

# OWNER OF AN INDUSTRIAL HEMP COMPANY SAVES OVER \$700,000 IN DIVORCE PROCEEDINGS

## SUMMARY

Industry-specific knowledge and clear communication led to a favorable divorce settlement for the owner of an industrial hemp company.

## BACKGROUND

Adams Capital was retained as an expert in a divorce settlement. One of the primary disputes in the divorce was the valuation of the primary asset, an industrial hemp company. The company was a marital asset, so the value of the hemp company needed to be determined. Adams Capital determined a value of \$50,000 while the initial valuation from the opposing expert was over \$2 million.

After nearly 18 months from the beginning of the project, the case went to trial. Adams Capital Partner Chris Anderson prepared the valuation. He also reviewed the opposing council's valuation, which was deeply flawed, and wrote a rebuttal letter highlighting those flaws.

During the trial, Anderson was called as an expert witness to testify to the initial valuation provided by Adams Capital and explain the rebuttal letter in detail.

## TESTIMONY

As an expert witness, Anderson explained the valuation method Adams Capital used (discounted cash flow analysis) and the overall valuation findings to the court. During the course of this case, the hemp industry had collapsed due to plummeting hemp prices. This market drop caused the value of the company to decrease significantly. Despite the company's health a few years prior, it was nearly insolvent at the time of trial.

Anderson testified about the flaws in opposing counsel's valuation. Many of these problems stemmed from a lack of understanding of the current state of the industry.

### Role:

Business valuation firm & expert witness

### Case:

Divorce settlement

### Drivers:

Valuation experience, CBD industry knowledge, clear communication during trial and while testifying

### Results:

Court accepted a much lower valuation than the one presented by opposing counsel

The valuation was based on comparisons to unrelated industries (like gold) rather than to current events in the CBD and hemp industries.

Adams Capital's thorough knowledge of the state of the industry and how those factors influence value enabled us to provide accurate information to the court about the business. Just as important was our ability to determine which factors do not influence a company's valuation. This understanding created a more accurate valuation and made it easier for the non-experts in the courtroom to understand the process and have confidence in our findings.

**“One of the reasons we’re so successful in court is our integrity. We’re not hired guns. We get the right value. The court respects that.”**

**- Chris Anderson  
Partner at Adams Capital**

## **RESULTS**

Our industry-specific and valuation knowledge combined with our ability to communicate complex findings to non-experts helped the court come to the correct conclusion about the value of the business.

The difference between the Adams Capital valuation and the valuation presented by opposing counsel was \$1.4 million. Adams Capital determined a value of \$50,000 while the opposing expert ultimately concluded a value of \$1.45 million. The court ultimately ruled the value of the business was \$50,000. As a result of our expert testimony, the court confirmed that Adams Capital had determined the correct value of the business. The decision saved the business owner hundreds of thousands of dollars in the divorce settlement. It also saved the company. Without an accurate valuation, the divorce would have required the sale of the company to pay for the division of assets.

Adams Capital has worked on more than 3,000 transactions. And while we know valuations, we also know that it takes more to succeed in court. It requires the ability to communicate knowledge to people who don't have the same experience you do. We take the time to explain terms, processes, and results in a way that everyone in the room can understand. Adams Capital was pleased to be able to help the court come to the correct conclusion about the value of the business. If you are facing a litigation scenario, our experience working with counsel, providing business valuations, discussing settlements, preparing for trial, and testifying can lend clarity and confidence to these difficult proceedings.

Please email us at [tara@adamscapital.com](mailto:tara@adamscapital.com) or call us directly at 770-432-0308 to schedule a free initial consultation or to learn more.