# Subsequent Events and Multi-Level Valuation Discounts—*Ringgold Telephone Company v. Commissioner*

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*This discussion summarizes (1) business valuation professional standards guidance regarding subsequent events, (2) judicial precedents regarding subsequent events, (3) judicial precedents regarding multi-level discounts, and (4) the judicial factors that the U.S. Tax Court considered in a recent decision that involved both a subsequent event—that is, the sale of the subject interest—and the appropriateness of the application of multi-level valuation discounts.*

## Introduction

The valuation date is an important consideration in the estimation of the fair market value of a business ownership interest. Federal tax valuation matters are based on the fair market value standard of value. The definition of fair market value has generally been interpreted to be based only on information that was known or knowable as of the valuation date.

A subsequent event is defined as an event that occurs after the valuation date. A majority of U.S. Tax Court cases dealing with subsequent events have concluded that it is inappropriate to use hindsight as direct evidence of value as of the valuation date. However, the Tax Court has also found that certain subsequent events that occur within a reasonable time after the valuation date may be appropriate to consider in the determination of fair market value.

In addition, multi-level valuation discounts (e.g., a discount for lack of control and a discount for lack of marketability) are often appropriate in the valuation of tiered business entities for various tax purposes. Tiered business entities are defined as holding companies that own an interest in another company.

This discussion presents (1) a summary of business valuation professional standards guidance regarding subsequent events, (2) a summary of judicial precedents regarding subsequent events, (3) a summary of judicial precedents regarding multi-level discounts, (4) a recent judicial decision that dealt with both subsequent events and multi-level valuation discounts, and (5) insights based on this judicial decision.

## Business Valuation Standards Guidance Regarding Subsequent Events

It is noteworthy that the Uniform Standards of Professional Appraisal Practice (USPAP) and the American Society of Certified Public Accountants (AICPA) Statement on Standards for Valuation Services No. 1 (SSVS-1) both provide professional valuation guidance regarding subsequent events.

In addition, it is also noteworthy that the business valuation standards of the Internal Revenue Service (the “Service”), American Society of Appraisers, National Association of Certified Valuation Analysts, Institute of Business Appraisers, and Canadian Institute of Chartered Business Valuators do not

provide professional valuation guidance regarding subsequent events.

## USPAP

The Appraisal Standards Board of The Appraisal Foundation develops, interprets, and amends USPAP. Compliance with USPAP is required when the appraiser is obligated to comply with USPAP either (1) by law or regulation or (2) by agreement with the client or intended users.

USPAP provides professional valuation guidance regarding subsequent events for retrospective appraisals (appraisals in which the effective date of the appraisal is prior to the report date). According to USPAP:

> A retrospective appraisal is complicated by the fact that the appraiser already knows what occurred in the market after the effective date of the appraisal. Data subsequent to the effective date may be considered in developing a retrospective value as a confirmation of trends that would reasonably be considered by a buyer or seller as of that date. The appraiser should determine a logical cut-off because at some point distant from the effective date, the subsequent data will not reflect the relevant market. This is a difficult determination to make. Studying the market conditions as of the date of the appraisal assists the appraiser in judging where he or she should make this cut-off. In the absence of evidence in the market that data subsequent to the effective date were consistent with and confirmed market expectations as of the effective date, the effective date should be used as the cut-off date for data considered by the appraiser.[1]

Based on USPAP, it is reasonable for a valuation analyst to consider data subsequent to the valuation date but only to confirm historical trends and market expectations as of the valuation date.

## AICPA SSVS-1

AICPA members and other CPAs are required to comply with SSVS-1 when they perform engagements to estimate value that culminate in the expression of a conclusion of value or a calculated value.

