

winter  
2025

# FAMILY LAW News

## this issue...

1 From The Chair  
BY LISA McNORTON

3 Specialization Through the State Bar  
BY NORMA C. IZZO

7 Top-Down Process: Understanding  
Business Valuation - (Part 1)  
BY LYNTON KOTZIN,  
CPA, ABV, ASA, CFA, CBA, CFF, CIRA

12 Save the Dates

13 Important CLE & Other Dates

14 Contribute to Future  
Issues of Family Law News



FROM THE CHAIR

LISA McNORTON

## What Can We Do for Our Section?

HOW CAN WE... ENGAGE WITH OUR MEMBERS, PROMOTE  
WHAT IS NEW AND DEBATABLE IN FAMILY LAW AS WELL AS  
OUR SECTION, AND HOW CAN WE GIVE BACK

**A** S WE ENTER INTO THE NEW YEAR,  
our committee reflected on the  
question, "What can we  
do for our section?" This  
year, we wanted to focus on

our section members and make the  
most of what the State Bar can offer  
us. Overwhelmingly, our committee  
wanted to focus on exceptional  
educational programs. Due to the low  
turn out at the State Bar Convention,

our committee decided to  
look at shorter, more focused  
educational programs. As  
such, we are excited to  
announce the following  
programs in progress:

**ΔΠ Community Liens**  
(March 2025) - Bill Bishop  
and Becky Assini

**ΔΠ Why Can't We All  
Just Get Along?** - Michael  
Wozniak, Judge Johnson  
and Judge Fisk

**ΔΠ TBD** - David Horowitz,  
Laura Belleau & Norma Izzo

**ΔΠ Business Valuations**  
- Jennika McKusick and  
Norma Izzo



Published by the Family Law Section of The State Bar of  
Arizona. Statements or opinions expressed herein are those of  
the authors and do not necessarily reflect those of the State  
Bar of Arizona, its officers, Board of Governors, Family Law  
Executive Council, the Editorial Board or Staff.



**ΔΠ ARS §25-403.03** - Jenny Gadow and Nicole Siqueiros-Stoutner

With your Section membership, these programs will be presented to our members at a reduced registration fee.

#### **MORE WAYS FLEC IS ENGAGING OUR COMMUNITY**

Norma Izzo is chairing a new DEI committee, that intends to address expanding diversity, equity

“

**OUR FAMILY LAW SECTION CAN ONLY BE AS VIBRANT AND RELEVANT AS OUR SECTION MEMBERS WANT IT TO BE.**

”

and inclusion in family law. Norma is also working with other sections, and is promoting a new book club as a means to bring people together and open dialogue.

And as always, our Social Outreach Committee is scheduling informal gatherings in Tucson, Phoenix and Flagstaff.

Our section can only be as vibrant and relevant as our section members want it to be. So this is where I turn to you, our section members, to also answer the question – **what can we do for you?** How can we, as a committee, engage with our members, promote our section, promote what is new and debatable in family law, and how can we give back to our community? **FL**





WHY FAMILY LAW  
PRACTITIONER'S SHOULD SEEK

# Specialization Through the State Bar



Recommending fellow practitioners, who focus on family law, to consider pursuing specialization.



# A

**As a Board-Certified Specialist** in Family Law, I am frequently asked about the impact of this specialization on my career trajectory and my ability to advocate for clients. Without a doubt, the process of seeking specialization and the benefits that the certification confers has positively shaped my professional journey. I wholeheartedly recommend fellow practitioners who primarily focus on family law to consider pursuing specialization.

Becoming a specialist in any field serves as an important sign of skill and accomplishment, akin to a "seal of excellence." It immediately signals to peers, prospective clients, employers, and the broader legal community a steadfast commitment to mastery and the pursuit of improvement and refinement. I have found this distinction not only sets me apart in the landscape of family law but for those that seek specialization, it is an act of deliberate and thoughtful additional effort to distinguish oneself positively. While I believe most attorneys are lifelong learners and the normal CLE requirements ensure knowledge and professional development, specialization shows an outward commitment and investment

▲  
Becoming a specialist serves as an important sign of skill and accomplishment. It immediately signals to peers, prospective clients, employers, and the broader legal community a steadfast commitment to mastery and the pursuit of improvement and refinement.

in career and knowledge development.

Moreover, specialization bolsters one's credibility within the legal profession and with clients. Qualifying for specialization requires several steps, including demonstrating that most of one's case load (70%) is in Family Law, submitting a breakdown of cases worked and results obtained, a qualifying number of years of work in the area, reviews of peers, opposing counsel and judicial officers, and of course, passing a rigorous exam. Completion of these steps conveys to those seeking legal services that the specialist has undergone rigorous training and examination to validate their proficiency, which enhances his or her trustworthiness and authority in the field.

