

**Critique of Internet Appraisals**

Black's Law Dictionary defines an appraisal as "a valuation or an estimation of value of property by disinterested persons of suitable qualifications" and "the process of ascertaining a value of an asset or liability that involves expert opinion rather than explicit market transactions." Using this as our operating definition, we can see that appraising is not an avocation. Rather, it is a recognized profession, and meets all the accepted requirements as such. Familiarity with the pertinent market, according to our definition, is not sufficient.

Dealers and collectors, irrespective of their experience and expertise regarding a particular type of property, do not have the education, expertise and training to draft a credible appraisal, which is reliable. Appraisers often make successful collectors/dealers, but dealers/collectors are not competent appraisers, without the additional requisite training, education and appraisal experience. Hiring a collector/dealer as an appraiser is approximately the equivalent of hiring a first-year medical student to perform a heart transplant operation. Credible appraisals are not written by just anyone, who chooses to call himself or herself an appraiser. Credible appraisals come from accredited certified appraisers, who appraise in accordance with recognized standards, and who have the appropriate expertise, which comes from training, experience, and appropriate formal appraisal related education. Capable appraisers provide reports that are consistent, understandable, logical and within the expectations of the industry and the judiciary. Appraisal reports are all about requisite uniformity, ethical observance, adherence to accepted principles, and communication. Credible and reliable appraisal reports, by definition, must conform to the Uniform Standards of Professional Appraisal Practice, USPAP, which is set forth by the Appraisal Foundation, which was founded by an act of the United States Congress. Anything less, is not credible and is not reliable and if it bears the title "Appraisal," is a fraud and fake. Consequently, such documents are not credible or reliable. The U.S. Court of Appeals, in the court case as referenced above, explicitly states that professional expert appraisers must have appraisal training, appraisal experience and appraisal education, which comes from appraisal organizations that have strict standards, to which their members must adhere.

A recent court case states that an individual who holds himself out to be an appraiser, who calls himself an appraiser, or who puts out work product called an "appraisal," but who lacks the requisite training, experience, and formal appraisal education, is committing fraud. This is also the same with other professions such as the legal profession or the medical profession. Individuals who hold themselves out and call themselves doctors, who render services as doctors, but who do not have the requisite training and formal education, are committing fraud.

The Internet is an amazing place where one encounters all types of things. It was originally designed and thought of as a source for useful information. It has become a commercial zone for the sale of all types of products and services -- the good, the useful, the bad, the ugly, the useless, and, unfortunately, the fraudulent. The Internet is ungoverned and unregulated. It is a place of great opportunity, convenience, and where very resourceful people come to ply their trade and sell their wares.

A recent article in the Wall Street Journal by Ken Bensinger discloses that Internet appraisal services do not require accredited certified appraisers, but have in fact have enlisted the services of untrained secretaries and office clerks and called them qualified experienced appraisers. Another Internet auction house admitted that they recruited appraisers, which they advertised as qualified, by sending hundreds of letters to auction-house employees with little regard for their expertise, again using clerks and secretaries as "qualified" appraisers. One can only imagine the appraisal results generated by these individuals.

The individual coming to the Internet seeking a personal property appraisal finds all kinds from which to choose. The very best accredited, certified appraisers come here to introduce themselves to clients needing their services. There are many websites on the Internet placed there by national and international organizations, which train, accredit and certify reputable, qualified appraisers of all kinds of property. Unscrupulous individuals also come here to meet those same clients and sell these unsuspecting individuals documents, which purport to be appraisals, but which are prepared with out the required expertise, training and appropriate appraisal education. These appraisals lack credibility and are unreliable, and, in fact, are frauds and fakes and are not really appraisals at all. This has the moral equivalency of selling someone who is trying to buy a diamond, a CZ, a piece of glass or a zircon. Courts, judicial forums all of all kinds, insurance companies, and museums, lending institutions, the IRS, and other typical users of appraisal reports commonly reject these "fraudulent" reports on the basis that they lack credulity and their value conclusions can not be relied upon.

The Internet is certainly where the buyer must beware, caveat emptor.