TRIAL QUESTIONS FOR STEVEN M. JONES CPA/ABV, MBA

Question 1: You indicate in your cover letter that you were retained to "express an opinion as to the fair market value" of this business interest, correct?

I want you to get him to acknowledge fair market value because he uses this term in several places in his report but he also uses a "value to the owner" concept which is a different standard of value than fair market value. My understanding is that NYS uses fair market value. I want the next group of questions to get him to admit that he is mixing and matching valuation standards of value which is a technical error on his part.

Question 2: Do you agree that valuation standards require the business appraiser to state in the report what the standard of value is and define it?

Question 3: In fact, isn't it true that you did that on page 2 of your report?

Question 4: Isn't it also true that you state in the second full paragraph on page 2 that "we express no opinion as to whether the Company being valued could actually be sold for the amount we believe to be its *fair market value*."?

He is going to tap dance with an answer that he cannot guarantee that a transaction will take place at that amount but that is not what his report says. While he cannot guarantee the price, the value should be reasonably close to what a willing buyer and a willing seller would reach in the hypothetical transaction that he uses in his definition of fair market value. Be ready to follow up on this point.

Question 5: At the end of that paragraph, you indicate that "Fair market value, as determined herein, and as annunciated in IRS Revenue Ruling 59-60, is the standard of value generally used in matrimonial cases in the State of New York." Isn't that correct?

Question 6: Let's jump over to the top of Page 4. Please read the first full paragraph that starts with "We agree with the observation of Mr. Trugman..."

This is where he introduces the "value to the holder" concept which is consistent with what is known as *Intrinsic Value*. Virginia and not New York uses this standard of value.

Question 7: So, first for clarification for the court, you agree with Mr. Trugman that this business is really employment for Ms. Roberts, correct?

Question 8: Mr. Trugman does not say that his value represents the "value to the holder" does he?

Question 9: Is 'value to the holder' the same as 'fair market value'?

He should say no, **(and if he does skip this entire box)** but if he starts playing games, we will have him acknowledge that he uses my book as being authoritative (he lists it in his sources in Appendix D of his report and quotes it in his report), and then we will have him read sections from Chapter 15, page 506 of my book. The following questions will be applicable if you need them:

Question 10: What is your authority that these are the same?

Question 11: You have referenced and quoted in your report from Understanding Business Valuation written by Gary Trugman, correct?

Question 12: So you consider this to be a reliable source of valuation information, correct?

Question 13: I am handing you a copy of this book and would like you to read aloud the sentence and related footnote that I have highlighted.

Question 14: So isn't it true that value to the holder is not the same as fair market value?

Question 15: You indicate in your report that you used fair market value but you also indicate that the value that you compute is value to the holder–Janet Roberts. Which is it?

I do not know how much farther you want to go with this but you may want part of your closing argument to be that Jones did not follow the New York standard of value, fair market value, and his report should be stricken.

Question 16: In the Background of the Company section of your report on pages 2, 3 and 4, you discuss the company's relationship with its largest customer Sony, correct?

Question 17: You mention that "revenues of Roberts, Inc. can be broken down into two components, annual and per event service fees, plus commissions ranging from 10% to 15% for hotel accommodations, transportation, etc..." You also indicate that "Two-thirds or more of Roberts, Inc.'s revenues are earned via commissions for hotel rooms, transportation and entertainment." On page 4 you indicate the "Roberts, Inc. provides a substantial portion of its efforts on event planning for various segments of multinational conglomerate SONY Corporation." Correct?

Question 18: You used figures of 10 to 15 percent for the commission, two-thirds for the income earned by commissions, but you do not quantify how much of the business conducted by Roberts, Inc. is from SONY, why not?

Let's make him look bad for hiding the fact that 95% of Roberts, Inc.'s business comes from SONY. This is substantial risk that he has not considered in his report. It also makes the transfer of this business highly unlikely, particularly at his valuation because no rational buyer would pay that much for a relationship that is clearly with Janet.

Question 19: Do you know how much of the business comes from Sony?

Question 20: Would it surprise you to know that 95 percent of the business comes from Sony?

Question 21: Doesn't this much business from a single customer suggest a considerable amount of risk to the company?

Question 22: If something were to happen to Janet Roberts tomorrow, what is the likelihood that Sony would renew its contract with Roberts, Inc. when it expires in less than two years from the date of your valuation?