The process of attaining specialization itself was transformative for me, and the process itself advanced my





skills as a practitioner, especially through the exam preparation. The exhaustive preparation required for the specialization exam includes a meticulous review of case law, procedural rules, and mastery of not only commonly encountered situations but also some of the more unique situations that can arise during family law litigation. The intensive study process not only deepened my understanding but also gave me an appreciation of how all the different aspects of family law worked together. I left the specialization process with a much more nuanced and holistic view of the practice of family law, and a greater level of confidence as a result.

Personally, I find myself routinely consulting my study materials to get a jump start on research and arguments, and drawing upon cases and concepts that I learned from preparing for the exam that I might not have encountered otherwise through normal practice. I feel that I am a better advocate and more assured in my abilities after undergoing the specialization process.

Furthermore, achieving specialization status grants entry into a vibrant community of experts. Despite it sometimes getting a bad reputation as a highly litigious and conflict-driven practice, family law is extremely collaborative and some of the best outcomes occur when parties (or at least, their lawyers) can work together effectively. Being able to readily reach out to other collaboratively minded specialists has allowed me to navigate complex legal challenges more adeptly and it is gratifying to have a built-in network of like-

minded colleagues for advice and referrals.

There is no question the specialization process demands a considerable investment of time and effort. Yet, it is an exercise that yields substantial returns, both professionally and personally. For me, it has enhanced my knowledge and ability in practice and, in turn, my enjoyment of practice.

As a specialist, I am not only a better advocate for my clients but also a more proficient, conscientious, and confident professional.

You can learn more about applying to become a Board Certified Specialist in Family Law at <https://www.azbar.org/for-legal-professionals/career-advancement/legal-specialization/become-a-specialist/family-law/>.

“

**THE PROCESS OF ATTAINING SPECIALIZATION ITSELF WAS TRANSFORMATIVE FOR ME, AND THE PROCESS ITSELF ADVANCED MY SKILLS AS A PRACTITIONER, ESPECIALLY THROUGH THE EXAM PREPARATION.**

”

Experienced. Respected. Tested. *Certified.*  
**BECOME A CERTIFIED SPECIALIST**



# Application Process



<https://www.azbar.org/for-legal-professionals/career-advancement/legal-specialization/become-a-specialist/>



by LYNTON KOTZIN, CPA, ABV, ASA, CFA, CBA, CFF, CIRA

# Top-Down Process: Understanding Business Valuation

---

A properly performed **business valuation** is a **complex process** that requires a **systematic approach** and incorporation of **specific steps** and analyses.