SSVS-1 provides professional valuation guidance regarding subsequent events. According to SSVS-1:

> The valuation date is the specific date at which the valuation analyst estimates the value of the subject interest and concludes on his or her estimation of value. Generally, the valuation analyst should consider only circumstances existing at the valuation date and events occurring up to the valuation date. An event that could affect the value may occur subsequent to the valuation date; such an occurrence is referred to as a subsequent event. Subsequent events are indicative of conditions that were not known or knowable at the valuation date, including conditions that arose subsequent to the valuation date. The valuation would not be updated to reflect those events or conditions. Moreover, the valuation report would typically not include a discussion of those events or conditions because a valuation is performed as of a point in time—the valuation date—and the events described in this subparagraph, occurring subsequent to that date, are not relevant to the value determined as of that date. In situations in which a valuation is meaningful to the intended user beyond the valuation date, the events may be of such nature and significance as to warrant disclosure (at the option of the valuation analyst) in a separate section of the report in order to keep users informed (paragraphs 52(p), 71(r), and 74). Such disclosure should clearly indicate that information regarding the events is provided for informational purposes only and does not affect the determination of value as of the specified valuation date.[2]

Based on SSVS-1, CPA valuation analysts are not required to disclose subsequent events. However, CPA valuation analysts may disclose subsequent events in a separate report section for informational purposes.

## Subsequent Events—Historical Judicial Insights

The valuation date is an important consideration in the estimation of the fair market value of a business ownership interest. For gift tax purposes, the appropriate valuation date is the date of the taxable transfer. For estate tax purposes, the appropriate valuation date is either the date of death or the alternate valuation date (six months after the date of death). For charitable contributions of property, the appropriate valuation date is the date on which the transfer becomes legally effective.

All valuation issues involving federal tax matters are based on the fair market value standard of value.

The Treasury Regulations define fair market value as "the price at which the property would change hands between a willing buyer and a willing seller when the former is not under any compulsion to buy and the latter is not under any compulsion to sell, both parties having reasonable knowledge of relevant facts."[3]

This definition of fair market value has generally been interpreted to be based only on information that was known or knowable as of the valuation date. In other words, consideration of subsequent events that were not known or knowable as of the valuation date that affect the fair market value is generally inconsistent with the fair market value standard of value.

A majority of the federal tax cases dealing with subsequent events have concluded that it is inappropriate to use hindsight as direct evidence of value as of the valuation date. For example, in the *First National Bank* decision,[4] the Seventh Circuit stated "[T]he property in the decedent's estate is evaluated by determining what a willing buyer would give for it on the date of death. Information that the hypothetical willing buyer could not have known is obviously irrelevant to this calculation."

However, the Tax Court (and other federal courts) has also opined that certain subsequent events that occur within a reasonable time after the valuation date may be appropriate to consider in valuation cases. These instances generally include the following:

1. Subsequent events that were reasonably foreseeable by a hypothetical buyer or seller as of the valuation date. For example, in the *Trust Services* decision,[5] the 9th Circuit Court stated that subsequent events are not considered to fix fair market value, except to the extent that they were reasonably foreseeable at the date of valuation.
2. Subsequent events that prove the reasonableness of expectations of a hypothetical buyer or seller as of the valuation date. For example, in the *O'Reilly* decision,[6] the Tax Court relied on dividends actually paid after the valuation date to corroborate an expert's projected dividends.
3. The subsequent sale of the subject ownership interest. For example, in the *Scanlan* decision,[7] the Tax Court stated, "The best indicator of the value of unlisted stock often is arm's-length sales of that stock at or around the time of valuation" despite the fact that the stock redemption occurred more than 2 years from the valuation date. In addition, in the *Hillebrandt* decision,[8] the Tax Court held that a sale of property after the date of death may be considered evidence of the property's value at the date of death so long as it occurs within a reasonable time after death and intervening events have not changed the value of the property.
4. The subsequent sale of comparable ownership interests. For example, in the *Thompson* decision,[9] the Tax Court stated "if comparable sales occur after the death of decedent, there is no sound reason to ignore them."

In addition, the Tax Court has opined that when a subsequent sale is relied on in the estimation of the fair market value, it is necessary to adjust the subsequent sale price for events between the valuation date and the subsequent sale date that affect the subsequent sale price.

For example, in the *Noble* decision,[10] the Tax Court stated:

> When a subsequent event is used to set the fair market value of property as of an earlier date . . . adjustments should be made to the sale price to account for happenings between the two dates which would affect the later sale price; these happenings include (1) inflation, (2) changes in the relevant industry and the expectations for that industry, (3) changes in business component results, (4) changes in technology, macroeconomics, or tax law, and (5) the occurrence or nonoccurrence of any event which a hypothetical reasonable buyer or a hypothetical reasonable seller would conclude would affect the selling price of the property subject to valuation (e.g., the death of a key employee).