Question 23: Beginning on page 6 of your report, you perform an industry analysis that is extremely positive, correct?

Question 24: In fact, you discuss the fact that there are more venues, increased square footage, etc. correct?

Question 25: You also indicate that "For Roberts, Inc., whose clients require exhibition presence to accompany new product and technology rollouts and announcements, this translates into continued expectations for robust commissions from exhibitor hungry venues." Correct?

Question 26: So, in your opinion, things really look great for Roberts, Inc.?

Question 27: I notice that there is nothing in your industry section that discusses Roberts, Inc.'s largest customer, Sony, correct?

Question 28: Do you not think that it might be important to discuss the industry in the context of Roberts, Inc.'s 95 percent customer, Sony?

Question 29: How has Sony performed over the past few years?

We need to get him to acknowledge that he either does not know or that Sony has been going through significant problems of its own that will ultimately impact all of its vendors.

Question 30: Are you aware of the fact that Sony moved its headquarters from New Jersey, 30 miles away from Roberts, Inc., to California?

Question 31: Are you aware that Sony has had significant financial problems require the company to do a restructuring?

Question 32: Are you aware that Sony's consumer electronics division has faced significant competition over the past several years that it did not have in the past?

Question 33: If Sony was to either cut back on its trade shows or sell its consumer electronics division, wouldn't this have a possible devastating effect on its vendors such as Roberts, Inc.?

Now I want to switch gears and go after him for ignoring 2004 numbers. He used 1999 through 2003 because 2004 was shaping up to be a worse year and it allowed him to use higher numbers in his valuation.

Question 34: On page 8 of your report you begin a financial analysis of Roberts, Inc., correct?

Question 35: You indicate on page 8 "We have analyzed the Company's financial information as of and for the years ended December 31, 1999 through 2003." Correct?

Question 36: You indicate on page 9 that "As the date of commencement of the action is approximately mid-year in 2004, we would have considered, if available, information as to results of operations for all of 2004, or as of the July 21, 2004 date of commencement, if annualization of part-year information would be reliable. We were not provided with information with respect to 2004 sufficient to form a basis as to 2004 operations and, accordingly, our report has not considered operations in 2004." Did I read that correctly?

Question 26: Just so that we are clear, you had the financial statements for Roberts, Inc. as of June 30, 2004, correct?

He has to say yes because it is included in exhibit 3 of his report.

Question 27: Do you agree with the concept that fair market value takes into consideration that which is 'known or knowable' as of the valuation date?

If he says yes, skip the rest of this box. If he says no, we will have to get it out of him the hard way. Ask the following questions:

Question 28: On page 28 of your report, you list as number 27 a publication written in part by Shannon Pratt, correct?

Question 29: You agree that he is a widely cited business valuation expert, correct?

Question 30: Are you familiar with the Text entitled <u>Business Valuation and Taxes</u>, written by Shannon Pratt and U.S. Tax Court Judge David Laro?

Question 31: On Page 18 of that text, the authors state "To ascertain what facts the willing buyer/seller would know, we need establish the valuation date as the focal point for determining the knowledge relevant to our valuation. Events subsequent to the valuation date, in most cases, are not known by the hypothetical buyer/seller and therefore are not relevant to the valuation." So isn't it true that you would not typically use information subsequent to the valuation date in an appraisal?

Question 32: You indicate on page 9 that "we would have considered, if available, information as to results of operations for all of 2004, or as of the July 21, 2004 date of commencement, if annualization of part-year information would be reliable." Correct?

Question 33: What made the June 30, 2004 financial statements unreliable?

Question 34: Isn't it true that a willing buyer purchasing this company at July 21, 2004 would have seriously looked at the June 30, 2004 results since it was the closest financial information to the valuation date?

Question 35: Isn't it true that the reason that you did not want to use this information is because at the mid-year mark, it appeared that Roberts, Inc. was going to have a bad year and that would have lowered the value that you wanted to derive?

Question 36: You stated on page 9 of your report that "We were not provided with information with respect to 2004 sufficient to form a basis as to 2004 operations and, accordingly, our report has not considered operations in 2004." Correct?

Question 37: What information did you ask for that you did not get with respect to 2004 operations that you did not receive?

