I testified where this rule was in place. As we reached the end of the day during my testimony, opposing counsel opened a report that I had issued some years before and read a portion that appeared to impeach my testimony. The problem was, I couldn’t remember the details of that earlier report on the spot. Fortunately, the day ended at that point. The arbitration resumed three weeks later, and I was unable to talk with counsel about the testimony at all during that period. However, I did pull a copy of the report that opposing counsel had read from. He had clearly taken his quote out of context. I brought a copy

of the report when I returned to the stand and asked for time to respond to the final question from the previous session. With permission from my earlier client, I read the portion of the report that counsel had tried to trip me with, but I read that portion in appropriate context. In that light, there was no impeachment. Indeed, the earlier report supported my testimony in the arbitration. That’s a long story, but the point is, know the rules.

- 10. Get a good night’s sleep the night before your deposition.** Depositions can be long and grueling. In some jurisdictions, they are limited to seven hours of deposition time. Seven hours, though, can be a long time, so it is good to be rested. For multi-day depositions, getting good rest is critical. It takes a great deal of mental focus and physical energy to give a good deposition. So, take care of yourself as a key part of preparing.

## Wrapping Up

The central idea behind preparing for an expert deposition is to be sure that the expert is as ready as possible. Preparation is essential for experts to give good depositions.

Mercer Capital brings analytical resources and over 30 years of experience to the field of dispute analysis and litigation support. We assist our clients through the entire dispute process by providing initial consultation and analysis, as well as testimony and trial support. Please contact us to discuss your needs in confidence.

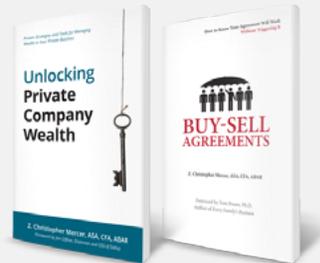


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## Mercer Capital's Books of Interest

### Special Offer: The Ownership Transition Bundle

In this special offer, receive both of Mercer's Ownership Transition print books, *Unlocking Private Company Wealth* and *Buy-Sell Agreements for Closely Held and Family Business Owners*. In addition to the print books, you will also receive a complimentary PDF for immediate download of both *The Buy-Sell Agreement Review Checklist* and *The Buy-Sell Agreement Checklist for Shareholder Promissory Notes*.



### Unlocking Private Company Wealth: Proven Strategies and Tools for Managing Wealth in Your Private Business

This book will help business owners turn their business into the liquidity-creating vehicle it needs to be for them to become independent of the business and truly free to sell it, stay with it, or transition it to others of their choice.



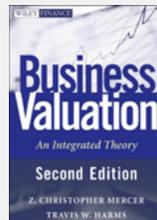
### An Estate Planner's Guide to Revenue Ruling 59-60:

This book is a non-technical resource that clearly explains how business appraisers attempt to translate the guidance found in Revenue Ruling 59-60 into actual valuation engagements.



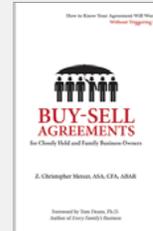
### Business Valuation: An Integrated Theory Second Edition

Whether you are an accountant, auditor, financial planner, or attorney, *Business Valuation: An Integrated Theory, Second Edition* enables you to understand and correctly apply fundamental valuation concepts.



### Buy-Sell Agreements for Closely Held and Family Business Owners: How to Know Your Agreement Will Work Without Triggering It

Designed for business owners and business advisers, this book provides a road map for business owners to develop or improve their buy-sell agreements.



Visit [www.mercercapital.com](http://www.mercercapital.com) for more information

## Blogs of Interest

### RIA Valuation Insights

A weekly update on issues important to the Asset Management industry. Recent posts include "Does Size Matter for RIAs?," "Portfolio Valuation: How to Value Venture Capital Portfolio Investments," "Death Week (for Active Management?)," and "Simmons First National Acquisition of Ozark Trust and Investment."

Subscribe to receive posts via email

### The Financial Reporting Blog

A weekly update on financial reporting topics. Recent posts include "An Overview of Personal Goodwill," "Yes, Virginia, the Cost of Capital Really Is Low," "What's in a Name: Valuing Trademarks and Trade Names," "New Rules Aim to Claw Back Incentive-Based Pay," and "8 Things You Need to Know About Section 409A."

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### Chris Mercer | Useful Business Valuation Information & Insight for Attorneys

Chris Mercer's blog addresses valuation issues important to attorneys. Recent posts include "Introduction to Statutory Fair Value from a Business Appraiser's Perspective," "*Wisniewski v. Walsh* and the Bad Behavior (Marketability) Discount in New Jersey," and "10 Ideas for Preparing for Expert Depositions."

Subscribe to receive posts via email

# Mercer Capital News

## Mercer Earns FASA Designation

**Z. Christopher Mercer** was recently elected into the **College of Fellows** of the **American Society of Appraisers** and was awarded the coveted Fellow Accredited Senior Appraiser (FASA) designation. Fellowship is the highest honor bestowed by the Society on a member and recognizes the professionalism and invaluable contributions the member has made.

Earning the FASA makes Chris one of a small, select group of members that currently hold this honor. A member since 1987, he had previously been designated as an Accredited Senior Appraiser (ASA) within the business valuation discipline of the Society.

"Your exemplary service and dedication have helped ASA maintain its position of leadership among professional appraisal organization around the world. Your commitment to excellence in your practice and in every task you have undertaken on behalf of the Society has contributed to the advancement of the valuation profession in the minds of those who use, practice and regulate appraisal services," commented Linda B. Trugman, ASA, International President of the American Society of Appraisers.

