

# SUPREME COURT OF THE UNITED STATES

---

IN THE SUPREME COURT OF THE UNITED STATES

- - - - -  
THOMAS A. CONNELLY, )  
AS EXECUTOR OF THE ESTATE OF )  
MICHAEL P. CONNELLY, SR., )  
                    Petitioner, )  
                    v. ) No. 23-146  
UNITED STATES, )  
                    Respondent. )  
- - - - -

Pages: 1 through 62  
Place: Washington, D.C.  
Date: March 27, 2024

---

**HERITAGE REPORTING CORPORATION**  
*Official Reporters*  
1220 L Street, N.W., Suite 206  
Washington, D.C. 20005  
(202) 628-4888  
[www.hrccourtreporters.com](http://www.hrccourtreporters.com)



1	C O N T E N T S	
2	ORAL ARGUMENT OF:	PAGE:
3	KANNON K. SHANMUGAM, ESQ.	
4	On behalf of the Petitioner	3
5	ORAL ARGUMENT OF:	
6	YAIRA DUBIN, ESQ.	
7	On behalf of the Respondent	31
8	REBUTTAL ARGUMENT OF:	
9	KANNON K. SHANMUGAM, ESQ.	
10	On behalf of the Petitioner	56
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		

1 P R O C E E D I N G S

2 (11:41 a.m.)

3 CHIEF JUSTICE ROBERTS: We will hear  
4 argument next in Case 23-146, Connelly versus  
5 United States.

6 Mr. Shanmugam.

7 ORAL ARGUMENT OF KANNON K. SHANMUGAM  
8 ON BEHALF OF THE PETITIONER

9 MR. SHANMUGAM: Thank you, Mr. Chief  
10 Justice, and may it please the Court:

11 To ensure continuity in their  
12 operations, closely held corporations will often  
13 agree to redeem the stock of a shareholder upon  
14 his death and then obtain a life insurance  
15 policy on the shareholder in order to fund the  
16 redemption obligation.

17 This case presents the question of how  
18 the federal estate tax treats such arrangements.  
19 Because the proceeds from a life insurance  
20 policy to fulfill a contractual redemption  
21 obligation do not increase the corporation's net  
22 worth, they do not increase the estate tax owed  
23 on the decedent's stock. The court of appeals'  
24 contrary conclusion was erroneous.

25 The legal framework governing this

1 case is relatively straightforward. The  
2 Internal Revenue Code and Treasury regulations  
3 provide that where the parties agree on the  
4 price to redeem a shareholder's stock, that  
5 price will establish the value of the stock for  
6 purposes of the estate tax in certain  
7 circumstances.

8 But where, as here, those  
9 circumstances have not been met, the value of  
10 the stock is determined by the price at which  
11 such stock would change hands between a  
12 hypothetical willing buyer and willing seller.

13 Here, a hypothetical buyer would not  
14 treat the life insurance proceeds as increasing  
15 the value of the stock because that asset is  
16 offset by the contractual obligation to redeem  
17 shares, a preexisting corporate liability.

18 Now the government argues that a court  
19 should attach no weight to the redemption  
20 obligation when assessing the value of the  
21 company. But the government fails to  
22 distinguish between a contractual obligation to  
23 redeem stock on the one hand and a voluntary  
24 stock redemption on the other.

25 A hypothetical buyer would treat the

1 contractual redemption obligation like any other  
2 debt that reduces the net worth and therefore  
3 the value of the company. The government's  
4 approach would lead to a grossly inflated  
5 valuation of the decedent's shares, and it would  
6 effectively lead to double taxation. It would  
7 defy common sense to take one side of the  
8 transaction into account but to ignore the other  
9 for purposes of the estate tax. And it would  
10 destroy a valuable succession planning tool that  
11 the nation's small businesses have openly used  
12 for decades. The judgment of the court of  
13 appeals should be reversed.

14 I welcome the Court's questions.

15 JUSTICE THOMAS: Mr. Shanmugam, the --  
16 if a very interested buyer showed up the day  
17 after Michael died, would Thomas sell the  
18 business to him for 3.86 million?

19 MR. SHANMUGAM: So, if Thomas were the  
20 person we were thinking about and not Michael, I  
21 think it is quite possible that a hypothetical  
22 willing buyer would pay \$3.68 million --

23 JUSTICE THOMAS: No, I'm -- I'm -- I'm  
24 -- I'm more focused on the asking price. If a  
25 buyer showed up the day after Michael died and

1 offered to buy it at any price, what would he  
2 sell it for?

3 MR. SHANMUGAM: So I think it's  
4 important here to distinguish between Michael  
5 and Thomas.

6 JUSTICE THOMAS: Which one died?

7 MR. SHANMUGAM: Michael is the one who  
8 died.

9 JUSTICE THOMAS: Okay.

10 MR. SHANMUGAM: And -- and Michael, of  
11 course, is the one whose shares would be subject  
12 to the \$3 million --

13 JUSTICE THOMAS: But -- but Thomas --

14 MR. SHANMUGAM: Yes, Your Honor.

15 JUSTICE THOMAS: -- is the -- he is  
16 actually in charge of the estate and the  
17 company, so he's on both, so he can actually  
18 sell the property, right?

19 MR. SHANMUGAM: Yes, except for the  
20 fact that, under the buy-sell agreement, Thomas  
21 is actually disabled from selling the company.

22 JUSTICE THOMAS: Well, he has the  
23 first option.

24 MR. SHANMUGAM: He has the first  
25 option. That is correct. But, under the terms

1 of the buy-sell agreement, the estate cannot  
2 sell the stock.

3 JUSTICE THOMAS: Okay. Let's --

4 MR. SHANMUGAM: So the way --

5 JUSTICE THOMAS: Well, let me just  
6 blink that for a minute, okay? What would he  
7 ask for it, assuming he could sell it? Would he  
8 ask 3.86 million or 6.86 million, assuming that  
9 the insurance was -- was included in the assets  
10 or liabilities of the company?

11 MR. SHANMUGAM: Sure, Justice Thomas.  
12 So the first question is what is the net worth  
13 of the company, because we're in agreement with  
14 the government that that is the first question.

15 Our view is that the net worth of the  
16 company throughout all of this is \$3.86 million.  
17 The government's view is that the net worth of  
18 the company is \$6.86 million because, in the  
19 government's view, you take into account the  
20 life insurance proceeds but not the offsetting  
21 redemption obligation.

22 JUSTICE THOMAS: Okay. So, if a  
23 willing buyer shows up -- and who owns the life  
24 insurance policy?

25 MR. SHANMUGAM: So the company is



1 entitled to the proceeds of the life insurance.  
2 And that is hugely important when you're  
3 applying this test because the fundamental  
4 problem with the government's view -- our view  
5 is that 77 percent of \$3.86 million is \$3  
6 million. The government's view is that  
7 77 percent of \$6.86 million is \$5.3 million.

8 A willing buyer would never, at that  
9 moment, if buying Michael, the decedent's,  
10 shares, pay \$5.3 million. Why? Because a  
11 willing buyer would not be able to capture those  
12 life insurance proceeds by swooping in before  
13 the redemption. Those life insurance proceeds  
14 belong to the company.

15 JUSTICE THOMAS: Well, the value has  
16 to go someplace. The 3 million goes someplace.  
17 Does it go into the value of the remaining  
18 stocks? And if it is there, why isn't the  
19 appropriate valuation 6.86 million?

20 MR. SHANMUGAM: The \$3 million of the  
21 life insurance proceeds are used to redeem  
22 Michael's shares under the terms of the parties'  
23 agreement.

24 Now, as a practical matter, the  
25 problem here and the fundamental issue that all

1 of us are wrestling with is that what we know is  
2 that you can't use the \$3 million as simply the  
3 valuation. Why? Because, as I noted at the  
4 outset, we didn't satisfy the requirements of  
5 Section 2703.

6 And, therefore, you have to engage in  
7 this counterfactual inquiry, and the problem  
8 with the counterfactual inquiry that the  
9 government wants this Court to engage in is,  
10 again, that it requires you to disregard the  
11 redemption obligation.

12 Now it is true that one consequence of  
13 our interpretation is that, as to Thomas, the  
14 surviving stockholder, Thomas in some very real  
15 sense benefits from the increase in value by  
16 virtue of this transaction. Why? Because  
17 Thomas goes from having 22 percent of the  
18 company to a hundred percent of the company.  
19 But, under our approach, as under the  
20 government's approach, that is taken care of by  
21 the eventual application of the capital gains  
22 tax.

23 What the government wants you to do is  
24 to effectively take those life insurance  
25 proceeds into account twice, once when

1 calculating the estate tax because the  
2 government wants you to tax this higher amount,  
3 \$5.3 million -- and, again, no hypothetical  
4 willing buyer would ever have paid that. Crown  
5 would never have redeemed the shares for \$5.3  
6 million. And I'm happy to explain why.

7 But then the government also will  
8 subject Thomas eventually to the capital gains  
9 tax on the increase in the value of his shares.  
10 And that, in our view, is the fundamental  
11 problem with the government's approach here, and  
12 that is why this is effectively double taxation.

13 And to just spell out for another  
14 sentence or two why the \$5.3 million valuation  
15 --

16 JUSTICE KAGAN: But, if I can just  
17 stop you there because it seems that the  
18 fundamental problem with your approach is that  
19 Thomas's -- you know, Thomas's asset has  
20 quadrupled in value, and it's quadrupled in  
21 value without him putting a single cent more  
22 into the company.

23 And there might be some taxation  
24 effect in the end of all that, but -- but not  
25 sufficient to -- you know, to -- to make up for

1 the fact that your -- it's -- it's a -- it's a  
2 tell that your way of -- of calculating the  
3 thing is wrong that somebody can come away with  
4 four times the value without putting a single  
5 cent into the company.

6 MR. SHANMUGAM: So, with respect,  
7 Justice Kagan, I completely disagree with that,  
8 and let me explain why.

9 It is true that Thomas is in a very  
10 real sense practically the beneficiary of the  
11 life insurance proceeds. Why? Because those  
12 proceeds extinguish the offsetting liability on  
13 the books, the offsetting redemption obligation.

14 And so this is a context in which  
15 Thomas does come away with the benefit of those  
16 proceeds because he is the sole owner of a  
17 company that is worth \$3.86 million.

18 Now the government complains around  
19 the edges about the fact that it's the capital  
20 gains tax, the capital gains tax only operates  
21 upon realization, there is a stepped-up basis  
22 when someone dies and passes the stock along and  
23 so forth.

24 But those are all features of the  
25 capital gains tax system. That is not a bug

1 with our position. Again, our position is the  
2 rational one precisely because the tax system  
3 captures that increase.

4 And, of course, under our approach,  
5 Michael's heir is still, of course, paying the  
6 estate tax. Michael's heir is paying the estate  
7 tax on stock at around \$3 million,  
8 coincidentally roughly the amount that was  
9 contained in the buy-sell agreement, which I  
10 think confirms that that amount was a rational  
11 amount here.

12 But the problem with the \$5.3 million,  
13 again, the government's view is -- let's take  
14 Crown. The government's view is presumably that  
15 if there had been a proper arm's-length  
16 agreement here, Crown would have been willing to  
17 pay \$5.3 million to redeem this stock.

18 That would have required Crown to use  
19 all of the life insurance proceeds here, the  
20 entire \$3.5 million, and also to dip into its  
21 operating assets in order to redeem those  
22 shares. That illustrates why the government's  
23 position here is irrational.

24 Now, to be sure, I think there is a --  
25 JUSTICE SOTOMAYOR: Why?

1 MR. SHANMUGAM: -- conceptual --

2 JUSTICE SOTOMAYOR: If -- if Thomas  
3 had done what he needed to do, he would have --  
4 both owners would have insured each other. They  
5 would have paid the price and -- and gotten the  
6 shares. What you did was to off that to the  
7 corporation and give the corporation a benefit  
8 that entitled Thomas to own the company a  
9 hundred percent. I think that's where Justice  
10 Thomas's question comes up.

11 MR. SHANMUGAM: Well, it wasn't --

12 JUSTICE SOTOMAYOR: The value of the  
13 company is the value at which someone's going to  
14 own a hundred percent shares of the stock.

15 MR. SHANMUGAM: So, Justice Sotomayor,  
16 I think that that hypothetical which the  
17 government uses actually helps our position, and  
18 let me explain why.

19 The government acknowledges that if  
20 you had a situation in which the individuals  
21 themselves took out the insurance policies and  
22 entered into a cross-purchase agreement, that it  
23 would be subject to tax treatment along the  
24 lines of what we are suggesting here.

25 Why should this situation be treated

1 differently? And -- and one reason  
2 parenthetically why that alternative is  
3 impractical is that if you have a company with  
4 multiple owners, that gets very complicated, but  
5 it's also distinguishable because, in that  
6 situation, the individuals have to pay the  
7 premiums.

8           Here, the reason why the corporation  
9 is paying the premiums is precisely because the  
10 corporation derives a benefit from this  
11 arrangement, and that benefit, as I said in my  
12 very first words, is continuity of ownership.  
13 That is an incredibly valuable benefit to  
14 closely-held corporations in this context.

15           And -- and so this is not a situation  
16 in which the corporation itself derives any sort  
17 of windfall. The corporation is paying premiums  
18 and it gets the life insurance proceeds in  
19 return.

20           I think what the government is really  
21 bridling against --

22           JUSTICE SOTOMAYOR: Thank you.

23           JUSTICE BARRETT: Mr. Shanmugam, what  
24 is the right perspective? So, when Justice  
25 Thomas asked you the question, you know, he said

1     how much would you buy the company for, I think,  
2     but regardless of how he asked it, I think that  
3     would be one way to consider it, like what was  
4     the whole value worth.

5             Or do we ask if you had a stranger to  
6     the situation, what would the price of one share  
7     be? Is that the right way to think about it?  
8     And then just kind of to build on to that, do  
9     you assume the perspective of Thomas, you know,  
10    someone who would buy one of Thomas's shares or  
11    someone who would buy one of Michael's shares or  
12    just someone like you could even pretend that  
13    you had a third brother named Ralph who only had  
14    one share.

15            Like, what's the right way to think  
16    about it?

17            MR. SHANMUGAM: So, Justice Barrett,  
18    it is a hypothetical buyer of the same  
19    proportion of shares in the company. So it's a  
20    hypothetical buyer of 77.18 percent of Crown's  
21    shares.

22            Now I think the reason why we talk  
23    about the value of a company here is that I  
24    think we are in agreement that under the  
25    relevant regulations -- and this is



1 2020-31(2)(f) -- we are really focusing on the  
2 net worth of the company and then multiplying  
3 the relevant percentage here. I think we and  
4 the government are in agreement that that is the  
5 correct approach here.

6 Now that will not always be true.  
7 There may be circumstances in which, for  
8 instance, that block of shares gives you a  
9 control premium that needs to be valued. And  
10 when you look at the lower court case law in  
11 this area, often the price will then be adjusted  
12 up or down.

13 But we're all in agreement that there  
14 is no such adjustment here. And so, really, the  
15 fundamental question here is what was the net  
16 worth of the company. And to make just two  
17 additional points about that, the first is the  
18 reason why we're talking about a hypothetical  
19 block of 77.18 percent of the shares is  
20 precisely because, if we were talking about  
21 Michael's actual shares, those shares are about  
22 to be extinguished.

23 They're subject to the redemption  
24 obligation. So I think there's really no good  
25 conceptual way to do that. And I think that the

1 regulations recognize that when they talk about  
2 the fact in 2020-31(1)(b) that you can look to  
3 an equivalent asset, a comparable item in the  
4 words of the regulation, when you're making this  
5 determination.

6 And then I think the second thing that  
7 I think is important to keep in mind here is,  
8 when you're talking about the net worth of the  
9 company, I don't really hear the government to  
10 dispute the fact that an obligation to redeem  
11 shares would be treated ordinarily and common  
12 sense bears this out as a liability like any  
13 other.

14 It's a legally-binding obligation.  
15 The accounting standards treat it as a  
16 liability. In fact, the accounting standards go  
17 so far as to specifically enumerate stock to be  
18 redeemed upon the death of the holder as giving  
19 rise to a liability.

20 JUSTICE GORSUCH: So fair enough on  
21 that, but let's just see if I've got this right,  
22 and tell me where I'm wrong.

23 You agree that the relevant value is  
24 of the corporation as a whole. And, really, the  
25 question is what do we do with the \$3 million in

1 life insurance proceeds. How should that be  
2 dealt with?

3 And I hear the government saying a  
4 prospective buyer would consider that part of  
5 the assets of the corporation, and, therefore,  
6 it enhances the value of the company to five  
7 point whatever it is. And I hear you saying no,  
8 you really shouldn't count those insurance  
9 proceeds because they're -- they're earmarked  
10 for the redemption, and so no willing purchaser  
11 would account for them in part of his assessment  
12 of the value of the company.

13 Is that a fair assessment of the  
14 difference between the two?

15 MR. SHANMUGAM: I would word the point  
16 slightly differently, Justice Gorsuch, but I  
17 think this difference is important. We're not  
18 disputing that the life insurance proceeds are  
19 an asset. What we're really debating here is  
20 whether or not they are a net asset, whether --

21 JUSTICE GORSUCH: Whether a willing  
22 buyer would consider them part of the value of  
23 the company that he's going to obtain when  
24 they're really earmarked for redemption.

25 MR. SHANMUGAM: And what a willing

1     buyer would do, I think, is to look at this and  
2     to say: Yes, there are \$3 million in life  
3     insurance proceeds that are going to come into  
4     the company, but those proceeds are going to  
5     immediately go out again. They're going to go  
6     out in order to fund this offsetting liability  
7     which is on the books.

8                     And under our approach, which, again,  
9     I think accords with a healthy dose of common  
10    sense here, when the parties entered into the  
11    initial buy-sell agreement, that had the effect  
12    of putting an asset and a liability on the books  
13    at the same time.

14                    JUSTICE GORSUCH: It offset one  
15    another.

16                    MR. SHANMUGAM: They offset each other  
17    at every point.

18                    JUSTICE GORSUCH: Okay. Now --

19                    MR. SHANMUGAM: And that is precisely  
20    why, as I said, in response to one of the  
21    earlier questions, under our approach, the net  
22    worth of the company is the same throughout. In  
23    other words, it's the same before death, it's  
24    the same at the moment of death, and it's the  
25    same after the redemption obligation.

1 JUSTICE GORSUCH: Now one wrinkle to  
2 that, though, is I don't think the life  
3 insurance proceeds -- the only permitted use for  
4 them was the redemption, and the government  
5 makes something of that.