Question 38: You indicate in your report on that same page “We noted, upon review of the Trugman report, that six-month income and expense information was provided to Mr. Trugman, as well as proforma information for all of 2004. We have not received nor been able to determine the details behind the numbers used, and further note that Trugman opined that 2004 operations, as adjusted and annualized, were projected to be lower than prior years.” Correct?

Question 39: Let’s take this statement apart. You acknowledge, don’t you, that you also received the six month financial statements, correct?

Question 40: Did you receive the proforma financial statements for 2004?

Question 41: Did you ask for this information?

I can only assume that he will say no.

Question 42: Do you not think that having this information would be important for a valuation in the middle of 2004 if you were not comfortable with the six month financial statements?

Question 43: What details behind the numbers used, particularly the six month financial statements, did you not get that you asked for?

Question 44: So since 2004 resulted in a lower profit than in prior years, and since you did not ask for an explanation, you decided to use 2003 information, even though it was not the most current information that would have be known by the willing buyer to perform your valuation, correct?

Question 45: At the bottom of page 9, you criticize Trugman for only utilizing “information spanning back to 2002" because as you say “although earlier information is available and has in fact been considered by us.” Correct?

Question 46: The information used by you goes back to 1999, right?

Question 47: Even though you stated that Trugman only used information going back to 2002, you know for a fact, don’t you, that Trugman’s analysis begins with 2000, isn’t that right?

If he starts to resist, show him my report, page 38 where I normalize 5 years going back to 2000 and show him Schedules 1 and 2 at the back of my report where I present 5 years

of financial statements. He might get cute and say that I only used 3 years to do my valuation but the next few questions will address that. Let's just make sure that the judge understands that I considered 5 years but found the most recent 3 to be more relevant.

Jones also tries to quote my book against me and I want you to show that he is an advocate that is doing nothing more than trying to fool the judge.

Question 48: At the bottom page 9 and carrying over to page 10, you cite from Trugman's textbook from page 125 when you are trying to prove to this court that Trugman violated his own writings, isn't that correct?

Question 49: Please read the quote at the top of page 10 aloud.

Question 50: Do you understand that Trugman is suggesting that 5 years of data be requested?

Question 51: Where does it say that 5 years MUST be used?

He may try to say that revenue ruling 59-60 requires it. If he does, have him turn to page 416 of my text, which is my annotated version of the revenue ruling and have him read the first full paragraph. It says:

> This section of the ruling tells the appraiser to obtain at least five years of income statement data in sufficient detail so that the appraiser can properly understand the data's components. Five years is not automatically the correct number of years. There will be times when a company's business cycle is longer or shorter, and the appraiser must use judgment to determine the appropriate time period to use for that particular assignment. Adjustments should be made to past earnings (reasonable compensation), if appropriate.

Question 52: So Trugman says that 5 years is not automatic, correct?

Question 53: Please read the highlight section from Trugman's book on Page 193.

Let him turn to page 193 of my book and read starting at the second full paragraph. It says:

> Another consideration is the time period to be covered in the application of pricing multiples. The following are some of the more common time periods that are used:
>
> - Pro forma period
> - Latest twelve months
> - Last fiscal year
> - Year ahead

- Average (mean) over number of years
- Weighted average over number of years

Regardless of which time period an appraiser uses, Revenue Ruling 59-60 makes it clear that "valuation is a prophecy as to the future." Whether a three-year average, a five-year average, or pro forma earnings are used in the application of these multiples, the ultimate decision on which period will be used is a subjective one on the part of the appraiser. Which time period is most representative of what is expected to occur in the future?

Question 54: So here also, Trugman is pretty clear that 5 years is not always gospel, isn't that true?

Question 55: So isn't it true that you either quoted Trugman out of context or you twisted his words to mislead the court regarding the use of 5 years in a valuation assignment?

Question 56: With regards to your use of years going back to 1999, do you consider your use of 1999 data relevant to your valuation as of July 21, 2004 for anything more than history?

But he put equal weight on it in Exhibit V of his report.

Question 57: Let's jump to page 12 of your report. When you normalized officer's salaries, you allowed $100,000 for a replacement for Janet Roberts, right?

Question 58: And you based this amount from the trade association's *Convene* magazine, right?

Question 59: In fact, you used the 2002 salary for meeting directors of managers of $70,776 and added about $30,000 to that amount for marketing, managerial and administrative functions performed by Ms. Roberts, right?