Chris is the founder and CEO of Mercer Capital, a national business valuation and financial advisory services firm with offices in Memphis, Dallas, and Nashville. He is the author of nine books on business valuation and business valuation-related topics and is a frequent speaker on business valuation-related issues to professional associations nationally and internationally.

He is a past member of the Professional Board of the International Valuation Standards Council, past chairman of the Business Valuation Standards Subcommittee of the American Society of Appraisers, past member of the Business Valuation Committee of the American Society of Appraisers, among other professional activities.

Chris remarked, "The American Society of Appraisers has been the leader in the advancement of the business valuation profession. My work with the Society has been and continues to be immensely rewarding. I am honored to have been elected into the College of Fellows and to join such an august group."

Chris also holds the Chartered Financial Analyst (CFA) designation from the CFA Institute and the Accredited in Business Appraisal Review (ABAR) designation from the Institute of Business Appraisers.

## Parris Featured in "Ask the Experts"

**Lucas Parris, CFA, ASA**, was featured in the "Ask the Experts" section of the March 2016 **Business Valuation Update** newsletter published by **Business Valuation Resources**. This section highlights Lucas' insurance expertise in conjunction with his recent webinar: "**Valuing Insurance Agencies**," sponsored by **Business Valuation Resources**.

Excerpted from the "Ask the Experts" section:

**How has the ability to buy insurance online without the need for an agent affected local insurance agencies?**

*"For certain commodity-type products, such as term life and auto insurance, there has been a significant impact on local agencies. An individual can compare prices, apply online, and purchase a policy directly from the carrier without talking to an agent. This is an ease-of-use issue, and I don't see this trend reversing. And to the extent that this model extends to other types of insurance, such as home and other personal lines, it will be a negative. However, agencies that*

*focus on commercial insurance will not be as affected. An owner of a business or commercial property is not going to feel as confident about price and policy terms when using an online form, as compared to discussing his particular situation with a real person. The ability to sit down face-to-face with the agent will always have some appeal to the business owner, and the underwriters are likely to be able to better price the risk."*

For more information about our valuation and transaction advisory services for insurance companies, [click here](#).

## Harrigan Named Senior Financial Analyst

Mercer Capital is pleased to announce that **Madeleine L. Harrigan** has been

promoted to the position of Senior Financial Analyst.

"One of the benefits to being in our corner of the financial community is working with gifted people like Madeleine. She is a wellspring of creativity and intensity that is unusual in finance," said Mercer Capital president **Matthew R. Crow, ASA, CFA**. "Madeleine has been instrumental in advancing important developmental projects at Mercer Capital, and with this promotion is now positioned to do much more."

Madeleine joined Mercer Capital in 2013. She is experienced in the valuation of financial institutions, primarily depository institutions, asset management firms, and related enterprises. She also prepares and publishes research on valuation issues related to the venture capital community, and is a regular contributor, along with Matt Crow and Brooks Hamner, to Mercer Capital's blog regarding the

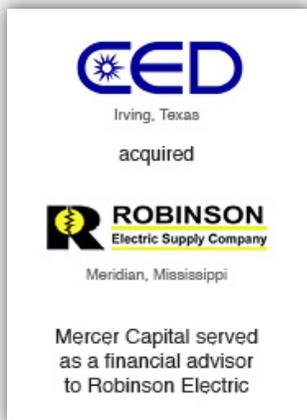
asset management community, **RIA Valuation Insights**.

## Mercer Capital Provides Advisory Services

Robinson Electric Supply Company, a wholesale electrical distributor, of Meridian, Mississippi, has successfully been acquired by Consolidated Electrical Distributors of Irving, Texas. Mercer Capital served as Robinson's financial advisor in the transaction.

The transaction provides Robinson with a turnkey exit from the business and facilitates CED's increasing presence in the Southeastern U.S. Robinson's legacy customer base will benefit from the enhanced capabilities of CED's national branch network while enjoying the service and attention Robinson has delivered since 1975.

### Mercer Capital's Transaction Advisory Services



**In addition to our corporate valuation services, Mercer Capital provides investment banking and transaction advisory services to a broad range of public and private companies and financial institutions throughout the U.S.**

Mercer Capital leverages our historical valuation and investment banking experience to help you navigate a critical transaction, providing timely, accurate and reliable results. We have significant experience advising boards of directors, management, trustees, and other fiduciaries of middle-market public and private companies in a wide range of industries.

Whether you are selling your business, acquiring another business or division, or have needs related to mergers, valuations, fairness opinions, and other transaction advisory needs, we can help.

**Contact Nick Heinz ([heinzn@mercercapital.com](mailto:heinzn@mercercapital.com)) or Tim Lee ([leet@mercercapital.com](mailto:leet@mercercapital.com)) to discuss your needs in confidence at 901.685.2120.**

# Mercer Capital

Mercer Capital's ability to understand and determine the value of a company has been the cornerstone of the firm's services and its core expertise since its founding.

Mercer Capital is a national business valuation and financial advisory firm founded in 1982. We offer a broad range of valuation services, including corporate valuation, gift, estate, and income tax valuation, buy-sell agreement valuation, financial reporting valuation, ESOP and ERISA valuation services, and litigation and expert testimony consulting. In addition, Mercer Capital assists with transaction-related needs, including M&A advisory, fairness opinions, solvency opinions, and strategic alternatives assessment.

We have provided thousands of valuation opinions for corporations of all sizes across virtually every industry vertical. Our valuation opinions are well-reasoned and thoroughly documented, providing critical support for any potential engagement. Our work has been reviewed and accepted by the major agencies of the federal government charged with regulating business transactions, as well as the largest accounting and law firms in the nation on behalf of their clients.

Contact a Mercer Capital professional to discuss your needs in confidence.

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