President’s Letter

It was great to see so many of you at Chapter events over the past fiscal year. As we near the end of our fiscal year let’s recap our journey.

Our year began with the annual Opening Night Event. It was held on August 22, 2013, at the South Branch Tavern and Grill. The South Branch Tavern and Grill is located in downtown near the Chicago River. In addition to great food and drink this event provided our members an opportunity to socialize with friends and make new ones. We had approximately 40 members and guests attend this event.

Because we limit participation for the Opening Night Event to 40 members the RSVP list fills up quickly. In fact, this year we had to turn a few members away. In the future years keep an eye out for this event and signup as soon as you can. However, if you do sign-up please come to the event or let us know if something changes and you can’t make it.

On September 13, 2013, we held the Behind the Scenes: FBI – Art Crime Team Event. The Chapter owes a thank-you to Lela Hersh and Patty Atwood for organizing this fantastic event. Due to Lela and Patty’s hard work we were treated to a presentation from Special Agent Luigi G. Mondini. Special Agent Mondini is one of 14 FBI special agents assigned to the FBI’s Art Crime Team. Approximately 20 members attended this great event.

On September 20, 2013, we held our Annual Golf Outing at the Indian Lakes Resort in Bloomingdale, Illinois. In addition to golf this year we added a continuing professional education (CPE) component to the meeting. Chapter members Jay Loudermilk and Park Johnson presented a discussion related to Fair Value for Financial Reporting Engagements.

Jay and Park collaborated to discuss how a bargain purchase transaction gain should be recognized and how to work together on fair value multidisciplinary valuation assignments. Jay provided an intangible asset/business valuation perspective and Park provided a tangible/fixed asset perspective. Approximately 40 Chapter members and guests enjoyed this event.

Because this event was so successful we look forward to continuing the Annual Golf Outing as a CPE event in future years. Start practicing your golf game.

(Continued on page 2)
Machinery & Equipment Market Remains Volatile

By Mike Ackerman, ASA, MTS Chair

The equipment market remains extremely volatile. This volatility was consistently demonstrated by reference to equipment auction prices over the last few months. Potential purchasers’ reaction to available equipment has become much more critical. The newer, nicer, shinier CNC or manual equipment is still attracting good buyer interest and returning mostly more than acceptable values. However, the number of participating potential buyers has not returned to the level expected several years ago.

The window of acceptable age for computer controlled equipment has shortened to closer to 5 years rather than the previous 10. Older manual equipment has become far less valuable. I believe current economic uncertainty has caused this change in equipment market value, and I do not expect a quick turnaround in the marketplace.

Planning for the future, our members should be aware that the International Manufacturing Technology Show, 2014 Edition, will be at McCormick Place in Chicago September 8-13, 2014. This event promises to showcase new and amazing technology. See www.IMTS.com for more information.

Stay warm.

On December 4, 2013, we visited the Palmer House Hilton for a behind the scenes guided tour. Patty Atwood did a great job arranging this event. In addition to the tour we enjoyed a taste of the famous Palmer House brownie. Approximately 15 members attended this event.

On January 23, 2014, the Chapter teamed up with the Business Valuation Association (BVA) of Chicago to host the annual State of the Capital Markets Event. Our speakers included: Martin Battaglia, a managing director with Deloitte Corporate Finance LLC; Elliott G. Farkas, a managing director at William Blair & Company’s Corporate Finance Department; and Rick Mattoon, a senior economist and economic advisor in the economic research department of the Federal Reserve Bank of Chicago.

As usual this event turned out to be great. Judy Moody did a terrific job organizing and coordinating this event with the BVA.

On March 31, 2014, Sandra Tropper taught a 7-Hour USPAP update class. The attendance was very strong, in fact, we had to limit participation in this event due to venue constraints. Attendance was influenced, in part, by the new ASA BV discipline reaccreditation requirements. Lela Hersh did a great job arranged this event.

In conclusion, thank you for supporting the Chapter through your attendance and participation at our meetings. Keep an eye open for the upcoming end of the year sit down dinner and the USPAP class that is scheduled for July.

