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Information and education dedicated to appraisal excellence

Summer 2008

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- 1999-01 John Gabalis, CEA
- 2001-03 Richard H. Levy, CEA
- 2003-2005 Nathan J. Arnold, CEA
- 2005-2007 Randy R. Stevens, CEA

*Deceased

AMEA Recognizes Excellence

Nathan Arnold, CEA and John Gabalis, CEA

During the January Board meeting, AMEA President John Greene, CEA, presented the David Lang Award to Nathan Arnold, CEA at a special ceremony in Tucson, AZ.

In 2000, the AMEA created the David Lang award to honor individuals who serve the machinery and equipment appraisal profession beyond the call of duty. First awarded in May 2000, the David Lang Award was inspired by one man's dedication to appraisal excellence, the late David Lang.

Nathan Arnold, CEA has served the MDNA and AMEA in many different capacities in the past 20 years. Starting in 1987 as the MDNA Cleveland Chapter Vice President and later becoming the President of AMEA in 2003; Nate is leaving the AMEA Board in 2008 with many accomplishments. He has been dedicated to the AMEA



Nathan Arnold, CEA

and the appraising profession for longer than most and has been the exemplary ambassador of the AMEA as well as a mentor to many in the industry.

In accepting his award, Nate thanked his lovely wife, Sue, and family; and continued with the following remarks:

"It is truly an honor to receive this award. It means a lot to me to see the name "Dave Lang" on the top of the beautiful glass mirrored plaque. Dave was a mentor, teacher, associate, and most importantly, my friend. Dave worked hard for the AMEA as well as our entire profession. I speak of him quite often in relationship to ethics and interest in the machinery and equipment appraisal industry. Dave was the person who encouraged me to participate in The Appraisal Foundation organization.



John Gabalis, CEA receiving his Dave Lang Award.

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I currently hold the Chairman of The Appraisal Foundation Advisory Council position. It has been a privilege and honor to be a member of the AMEA Board and an officer in this Association. I would like to thank everyone who participated in presenting this award to me.”

On May 10, 2008, Randy Stevens, CEA of Lee Stevens Machinery Inc, presented the Association of Machinery Equipment Appraisers David Land prestigious award to John Gabalis, CEA, Hallmark Co. The award is given to a person that serves the machinery and equipment appraisal profession above and beyond the call of duty. The recipient is a person who has been a leader in developing the strength and integrity of this organization as well as the industry. Created in 2000, the David Lang Award has only been given to a selected group to include: David Lang, Norman Adler, and Nathan Arnold.

During Mr. Steven’s introductory speech for Mr. Gabalis, Mr. Stevens acknowledged the recipient for his role in his life and accomplishments in the machinery & equipment industry. For everyone who knows John Gabalis, knows with his confident stature, he did not have a difficult time convincing anyone to do anything; therefore Mr. Gabalis successors are proud to be in the shadows of this person.

He joined AMEA 27 years ago and has served on the AMEA Board in one capacity or the other since 1989. Later leading the organization as president from 1999 – 2001. He leaves the AMEA Board today with almost 20 years of service on the Board and many well-deserved accolades for his achievements as a leader.

Many of you will agree that John Gabalis has never met an enemy; with the appearance of a giant but the demeanor of a teddy bear, he has influenced many of us in the industry.

In accepting the award, Mr. Gabalis made the following statement:
“You would have to know of David Lang and his accomplishments to understand what this award means to me. Dave was a leader, a teacher, a mentor and a tireless promoter for the machinery and equipment appraiser.

He probably did more to enhance the professionalism of the M&E Appraiser than anyone else I know. He freely gave his time to any appraiser that called upon him for information. He did not care if you were an AMEA, an ASA, an EAANA member, or had no designation at all. He was always there to assist.

He introduced us to the Institute and USPAP, way before it was a popular concept, because he knew it would hold us to a higher

standard in the eyes of the bankers and lenders with which we do business.

I am sure if Mr. Lang had to evaluate the AMEA’s progress today he would be very pleased indeed. As an association the AMEA is now the recognized leader in our field and it is because of the hard work of those who have served before us. I am proud to be in Dave’s company with this award that you have presented to me today. Thank you all.”

Upcoming Educational Events

AMEA Appraisal Review Webinar Series

July 10, 2008 - 1:00 PM EST
August 14, 2008 - 9:00 AM EST
September 11, 2008 - 3:00 - 5:00 PM CST*
October 9, 2008 - 1:00 PM EST

The AMEA is excited to offer great educational opportunities exclusively for its members. The Appraisal Review series is a session which discusses the AMEA Standards & Procedures, the 16-points needed to pass a review, and any updates for the process. This course is free to members and provides an opportunity to gain continuing education credits.

