



Forensic Accounting Today



Newsletter of Ron J. Anfuso, CPA/ABV - An Accountancy Corp.

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Issue 4

The objective of *Forensic Accounting Today* is to provide you with valuable information concerning my field. I intend to continue to keep the newsletter short and to the point.

Perhaps the most challenging task is for me to furnish expertise that is relevant to all of our readers. I recognize some of you have a continual need for Forensic Accounting services while others may rarely require assistance from a professional in this discipline. Since my goal is to appeal to all of you, the material I present will maintain a focus on both Forensic Accounting basics and specific, complex matters.

If you haven't already, please do provide me with feedback when you have a moment. After all, this newsletter truly belongs to you! So don't be reluctant to provide constructive criticism. Those who are well acquainted with me know I thrive on the challenge of tough cross examinations in court. So, I think I can handle whatever you toss at me.

I do wish to thank those who have provided me with valuable feedback and well wishes. Also, if there is a specific subject concerning Forensic Accounting you wish me to cover, ask. I will address your request either in a future issue of this newsletter or online.

Ron J. Anfuso, CPA, ABV, CFF, CDF, FABFA*

Important Family Law Cases: Anna Agnes Pereira, Respondent, v. Frank Pereira, Appellant

By Ron J. Anfuso, CPA, ABV, CFF, CDF, FABFA

Case Cite: 156 Cal. 1, 103 P. 488

Date: June 30, 1909

Court: Supreme Court of California

This case involves apportionment of community and separate property for business interests and provides the guidelines for Forensic Accountants in valuing the community property interest in premarital businesses for dissolution cases.

Background: Family Code §770 states that when a spouse owns a business at the date of marriage (or acquires one during marriage by gift or inheritance), the business is presumed to be separate property. Family Code §760 states that property created by the personal efforts of a spouse during marriage are community property. Therefore, during a marriage, a spouse may perform personal efforts in the operation of a separate property business which may increase the value of that business. Because of the aforementioned code sections, a community property interest may be created in a separate property business. Apportionment is one process of determining the community property interest in a separate property business.

Pereira vs. Pereira: Prior to marriage, Frank Pereira owned a very profitable saloon and cigar business. His original investment in this business was \$15,500. The trial court awarded Agnes Pereira 3/5ths of the increase in the value of the business after marriage. Frank appealed and the Supreme Court reversed the trial court's decision, holding that Frank was entitled to a return on his separate property capital prior to the community property interest being calculated.

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Do You Need a Financial Expert to Speak to Your Study Group or Bar Event?

Ron J. Anfuso can address any Forensic Accounting topic, including Moore/Marsden; marital standard of living and support needs analysis; financial specialists and Collaborative Law; gross cash flow available for support; DissoMaster™; divorce tax issues; divorce: what to expect; and business valuations. To discuss your group's needs, call Ron today!

* For an explanation of these titles, please visit our website or request a copy of Issue 3 of Forensic Accounting Today.

Future Feature Articles

Important Family Law Cases
(additional cases with Forensic Accounting issues)

Moore-Marsden and Real Estate Apportionment Formulas

Effective Use of a Forensic Accountant as an Expert Witness

Business Valuation and Goodwill

Important Family Law Cases: Continued from page 1

The majority of the income generated by the business was due to the personal character, reputation, ability and capacity of Frank Pereira. This portion of the income was undoubtedly community property. However, without the separate property capital, Frank could not have carried on the business. In the absence of circumstances showing a different result, it is to be presumed that some of the profits were due to the separate property capital invested. There was no evidence to show that all of the profits were due to Frank's efforts alone. The most likely portion of the capital to the income should have been determined from all the facts and evidence in front of the court in the case. Because the business was profitable, that portion would amount to at least the usual interest on a long-term investment well secured.

How does a Forensic Accountant apply this case? Using the following process:

- Step 1: Determine the value at the date of marriage (if acquired during marriage by gift or with separate property funds, determine the value at the time of acquisition).
- Step 2: Determine the value at the date of separation or at an alternative valuation date if applicable.
- Step 3: Apply a rate of return to the investment of the separate property at the date of marriage or other applicable date. This rate of return should be at least the usual interest on a long-term investment well secured.
- Step 4: Calculate the community interest by subtracting from Step 2 the sum of Steps 1 and 3.

Meet Ron J. Anfuso, CPA/ABV

Ron Anfuso graduated, with honors (Magna Cum Laude, GPA 3.81) from National University, San Diego, California with a Bachelor of Arts Degree in 1990. After graduation he was employed as a senior accountant at Gurse | Schneider, L.L.P. His areas of experience include Forensic Accounting and litigation support services in marital dissolution and civil/commercial litigation matters.

Scheduled Speaking Engagements

Long Beach Bar Association

September 16, 2011 • 12 noon-1:30 PM (brown bag)

Department A

Long Beach Superior Court



Imagine...

A Forensic Accountant Who Actually Returns Your Phone Calls Within 24 Hours

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