

# LOOPHOLES

*Keeping Your Family, Your Business and You — In the Loop!*



by Lyle Pierceall, CPA, President

## Continuing Lloyd's Tradition of Integrity and Service

The primary goal of everyone at Maryanov Madsen Gordon & Campbell and the mission of our firm is to provide exceptional service to you, our valued clients and friends.

To this end, we've recently made some positive changes, which we're excited to share with you.

The most visible change is that we've established primary offices for Bruce Legawiec, Bill Cuff, Les Kornblatt and our Indian Wells accounting team in our Palm Springs office. This move will help facilitate more efficient collaboration and communication between our traditional accounting service team and the specialized business management service divisions that we've added over the past several years.

Our Indian Wells office will remain open and we are remodeling that space to better

serve our needs. Bruce Legawiec will continue to work from that office several days each week and we will have conference facilities available to meet with clients at their convenience.

In addition, our MMGC Financial Services offices will remain in their current Indian Wells location with Michele Moore and Darlene Trevino continuing to serve clients full-time from that office.

I'm also pleased to share that my partners recently elected me to serve as President of the firm. As many of you know, Lloyd Maryanov hired me in 1974 and I became a partner of MMGC in 1980. I had the privilege of working with Lloyd for many years and I share his passion for integrity, service excellence and civic leadership. Lloyd assembled an outstanding team of professionals, many of whom continue to serve you today as members of the largest accounting firm in the Coachella Valley with a solid reputation for excellence.

We value the opportunity to serve you and will continue to enhance our team to best serve your needs.

As we look ahead to 2003, everyone at MMGC joins me in wishing you and yours a peaceful and joyous holiday season!



## HOLIDAY 2002

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### MMGCalendar

**State of Real Estate in the Coachella Valley**  
*Thursday, November 21*  
**8:00-10:30 a.m., Doral Desert Princess Resort**  
Tickets: \$30, includes breakfast. Call 346-5637

**MMGC's Annual Year-End Tax Planning Event**  
*Thursday, December 19*  
**4:00-6:00 p.m., The Lodge at Rancho Mirage**  
Join Howard Gordon, Michele Moore, Bill Cuff & Les Kornblatt for an update on year-end tax planning ideas and MMGC's expanded business services. Call 320-6642 for reservations.

**Fiscal Fitness for Women**  
*Thursday evenings 4-6 p.m.*  
**January 23, 30, February 6 & 13 Indian Wells Office**  
Leslie Crane, CPA and Michele Moore, CTFA will help you start the year off becoming "fiscally" fit! Call 320-6642 to reserve your space now.

Photo courtesy of Palm Springs Desert Resorts CVA



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LOOPHOLES is compiled by the staff of Maryanov Madsen Gordon & Campbell. The articles and examples presented in this publication are of a general nature only. Please contact us for further information as to how these ideas may apply to your specific situation.

## Business Valuation FAQs

by Les Kornblatt, CPA, CVA



Les Kornblatt

**“The measure of damages is the difference between two values: value before the alleged action took place and value after the alleged action took place.”**

**Question: How is business valuation of a closely held business used in litigation?**

**Answer: Marital dissolution, economic damages, shareholder/partner disputes, bankruptcy, and eminent domain actions often require the determination of business value.**

Most *divorce* actions require valuing the couple's assets and liabilities. Frequently the most significant asset is an interest in a closely held business. Appraisers (usually his and hers) act as financial experts to advise the court of the value of the business.

Many cases involve the determination of *economic damages* related to compensation sought for patent infringements, breaches of contract, lost profits and lost business opportunities. In these cases, the appraiser may be asked to perform hypothetical business valuations to determine the amount of damages resulting from the loss of business to the owners. The measure of damages is the difference between two values: value before the alleged action took place and value after the alleged action took place.

*Stockholder and partner disputes* can range from breakups of companies to dissent relating to mergers, dissolutions and similar matters. In recent years, many disputes have arisen because minority stockholders felt that the action of the majority had a negative impact on them. In such cases, the appraiser must determine the value of the stockholder's interest immediately before the majority's actual or proposed action; it does not reflect the effect of the change on the value of the corporation. Many states have statutes to protect minority oppression by controlling shareholders, which define the standard of value to be applied in such valuations.