I hope to see you at upcoming Chapter events.

Best regards,

Kevin M. Zanni, ASA
President, Chicago Chapter

PS. Don’t forget to sign-up for ASA Chapter events at: http://www.asachicagochapter.org/events.html
Participants at the luncheon were treated to a PowerPoint presentation which presented numerous art crime team projects that were successfully completed and a listing of certain ongoing investigations. Special Agent Mondini discussed the grand theft at the Gardner Museum, Boston in 1990, and the ongoing investigation related to the stolen property.

Another interesting project that Special Agent Mondini worked on was a case involving Italian Books and Antiquities. This property was stolen from Italy over the course of numerous years and it was later recovered from a Berwyn, Illinois home. More specifically, this stolen property included letters written by kings, Vatican documents penned by Catholic popes, and a handwritten book preface by Italian dictator Benito Mussolini. Approximately 1600 stolen items were returned to Italy through the estranged heirs of the thief. However these heirs were allowed to keep some of the stolen works.

Special Agent Mondini noted that a majority of stolen art property is brought to the United States and is sold in the underground black market. As compared to other counties, the US has only 14 art crimes Special Agents, while Italy has 300, France has 100, and Spain has 50. Special Agent Mondini also discussed signature forgery and how the statute of limitations inhibits prosecution.

For more information about the FBI’s Art Crime Team please refer to http://www.fbi.gov/about-us/investigate/vc_majorthefts/arttheft. The FBI keeps a national database of stolen art and cultural property – called the National Stolen Art File (NSAF), it can be found at: http://www.fbi.gov/about-us/investigate/vc_majorthefts/arttheft/national-stolen-art-file.

On September 13, 2013, the Chicago Chapter of ASA was treated to a presentation by FBI Special Agent, Luigi Mondini. Special Agent Mondini is one of 14 Special Agents working in the FBI’s Art Crime Team. The Art Crime Team was formed after the 2003 looting of the National Museum of Iraq.

Special Agent Mondini’s jurisdiction includes the states of Illinois, Wisconsin, Indiana and Minnesota. In addition to Special Agent Mondini, Special Agent Brian Adkins participated in the event.

ASA 7 Hour USPAP Class

By Lela Hersh, ASA, Chicago Chapter VP

On Monday, March 31, thirty two Chicago Chapter members joined Sandra Tropper, ASA for a 7-Hour USPAP update. The class was held in the UBS building on the second floor. Participants included those from BV, PP, G&J and MTS.

Ms. Tropper discussed all the major USPAP changes including:

- Revisions to the Preamble
- Editing of the Ethics Rule
- Report Options
- Revisions in the Competency Rule
- Revision to the definitions in the Assignment Results and Scope of Work

Due to the overwhelming need for appraisers to fulfill their USPAP obligations and the benefit of the question and answer forum, the Chicago Chapter will reoffer this program on Monday, July 21. Please see the website for details: http://www.asachicagochapter.org/events.html#USPAP

Behind the Scenes: FBI-Art Crime Team

By Patty Atwood, ASA, Personal Property Chair

On September 13, 2013, the Chicago Chapter of ASA was treated to a presentation by FBI Special Agent, Luigi Mondini. Special Agent Mondini is one of 14 Special Agents working in the FBI’s Art Crime Team. The Art Crime Team was formed after the 2003 looting of the National Museum of Iraq.

Special Agent Mondini’s jurisdiction includes the states of Illinois, Wisconsin, Indiana and Minnesota. In addition to Special Agent Mondini, Special Agent Brian Adkins participated in the event.
One of ASA's most important tasks is to provide educational opportunities for our members. Planned by thoughtful ASA members, who devote hundreds of volunteer hours, these are outstanding programs. Please join me in taking advantage of and/or helping spread the word.

**Personal Property ASA Principles of Valuation Courses University of Chicago**

All classes held at the Gleacher Center, 450 North Cityfront Plaza Drive.

Tip: Veteran appraisers are always welcome to take the 203 and 204 classes as a refresher. This is a very convenient way to gain 27 hours CE for each class.