---

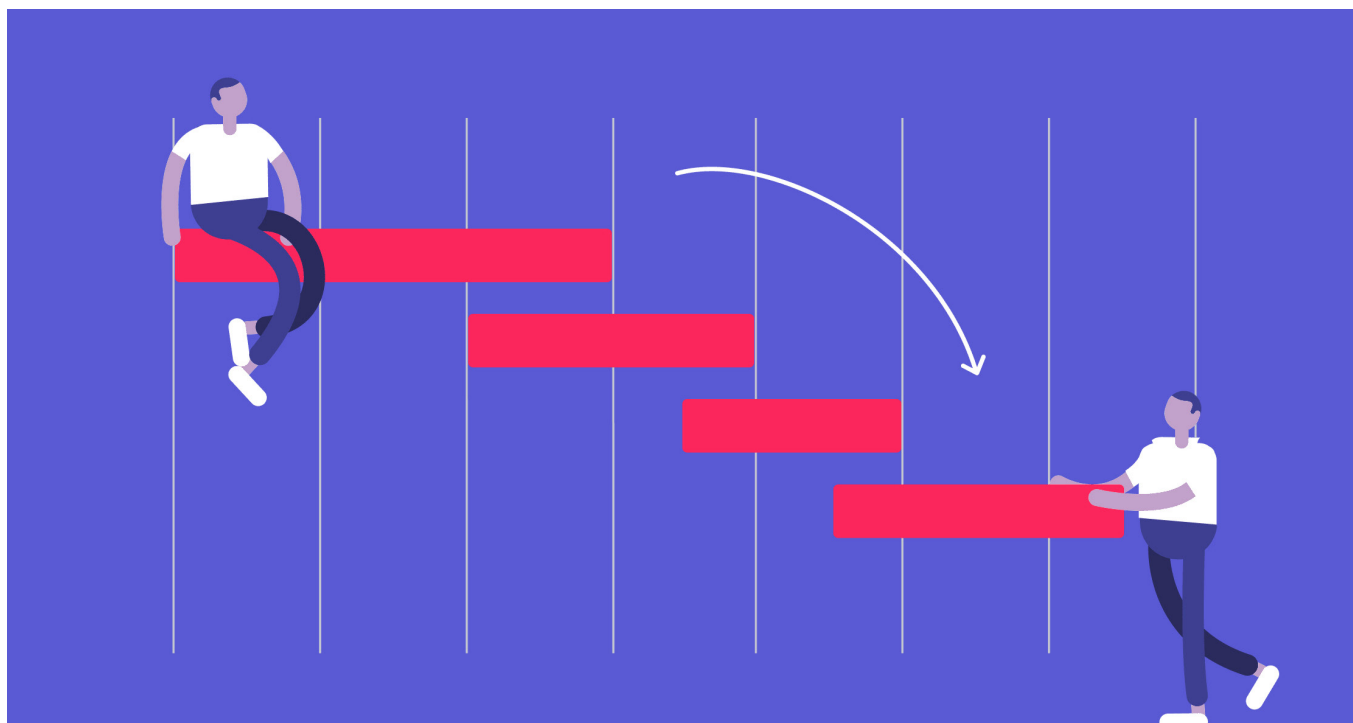
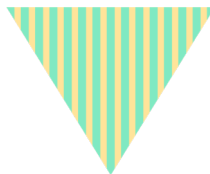
**It is intriguing** to consider the general impressions as to the **breadth of analysis** that is necessary **to value a privately held company**. In many instances, it is presumed that the **value** of a business can be **determined simplistically** or that the valuation of a specific business can be assessed by focusing on a narrow aspect of the company. However, **valuation** is a process that **requires consistent** application of an approach incorporating **specific steps** and analyses to comply with relevant professional standards. If the overall valuation **process** were **better understood** and each valuation is judged in the context of the overall process, this **helps lead to a more informed understanding** of the value conclusion and the quality and reliability of the underlying analysis. The **valuation analysis** goes through a process which **simulates** how **real-world buyers** and sellers would **arrive at a value** for the subject asset.



The Top-Down Approach is the process of making decisions based on a large number of criteria. During the valuation process, all areas of the business are analyzed to determine its worth and the worth of its departments or units.







**T**here are a multitude of factors to consider when estimating the value of any business entity. These factors vary across valuation assignments depending on the unique circumstances of the business enterprise and general economic conditions that exist at the effective date of the valuation. Valuation is essentially a top-down process that starts with a broad analysis of the overall economic and industry trends and ends with an assessment of the reasonableness of the overall value conclusion. This philosophy is embodied in the most commonly used valuation guideline, IRS Revenue Ruling 59-60, which states that in the valuation of the stock of closely held businesses, certain factors are fundamental and require careful consideration in each case. The following factors provide a useful framework that can be applied to the valuation of an operating business in the context of a marital dissolution proceeding in Arizona.

#### VALUATION DATE

Selection of a specific valuation date may lead to different value conclusions, therefore it is important to carefully select the appropriate valuation date(s)



Valuation is essentially a top-down process that starts with a broad analysis of the overall economic and industry trends and ends with an assessment of the reasonableness of the overall value conclusion.

at the beginning of an engagement. Due to recent Arizona case law<sup>1</sup> this issue appears to have assumed a higher level of importance and may require a detailed analysis and understanding of the timing and impact of specific events that may, in turn, have an impact on the underlying value of the company at different points in time.

Although this could be the focus of an entire discussion, this article presents a synopsis of the issues. Selection of a valuation date is ultimately a legal determination; it is my understanding that the court has wide discretion to choose a valuation date as long as the ultimate valuation conclusion results in an equitable allocation of value to the marital community. It is also important to provide specific analysis and rationale to assist the trier of fact in its determination as to why a particular valuation date would provide the most equitable result and allocation of value. The changes in specific industry factors, relevant company



trends, and specific community efforts between the different valuation dates cannot be ignored, because inclusion of these factors may be necessary to arrive at an equitable allocation of value.

### STANDARD AND LEVEL OF VALUE

Different standards of value will lead to different value conclusions. It is therefore important to carefully define these items at the beginning of an engagement.

In marital dissolution cases the standard of value may be a significant issue, but this issue is sometimes overlooked. It is the author's understanding that the relevant

provide value indications with and without the application of valuation discounts to assist the trier of fact with the quantification of the impact that the discounts will have on the ultimate value conclusion.

There are typically two standards of value that can be applied.