*For the first time, the AMEA will be offering an in-person program before the Chicago chapter meeting in Chicago, Illinois. If you would like to participate in this program, please register online at www.amea.org.

15 Hour USPAP Course

EAANA
January 21 - 22, 2009
Pittsburg, PA

Mark Your Calendar!

2009 Spring Appraisers’ Forum - Dates TBD

Several sessions will be available to registrants highlighting industry updates, 7 Hour USPAP, and many other useful programs.

From the President

The AMEA prides its membership for their level of experience and knowledge of the machinery and equipment industry. The organization was founded on the belief that the consideration of actual trading comparables results in the most accurate opinions of value. With this belief, AMEA certified and accredited appraisers develop credible appraisal results.



*John Greene, CEA
AMEA President*

We strive to meet the needs of our membership by increasing educational programs; providing new resources such as online informational and educational resources; and broaden the significance of the industry. The AMEA strives to be the premier international association of appraisers who specialize in appraising used and new machinery and equipment by giving designations to the most qualified capital equipment appraisers in the industry.

As an AMEA member, I have observed that AMEA members demand the best – of themselves and of AMEA. They come from all over the world with one thing in common – a desire to maintain their high standards and grow in an atmosphere of appraisal excellence. The AMEA welcomes appraisers interested in taking an active role in the awareness and growth of the industry.

Learn more about our organization by visiting the AMEA web site, www.amea.org or contact the AMEA National Office at +1 800 537 8629. We look forward to hearing from you.

Thank you,



John Greene, CEA
AMEA President



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Welcome the AMEA New Members

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AMEA APPRAISER

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The mission of the AMEA is to certify and accredit the most qualified capital equipment appraisers in the appraisal industry through promotion of standards of professional practice, ethical conduct, and market-based experience.

*All of our members are listed on our web site:
www.amea.org*

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OIL as an Economic Indicator

By: Alan C. Iannacito

Oil, a most loved and maligned commodity. What makes it so? We know the answer, but we're too self-centered and impatient to own up. If we didn't consume so much we'd find the oil more reasonably priced. Ahem, is this the law of supply and demand? That's much too easy an explanation and one that we are tired of hearing.

There's more to it than *supply and demand*. In our ever clever inventiveness, we've created a need. We are good at making things and obsessive in their use. Why eat one brownie when we can eat the whole pan? The simple answer: gluttony. This is more than sin; it is unbelievably wasteful, resented by those who suffer and absolutely without parity between the rich and the poor.

Current in-your-face examples are our play things: SUV's, ATV's, motorcycles, packaging, furniture, et al. If you think of it there is plastic somewhere, somehow either as structure or decorative material in the construction of most hard goods and packaging. To paraphrase MODERN PLASTICS WORLDWIDE e.weekly, (June 2-6, 2008), the underlying rise in petroleum and natural gas has caused the continuing rise in the cost of plastic resins. What is plastic but oil as an industrial transfat? So what's new? Plastic resin is and has always been a commodity subject to price fluctuation. Okay consider the rest of the story.

Petroleum and natural gas are wanted by every developing country in the world, notably China and India. But if you look at NATIONAL GEOGRAPHIC Magazine's June 2008 Issue, we learn about western Siberia's Khanty-Mansi monster oil-field and where the flow goes. It's a funnel from Siberia throughout Continental and Eastern Europe, and that's it. They're voracious consumers too. (Paul Starobin, Send me to Siberia, NGM, June, 2008).

I'm not knowledgeable enough to comment on the oil optimists or the naysayers but what has occurred is the direct result of the increased demand and control. Remember we as consumers have contributed to the exponential use of oil. It has gone way past the need to fuel vehicles, transportation, electricity, the making of butter, and guns.

Still we are captive to gadgets and gizmos at Wal-Mart prices. Here's the long term kick in the pants. That cheap Chinese labor may still exist, but it's a certainty that the increasing demand for fuels driving the prices worldwide, will affect the costs of those cheap goods. No more cheap steel and plastic because of the high cost of shipping across oceans and atmospheres. What a turnaround we could see if it's cheaper to make stuff at home than ship it from overseas. What a concept. I'm not clever enough to figure that one out on my own. For a complete analysis see CIBC World Markets, StrategEcon, "The New Inflation," By Jeff Rubin. (CIBC World Markets, May 27, 2008). Log onto <http://research.cibcwm.com/res/Eco/EcoResearch.html>.