## Multi-Level Valuation Discounts for Tiered Entities—Historical Judicial Insights

Tiered business entities are defined as holding companies that own an interest in another company. Multi-level valuation discounts (e.g., a discount for lack of control and a discount for lack of marketability) are often appropriate in the valuation of a tiered business entity.

The U.S. Tax Court, as well as other federal courts, have opined on the appropriateness of applying multi-level discounts in the valuation of tiered entities.[11]

The *Astleford*,[12] *Dean*,[13] *Gallun*,[14] *Gow*,[15] *Hjersted*,[16] *Kosman*,[17] *Martin*,[18] *Piper*,[19] and *Whittemore*[20] decisions allowed some level of multi-level valuation discounts. In a majority of these judicial decisions, even the Service valuation analyst applied some level of multi-level valuation discounts.

*Janda*[21] and *O'Connell*[22] disallowed multi-level valuation discounts. However, in both of these decisions, there were unique aspects that contributed to the rejection of multi-level valuation discounts.

In the *Janda* decision, neither the taxpayer valuation analyst nor the Service valuation analyst testified that a discount was appropriate at the lower tier. In the O'Connell decision, the Tax Court noted that an upper tier discount "might be applicable for minority stock interests . . . but here we are valuing a 95 percent interest. . . ."

## *Ringgold Telephone Company v. Commissioner*

### Introduction

In the *Ringgold*[23] decision, the Tax Court opined on the fair market value of a 25 percent partnership interest in Cellular Radio of Chattanooga (CRC) (the "subject interest") owned by the petitioner as of January 1, 2000 (the "valuation date"). CRC was a holding company that owned a noncontrolling ownership interest in an operating company.

On the valuation date, the Ringgold Telephone Company ("Ringgold") elected to be taxed as a subchapter S corporation for federal income tax purposes. Prior to the valuation date, Ringgold was taxed as a C corporation. On November 27, 2000, approximately 11 months after the valuation date, the subject interest was sold.

To limit the benefits that can be obtained by converting a C corporation to an S corporation, Internal Revenue Code Section 1374 imposes a corporate-level tax on S corporations that formerly were C corporations.

This tax is imposed on any gain (1) that arises before the effective date of the S election (i.e., the built-in gain) and (2) that is recognized by the S corporation within 10 years after the conversion due to a sale or distribution of its assets.

Important issues in *Ringgold* included (1) the fair market value of the 25 percent interest in CRC for the purpose of determining the built-in gain under IRC Section 1374, (2) the appropriateness of consideration of a subsequent sale of the subject interest, and (3) the appropriateness of the application of multi-level valuation discounts.

At trial, two valuation analysts presented valuation evidence regarding the fair market value of the 25 percent interest in CRC. One valuation analyst testified for the taxpayer, and one valuation analyst testified for the Service.

The taxpayer valuation analyst determined the fair market value of the interest in CRC at $2,980,000 as of the valuation date. The Service valuation analyst determined the fair market value of the interest in CRC at $5,155,000.

The petitioner claimed that the fair market value of the interest in CRC was $2,980,000, based on an independent appraisal.

During July 2000, approximately 6 months after the valuation date, the petitioner and BellSouth entered into an agreement for the sale of the subject interest. The transaction was finalized on November 27, 2000, for $5,220,043.

The respondent contended that the fair market value of the subject interest was $5,220,423, based on the transaction price and the Service analyst valuation report.

The Tax Court held that the fair market value of the subject interest was $3,727,141, based on consideration of both (1) the taxpayer valuation analyst conclusion and (2) the transaction price subsequent to the valuation date.