6 MR. SHANMUGAM: That is correct, and  
7 that's why I didn't pick up on the word  
8 "earmarked" in your question --

9 JUSTICE GORSUCH: Right. Right.  
10 Yeah. And --

11 MR. SHANMUGAM: -- because money is  
12 fungible.

13 JUSTICE GORSUCH: Yeah.

14 MR. SHANMUGAM: And so I think our  
15 analysis would be the same if you were talking  
16 about \$3 million that happened to be some other  
17 non-operating asset.

18 JUSTICE GORSUCH: It's still a \$3  
19 million liability.

20 MR. SHANMUGAM: It would still be  
21 offset. And, indeed, in this case, the life  
22 insurance policy was not for \$3 million. It  
23 turns out it was for \$3.5 million. We're in all  
24 -- we're all in agreement that the remaining  
25 \$500,000 is an asset, a non-operating asset that

1       should be on the company's books.

2                   And so all we are doing here, I think,  
3       is giving effect to the broader framework which  
4       not just Congress but the Treasury and the IRS  
5       has set up here, which is a framework that says  
6       that when you are in the hypothetical world  
7       conducting this analysis, you assume that the  
8       hypothetical buyer and seller takes all relevant  
9       facts into account.

10                   JUSTICE KAVANAUGH:  You -- you said --

11                   MR. SHANMUGAM:  And --

12                   JUSTICE KAVANAUGH:  Keep going, I'm  
13       sorry.

14                   MR. SHANMUGAM:  And I think that the  
15       problem with the government's approach is that  
16       the government's approach requires you to do one  
17       of two things:  either to disregard the  
18       offsetting liability or to assume -- and I think  
19       when you look at the government's italicized  
20       hypotheticals, all of them effectively do this  
21       -- to assume that your hypothetical buyer is  
22       somehow going to be able to capture the life  
23       insurance proceeds.

24                   That was the flaw with the court of  
25       appeals' reasoning because the court of appeals

1     posited a situation where you had a buyer not  
2     just of the 77 percent of the shares but of the  
3     entirety of the company. Of course, if a buyer  
4     could get their hands on both Michael's shares  
5     and Thomas's shares, presumably the first thing  
6     that buyer would do is to extinguish any  
7     redemption obligation, not that that redemption  
8     obligation would make any sense in that  
9     hypothetical, and to have the benefit of the  
10    \$3.86 million in corporate value and the \$3  
11    million in life insurance proceeds.

12               JUSTICE KAVANAUGH: Something you said  
13    that I think is critical to your position is  
14    that the net worth before, on the day of, on the  
15    day after, a month after, after the life  
16    insurance and the -- and the redemption has  
17    occurred or whenever after that, is -- is  
18    constant.

19               MR. SHANMUGAM: Yes, and that is  
20    different from a voluntary redemption. Much ink  
21    is spilled both in the government's brief and --  
22    and in the briefs of the amicus law professors  
23    on the fact that when you're dealing with a  
24    voluntary redemption -- let's say a publicly  
25    held company decides on the next day to redeem

1 shares, at that point it is true that you are  
2 going to have a diminution in the net worth,  
3 which ensures that the remaining shareholders'  
4 stock remains relatively constant.

5 That actually turns out not to be true  
6 when you're dealing with publicly held companies  
7 because often the stock will move up or down in  
8 response to such an announcement, but I think  
9 that basic principle is one that we don't  
10 disagree with.

11 But everything in the government's  
12 brief presupposes that a voluntary redemption  
13 and a contractual obligation to redeem shares  
14 are treated exactly the same way. And I think  
15 the problem is that if you're a hypothetical  
16 buyer looking at the company, a redemption  
17 obligation is like any other debt. You see that  
18 on the corporate books. And that is \$3 million  
19 that is going out the door.

20 Now, to be sure, this is a  
21 hypothetical buyer. And so we are presupposing  
22 that the buyer is not attempting to buy the  
23 shares that are subject to the redemption  
24 obligation. That would, again, be impossible  
25 under the terms of the buy-sell agreement, and



1 even if they could, they would be entitled only  
2 to \$3 million, and we're disregarding that  
3 figure.

4 JUSTICE KAVANAUGH: On -- on the  
5 professors' -- Professor Chodorow and Professor  
6 Hellwig's amicus briefs, obviously they've spent  
7 a lot of time thinking about this issue.  
8 They're against you. Do you want to -- maybe  
9 you just covered it in your view, but where do  
10 they get it wrong? Maybe your point is the  
11 voluntary redemption is where they -- where they  
12 get it wrong, but I'd like some more explanation  
13 because they -- they clearly have studied this.

14 MR. SHANMUGAM: I -- I -- I think that  
15 that is -- the fundamental flaw is that they  
16 really presuppose a voluntary redemption, and so  
17 many of the principles that they set out and,  
18 indeed, the four principles that the government  
19 sets out are principles that we have no  
20 objection to in that context.

21 In this context, by contrast, again,  
22 it's that a hypothetical buyer would not somehow  
23 disregard this redemption obligation. The  
24 hypothetical buyer would take it into account  
25 and recognize that the funds that are coming in

1 are going out the door again.

2 And to be clear, this results in no  
3 windfall whatsoever to anyone, other than the  
4 benefit to Thomas that's going to be taxed.

5 I think when the government says that  
6 the purposes here are not legitimate, there's  
7 nothing in the case that we disagree with more.  
8 The reason that closely held corporations engage  
9 in these transactions, as the Chambers amicus  
10 brief explains at some length, is precisely  
11 because this is a way of ensuring continuity of  
12 operations without engaging in disruption.

13 If you don't have the life insurance  
14 proceeds here, most of these companies, which  
15 are typically very small, are going to have to  
16 dip into operating assets or otherwise engage in  
17 some sort of transaction to ensure continuity.  
18 If you have an heir who doesn't want to run the  
19 company or if the heir is someone outside the  
20 family, you have a very real risk that that  
21 person will not be interested in running the  
22 company or that you'll have a disruption of  
23 operations.

24 JUSTICE JACKSON: Mr. Shanmugam, can I  
25 just ask you -- because I'm trying to follow.

1     So you've said many times that the money is  
2     going out, but I guess I'm trying to figure out  
3     whether the proceeds of the life insurance are  
4     really going out when they're being used to  
5     redeem the shares.

6                 So what -- what is the effect on the  
7     value of the remaining shares once the  
8     redemption occurs?

9                 MR. SHANMUGAM:  So the remaining  
10    shares effectively have a larger share of  
11    ownership in the company.  In other words --

12                JUSTICE JACKSON:  Their value  
13    increases.  Is that where the four times that  
14    Justice -- Justice Kagan was talking about -- is  
15    that where that comes from?

16                MR. SHANMUGAM:  Yes, that's correct.  
17    And this is the contrast, I think, with a  
18    voluntary redemption because in the context of a  
19    voluntary redemption, rather than these life  
20    insurance proceeds, something else has to go out  
21    of the company and you are getting the shares  
22    back into the company.

23                And -- and the reason why that is  
24    different is that here you are extinguishing an  
25    existing liability.  That is what makes this

1 different --

2 JUSTICE KAGAN: But you're treating  
3 this --

4 MR. SHANMUGAM: -- is that you have a  
5 liability on the books.

6 JUSTICE KAGAN: You're treating this  
7 redemption obligation like any other redemption  
8 obligation. And it's really not like any other  
9 redemption obligation because this obligation is  
10 benefiting the equity interests that we're  
11 trying to value. And so it -- it just doesn't  
12 seem to make a lot of sense in that context to  
13 say that the redemption obligation  
14 simultaneously serves to reduce the value of  
15 that interest.

16 MR. SHANMUGAM: I think that that's a  
17 fair factual statement, but let me explain to  
18 you why that should make no difference.

19 In our view, the -- the redemption  
20 obligation is like any other debt from the  
21 perspective of the hypothetical buyer. And I  
22 recognize that this is the artificiality of the  
23 case, but I think it's an artificiality of the  
24 case that is inherent in the way that the  
25 regulations work, and I think it's a problem

1     that the government has to come to terms with as  
2     well.

3             Our view is that, from the perspective  
4     of a hypothetical third party, the fact that  
5     this redemption obligation runs to somebody else  
6     is of no moment. The hypothetical buyer here is  
7     not in the same position as Michael. It's a  
8     hypothetical buyer.

9             And so that is why we think that when  
10    you're applying a regulation that requires you  
11    to take into account all relevant facts, you've  
12    got to look at the economic reality from the  
13    position of the company.

14            And, again, the best way I think to  
15    understand that is to think about whether or not  
16    the government's fair market valuation would be  
17    one that the parties would use. We know that  
18    our fair market valuation, in fact, pretty  
19    closely tracks the price that was agreed. \$5.3  
20    million would have destroyed Crown if Crown had  
21    spent that amount of money to redeem the shares  
22    because, again, the life insurance proceeds  
23    would not have covered that amount.

24            And I think that illustrates why the  
25    government's position cannot be correct.

1 CHIEF JUSTICE ROBERTS: Thank you,  
2 counsel.

3 Justice Thomas?  
4 Justice Alito?  
5 Justice Sotomayor?  
6 Justice Gorsuch?  
7 Justice Kavanaugh?  
8 Justice Barrett?

9 JUSTICE JACKSON: Can I just ask one  
10 more question? Assume that the company doesn't  
11 take out life insurance to fund the redemption.  
12 The agreement just says the company promises to  
13 redeem the shares at fair market value upon the  
14 shareholder's death.

15 What, if anything, about your  
16 treatment of the redemption obligation changes  
17 in that circumstance?

18 MR. SHANMUGAM: So I think the  
19 analysis is somewhat different, Justice Jackson.  
20 And I think that that is similar to the two  
21 sisters hypothetical that the government uses in  
22 its brief. And that is for the simple reason --  
23 and we've kind of been talking to some extent  
24 about this -- that in that hypothetical, the  
25 obligation to redeem shares actually has a

1 depressive effect on the company's future  
 2 earning capacity. Why? Precisely because the  
 3 company has to use other assets and typically  
 4 operating assets in order to fund the redemption  
 5 obligation.

6           And in that circumstance, there could  
 7 well be a depressive effect on the valuation,  
 8 and that depressive effect could, in fact, be  
 9 substantial. One reason why this circumstance  
 10 is different is precisely because where you have  
 11 an offsetting life insurance policy and  
 12 redemption obligation, it actually makes sense  
 13 to think about valuation in terms of the net  
 14 worth of the company.

15           I think once you start to get away  
 16 from that, the valuation of the company is  
 17 affected by its remaining operating assets, how  
 18 the business is going to do on a going-forward  
 19 basis. But here, precisely because there's no  
 20 effect on the remainder of the company, it makes  
 21 sense to engage in the valuation by multiplying  
 22 the percentage of shares by the net worth.

23           JUSTICE JACKSON: Thank you.

24           CHIEF JUSTICE ROBERTS: Thank you,  
 25 counsel.

1 MR. SHANMUGAM: Thank you.

2 CHIEF JUSTICE ROBERTS: Ms. Dubin.

3 ORAL ARGUMENT OF YAIRA DUBIN

4 ON BEHALF OF THE RESPONDENT

5 MS. DUBIN: Mr. Chief Justice, and may  
6 it please the Court:

7 The estate's evaluation of Michael  
8 Connelly's shares contradicts basic math and  
9 valuation principles. According to the estate,  
10 before we can value Michael's shares in Crown,  
11 we must first subtract the price that Crown paid  
12 for Michael's shares. In other words, the  
13 estate's theory is that before you can value  
14 something, you must first subtract the price  
15 paid for the very thing you are trying to value.

16 That makes no sense. Using the item  
17 you're trying to value as a line item in its own  
18 valuation will never give you the correct  
19 answer, and it doesn't give the estate the right  
20 answer here either.

21 The estate's contrary view rests on a  
22 fundamental misunderstanding of the nature of a  
23 redemption obligation. A redemption obligation  
24 is not a corporate debt that reduces the  
25 corporation's net worth or the value of the



1 shares to be redeemed. A debt owed to creditors  
2 reduces corporate and shareholder value. A  
3 redemption obligation divides the corporate pie  
4 among existing shareholders without changing the  
5 value of their interests.

6 And here the corporate pie was worth  
7 6.86 million, not 3.86 million. And that's true  
8 even if you look only at the statute of  
9 limitation estate's own incomes. Walked away  
10 from the redemption with approximately \$3  
11 million in cash, but Petitioner also admits that  
12 Thomas walked away from the redemption with  
13 \$3.86 million in value.

14 And the estate doesn't dispute the  
15 Black Letter valuation principle that the  
16 interest of each equity shareholder added  
17 together has to equal the company's total value.  
18 That defeats their position because that means  
19 that Crown's total net worth before the family  
20 divided the company was 6.86 million. The value  
21 of the two equities licenses put back together  
22 and that means the estate evaluation of  
23 Michael's 77 percent stake in Crown at \$3  
24 million came nowhere close to fair market value.

25 I welcome the Court's questions.

1 JUSTICE THOMAS: I think what  
2 Petitioner is arguing that is that, yes, we took  
3 the insurance policy, the receipts of 3.5  
4 million, we paid out 3, and we received the  
5 shares, so it's a wash.

6 The 3 million, up to 3 million, it's a  
7 wash. So what do you do with that argument?

8 MS. DUBIN: Sure. So that argument  
9 depends on the idea that the \$3 million  
10 redemption obligation is a debt, a liability.  
11 And that's just not correct.

12 What it is is a promise to cash out  
13 one of the existing shareholder's shares. So,  
14 for example, in the two sisters hypothetical, on  
15 page 37 of our brief, if you own 80 percent of a  
16 company worth \$5 million, you have a \$4 million  
17 stake in the company, a redemption obligation at  
18 fair market value would be a promise to cash you  
19 out for your shares for your stake in the  
20 company.

21 It is not the same thing as the  
22 corporation for example owing a mortgage or some  
23 other debt. A mortgage or some other debt like  
24 that would reduce the value of the company and  
25 the value of the -- for its shareholders. That

1 is simply not true of a redemption obligation.

2 And I think that you know it's sort of  
3 important that Petitioner concedes a voluntary  
4 redemption obligation wouldn't decrease the  
5 value of the company because on the date of  
6 Michael's death it doesn't matter whether the  
7 redemption obligation is voluntary or mandatory.

8 \$3 million is being paid to Michael's  
9 shares, so that's where that money is going.  
10 But it is going either whether that is voluntary  
11 or mandatory. The point is that that was part  
12 of the corporate assets here and it was paid to  
13 Michael on the date of his death.

14 JUSTICE BARRETT: Do you agree that  
15 none of the money escapes taxation because more  
16 value -- I mean the \$3 million of the life  
17 insurance proceeds didn't vanish, as you say  
18 it's retained by the company, and Mr. Shanmugam  
19 was pointing out that Thomas will be taxed on  
20 that as a capital gains tax when he sells out  
21 his shares.

22 So Mr. Shanmugam says that means that  
23 the government is double dipping. What do you  
24 have to say to that?

25 MS. DUBIN: A couple responses to

1     that. First of all, any sort of double dipping  
2     allegation comes from the Crown family decisions  
3     to value the is shares at below fair fair market  
4     value. Had these shares been redeemed for fair  
5     market value, which is \$5.3 million, there would  
6     be no risk of double taxation. The risk of  
7     double taxation comes because \$2.3 million  
8     stayed in Crown and inured to Thomas's benefit  
9     but that money was part of the fair market value  
10    of Michael's shares. In a transaction that was  
11    done at fair market value you would have had 5.3  
12    million go to Michael's estate, be subject to  
13    the estate tax, and never be subject to any  
14    possibility of future taxation through capital  
15    gains on Thomas. So that's the first answer  
16    which is this problem becomes because the estate  
17    valued these shares below fair market value.

18           But the second answer is that we just  
19    simply can't know what will happen to Thomas's  
20    shares in the future. Maybe they will be  
21    subject to capital gains. It depends if he  
22    bequeaths them, it depends on what they are  
23    worth at that time. That's a separate inquiry  
24    that goes to the value of Thomas. The estate  
25    tax cares about the shares of Michael's death

1 and Michael's estate not what went to any of the  
2 particular heirs or beneficiaries.

3 JUSTICE SOTOMAYOR: I thought -- am I  
4 wrong that on -- on capital gains you pay the  
5 tax, capital gain at the -- at the price that  
6 you've gotten it.

7 MS. DUBIN: If -- if you get a  
8 stepped-up --

9 JUSTICE SOTOMAYOR: And that's why he  
10 won't pay on that.

11 MS. DUBIN: If he sells it during his  
12 lifetime, he didn't get these shares as a  
13 bequeathment so he's not entitled to stepped-up  
14 basis, but he could pass it on to his heirs with  
15 the stepped-up basis.

16 JUSTICE KAVANAUGH: The net worth  
17 question that Mr. Shanmugam said the net worth  
18 stayed the same all the way through, A, do you  
19 agree, B, why is it not relevant if it is true?

20 MS. DUBIN: It's not true. The  
21 corporation was worth 6.86 million on the date  
22 of Michael's death. Our view is not that only  
23 somehow Michael's shares had some value in them,  
24 that the corporation didn't have. Our view is  
25 that the corporation's equity value is made up

1 by the equity stakeholder's value. Michael's  
2 shares were entitled to a \$5.3 million valuation  
3 and Thomas's shares were \$1.5 million valuation,  
4 that adds up to our \$6.86 million valuation.

5 JUSTICE KAVANAUGH: Why -- why is it  
6 -- you said the redemption obligation is not a  
7 debt. Just walk me through that, if you can,  
8 because I find this case extremely difficult.

9 So it seems like a key point and I'd  
10 like to hear you explain it again.

11 MS. DUBIN: Sure. And I would just  
12 start off with saying, I mean, I think  
13 Petitioner agrees a voluntary redemption is not  
14 the paying of the debt.

15 JUSTICE KAVANAUGH: Yeah.

16 MS. DUBIN: So I think that sort of to  
17 the extent we're --

18 JUSTICE KAVANAUGH: But he's saying  
19 that's the key point in the case. I think  
20 that's what he said. So I would like to hear  
21 you address that.

22 MS. DUBIN: Yeah. I think that -- I  
23 think we've been talking a little bit about the  
24 amicus briefs and they are very helpful in  
25 explaining the nature of a redemption generally,

1 but the nature of a redemption, what a company  
2 is agreeing to do in a redemption is to exchange  
3 one of the existing shareholder's shares, so  
4 their stake in the company, their equity stake  
5 in the company, in exchange for cash.