There's only one reality. Don't need so much. Oh, I'm sorry that I've said it, but why do two person households have three cars, two ATV's and a stable full of dirt bikes? Here's that answer: because it's fun, it creates jobs and it's better than Prozac™ I'm guessing.

Ciao.

Alan C. Iannacito is an industrial machinery and equipment appraiser and a student of economic foul play from Littleton, Colorado.

AN AUCTION GONE TERRIBLY WRONG

By David M. Gold, ASA, CEA

Statements of limiting conditions can be very important tools for the appraiser and should include a statement to the effect that the appraiser's values assume that, in the event of a sale of the assets, the appraiser will be consulted as to the choice of auctioneers, liquidators and/or agents.

Often, machinery and equipment assets appraised will be resold, liquidated or auctioned. Sometimes the sale falls far short of the values assumed in the appraisal. For the most part, failed auctions and liquidations occur out of ignorance on the part of other decision making professionals.

At a recent public auction sale in New England, USA, Plastics Machinery was sold far below appraised market value. For example, a local used machinery dealer purchased several machines whose stated appraised/market values were approximately \$60-70,000 each. The machines were sold at approximately \$7,00 each...The choice of auctioneer by a court appointed receiver (attorney) was inappropriate and the auctioneer's lack of knowledge of the industry and/or its' clientele resulted in the above described scenario. This is a costly error for everyone concerned including the appraiser's professional reputation. As an appraiser, my reports assume professionalism across the board. Sadly, the assumption is not always correct. I would strongly recommend to anyone involved in the liquidation, lending and legal businesses that they follow some basic principals in the disposing of appraised assets:

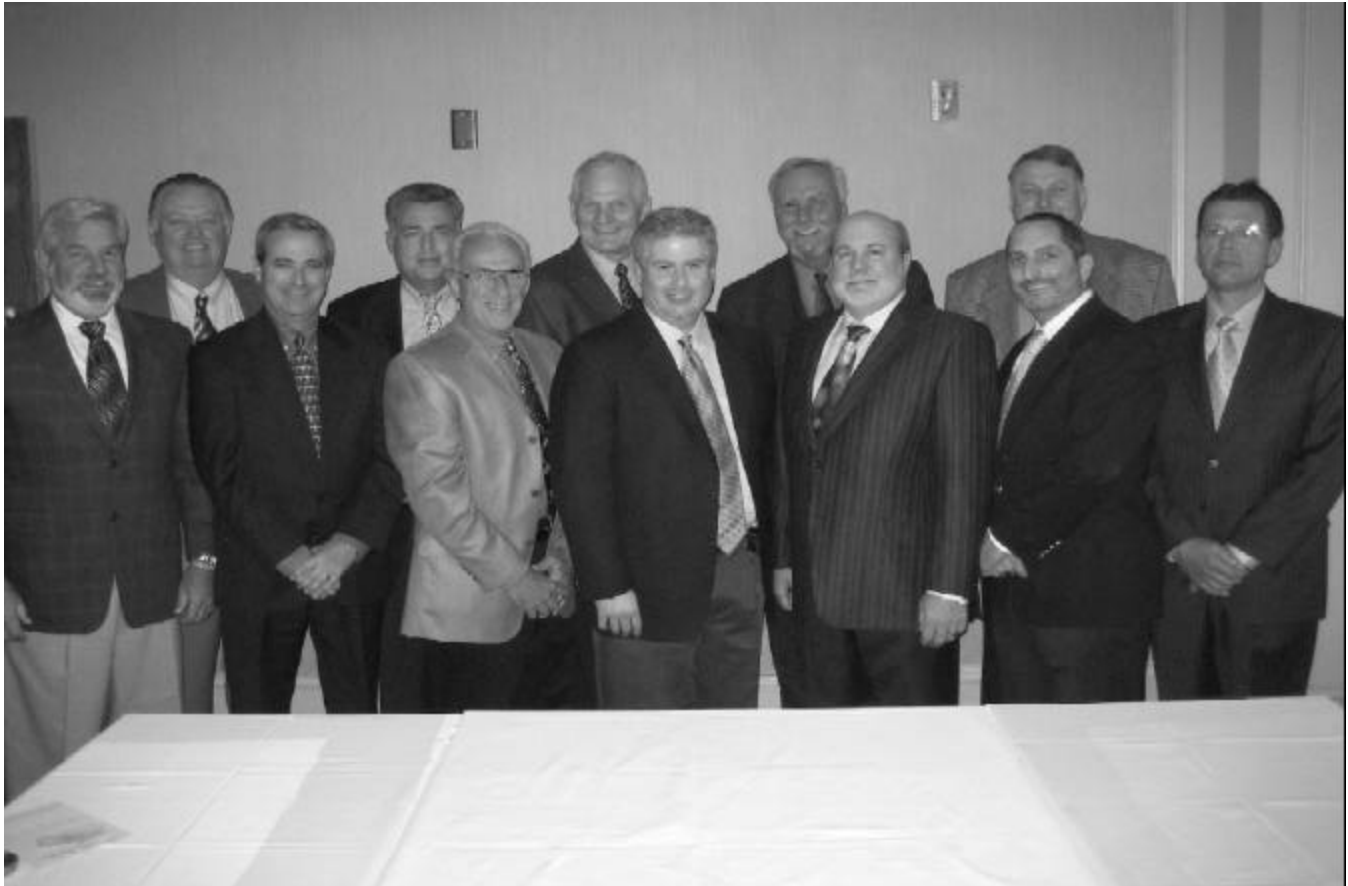
1. Ascertain if the choice of reseller has a national scope or, in some circumstance even, a global scope should the nature of the project dictate marketing the sale of the assets beyond a local arena.
2. Examine the reseller's advertising and marketing budget for the project to insure that sufficient dollars have been allocated for marketing and advertising the sale...A common and costly oversight on the part of the courts (receivers) and principals as well as resellers (liquidators) themselves. A report or outline describing the auction, liquidation or sale process may be requested of the reseller to compare abilities among competitive professionals offering services so to facilitate making the most appropriate selection.
3. Ascertain whether the reseller has adequate experience in the particular field of endeavor – there are so many different areas of expertise; textiles, aerospace, plastics, woodworking, electronics, jewelry, construction, metalworking, just to name a few.
Specialists are good!