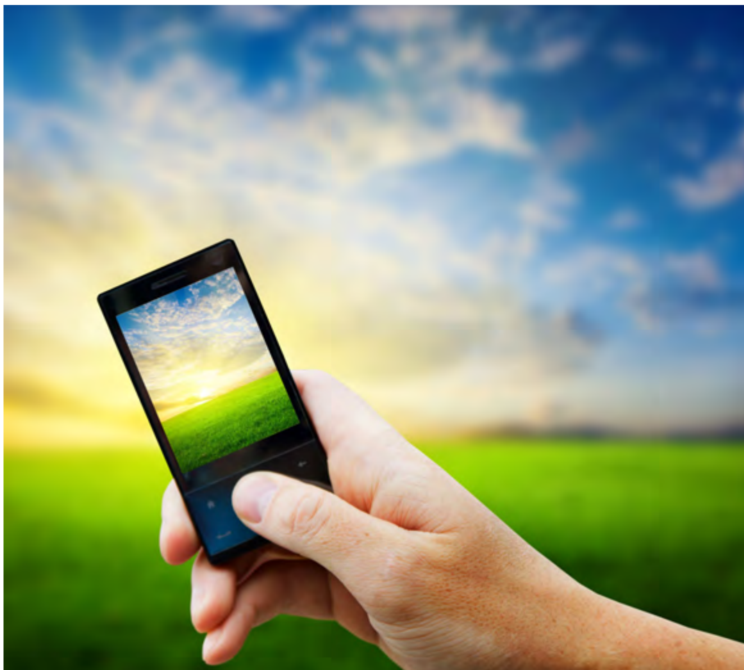
Although the Tax Court found the taxpayer analyst to be more persuasive than the Service valuation analyst due to his significant telecommunication industry valuation experience, the Tax Court opined that the taxpayer valuation analyst failed to adequately consider the subsequent sale to BellSouth in his analysis.

### The Facts of the Case

On January 1, 2000, the petitioner owned a 25 percent partnership interest in CRC. The other partners, each with a 25 percent interest, were BellSouth Mobility, Inc. ("BellSouth"), Trenton Telephone Co., and Bledsoe Telephone Co.

As of the valuation date, CRC was a holding company. The CRC primary asset was a 29.54 percent limited partnership interest in the Chattanooga MSA Limited Partnership ("CHAT"). CHAT was a provider of wireless telecommunications services. And, the CHAT general partner was wholly owned by BellSouth.

As of the valuation date, there was no market for the CRC or CHAT ownership interests. In addition, the petitioner's right to sell its 25 percent interest in CRC was subject to a right of first refusal in favor of the other CRC partners.



On September 30, 1999, the petitioner retained a valuation analyst to estimate the value of its ownership interest in CRC. The valuation analyst issued a report (the "September 30, 1999 report") that valued the petitioner CRC ownership interest at $4.6 million, based on CRC financial data through 1998.

On February 15, 2000, the valuation analyst issued a revised report (the "February 15, 2000 report") that valued the petitioner CRC ownership interest at $2.6 million, based on (1) CRC financial data through September 30, 1999, and (2) correction of arithmetical errors in the September 30, 1999, report.

In March 2000, three months after the valuation date, the petitioner retained an investment banking firm to market the CRC ownership interest. The offering memorandum prepared by the investment banking firm listed the value of the CRC ownership interest at approximately $7 million.

The petitioner's management team viewed the asking price as highly optimistic, and the company management decided it would accept as little as $2 million for the CRC interest.

In July 2000, seven months after the valuation date, BellSouth offered to purchase the CRC ownership interest for $5,022,929, subject to certain adjustments at the closing date. The other CRC partners did not exercise their rights of first refusal regarding the BellSouth offer, and the petitioner received no other offers for the CRC ownership interest.

The petitioner accepted the BellSouth offer on July 11, 2000. And, the sale of the CRC ownership interest to BellSouth was completed on November 27, 2000 (nearly 11 months after the valuation date) for $5,220,043.

Therefore, the petitioner's sale of the CRC ownership interest to BellSouth within the 10-year window from the date of the conversion to S corporation status triggered the built-in gain tax.

On its Form 1120S for the 2000 tax year, the petitioner reported the amount of the built-in gain attributable to the CRC ownership interest based on a fair market value as of January 1, 2000, of $2.6 million, according to the February 15, 2000, report value conclusion.

The respondent sent the petitioner a notice of deficiency dated August 3, 2007, based on the respondent's determination that the fair market value of the CRC ownership interest was $5,220,423. This value was based on the price for which the interest was sold to BellSouth nearly 11 months after the valuation date.

