

Proclamation Ales, L.L.C., No. WC-2020-0212, 2025 WL 1911720, at *1 (R.I. Super. July 7, 2025). As such, this Court only will outline the evidence presented relating to this decision as well as the procedural history relating to the valuation of the respective membership interests.

At the conclusion of the nonjury trial this Court granted Mr. Karten's request for specific performance pursuant to Count VII of his amended verified complaint. *See Karten*, 2025 WL 1020502 at *31–32. Specifically, the Court ordered specific performance of the 2016 Membership Interest Agreement (2016 MIA) and the 2016 Amended and Restated Operating Agreement (2016 OA) as they relate to the disposition of membership interests on Mr. Karten's dissociation and Mr. Witham's death. *Id.* at *32. According to the 2016 OA, “[a]ll Units of a Dissociated Member automatically become Non-Member Economic Units immediately upon the Dissociation Date and the Dissociated Member shall cease to have any rights of a Member with respect to the right to vote or participate in the management of the Company.” *See id.* (quoting Pl.'s Ex. 1, ¶ 8.3). Mr. Karten's dissociation date was January 21, 2020. *See id.*; *see also Karten*, 2025 WL 1911720, at *1. The Court directed that Proclamation Ales, or its remaining members, redeem his 25 percent nonmember economic units at the value outlined in the 2016 OA and 2016 MIA. *See Karten*, 2025 WL 1020502 at *32.

According to the 2016 MIA, “[u]pon the death . . . of any Member, the Company shall redeem, and the estate of the deceased Member . . . shall sell all but not less than all of the Membership Interest units of the deceased . . . Member within one hundred twenty (120) days[.]” *Id.* (quoting Pl.'s Ex. 2, ¶ 3.1). Mr. Witham died on December 25, 2020. *See id.* at *1 n.1. The Court ordered that the Estate sell, and Proclamation Ales or its remaining members redeem, all of Mr. Witham's 68.5 percent membership interest in Proclamation Ales. *See id.* at *33.

Schedule A of the 2016 MIA determines the purchase price of Mr. Witham's membership interest as well as Mr. Karten's nonmember economic units in Proclamation Ales. *Id.* at *34; *see* Pl.'s Ex. 2, Schedule A. The provision states that:

"1. The purchase price per Class A Membership Unit shall be equal to the last agreed value of the Company up to the date of the event causing redemption of the Class A Units:
 "(a) adjusted upward by the amount of any increase in retained earnings and consideration paid to the Company for newly issued Class A units; and
 "(b) adjusted downward by the amount of any decrease in retained earnings and consideration paid by the Company for any unit which it purchases,
"in each case, divided by the total number of Class A Units of the Company issued and outstanding on the valuation date." (Pl.'s Ex. 2, Schedule A, ¶ 1.)

Schedule A further provides that "[t]he value of the Company shall be determined not less frequently than annually by agreement of all the Members (the 'Agreed Value') at a meeting held for that purpose following the annual meeting of the Members of the Company each year." *Id.* ¶ 2. However, if the Agreed Value of the Company is not determined by agreement of all the Members of any year,

"then a third party independent certified public accountant (which shall be a recognized accountancy firm in the State of Rhode Island or Massachusetts without any personal or business affiliation to any of the Members), shall be engaged and retained by the Company to determine the purchase price using the formula set forth below and its determination shall be final and binding upon all parties including their heirs, legal representatives, successors and assigns. The Members will share equally in the fees and expenses of such third party independent certified public accountant. The formula is as follows:

The average of last three completed years' EBITDA of the Company times [five] divided by the number of outstanding units on the valuation date. (EBITDA is: earnings before interest, taxes, depreciation and amortization) [(the 'Buyout Formula').]" *Id.* ¶ 3.

Here, there is no dispute that the value of Proclamation Ales and the membership interests must be determined pursuant to the Buyout Formula. (*See* Pl.’s Br. on Valuation of Membership Interests (Pl.’s Br.) 2; *see also* Defs.’ Suppl. Br. on Value (Defs.’ Br.) 3.)

