

Subject: Estate of Helen M. Noble v. Comm'er TCM 2005-2 filed 1/6/05
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Date: Wed, 12 Jan 2005 13:15:48 -0500

Dear Attorney:

In this decision, the estate did not fare well at all, and perhaps should appeal. This short review will attempt to explain the Court's decision from an appraisal perspective. The decision itself, see attached, makes interesting reading.

At issue was the valuation, at the time of death, of an 11.6% interest in a country bank. After ignoring much of the experts's testimony, the Court significantly based its decision on the price the estate sold the block for some 14 months after death, making only an inflation adjustment. That price, paid by the only other shareholder in the bank, was higher than all valuations filed except the one written by the IRS expert.

Appraisers know that valuations are generally based on information available as of the valuation date, but that subsequent information can be used if probative of value as of the valuation date. In fact, the Circuit which would have to deal with this matter if appealed has already stated that " actual sales made in reasonable amounts at arm's length, in the normal course of business, within a reasonable time before or after the basic date, are the best criterion of market value".

In this appraiser's opinion, the subsequent sale was only indicative of value when the sale took place. Ignoring the run-up in bank stock prices between the valuation and the sale dates makes the opinion open to an appeal.

The opinion is available at:
<http://www.ustaxcourt.gov/InOpHistoric/noble.TCN.WPD.pdf>

Regards.

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