Question 60: Would you consider Janet Roberts to be a director or an executive of her own company?

Question 61: In fact, isn't she the only executive of her company?

Question 62: So, that would really make her the President of the company and not just a director, isn't that true?

Question 63: Isn't it true that the survey that you used also included a mean or average salary level for a Vice President of a company?

Question 64: Isn't it also true that the average salary for a vice president was $97,344 and that almost 37 Percent of the survey reflects salary ranges above that level?

If he starts to resist, we can give him the survey.

Question 65: So, you would expect the President of the company to earn even more than the vice president, wouldn't you?

Question 66: Isn't it true that the salary survey only discusses salary and not total compensation?

Question 67: Isn't it reasonable to expect an executive with a company to get additional compensation beyond base salary, such as a pension, a car, etc.?

Question 68: But you salary allowance not only understates the base salary, but you do not allow for any of these other items as part of the reasonable compensation, do you?

Question 69: So, it is pretty reasonable to say that your allowance for compensation for Janet Roberts is considerably understated, isn't it?

Question 70: If you increased compensation, that would reduce your value wouldn't it?

Question 71: On page 13, you discuss your adjust for depreciation, correct?

Question 72: In fact, you added back 100 percent of the depreciation, correct?

Question 73: Isn't depreciation a valid expense since you eventually have to replace the assets that you are writing off?

He is going to give you some nonsense that because depreciation does not require the use of cash, it should not be deducted. This is utter nonsense since depreciation, if calculated properly is a reserve for replacement of the assets that have been capitalized on the balance sheet. By doing this, he is once again, overstating profits and overstating value.

Question 74: Page 14 of your report adds back $20,000 to the income of Roberts, Inc. for what you call "Imputed Comps and Perquisites." Isn't this, even if it were true, a benefit to the recipient of these benefits and not Roberts, Inc.?

Question 75: How can you add back to income something that is not a benefit to the corporation that you are valuing?

Question 76: Isn’t this just one more attempt to overstate the value of Roberts, Inc.?

Question 77: If you were to purchase Roberts, Inc. as an investment, and you hired Mr. Talan. to run the company, would you be willing to pay the seller some multiple of this items as value that you are receiving?

If he says yes, he is not just an advocate, but he is stupid!

Question 78: At the top of page 15, you indicate that “we have chosen normalized net cash flow available to invested capital as the appropriate benefit stream for capitalization.” Correct?

Question 79: In paragraph a on that page you indicated that you “have used an average of the “normalized” cash flows available to equity for the most recent five completed years preceding the date of commencement, as is common valuation practice and consistent with the suggestion of Revenue Ruling 59-60.” Correct?

Question 80: First you stated that you used net cash flow to invested capital and now you state that you used net cash flow to equity. Which is it?

Invested capital is the entire capital structure of the company. It combines debt and equity and is frequently used when a company has a very different capital structure than its peers. This is also known as a “debt-free” approach. Generally, the appraiser adds back the tax-effected interest expense and calculates net cash flow without any debt. Once the value is determined, the value of the debt at the valuation date is subtracted to derive the value of the equity.

The use of invested capital requires the appraiser to use a weighted average cost of capital (WACC) which is comprised on both debt and equity. That is not what Jones did.

First of all, Roberts, Inc. had no debt, nor interest expense. Jones also did not compare this company to any others, so there would be no reason to value the invested capital. He either took an old report and poorly copied it or he does not know what he did.

Question 81: These are different valuation concepts, aren’t they?

Question 82: You also say that you averaged the last five completed years as being common practice, correct?

Question 83: What authoritative source can you point to that says that an average of the last 5 completed years is common practice?

Question 84: You also say that it is suggested in Revenue Ruling 59-60. Where in the ruling does that appear?

If need be, give him my book and let him use appendix 6 beginning on page 806 for the ruling. Then let him read the section that I refer to in the next question.

Question 85: Please turn to Revenue Ruling 59-60, particularly page 809 of the Trugman Text and read aloud the two sentences from paragraph d. about half way down the paragraph starting with the words "Potential future income.."

He is going to read:

> Potential future income is a major factor in many valuations of closely-held stocks, and all information concerning past income which will be helpful in predicting the future should be secured. Prior earnings records usually are the most reliable guide as to the future expectancy, but resort to arbitrary five-or-ten-year averages without regard to current trends or future prospects will not produce a realistic valuation.