At trial, John A. Cacchiotti (Mr. Cacchiotti) testified as Proclamation Ales’ valuation expert. (Trial Tr. 88:5-6, 92:15-17, 95:1-4, June 24, 2024.) Mr. Cacchiotti testified that he is a certified public accountant (CPA) and partner at Withum, Smith & Brown. *Id.* at 89:4–10. Mr. Cacchiotti further testified that if there was an agreement indicating how a purchase price or value should be determined, that agreement is generally followed. Here, he was asked to perform the valuation on two particular dates: January 21, 2020 and December 25, 2020. *Id.* at 106:9–107:25. Mr. Cacchiotti testified concerning his understanding of the formula utilized to perform the two analyses. *See id.* at 107:3–19.

With respect to Mr. Karten’s analysis, Mr. Cacchiotti made various adjustments to the net income based on a 2017 equipment purchase, the management fee from Craft Beverage International (CBI), the CBI loan excess proceeds, the transfer between banks, payments to Craft Beverage Consulting (CBC), a 2019 sales credit, sales tax, costs of goods sold, and Mr. Witham repaying personal expenses. (Defs.’ Ex. II, 5–7, 22.) He also made adjustments for “Mr. Karten’s Alleged Theft/Unauthorized Expenses,” based on excess payroll addbacks, CBC payments, theft/unauthorized use of credit cards, BestBuy unauthorized charges, and the Toyota Tundra lease. (Trial Tr. 110:2–8, 111:3–25, 112:1–11, June 24, 2024; Defs.’ Ex. II, 24.) Based on this analysis, Mr. Cacchiotti determined that the value of Proclamation Ales as of January 21, 2020 was \$274,073, making Mr. Karten’s 25 percent interest \$68,518. (Trial Tr. 120:21–121:25, June 24, 2024; Defs.’ Ex. II, at 22.) He also determined that as of December 25, 2020, the value

of Proclamation Ales was \$1,253,339, Mr. Karten's interest was \$313,335, and Mr. Witham's interest was \$858,537. (Trial Tr. 122:4–24, June 24, 2024; Defs.' Ex. II, at 23.)

At trial, Andrew Bostian (Mr. Bostian) testified as Mr. Karten's valuation expert. (*See* Trial Tr. 21:9–15, 22:25-23:9, June 24, 2024.) Mr. Bostian testified that he is an Accredited Senior Appraiser with the American Society of Appraisers and is a principal in the valuation group at CliftonLarsonAllen. *Id.* at 18:8–11. Mr. Bostian is not a CPA. *Id.* at 64:14–17. In anticipation of trial, Mr. Bostian prepared a valuation report of Proclamation Ales as of December 2020 and December 2022. *Id.* at 21:10–14.

Mr. Bostian further testified that he used the last three fiscal years to determine the value of Proclamation Ales as of January 21, 2020. *Id.* at 50:3–10. He testified that he reviewed Withum, Smith & Brown's calculations and said that they made adjustments related to CBI and double counted approximately \$13,000 that had been paid back between 2017 and 2019. *Id.* at 51:7–52:10. Without any adjustments and following the Buyout Formula, Mr. Bostian concluded that the value of Proclamation Ales as of January 21, 2020 was approximately \$1.3 million. *Id.* at 50:17–51:6.

In its Decision, this Court determined that there was insufficient information in the record to determine the value of Proclamation Ales or its membership interests. *See Karten*, 2025 WL 1020502, at *34. Accordingly, it reserved its decision on the purchase price of Mr. Karten's nonmember economic units and Mr. Witham's membership interest as stated in Schedule A of the 2016 MIA. *Id.*

Defendants moved for a hearing to determine the value of the membership interests on October 9, 2025. (*See* Defs.' Mot. for Hr'g to Determine Valuation of Membership Interests 1.) Mr. Karten filed a response and objection to the motion for a hearing on October 13, 2025. (*See*

Pl.'s Resp. and Obj. to Mot. for Hr'g 1.) On that date, Mr. Karten also moved for appointment of an independent CPA to determine the value of the nonmember economic units and membership interests. (*See* Pl.'s Mot. for Appointment of Independent CPA to Determine Value of Membership Interests 1.) Thereafter, the parties agreed that there was sufficient evidence in the record from Mr. Cacchiotti and Mr. Bostian to determine the value of the nonmember economic units and membership interests, and to submit supplemental briefing on the issue of valuation. (*See* Defs.' Br. 1–2.) The Court accepted the agreement.

