

**President**  
Paul T. Reisch, ARA  
Ph 605-882-4030  
[reischp@fcsamerica.com](mailto:reischp@fcsamerica.com)

**President-Elect**  
Wade Buck  
2004 Summer Mtg. Chair  
Public Relations Liaison  
Ph 605-342-0678  
[buckw@fcsamerica.com](mailto:buckw@fcsamerica.com)

**Past President**  
James Hollenbeck  
Technology Chair & Liaison  
Ph 605-367-4055  
[hollenbeckj@fcsamerica.com](mailto:hollenbeckj@fcsamerica.com)

**Secretary**  
Jack Davis  
Education Liaison  
Ph 605-796-4841  
[davisj@santel.net](mailto:davisj@santel.net)

**Treasurer**  
James R. Dunlap, ARA  
Ph 605-332-3146  
[dunlap@svtv.com](mailto:dunlap@svtv.com)

**Directors:**  
Thomas Jass, AFM  
Membership Liaison  
Ph 605-582-2798  
[tjass@farmers-national.com](mailto:tjass@farmers-national.com)

Jerald A. Hulm, ARA  
Appraisal Review & Ethics  
Chair  
Mentor Liaison  
Ph 605-865-3730  
[jhulm@sd.value.net](mailto:jhulm@sd.value.net)

Ron Rossknecht  
Social Liaison  
Ph 605-574-4360  
[value@hills.net](mailto:value@hills.net)

**Committee Chairs:**  
Paul T. Sickler, AFM  
Membership Ph 605-582-2085  
[psickler@farmers-national.com](mailto:psickler@farmers-national.com)

Ordean Eddy  
Education Ph 605-996-2774  
[eddyo@fcsamerica.com](mailto:eddyo@fcsamerica.com)

Jerald E. Kjerstad, ARA  
Public & Government  
Relations  
Ph 605-787-5015  
[kjerstad@iw.net](mailto:kjerstad@iw.net)

Ron Rucker  
Social Ph 605-665-9675  
[ruckerr@fcsamerica.com](mailto:ruckerr@fcsamerica.com)

Charles L. Kreps, ARA  
Mentor Ph 701-852-5748  
[charles.kreps@nd.usda.gov](mailto:charles.kreps@nd.usda.gov)

**SOUTH DAKOTA CHAPTER**  
**AMERICAN SOCIETY OF FARM MANAGERS & RURAL APPRAISERS**

12/03



*Enhancing Our Members' Ability to Succeed  
in Their Rural & Agriculturally Related Professions!*

**DATE STOREMEMBER!**

**2004**

February 3 - West River Breakfast Meeting @ 9:00 A.M.  
@ Rapid City Farm Credit Services of America Office  
February 13 - East River Breakfast Meeting @ 9:00 A.M.  
@ Sioux Falls Front Porch Grill (**Summer Meeting**)  
March 10 - Chapter Board Meeting - Mitchell  
March 11 - Technology Seminars/Membership Meeting - Mitchell  
March 12 - Soil Seminars - Mitchell  
June 6-12 - A-30 in Sioux Falls  
June 14-15 - ARA/RPRA Exams in Sioux Falls  
June 16-18 - Regional Summer Meeting with Minnesota & Nebraska  
in Sioux Falls  
June 18-19 - Council Meeting in Sioux Falls  
Nov. 4 - Nov. 6 - ASFMRA Annual Meeting - Sacramento, California

**2005**

September - Rapid City Conference w/ PAASD, WYASFMRA, WYAI  
Fall - ASFMRA Annual Meeting - Austin, Texas

**PRESIDENT'S MESSAGE** - Through the efforts of many, our chapter can reflect on a successful 2003 year. Highlights include:

- Improved communication with the South Dakota Appraisal Certification program.
- A very successful winter meeting in attendance, fellowship, and financial profit.
- Successful public relations efforts at the State Assessors conference and the SDSU Breakfast Meeting.
- Identifying members with a strong interest in pursuing accreditation and assigning each of them a mentor to help them through the process.
- Establishing a National Meeting Scholarship for those attending a national meeting for the first time and to receive accreditation.
- A 24% increase in regular membership.
- Regular monthly newsletter that includes a member profile.
- Regular East River and West River breakfast meetings with good member attendance.

Be proud of your accomplishments! Enjoy the holiday with family and friends!

