

Case 22-6c

Zoovest Capital

Zoovest Capital is a public corporation that invests in start-up and small- to medium-sized exotic animal zoos throughout the United States. Zoovest Capital is not an investment company in accordance with ASC 946.

Zoovest Capital holds a 20 percent interest in common stock of GW Zoo (GW), a small-sized exotic animal zoo in Oklahoma that is a corporation capitalized by common stock outstanding. Zoovest Capital has representation on GW's board of directors, controlling two of the ten board seats, and participates in the policy-making process. The remaining 80 percent interest in GW is held by two large investors. The first investor, Lowe LLC (Lowe) has a 60 percent interest in common stock of GW and controls six of the ten board seats. The other investor, Stark Services Inc. (Stark) has a 20 percent interest in common stock of GW and controls two of the ten board seats.

Zoovest Capital also holds a 10 percent interest in common stock of MB Safari (MB), a medium-sized exotic animal zoo in South Carolina that is a corporation capitalized by common stock outstanding. Zoovest Capital has representation on MB's board of directors, controlling two of the ten board seats, and participates in the policy-making process. Zoovest Capital is the largest shareholder in MB, followed by four other investors with common stock ownerships that range between 7 percent to 9 percent each, and the remaining common stock ownership is widely dispersed among various other investors. Those four investors control one board seat each, and the remaining four board members are independently appointed by the six board members represented by the largest investors.

In 20X0, Zoovest Capital made a strategic decision to diversify its investment portfolio and expand its investments to include wildlife rescues and sanctuaries. As a result of this decision, Zoovest Capital acquired a 17 percent interest in common stock of BC Rescue (BC), a wildlife rescue facility in Florida that is a corporation capitalized by common stock outstanding. Zoovest Capital has representation on BC's board of directors, controlling two of the twelve board seats, and participates in the policy-making process. The remaining 83 percent interest in BC is held by two large investors. The first investor, Baskin Group Inc. (Baskin) has a 58 percent interest in common stock of BC and controls seven of the twelve board seats, including the chairman. An executive from Baskin is also the chief executive officer (and the chairman). The other investor, Lewis Living Trust (Lewis) has a 25 percent interest in common stock of BC and controls three of the twelve board seats.