- **Fair market value** is a hypothetical concept and is defined as the price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arm's length in an open and unrestricted market, when neither is under

## It is the author's understanding that Arizona law recognizes that the determination of whether to apply valuation discounts in valuing a business in a dissolution proceeding should be decided on a case-by-case basis,...

standard of value to apply in a marital dissolution proceeding in Arizona is ultimately a legal determination. It is important to note that the controversy primarily involves the application of valuation discounts (including discounts for lack of control and discounts for lack of marketability) and the applicability of these discounts for marital dissolution purposes. These discounts may be significant and are typically magnified when the interest being valued is a non-controlling interest. The relevance of these discounts is an especially controversial issue in cases where there is no contemplated sale of a subject interest.

It is the author's understanding that Arizona law recognizes that the determination of whether to apply valuation discounts in valuing a business in a dissolution proceeding should be decided on a case-by-case basis, considering factors such as the minority shareholder's degree of control, lack of marketability, the likelihood of a sale of the interest in the foreseeable future. The Arizona courts have rejected a bright line rule that discounts can only be applied if there is an imminent sale of the company or ownership interest. Most valuation experts therefore

The fair market value is the price an asset would sell for on the open market when certain conditions are met. The conditions are: the parties involved are aware of all the facts, are acting in their own interest, are free of any pressure to buy or sell, and have ample time to make the decision.



compulsion to buy or sell and when both have reasonable knowledge of the relevant facts. The objective of the fair market value standard is to determine a likely value at which a business or business interest may be sold. However, in the case of a non-marketable interest in a closely held business, the value is hypothetical, especially if there is no contemplated sale. Fair market value typically includes the application of discounts for lack of control and marketability.



• **Fair value** (also sometimes referred to as **investment value**) refers to a standard of value reflecting the value of a business to a particular investor without regard to a sale or exchange. It typically excludes application of discounts for lack of control and marketability and represents a pro rata percentage of the total value. This is also sometimes referred to as value to the holder and does not assume a hypothetical sale. It is typically more relevant for the value of a professional practice where there is no contemplated sale and, often, no market for that type of practice. Interestingly, in a national valuation treatise<sup>2</sup> it is stated that “Investment Value appears to be the predominant standard of value in Arizona.” Fair value does not typically include the application of discounts for lack of control and marketability.



Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between participants at the measurement date.

The business landscape is littered with companies that were once valuable industry leaders and are now obsolete due to significant changes in their respective industries.

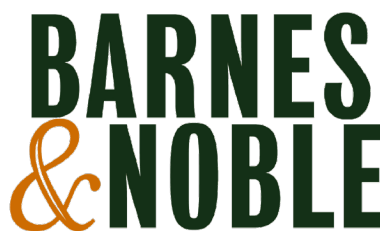
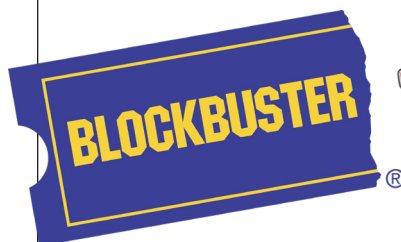
Examples include Eastman Kodak, Barnes & Noble, Blockbuster Video, and Toys “R” Us. The valuation analysis therefore needs to properly analyze and understand the industry including the future outlook, growth prospects, competitive structure, and any disruptive technologies that may significantly change the industry. <sup>FL</sup>

### ECONOMIC AND INDUSTRY ANALYSIS

It is important to understand that no business can be valued in a vacuum, as the performance of a business is dependent on overall economic and industry conditions. Depending on the nature of the subject company, some aspects of the overall economy may be more relevant. For instance, for companies that operate in the construction sector, interest rates and demographic trends can significantly influence the outlook for the business. When determining value, a prospective investor will temper the use of historical and prospective financial information on the basis of anticipated general economic conditions as well as the outlook for the particular industry when determining value.

Knowledge of an industry’s prospects and risks is also an integral aspect of the valuation process, as the performance of a business is dependent on relevant industry trends, conditions, and other external factors.

This is likely truer today than it was when Revenue Ruling 59-60 was issued, as the pace of change in the business world has accelerated tremendously, and technological advances can have a significant impact on the outlook for a company.



### FOOTNOTES

<sup>1</sup> Meister v. Meister, 252 Ariz. 391 (App. 2021).

<sup>2</sup> Standards of Value: Theory and Application, Second Edition, By Jay Fishman, Shannon Pratt, William Morrison, page 380.