Apparently the New England USA Plastics Manufacturing asset auction sale went wrong as a result of poor choices which lost an estate, corporation, government and people a great deal of money. In the example cited, over \$400,000 may have been lost in the sale of just the 7 machines noted to poor decisions not involving the appraiser who assumed professionalism across the board. This auction was poorly advertised and mishandled by a non-industry specific auctioneer culminating in poor attendance at the sale (although the two used machinery dealers who did attend had a great day!) And very poor results...A very clear demonstration of a sale gone terribly wrong.

My suggestion to fellow AMEA and ASA machinery and technical services appraisers is to include in the statement of limiting conditions a statement that reflects your own opinions concerning the methodology of the sale of the assets you appraised should this event occur. After all, it is your opinion of value and your reputation.

David M Gold, ASA, CEA
President
Gold Machinery Group
www.goldmachinery.com

AMEA 2008 - 2009 Board of Directors



Pictured from left to right: Front Row – Randy Stevens, CEA, Michael Feinstein, CEA, David Troutman, CEA, Charles Winternitz, CEA, John Greene, CEA; Marc Swirsky, CEA; Jack Mendenhall, CEA; Back Row – Jean Harris, CEA; R.F. “Casey” Mulqueen, CEA; John Gabalis, CEA; James Zvonar, CEA; Brian Block, CEA; Not pictured – Richard Bass, CEA; Joseph Herz, CEA

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Mark Your Calendar!

AMEA Appraisal Review Series

July 10, 2008 - Webinar

August 14, 2008 - Webinar

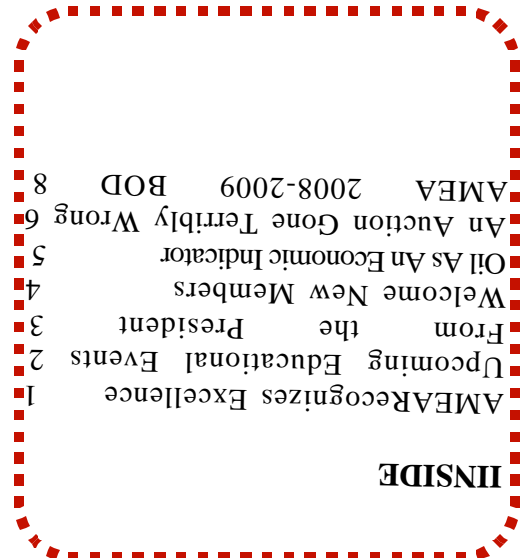
September 11, 2008 - Chicago, IL

October 9, 2008 - Webinar

AMEA Board & Committee Meeting

September 12 - 13, 2008, Chicago, IL

www.amea.org



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