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Appraisers' Forum Special Edition

Message From The President

*John Lawton CEA
AMEA President*



What is it worth right now? The late model CNC machine question.

Covid has created a lot of disturbance in many markets. One pertinent to those valuating machines right now is the shortage of and terribly long deliveries for new CNC machine tools. For various reasons -- shortages of electronic components, overseas shipping issues, labor shortages, and more -- desirable brand name CNC machines are not readily available. This has been the issue for a while. It seemed to start last Spring / Summer, especially with import machines that languished forever at sea and then at port. The problem then spread to US-built machines as well. We can debate all of the reasons why, but instead, as an appraiser, I have an internal debate to settle. How has this temporarily affected value?

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2022 AMEA Appraisers Forum at Wheeler Machinery Sales, Inc.

The 2022 Appraisers' Forum at Wheeler Machinery in Pomona, California, is coming up this March 16th through 18th. If you are in need of USPAP, hours, or just want to network with your fellow appraisers, then you need to be at this event.



The first agenda item on the itinerary is the 7-hour USPAP course. This is the first in-person USPAP course the AMEA has held in two years. The course will be taught by R. Lee Robinette, an AQB Certified USPAP instructor with a background in machinery and equipment appraising.

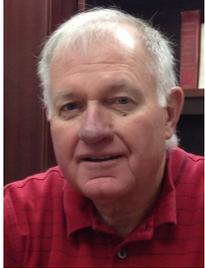
After the USPAP course, the Forum events kick off with dinner and drinks at the Pomona Mining Company. This event is sponsored by Machinesused.com and will be a great chance to catch up with friends and network with fellow machinery appraisers.

On Thursday, the AMEA Forum takes the classroom to Wheeler Machinery Sales Inc. for a day of informational presentations and hands-on appraising of machinery. There will be a great group of speakers covering topic including History of Trak and Trak Models and Control Options, Hobie Cat Company and Roto Molding, Errors, and Omissions Insurance; we will end the day with some hands-on appraising of machinery at Wheeler Machinery. For more information on these presentations, please read pages 4 and 5 to learn about the presenters and their expertise.

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From the Boardroom

Welcome the AMEA's Newest Member, and First Member of the NEW Professional Member AMEA Designation!



(Mike Clark)

Mike Clark, President of the Book and Data Ref Online, recently joined the Association of Machinery & Equipment Appraisers as our first Professional Member. The Professional Member designation is for those who would like to be members of the AMEA, but are not in the business of performing appraisals. This is a great new opportunity for people who provide services to, utilize, or work with AMEA Appraisers!

Mike Clark began publishing "The Book" in 1993. It was an annual printed publication listing auction results from the field of Metalworking Manufacturing. The Book also has published two Serial Number Reference Books for mostly CNC Metalworking Machinery. His company also provides a searchable online database of auction results called Data Ref Online.

Data Ref Online is a valuable tool for gathering auction result comparables. Mike says he has over 640,000 comps in their database. These comps go back as far as 1994. Metalworking Machinery, which includes plastics, woodworking, and general shop support equipment, make up about 60% of the auction results, but they also have data for food and pharmaceutical processing equipment, printing, textile, and high tech medical and audio video results. In 2019 and 2020 alone, Data Ref covered over 2,400 auction sales!

Data Ref is a subscription-based online service, one which many M&E appraisers utilize for comps. Searches can be made by brand, model, year, year of sale, type of equipment, and more. The auction sale price, or "drop of the hammer," as Mike kidded me about (as I do online auctions – no hammer there) from thousands of auctions can be found easily in one place. The results can be printed out and stored neatly in an appraisal report work file. All of the data results include the auction date, auctioneer, and buyers premium charged for that auction.

Mike says that great care is taken to ensure that the data he gathers are legitimate auction sale results. Strange anomalies and potential buybacks by sellers are scrutinized and eliminated when discovered. Having this information in a live database format makes searching, adding more data, and editing possible where a printed book does not.

As one of the many users of the Data Ref Online product, I can say it is well worth it. I also have the Serial Number Reference Books and find them helpful on some of the older CNC machinery that I appraise.

When you have auction results on CNC machinery, gear machinery, plastics equipment, presses, fabricating equipment or metalworking machinery, you can email it to Mike Clark at The Book so that they can be added to the database. You can contact Mike directly on what information he needs to work for his database.

Mike's information can be found on his website www.thebooklm.com. Give him a call or email to welcome Mike as a new member to the AMEA, and check out Data Ref Online; it could be what you have been searching for.

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AMEA Appraiser welcomes contributions from members and others in the machinery and equipment appraisal community.

For details contact: Jason Baker,
Editor, AMEA Appraiser at
jason@amea.org

2022 AMEA Appraisers Forum at Wheeler Machinery Sales, Inc. Cont'd

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On Thursday night, the MDNA West Coast Chapter has invited Forum attendees to join them at the NHRA Motorsports Museum for a private event with drinks and dinner from In & Out Burger.