## SDARL'S DANGEESPEAKS AT EAST RIVER BREAKFAST MEETING

On Friday December 12<sup>th</sup>, 13 members met for breakfast in Sioux Falls at the Front Porch Grill and heard a very interesting program regarding South Dakota Agricultural Rural Leadership, Inc. (SDARL).

Joining Sioux Falls are members John Cole, Jim Dunlap, Tom Jass, John McMahan, Courtney Shereck and Paul Sickler were out of town members Jack Davis, Brian Gatzke, Mac Haskell, Allan Husby, Paul Reisch, Ron Rucker, and Jorge Vicuna.



Dan Gee, SDARL Executive Director, and FCS America participant, shared details about the SDARL experience.

Financial Officer Mark Vanderwerf, SDARL

SDARL is a private, not-for-profit organization dedicated to identifying and developing leadership for agriculture and rural communities in order to enhance

the quality of life for all South Dakotans.

Each class is composed of up to 30 individuals whom agriculture, agribusiness. The class will be predominantly between the ages of 25 and 50 and have demonstrated leadership ability. Each participant will commit to completion of all of the program.

will be actively involved in production

SDARL's endeavor is to see that participants achieve

the following program goals:

1. Graduates recognize and appreciate their leadership potential.
2. Graduates increase their decision-making and analytical skills.
3. Graduates broaden their perspective relative to history, economics, sociology, culture and arts, and will know how those areas relate to the decision-making process.
4. Graduates increase their ability to communicate persuasively and effectively.
5. Graduates develop a "global" focus as preparation for the enormity of the challenges that more inter-dependent and interconnected global economy presents to the agricultural industry and rural communities.

The current Class II had 58 applicants. All completed interviews. The class participates in 10 two-day programs also includes a trip to Washington, D.C., a New Zealand and Class II will go to Western Europe.

eda 5-6-page application. All applicants were seminars with different locations across the state. nd an international trip. Class I went to Australia

The -

Dan Gee shared insights with the group regarding how of the speakers and presentations. They work to have aren't friendly to the class members' philosophies

what typical program works and examples of some ebothsides of issues addressed so some speakers

Further details can be found at the SDARL website

<http://sdarl.sdstate.org>

Applications for Class III of SDARL will be available will be due on March 15, 2004. Class III will begin is \$3,000. Dan encouraged our members to apply them

le January 1, 2004 via this WEBSITE. Applications nin November 2004 and finish in April 2006. Tuition selves and to encourage other to do so.

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## CHAPTER ENDS YEAR WITH CONTINUED MEMBERSHIP GROWTH

Michael Fox of Spearfish is our newest member. Michael is a northern Black Hills realtor who attended the Rapid City A-10 course in Rapid City and has joined the chapter as an affiliate member. Welcome Michael!

In 2004, we lost only one member and had 9 new memberships. We end the year with 44 members. Chapter members join our ranks plus presenting two honorary members:

- 7 ARAMembers
- 2 RPRAMembers
- 4 AFMMembers
- 1 ProfessionalMember
- 22 CandidateMembers
- 2 AcademicMembers
- 1 AssociateMember
- 2 AffiliateMembers
- 1 PartnerMember
- 2 HonoraryMembers

An updated membership directory will be distributed by year end.

## WATCH JANUARY NEWSLETTER FOR DETAILS ON 2004 EDUCATION OFFERINGS

The chapter's Education and Technology Committee under the leadership of Ordean Eddy and Jim Hollenbeck are finalizing plans with the Professional Appraisers Association of South Dakota and the Professional Soil Science Association for a great continuing education program in Mitchell March 10-12. The 2004 Summer Meeting Committee under Wade Buck's leadership is finalizing the agenda and schedule for the June 16-18 meeting in Sioux Falls. Watch next month for details.

## BOARD MEMBER RON ROSS KNECHT FEATURED THIS MONTH IN MEMBER PROFILE

**Describe your experience and education related to the property professional field (appraisal, farm management, consulting, academic relation).**

Roughly 99% of my work involves the valuation of commercial real estate in the Rapid City area, i.e., retail, office, recreation, industrial, lodging, and service. My office has been involved with land exchanges with the National Forest Service. The Pass Creek exchange took over a year and involved multiple private and federal parcels.