6           So that's -- that's the promise. It  
7 is we will get back your equity shares and we  
8 will give you cash in exchange for it. If that  
9 were done at fair market value it would mean  
10 that if you had an 80 percent stake in a \$5  
11 million company, you would be entitled to \$4  
12 million in cash.

13           What happens on the other side, your  
14 shares are extinguished, so they no longer  
15 exist. So the remaining shareholder, who has a  
16 20 percent stakeholder in our \$5 million  
17 company, he had originally, to start, he had a  
18 20 percent stake in a \$5 million company which  
19 is a \$1 million stake. Now after this  
20 redemption which is paid out at 4 million he  
21 would be left with sole ownership of a \$1  
22 million company.

23           So in a redemption both of the  
24 corporate shareholders, if the redemption is  
25 done at fair market value, they both walk away

1 with the same value they had before. By  
2 contrast in a debt situation paying a debt, the  
3 corporation pays money out of its coffers to  
4 someone outside the corporation and that will  
5 reduce both the corporate and the shareholder  
6 value and if this had been that sort of \$3  
7 million debt, then Petitioners analysis would be  
8 right but here the \$3 million went into  
9 Michael's pocket, it went to one of the equity  
10 shareholders. So that does not decrease the  
11 value of the corporation or, of course, the  
12 value of the shares to to be redeemed.

13 And I think just to pause on that for  
14 a second, you know, Petitioner says what we're  
15 really valuing here is some theoretical stake in  
16 the corporation, not Michael's shares. That's  
17 not correct as a matter of the statute. The  
18 statute tells us in 26 U.S.C. 2031, 2033 and  
19 2036 that the relevant shares to be valued here  
20 are the decedent's shares. That's, of course,  
21 what we're valuing. So that's not correct.

22 But, even if you were going to value  
23 some hypothetical 77 percent stake in the  
24 company, some 70 percent seven -- 77 percent  
25 stake in the company with a redemption



1 obligation or anything like that, you would  
2 always get \$5.3 million because \$5.3 million is  
3 what that stake is equivalent to.

4 The only way you get Petitioner's  
5 numbers is if you treat it as if there's a  
6 separate \$3 million debt that you first take out  
7 of the company and then you try to value  
8 Michael's shares. But that just doesn't make  
9 sense because that \$3 million runs to the holder  
10 of Michael's shares. It is not some  
11 free-floating debt out there in the universe.

12 JUSTICE BARRETT: But it would work if  
13 -- Petitioner's would work if it was a  
14 free-floating debt somewhere outside in the  
15 universe?

16 MS. DUBIN: Yes. If it were a debt  
17 owed to creditors just generally when you're  
18 doing a very simplistic valuation of a  
19 corporation, you would subtract the liabilities  
20 owed to creditors before you determine what is  
21 the equity value remaining.

22 But, here, we're looking at an equity  
23 stake and money paid to an equity stake and you  
24 can't say that that reduces the value of that  
25 equity stake or the value of the corporation as

1 a whole.

2 JUSTICE GORSUCH: Would your answer  
3 differ if the life insurance proceeds had been  
4 earmarked for the redemption of Michael's  
5 shares?

6 MS. DUBIN: No. The parties' intent  
7 doesn't govern here. I think both we and  
8 Petitioner agree that the \$3 million is actually  
9 an asset to the corporation. It does count.  
10 And we both agree on that. The only question is  
11 whether it's offset by a debt, offset by a  
12 liability, and for that -- and for that purpose,  
13 I think it doesn't matter.

14 JUSTICE GORSUCH: Well, help me on  
15 that because I understand a hypothetical  
16 purchaser of the company as a whole would say:  
17 Ah, that \$3 million is going to inure to my  
18 benefit because I'm just going to extinguish the  
19 redemption obligation and off we go.

20 But, if somebody's purchasing  
21 Michael's shares at the time of his death, why  
22 -- why isn't it different then and -- and --  
23 because we're assessing his estate value and  
24 there you have an obligation to pay him out and  
25 the insurance proceeds coming in to do that.

1 MS. DUBIN: Absolutely. And the  
2 answer is that for all of the illustrations that  
3 we've suggested, whether it's a buyer of Crown  
4 as a whole, whether it's a buyer of just  
5 Michael's shares, you will always be able to  
6 capture the value of the insurance proceeds.

7 JUSTICE GORSUCH: Okay. But you agree  
8 the relevant measurement is the buyer of  
9 Michael's shares?

10 MS. DUBIN: Yes, although, as  
11 Petitioner mentioned, we agree that it's a pro  
12 rata share of Crown as a whole, so you will get  
13 the same number whether you value a buyer of  
14 Crown as a whole and then take Michael's pro  
15 rata share of that or value just Michael's  
16 shares. Either way, a buyer who just buys  
17 Michael's shares is going to get a 77 percent  
18 stake in a company with total assets of \$6.86  
19 million. So, if that redemption obligation now  
20 runs to him, he will get cash in exchange for  
21 the 77 percent obligation. If the redemption  
22 obligation is for some reason not honored or  
23 whatever it is, then he has a 77 percent stake  
24 in a company worth \$6.86 million.

25 But the problem with Petitioner's case

1 is that he tries to take \$3 million out of that  
2 pot. But the problem is that that \$3 million  
3 goes to the holder of Michael's shares.

4 JUSTICE KAVANAUGH: Feel free to tell  
5 me this is the wrong question, but what's the  
6 net worth of the company after the shares are  
7 redeemed?

8 MS. DUBIN: On Petitioner's view, it's  
9 \$3.86 million, and you see this in the pie  
10 charts that they have on their reply brief on  
11 page 6.

12 JUSTICE KAVANAUGH: Well, how about on  
13 your view?

14 MS. DUBIN: On our view, had the  
15 redemption been done of fair market value, which  
16 it was not, had the redemption been done at fair  
17 market value, it would be 1.53 million.

18 But I think that that picks up on a  
19 critical point, which is our -- our view, the  
20 government's view, here about how the estate tax  
21 works doesn't change how the parties had to  
22 structure their transactions. They are free to  
23 redeem shares at below fair market value for  
24 whatever business or idiosyncratic reasons they  
25 want to. But the estate tax looks at what was

1 the fair market value of those shares.

2 JUSTICE KAVANAUGH: So, after they get  
3 the life insurance proceeds and redeem the  
4 shares, the net worth of the company's dropped  
5 dramatically in your estimation?

6 MS. DUBIN: Yes. And that's the  
7 fundamental way when you're --

8 JUSTICE KAVANAUGH: Doesn't that  
9 seem that -- just explain that to me.

10 MS. DUBIN: Sure, and I think this  
11 goes a little bit to your questions earlier  
12 about how a redemption is supposed to work.

13 A redemption is a -- essentially, it's  
14 sort of like a spinoff, right? You're dividing  
15 the corporate assets among existing  
16 shareholders. One is getting cash in exchange  
17 for their share, and one gets sole ownership of  
18 a company worth less.

19 It is a problem for Petitioner that  
20 notwithstanding that that's how a redemption is  
21 supposed to work in his view, the corporation  
22 maintains the same amount before and after. And  
23 the reason that the problem comes from is  
24 because he's saying the corporation is worth  
25 \$3.86 million before, but it's actually worth

1 6.86 million.

2 JUSTICE KAVANAUGH: I think it's odd  
3 that you have a net worth of the company --  
4 what's the net worth of the company in your view  
5 the day before he dies?

6 MS. DUBIN: So just -- I don't -- I  
7 don't mean to pause, but the trickiness of it is  
8 trying to value the life insurance policies the  
9 day before he dies. There's a cash surrender  
10 value of the life insurance policies, which is  
11 approximately \$500,000 the day before Michael  
12 dies. So that's a little bit tricky.

13 But putting aside any interest in the  
14 life insurance policies whatsoever, it's around  
15 \$3 million.

16 JUSTICE KAVANAUGH: Okay. And then,  
17 after he dies, even though they've bought the  
18 life insurance for exactly this purpose, the net  
19 worth of the company has dipped in half, right?

20 MS. DUBIN: So two --

21 JUSTICE KAVANAUGH: That seems a  
22 little -- I mean, maybe you say they just messed  
23 up, but that -- the whole purpose of the life  
24 insurance policy was to make sure that didn't  
25 happen, right?

1 MS. DUBIN: So two responses to that.  
2 On the first point, if you're only looking at  
3 Crown, it is correct that after the redemption,  
4 Crown becomes a smaller company. That's how  
5 redemptions work. But, if you're looking at the  
6 total value that the Connelly family walked away  
7 with, they are going to walk away with a total  
8 of \$6.86 million. Some of it was used to buy  
9 out Crown -- buy out Michael, and some of it was  
10 used to Crown.

11 To your point about what the parties  
12 want --

13 JUSTICE KAVANAUGH: The whole family  
14 mean -- and Thomas got out of this -- well, I  
15 think, but I'm not sure why the company's net  
16 worth should dip in half when the whole purpose  
17 of getting the life insurance policy, I think --  
18 you've probably already answered this, but the  
19 life insurance policy was meant to prevent that,  
20 I thought.

21 MS. DUBIN: I think that -- my  
22 understanding is that is what the parties  
23 intended. Intent doesn't govern here.

24 JUSTICE KAVANAUGH: I -- I got it, but  
25 it's weird to walk away the day after his death

1 with a company that's suddenly worth 50 percent  
2 of what it had been worth the day before his  
3 death, even though you bought a life insurance  
4 policy to cover the redemption.

5 MS. DUBIN: Yeah. So two -- two  
6 responses to that. One is it's really not  
7 strange in the concept of what a redemption is.  
8 That is what a redemption is supposed to do. A  
9 redemption is supposed to give one shareholder  
10 cash in exchange for their assets, and the other  
11 one is supposed to maintain control of the  
12 smaller company.

13 But, to your point about doesn't seem  
14 like that's what the parties wanted to do here,  
15 you're right, what the parties wanted to do here  
16 was maintain Crown as a \$3.86 million enterprise  
17 and give Michael \$3 million. That's what the  
18 parties wanted. That means that there's \$6.86  
19 million of value in the estate tax because  
20 Michael owned that \$6.86 million of value. His  
21 percentage stake of it says that was the fair  
22 value -- market value of Michael's shares.

23 I think that sort of pulls up, you  
24 know, Petitioner's points about continuity of  
25 ownership. There are many ways in which to



1     arrange for continuity of ownership of a  
2     closely-held corporation, but what you can't do  
3     is have \$6.86 million of corporate assets by  
4     virtue of a life insurance proceed, take \$3  
5     million out and give it to one shareholder,  
6     maintain the company at its \$3.86 million size,  
7     and then maintain for purposes of the estate tax  
8     that the company wasn't worth \$6.86 million.

9             JUSTICE GORSUCH:   What do we --

10            CHIEF JUSTICE ROBERTS:   Do you --

11            JUSTICE GORSUCH:   I'm sorry, Chief.

12            CHIEF JUSTICE ROBERTS:   Do you dispute  
13     your friend's statement that this has been a  
14     common way for family corporations to maintain  
15     continuity of operations?   And is -- if -- if  
16     that's the case, how -- how long has the  
17     government overlooked the fact that there was  
18     this great pool of money out there waiting for  
19     them to take?

20            MS. DUBIN:   Sure.   So our  
21     understanding is not Petitioner's understanding.  
22     This is what we know, and I'll tell you what we  
23     know, which is there have only been these three  
24     reported cases that we know of.   So it's Blount  
25     and Cartwright from 1999 and 2005 and then this

1 case. That's it. So, in terms of the litigated  
2 cases, not very many.

3 We did ask at the cert stage the IRS  
4 examiners who are charged with looking at estate  
5 tax returns if they're seeing a lot of these in  
6 the pipeline, and they are not. They couldn't  
7 find any. So they didn't see any sort of  
8 maneuvers like this in the fact patterns in what  
9 they are looking at.

10 I understand that that's not, you  
11 know, sort of a conclusive view of whether  
12 people are doing it or not. My guess is that --  
13 or my view is what should have been happening is  
14 that tax advisors are looking at what you have  
15 on the one hand is the Ninth and Eleventh  
16 Circuit extremely thinly reasoned decisions on  
17 this, and on the other hand, what you have is  
18 the Tax Court's decision in Blount I, and the  
19 Tax Court's decision in Blount I explains  
20 extremes clearly that this doesn't make sense  
21 because you are, you know, subtracting the value  
22 of the very thing you're trying to price in  
23 determining the value of that thing.

24 JUSTICE KAGAN: And so what do most --

25 CHIEF JUSTICE ROBERTS: So the -- I'm

1       sorry. I just was going to say, so the Ninth  
2       and the Eleventh Circuits were on your friend's  
3       side?

4                   MS. DUBIN: That's right.

5                   CHIEF JUSTICE ROBERTS: Which might  
6       suggest that it is a common way of -- for family  
7       corporations to maintain continuity of  
8       operations.

9                   MS. DUBIN: Right. So I would say my  
10      best guess is that if -- if this is happening  
11      often, it was probably happening in the Ninth  
12      and Eleventh Circuits, which, of course, this  
13      case doesn't arise from. This comes from the  
14      Eighth Circuit. And that -- that might be one  
15      way that advisors are saying they can do it in  
16      those circuits. Tax advisors tend to be risk  
17      averse. I think they would be very well aware  
18      of the fact that there are other ways to  
19      structure this, like the cross-insurance  
20      agreement or held by a trust or various ways in  
21      which the critical piece is that the life  
22      insurance proceeds do not go into the  
23      corporation, because the premise of Blount and  
24      Cartwright, the court of appeals decisions, is  
25      that somehow you can have money come into a

1 corporation and have it not count when you're  
2 valuing shares in the corporation.

3 And there's no reasoning whatsoever to  
4 explain why they think it's appropriate to treat  
5 the redemption --

6 CHIEF JUSTICE ROBERTS: Well --

7 MS. DUBIN: -- obligation as a  
8 liability.

9 CHIEF JUSTICE ROBERTS: Well, they  
10 might think it's appropriate because the money  
11 that comes in goes out fairly quickly.

12 MS. DUBIN: I agree that's definitely  
13 the sort of initial appeal of what Petitioner is  
14 saying and what the courts must have thought was  
15 true in Blount and Cartwright. It's simply just  
16 not correct, though, because the going out  
17 matters. If it's going out to a creditor, it  
18 reduces the corporation's net worth and it would  
19 reduce the shareholders' value. We absolutely  
20 agree with that.

21 But, here, when it went out, it went  
22 out to the holder of Michael's equity stake.  
23 Michael has a stake, and we are cashing out his  
24 shares. That's what's happening there. So it's  
25 not something that reduces the value of the

1     shareholders' shares. It would not reduce the  
2     value of Michael's shares, and it wouldn't  
3     reduce Crown's net worth when we're looking at  
4     it. It's not a debt owed to creditors. It is a  
5     promise to exchange a shareholder's shares for  
6     cash.

7                 JUSTICE KAGAN: So, if the IRS doesn't  
8     see many people doing this, what are they  
9     seeing? What do families do instead?

10                MS. DUBIN: Our understanding is it is  
11     much more common to do the cross-purchase  
12     arrangement. So you keep -- right. The two  
13     brothers would cross-insure each other. The  
14     life insurance proceeds would never come into  
15     the corporation. And so you have a situation  
16     where, if Thomas wanted to, he could buy Michael  
17     out, and that would be a much simpler way of  
18     accomplishing that, and you wouldn't have this  
19     problem that we're dealing with here where you  
20     have corporate assets that Petitioner has to  
21     argue shouldn't be counted as corporate assets.

22                CHIEF JUSTICE ROBERTS: And the reason  
23     that's not as attractive is because, in this  
24     situation, it's the corporation that is paying  
25     the premiums or --

1                   MS. DUBIN: They're a different --  
2                   they're not economically exactly the same  
3                   transactions, of course. It's not us saying  
4                   that this is, you know, sort of just a  
5                   form-over-substance distinction. That's not  
6                   what's happening here. They're different.

7                   In the situation that happened here,  
8                   you had Crown paying the premiums, Crown had the  
9                   benefits and burdens of ownership, and that's  
10                  why, in the end, when Crown then gets the  
11                  proceeds, it's treated as a corporate asset.

12                  In the cross-insurance arrangement, it  
13                  would be the brothers personally responsible for  
14                  maintaining those life insurance policies. And,  
15                  no, there would not be the same confidence from  
16                  one brother to another that you will maintain  
17                  those policies.

18                  So these -- these different tactics do  
19                  have different economic consequences, but those  
20                  are the choices taxpayers can make as they're  
21                  navigating how can we minimize the estate tax  
22                  consequences of a large estate.

23                  JUSTICE KAVANAUGH: Your position  
24                  doesn't depend on this, but I think it's little  
25                  rough to tell a tax advisor, oh, figure out

1     whether the Ninth and Eleventh Circuit opinions  
2     are thinly reasoned and don't follow them when  
3     they're --

4             MS. DUBIN:   So I don't -- I don't mean  
5     to disparage those decisions in any way, but I  
6     think that if Your Honor would look at them, I  
7     don't think you would need to be a tax  
8     specialist to think that they are not a fulsome  
9     analysis of this issue.  There's a few  
10    sentences, and they don't engage at all with the  
11    arguments that --

12            JUSTICE KAVANAUGH:  Right, but the --

13            MS. DUBIN:   -- the IRS had been  
14    making.

15            JUSTICE KAVANAUGH:  Right.  That's  
16    fair.  But, normally, you'd rely on the bottom  
17    line, I think, if you were in that business, two  
18    -- two courts of appeals, but --

19            MS. DUBIN:   Well, just to clarify that  
20    --

21            JUSTICE SOTOMAYOR:  But you have a  
22    whole bunch of academics who for years have been  
23    writing about this.

24            MS. DUBIN:   There are many academics  
25    writing about it, including one of the amicus

1 here, Professor Chodorow. There's also many,  
2 many other articles that have come out since  
3 those cases explaining why they're wrong,  
4 including those by Delaney, Burke, and  
5 Bogdanski, and other professors.

6 But I think just to go to sort of the  
7 heart of your question, the Tax Court, you know,  
8 is free -- it doesn't have to follow the Ninth  
9 and Eleventh Circuit decisions. So, if you are  
10 coming up in a circuit that is not the Ninth or  
11 Eleventh, there is no reason for you to think  
12 that those Ninth and Eleventh Circuit precedents  
13 are governing. And I do expect that tax  
14 advisors would know that.