An *eminent domain* action takes place when government exercises its right to take property and must compensate the owner for any resulting reduction in value to the property. An expert opinion on the monetary impact (often, the decline in business value) of the condemnation is often necessary to support the business owner's claim.

In a *bankruptcy* environment, business owners, investors, and creditors are often interested in the expected current selling price for the particular business in its particular market.

Please call Les at 320-6642 for your specific business valuation questions.

## The Sultan of Swoosh

by Jeff Gillotti, P.G.A.

In preparing to swing the golf club, the brain and body can often become overwhelmed by all the necessary movements. This leads to a little malady called, “paralysis by analysis.” Sometimes we just think too much. I've created a drill to end the paralysis. I call it the Babe Ruth drill. It was previously known as the swoosh drill, but I got sued by the Nike Corporation for trademark infringement. The Babe Ruth estate will probably sue me next, but my lawyer is a Red Sox fan and hates the Yankees so he'll be motivated.

The Babe Ruth drill is simple. Take your grip and hold the club straight out in front of you, parallel to the ground. Swing the club back and through like a baseball bat. When done properly in a relaxed, but quick, manner you should hear a swoosh (oops, sorry Nike). This will help the “paralyzed” golfer feel the proper arm swing. Be very aggressive with this drill (*swing really hard*) and move to the next stage.

The next stage is quite simple. Hold the club directly in front of you, this time at an angle half way between parallel and the ball. Swing the club in the same manner as before. Listen for that wind like noise. If you do not hear the wind like noise, swing the club faster.

Finally, hold the club directly above the ball. Swing hard and let your mind fly free. Relax and feel the wind for a more relaxed and proper golf swing.

Jeff is a PGA professional who teaches locally at the Golf Resort at Indian Wells. You can reach Jeff at 346-4653 or email [golfprogio@earthlink.net](mailto:golfprogio@earthlink.net)



## Thank YOU!

Special thanks to Cedar Creek Inn Palm Springs for your exceptional support of *Loopholes the Radio Show* and to Domino's Pizza for the pizza certificates! Listen in on Wednesday evenings from 6-7p.m. on KPSI Newstalk 920AM for entertaining and informative discussion of what's happening in our desert business community where you are the stars!



### Holiday Office Closings

Maryanov Madsen Gordon &  
Campbell and MMGC Financial

Services will be closed to observe

the holidays as follows:

Thanksgiving: Thursday & Friday, November 28 & 29

Christmas: Wednesday, December 25

New Year's: Wednesday, January 1

## They Won!

Alex Gordon (Howard's grandson) and his team, the Hazel Dell Metros won their division of the Babe Ruth World Series. This was a three-peat for the team, Alex's second trip to the World Series finals and his team's first national title. Congratulations, Alex! Your grandpa is *still* smiling.



## Inside Information

### Achievements & Awards:

Congratulations to **Heather Shimp**, MMGC Audit Manager, for her selection to the 2002/2003 Class for Leadership Coachella Valley. Heather has been with MMGC since 1992, and is active in the community, currently serving as a volunteer with the Braille Institute. Congratulations, Heather! Kudos also to **Leah Corner**, MMGC Audit Supervisor who is a member of the 2002/2003 Provisional Class for Junior League of the Desert. Junior League hosts the Annual Gingerbread Festival and distributes proceeds to area youth organizations. Good Job, Leah!

### Civic Service:

**Martha Luna**, MMGC's Word Processing Supervisor has coordinated burrito sales to raise money for the Cathedral City High School Baseball Boosters this season. So far they have raised \$5,000 total & \$1,600 goes to the baseball team. Martha also teaches the Confirmation Class at St. Louis Church in Cathedral City. Thank you, Martha! **Leslie Crane** is a new member of the Hotel Sales & Marketing Association International and **Steve Erickson** recently joined the Desert Business Association. We appreciate your service!

## Up Close and Personal



*Steven Erickson*

**S**teven Erickson, CPA, an Audit Manager new to our Palm Springs office and a former Twin Cities resident, says he fell in love with Palm Springs after his first trip here three years ago. While enjoying one of many subsequent stays, he and his partner Steve purchased a home to use during their frequent visits to the city. Now that

he is a permanent resident, Steven says he enjoys the kindness of the people, the excellent restaurants, and our wonderful desert weather.

