

**Presentation to
Tax Club of Hartford, Inc.
Hartford, CT**

June 9, 2004

**EXAMPLES OF VALUATION DISCOUNTS
APPLIED TO SPECIAL PURPOSE ENTITIES
FOR ESTATE/GIFT TAX PURPOSES
FOLLOWING RECENT TAX COURT DECISIONS**

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A. SINGLE REAL PROPERTY C CORP [ESTATE TAX]

Background:

Exhibits:

- Exhibit AA: Historical income statements & Ratios.
- Exhibit AB: Computation of the Net Asset Value.
- Exhibit AC: Computation of the Built-In Capital Gain [BIG.]
- Exhibit AD: Lack-of-Marketability Discount.
- Exhibit AE: Valuation of Interests owned by the Estate.

Reference: Estate of Charles Borgatello v. Comm'er TC memo 2000-264 filed August 18, 2000.

B. REAL ESTATE PORTFOLIO WITH FRACTIONAL PROPERTY DISCOUNTS
[ESTATE TAX]

Background:

Exhibits:

- Exhibit BA: List of real estate portfolio components.
- Exhibit BB: Calculation of fractional real estate discount for prop. # 3 and 6.
- Exhibit BC: Calculation of fractional real estate discount for prop. # 8, 9, 10, 11.
- Exhibit BD: Calculation of fractional real estate discount for property # 12.
- Exhibit BE: Calculation of entity level minority discount for property #7.
- Exhibit BF: Calculation of entity level minority discount for property # 13.
- Exhibit BG: Analysis of publicly reporting real estate partnerships.
- Exhibit BH: Summary of values returned.

Reference: Estate of Stevens v. Comm'er TC memo 2000-53 filed 2/18/2000. Estate of Williams v. Comm'er TC memo 1998-59.

C. FAMILY OWNED HOLDING COMPANY FOR MARKETABLE SECURITIES, REAL
ESTATE AND ORIGINAL MANUFACTURING COMPANY

Background:

Exhibits:

- Exhibit CA: Consolidating Balance Sheet as of December 31, 2002.
- Exhibit CB: Consolidating Income Statement for 2002.
- Exhibit CC: Disposition of consolidated earnings/Equity changes 2002.
- Exhibit CD: Capitalization of Earnings of manufacturing subsidiary.
- Exhibit CE: Repurchases, Loan Values, IRS settlements prices.

Exhibit CF: Analysis of the real estate portfolio.
Exhibit CJ: Analysis of real estate partnerships interests in secondary market.
Exhibit CK: Valuation of the Estate's Interest in the real estate properties.

Exhibit CG: Breakdown of the securities portfolio as of date of death.
Exhibit CI: Analysis of Closed-End Funds both equity and fixed income.
Exhibit CH1: Income approach to the valuation of securities.
Exhibit CH2: Market approach to the valuation of securities.

Exhibit CL: Residual Lack-of-Marketability Discount.
Exhibit CM: Summary.

References: Peter S. Peracchio v. Comm'er TC memo 2003-280 filed September 25, 2003.
Clarissa W. Lappo v. Comm'er TC memo 2003-258 filed September 3, 2003.
Charles T. McCord, Jr. and Mary S. McCord, Donors TC memo 2003-13 filed
May 14, 2003 [on Appeal to 5th Circuit.]