At trial, the taxpayer valuation analyst opined that the fair market value of the CRC ownership interest was $2.98 million as of the valuation date. The Service valuation analyst concluded the fair market value was $5.155 million.

The taxpayer valuation analyst (1) was a certified public accountant accredited in business valuation and (2) had substantial experience valuing telecommunications entities.

The Service valuation analyst was a certified public accountant, but he was not accredited in business valuation. In addition, he had never valued a telecommunications company.

The taxpayer valuation analyst valued the CRC ownership interest by:

1. valuing CHAT,
2. determining the fair market value of CRC's ownership interest in CHAT, and
3. concluding the fair market value of the CRC ownership interest.

He valued CHAT using the capitalization of income method, the discounted cash flow method, the guideline publicly traded company method, and the guideline merged and acquired company method. He then weighted the value indications, resulting in a business enterprise value of CHAT of $38.735 million.

The taxpayer valuation analyst did not apply multi-level valuation discounts to arrive at the fair market value for the petitioner's CRC ownership interest. Based on the $38.735 million value for CHAT, he concluded:

1. the fair market value of CRC's 29.54 percent ownership interest in CHAT of $11.442 million (calculated as $38.735 million multiplied by 29.54 percent), and
2. the fair market value of the petitioner's 25 percent ownership interest in CRC of $2.861 million (calculated as $11.442 million multiplied by 25 percent).

Next, the taxpayer valuation analyst applied a 5 percent discount for lack of marketability to conclude a nonmarketable, noncontrolling value of $2.718 million.

The taxpayer valuation analyst then estimated the value of the CRC interest based on a capitalization of distributions method. Capitalizing the CHAT net after-tax distributions for the 3 years before the valuation date resulted in a value of the CRC ownership interest of $3.243 million.

Weighting the indicated values of $2.718 million and $3.243 million equally resulted in a fair market value of $2.98 million for the petitioner's CRC ownership interest.

The Service valuation analyst valued the CRC ownership interest by:

1. valuing CHAT based on the discounted cash flow method and the merged and acquired company method,
2. weighting the indicated value from each method equally, and
3. applying a 35 percent discount for lack of marketability.

The Service valuation analyst also concluded that a multi-level discount was not appropriate. This resulted in a value for the CRC ownership interest of $5.155 million.

## The Tax Court Opinion

One of the key issues to be decided in this case was whether the sale price of the CRC interest subsequent to the valuation date was evidence of fair market value. During July 2000, approximately 6 months after the valuation date, the petitioner and Bellsouth entered into an agreement for the purchase of the CRC interest. The petitioner sold the CRC interest to BellSouth on November 27, 2000, for $5,220,043.

The respondent contended that the best evidence of value of the CRC interest on January 1, 2000, was the subsequent sale of the interest to BellSouth on November 27, 2000. The petitioner contended that:

1. the sale of the CRC interest to BellSouth did not reflect arm's-length pricing between a willing an informed hypothetical buyer and seller and
2. the sale price must either be disregarded or adjusted.

In addition, the petitioner argued that BellSouth would have paid more than an average hypothetical buyer for the CRC ownership interest because BellSouth already owned a controlling interest in CHAT, the primary asset of CRC.

In deciding whether the sale of the CRC interest to BellSouth was probative evidence of its value on the valuation date, the Tax Court considered the following:

1. whether the sale was within a reasonable time after the valuation date,
2. whether there were intervening events that would have affected the value of the CRC interest between the valuation date and the sale date,
3. whether the sale to BellSouth was an arm's-length sale in the normal course of business, and
4. whether unique characteristics of the sale to BellSouth required an adjustment to the sale price.

The Tax Court first considered whether the sale was within a reasonable time after the valuation date.

According to the Tax Court, "the price at which the CRC interest sold was fixed by a formula agreed to 6 months after the valuation date . . . neither party asserts the sale date was not within a reasonable time after the valuation date. We conclude, on the basis of the record, that the sale of the CRC interest to BellSouth occurred within a reasonable time after the valuation date."

Next, the Tax Court considered whether there were any events between the valuation date and the sale date that would have affected the value of the CRC interest.

