

Valuation News

November 2002

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)

AICPA

The AICPA (we will spare you our adverbs and adjectives) has entered the growing field of professional groups who want to issue business valuation standards. They have prepared and released a draft version which has received almost universal condemnation. But, the AICPA is a large and old bureaucracy and the draft standards have a 75% (in our opinion) chance of becoming their final version and of becoming binding on all CPA's as of April 2003. We will keep you informed. If adopted, you will find it easy to discredit any CPA who performs business valuations.

Office Space

We are looking to relocate our offices at or near the corner of County Farm and Manchester Roads in Wheaton (IL). If you are aware of any available office units, 400-600 square feet in size with their own entrance, please let us know.

IRS

The IRS just released new (their first formal set) business valuation standards. They have been on hold for over a year due to various personalities and positions. We just finished reading the newly released version, and compared it to the October 2001 draft and found no changes. They are written for valuers employed by or under contract with the IRS. Thus, your only use of these is to hold the IRS accountable. Checklists are available to assist you in this effort.

2002 . . .

We mentioned two court cases in our May 2002 Newsletter, Hackl and Fontana. We have not seen any exciting cases at the federal level since then. Hackl represents a new (and probable future) direction for the IRS and gifting of highly discounted, minimal control equities such as LLP's. Fontana resulted in aggregation of spouses' equity interests due to the deceased's general power of appointment.

BEEN WAIVING YOUR FLAG LATELY? If the flags you have been displaying your national pride with are becoming worn and tattered, be aware that there are very specific flag etiquette rules with respect to disposal. Your local Elks Lodge (Wheaton's BPO Elks Lodge 2258, 630/653-5928) is pleased to assist you with the proper disposal of these items. A small donation might be appropriate.

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 T.C. No. 36
Re: Value of Family Limited Partnership with differing types of real estate.

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

March 27, 2002, 118 T.C. No. 14
Albert Hackl vs. Commissioner
Re: No present value to LLC interest given as gift

March 28, 2002, 118 T.C. No. 16
Estate of Aldo Fontanta,
Re: Aggregation of equity interest

***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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