On November 21, 2025, Defendants filed a Supplemental Brief on Value to determine the value of Mr. Karten's membership interests. *See id.* On November 25, 2025, Mr. Karten filed his brief with exhibits, which included a supplemental calculation from Mr. Bostian and an endorsement of Mr. Bostian's report from CPA Mark Campbell (Mr. Campbell). (*See* Pl.'s Br. 1; Pl.'s Br., Ex. A; Pl.'s Br., Ex. B.) On December 4, 2025, Proclamation Ales filed an objection to Mr. Karten's brief and moved to strike all the exhibits for introducing new evidence to the fact finder. (*See* Defs.' Mot. to Strike Pl.'s Post-Trial Mem., ¶ 1.) Following Mr. Karten's objection and subsequent hearing, the Court granted the motion on December 15, 2025. (*See* Pl.'s Obj. to Defs.' Mot. to Strike, at 1; *see* Dec. 15, 2025 Order, ¶ 1.) The Court ordered that it “will consider the supportive briefs of the parties but will not consider any evidence other than the evidence admitted at trial.” *Id.*

After reviewing the parties' briefings and the evidence admitted at trial, the Court now renders its decision.

II

Standard of Review

“In all actions tried upon the facts without a jury or with an advisory jury, the court shall find the facts specially and state separately its conclusions of law thereon, and judgment shall be entered pursuant to Rule 58[.]” Super. R. Civ. P. 52(a). “Pursuant to this authority, ‘[t]he trial justice sits as a trier of fact as well as of law.’” *Parella v. Montalbano*, 899 A.2d 1226, 1239 (R.I. 2006) (quoting *Hood v. Hawkins*, 478 A.2d 181, 184 (R.I. 1984)). “‘Consequently, [she] weighs and considers the evidence, passes upon the credibility of the witnesses, and draws proper inferences.’” *Id.* (quoting *Hood*, 478 A.2d at 184). “Also, ‘it is permissible for the trial justice to draw inferences from the testimony of witnesses, and such inferences, if reasonable, are entitled on review to the same weight as other factual determinations.’” *Rhode Island Mobile Sportfishermen, Inc. v. Nope’s Island Conservation Association, Inc.*, 59 A.3d 112, 118 (R.I. 2013) (quoting *Cahill v. Morrow*, 11 A.3d 82, 86 (R.I. 2011)).

In the decision, the Court “‘need not engage in extensive analysis and discussion of all the evidence. Even brief findings and conclusions are sufficient if they address and resolve the controlling and essential factual issues in the case.’” *Parella*, 899 A.2d at 1239 (quoting *Donnelly v. Cowsill*, 716 A.2d 742, 747 (R.I. 1998)). Indeed, the “trial justice’s analysis of the evidence and findings in the bench trial context need not be exhaustive . . . if the decision reasonably indicates that [the trial justice] exercised [his or her] independent judgment in passing on the weight of the testimony and the credibility of the witnesses[.]” *JPL Livery Services, Inc. v. State of Rhode Island Department of Administration*, 88 A.3d 1134, 1141 (R.I. 2014) (internal quotations omitted).

III

Analysis

A

Value of Mr. Karten's Nonmember Economic Units and Mr. Witham's Membership Interests

Mr. Karten argues that the Court should determine the redemption price of the membership interests in strict accordance with the Buyout Formula because it does not permit adjustments or setoffs. (*See* Pl.'s Br., 1–3.) He further asserts that Mr. Cacchiotti's valuation should not be adopted because it is legally impermissible and factually unreliable for making adjustments that are not permitted under the Buyout Formula. *See id.* at 3, 9–11. Mr. Karten also asserts that Mr. Bostian's testimony and reports, endorsed by Mr. Campbell, provide the only competent and credible evidence of the contractual buyout amounts because he strictly applied the Buyout Formula. *See id.* at 3–7.