Steven's accounting and audit background with a big six firm gained him extensive experience with a focus on the healthcare industry, local governments, and publicly traded companies. While employed in the Corporate Reporting Department of a major airline he was responsible for external reporting with the SEC and DOT as well as internal management reporting. In addition, he acted as the liaison between the airline and the International Air Transport Association's Accounting Policies Task Force.

While working for the airline, Steven made traveling his hobby. "I've been incredibly lucky and have been able to visit so many places" he says, "from Omaha to Singapore." Other destinations that he has in mind are Hawaii, China and of course, Disneyland. We're glad that Steven has joined our team of professionals!



*Steven Erickson has been a desert resident for only 8 months and he's made community involvement a priority. He currently serves on the board of Greater Palm Springs PRIDE, is a member of the Palm Springs Hotel and Hospitality Association and the Desert Business Association.*

## MMGClient Spotlight

**W**hat do you get when you combine 20 years experience in the appliance industry, a passion for customer service and the ability to spot a good business opportunity when you see one? Answer: Appliance Central and its founders Matt and Kathy Lanning. Appliance Central was founded in 2000 when Circuit City closed their appliance division. The space immediately adjacent to Circuit City in the Desert Crossing Shopping Center was available and Matt knew he could capture their appliance business. Since then, Appliance Central has grown dramatically — \$7 million in annual sales, locations in Palm Desert, Cathedral City and Indio and two outlet stores carrying "scratch & dent" merchandise, which still carries a full factory warranty and is sold at a 40-50% discount. Matt and Kathy proudly carry a full range of appliances — from low-end to high-end — as well as used. They have something for everyone and a price guarantee that assures customers receive the lowest advertised price even up to 30-days after their purchase. Matt says he loves the challenge of running a business and it's evident that he's found the key to success. Visit them at 72-399 Hwy. 111, Suite D, Palm Desert or call 346-4242.



**Matt & Kathy Lanning**

**Appliance Central**

## Interviewing Job Candidates: Part 1



Bill Cuff

**“Focus on the experience, capabilities, motivations, and attitudes of the candidate. These tend to be the most critical factors in job success.”**

by Bill Cuff, Principal, MAS

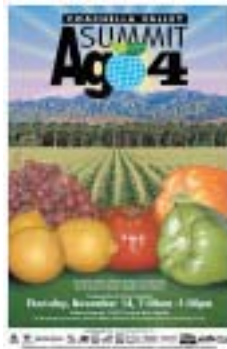
Company executives and managers often wonder about the kinds of questions to ask job candidates.

Prior to identifying some key questions, which will be specified in a future article, several preliminary points need to be underscored:

1. **Determine the job description and the qualities/experience you want in a candidate.** Without doing such, you do not have a basis for an evaluation of any potential candidate.
2. **Consider an interview a two-way street.** You need to assess the candidate and “sell” that person on the

company. The latter point is important, because you want candidates to have as positive an image as possible of the company.

3. **Create a relaxed and informal environment.** Such an environment permits the candidate to be more forthcoming.
4. **Avoid interruptions.** Interruptions like answering the phone interfere with a smooth flowing conversation.
5. **Focus on the experience, capabilities (e.g., intelligence), motivations, and attitudes of the candidate.** These tend to be the most critical factors in job success.
6. **Use relatively “open-ended” questions.** Questions that permit a “yes” or “no” answer do not provide in-depth knowledge of the candidate, whereas “open-ended” ones can. For example, when someone is asked, “What do you like to do the most in your work?”, their answer probably will indicate what they do best.
7. **Do not rush the interview process.** It is much better to take your time to hire the right person than to have to terminate them in the near future. “Do it right the first time!”
8. **Have others interview the candidates.** Within reasonable time and money constraints, “the more input, the better”.
9. **Meet the “significant other”, if the position is a high level one.** It is amazing what you can learn from “significant others”.
10. **Check at least three references.** A candidate typically provides references that will say good things about them, the key is to obtain other references (i.e., names of other people that know the candidate) from the supplied references. Then you increase your chances of obtaining valid input. Obviously, you usually have to avoid contacting people with whom the candidate currently works.



## Ag Summit 4

Thursday, November 14

7:30 a.m. - 1:30 p.m.

Anthony Vineyards in Coachella

Tickets: \$25, includes lunch and bus tour

Call 398-3502, ext. 233

Valley experts will discuss “The Future of Farming in the East Valley” and Kathleen Nave, Chairman of the Buy California program for the California Department of Food & Agriculture will keynote.

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