**LYNTON KOTZIN** is an Executive Vice President in the Phoenix office of J.S. Held, LLC and can be contacted at 1-602-544-3552, [lkotzin@jsheld.com](mailto:lkotzin@jsheld.com)

# SAVE THE

# DATES

## The AAML Is Hosting

*its annual trial  
college on  
April 4, 2025.  
More details  
to come, but  
mark your  
calendars!*

# AAML™

## SAVE THE DATE

### July 7-10



### SPONSOR THIS EVENT

If you're interested in sponsoring this flagship event, reach out to [Sam.Tisdale@staff.azbar.org](mailto:Sam.Tisdale@staff.azbar.org) for more information.

## SAVE THE DATE

Sheraton Grand at  
Wild Horse Pass  
Chandler

CONVENTION

# 2025

DEFENDING & ADVANCING THE RULE OF LAW



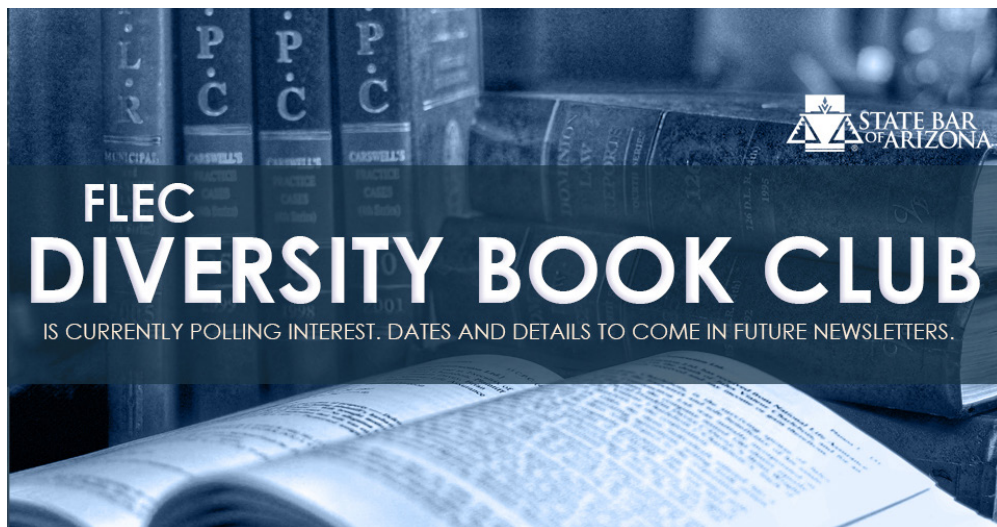
## JUNE 23-25 2025

### THE STATE BAR AT ITS BEST!

This flagship event of the State Bar is always packed with CLE seminars and numerous networking opportunities. Whether you attend for one day or all three, this event offers something for everyone, no matter what kind of law you practice.

Call 602-340-7349 or email: [conventionstaff@staff.azbar.org](mailto:conventionstaff@staff.azbar.org) with questions.

For information on sponsorship, being a Diversity & Inclusion Program Sponsor or on exhibit booths, call the Advertising Manager at 602-340-7230 or email [Sam.Tisdale@staff.azbar.org](mailto:Sam.Tisdale@staff.azbar.org).





## IMPORTANT

## DATES

March, 2025

**Community Liens**  
**Bill Bishop and Becky Assini**

April 4, 2025

**Annual Trial College**  
**Hosted by AAML**

June 23-25, 2025

**State Bar Convention**  
**Save the Date**

July 7-10, 2025

**CLE by the Sea**  
**Save the Date**

TBA

**FLEC is currently polling interest**  
**in a diversity book club. Please**  
**contact: [nizzo@spencerfane.com](mailto:nizzo@spencerfane.com)**

Want to contribute to the next issue of Family Law News?  
... If so, the deadline for submissions is April 11, 2025.



Would you like to...

- ▶ Express yourself on family law matters?
- ▶ Offer a counterpoint to an article we published?
- ▶ Provide a practice tip related to recent case law or statutory changes?

**WE WANT TO HEAR FROM YOU!**

PLEASE SEND YOUR SUBMISSIONS TO:

**NICHOLAS J. BROWN, FAMILY LAW ATTORNEY**

The Cavanagh Law Firm, P.A.  
1850 North Central Ave. Suite 1900  
Phoenix, Arizona 85004 | 602.322.4008

[nbrown@cavanaghlaw.com](mailto:nbrown@cavanaghlaw.com)

We invite lawyers and other persons interested in the practice of family law in Arizona to submit material to share in future issues.

Contact us!



We reserve the right to edit submissions for clarity and length and the right to publish or not publish submissions. Views or opinions expressed in the articles are those of the author. The Council invites those with differing views and opinions to submit articles for the newsletter. Thank you from the Family Law Executive Council and the State Bar of Arizona.