Question 86: So Revenue Ruling 59-60 does not say that you should average the past 5 complete years, does it?

Question 87: Please turn to your Exhibit VI. This is the exhibit that you calculate value on, correct?

Question 88: You start with the unweighted average earnings from what you refer to as Exhibit IX even though it is really Exhibit V, correct?

Question 89: Are you always this careless in referencing your reports?

Question 90: You then add back depreciation and this is supposed to be the "on-going net cash flow" correct?

Question 90: What is your support for the manner in which you calculate net cash flow?

Question 91: Turning to page 287 of the Trugman text, would you please read the chart on that page that defines net cash flow, starting with "Normalized net income"?

This is what is on that page:

	Normalized net income
+	Normalized noncash charges
	Gross cash flow
-	Anticipated capital expenditures
- or +	Working capital necessary to support growth (or generated due to negative growth)
- or +	Debt borrowings or repayments
-	Preferred stock dividends
=	Net cash flow

Question 92: We know that Roberts, Inc. has no preferred dividends, so we will skip that. You add back the depreciation expense as the normalized noncash charges, correct?

Question 93: Can this business operate indefinitely without ever buying a replacement fixed asset, such as a desk, a chair, a computer?

Question 94: Isn't your model really saying that there will never be any money spent to replace assets owned by the company?

Question 95: And doesn't this overstate the value of the company?

Question 96: What about working capital? Isn't it normal that as a company grows that it will need to reinvest working capital?

Question 97: As Roberts, Inc. grows, wouldn't it be expected that cash in the bank needs to be retained by the company for greater expenses?

Question 98: As Roberts, Inc. grows, wouldn't it also be a reasonable conclusion that accounts receivable would grow as well requiring working capital to be infused into the company?

Question 99: But you did not allow for any reinvestment of cash into the company did you?

Question 100: By not allowing for these items, you overstated the value of the company, didn't you?

Question 101: Now let's look at the capitalization rate that you used of 19.4%. You show its derivation on the bottom of Exhibit VI and explain it starting on page 15 of your report, correct?

Question 102: At the bottom of Page 16 of your report, you discuss a benchmark premium for size. In fact, you state that you obtained it from Ibbotson and it was 7.37%, which is what you used, correct?

Question 103: You also indicate that it is for companies whose equity capitalization is between $332,000 and $96.93 million, correct?

I have no clue as to where he got those figures from. They are not from Ibbotson. I can find the $332,000 but not the $96.93 million. In fact, The market cap of all 2337 companies in the micro-cap category was $304,917,894,000, or on average, $130,474,067. With the average being greater than the top range, he data is wrong.

Question 104: Where did you get that range from?

Question 105: Showing you the pertinent page from the 2004 Ibbotson SBBI Valuation Edition Yearbook, what is the average market capitalization in the micro-cap category?

Question 106: Since the micro-cap group is so much larger than Roberts, Inc., where did you add additional premia for the difference in size between the public companies and Roberts, Inc.?

He didn't.

Question 107: Would this company that you have valued at $1 million be much more risky that the group of micro-cap stock companies traded in the public market?

Question 108: Wouldn't it be proper valuation practice to add an additional premium somewhere in your build up to compensate for the additional size differential?

If he say no, have him turn to page 327 of my book. At the bottom of the page and on the next page, I discuss the size differential of the tenth decile in the public market. I use the example that at that time the market capitalization of the decile was about $84.5 million. The breakdown of this decile to the upper and lower half resulted in size premia of 2.78 for the larger half and 8.42 percent for the smaller half. Even the smaller companies had market caps of $48.3 million. In the last sentence of the first paragraph on top of 328 I state–"Can you image the size impact for a company that is valued at $1 million?"

You may want to get him to read this stuff to the judge. He used the same 7.37% that we used but part of my 10% specific company risk premium is designed to compensate for the additional size. He does not make this adjustment.

Question 109: You indicate toward the top of page 17 that you considered specific issues relevant to the company in developing your discount rate, correct?

Question110: You indicate that you considered the high dependence on Sony but you tempered it by "the nearly ten year extensive and well regarded relationship with SONY." How much of the 4% specific company risk premium accounts for this?

Question 111: What is the "well regarded relationship with SONY" that you referred to?

