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Does a Buy-Sell Value Bind Parties in a Divorce?

***Barton v. Barton*, 2007 Ga. LEXIS 21 (January 8, 2007)**

In a case of first impression in the state, the Georgia Supreme Court considered whether the stock value set forth in a buy-sell agreement for a closely held corporation is binding on a property division in divorce proceedings.

The *Barton* court briefly reviewed the facts: The husband owned a half-interest in a closely held corporation, subject to a buy-sell agreement, which provided a formula for valuing a stockholder's interest on death, disability, or other departure. Under the formula, the husband's half-interest would have been worth \$342,000.

Nevertheless, the parties' arbitrator found the fair market value of the stock to be \$508,000 and divided the rest of the property accordingly. The husband appealed the arbitrator's award and argued that the parties should have been bound by the buy-sell price, citing case law in other jurisdictions (New Mexico, District of Columbia) for support.

The Georgia Supreme Court decided to follow the "clear majority" of U.S. jurisdictions, however, citing the "simple" rationale, which it also believed to be the more sound: "The buy-sell price in a closely-held corporation can be manipulated and does not necessarily reflect true market value."

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