Defendants argue that the Court should adopt Mr. Cacchiotti's valuation for determining the purchase price of Mr. Karten's membership interest because he is an independent CPA, he reviewed the necessary documentation, and followed the Buyout Formula. (*See* Defs.' Br., 3–6.) They further argue that the purchase price of Mr. Karten's nonmember economic units should be set off by payments made and benefits received by Mr. Karten following his dissociation because he would be paid more than the value of his noneconomic units. *See id.* at 6–7. Defendants also assert that the Court should neither adopt nor consider Mr. Bostian's report because he is not a CPA as required in Schedule A, and he applied the income approach rather than the Buyout Formula to determine the value of the membership interests as of December 31, 2020. *See id.* at 8.

Value of Proclamation Ales and the Membership Interests

To determine if a contract is ambiguous, courts ““give words their plain, ordinary, and usual meaning.”” *Fuller Mill Realty, LLC v. Rhode Island Department of Revenue Division of Taxation*, 313 A.3d 377, 382 (R.I. 2024) (quoting *Chariho Regional School District, by and through Chariho Regional School Committee v. State*, 207 A.3d 1007, 1015 (R.I. 2019)). ““If the contract terms are clear and unambiguous, judicial construction is at an end for the terms will be applied as written.”” *Thompson v. Town of North Kingstown Zoning Board of Appeals*, 313 A.3d 501, 507 (R.I. 2024) (quoting *Rivera v. Gagnon*, 847 A.2d 280, 284 (R.I. 2004)).

This Court has previously found that the 2016 MIA determines the disposition of the members’ interest. *See Karten*, 2025 WL 1020502, at *15–16; *see also* Pl.’s Ex. 2, ¶ 6.2. The 2016 MIA redemption terms control over the conflicting redemption terms in the 2016 OA. *See id.* at *18, *32 n.30; *see* Pl.’s Ex. 2, ¶ 6.2; *see* Pl.’s Ex. 70, Schedule 2, Schedule 4.

This record clearly establishes that there does not exist an agreed-upon value of Proclamation Ales. (*See, e.g.*, Pl.’s Br. 2; *see also* Defs.’ Br. 3; *see* Pl.’s Ex. 2, Schedule A, ¶¶ 1–2.) Thus, the membership interests of Mr. Witham and the nonmember economic units of Mr. Karten are determined pursuant to the Buyout Formula. (*See* Pl.’s Ex. 2, Schedule A, ¶ 3.) The Buyout Formula states that “[t]he average of the last three completed years’ EBITDA of the Company times [five] divided by the number of outstanding units on the valuation date. (EBITDA is: earnings before interest, taxes, depreciation and amortization).” (Pl.’s Ex. 2, Schedule A, ¶ 3.)

In determining the valuation, the Court notes that Mr. Bostian’s report was never accepted as a full exhibit. (*See* Pl.’s Ex. 118.) (*See* Trial Tr. Index, June 24, 2024 (“Plaintiff’s

Exhibit 118, report of Mr. Bostian, to be edited and submitted to the clerk to be marked as a full exhibit as indicated on page 63 of the transcript”).) Accordingly, the Court declines to consider Mr. Bostian’s report. *See id.*; *see also* Trial Tr. 61:18–63:10, June 24, 2024. Furthermore, the Court will not consider Mr. Bostian’s supplemental calculation and Mr. Campbell’s endorsement of Mr. Bostian’s testimony because they constitute evidence not admitted at trial. (*See* Pl.’s Br., Ex. A; *see* Pl.’s Br., Ex. B; *see also* Dec. 15, 2025 Order, ¶ 1.) As a result, no weight is given to these documents or testimony.