15 JUSTICE KAVANAUGH: Mm-hmm.

16 JUSTICE KAGAN: But if I could just  
17 sort of put this in most simple -- you know,  
18 it's a little bit hard for me to get this  
19 through my head, but your basic pitch is this is  
20 not any old liability. This is a redemption  
21 obligation. A redemption obligation is supposed  
22 to split the pie, so you come away with a  
23 smaller pie. That's because that's what  
24 redemption obligations do.

25 MS. DUBIN: Yes, that's correct.



1 That's our basic pitch about a redemption  
2 obligation. I would just add that the other  
3 part of our pitch is that the hole in their case  
4 is that they are trying to value Michael's  
5 shares after Crown already redeemed them.

6 You can't do that. The price paid out  
7 for Michael's shares is value that goes to  
8 Michael's shares. If you subtract that as a \$3  
9 million liability before trying to value  
10 Michael's shares, you will never get the correct  
11 answer.

12 CHIEF JUSTICE ROBERTS: Thank you,  
13 counsel.

14 Anyone, anything further? Anything  
15 further? No? Thank you.

16 Rebuttal, Mr. Shanmugam.

17 REBUTTAL ARGUMENT OF KANNON K. SHANMUGAM

18 ON BEHALF OF THE PETITIONER

19 MR. SHANMUGAM: So the gist of the  
20 government's position is that it is not any old  
21 obligation, but that's the fundamental problem  
22 with the government's position.

23 You see, the government doesn't  
24 dispute the fact that it is a liability and  
25 common sense or accounting terms. They say:

1 Well, it's a liability that runs to an equity  
2 holder. It's a liability that runs to the  
3 Michael -- to Michael, but the problem here is  
4 that we're analyzing this from the perspective  
5 of a hypothetical buyer, not Michael.

6 And from the perspective of a  
7 hypothetical buyer, this is, therefore, like any  
8 other debt. The fact that the debt runs to one  
9 of the other shareholders rather than to the  
10 bank that holds the mortgage is of no moment.  
11 It is a liability that does not inure to the  
12 benefit of the hypothetical buyer.

13 And so when valuing the company and  
14 determining its net worth, you have to look at  
15 it from the perspective of somebody who is  
16 examining the entirety of the company and try to  
17 figure out what he or she would pay for that  
18 share.

19 And while it is true that we're trying  
20 to value Michael's shares, we're not trying to  
21 value Michael's actual shares because, after  
22 all, those are the precise shares that are  
23 subject to the \$3 million redemption obligation  
24 and are going to be extinguished. That's why  
25 you have to make the move to a hypothetical

1 block of shares in the same proportion.

2 Now, let's drill down a little bit  
3 about the basic flaw in the government's  
4 position. I think this flaw was illustrated in  
5 the colloquy between my friend, Ms. Dubin, and  
6 Justice Kavanaugh. And that is because the  
7 government's position is not just that Michael's  
8 shares are worth \$5.13 million. It's that after  
9 the redemption, the remaining shares, Thomas's  
10 shares, would be worth \$1.53 million.

11 What does that tell you? It tells you  
12 that in order to engage in a redemption at fair  
13 market value, the company would have to do  
14 something that it would never do. This is a  
15 \$3.86 million company that would have to use  
16 some of that corporate value and some of its  
17 operating assets in order to redeem the shares  
18 and thereby diminish the remainder of the  
19 company and be left with a stub of a company.

20 And particularly for a company like  
21 Crown in an industry like the construction  
22 industry, where most of the assets are literally  
23 bricks and mortar inventory, that is something  
24 that is completely counterfactual and would  
25 never take place in the real world.

1                   And, parenthetically, to the extent  
2                   that the government comes back to the fact that  
3                   supposedly under our approach the two sets of  
4                   shares would add up to \$6.86 million, because  
5                   Thomas's shares would be valued at \$3.86  
6                   million, the problem with that is that \$3.86  
7                   million is the post-redemption value of Thomas's  
8                   shares.

9                   Under our approach, as the pie charts  
10                  in our reply brief bear out, if you are valuing  
11                  Thomas's shares, those shares would be worth  
12                  only \$880,000 at the time of Michael's death,  
13                  precisely because what you're trying to do is to  
14                  value the entire company from the perspective of  
15                  a hypothetical buyer.

16                 Now, to the extent the government  
17                 says, well, you're getting a benefit here,  
18                 you're getting a \$3 million redemption of shares  
19                 and Thomas is walking away with the same company  
20                 that existed beforehand, that is a feature of  
21                 the fact that the company is getting, through  
22                 awards of the life insurance, it is getting \$3  
23                 million and that \$3 million is being put to use.

24                 But that is being accounted for by the  
25                 operation of the tax system, and, in particular,

1 the operation of the capital gains tax. And to  
2 the extent that Ms. Dubin today in response to  
3 Justice Sotomayor said: Well, you may not get  
4 that money right away, you only get it upon  
5 realization, you only get the difference between  
6 the value at the time of realization and the  
7 value at the time that Thomas acquired the  
8 shares, all of those are features of the capital  
9 gains system.

10 In terms of whether or not this is a  
11 common practice, that's obviously a hard thing  
12 to quantify. I would respectfully submit that  
13 the number of client alerts and -- and the  
14 amount of froth in the industry in response to  
15 the Court's grant of cert suggests that this is  
16 a pretty common practice.

17 But if we look at the reported cases,  
18 I think the two critical facts are, first, that  
19 the government, in fact, took the contrary  
20 position in Estate of Cartwright, a case where  
21 the contrary position benefitted the government  
22 because we were dealing with income tax, rather  
23 than the estate tax; second, that the government  
24 never indicated its non-acquiescence in those  
25 decisions as the IRS sometimes does when it

1 disagrees with them; and, third, that I think  
2 it's a little bit unfair to disparage the Ninth  
3 and the Eleventh Circuits here, because it isn't  
4 as if the Eighth Circuit offered more extended  
5 reasoning.

6 The sum total of the Eighth Circuit's  
7 reasoning was that if you posited a buyer of the  
8 entirety of the company, that buyer could  
9 capture the value of the life insurance  
10 proceeds. And ultimately that analysis is  
11 fundamentally flawed.

12 And none of the alternative ways of  
13 attempting to achieve the same result that the  
14 government posits, in fact, are successful. I  
15 think Ms. Dubin actually herself illustrated the  
16 flaws with individuals cross-purchasing  
17 insurance in order to conduct this arrangement  
18 off the corporate books. Individuals could, of  
19 course, charge their minds. There would be the  
20 lack of certainty. But fundamentally the  
21 corporation would not be paying the premiums and  
22 the corporation is the one who benefits from  
23 continuity of ownership.

24 Thank you.

25 CHIEF JUSTICE ROBERTS: Thank you,

1 counsel. The case is submitted.

2 (Whereupon, at 12:35 p.m., the case  
3 was submitted.)

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

## Official - Subject to Final Review

<p><b>\$</b></p> <p><b>\$1</b> [2] 38:19,21  <b>\$1.5</b> [1] 37:3  <b>\$1.53</b> [1] 58:10  <b>\$2.3</b> [1] 35:7  <b>\$3</b> [34] 6:12 8:5,20 9:2 12:7  17:25 19:2 20:16,18,22 22:  10 23:18 24:2 32:10,23 33:  9 34:8,16 39:6,8 40:6,9 41:  8,17 43:1,2 45:15 47:17  48:4 56:8 57:23 59:18,22,  23  <b>\$3.5</b> [2] 12:20 20:23  <b>\$3.68</b> [1] 5:22  <b>\$3.86</b> [12] 7:16 8:5 11:17  22:10 32:13 43:9 44:25 47:  16 48:6 58:15 59:5,6  <b>\$4</b> [2] 33:16 38:11  <b>\$5</b> [4] 33:16 38:10,16,18  <b>\$5.13</b> [1] 58:8  <b>\$5.3</b> [12] 8:7,10 10:3,5,14  12:12,17 28:19 35:5 37:2  40:2,2  <b>\$500,000</b> [2] 20:25 45:11  <b>\$6.86</b> [11] 7:18 8:7 37:4 42:  18,24 46:8 47:18,20 48:3,8  59:4  <b>\$880,000</b> [1] 59:12</p> <p><b>1</b></p> <p><b>1.53</b> [1] 43:17  <b>11:41</b> [2] 1:17 3:2  <b>12:35</b> [1] 62:2  <b>1999</b> [1] 48:25</p> <p><b>2</b></p> <p><b>20</b> [2] 38:16,18  <b>2005</b> [1] 48:25  <b>2020-31(1)(b)</b> [1] 17:2  <b>2020-31(2)(f)</b> [1] 16:1  <b>2024</b> [1] 1:13  <b>2031</b> [1] 39:18  <b>2033</b> [1] 39:18  <b>2036</b> [1] 39:19  <b>22</b> [1] 9:17  <b>23-146</b> [1] 3:4  <b>26</b> [1] 39:18  <b>27</b> [1] 1:13  <b>2703</b> [1] 9:5</p> <p><b>3</b></p> <p><b>3</b> [5] 2:4 8:16 33:4,6,6  <b>3.5</b> [1] 33:3  <b>3.86</b> [3] 5:18 7:8 32:7  <b>31</b> [1] 2:7  <b>37</b> [1] 33:15</p> <p><b>4</b></p> <p><b>4</b> [1] 38:20</p> <p><b>5</b></p> <p><b>5.3</b> [1] 35:11  <b>50</b> [1] 47:1  <b>56</b> [1] 2:10</p>	<p><b>6</b></p> <p><b>6</b> [1] 43:11  <b>6.86</b> [6] 7:8 8:19 32:7,20 36:  21 45:1</p> <p><b>7</b></p> <p><b>70</b> [1] 39:24  <b>77</b> [9] 8:5,7 22:2 32:23 39:  23,24 42:17,21,23  <b>77.18</b> [2] 15:20 16:19</p> <p><b>8</b></p> <p><b>80</b> [2] 33:15 38:10</p> <p><b>A</b></p> <p><b>a.m</b> [2] 1:17 3:2  <b>able</b> [3] 8:11 21:22 42:5  <b>above-entitled</b> [1] 1:15  <b>Absolutely</b> [2] 42:1 51:19  <b>academics</b> [2] 54:22,24  <b>accomplishing</b> [1] 52:18  <b>According</b> [1] 31:9  <b>accords</b> [1] 19:9  <b>account</b> [7] 5:8 7:19 9:25  18:11 21:9 24:24 28:11  <b>accounted</b> [1] 59:24  <b>accounting</b> [3] 17:15,16  56:25  <b>achieve</b> [1] 61:13  <b>acknowledges</b> [1] 13:19  <b>acquired</b> [1] 60:7  <b>actual</b> [2] 16:21 57:21  <b>actually</b> [10] 6:16,17,21 13:  17 23:5 29:25 30:12 41:8  44:25 61:15  <b>add</b> [2] 56:2 59:4  <b>added</b> [1] 32:16  <b>additional</b> [1] 16:17  <b>address</b> [1] 37:21  <b>adds</b> [1] 37:4  <b>adjusted</b> [1] 16:11  <b>adjustment</b> [1] 16:14  <b>admits</b> [1] 32:11  <b>advisor</b> [1] 53:25  <b>advisors</b> [4] 49:14 50:15,  16 55:14  <b>affected</b> [1] 30:17  <b>agree</b> [11] 3:13 4:3 17:23  34:14 36:19 41:8,10 42:7,  11 51:12,20  <b>agreed</b> [1] 28:19  <b>agreeing</b> [1] 38:2  <b>agreement</b> [15] 6:20 7:1,  13 8:23 12:9,16 13:22 15:  24 16:4,13 19:11 20:24 23:  25 29:12 50:20  <b>agrees</b> [1] 37:13  <b>Ah</b> [1] 41:17  <b>alerts</b> [1] 60:13  <b>Alito</b> [1] 29:4  <b>allegation</b> [1] 35:2  <b>already</b> [2] 46:18 56:5  <b>alternative</b> [2] 14:2 61:12  <b>although</b> [1] 42:10</p>	<p><b>amicus</b> [5] 22:22 24:6 25:9  37:24 54:25  <b>among</b> [2] 32:4 44:15  <b>amount</b> [8] 10:2 12:8,10,11  28:21,23 44:22 60:14  <b>analysis</b> [6] 20:15 21:7 29:  19 39:7 54:9 61:10  <b>analyzing</b> [1] 57:4  <b>announcement</b> [1] 23:8  <b>another</b> [3] 10:13 19:15 53:  16  <b>answer</b> [7] 31:19,20 35:15,  18 41:2 42:2 56:11  <b>answered</b> [1] 46:18  <b>appeal</b> [1] 51:13  <b>appeals</b> [4] 5:13 21:25 50:  24 54:18  <b>appeals'</b> [2] 3:23 21:25  <b>APPEARANCES</b> [1] 1:19  <b>application</b> [1] 9:21  <b>applying</b> [2] 8:3 28:10  <b>approach</b> [13] 5:4 9:19,20  10:11,18 12:4 16:5 19:8,  21 21:15,16 59:3,9  <b>appropriate</b> [3] 8:19 51:4,  10  <b>approximately</b> [2] 32:10  45:11  <b>area</b> [1] 16:11  <b>argue</b> [1] 52:21  <b>argues</b> [1] 4:18  <b>arguing</b> [1] 33:2  <b>argument</b> [10] 1:16 2:2,5,8  3:4,7 31:3 33:7,8 56:17  <b>arguments</b> [1] 54:11  <b>arise</b> [1] 50:13  <b>arm's-length</b> [1] 12:15  <b>around</b> [3] 11:18 12:7 45:  14  <b>arrange</b> [1] 48:1  <b>arrangement</b> [4] 14:11 52:  12 53:12 61:17  <b>arrangements</b> [1] 3:18  <b>articles</b> [1] 55:2  <b>artificiality</b> [2] 27:22,23  <b>aside</b> [1] 45:13  <b>assessing</b> [2] 4:20 41:23  <b>assessment</b> [2] 18:11,13  <b>asset</b> [11] 4:15 10:19 17:3  18:19,20 19:12 20:17,25,  25 41:9 53:11  <b>assets</b> [16] 7:9 12:21 18:5  25:16 30:3,4,17 34:12 42:  18 44:15 47:10 48:3 52:20,  21 58:17,22  <b>Assistant</b> [1] 1:22  <b>assume</b> [5] 15:9 21:7,18,  21 29:10  <b>assuming</b> [2] 7:7,8  <b>attach</b> [1] 4:19  <b>attempting</b> [2] 23:22 61:  13  <b>attractive</b> [1] 52:23  <b>averse</b> [1] 50:17</p>	<p><b>awards</b> [1] 59:22  <b>aware</b> [1] 50:17  <b>away</b> [12] 11:3,15 30:15 32:  9,12 38:25 46:6,7,25 55:22  59:19 60:4</p> <p><b>B</b></p> <p><b>back</b> [4] 26:22 32:21 38:7  59:2  <b>bank</b> [1] 57:10  <b>BARRETT</b> [5] 14:23 15:17  29:8 34:14 40:12  <b>basic</b> [5] 23:9 31:8 55:19  56:1 58:3  <b>basis</b> [4] 11:21 30:19 36:14,  15  <b>bear</b> [1] 59:10  <b>bears</b> [1] 17:12  <b>becomes</b> [2] 35:16 46:4  <b>beforehand</b> [1] 59:20  <b>behalf</b> [8] 1:21,23 2:4,7,10  3:8 31:4 56:18  <b>belong</b> [1] 8:14  <b>below</b> [3] 35:3,17 43:23  <b>beneficiaries</b> [1] 36:2  <b>beneficiary</b> [1] 11:10  <b>benefit</b> [11] 11:15 13:7 14:  10,11,13 22:9 25:4 35:8  41:18 57:12 59:17  <b>benefiting</b> [1] 27:10  <b>benefits</b> [3] 9:15 53:9 61:  22  <b>benefitted</b> [1] 60:21  <b>bequeathment</b> [1] 36:13  <b>bequeaths</b> [1] 35:22  <b>best</b> [2] 28:14 50:10  <b>between</b> [6] 4:11,22 6:4 18:  14 58:5 60:5  <b>bit</b> [6] 37:23 44:11 45:12 55:  18 58:2 61:2  <b>Black</b> [1] 32:15  <b>blink</b> [1] 7:6  <b>block</b> [3] 16:8,19 58:1  <b>Blount</b> [5] 48:24 49:18,19  50:23 51:15  <b>Bogdanski</b> [1] 55:5  <b>books</b> [7] 11:13 19:7,12 21:  1 23:18 27:5 61:18  <b>both</b> [9] 6:17 13:4 22:4,21  38:23,25 39:5 41:7,10  <b>bottom</b> [1] 54:16  <b>bought</b> [2] 45:17 47:3  <b>bricks</b> [1] 58:23  <b>bridling</b> [1] 14:21  <b>brief</b> [7] 22:21 23:12 25:10  29:22 33:15 43:10 59:10  <b>briefs</b> [3] 22:22 24:6 37:24  <b>broader</b> [1] 21:3  <b>brother</b> [2] 15:13 53:16  <b>brothers</b> [2] 52:13 53:13  <b>bug</b> [1] 11:25  <b>build</b> [1] 15:8  <b>bunch</b> [1] 54:22  <b>burdens</b> [1] 53:9</p>	<p><b>Burke</b> [1] 55:4  <b>business</b> [4] 5:18 30:18  43:24 54:17  <b>businesses</b> [1] 5:11  <b>buy</b> [8] 6:1 15:1,10,11 23:  22 46:8,9 52:16  <b>buy-sell</b> [5] 6:20 7:1 12:9  19:11 23:25  <b>buyer</b> [39] 4:12,13,25 5:16,  22,25 7:23 8:8,11 10:4 15:  18,20 18:4,22 19:1 21:8,21  22:1,3,6 23:16,21,22 24:22,  24 27:21 28:6,8 42:3,4,8,  13,16 57:5,7,12 59:15 61:7,  8  <b>buying</b> [1] 8:9  <b>buys</b> [1] 42:16</p> <p><b>C</b></p> <p><b>calculating</b> [2] 10:1 11:2  <b>came</b> [2] 1:15 32:24  <b>cannot</b> [2] 7:1 28:25  <b>capacity</b> [1] 30:2  <b>capital</b> [12] 9:21 10:8 11:19,  20,25 34:20 35:14,21 36:4,  5 60:1,8  <b>capture</b> [4] 8:11 21:22 42:  6 61:9  <b>captures</b> [1] 12:3  <b>care</b> [1] 9:20  <b>cares</b> [1] 35:25  <b>Cartwright</b> [4] 48:25 50:24  51:15 60:20  <b>Case</b> [18] 3:4,17 4:1 16:10  20:21 25:7 27:23,24 37:8,  19 42:25 48:16 49:1 50:13  56:3 60:20 62:1,2  <b>cases</b> [4] 48:24 49:2 55:3  60:17  <b>cash</b> [11] 32:11 33:12,18  38:5,8,12 42:20 44:16 45:  9 47:10 52:6  <b>cashing</b> [1] 51:23  <b>cent</b> [2] 10:21 11:5  <b>cert</b> [2] 49:3 60:15  <b>certain</b> [1] 4:6  <b>certainty</b> [1] 61:20  <b>Chambers</b> [1] 25:9  <b>change</b> [2] 4:11 43:21  <b>changes</b> [1] 29:16  <b>changing</b> [1] 32:4  <b>charge</b> [2] 6:16 61:19  <b>charged</b> [1] 49:4  <b>charts</b> [2] 43:10 59:9  <b>CHIEF</b> [16] 3:3,9 29:1 30:  24 31:2,5 48:10,11,12 49:  25 50:5 51:6,9 52:22 56:  12 61:25  <b>Chodorow</b> [2] 24:5 55:1  <b>choices</b> [1] 53:20  <b>Circuit</b> [7] 49:16 50:14 54:  1 55:9,10,12 61:4  <b>Circuit's</b> [1] 61:6  <b>Circuits</b> [4] 50:2,12,16 61:</p>
---	--	--	---	---



