

Financial Guidance for Families in Transition

Our clients are people in transition, such as the recently separated, divorced or widowed. Most also are busy professionals with multiple demands on their time. We will:

- Systematically approach deferred or overwhelming paperwork; organize systems and processes (manual or computer) for the client to reassume responsibility when ready.
- Guide in financial and non-financial matters (income taxes, payroll taxes for domestic help, property taxes; insurance). Serve as proxy in dealings with contractors, tax accountants, estate counsel and service personnel.
- Establish household budgets and monitor expenditures; manage paying bills, balancing checkbooks and reconciling bank statements. File and follow-up with medical insurance claims.
- Assist during catch-up or transition phase with as much follow-up, monitoring, coaching and encouragement as needed.

Wealth management is among the most important issues facing families in transition.

We will:

- Guide overall asset allocation based on risk tolerance and the anticipation of inevitable market fluctuation. (Asset allocation generally accounts for more than 90% of volatility and investment returns, so the selection of money manager should be relegated to secondary importance until asset allocation is clearly decided.)
- Advise on money manager selection based on investment style, adherence to stated strategy and mandate, and demonstrated performance through past investment cycles.
- Monitor combined overall performance and that of various asset classes, especially important when multiple managers, strategies and accounts are involved.
- Remain mindful of current income and accustomed lifestyle spending, known and predictable resources, liquidity needs, upcoming and long-term obligations (tuition, mortgages, taxes, retirement, generational transfers).

Divorce negotiations can be fraught with anxiety and intensified both by uncertainty and emotions. Although legal proceedings will be managed overall by legal counsel, the crux of many cases often is financial (identifying and valuing assets, for example, and negotiating settlement or support), and so we will:

- Assist client and legal counsel in understanding and documenting assets and obligations, current income and implications for continuing accustomed lifestyle spending.
- Trace and identify missing assets using forensic accounting techniques as needed.
- Compile and analyze declarations for court proceedings, including expert valuations.
- Coach legal counsel and client in relevant particulars leading into negotiations, or participate directly if requested.
- We are also available to testify regarding financial matters as an expert witness.

About Us

Joseph B. Crallé is a Certified Public Accountant and holds an MBA from the University of Vermont. He has been independently consulting to middle-market and other businesses since 1990. Direct and relevant experience encompasses investment banking (fund raising, and acquisitions and divestitures), interim financial management, and pure analytical assignments.



Mr. Crallé spent the first 15 years of his financial management career in the corporate headquarters of four of the largest corporations in the United States:

- Warner Communications (predecessor of Time Warner).
- Union Carbide, (ranked ninth in Fortune 500 at the time; sold to Dow Chemical in 2001).
- Pitney Bowes.
- Carter-Wallace (sold to affiliates of private equity firms soon after year 2000).

Mr. Crallé's C.P.A. audit experience was with Davies and Davies (now O'Connor, Davies, Munns & Dobbins, among the top-15 firms in New York and top 100 in the U.S.). He holds a B.S. in accountancy from Susquehanna University.

How much will this cost?

Our fees are structured according to the nature of an engagement, based on an explicit deliverable and within a defined timeframe.

Most clients, we have found, prefer to know their total maximum cost in advance, and so prefer fixed-rate project fees or a flat-rate monthly retainer, which is appropriate where an engagement's scope and duration can be discerned in advance.

We also are open to discuss hourly or per-diem engagements for situations of shorter duration or immediacy, generally at rates lower than legal counsel.

Where a success fee is appropriate, in a contingent success situation, a fund-raising or counterparty search, for example, we will structure a retainer and at-risk success fee to be funded by proceeds of the transaction.

An initial conference and assessment are without cost or obligation.

Case Studies: Guidance for Individuals & Families in Transition

Enforcing a Pre-Nuptial Agreement

Our client, a very successful investment banker, had initiated litigation to terminate his seven year marriage. Although a pre-nuptial agreement had declared the existence of certain hedge fund assets that would remain his separate property, the delayed quarterly reporting of those funds combined with market volatility at the time had caused a significant understatement of their value.

During the marriage those hedge fund assets had grown substantially, but also had been redeemed and reinvested several times with other money managers, sometimes overlapping and sometimes with gaps in time when cash sat idle. Titling of accounts had been careless such that in some cases the account title was altered to joint name or that of the spouse when, in fact, the underlying base capital and substantial passive accretion remained that of our client. Millions of dollars were involved and so our client was determined to keep those funds out of equitable distribution

Our objective was to determine the fully-invested accumulated principal balance that rightfully would be stipulated to be separate property. From each year's tax return and various K-1s we worked backwards to determine the unrealized versus realized gains and actual tax burden on each holding, and so established a defensible valuation of his separate property at the deemed separation date.

Helping our client learn to manage subsequent to asset dissipation

When we first met our client, she was overwhelmed with the paperwork of re-establishing her post-separation independence, including months of unpaid bills (among them medical bills for the chronic illness of a child), and unapplied-for medical insurance reimbursements.

Our first job was to bring paperwork and financial obligations current, and to help her learn how to do things for herself. Income and cash available to spend had never before been a constraint (after a decade of \$1.5 million annual income), and she was accustomed to other people handling routine, day-to-day matters on her behalf.

We set up filing systems, on-line access to banks and securities accounts, disbursement registers (and helped her learn the discipline of knowing that checks had been written--in what amounts, payees, dates and in payment of what invoice), how to move money between her accounts, and so on.

Later, we established the extent of family assets dissipated during the marriage, and helped the client work through a realistic budget for her new life, part of compiling net worth financial disclosures and budget statements for the divorce court. We even helped coach her reentry to the workplace by drafting her résumé and doing research for job interviews.

Social Security Survivor Benefits

Our client, a mother with two teenage children, had been divorced several years previously and the divorce agreement stipulated that the husband would provide monthly child support and maintain life insurance coverage.

He died an untimely and unexpected death at age 52.

In that he had never fulfilled his child-support obligations, our client asked us to help collect whatever assets had been willed to his children, and the life insurance in place for their benefit.

What we found was that he had died with negligible monetary assets and had reneged on his obligation to maintain life insurance.

Investigation on our part did turn up a group life policy, a benefit of his employment, payment of which we arranged. In addition, we arranged for the Social Security benefits available even to divorced spouses when dependent children are involved. We were able to secure monthly survivor benefits for each child until age 18, as well as caregiver's benefits monthly for our client.

Forensic accounting

Our client had been surprised by her husband's unexpected announcement of his intention to divorce.

Our first job was to assess family net worth by compiling assets and liabilities (from incomplete and unorganized piles of unopened statements--spanning years--of banks and securities firms).

What we found was that, even after a decade of \$1.5 million earnings of the husband every year, liquid net assets were minimal, with the bulk of family net worth being tied up in the partnership interests of his professional services firm (neither transferable nor assignable as collateral), artwork (possibly unsaleable), retirement accounts (subject to withdrawal only upon payment of penalties and tax), and several highly mortgaged residences.

Unexplained transfers of six-figure amounts between various accounts over recent years raised suspicion of diverted family wealth, and so the essence of our work plan was forensic accounting: tracing cash flows and assessing the value of whatever tangible and illiquid assets we could find.

Later, we helped her develop living expense budgets for both negotiations and the divorce court and advised legal counsel during negotiations as to liquidity and valuation issues.