Question 112: How did you take into consideration the negotiations that have taken place each time the contract renewal came about?

Question 113: Were these renewals automatic or did Roberts, Inc. have to negotiate hard for the contracts?

Question 114: How did you take into consideration the fact that Sony has already indicated that at the end of the contract, they are going to go out to bid for these services?

Question 115: Would a willing buyer be able to step into Janet Roberts's personal relationship with the individual at Sony to guarantee that a bid would result in a renewal of the contract?

Question 116: If not, what would they be buying?

Question 117: How did you take into consideration Sony's market pressures relating to its consumer electronics competitors?

Question 118: How did you account for Sony's restructuring?

Question 119: How did you account for the now long distance arrangement since Sony moved to California?

Question 120: In fact, you indicate on page 17 of your report that there are significant components of Roberts, Inc.'s cash flows for the next two years, but are they guaranteed to occur?

Question 121: While you present cash flow into the future, where do you consider the expenses that will be incurred in the next two years to generate these cash flows?

Question 122: If a discount rate is a long term required rate of return, why would you use revenues in the near term (2 years) to reflect what a willing buyer would consider long term risk?

Question 123: Isn't this technically wrong and the only reason that you included it is to try to pump up your value?

Question 124: You indicated that you were going to use net cash flow, isn't that correct?

Question 125: What is the title of your Exhibit VI?

It is Computation of Capitalization of Earnings Method

Question 126: So your schedule does not match what you say you were going to do, does it?

Question 127: Is this another example of you be sloppy in the preparation of your work product?

Question 128: You indicate that "We consider 3% to be a conservative estimate of long-term sustainable growth, which rate incorporates economic and industry expectations and historical performance. We note that the base retainer with SONY has typically increased by 4% per annum, with the exception of the newest contract, where an increase (not including the earlier discussed additional fees) of 13% was noted." Correct?

Question 129: So as a result of that you used a 3 percent long term growth rate for Roberts, Inc., right?

Question 130: You keep discussing revenues throughout your analysis but you fail to discuss profitability or cash flow, isn't that correct?

Question 131: Isn't it true that on Exhibit V of your report that your own calculated normalized earnings, which we have already demonstrated are overstated, reflects a decline from 2001 to 2003, without even considering the decline during the first six months of 2004?

Question 132 In building up your capitalization rate, you end up with a rate of about 19.4 percent, which equates to a multiple of 5.2, correct?

Question 133: Do you believe that this is a reasonable multiple for a company that is 95 percent dependent on a single customer that has already announced that at the end of the contract it will go out to bid, as well as a company that is dependent on its owner and the personal relationship of that owner with its customer/

Question 134: You refer to Revenue Ruling 59-60 in several places in your report, don't you?

Question 135: Do you agree with this statement?

> The loss of the manager of a so-called 'one-man' business may have a depressing effect upon the value of the stock of such business, particularly if there is a lack of trained personnel capable of succeeding to the management of the enterprise. In valuing the stock of this type of business, therefore, the effect of the loss of the manager on the future expectancy of the business and the absence of management-succession potentialities are pertinent factors to be taken into consideration.

Rev Rul 59-60, Section 4, Para .02(b)----page 808 in my text middle of paragraph.

Question 136: If Janet Roberts were hit by a car tomorrow, what would happen to this business?

Question 137: On Page 21 of your report, you provide a comparison to Trugman's Conclusion of value, correct?

Question 138: You start off be summarizing future streams of revenue and indicate that Trugman did not consider these revenues, correct?

Question 139: Isn't it true that all of these revenues roll into future years of operations and will be offset by some expenses to allow Roberts, Inc. to realize these revenues?

Question 140: And not all of these revenues are guaranteed, are they?

Question 141: So what you call "net future minimum cash flow" isn't really that, is it?

Question 142: Isn't the entire process of capitalization based on estimating value using a sustainable income stream out to perpetuity?

Question 143: But that income stream is revenues less expenses and not just revenues, isn't it?

Question 144: **Would you advise Mr. Talan. to pay $1005,000 to buy Roberts, Inc.?**

Question 145: Do you believe that it makes sense for a willing buyer to pay considerably more than the revenues of the business?

Question 146: How many business sales of this size have you been involved with where the business sold for 30 to 40 percent over the revenues of the company?