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Valuation News

September/October 2001

As part of our ongoing effort to provide valuable information to our growing network of Attorneys and CPAs, Crandall & Brackett, Ltd., publishes this Quarterly "Valuation News" to present recent developments in the valuation field. If you have any questions or comments, please do not hesitate to give us a call. (Telephone 630-653-7922, Fax 630-653-7804, E-mail robert@crandall-brackett.com, web-site www.crandall-brackett.com)

PLEASE WELCOME ...

Jennifer Fliehler and Meagan Bell to our office. Jennifer is a senior at Wheaton North High School focusing on a career in television or radio broadcast journalism. Meagan Bell is just beginning her high school training. Although Megan has no formal art training, she is an excellent artist.

IRS

The IRS did issue a draft of completely new valuation standards in late May 2001. They appear to use the best of individual professional association wordings. They have a little ASA, IBA and NACVA verbiage in their wording. It appears to us that well written reports, which meet standards established by any of these three associations, will essentially meet the new IRS Standards.

PATENTS, TRADEMARKS, ETC.

Our President, Bob Brackett, just finished 40 hours of classroom/workshop training on valuation techniques in patent infringement and trademark violation litigation matters.

CLIENT MISPERCEPTIONS

We have been involved in several valuations where we believe the clients had significant misperceptions of their business's value. Publicly traded firms may indeed be trading at 18-30 times earnings, but closely held companies, especially manufacturing firms, seldom trade near or above their annual level of sales. Lack of feedback from professional service providers appeared to have aided these clients' beliefs in the value of their business.

ECONOMIC AND TAX ISSUES

We are doom and gloom sayers, and do not see a fast turn around in general business performance during the next twelve months. If your clients are looking to gift or sell stock to family members, now or probably any time during the next six months, may be an excellent time to consider gifting.

We wrote this immediately before the attacks in New York City and Washington, D. C. Our prayers are with the families and people injured and killed by this tragic event

VALUATORS

Please remember... The Arthur L. Crandall Award for Excellence in Accounting at Roosevelt University. Should you wish to contribute to its success, please contact us or send your donations to Roosevelt University (Development Office 430 South Michigan Avenue, Chicago, Illinois 60605).

Interesting Cases:

Strangi vs. Commissioner
November 30, 2000, 115 TC No. 35
Re: Discussed use of Family Limited Partnership near date of death - taxpayer prevailed.

Knight vs. Commissioner
November 30, 2000, 115 TC No. 36
Re: Value of Family Limited Partnership with differing types of real estate.

W. W. Jones vs. Commissioner
March 6, 2001, 116 TC No. 11
Re: Court cited Strangi and Kerr

Crandall & Brackett, Ltd. and its predecessors have been serving Attorneys, CPAs and Estate Planners since 1965.

Our practice is business valuations - always performed in conjunction with the Company's accountant and/or attorney.

Our 24 hour availability and extensive library have been invaluable to attorneys and CPAs alike.

Call us with your questions or for a quote on a valuation project.

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