## Official - Subject to Final Review

<p>3  <b>circumstance</b> [3] 29:17 30:6,9  <b>circumstances</b> [3] 4:7,9 16:7  <b>clarify</b> [1] 54:19  <b>clear</b> [1] 25:2  <b>clearly</b> [2] 24:13 49:20  <b>client</b> [1] 60:13  <b>close</b> [1] 32:24  <b>closely</b> [3] 3:12 25:8 28:19  <b>closely-held</b> [2] 14:14 48:2  <b>Code</b> [1] 4:2  <b>coffers</b> [1] 39:3  <b>coincidentally</b> [1] 12:8  <b>colloquy</b> [1] 58:5  <b>come</b> [8] 11:3,15 19:3 28:1 50:25 52:14 55:2,22  <b>comes</b> [8] 13:10 26:15 35:2,7 44:23 50:13 51:11 59:2  <b>coming</b> [3] 24:25 41:25 55:10  <b>common</b> [9] 5:7 17:11 19:9 48:14 50:6 52:11 56:25 60:11,16  <b>companies</b> [2] 23:6 25:14  <b>company</b> [85] 4:21 5:3 6:17,21 7:10,13,16,18,25 8:14 9:18,18 10:22 11:5,17 13:8,13 14:3 15:1,19,23 16:2,16 17:9 18:6,12,23 19:4,22 22:3,25 23:16 25:19,22 26:11,21,22 28:13 29:10,12 30:3,14,16,20 32:20 33:16,17,20,24 34:5,18 38:1,4,5,11,17,18,22 39:24,25 40:7 41:16 42:18,24 43:6 44:18 45:3,4,19 46:4 47:1,12 48:6,8 57:13,16 58:13,15,19,19,20 59:14,19,21 61:8  <b>company's</b> [5] 21:1 30:1 32:17 44:4 46:15  <b>comparable</b> [1] 17:3  <b>complains</b> [1] 11:18  <b>completely</b> [2] 11:7 58:24  <b>complicated</b> [1] 14:4  <b>concedes</b> [1] 34:3  <b>concept</b> [1] 47:7  <b>conceptual</b> [2] 13:1 16:25  <b>conclusion</b> [1] 3:24  <b>conclusive</b> [1] 49:11  <b>conduct</b> [1] 61:17  <b>conducting</b> [1] 21:7  <b>confidence</b> [1] 53:15  <b>confirms</b> [1] 12:10  <b>Congress</b> [1] 21:4  <b>CONNELLY</b> [4] 1:3,5 3:4 46:6  <b>Connelly's</b> [1] 31:8  <b>consequence</b> [1] 9:12  <b>consequences</b> [2] 53:19,</p>	<p>22  <b>consider</b> [3] 15:3 18:4,22  <b>constant</b> [2] 22:18 23:4  <b>construction</b> [1] 58:21  <b>contained</b> [1] 12:9  <b>context</b> [6] 11:14 14:14 24:20,21 26:18 27:12  <b>continuity</b> [9] 3:11 14:12 25:11,17 47:24 48:1,15 50:7 61:23  <b>contractual</b> [5] 3:20 4:16,22 5:1 23:13  <b>contradicts</b> [1] 31:8  <b>contrary</b> [4] 3:24 31:21 60:19,21  <b>contrast</b> [3] 24:21 26:17 39:2  <b>control</b> [2] 16:9 47:11  <b>corporate</b> [17] 4:17 22:10 23:18 31:24 32:2,3,6 34:12 38:24 39:5 44:15 48:3 52:20,21 53:11 58:16 61:18  <b>corporation</b> [28] 13:7,7 14:8,10,16,17 17:24 18:5 33:22 36:21,24 39:3,4,11,16 40:19,25 41:9 44:21,24 48:2 50:23 51:1,2 52:15,24 61:21,22  <b>corporation's</b> [4] 3:21 31:25 36:25 51:18  <b>corporations</b> [5] 3:12 14:14 25:8 48:14 50:7  <b>correct</b> [13] 6:25 16:5 20:6 26:16 28:25 31:18 33:11 39:17,21 46:3 51:16 55:25 56:10  <b>couldn't</b> [1] 49:6  <b>counsel</b> [4] 29:2 30:25 56:13 62:1  <b>count</b> [3] 18:8 41:9 51:1  <b>counted</b> [1] 52:21  <b>counterfactual</b> [3] 9:7,8 58:24  <b>couple</b> [1] 34:25  <b>course</b> [9] 6:11 12:4,5 22:3 39:11,20 50:12 53:3 61:19  <b>COURT</b> [13] 1:1,16 3:10,23 4:18 5:12 9:9 16:10 21:24,25 31:6 50:24 55:7  <b>Court's</b> [5] 5:14 32:25 49:18,19 60:15  <b>courts</b> [2] 51:14 54:18  <b>cover</b> [1] 47:4  <b>covered</b> [2] 24:9 28:23  <b>creditor</b> [1] 51:17  <b>creditors</b> [4] 32:1 40:17,20 52:4  <b>critical</b> [4] 22:13 43:19 50:21 60:18  <b>cross-insurance</b> [2] 50:19 53:12  <b>cross-insure</b> [1] 52:13  <b>cross-purchase</b> [2] 13:22</p>	<p>52:11  <b>cross-purchasing</b> [1] 61:16  <b>Crown</b> [24] 10:4 12:14,16,18 28:20,20 31:10,11 32:23 35:2,8 42:3,12,14 46:3,4,9,10 47:16 53:8,8,10 56:5 58:21  <b>Crown's</b> [3] 15:20 32:19 52:3</p> <hr/> <p><b>D</b></p> <p><b>D.C</b> [3] 1:12,20,23  <b>date</b> [3] 34:5,13 36:21  <b>day</b> [10] 5:16,25 22:14,15,25 45:5,9,11 46:25 47:2  <b>dealing</b> [4] 22:23 23:6 52:19 60:22  <b>dealt</b> [1] 18:2  <b>death</b> [13] 3:14 17:18 19:23,24 29:14 34:6,13 35:25 36:22 41:21 46:25 47:3 59:12  <b>debating</b> [1] 18:19  <b>debt</b> [21] 5:2 23:17 27:20 31:24 32:1 33:10,23,23 37:7,14 39:2,2,7 40:6,11,14,16 41:11 52:4 57:8,8  <b>decades</b> [1] 5:12  <b>decendent's</b> [4] 3:23 5:5 8:9 39:20  <b>decides</b> [1] 22:25  <b>decision</b> [2] 49:18,19  <b>decisions</b> [6] 35:2 49:16 50:24 54:5 55:9 60:25  <b>decrease</b> [2] 34:4 39:10  <b>defeats</b> [1] 32:18  <b>definitely</b> [1] 51:12  <b>defy</b> [1] 5:7  <b>Delaney</b> [1] 55:4  <b>Department</b> [1] 1:23  <b>depend</b> [1] 53:24  <b>depends</b> [3] 33:9 35:21,22  <b>depressive</b> [3] 30:1,7,8  <b>derives</b> [2] 14:10,16  <b>destroy</b> [1] 5:10  <b>destroyed</b> [1] 28:20  <b>determination</b> [1] 17:5  <b>determine</b> [1] 40:20  <b>determined</b> [1] 4:10  <b>determining</b> [2] 49:23 57:14  <b>died</b> [4] 5:17,25 6:6,8  <b>dies</b> [5] 11:22 45:5,9,12,17  <b>differ</b> [1] 41:3  <b>difference</b> [4] 18:14,17 27:18 60:5  <b>different</b> [10] 22:20 26:24 27:1 29:19 30:10 41:22 53:1,6,18,19  <b>differently</b> [2] 14:1 18:16  <b>difficult</b> [1] 37:8  <b>diminish</b> [1] 58:18  <b>diminution</b> [1] 23:2  <b>dip</b> [3] 12:20 25:16 46:16</p>	<p><b>dipped</b> [1] 45:19  <b>dipping</b> [2] 34:23 35:1  <b>disabled</b> [1] 6:21  <b>disagree</b> [3] 11:7 23:10 25:7  <b>disagrees</b> [1] 61:1  <b>disparage</b> [2] 54:5 61:2  <b>dispute</b> [4] 17:10 32:14 48:12 56:24  <b>disputing</b> [1] 18:18  <b>disregard</b> [3] 9:10 21:17 24:23  <b>disregarding</b> [1] 24:2  <b>disruption</b> [2] 25:12,22  <b>distinction</b> [1] 53:5  <b>distinguish</b> [2] 4:22 6:4  <b>distinguishable</b> [1] 14:5  <b>divided</b> [1] 32:20  <b>divides</b> [1] 32:3  <b>dividing</b> [1] 44:14  <b>doing</b> [4] 21:2 40:18 49:12 52:8  <b>done</b> [6] 13:3 35:11 38:9,25 43:15,16  <b>door</b> [2] 23:19 25:1  <b>dose</b> [1] 19:9  <b>double</b> [6] 5:6 10:12 34:23 35:1,6,7  <b>down</b> [3] 16:12 23:7 58:2  <b>dramatically</b> [1] 44:5  <b>drill</b> [1] 58:2  <b>dropped</b> [1] 44:4  <b>DUBIN</b> [41] 1:22 2:6 31:2,3,5 33:8 34:25 36:7,11,20 37:11,16,22 40:16 41:6 42:1,10 43:8,14 44:6,10 45:6,20 46:1,21 47:5 48:20 50:4,9 51:7,12 52:10 53:1 54:4,13,19,24 55:25 58:5 60:2 61:15  <b>during</b> [1] 36:11</p> <hr/> <p><b>E</b></p> <p><b>each</b> [4] 13:4 19:16 32:16 52:13  <b>earlier</b> [2] 19:21 44:11  <b>earmarked</b> [4] 18:9,24 20:8 41:4  <b>earning</b> [1] 30:2  <b>economic</b> [2] 28:12 53:19  <b>economically</b> [1] 53:2  <b>edges</b> [1] 11:19  <b>effect</b> [8] 10:24 19:11 21:3 26:6 30:1,7,8,20  <b>effectively</b> [5] 5:6 9:24 10:12 21:20 26:10  <b>Eighth</b> [3] 50:14 61:4,6  <b>either</b> [4] 21:17 31:20 34:10 42:16  <b>Eleventh</b> [8] 49:15 50:2,12 54:1 55:9,11,12 61:3  <b>end</b> [2] 10:24 53:10  <b>engage</b> [7] 9:6,9 25:8,16 30:21 54:10 58:12</p>	<p><b>engaging</b> [1] 25:12  <b>enhances</b> [1] 18:6  <b>enough</b> [1] 17:20  <b>ensure</b> [2] 3:11 25:17  <b>ensures</b> [1] 23:3  <b>ensuring</b> [1] 25:11  <b>entered</b> [2] 13:22 19:10  <b>enterprise</b> [1] 47:16  <b>entire</b> [2] 12:20 59:14  <b>entirety</b> [3] 22:3 57:16 61:8  <b>entitled</b> [6] 8:1 13:8 24:1 36:13 37:2 38:11  <b>enumerate</b> [1] 17:17  <b>equal</b> [1] 32:17  <b>equities</b> [1] 32:21  <b>equity</b> [13] 27:10 32:16 36:25 37:1 38:4,7 39:9 40:21,22,23,25 51:22 57:1  <b>equivalent</b> [2] 17:3 40:3  <b>erroneous</b> [1] 3:24  <b>escapes</b> [1] 34:15  <b>ESQ</b> [3] 2:3,6,9  <b>ESQUIRE</b> [1] 1:20  <b>essentially</b> [1] 44:13  <b>establish</b> [1] 4:5  <b>ESTATE</b> [29] 1:4 3:18,22 4:6 5:9 6:16 7:1 10:1 12:6,6 31:9,19 32:14,22 35:12,13,16,24 36:1 41:23 43:20,25 47:19 48:7 49:4 53:21,22 60:20,23  <b>estate's</b> [4] 31:7,13,21 32:9  <b>estimation</b> [1] 44:5  <b>evaluation</b> [2] 31:7 32:22  <b>even</b> [6] 15:12 24:1 32:8 39:22 45:17 47:3  <b>eventual</b> [1] 9:21  <b>eventually</b> [1] 10:8  <b>everything</b> [1] 23:11  <b>exactly</b> [3] 23:14 45:18 53:2  <b>examiners</b> [1] 49:4  <b>examining</b> [1] 57:16  <b>example</b> [2] 33:14,22  <b>except</b> [1] 6:19  <b>exchange</b> [7] 38:2,5,8 42:20 44:16 47:10 52:5  <b>EXECUTOR</b> [1] 1:4  <b>exist</b> [1] 38:15  <b>existed</b> [1] 59:20  <b>existing</b> [5] 26:25 32:4 33:13 38:3 44:15  <b>expect</b> [1] 55:13  <b>explain</b> [7] 10:6 11:8 13:18 27:17 37:10 44:9 51:4  <b>explaining</b> [2] 37:25 55:3  <b>explains</b> [2] 25:10 49:19  <b>explanation</b> [1] 24:12  <b>extended</b> [1] 61:4  <b>extent</b> [5] 29:23 37:17 59:1,16 60:2  <b>extinguish</b> [3] 11:12 22:6 41:18</p>
---	---	--	---	--