On Friday, Forum attendees will be touring the Amada state of the art 180,000 sq. ft. fiber laser manufacturing facility in Brea, CA. The AMEA was very fortunate to be allowed to visit this facility; it is a tour you don't want to miss. With the time remaining after the tour, the Forum will finish up with a few additional presentations and be completed by noon for attendees to catch a flight home to enjoy the weekend.

[Click Here to Register Now](#)

West Coast MDNA Chapter Meeting



The West Coast Chapter of the Machinery Dealers National Association would like to welcome you to California for this year's AMEA Appraisers' Forum. The MDNA is extending the invitation to all those attending this year's AMEA Appraisers' Forum at Wheeler Machinery to attend the MDNA West Coast Chapter Meeting. As in the past, we have planned a great evening at the [NHRA Museum](#).

Attendees at the Forum can meet at the museum for this private event, while having drinks and In & Out Burger. This is a great evening of networking with fellow appraisers and machinery dealers.

7-hour USPAP Course

AMEA will be hosting a 7-hour USPAP (Uniform Standards of Professional Appraisal Practice) Course prior to the Appraisers' Forum in California.

7-hour USPAP Course:

Wednesday, March 16th, 9:00am - 5:30pm

Location: Sheraton Fairplex Hotel, Pomona, California

Note: It is a requirement for all certified appraisers to take the USPAP refresher course every 2 years in order to remain up-to-date with their credentials.

Prerequisite: You must have already taken the 15-hour USPAP course prior to taking this course.



AMEA Forum Speaker Bios

Hobie Cat Company and Roto Molding

Presenter: Jorge Sorokin

Hobie Cat Company



Jorge Sorokin has extensive direct involvement in manufacturing and service-oriented industries around the world, is experienced in operational turnarounds, change and crisis management, performance improvement, and re-engineering of administrative processes. He has experience in automotive, biotech, pharmaceutical, medical devices, consumer goods, furniture, textiles, office products, apparel, polymers, food and beverage, telecommunications, transportation, electronics, e-commerce, agricultural, and construction companies.

He has directly worked for or been engaged by 60+ companies such as: General Electric, Newell Rubbermaid, Little Tikes, NAPA Auto Parts, SP Richards, American Optical, Evans Manufacturing, Ahern Agribusiness, RDS/ Greencraft Interiors, T-Rex Products, Monterrey Provision, iCoat Company, O'Sullivan, Chef Works, Comvest Partners / Mead Instruments, and VCC Optoelectronics. In addition, he has assisted startups such as e-smart batteries, TDVision, RSI ID-SIRIT technologies, Airspace Technologies, and Sefarad Group.

Jorge has also supported private equity firms such as Sun Capital, Elan Growth Partners, Comvest Partners, and Wedbush Capital in due diligence and transactional M&A engagements. He has also been subcontracted by larger consulting firms such as Deloitte, Morris Anderson, and Carl Marks Advisors.

Jorge was founder & CEO of Spend-Trends, a predictive analytics startup targeting paid search advertising with the end goal to proactively help digital marketing agencies optimize keyword performance.

Most recently, Jorge was engaged as a consultant by Hobie Cat Company in September 2020 and accepted a full-time position at the company as Chief Operating Officer in January 2021. An expert in supply chain, as well as in lean manufacturing / management practices, he holds the copyright on a continuous flow computer simulation application used on resource optimizations. Jorge has also specialized in created sophisticated algorithms to optimize scheduling, forecasting, inventory planning, and cash flow, and received a management award at GE for his inventory optimization models.

Jorge is fluent in three languages — English, Spanish, Hebrew and speaks some French — and is at home in the U.S. or abroad. He holds a BSEE and a Master of Science Degree in Biomedical Engineering, both from the University of Texas at Austin. He has served on several Boards of Directors including nonprofit organizations and privately held companies.

New Members

James Passeno

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Mike Clark

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AMEA Speaker Bios (Cont'd)

Errors and Omissions Insurance

Presenter: Larry Harb
It Risk Managers, Inc.



Larry Harb is the Founder of IT Risk Managers, Inc. Started in July of 2000, IT Risk Managers, Inc. is a national niche insurance broker that provides risk management solutions for niche' industries such as the auction industry, cannabis industry, real estate, technology industry or business that use technology. We are the industry's premier brokers of Database (Cyber) Insurance.

IT Risk Managers is licensed in all 50 States to market all types of Property and Casualty insurance products. Our websites are ITRiskmanagers.com, AuctioneerInsurance.com, ComputerInsurance.com, DatabaseInsurance.com; THCins.com; RECins.com; USDACropIns.com.

Larry Harb has over thirty years of experience in the financial services and insurance industries. During his career he has also served as an instructor at Michigan State University and Illinois Institute of Technology.

Larry Harb holds a Masters of Management degree from Northwestern University's Kellogg School of Management and a Bachelors degree from Northern Illinois University. He co-authored the book *Reinventing the Retail Bank* published in 1994. He is a Certified Identity Theft Risk Management Specialist and the 2020 Michigan State Ringman Champion. He has written numerous articles and is a frequent guest speaker at industry conferences.