**Describe what has led you to becoming a chapter member of the South Dakota ASFMRA and why you remain a member, if a member for a number of years.**

I simply became a member at the request of John Widoss who served as my mentor when I first got into the appraisal business 15 years ago. Although I don't do that much AG work, I enjoy having some common thread with other South Dakota appraisers and when I do need AG related information I know that I can go to other members and get it.



**Describe personal background items that would be of interest to fellow chapter members (e.g. family, ethnic heritage, other communities lived, other jobs/careers, main hobbies or interests).**



Scout Base at Sea Base which is located on the Florida Keys.

Once a year I go to northern Canada on a fly-in fishing trip. Highrock Lake is located roughly 1,200 miles due north of Rapid City in northern Saskatchewan. This has proven to be very good therapy. Highrock Lake produces 30# lake trout and 25# northern pike, no walleye. I normally go in the middle of September when the lake trout are spawning.

I like to travel. I have been to New Zealand 2 times, Australia 5 times, Philippines, Indonesia, Germany, Austria, Switzerland, Japan, Singapore, and Ree Heights. I toured Ireland in March of 2004 and will be attending a High Adventure Boy

I and seven other scouts will sail a 60' sailboat down to Key West. We spend a day in Key West, then sail back to Sea Base. This trip takes 2 years to prepare for. I'm an assistant Boy Scout Troop leader in Troop 44

where my son is working on his eagle rank.

I'm Zone 4 Lions Chairman for 5-SW District. I'm treasurer for Heart of the Hills Economic Development Corporation and also treasurer of Spirit of the Hills, which is a grassroot organization that is working on placing a monumental size bronze buffalo in Hill City. We have raised over \$70,000 to date and the buffalo is in being bronzed in Loveland, Colorado. I'm secretary of Blue Wing Recreation Corporation at Sheridan Lake, and I have my South Dakota Small Water Treatment Certification so that I can treat the water at our recreation park.

I worked on robotic equipment for Control Data Corporation for 14 years before I went into the appraisal business. I was looking for a less stressful occupation.

**Describe a few memorable or unique experiences in your life.**

The first time I had sex and the week we spent 40 miles off the Coast of Cairnes, Australia fishing for bottom fish. The snorkeling was unbelievable and having a 15' hammerhead shark lay along the side of the boat isn't easily forgotten. Spending a significant amount of time in Indonesia and the Philippines gives a person a better perspective of how good we have it here in the United States. Although most of those people have little money, it is amazing how strong off family values they have and how much they want to be educated. Most kids in 3<sup>rd</sup> world countries wear nice uniforms to school.

## FEDS PROBE LOCAL MORTGAGE BROKER (Reprinted from 12/23/03 Rapid City Journal)

By Dan Daly, Journal Staff Writer

RAPID CITY—Last month's federal court convictions of two key people at Blue Ribbon Financial were part of a broad federal investigation into allegations of loan fraud at the Rapid City mortgage broker, the Journal has learned.

And at the state level, records from the South Dakota Department of Revenue's Appraiser Certification Program show that formal complaints involving five property owners were filed against state appraisers for shoddy or misleading work on behalf of Blue Ribbon Financial.

The complaints, filed between February 2001 and July 2002, ended in license suspensions for two appraisers. One of them, Larry Yeof of Sioux Falls, lost his license for three years after the state found he had been putting his name on overvalued appraisals for Rapid City properties—without even looking at them.

It is unclear whether the stated disciplinary cases led to the federal investigation. Federal prosecutor Mike Ridgeway would say only that the federal probe began as the result of "concerns from the legal community and the appraiser community with regard to certain practices received variances in proper protocol" at Blue Ribbon.

Federal investigators—including the FBI and the Office of Veterans Affairs Inspector General—spent months looking into Blue Ribbon and its loan activities. A FBI agent interviewed several area appraisers. Blue Ribbon acknowledged that federal agents and mortgage underwriters reviewed thousands of Blue Ribbon loan files. As a result, two criminal cases were filed.

In July 2003, former loan officer Jeri Perrett, 35, agreed to plead guilty to one count of bank fraud. Bank fraud carries a maximum penalty of 30 years in prison and \$1 million in fines. In her plea deal, Perrett agreed to cooperate with investigators.

Perrett admitted to submitting a loan application for a home in which the purchase price was listed at \$125,000 and the down payment was listed at \$25,000. However, the real price was only \$100,000, and there was no down payment.

