

ThompsonS.txt

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Subject ThompsonS: Tax Court Opinion and Appeal 3rd Circuit
Date Thu, September 2, 2004 2:08 pm
To xyz@xyzlawfirm.com

Dear Attorney XYZ:

The Trusts & Estates court calendar was recently graced with two Thompson decisions which, as a business appraiser [and NOT as a lawyer] I thought needed to be brought to the attention of practitioners.

1 The tax court case [Estate of Josephine T. Thompson, Carl T. Holst-Knudsen, The Bank of New York, Executors v. Commissioner T.C. Memo 2004-174 filed July 26, 2004] involved an interest in a good-sized publishing business. The executors, almost certainly in a disingenuous fashion, proceeded to hire an accountant without business valuation experience to value the interest. The court did not buy any of it, and re-did the entire valuation. I know I have an ax to grind here, since I make my living appraising business interests. Could the moral of the story be to hire a qualified business appraiser ?

The decision - a copy is also attached to this e-mail - is located at:
<http://www.ustaxcourt.gov/InOpHistoric/Thomps0nEstate.TCM.WPD.pdf>

2 The 3rd Circuit Appeal decision [Betsy T. Turner, Executrix of the Estate of Theodore Thompson v. Commissioner, No. 03-3173 3rd Circuit filed September 1, 2004] was not unexpected since this a "bad facts" case: the decedent, who had transferred almost all his assets into a "Fortress" type FLP, simply took money for personal expenditures whenever he had a need. Clearly not in keeping with IRC 2036.

The decision - a copy of which is attached to this e-mail - is located at:
<http://www.ca3.uscourts.gov/opinarch/033173p.pdf>

Please do not hesitate if you have any question about business valuation.
Regards.

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