PP 203: September 10-13 Communication of the Appraisal: Report Writing

PP 204: November 5-8 Legal and Regulatory Issues

Register directly with the University of Chicago: [https://grahamschool.uchicago.edu/noncredit/certificates/american-society-appraisers/index](https://grahamschool.uchicago.edu/noncredit/certificates/american-society-appraisers/index).

**Care and Identification of Photographs (Gawain Weaver)**

An introduction to the history, identification, and preservation of photographic materials. Participants will acquire hands-on identification skills and learn practical photograph preservation techniques. Limited to 14 participants.

When: May 12-15, 2014
Where: Newberry Library, 60 W Walton St.
Time: 9-am to 5pm each day
CE hours: 24
Cost: $795 or $870 with sample set.


A June 2011 news release brought to light competency issues that can occur when a valuation includes real estate along with personal property and/or business valuation. The news release recommended that in order for the valuation to be competent in all areas the appropriate discipline appraisers should participate in the analysis process. More recently, the Small Business Administration (SBA) addressed this issue through its publication of Standard Operating Procedures (SOP) 50 10 F, which addresses specific credential requirements for appraisers that value personal property and business/intangible value in the same project. The SBA document can be found at: [www.sba.gov/content/clean-final-50-10-f](http://www.sba.gov/content/clean-final-50-10-f).

According to SOP 50 10 F: “Determining the value of a business (not including real estate which is separately valued through an appraisal) is the key component to the analysis of any loan application for a change of ownership… the lender must obtain an independent business valuation from a qualified source.” According to the SBA, certain designated professionals are recognized as being qualified: “A qualified source is an individual who regularly receives compensation for business valuations and is accredited.”

It is noteworthy that the SBA listed the American Society of Appraisers and specifically the ASA credential first on its list of accrediting organizations and recognized credential listings. In my opinion, this top listing was not done by mistake.

It is clear that the SBA has recognized that many Real Property (RP) appraisers do not have the credentials to appraise personal property and/or business value. In my opinion, this has created an opportunity for complementary appraisal disciplines to market themselves to RP appraisal firms and vice versa.

Chicago Chapter members are encouraged to familiarize themselves with Chapter members in other disciplines. To find a complimentary service provider Chapter members should use the ASA national website and perform a member search screen using discipline affiliation as search criteria. Other sources include the American Society of Farm Managers and Rural Appraisers, Appraisal Institute, and National Association of Independent Fee Appraisers at [www.asfma.org](http://www.asfma.org), [www.appraisalinstitute.org](http://www.appraisalinstitute.org), and [www.naifa.com](http://www.naifa.com), respectively.

Thanks for reading.
The American Society of Appraisers and the Business Valuation Association hosted the annual State of the Capital Markets Event on January 23, 2014. The speakers included Martin Battaglia, a managing director with Deloitte Corporate Finance LLC and Elliott G. Farkas, a managing director at William Blair & Company’s Corporate Finance Department, both of whom had spoken at the event in the past. In addition, Rick Mattoon, a senior economist and economic advisor in the economic research department of the Federal Reserve Bank of Chicago spoke at this event for the first time.

Despite the frigid Chicago weather, the event was well attended and well received. The panelists discussed the current state of the economy, current state of capital markets, and provided their thoughts on the outlook for 2014. The attendants should benefit from the insight they gained by incorporating it in their valuation analysis and financial decision-making in the year ahead.
On September 20, 2013, we held the Annual Golf Outing at the Indian Lakes Resort in Bloomingdale, Illinois. This year marked the first year we offered continuing professional education (CPE) in addition to golf. By adding the CPE component we created a golf event that was perhaps the most successful golf event we have ever had as a chapter. We hope to continue to provide this offering in future years.

I would to thank my fellow ASA Chicago board members David Koller, ASA and Jordan Donsky, ASA for helping me arrange this great event. Based on our collective hard work, we were able to provide high quality CPE, golf, and meals to approximately 40 Chapter members and guests.