## Official - Subject to Final Review

<p><b>extinguished</b> [3] 16:22 38:14 57:24  <b>extinguishing</b> [1] 26:24  <b>extremely</b> [2] 37:8 49:16  <b>extremes</b> [1] 49:20</p> <hr/> <p><b>F</b></p> <p><b>fact</b> [19] 6:20 11:1,19 17:2,10,16 22:23 28:4,18 30:8 48:17 49:8 50:18 56:24 57:8 59:2,21 60:19 61:14  <b>facts</b> [3] 21:9 28:11 60:18  <b>factual</b> [1] 27:17  <b>fails</b> [1] 4:21  <b>fair</b> [23] 17:20 18:13 27:17 28:16,18 29:13 32:24 33:18 35:3,3,4,9,11,17 38:9,25 43:15,16,23 44:1 47:21 54:16 58:12  <b>fairly</b> [1] 51:11  <b>families</b> [1] 52:9  <b>family</b> [7] 25:20 32:19 35:2 46:6,13 48:14 50:6  <b>far</b> [1] 17:17  <b>feature</b> [1] 59:20  <b>features</b> [2] 11:24 60:8  <b>federal</b> [1] 3:18  <b>Feel</b> [1] 43:4  <b>few</b> [1] 54:9  <b>figure</b> [4] 24:3 26:2 53:25 57:17  <b>find</b> [2] 37:8 49:7  <b>first</b> [14] 6:23,24 7:12,14 14:12 16:17 22:5 31:11,14 35:1,15 40:6 46:2 60:18  <b>five</b> [1] 18:6  <b>flaw</b> [4] 21:24 24:15 58:3,4  <b>flawed</b> [1] 61:11  <b>flaws</b> [1] 61:16  <b>focused</b> [1] 5:24  <b>focusing</b> [1] 16:1  <b>follow</b> [3] 25:25 54:2 55:8  <b>form-over-substance</b> [1] 53:5  <b>forth</b> [1] 11:23  <b>four</b> [3] 11:4 24:18 26:13  <b>framework</b> [3] 3:25 21:3,5  <b>free</b> [3] 43:4,22 55:8  <b>free-floating</b> [2] 40:11,14  <b>friend</b> [1] 58:5  <b>friend's</b> [2] 48:13 50:2  <b>froth</b> [1] 60:14  <b>fulfill</b> [1] 3:20  <b>fulsome</b> [1] 54:8  <b>fund</b> [4] 3:15 19:6 29:11 30:4  <b>fundamental</b> [9] 8:3,25 10:10,18 16:15 24:15 31:22 44:7 56:21  <b>fundamentally</b> [2] 61:11,20  <b>funds</b> [1] 24:25  <b>fungible</b> [1] 20:12  <b>further</b> [2] 56:14,15</p>	<p><b>future</b> [3] 30:1 35:14,20</p> <hr/> <p><b>G</b></p> <p><b>gain</b> [1] 36:5  <b>gains</b> [11] 9:21 10:8 11:20,20,25 34:20 35:15,21 36:4 60:1,9  <b>General</b> [1] 1:22  <b>generally</b> [2] 37:25 40:17  <b>gets</b> [4] 14:4,18 44:17 53:10  <b>getting</b> [7] 26:21 44:16 46:17 59:17,18,21,22  <b>gist</b> [1] 56:19  <b>give</b> [7] 13:7 31:18,19 38:8 47:9,17 48:5  <b>gives</b> [1] 16:8  <b>giving</b> [2] 17:18 21:3  <b>going-forward</b> [1] 30:18  <b>GORSUCH</b> [15] 17:20 18:16,21 19:14,18 20:1,9,13,18 29:6 41:2,14 42:7 48:9,11  <b>got</b> [4] 17:21 28:12 46:14,24  <b>gotten</b> [2] 13:5 36:6  <b>govern</b> [2] 41:7 46:23  <b>governing</b> [2] 3:25 55:13  <b>government</b> [28] 4:18,21 7:14 9:9,23 10:2,7 11:18 13:17,19 14:20 16:4 17:9 18:3 20:4 24:18 25:5 28:1 29:21 34:23 48:17 56:23 59:2,16 60:19,21,23 61:14  <b>government's</b> [22] 5:3 7:17,19 8:4,6 9:20 10:11 12:13,14,22 21:15,16,19 22:21 23:11 28:16,25 43:20 56:20,22 58:3,7  <b>grant</b> [1] 60:15  <b>great</b> [1] 48:18  <b>grossly</b> [1] 5:4  <b>guess</b> [3] 26:2 49:12 50:10</p> <hr/> <p><b>H</b></p> <p><b>half</b> [2] 45:19 46:16  <b>hand</b> [3] 4:23 49:15,17  <b>hands</b> [2] 4:11 22:4  <b>happen</b> [2] 35:19 45:25  <b>happened</b> [2] 20:16 53:7  <b>happening</b> [5] 49:13 50:10,11 51:24 53:6  <b>happens</b> [1] 38:13  <b>happy</b> [1] 10:6  <b>hard</b> [2] 55:18 60:11  <b>head</b> [1] 55:19  <b>healthy</b> [1] 19:9  <b>hear</b> [6] 3:3 17:9 18:3,7 37:10,20  <b>heart</b> [1] 55:7  <b>heir</b> [4] 12:5,6 25:18,19  <b>heirs</b> [2] 36:2,14  <b>held</b> [5] 3:12 22:25 23:6 25:8 50:20</p>	<p><b>Hellwig's</b> [1] 24:6  <b>help</b> [1] 41:14  <b>helpful</b> [1] 37:24  <b>helps</b> [1] 13:17  <b>herself</b> [1] 61:15  <b>higher</b> [1] 10:2  <b>holder</b> [5] 17:18 40:9 43:3 51:22 57:2  <b>holds</b> [1] 57:10  <b>hole</b> [1] 56:3  <b>Honor</b> [2] 6:14 54:6  <b>honored</b> [1] 42:22  <b>hugely</b> [1] 8:2  <b>hundred</b> [3] 9:18 13:9,14 25 5:21 10:3 13:16 15:18,20 16:18 21:6,8,21 22:9 23:15,21 24:22,24 27:21 28:4,6,8 29:21,24 33:14 39:23 41:15 57:5,7,12,25 59:15  <b>hypotheticals</b> [1] 21:20</p> <hr/> <p><b>I</b></p> <p><b>idea</b> [1] 33:9  <b>idiosyncratic</b> [1] 43:24  <b>ignore</b> [1] 5:8  <b>illustrated</b> [2] 58:4 61:15  <b>illustrates</b> [2] 12:22 28:24  <b>illustrations</b> [1] 42:2  <b>immediately</b> [1] 19:5  <b>important</b> [5] 6:4 8:2 17:7 18:17 34:3  <b>impossible</b> [1] 23:24  <b>impractical</b> [1] 14:3  <b>included</b> [1] 7:9  <b>including</b> [2] 54:25 55:4  <b>income</b> [1] 60:22  <b>incomes</b> [1] 32:9  <b>increase</b> [5] 3:21,22 9:15 10:9 12:3  <b>increases</b> [1] 26:13  <b>increasing</b> [1] 4:14  <b>incredibly</b> [1] 14:13  <b>indeed</b> [2] 20:21 24:18  <b>indicated</b> [1] 60:24  <b>individuals</b> [4] 13:20 14:6 61:16,18  <b>industry</b> [3] 58:21,22 60:14  <b>inflated</b> [1] 5:4  <b>inherent</b> [1] 27:24  <b>initial</b> [2] 19:11 51:13  <b>ink</b> [1] 22:20  <b>inquiry</b> [3] 9:7,8 35:23  <b>instance</b> [1] 16:8  <b>instead</b> [1] 52:9  <b>insurance</b> [51] 3:14,19 4:14 7:9,20,24 8:1,12,13,21 9:24 11:11 12:19 13:21 14:18 18:1,8,18 19:3 20:3,22 21:23 22:11,16 25:13 26:3,20 28:22 29:11 30:11 33:3 34:17 41:3,25 42:6 44:3</p>	<p>45:8,10,14,18,24 46:17,19 47:3 48:4 50:22 52:14 53:14 59:22 61:9,17  <b>insured</b> [1] 13:4  <b>intended</b> [1] 46:23  <b>intent</b> [2] 41:6 46:23  <b>interest</b> [3] 27:15 32:16 45:13  <b>interested</b> [2] 5:16 25:21  <b>interests</b> [2] 27:10 32:5  <b>Internal</b> [1] 4:2  <b>interpretation</b> [1] 9:13  <b>inure</b> [2] 41:17 57:11  <b>inured</b> [1] 35:8  <b>inventory</b> [1] 58:23  <b>irrational</b> [1] 12:23  <b>IRS</b> [5] 21:4 49:3 52:7 54:13 60:25  <b>isn't</b> [3] 8:18 41:22 61:3  <b>issue</b> [3] 8:25 24:7 54:9  <b>italicized</b> [1] 21:19  <b>item</b> [3] 17:3 31:16,17  <b>itself</b> [1] 14:16</p> <hr/> <p><b>J</b></p> <p><b>JACKSON</b> [5] 25:24 26:12 29:9,19 30:23  <b>judgment</b> [1] 5:12  <b>Justice</b> [100] 1:23 3:3,10 5:15,23 6:6,9,13,15,22 7:3,5,11,22 8:15 10:16 11:7 12:25 13:2,9,12,15 14:22,23,24 15:17 17:20 18:16,21 19:14,18 20:1,9,13,18 21:10,12 22:12 24:4 25:24 26:12,14,14 27:2,6 29:1,3,4,5,6,7,8,9,19 30:23,24 31:2,5 33:1 34:14 36:3,9,16 37:5,15,18 40:12 41:2,14 42:7 43:4,12 44:2,8 45:2,16,21 46:13,24 48:9,10,11,12 49:24,25 50:5 51:6,9 52:7,22 53:23 54:12,15,21 55:15,16 56:12 58:6 60:3 61:25</p> <hr/> <p><b>K</b></p> <p><b>KAGAN</b> [8] 10:16 11:7 26:14 27:2,6 49:24 52:7 55:16  <b>KANNON</b> [5] 1:20 2:3,9 3:7 56:17  <b>KAVANAUGH</b> [23] 21:10,12 22:12 24:4 29:7 36:16 37:5,15,18 43:4,12 44:2,8 45:2,16,21 46:13,24 53:23 54:12,15 55:15 58:6  <b>keep</b> [3] 17:7 21:12 52:12  <b>key</b> [2] 37:9,19  <b>kind</b> [2] 15:8 29:23</p> <hr/> <p><b>L</b></p> <p><b>lack</b> [1] 61:20  <b>large</b> [1] 53:22  <b>larger</b> [1] 26:10  <b>law</b> [2] 16:10 22:22</p>	<p><b>lead</b> [2] 5:4,6  <b>left</b> [2] 38:21 58:19  <b>legal</b> [1] 3:25  <b>legally-binding</b> [1] 17:14  <b>legitimate</b> [1] 25:6  <b>length</b> [1] 25:10  <b>less</b> [1] 44:18  <b>Letter</b> [1] 32:15  <b>liabilities</b> [2] 7:10 40:19  <b>liability</b> [20] 4:17 11:12 17:12,16,19 19:6,12 20:19 21:18 26:25 27:5 33:10 41:12 51:8 55:20 56:9,24 57:1,2,11  <b>licenses</b> [1] 32:21  <b>life</b> [44] 3:14,19 4:14 7:20,23 8:1,12,13,21 9:24 11:11 12:19 14:18 18:1,18 19:2 20:2,21 21:22 22:11,15 25:13 26:3,19 28:22 29:11 30:11 34:16 41:3 44:3 45:8,10,14,18,23 46:17,19 47:3 48:4 50:21 52:14 53:14 59:22 61:9  <b>lifetime</b> [1] 36:12  <b>limitation</b> [1] 32:9  <b>line</b> [2] 31:17 54:17  <b>lines</b> [1] 13:24  <b>literally</b> [1] 58:22  <b>litigated</b> [1] 49:1  <b>little</b> [8] 37:23 44:11 45:12,22 53:24 55:18 58:2 61:2  <b>long</b> [1] 48:16  <b>longer</b> [1] 38:14  <b>look</b> [9] 16:10 17:2 19:1 21:19 28:12 32:8 54:6 57:14 60:17  <b>looking</b> [8] 23:16 40:22 46:2,5 49:4,9,14 52:3  <b>looks</b> [1] 43:25  <b>lot</b> [3] 24:7 27:12 49:5  <b>lower</b> [1] 16:10</p> <hr/> <p><b>M</b></p> <p><b>made</b> [1] 36:25  <b>maintain</b> [7] 47:11,16 48:6,7,14 50:7 53:16  <b>maintaining</b> [1] 53:14  <b>maintains</b> [1] 44:22  <b>mandatory</b> [2] 34:7,11  <b>maneuvers</b> [1] 49:8  <b>many</b> [8] 24:17 26:1 47:25 49:2 52:8 54:24 55:1,2  <b>March</b> [1] 1:13  <b>market</b> [18] 28:16,18 29:13 32:24 33:18 35:3,5,9,11,17 38:9,25 43:15,17,23 44:1 47:22 58:13  <b>math</b> [1] 31:8  <b>matter</b> [5] 1:15 8:24 34:6 39:17 41:13  <b>matters</b> [1] 51:17  <b>mean</b> [7] 34:16 37:12 38:9 45:7,22 46:14 54:4</p>
--	---	---	--	--