According to the Tax Court, "Petitioner has not established, and does not argue, that there were intervening circumstances that would have affected value between the valuation date and the sale date. . . . We conclude . . . that there were no intervening events that would have affected value between the valuation date and the sale date."

The Tax Court also considered whether the sale to BellSouth was an arm's-length sale in the normal course of business.

According to the Tax Court, "The evidence indicates that BellSouth was an unrelated buyer acting in its own self-interest when it purchased the CRC interest. Neither party argues that the sale to BellSouth was not an arm's-length transaction. We conclude, on the basis of the record, that the sale of the CRC interest was an arm's-length sale in the normal course of business."

Next, the Tax Court considered whether unique characteristics of the sale to BellSouth required an adjustment to the sale price. BellSouth was a controlling owner of CHAT. In addition, the petitioner contended that BellSouth paid a premium for the CRC interest in order to discourage the exercise by the other CRC partners of their right of first refusal.

The petitioner argued that BellSouth was a unique buyer that would have likely paid a higher price for the CRC interest than any other buyer because of its unilateral control of CHAT.

In addition, the petitioner argued that the fair market value of a noncontrolling ownership interest in a business cannot be determined based on the price a controlling owner would pay for the noncontrolling interest. This is because a controlling owner would place a greater value on the noncontrolling interest than a hypothetical buyer who lacks ownership control.

The respondent argued that BellSouth would not have paid a control premium for the CRC interest. This is because:

1. BellSouth already controlled CHAT before the acquisition of the CRC ownership interest and
2. BellSouth would not benefit from any additional measure of control over CHAT due to its purchase of the CRC interest.

According to the Tax Court, "we find nothing in the record to support petitioner's assertion. To the contrary, petitioner's own expert . . . indicated that BellSouth had no incentive, from a control perspective, to buy the CRC interest. . . . Accordingly, we conclude the petitioner has not established that BellSouth paid a control premium for the CRC interest."

Next, the Tax Court considered whether there was evidence that BellSouth paid a premium for the CRC interest to discourage the other CRC partners from exercising their right of first refusal. The taxpayer valuation analyst testified that in his experience, when BellSouth determines that a transaction is strategic, it will submit high bids to discourage the exercise of rights of first refusal.

The Tax Court found the taxpayer valuation analyst testimony to be credible, and concluded that "the BellSouth price should be adjusted to reflect the likelihood that BellSouth viewed the CRC interest as a strategic acquisition and was willing to pay a premium . . . we conclude that the BellSouth sale price is probative, but not conclusive, evidence of the value of the CRC interest on the valuation date."

The Tax Court placed greater weight on the taxpayer valuation analyst expert report and found that his testimony at trial was credible and persuasive. However, the Tax Court concluded that the taxpayer valuation analyst failed to adequately consider that sale to BellSouth in his analysis.

In arriving at the concluded value for the CRC interest, the Tax Court:

1. accepted the taxpayer valuation analyst concluded value for CRC based on the capitalization of income method, the discounted cash flow method, the guideline publicly traded company method, and the guideline merged and acquired company method of $2.718 million;,
2. accepted the taxpayer valuation analyst concluded value for CRC based on the capitalization of distributions analysis of $3.243 million, and
3. concluded that it was appropriate to also rely on the BellSouth sale price of $5,220,423.

The Tax Court placed equal weight on these three indicated values, and concluded a fair market value of $3,727,141 for the CRC ownership interest.

In addition, the Tax Court concluded that the petitioner acted with reasonable cause and in good faith and was not liable for a substantial understatement penalty under Section 6662.

## Summary and Conclusion

This discussion presented (1) a summary of business valuation standards guidance regarding subsequent events, (2) a summary of judicial precedents regarding subsequent events, (3) a summary of judicial precedents regarding multi-level discounts, and (4) a recent judicial decision that dealt with both subsequent events and multi-level valuation discounts.

Insights from the *Ringgold* decision include the following:

1. SSVS-1 does not require CPA valuation analysts to disclose subsequent events. According to SSVS-1, (1) CPA valuation analysts may disclose subsequent events in a separate report section for informational purposes, and (2) this disclosure should indicate that the information regarding the

events is provided for informational purposes only and does not affect the determination of value as of the valuation date.