History of Trak and Trak Models and Control Options

Presenter: John Arroues
Track Machine Tools



John Arroues is currently the Vice President of Marketing for TRAK Machine Tools. He is proud to have served the manufacturing industry for the past 40 years. Twenty-one of these years were spent as the President of two Aerospace & Defense Job Shops. John has spent the last six years in leadership positions at TRAK Machine Tools. In his twenties, while working full time, he earned a Bachelor's Degree in Business Administration from National University. In 2012, John earned an Aerospace & Defense MBA from the University of Tennessee. John has served as a board member and officer of the National Tooling & Machining Association - Los Angeles Chapter. Additionally, he spent many years as a member of Vistage International CEO Group. When not engaged with work, John spends time with family and friends while leaving time to travel, work out, and read.

2022 AMEA Important Dates

January

January 29
AMEA Board and Committee Meetings
Lido Beach Resort
Sarasota, FL

February

February 16
MDNA Lunch & Learn Webinar -
Three ways to grow your business
and make money with LinkedIn
Online

March

March 16
7-hour USPAP Course
Sheraton Fairplex Hotel
Pomona, CA

March 16-18
AMEA Appraisers' Forum
Wheeler Machinery Sales, inc.
Pomona, CA

March 17
MDNA West Coast Chapter Meeting
NHRA Museum
Pomona, CA

May

May 19—20
MDNA WWTP
Detroit MI / Toledo OH

For more event information:

Call AMEA: **703-836-7900**
or visit www.amea.org

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Message From The President Cont'd

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Here is an example of what is going on in the new market. A major US manufacturer of CNC Machine Tools is having issues getting control components, so there are only so many controls they can supply. With a shortage of controls, they choose to concentrate on making shorter deliveries (still much longer than usual) for more expensive machines, and set delivery expectations for the smaller and standard "bread and butter" (less expensive) machines out to 6 months. So basic CNC mills and lathes are not available for over 6 months. This is just one example.

So what happens to the used machinery market when manufacturers still need equipment (and they do), but there are none available to order new? Of course, they turn to the used market and snap up any machine available. This depletes the used machines available, because companies who would not consider used in the past, now do. Adding to the shortage of available later model used CNC machines is the fact that many used machines become available as they are replaced by new ones. The delay in arrival of new machines, has left many used machines purchased by dealers stuck making parts in shops.

How does this affect valuation of late model CNC machines? It doesn't take a **Certified Equipment Appraiser** with over 30 years in the business to connect these dots – late model CNC machines are selling at a premium, when they can be found at all! So how much more, if the effective date of my appraisal is today, and the comps I find are from last spring, perhaps a good deal more. Is it 10-20% more? I think it is that, and in some cases maybe even more.

The effective date is an important part of any valuation, without it, those reviewing the appraisal report months or years from now would be unable to know why the late CNC numbers seem so strong. The big question is how long will this shortage of available late model and new CNC machine last? Your guess is probably better than mine.

For now, as I look at the mid 2000's vintage Haas CNC Mini Mill that just landed on my showroom floor, I am considering pricing it \$10,000 more than I consider usual for that machine. And I am pretty sure it will sell.

***The AMEA and MDNA have moved
Please Note Our New Address:
5568 General Washington Dr., Suite A213D
Alexandria, VA 22312***

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2022 Forum Schedule

Wednesday, March 16th

- 9:00am - 5:30pm 7-hour USPAP at Sheraton Fairplex Hotel - Pomona, CA -(601 W McKinley Ave, Pomona, CA 91768) Lunch will be served at 12:00 pm
- 6:00pm Welcome Dinner at Pomona Mining Company sponsored by Machinesued.com (1777 Gillette Rd, Pomona, CA 91768) Event sponsored by Machinesued.com

Thursday, March 17th

- 8:00am Bus departs hotel for Wheeler Machinery Sales Inc. (247 Pacific St, Pomona, CA 91768)
- 9:00am - 4:30pm Industry Presentations at Wheeler Machinery Sales Inc.
Topics to include: History of Trak and Trak models and control options, Hobie Cat Company and Roto Molding, errors and omissions insurance, and hands-on appraising of a variety of different machines at Wheeler Machinery Sales
- 4:30PM Bus departs for Sheraton Fairplex Hotel - Pomona, CA -(601 W McKinley Ave, Pomona, CA 91768)
- 6:00pm MDNA West Coast Chapter Meeting and Dinner at the NHRA Motorsports Museum (1101 W McKinley Ave, Pomona, CA 91768). Cocktails sponsored by TCL Asset Group

Friday, March 18th

- 8:00am—12:00pm Tour of Amada's fiber laser manufacturing facility (100 S Puente St, Brea, CA 92821)

Thank You Wheeler Machinery Sales Inc. for Hosting the 2022 AMEA Appraisers' Forum

Wheeler Machinery Sales, Inc.

For three generations, Wheeler Machinery Sales has been dedicated to providing the industry with quality used metal working equipment, dependable service, and competitive prices. This has made Wheeler Machinery Sales one of California's leaders in the used metal working industry. They are one of the largest dealers in Los Angeles with over seven hundred machines in stock.



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We would like to thank all of our generous sponsors for supporting the 2022
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