## Official - Subject to Final Review

<p><b>means</b> <sup>[4]</sup> 32:18,22 34:22 47:18</p> <p><b>meant</b> <sup>[1]</sup> 46:19</p> <p><b>measurement</b> <sup>[1]</sup> 42:8</p> <p><b>mentioned</b> <sup>[1]</sup> 42:11</p> <p><b>messed</b> <sup>[1]</sup> 45:22</p> <p><b>met</b> <sup>[1]</sup> 4:9</p> <p><b>MICHAEL</b> <sup>[20]</sup> 1:5 5:17,20, 25 6:4,7,10 8:9 28:7 31:7 34:13 45:11 46:9 47:17,20 51:23 52:16 57:3,3,5</p> <p><b>Michael's</b> <sup>[41]</sup> 8:22 12:5,6 15:11 16:21 22:4 31:10,12 32:23 34:6,8 35:10,12,25 36:1,22,23 37:1 39:9,16 40:8,10 41:4,21 42:5,9,14, 15,17 43:3 47:22 51:22 52:2 56:4,7,8,10 57:20,21 58:7 59:12</p> <p><b>might</b> <sup>[4]</sup> 10:23 50:5,14 51:10</p> <p><b>million</b> <sup>[100]</sup> 5:18,22 6:12 7:8,8,16,18 8:5,6,7,10,16, 19,20 9:2 10:3,6,14 11:17 12:7,12,17,20 17:25 19:2 20:16,19,22,23 22:10,11 23:18 24:2 28:20 32:7,7, 11,13,20,24 33:4,6,9,16, 16 34:8,16 35:5,7,12 36:21 37:2,3,4 38:11,12,16,18,19, 20,22 39:7,8 40:2,2,6,9 41:8,17 42:19,24 43:1,2,9,17 44:25 45:1,15 46:8 47:16, 17,19,20 48:3,5,6,8 56:9 57:23 58:8,10,15 59:4,6,7, 18,23,23</p> <p><b>mind</b> <sup>[1]</sup> 17:7</p> <p><b>minds</b> <sup>[1]</sup> 61:19</p> <p><b>minimize</b> <sup>[1]</sup> 53:21</p> <p><b>minute</b> <sup>[1]</sup> 7:6</p> <p><b>misunderstanding</b> <sup>[1]</sup> 31:22</p> <p><b>Mm-hmm</b> <sup>[1]</sup> 55:15</p> <p><b>moment</b> <sup>[4]</sup> 8:9 19:24 28:6 57:10</p> <p><b>money</b> <sup>[12]</sup> 20:11 26:1 28:21 34:9,15 35:9 39:3 40:23 48:18 50:25 51:10 60:4</p> <p><b>month</b> <sup>[1]</sup> 22:15</p> <p><b>mortar</b> <sup>[1]</sup> 58:23</p> <p><b>mortgage</b> <sup>[3]</sup> 33:22,23 57:10</p> <p><b>most</b> <sup>[4]</sup> 25:14 49:24 55:17 58:22</p> <p><b>move</b> <sup>[2]</sup> 23:7 57:25</p> <p><b>Ms</b> <sup>[38]</sup> 31:2,5 33:8 34:25 36:7,11,20 37:11,16,22 40:16 41:6 42:1,10 43:8,14 44:6,10 45:6,20 46:1,21 47:5 48:20 50:4,9 51:7,12 52:10 53:1 54:4,13,19,24 55:25 58:5 60:2 61:15</p> <p><b>much</b> <sup>[4]</sup> 15:1 22:20 52:11, 17</p>	<p><b>multiple</b> <sup>[1]</sup> 14:4</p> <p><b>multiplying</b> <sup>[2]</sup> 16:2 30:21</p> <p><b>must</b> <sup>[3]</sup> 31:11,14 51:14</p> <p style="text-align: center;"><b>N</b></p> <p><b>named</b> <sup>[1]</sup> 15:13</p> <p><b>nation's</b> <sup>[1]</sup> 5:11</p> <p><b>nature</b> <sup>[3]</sup> 31:22 37:25 38:1</p> <p><b>navigating</b> <sup>[1]</sup> 53:21</p> <p><b>need</b> <sup>[1]</sup> 54:7</p> <p><b>needed</b> <sup>[1]</sup> 13:3</p> <p><b>needs</b> <sup>[1]</sup> 16:9</p> <p><b>net</b> <sup>[27]</sup> 3:21 5:2 7:12,15,17 16:2,15 17:8 18:20 19:21 22:14 23:2 30:13,22 31:25 32:19 36:16,17 43:6 44:4 45:3,4,18 46:15 51:18 52:3 57:14</p> <p><b>never</b> <sup>[9]</sup> 8:8 10:5 31:18 35:13 52:14 56:10 58:14,25 60:24</p> <p><b>next</b> <sup>[2]</sup> 3:4 22:25</p> <p><b>Ninth</b> <sup>[8]</sup> 49:15 50:1,11 54:1 55:8,10,12 61:2</p> <p><b>non-acquiescence</b> <sup>[1]</sup> 60:24</p> <p><b>non-operating</b> <sup>[2]</sup> 20:17, 25</p> <p><b>none</b> <sup>[2]</sup> 34:15 61:12</p> <p><b>normally</b> <sup>[1]</sup> 54:16</p> <p><b>noted</b> <sup>[1]</sup> 9:3</p> <p><b>nothing</b> <sup>[1]</sup> 25:7</p> <p><b>notwithstanding</b> <sup>[1]</sup> 44:20</p> <p><b>nowhere</b> <sup>[1]</sup> 32:24</p> <p><b>number</b> <sup>[2]</sup> 42:13 60:13</p> <p><b>numbers</b> <sup>[1]</sup> 40:5</p> <p style="text-align: center;"><b>O</b></p> <p><b>objection</b> <sup>[1]</sup> 24:20</p> <p><b>obligation</b> <sup>[5]</sup> 3:16,21 4:16,20,22 5:1 7:21 9:11 11:13 16:24 17:10,14 19:25 22:7,8 23:13,17,24 24:23 27:7,8,9,13,20 28:5 29:16,25 30:5,12 31:23,23 32:3 33:10,17 34:1,4,7 37:6 40:1 41:19,24 42:19,21,22 51:7 55:21,21 56:2,21 57:23</p> <p><b>obligations</b> <sup>[1]</sup> 55:24</p> <p><b>obtain</b> <sup>[2]</sup> 3:14 18:23</p> <p><b>obviously</b> <sup>[2]</sup> 24:6 60:11</p> <p><b>occurred</b> <sup>[1]</sup> 22:17</p> <p><b>occurs</b> <sup>[1]</sup> 26:8</p> <p><b>odd</b> <sup>[1]</sup> 45:2</p> <p><b>offered</b> <sup>[2]</sup> 6:1 61:4</p> <p><b>offset</b> <sup>[6]</sup> 4:16 19:14,16 20:21 41:11,11</p> <p><b>offsetting</b> <sup>[6]</sup> 7:20 11:12, 13 19:6 21:18 30:11</p> <p><b>often</b> <sup>[4]</sup> 3:12 16:11 23:7 50:11</p> <p><b>Okay</b> <sup>[7]</sup> 6:9 7:3,6,22 19:18</p>	<p><b>42:7 45:16</b></p> <p><b>old</b> <sup>[2]</sup> 55:20 56:20</p> <p><b>once</b> <sup>[3]</sup> 9:25 26:7 30:15</p> <p><b>one</b> <sup>[36]</sup> 4:23 5:7 6:6,7,11 9:12 12:2 14:1 15:3,6,10,11, 14 19:14,20 20:1 21:16 23:9 28:17 29:9 30:9 33:13 38:3 39:9 44:16,17 47:6,9, 11 48:5 49:15 50:14 53:16 54:25 57:8 61:22</p> <p><b>only</b> <sup>[13]</sup> 11:20 15:13 20:3 24:1 32:8 36:22 40:4 41:10 46:2 48:23 59:12 60:4, 5</p> <p><b>openly</b> <sup>[1]</sup> 5:11</p> <p><b>operates</b> <sup>[1]</sup> 11:20</p> <p><b>operating</b> <sup>[5]</sup> 12:21 25:16 30:4,17 58:17</p> <p><b>operation</b> <sup>[2]</sup> 59:25 60:1</p> <p><b>operations</b> <sup>[5]</sup> 3:12 25:12, 23 48:15 50:8</p> <p><b>opinions</b> <sup>[1]</sup> 54:1</p> <p><b>option</b> <sup>[2]</sup> 6:23,25</p> <p><b>oral</b> <sup>[5]</sup> 1:16 2:2,5 3:7 31:3</p> <p><b>order</b> <sup>[7]</sup> 3:15 12:21 19:6 30:4 58:12,17 61:17</p> <p><b>ordinarily</b> <sup>[1]</sup> 17:11</p> <p><b>originally</b> <sup>[1]</sup> 38:17</p> <p><b>other</b> <sup>[28]</sup> 4:24 5:1,8 13:4 17:13 19:16,23 20:16 23:17 25:3 26:11 27:7,8,20 30:3 31:12 33:23,23 38:13 47:10 49:17 50:18 52:13 55:2,5 56:2 57:8,9</p> <p><b>otherwise</b> <sup>[1]</sup> 25:16</p> <p><b>out</b> <sup>[44]</sup> 10:13 13:21 17:12 19:5,6 20:23 23:5,19 24:17,19 25:1 26:2,2,4,20 29:11 33:4,12,19 34:19,20 38:20 39:3 40:6,11 41:24 43:1 46:9,9,14 48:5,18 51:11, 16,17,21,22,23 52:17 53:25 55:2 56:6 57:17 59:10</p> <p><b>outset</b> <sup>[1]</sup> 9:4</p> <p><b>outside</b> <sup>[3]</sup> 25:19 39:4 40:14</p> <p><b>overlooked</b> <sup>[1]</sup> 48:17</p> <p><b>owed</b> <sup>[5]</sup> 3:22 32:1 40:17, 20 52:4</p> <p><b>owing</b> <sup>[1]</sup> 33:22</p> <p><b>own</b> <sup>[5]</sup> 13:8,14 31:17 32:9 33:15</p> <p><b>owned</b> <sup>[1]</sup> 47:20</p> <p><b>owner</b> <sup>[1]</sup> 11:16</p> <p><b>owners</b> <sup>[2]</sup> 13:4 14:4</p> <p><b>ownership</b> <sup>[8]</sup> 14:12 26:11 38:21 44:17 47:25 48:1 53:9 61:23</p> <p><b>owns</b> <sup>[1]</sup> 7:23</p> <p style="text-align: center;"><b>P</b></p> <p><b>p.m</b> <sup>[1]</sup> 62:2</p> <p><b>PAGE</b> <sup>[3]</sup> 2:2 33:15 43:11</p> <p><b>paid</b> <sup>[10]</sup> 10:4 13:5 31:11,</p>	<p>15 33:4 34:8,12 38:20 40:23 56:6</p> <p><b>parenthetically</b> <sup>[2]</sup> 14:2 59:1</p> <p><b>part</b> <sup>[6]</sup> 18:4,11,22 34:11 35:9 56:3</p> <p><b>particular</b> <sup>[2]</sup> 36:2 59:25</p> <p><b>particularly</b> <sup>[1]</sup> 58:20</p> <p><b>parties</b> <sup>[9]</sup> 4:3 19:10 28:17 43:21 46:11,22 47:14,15, 18</p> <p><b>parties'</b> <sup>[2]</sup> 8:22 41:6</p> <p><b>party</b> <sup>[1]</sup> 28:4</p> <p><b>pass</b> <sup>[1]</sup> 36:14</p> <p><b>passes</b> <sup>[1]</sup> 11:22</p> <p><b>patterns</b> <sup>[1]</sup> 49:8</p> <p><b>pause</b> <sup>[2]</sup> 39:13 45:7</p> <p><b>pay</b> <sup>[8]</sup> 5:22 8:10 12:17 14:6 36:4,10 41:24 57:17</p> <p><b>paying</b> <sup>[9]</sup> 12:5,6 14:9,17 37:14 39:2 52:24 53:8 61:21</p> <p><b>pays</b> <sup>[1]</sup> 39:3</p> <p><b>people</b> <sup>[2]</sup> 49:12 52:8</p> <p><b>percent</b> <sup>[21]</sup> 8:5,7 9:17,18 13:9,14 15:20 16:19 22:2 32:23 33:15 38:10,16,18 39:23,24,24 42:17,21,23 47:1</p> <p><b>percentage</b> <sup>[3]</sup> 16:3 30:22 47:21</p> <p><b>permitted</b> <sup>[1]</sup> 20:3</p> <p><b>person</b> <sup>[2]</sup> 5:20 25:21</p> <p><b>personally</b> <sup>[1]</sup> 53:13</p> <p><b>perspective</b> <sup>[8]</sup> 14:24 15:9 27:21 28:3 57:4,6,15 59:14</p> <p><b>Petitioner</b> <sup>[16]</sup> 1:6,21 2:4, 10 3:8 32:11 33:2 34:3 37:13 39:14 41:8 42:11 44:19 51:13 52:20 56:18</p> <p><b>Petitioner's</b> <sup>[6]</sup> 40:4,13 42:25 43:8 47:24 48:21</p> <p><b>Petitioners</b> <sup>[1]</sup> 39:7</p> <p><b>pick</b> <sup>[1]</sup> 20:7</p> <p><b>picks</b> <sup>[1]</sup> 43:18</p> <p><b>pie</b> <sup>[6]</sup> 32:3,6 43:9 55:22,23 59:9</p> <p><b>piece</b> <sup>[1]</sup> 50:21</p> <p><b>pipeline</b> <sup>[1]</sup> 49:6</p> <p><b>pitch</b> <sup>[3]</sup> 55:19 56:1,3</p> <p><b>place</b> <sup>[1]</sup> 58:25</p> <p><b>planning</b> <sup>[1]</sup> 5:10</p> <p><b>please</b> <sup>[2]</sup> 3:10 31:6</p> <p><b>pocket</b> <sup>[1]</sup> 39:9</p> <p><b>point</b> <sup>[12]</sup> 18:7,15 19:17 23:1 24:10 34:11 37:9,19 43:19 46:2,11 47:13</p> <p><b>pointing</b> <sup>[1]</sup> 34:19</p> <p><b>points</b> <sup>[2]</sup> 16:17 47:24</p> <p><b>policies</b> <sup>[6]</sup> 13:21 45:8,10, 14 53:14,17</p> <p><b>policy</b> <sup>[10]</sup> 3:15,20 7:24 20:22 30:11 33:3 45:24 46:17,</p>	<p>19 47:4</p> <p><b>pool</b> <sup>[1]</sup> 48:18</p> <p><b>posited</b> <sup>[2]</sup> 22:1 61:7</p> <p><b>position</b> <sup>[16]</sup> 12:1,1,23 13:17 22:13 28:7,13,25 32:18 53:23 56:20,22 58:4,7 60:20,21</p> <p><b>posits</b> <sup>[1]</sup> 61:14</p> <p><b>possibility</b> <sup>[1]</sup> 35:14</p> <p><b>possible</b> <sup>[1]</sup> 5:21</p> <p><b>post-redemption</b> <sup>[1]</sup> 59:7</p> <p><b>pot</b> <sup>[1]</sup> 43:2</p> <p><b>practical</b> <sup>[1]</sup> 8:24</p> <p><b>practically</b> <sup>[1]</sup> 11:10</p> <p><b>practice</b> <sup>[2]</sup> 60:11,16</p> <p><b>precedents</b> <sup>[1]</sup> 55:12</p> <p><b>precise</b> <sup>[1]</sup> 57:22</p> <p><b>precisely</b> <sup>[9]</sup> 12:2 14:9 16:20 19:19 25:10 30:2,10,19 59:13</p> <p><b>preexisting</b> <sup>[1]</sup> 4:17</p> <p><b>premise</b> <sup>[1]</sup> 50:23</p> <p><b>premium</b> <sup>[1]</sup> 16:9</p> <p><b>premiums</b> <sup>[6]</sup> 14:7,9,17 52:25 53:8 61:21</p> <p><b>presents</b> <sup>[1]</sup> 3:17</p> <p><b>presumably</b> <sup>[2]</sup> 12:14 22:5</p> <p><b>presuppose</b> <sup>[1]</sup> 24:16</p> <p><b>presupposes</b> <sup>[1]</sup> 23:12</p> <p><b>presupposing</b> <sup>[1]</sup> 23:21</p> <p><b>pretend</b> <sup>[1]</sup> 15:12</p> <p><b>pretty</b> <sup>[2]</sup> 28:18 60:16</p> <p><b>prevent</b> <sup>[1]</sup> 46:19</p> <p><b>price</b> <sup>[14]</sup> 4:4,5,10 5:24 6:1 13:5 15:6 16:11 28:19 31:11,14 36:5 49:22 56:6</p> <p><b>principle</b> <sup>[2]</sup> 23:9 32:15</p> <p><b>principles</b> <sup>[4]</sup> 24:17,18,19 31:9</p> <p><b>pro</b> <sup>[2]</sup> 42:11,14</p> <p><b>probably</b> <sup>[2]</sup> 46:18 50:11</p> <p><b>problem</b> <sup>[18]</sup> 8:4,25 9:7 10:11,18 12:12 21:15 23:15 27:25 35:16 42:25 43:2 44:19,23 52:19 56:21 57:3 59:6</p> <p><b>proceed</b> <sup>[1]</sup> 48:4</p> <p><b>proceeds</b> <sup>[34]</sup> 3:19 4:14 7:20 8:1,12,13,21 9:25 11:11, 12,16 12:19 14:18 18:1,9, 18 19:3,4 20:3 21:23 22:11 25:14 26:3,20 28:22 34:17 41:3,25 42:6 44:3 50:22 52:14 53:11 61:10</p> <p><b>Professor</b> <sup>[3]</sup> 24:5,5 55:1</p> <p><b>professors</b> <sup>[2]</sup> 22:22 55:5</p> <p><b>professors'</b> <sup>[1]</sup> 24:5</p> <p><b>promise</b> <sup>[4]</sup> 33:12,18 38:6 52:5</p> <p><b>promises</b> <sup>[1]</sup> 29:12</p> <p><b>proper</b> <sup>[1]</sup> 12:15</p> <p><b>property</b> <sup>[1]</sup> 6:18</p> <p><b>proportion</b> <sup>[2]</sup> 15:19 58:1</p> <p><b>prospective</b> <sup>[1]</sup> 18:4</p>
---	--	---	--	--

## Official - Subject to Final Review

<p><b>provide</b> <sup>[1]</sup> 4:3  <b>publicly</b> <sup>[2]</sup> 22:24 23:6  <b>pulls</b> <sup>[1]</sup> 47:23  <b>purchaser</b> <sup>[2]</sup> 18:10 41:16  <b>purchasing</b> <sup>[1]</sup> 41:20  <b>purpose</b> <sup>[4]</sup> 41:12 45:18, 23 46:16  <b>purposes</b> <sup>[4]</sup> 4:6 5:9 25:6 48:7  <b>put</b> <sup>[3]</sup> 32:21 55:17 59:23  <b>putting</b> <sup>[4]</sup> 10:21 11:4 19:12 45:13</p> <hr/> <p style="text-align: center;"><b>Q</b></p> <p><b>quadrupled</b> <sup>[2]</sup> 10:20,20  <b>quantify</b> <sup>[1]</sup> 60:12  <b>question</b> <sup>[13]</sup> 3:17 7:12,14 13:10 14:25 16:15 17:25 20:8 29:10 36:17 41:10 43:5 55:7  <b>questions</b> <sup>[4]</sup> 5:14 19:21 32:25 44:11  <b>quickly</b> <sup>[1]</sup> 51:11  <b>quite</b> <sup>[1]</sup> 5:21</p> <hr/> <p style="text-align: center;"><b>R</b></p> <p><b>Ralph</b> <sup>[1]</sup> 15:13  <b>rata</b> <sup>[2]</sup> 42:12,15  <b>rather</b> <sup>[3]</sup> 26:19 57:9 60:22  <b>rational</b> <sup>[2]</sup> 12:2,10  <b>real</b> <sup>[4]</sup> 9:14 11:10 25:20 58:25  <b>reality</b> <sup>[1]</sup> 28:12  <b>realization</b> <sup>[3]</sup> 11:21 60:5, 6  <b>really</b> <sup>[14]</sup> 14:20 16:1,14,24 17:9,24 18:8,19,24 24:16 26:4 27:8 39:15 47:6  <b>reason</b> <sup>[12]</sup> 14:1,8 15:22 16:18 25:8 26:23 29:22 30:9 42:22 44:23 52:22 55:11  <b>reasoned</b> <sup>[2]</sup> 49:16 54:2  <b>reasoning</b> <sup>[4]</sup> 21:25 51:3 61:5,7  <b>reasons</b> <sup>[1]</sup> 43:24  <b>REBUTTAL</b> <sup>[3]</sup> 2:8 56:16, 17  <b>receipts</b> <sup>[1]</sup> 33:3  <b>received</b> <sup>[1]</sup> 33:4  <b>recognize</b> <sup>[3]</sup> 17:1 24:25 27:22  <b>redeem</b> <sup>[17]</sup> 3:13 4:4,16,23 8:21 12:17,21 17:10 22:25 23:13 26:5 28:21 29:13,25 43:23 44:3 58:17  <b>redeemed</b> <sup>[7]</sup> 10:5 17:18 32:1 35:4 39:12 43:7 56:5  <b>redemption</b> <sup>[80]</sup> 3:16,20 4:19,24 5:1 7:21 8:13 9:11 11:13 16:23 18:10,24 19:25 20:4 22:7,7,16,20,24 23:12,16,23 24:11,16,23 26:8,18,19 27:7,7,9,13,19 28:5 29:11,16 30:4,12 31:23,23</p>	<p>32:3,10,12 33:10,17 34:1,4, 7 37:6,13,25 38:1,2,20,23, 24 39:25 41:4,19 42:19,21 43:15,16 44:12,13,20 46:3 47:4,7,8,9 51:5 55:20,21, 24 56:1 57:23 58:9,12 59:18  <b>redemptions</b> <sup>[1]</sup> 46:5  <b>reduce</b> <sup>[6]</sup> 27:14 33:24 39:5 51:19 52:1,3  <b>reduces</b> <sup>[6]</sup> 5:2 31:24 32:2 40:24 51:18,25  <b>regardless</b> <sup>[1]</sup> 15:2  <b>regulation</b> <sup>[2]</sup> 17:4 28:10  <b>regulations</b> <sup>[4]</sup> 4:2 15:25 17:1 27:25  <b>relatively</b> <sup>[2]</sup> 4:1 23:4  <b>relevant</b> <sup>[8]</sup> 15:25 16:3 17:23 21:8 28:11 36:19 39:19 42:8  <b>rely</b> <sup>[1]</sup> 54:16  <b>remainder</b> <sup>[2]</sup> 30:20 58:18  <b>remaining</b> <sup>[9]</sup> 8:17 20:24 23:3 26:7,9 30:17 38:15 40:21 58:9  <b>remains</b> <sup>[1]</sup> 23:4  <b>reply</b> <sup>[2]</sup> 43:10 59:10  <b>reported</b> <sup>[2]</sup> 48:24 60:17  <b>required</b> <sup>[1]</sup> 12:18  <b>requirements</b> <sup>[1]</sup> 9:4  <b>requires</b> <sup>[3]</sup> 9:10 21:16 28:10  <b>respect</b> <sup>[1]</sup> 11:6  <b>respectfully</b> <sup>[1]</sup> 60:12  <b>Respondent</b> <sup>[4]</sup> 1:9,24 2:7 31:4  <b>response</b> <sup>[4]</sup> 19:20 23:8 60:2,14  <b>responses</b> <sup>[3]</sup> 34:25 46:1 47:6  <b>responsible</b> <sup>[1]</sup> 53:13  <b>rests</b> <sup>[1]</sup> 31:21  <b>result</b> <sup>[1]</sup> 61:13  <b>results</b> <sup>[1]</sup> 25:2  <b>retained</b> <sup>[1]</sup> 34:18  <b>return</b> <sup>[1]</sup> 14:19  <b>returns</b> <sup>[1]</sup> 49:5  <b>Revenue</b> <sup>[1]</sup> 4:2  <b>reversed</b> <sup>[1]</sup> 5:13  <b>rise</b> <sup>[1]</sup> 17:19  <b>risk</b> <sup>[4]</sup> 25:20 35:6,6 50:16  <b>ROBERTS</b> <sup>[13]</sup> 3:3 29:1 30:24 31:2 48:10,12 49:25 50:5 51:6,9 52:22 56:12 61:25  <b>rough</b> <sup>[1]</sup> 53:25  <b>roughly</b> <sup>[1]</sup> 12:8  <b>run</b> <sup>[1]</sup> 25:18  <b>running</b> <sup>[1]</sup> 25:21  <b>runs</b> <sup>[6]</sup> 28:5 40:9 42:20 57:1,2,8</p> <hr/> <p style="text-align: center;"><b>S</b></p> <p><b>same</b> <sup>[19]</sup> 15:18 19:13,22,</p>	<p>23,24,25 20:15 23:14 28:7 33:21 36:18 39:1 42:13 44:22 53:2,15 58:1 59:19 61:13  <b>satisfy</b> <sup>[1]</sup> 9:4  <b>saying</b> <sup>[8]</sup> 18:3,7 37:12,18 44:24 50:15 51:14 53:3  <b>says</b> <sup>[7]</sup> 21:5 25:5 29:12 34:22 39:14 47:21 59:17  <b>second</b> <sup>[4]</sup> 17:6 35:18 39:14 60:23  <b>Section</b> <sup>[1]</sup> 9:5  <b>see</b> <sup>[6]</sup> 17:21 23:17 43:9 49:7 52:8 56:23  <b>seeing</b> <sup>[2]</sup> 49:5 52:9  <b>seem</b> <sup>[3]</sup> 27:12 44:9 47:13  <b>seems</b> <sup>[3]</sup> 10:17 37:9 45:21  <b>sell</b> <sup>[5]</sup> 5:17 6:2,18 7:2,7  <b>seller</b> <sup>[2]</sup> 4:12 21:8  <b>selling</b> <sup>[1]</sup> 6:21  <b>sells</b> <sup>[2]</sup> 34:20 36:11  <b>sense</b> <sup>[13]</sup> 5:7 9:15 11:10 17:12 19:10 22:8 27:12 30:12,21 31:16 40:9 49:20 56:25  <b>sentence</b> <sup>[1]</sup> 10:14  <b>sentences</b> <sup>[1]</sup> 54:10  <b>separate</b> <sup>[2]</sup> 35:23 40:6  <b>serves</b> <sup>[1]</sup> 27:14  <b>set</b> <sup>[2]</sup> 21:5 24:17  <b>sets</b> <sup>[2]</sup> 24:19 59:3  <b>seven</b> <sup>[1]</sup> 39:24  <b>SHANMUGAM</b> <sup>[49]</sup> 1:20 2:3,9 3:6,7,9 5:15,19 6:3,7, 10,14,19,24 7:4,11,25 8:20 11:6 13:1,11,15 14:23 15:17 18:15,25 19:16,19 20:6, 11,14,20 21:11,14 22:19 24:14 25:24 26:9,16 27:4, 16 29:18 31:1 34:18,22 36:17 56:16,17,19  <b>share</b> <sup>[7]</sup> 15:6,14 26:10 42:12,15 44:17 57:18  <b>shareholder</b> <sup>[8]</sup> 3:13,15 32:2,16 38:15 39:5 47:9 48:5  <b>shareholder's</b> <sup>[5]</sup> 4:4 29:14 33:13 38:3 52:5  <b>shareholders</b> <sup>[6]</sup> 32:4 33:25 38:24 39:10 44:16 57:9  <b>shareholders'</b> <sup>[3]</sup> 23:3 51:19 52:1  <b>shares</b> <sup>[97]</sup> 4:17 5:5 6:11 8:10,22 10:5,9 12:22 13:6,14 15:10,11,19,21 16:8,19,21, 21 17:11 22:2,4,5 23:1,13, 23 26:5,7,10,21 28:21 29:13,25 30:22 31:8,10,12 32:1 33:5,13,19 34:9,21 35:3, 4,10,17,20,25 36:12,23 37:2,3 38:3,7,14 39:12,16,19, 20 40:8,10 41:5,21 42:5,9, 16,17 43:3,6,23 44:1,4 47:</p>	<p>22 51:2,24 52:1,2,5 56:5,7, 8,10 57:20,21,22 58:1,8,9, 10,17 59:4,5,8,11,11,18 60:8  <b>shouldn't</b> <sup>[2]</sup> 18:8 52:21  <b>showed</b> <sup>[2]</sup> 5:16,25  <b>shows</b> <sup>[1]</sup> 7:23  <b>side</b> <sup>[3]</sup> 5:7 38:13 50:3  <b>similar</b> <sup>[1]</sup> 29:20  <b>simple</b> <sup>[2]</sup> 29:22 55:17  <b>simpler</b> <sup>[1]</sup> 52:17  <b>simplistic</b> <sup>[1]</sup> 40:18  <b>simply</b> <sup>[4]</sup> 9:2 34:1 35:19 51:15  <b>simultaneously</b> <sup>[1]</sup> 27:14  <b>since</b> <sup>[1]</sup> 55:2  <b>single</b> <sup>[2]</sup> 10:21 11:4  <b>sisters</b> <sup>[2]</sup> 29:21 33:14  <b>situation</b> <sup>[10]</sup> 13:20,25 14:6,15 15:6 22:1 39:2 52:15, 24 53:7  <b>size</b> <sup>[1]</sup> 48:6  <b>slightly</b> <sup>[1]</sup> 18:16  <b>small</b> <sup>[2]</sup> 5:11 25:15  <b>smaller</b> <sup>[3]</sup> 46:4 47:12 55:23  <b>sole</b> <sup>[3]</sup> 11:16 38:21 44:17  <b>Solicitor</b> <sup>[1]</sup> 1:22  <b>somebody</b> <sup>[3]</sup> 11:3 28:5 57:15  <b>somebody's</b> <sup>[1]</sup> 41:20  <b>somehow</b> <sup>[4]</sup> 21:22 24:22 36:23 50:25  <b>someone</b> <sup>[6]</sup> 11:22 15:10, 11,12 25:19 39:4  <b>someone's</b> <sup>[1]</sup> 13:13  <b>someplace</b> <sup>[2]</sup> 8:16,16  <b>sometimes</b> <sup>[1]</sup> 60:25  <b>somewhat</b> <sup>[1]</sup> 29:19  <b>somewhere</b> <sup>[1]</sup> 40:14  <b>sorry</b> <sup>[3]</sup> 21:13 48:11 50:1  <b>sort</b> <sup>[14]</sup> 14:16 25:17 34:2 35:1 37:16 39:6 44:14 47:23 49:7,11 51:13 53:4 55:6,17  <b>SOTOMAYOR</b> <sup>[10]</sup> 12:25 13:2,12,15 14:22 29:5 36:3,9 54:21 60:3  <b>specialist</b> <sup>[1]</sup> 54:8  <b>specifically</b> <sup>[1]</sup> 17:17  <b>spell</b> <sup>[1]</sup> 10:13  <b>spent</b> <sup>[2]</sup> 24:6 28:21  <b>spilled</b> <sup>[1]</sup> 22:21  <b>spinoff</b> <sup>[1]</sup> 44:14  <b>split</b> <sup>[1]</sup> 55:22  <b>SR</b> <sup>[1]</sup> 1:5  <b>stage</b> <sup>[1]</sup> 49:3  <b>stake</b> <sup>[20]</sup> 32:23 33:17,19 38:4,4,10,18,19 39:15,23, 25 40:3,23,23,25 42:18,23 47:21 51:22,23  <b>stakeholder</b> <sup>[1]</sup> 38:16  <b>stakeholder's</b> <sup>[1]</sup> 37:1  <b>standards</b> <sup>[2]</sup> 17:15,16</p>	<p><b>start</b> <sup>[3]</sup> 30:15 37:12 38:17  <b>statement</b> <sup>[2]</sup> 27:17 48:13  <b>STATES</b> <sup>[4]</sup> 1:1,8,17 3:5  <b>statute</b> <sup>[3]</sup> 32:8 39:17,18  <b>stayed</b> <sup>[2]</sup> 35:8 36:18  <b>stepped-up</b> <sup>[4]</sup> 11:21 36:8, 13,15  <b>still</b> <sup>[3]</sup> 12:5 20:18,20  <b>stock</b> <sup>[17]</sup> 3:13,23 4:4,5,10, 11,15,23,24 7:2 11:22 12:7, 17 13:14 17:17 23:4,7  <b>stockholder</b> <sup>[1]</sup> 9:14  <b>stocks</b> <sup>[1]</sup> 8:18  <b>stop</b> <sup>[1]</sup> 10:17  <b>straightforward</b> <sup>[1]</sup> 4:1  <b>strange</b> <sup>[1]</sup> 47:7  <b>stranger</b> <sup>[1]</sup> 15:5  <b>structure</b> <sup>[2]</sup> 43:22 50:19  <b>stub</b> <sup>[1]</sup> 58:19  <b>studied</b> <sup>[1]</sup> 24:13  <b>subject</b> <sup>[9]</sup> 6:11 10:8 13:23 16:23 23:23 35:12,13,21 57:23  <b>submit</b> <sup>[1]</sup> 60:12  <b>submitted</b> <sup>[2]</sup> 62:1,3  <b>substantial</b> <sup>[1]</sup> 30:9  <b>subtract</b> <sup>[4]</sup> 31:11,14 40:19 56:8  <b>subtracting</b> <sup>[1]</sup> 49:21  <b>successful</b> <sup>[1]</sup> 61:14  <b>succession</b> <sup>[1]</sup> 5:10  <b>suddenly</b> <sup>[1]</sup> 47:1  <b>sufficient</b> <sup>[1]</sup> 10:25  <b>suggest</b> <sup>[1]</sup> 50:6  <b>suggested</b> <sup>[1]</sup> 42:3  <b>suggesting</b> <sup>[1]</sup> 13:24  <b>suggests</b> <sup>[1]</sup> 60:15  <b>sum</b> <sup>[1]</sup> 61:6  <b>supposed</b> <sup>[6]</sup> 44:12,21 47:8,9,11 55:21  <b>supposedly</b> <sup>[1]</sup> 59:3  <b>SUPREME</b> <sup>[2]</sup> 1:1,16  <b>surrender</b> <sup>[1]</sup> 45:9  <b>surviving</b> <sup>[1]</sup> 9:14  <b>swooping</b> <sup>[1]</sup> 8:12  <b>system</b> <sup>[4]</sup> 11:25 12:2 59:25 60:9</p> <hr/> <p style="text-align: center;"><b>T</b></p> <p><b>tactics</b> <sup>[1]</sup> 53:18  <b>tax</b> <sup>[37]</sup> 3:18,22 4:6 5:9 9:22 10:1,2,9 11:20,20,25 12:2,6,7 13:23 34:20 35:13,25 36:5 43:20,25 47:19 48:7 49:5,14,18,19 50:16 53:21, 25 54:7 55:7,13 59:25 60:1,22,23  <b>taxation</b> <sup>[7]</sup> 5:6 10:12,23 34:15 35:6,7,14  <b>taxed</b> <sup>[2]</sup> 25:4 34:19  <b>taxpayers</b> <sup>[1]</sup> 53:20  <b>tells</b> <sup>[2]</sup> 39:18 58:11  <b>tend</b> <sup>[1]</sup> 50:16  <b>terms</b> <sup>[8]</sup> 6:25 8:22 23:25</p>
--	---	---	---	---