To determine Mr. Karten and Mr. Witham’s respective interests pursuant to the Buyout Formula, Mr. Cacchiotti credibly testified that the “last three completed years” were 2017, 2018, and 2019 as of Mr. Karten’s dissociation date, and 2018, 2019, and 2020 as of the date of Mr. Witham’s death. *See* Defs.’ Ex. II, 22–23. The Court finds that the “last three completed years” for Mr. Karten’s dissociation date, January 21, 2020, is 2017, 2018, and 2019 because the 2020 calendar year was not complete. *See Karten*, 2025 WL 1020502, at *32. However, the Court does not accept as credible Mr. Cacchiotti’s testimony that the “last three completed years” for the date of Mr. Witham’s death, December 25, 2020, was 2018, 2019, and 2020 because the 2020 calendar year was not complete. *See id.* at *1 n.1, *32. Therefore, based on the Buyout Formula’s clear and unambiguous language, the “last three completed years” as of the date of Mr. Karten’s dissociation and Mr. Witham’s death are 2017, 2018, and 2019. *See Fuller*, 313 A.3d at 382; Pl.’s Ex. 2, Schedule A, ¶ 3.

Mr. Cacchiotti next testified to certain adjustments to the net income as he applied the Buyout Formula. (*See* Defs.’ Ex. II, 22–23.) These adjustments are not permissible based on the plain and unambiguous language of the Buyout Formula which permits only adjustments pursuant to EBITDA. (Pl.’s Ex. 2, Schedule A, ¶ 3.) The Buyout Formula does not authorize

adjustments to the net income. *See id.* As a result, permitting such adjustments would give the 2016 MIA agreement new meaning. *Fuller*, 313 A.3d at 382 (finding that the terms of a stipulation were clear and “they must be applied as . . . written”). Because the Court is bound to apply the Buyout Formula as written, adjustments to the net income are not recognized or considered. *Id.*

Mr. Cacchiotti also made adjustments for “Mr. Karten’s Alleged Theft/Unauthorized Expenses,” which included the excess payroll for Mr. Karten and his relatives, CBC payments, unauthorized use of credit cards, BestBuy unauthorized charges, and the Toyota Tundra lease. (*See* Defs.’ Ex. II, 24.) In the Decision, this Court found that Defendants did not show by a preponderance of the evidence that Mr. Karten committed larceny, embezzlement, or fraud when he increased payroll for himself and his relatives. *See Karten*, 2025 WL 1020502, at *28-30. As a result of this finding, the Court will also not consider the adjustments for “Mr. Karten’s Alleged Theft/Unauthorized Expenses” outlined in Mr. Cacchiotti’s report. (*See* Defs.’ Ex. II, 24.)

Lastly, Defendants argue that the purchase price for Mr. Karten’s nonmember economic units should be reduced by his wages, the truck lease payments, and health and dental insurance that Proclamation Ales paid for after the dissociation date because, absent a credit, Mr. Karten’s membership interest increases approximately 64 percent. (*See* Defs.’ Br. 6–7.) Similar to the other adjustments, the Court will not credit the purchase price of Mr. Karten’s nonmember economic units because it is not authorized in the Buyout Formula and the Court will only apply it as written. *Fuller*, 313 A.3d at 382.

As a result the, “Buy Out Formula” shall be implemented to determine the respective calculations. After application of the formula provided in Schedule A and in accordance with

this Decision, Mr. Karten's 23 percent interest is \$329,249.58. Mr. Witham's membership interest is \$902,143.86.

IV

Conclusion

For the reasons stated herein, this Court finds that the language contained in the Buyout Formula listed in Schedule A of the 2016 MIA is plain and unambiguous. The Buyout Formula does not authorize adjustments to the net income or crediting payments and benefits already made to Mr. Karten. Mr. Karten's 25 percent interest in Proclamation Ales is valued at \$329,249.58 and Mr. Witham's 68.5 percent interest is valued at \$902,143.86. Proclamation Ales shall redeem Mr. Karten's nonmember economic units and Mr. Witham's membership interests consistent with this Decision.

Counsel shall submit the appropriate order for entry.



RHODE ISLAND SUPERIOR COURT

Decision Addendum Sheet

TITLE OF CASE: **Karten v. Proclamation Ales, L.L.C., et al.**

CASE NO: **WC-2020-0212**

COURT: **Washington County Superior Court**

DATE DECISION FILED: **April 16, 2026**

JUSTICE/MAGISTRATE: **Taft-Carter, J.**

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