The other criminal case involved former co-owner Elizabeth Peiffer, 46. In October she agreed to plead guilty to a single count of wire fraud, which carries a penalty of up to 5 years in prison and a \$250,000 fine. She admitted to making an undisclosed \$1,500 personal loan to a mortgage client, which made him appear more credit-worthy than he really was.

Both Perrett and Peiffer entered guilty pleas in November. They are scheduled for sentencing on Jan. 26.

Blue Ribbon, meanwhile, has gone to great lengths to distance itself from the cases. Co-owner Scott Benson has insisted that Perrett's actions were part of a personal real estate deal that had nothing to do with her job at Blue Ribbon Financial. He also said she was fired the moment the fraud came to light.

Benson said Peiffer is no longer a partner in Blue Ribbon. He said she was an employee, not a partner, when she made the cash loan. Her husband, Ted Peiffer, remains a partner in the business, he said.

Blue Ribbon officials say Peiffer's action was a well-intentioned lapse in judgment. The borrower told Blue Ribbon that he had money in a foreign bank account, but he was having trouble transferring the money over, verifying its existence in time for the closing on his home purchase. Peiffer agreed to help him out, rather than reschedule the closing.

Ridgeway declined to say whether the investigation has concluded. He cited the language in Peiffer's plea agreement, in which the prosecutor agrees not to prosecute the defendant's business. "I agree not to sue further charges against Peiffer and" agrees not to

Mortgage brokers seem to be the only remaining unregulated link in the home-buying and home-financing process. Realtors are licensed, and lenders are regulated by a number of agencies. Since 1991, South Dakota's appraisers have been required to be registered, licensed or certified by the Appraisal Certification Program.

Sherry Bren, ACP executive director, said the program began after Congress passed the savings-and-loan bailout bill of 1989. It included a requirement that states certify and license appraisers. The S&L debacle of the 1980s was blamed in part on bad appraisals that overvalue collateral on mortgage loans. In the 1990s, mortgage rates plunged, and lenders began to rely more on independent mortgage brokers and less on in-house loan officers. Millions of homeowners refinanced their homes—many of them cashing in equity in the process.

In both refinancings and real estate sales, there was a lot of pressure, according to one local appraiser, to "make valuations happen." In fact, in the case that resulted in the fraud charge against Perrett, the appraiser who agreed to raise the appraisal to \$125,000 lost his license for 90 days, according to ACP records. It was one of two cases that led to his suspension. The man has since died.

In the other, filed in July 2002, appraiser Penny Hill filed a complaint after she was asked to review an appraisal she had done for Blue Ribbon. She found several discrepancies and misleading information. "It appears that there are several comparables (recent sales used to determine the current market value) in the subject subdivision that were not considered," she wrote.

In the three other cases that involved Blue Ribbon, appraisals done not by him but by his Rapid City-based licensed nor registered, according to ACP records. Yeo's name on the appraisals, because their only previous contact was with Slaughter.

Homebuyer Derek Hill of Rapid City filed a formal complaint in November 2001, after he discovered that Blue Ribbon's Perrett had tried to conceal an appraisal that showed the house was worth less than the agreed sale price. Instead, Hill alleged, Perrett hired Yeo and his daughter to do a second, higher appraisal.

"What I feel Ms. Perrett did was find an appraiser, and I use caution calling Ms. Slaughter an appraiser, who will give Ms. Perrett whatever figures she needs regardless of what the buyer wants," Hill wrote.

Another complaint against Yeo was filed in February 2001 by lender Mitch Mudlin on behalf of a Piedmont area couple. They had first gone to Blue Ribbon to originate a construction loan and then a long-term mortgage for the house after it was built. Because of an inflated \$180,000 appraisal from Yeo, the couple was approved for a \$150,000 construction loan on their Piedmont home, according to the complaint. They then went to another mortgage broker for the second loan. That appraisal came in at \$130,000 to \$140,000—less than they owed. "Due to this appraisal (from Yeo), my clients are now locked into a high-interest construction loan, which I can not finance," Mudlin wrote.

In a phone interview Friday from Sioux Falls, Yeo denied any wrongdoing in his Black Hills appraisal work. But he said he opted to retire rather than fight the charges in a formal hearing. Asked about the stated disciplinary action, Blue Ribbon was not aware of any of these issues until after the termination of Ms. Perrett.

Perrett's attorney, Ted McBride, declined to comment pending his client's sentencing. Calls last week to Peiffer's attorney were not returned.