## Official - Subject to Final Review

<p>28:1 30:13 49:1 56:25 60:10  <b>test</b> <sup>[1]</sup> 8:3  <b>themselves</b> <sup>[1]</sup> 13:21  <b>theoretical</b> <sup>[1]</sup> 39:15  <b>theory</b> <sup>[1]</sup> 31:13  <b>there's</b> <sup>[9]</sup> 16:24 25:6 30:19 40:5 45:9 47:18 51:3 54:9 55:1  <b>thereby</b> <sup>[1]</sup> 58:18  <b>therefore</b> <sup>[4]</sup> 5:2 9:6 18:5 57:7  <b>they've</b> <sup>[2]</sup> 24:6 45:17  <b>thinking</b> <sup>[2]</sup> 5:20 24:7  <b>thinly</b> <sup>[2]</sup> 49:16 54:2  <b>third</b> <sup>[3]</sup> 15:13 28:4 61:1  <b>THOMAS</b> <sup>[39]</sup> 1:3 5:15,17,19,23 6:5,6,9,13,13,15,20,22 7:3,5,11,22 8:15 9:13,14,17 10:8 11:9,15 13:2,8 14:25 15:9 25:4 29:3 32:12 33:1 34:19 35:15,24 46:14 52:16 59:19 60:7  <b>Thomas's</b> <sup>[12]</sup> 10:19,19 13:10 15:10 22:5 35:8,19 37:3 58:9 59:5,7,11  <b>though</b> <sup>[4]</sup> 20:2 45:17 47:3 51:16  <b>three</b> <sup>[1]</sup> 48:23  <b>throughout</b> <sup>[2]</sup> 7:16 19:22  <b>today</b> <sup>[1]</sup> 60:2  <b>together</b> <sup>[2]</sup> 32:17,21  <b>took</b> <sup>[3]</sup> 13:21 33:2 60:19  <b>tool</b> <sup>[1]</sup> 5:10  <b>total</b> <sup>[6]</sup> 32:17,19 42:18 46:6,7 61:6  <b>tracks</b> <sup>[1]</sup> 28:19  <b>transaction</b> <sup>[4]</sup> 5:8 9:16 25:17 35:10  <b>transactions</b> <sup>[3]</sup> 25:9 43:22 53:3  <b>Treasury</b> <sup>[2]</sup> 4:2 21:4  <b>treat</b> <sup>[5]</sup> 4:14,25 17:15 40:5 51:4  <b>treated</b> <sup>[4]</sup> 13:25 17:11 23:14 53:11  <b>treating</b> <sup>[2]</sup> 27:2,6  <b>treatment</b> <sup>[2]</sup> 13:23 29:16  <b>treats</b> <sup>[1]</sup> 3:18  <b>trickiness</b> <sup>[1]</sup> 45:7  <b>tricky</b> <sup>[1]</sup> 45:12  <b>tries</b> <sup>[1]</sup> 43:1  <b>true</b> <sup>[11]</sup> 9:12 11:9 16:6 23:1,5 32:7 34:1 36:19,20 51:15 57:19  <b>trust</b> <sup>[1]</sup> 50:20  <b>try</b> <sup>[2]</sup> 40:7 57:16  <b>trying</b> <sup>[12]</sup> 25:25 26:2 27:11 31:15,17 45:8 49:22 56:4,9 57:19,20 59:13  <b>turns</b> <sup>[2]</sup> 20:23 23:5  <b>twice</b> <sup>[1]</sup> 9:25  <b>two</b> <sup>[16]</sup> 10:14 16:16 18:14 21:17 29:20 32:21 33:14</p>	<p>45:20 46:1 47:5,5 52:12 54:17,18 59:3 60:18  <b>typically</b> <sup>[2]</sup> 25:15 30:3</p> <hr/> <p style="text-align: center;"><b>U</b></p> <p><b>U.S.C</b> <sup>[1]</sup> 39:18  <b>ultimately</b> <sup>[1]</sup> 61:10  <b>under</b> <sup>[12]</sup> 6:20,25 8:22 9:19,19 12:4 15:24 19:8,21 23:25 59:3,9  <b>understand</b> <sup>[3]</sup> 28:15 41:15 49:10  <b>understanding</b> <sup>[4]</sup> 46:22 48:21,21 52:10  <b>unfair</b> <sup>[1]</sup> 61:2  <b>UNITED</b> <sup>[4]</sup> 1:1,8,17 3:5  <b>universe</b> <sup>[2]</sup> 40:11,15  <b>up</b> <sup>[17]</sup> 5:16,25 7:23 10:25 13:10 16:12 20:7 21:5 23:7 33:6 36:25 37:4 43:18 45:23 47:23 55:10 59:4  <b>uses</b> <sup>[2]</sup> 13:17 29:21  <b>Using</b> <sup>[1]</sup> 31:16</p> <hr/> <p style="text-align: center;"><b>V</b></p> <p><b>valuable</b> <sup>[2]</sup> 5:10 14:13  <b>valuation</b> <sup>[17]</sup> 5:5 8:19 9:3 10:14 28:16,18 30:7,13,16,21 31:9,18 32:15 37:2,3,4 40:18  <b>value</b> <sup>[95]</sup> 4:5,9,15,20 5:3 8:15,17 9:15 10:9,20,21 11:4 13:12,13 15:4,23 17:23 18:6,12,22 22:10 26:7,12 27:11,14 29:13 31:10,13,15,17,25 32:2,5,13,17,20,24 33:18,24,25 34:5,16 35:3,4,5,9,11,17,24 36:23,25 37:1 38:9,25 39:1,6,11,12,22 40:7,21,24,25 41:23 42:6,13,15 43:15,17,23 44:1 45:8,10 46:6 47:19,20,22,22 49:21,23 51:19,25 52:2 56:4,7,9 57:20,21 58:13,16 59:7,14 60:6,7 61:9  <b>valued</b> <sup>[4]</sup> 16:9 35:17 39:19 59:5  <b>valuing</b> <sup>[5]</sup> 39:15,21 51:2 57:13 59:10  <b>vanish</b> <sup>[1]</sup> 34:17  <b>various</b> <sup>[1]</sup> 50:20  <b>versus</b> <sup>[1]</sup> 3:4  <b>view</b> <sup>[24]</sup> 7:15,17,19 8:4,4,6 10:10 12:13,14 24:9 27:19 28:3 31:21 36:22,24 43:8,13,14,19,20 44:21 45:4 49:11,13  <b>virtue</b> <sup>[2]</sup> 9:16 48:4  <b>voluntary</b> <sup>[12]</sup> 4:23 22:20,24 23:12 24:11,16 26:18,19 34:3,7,10 37:13</p> <hr/> <p style="text-align: center;"><b>W</b></p> <p><b>waiting</b> <sup>[1]</sup> 48:18  <b>walk</b> <sup>[4]</sup> 37:7 38:25 46:7,25</p>	<p><b>Walked</b> <sup>[3]</sup> 32:9,12 46:6  <b>walking</b> <sup>[1]</sup> 59:19  <b>wanted</b> <sup>[4]</sup> 47:14,15,18 52:16  <b>wants</b> <sup>[3]</sup> 9:9,23 10:2  <b>wash</b> <sup>[2]</sup> 33:5,7  <b>Washington</b> <sup>[3]</sup> 1:12,20,23  <b>way</b> <sup>[19]</sup> 7:4 11:2 15:3,7,15 16:25 23:14 25:11 27:24 28:14 36:18 40:4 42:16 44:7 48:14 50:6,15 52:17 54:5  <b>ways</b> <sup>[4]</sup> 47:25 50:18,20 61:12  <b>Wednesday</b> <sup>[1]</sup> 1:13  <b>weight</b> <sup>[1]</sup> 4:19  <b>weird</b> <sup>[1]</sup> 46:25  <b>welcome</b> <sup>[2]</sup> 5:14 32:25  <b>whatever</b> <sup>[3]</sup> 18:7 42:23 43:24  <b>whatsoever</b> <sup>[3]</sup> 25:3 45:14 51:3  <b>whenever</b> <sup>[1]</sup> 22:17  <b>Whereupon</b> <sup>[1]</sup> 62:2  <b>whether</b> <sup>[14]</sup> 18:20,20,21 26:3 28:15 34:6,10 41:11 42:3,4,13 49:11 54:1 60:10  <b>whole</b> <sup>[11]</sup> 15:4 17:24 41:1,16 42:4,12,14 45:23 46:13,16 54:22  <b>will</b> <sup>[20]</sup> 3:3,12 4:5 10:7 16:6,11 23:7 25:21 31:18 34:19 35:19,20 38:7,8 39:4 42:5,12,20 53:16 56:10  <b>willing</b> <sup>[11]</sup> 4:12,12 5:22 7:23 8:8,11 10:4 12:16 18:10,21,25  <b>windfall</b> <sup>[2]</sup> 14:17 25:3  <b>without</b> <sup>[4]</sup> 10:21 11:4 25:12 32:4  <b>word</b> <sup>[2]</sup> 18:15 20:7  <b>words</b> <sup>[5]</sup> 14:12 17:4 19:23 26:11 31:12  <b>work</b> <sup>[6]</sup> 27:25 40:12,13 44:12,21 46:5  <b>works</b> <sup>[1]</sup> 43:21  <b>world</b> <sup>[2]</sup> 21:6 58:25  <b>worth</b> <sup>[41]</sup> 3:22 5:2 7:12,15,17 11:17 15:4 16:2,16 17:8 19:22 22:14 23:2 30:14,22 31:25 32:6,19 33:16 35:23 36:16,17,21 42:24 43:6 44:4,18,24,25 45:3,4,19 46:16 47:1,2 48:8 52:3 57:14 58:8,10 59:11  <b>worthand</b> <sup>[1]</sup> 51:18  <b>wrestling</b> <sup>[1]</sup> 9:1  <b>wrinkle</b> <sup>[1]</sup> 20:1  <b>writing</b> <sup>[2]</sup> 54:23,25</p> <hr/> <p style="text-align: center;"><b>Y</b></p> <p><b>YAIRA</b> <sup>[3]</sup> 1:22 2:6 31:3</p>	<p><b>years</b> <sup>[1]</sup> 54:22</p>
--	--	--	--