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CLAIRE H. DONIAS, FASA, PE

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SUMMARY

During a professional career of more than 45 years, Claire H. Donias has practiced both engineering and financial valuation. He has been responsible for the performance and supervision of financial analysis and appraisal of business enterprises and individual classifications of assets. Actively involved in valuation since 1963, he has conducted and supervised valuations of patents, licenses, agreements, trademarks, capital stock, mineral reserves, business enterprises and/or portions of industrial, commercial, agricultural, banking, and service companies, colleges and universities. His appraisals have been for purposes of purchase or sale, financing, property tax, and allocation of sale or purchase price, in the context of corporate internal decision-making, litigation, and state and federal taxation. He has also made feasibility studies of several foreign and domestic mining and manufacturing projects. Prior to 1963 he participated in the design, fabrication and installation of equipment and facilities of aluminum reduction and alumina production plants.

EMPLOYMENT

Mr. Donias has held leadership and technical positions with three noted valuation firms and an integrated aluminum company as follows:

- 1983-2001 Arthur Andersen LLP, Principal. He was part of a seven-member group which established the firm's valuation practice in the Los Angeles office. Duties and responsibilities are summarized above. He retired from the firm in August 2001.
- 1974-1983 Marshall and Stevens, Inc., Regional Vice President-Western Region. Duties and responsibilities are summarized above.
- 1968-1974 The American Appraisal Company, Inc. (later known as American Appraisal Associates), Manager for Financial Valuation, Pacific Region.
- 1956-1968 Harvey Aluminum, Inc. (later known as Martin Marietta Aluminum): Assistant Manager, Overseas Investment Division (1962-68). Board member of wholly-owned and joint venture subsidiaries. Involved in negotiations for mining and manufacturing concession with foreign government at ministerial and presidential level. Organized and managed mining and manufacturing subsidiaries in West Africa. Project Engineer, Alumina Division and Reduction Division (1956-62). Design of sea-water pumping facilities for alumina plant in U.S. Virgin Islands; design, installation and start-up of aluminum smelting facilities in Oregon; liaison with French technical consultants.

EDUCATION AND LICENSE

Commercial Studies (business administration), Athens College (Greece)
Mechanical Engineering, Oregon State University
Registered Professional Engineer (PE), Oregon
Member, College of Fellows (FASA), American Society of Appraisers

PROFESSIONAL AFFILIATIONS AND ACHIEVEMENTS

Mr. Donias is a member of the College of Fellows (FASA) of the American Society of Appraisers certified in business valuation. This is an honorary designation granted to Accredited Senior Appraisers (ASA) of the Society who have distinguished themselves professionally and through service to the Society and the appraisal profession.

Within the American Society of Appraisers, his achievements include the following:

- Past president of the Los Angeles Chapter
- Past regional governor, Southern California and Southern Nevada
- Past president of the entire society
- Founding member of its Business Valuation Committee
- Founding member and chairman of its Business Valuation Standards Committee
- Member of its Ethics Committee

Other memberships and affiliations have included:

- Member of Ad Hoc Committee (1986-87) of major appraisal organizations for development of Uniform Standards of Professional Appraisal Practice (USPAP) later adopted by The Appraisal Foundation; drafted Standards 9 and 10 (business valuation).
- Member of the Business Valuation Task Force, Appraisal Standards Board of The Appraisal Foundation
- Member of the Issues Resource Panel, Appraisal Standards Board of The Appraisal Foundation
- Member of the Institute of Business Appraisers
- Member of the Institute of Industrial Engineers

Faculty member of the National Judicial College (teaching business valuation to state and municipal judges pursuing continuing education)

- Instructor for the Federal Judicial Center (teaching business valuation to Federal and Bankruptcy Court judges pursuing continuing education).

PUBLICATIONS

Financial Valuation in Ad Valorem Situations, chapter contribution in *The Handbook of Advanced Business Valuation*, 2000, McGraw-Hill, New York

Intellectual Property Valuation in Asia, *Asian Law*, Fall 1996, Hong Kong

Comparison of Canadian and U.S. Appraisal Practices, *Valuation Journal*, Fall 1987, Canadian Institute of Chartered Business Valuators, Toronto

The Appraisal of Major Machinery and Equipment, *Valuation*, November 1981, American Society of Appraisers, Washington

EXPERT WITNESS TESTIMONY

Mr. Donias has appeared as an expert witness in cases before Superior Courts; local Boards of Equalization and Appeals Boards and State Tax Commissions (ad valorem taxation); United States District and Tax Courts; and Inland Revenue Board of Review (Hong Kong), including, among others:

Superior Courts

- Riverside, CA: Value of goodwill of a CPA firm in partnership dissolution
- Salinas, CA: Value of cattle-feeding enterprise in marital dissolution dispute
- Pasadena, CA: Value of gray iron foundry in marital dissolution dispute
- San Diego, CA: Value of national newspaper chain in dispute among heirs
- Los Angeles, CA: Value of capital stock in mini-warehouse company—dissenting shareholder suit—retained as expert to advise the court, testimony did not prove necessary.

Ad Valorem Taxation

- Madera County, CA local Board of Equalization: Value of glass container plant
- Los Angeles County, CA Appeals Board: Value of glass container plant (twice)
- Kern County, CA local Board of Equalization: Value of sodium borate (borax) deposits
- Inyo County, CA local Board of Equalization: Value of talc deposits
- Los Angeles, CA Appeals Board: Value of work-in-process inventory in jumbo jet manufacturing (DC-10)

Ad Valorem Taxation, continued

- Los Angeles County, CA Appeals Board: Value of fixed assets of major refinery
- Los Angeles County, CA Appeals Board: Value of brewery (twice)
- Los Angeles County, CA Appeals Board: Value of tar refinery
- Los Angeles County, CA Superior Court: Value of small refinery in taxpayer appeal from “arbitrary and capricious” decision by Appeals Board
- State Board of Equalization, CA: Value of railcar fleet (twice)
- State Tax Commission, ID: Value of railcar fleet
- State Tax Commission, WA: Value of railcar fleet
- State Tax Court, OR: Value of railcar fleet (settled after deposition)
- State Tax Court, OR: Value of pulp and paper mill
- Local Tax Authority, Port Arthur, Texas: Value of very large refinery

Other Jurisdictions

- U.S. Tax Court, San Diego, CA: Value of capital stock of newspaper chain—estate tax
- U.S. Tax Court, Ogden, UT: Economic life and obsolescence of subsidized housing
- U.S. District Court, Juneau, AK: Value of logging enterprise in commercial dispute
- U.S. District Court, Seattle, WA: Value of entertainment and service enterprise in dispute between siblings (case settled after deposition)
- Inland Revenue Board of Review, Hong Kong (similar to U.S. Tax Court): Value of trade name of machinery manufacturing company for purchase price allocation.

Alternative Dispute Resolution—Binding Arbitration

- Value of minority interest for acquisition by majority shareholder; testified as expert witness
- Nine-figure value of manufacturing company undergoing capital restructuring; selected as single arbitrator by appraisers and attorneys of both feuding family factions
- Value of minority shareholder interest being acquired by a post-production company in the film industry; acted as single arbitrator selected by appraisers and attorneys of both minority shareholder and the remaining shareholders and the corporation.