The Tax Court in the *Ringgold* decision criticized the taxpayer valuation analyst for failing to consider the subsequent sale to BellSouth in his analysis. As outlined in this article, the Tax Court has opined that certain subsequent events that occur within a reasonable time after the valuation date may be appropriate to consider in valuation cases.

These generally include:

a. subsequent events that were reasonably foreseeable by a hypothetical buyer or seller as of the valuation date,
b. subsequent events that prove the reasonableness of expectations of a hypothetical buyer or seller as of the valuation date,
c. the subsequent sale of the subject ownership interest, and
d. the subsequent sale of comparable ownership interests.

For retrospective appraisals, it may be appropriate for valuation analysts to disclose information regarding subsequent events for informational purposes.

2. The Tax Court in the *Ringgold* decision concluded that the petitioner did not establish or argue that there were intervening circumstances that would have affected the value of the CRC interest between the valuation date and the subsequent sale.

   As explained in this discussion, the Tax Court has opined that when a subsequent sale is relied on in the estimation of the fair market value, it is necessary to adjust the subsequent sale price for events between the valuation date and the subsequent sale date that affected the price.

   Therefore, for retrospective appraisals, it may be appropriate for valuation analysts to disclose information regarding subsequent events and adjust the subsequent sale price for any events between the valuation date and the subsequent sale for informational purposes.

3. The taxpayer valuation analyst did not apply multi-level valuation discounts to the petitioner's subject interest in CRC. As explained in this discussion, taxpayers have been successful in applying multi-level valuation discounts in a majority of the relevant judicial decisions that directly involved tiered entity valuations.

   Therefore, valuation analysts should consider the application of multi-level valuation discounts in the valuation of tiered entities.

Notes:

1. *Uniform Standards of Professional Appraisal Practice,* 2010-2011 Edition (Washington, DC: The Appraisal Foundation, 2010), Statement on Appraisal Standards No. 3, p. U-84.
2. SSVS-1, paragraph 43, pp. 20-21.
3. Treasury Regulations Section 20.2031-1(b).
4. *First National Bank v. United States*, 763 F2d 891 (7th Cir. 1985).
5. *Trust Servs. Of Am., Inc. v. United States*, 885 F.2d 561 (9th Cir. 1989).
6. *O'Reilly v. Commissioner*, TC Memo. No. 1994-61.
7. *Estate of Scanlan v. Commissioner*, TC Memo, 1996-331.
8. *Estate of Hillebrandt v. Commissioner*, T.C. Memo. 1986-560.
9. *Estate of James U. Thompson v. Commissioner*, 89 TC No. 43 (1987), note 7.
10. *Estate of Helen M. Noble v. Commissioner*, T.C. Memo 2005-2.
11. James G. Rabe, "Multi-Level Discounts for Tiered Entities—Insights from Historical Case Law," *ACTEC Journal*, Fall 2009, pp. 136–158.
12. *Estate of Astleford v. Commissioner*, T.C. Memo 2008-128.
13. *Estate of Dean v. Commissioner*, T.C. Memo 1960-54.
14. *Estate of Gallun v. Commissioner*, T.C. Memo 1974-284.
15. *Estate of Gow v. Commissioner*, T.C. Memo 2000-93, *aff'd* 19 Fed.Appx. 90 (4th Cir. 2001).
16. *Estate of Hjersted*, 175 P.3d 810 (Kan. 2008).
17. *Estate of Kosman v. Commissioner*, T.C. Memo 1996-112.
18. *Estate of Martin v. Commissioner*, T.C. Memo 1985-424.
19. *Piper v. Commissioner*, 72 T.C. 1062 (1979).
20. *Whittemore v. Fitzpatrick*, 127 F.Supp. 710 (D. Conn. 1954).
21. *Estate of Janda v. Commissioner*, T.C. Memo 2001-24.
22. *Estate of O'Connell v. Commissioner*, T.C. Memo 1978-191, *aff'd on this point, rev'd on other issues* 640 F.2d 249 (9th Cir. 1981).
23. *The Ringgold Telephone Company v. Commissioner*, T.C. Memo 2010-103.

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