Chapter members Jay Loudermilk (Grant Thornton) and Park Johnson, ASA (Arbor Advisory Group) presented a discussion related to Fair Value for Financial Reporting Engagements. Jay and Park did a masterful job of discussing how during a financial reporting engagement related to a bargain purchase transaction, a machinery and equipment appraiser and an intangible value appraiser can and often do work together.
Join fellow ASA members at the End-of-Year Dinner at Embeya
This ASA Chicago Chapter members only event is to be held on June 4, 2014.

Where: EMBEYA, 564 W Randolph Street, Chicago, Illinois
Date: Wednesday, June 4, 2014
Time: 6:00pm to 8:30pm

Embeya was voted one of the hottest restaurants in Chicago by Zagat; Esquire magazine named it the Best New Restaurant 2013. It was also nominated by Food & Wine Magazine as the Peoples Best New Chef. Embeya is a collaboration between international hospitality veteran Attila Gyulai (former Director of operations for the Elysian Hotel Chicago, Four Seasons Hotels) and chef Thai Dang (formerly of 3 Michelin star L2O, and 2 Michelin Star RIA). This duo collaborated on their united vision to showcase refined Asian cuisine in a chic and energetic space. Check it out at www.embeya.com.

Space is limited, so RSVP today. The deadline is Wednesday, May 28, 2014.
To RSVP please email administrator@asachicagochapter.org or call-866-261-0272.

7 Hour USPAP Class
The 7 hour USPAP class is back by popular demand. The March 31 class sold out so do not delay and register today. The class will be held at UBS Tower, One North Wacker Drive, on July 21, 2014. The early bird registration deadline is May 30, 2014. The class provides 7 hours of CPE and will meet requirements for BV, PP, G&J and MTS members. The live class format is more beneficial than online offerings as instructor and attendee discussion and questions/answer session can lead to a better understanding of USPAP requirements.

Sign up for the class here: http://www.asachicagochapter.org/events.html#USPAP

<table>
<thead>
<tr>
<th>Name</th>
<th>Location</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Chicago Chapter Events</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>End of Year Dinner</td>
<td>Embeya, Chicago, IL</td>
<td>June 4, 2014</td>
</tr>
<tr>
<td>7 Hour USPAP Class</td>
<td>UBS Tower, Chicago, IL</td>
<td>July 21, 2014</td>
</tr>
<tr>
<td><strong>ASA National Events</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3rd Annual Machinery &amp; Equipment ID Conference</td>
<td>Cleveland, OH</td>
<td>June 3-5, 2014</td>
</tr>
<tr>
<td>ASA-USC Annual Fair Value Conference</td>
<td>Los Angeles, CA</td>
<td>June 4, 2014</td>
</tr>
<tr>
<td>Summer Appraisal Camp for Personal Property</td>
<td>Purchase, NY</td>
<td>June 7-22, 2014</td>
</tr>
<tr>
<td>2014 International Appraisers Conference</td>
<td>Savannah, GA</td>
<td>September 14-17, 2014</td>
</tr>
<tr>
<td>2014 ASA-CICBV Joint Business Valuation Conference</td>
<td>Toronto, ON, Canada</td>
<td>October 27-29, 2014</td>
</tr>
</tbody>
</table>

For Chicago Chapter Events go to http://www.asachicagochapter.org/events
For ASA National Events go to http://www.appraisers.org/Education/conferences
Chicago Appraisal Times is an online newsletter published by the Chicago Chapter of the American Society of Appraisers, an international, non-profit organization that teaches, tests and awards designations in all appraisal disciplines, including Business Valuation, Gems and Jewelry, Machinery and Technical Specialties, Personal Property, and Real Estate.

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1st VP: Lela Hersh, ASA
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Public Relations: Erin Hollis, ASA
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The American Society of Appraisers is an international organization of appraisal professionals and others dedicated to the education, development and growth of the appraisal profession. ASA is the oldest and only major organization representing all disciplines of appraisal specialists, originating in 1936 and incorporating in 1952. ASA’s headquarters is in the metropolitan Washington, DC area. This newsletter represents the members of the Chicago Chapter of the American Society of Appraisers.