

NAFE MEMBER NEWS

National Association of Forensic Economics

NAFE Member News
Volume 16, Issue 4
November 2002

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Note from the President

It has been a fast two years since I became NAFE President. I am pleased that during this time (a) George Schieren became new Executive Director of NAFE, (b) Mike Piette became the co-editor of the *Journal of Forensic Economics*, (c) Allan McCausland worked as Special Programs chair to put together a structure of committees that involves more members in NAFE activities, (d) Stephen Horner was chosen as NAFE's President-elect, (e) a revised version of NAFE's Statement of Ethical



Principles was approved by a vote of 192-8 by the NAFE membership, (f) the structure and timing of payment of NAFE dues were revised to provide NAFE with a steadier cash flow, (g) Kurt Krueger saw to it that members were provided with a searchable CD-ROM containing the first 12 volumes of the JFE and the first 4 volumes of the LER, (h) a disclaimer statement was created for the NAFE-L, (i) NAFE's journals have continued to improve in quality and to provide stimulating contributions, and (j) NAFE has continued to have stimulating programs at five or more professional meetings each year, with the American Economic Association, beginning in 2002, increasing the number of NAFE sessions from three to four (which in 2002 turned into five sessions with the addition of a panel discussing proposed damage rules of

the 9/11 Victim's Compensation Fund). The volunteer work of NAFE board members, individual NAFE members and committees has made these accomplishments possible.

As this issue of the newsletter goes to press, NAFE sessions and/or meetings are scheduled for: New Orleans, Louisiana, on Nov. 24; Washington, D.C., on Jan. 3 and 4; St. Thomas, U.S. Virgin Islands, on Jan. 31 and Feb. 1; New York City, on Feb. 21 and 22; and Denver, Colorado, on July 11 to July 14. Also upcoming is the AAEFE meeting in Las Vegas, Nevada, April 2-4; and the AREA meeting in Ft. Worth, Texas, May 15-17. At the NAFE membership meeting in Washington, D.C. on Jan. 3, election results for the NAFE Board positions of Mid-Western and Western Vice-President will be announced. Additional information about these meetings appears elsewhere in this newsletter.

Having the opportunity to be President of NAFE has been a great privilege. I wish the new incoming NAFE President, Stephen Horner, the other new Board members and the continuing Board members much success in their future endeavors.

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National 2003—Washington, DC

ALLIED SOCIAL SCIENCE ASSOCIATIONS

WASHINGTON, D. C. — JANUARY 2-5, 2003

Organizers: Tyler J. Bowles (Tbowles@econ.usu.edu, 435 797 2378)

Ed Foster (foster@econ.umn.edu, 612 624 6567).

Preregistration material are available at <http://www.vanderbilt.edu/AEA/>

All of these events are in the Marriott Metro Hotel

Friday, January 3

8:00 a.m. — I. Topics in Forensic Economics

Presiding: Ed Foster, University of Minnesota

"The Forensic Economics of Punitive Damages," Michael L. Brookshire, Marshall University

Discussant: Sophie Korczyk

"Productivity of Forensic Damages Experts,"

Frank D. Tinari, Seton Hall University and Tinari Economics, and Elias Grivoyanis, Yeshiva University

Discussant: David Rosenbaum

"Derivative Instrument Valuation and Model Risk," Susan Mangiero, Pace University and GSM Associates, LLC

Discussant: To be announced

12:00 noon – 3:00 p.m.

Board of Directors Luncheon Meeting, Tokyo Room

3:00 p.m. – 4:30 p.m.

Board of Editors Meeting, Tokyo Room

4:45 p.m. – 6:00 p.m.

NAFE General Membership Meeting, Montreal Room

6:30 p.m. – 8:00 p.m.

NAFE Reception, Montreal Room

Saturday, January 4

8:00 a.m. — II. Topics in Forensic Economics II

Presiding: Tyler J. Bowles, Utah State University

"Generalizations of the Increment-Decrement Model," Gary Skoog, DePaul University

Discussant: Ed Foster

"Probability Mass Functions for Number of Years to Final Separation," Gary Skoog and James Ciecka, DePaul University

Discussant: Frank Slesnick

"Using Backcasting to Test the Accuracy of Estimates of the Present Value of Future Earnings,"

Bradley Ewing, Texas Tech University, and James Rodgers, Penn State University

Discussant: Tyler Bowles

10:15 a.m. — III. Social Security Administration Data and Forensic Economics

Presiding: Alan McCausland, McCausland Economic Associates

Panel: Stephen Goss, Social Security Administration

J. Patrick Skirvin, Social Security Administration

Alice Wade, Social Security Administration

Mary E. Young, Southwestern University

John F. Haneski, Economic Consulting Services

2:30 p.m. — IV. Ethical Principles in Litigation: Comparing the Economic and Legal Perspectives

Presiding: Manuel Smith, Economic Consultant

Panel of ethicist and forensic economics questioners to be announced.

International 2003—U.S. Virgin Islands

INTERNATIONAL 2003 – ST. THOMAS, U.S. VIRGIN ISLANDS
TENTATIVE PROGRAM FOR THE FIFTH NAFE WINTER MEETING
JANUARY 31 AND FEBRUARY 1, 2003

Organizers: James D. Rodgers, Penn State University, State College, PA
Robert Tansky, Economic Research Corporation, Fort Gratiot, MI

It is not too late to register to attend the St. Thomas Meeting. Register by contacting Sandy Berardis, Centre for Travel, 114 Hiester Street, State College, PA 16801, 800-2552140, Ext. 121. Fax: 814-238-7461. Email: sandy@cftrav.agencymail.com. The meeting will be held at the Renaissance Grand Beach Resort. The cost is approximately \$240.00 per night, plus a conference registration fee of \$60.00 per NAFE member attending the conference. Registration is not required for spouses or others traveling with the NAFE member. Room rates are available Monday, Jan. 27 through Tuesday, Feb. 4.

Friday, January 31, 2003, Day #1

8:00 a.m. Continental Breakfast

Welcome and Opening Remarks and Announcements
 James D. Rodgers, Penn State University, State College, PA

8:30 a.m. - 10:15 a.m. - Session 1

Forensic Economics and Testifying in the U.S. Virgin Islands

Chair/Moderator S.B. Jones-Hendrickson

Will be joined by one or two other forensic economists from the U.S. Virgin Islands

10:15 a.m. - 10:30 a.m. Break

10:30 a.m. - 12:15 p.m. - Session 2

Roundtable on "Valuation of Time Spent in Companionship, Care & Society"

Session Chair/Moderator John O. Ward, University of Missouri-Kansas City, Kansas City, MO

Other Panel Members: Thomas Ireland, University of Missouri-St. Louis, St. Louis, MO
 Frank Tinari, Seton Hall University, South Orange, NJ

Saturday, February 1, 2003, Day #2

8:00 a.m. Continental Breakfast

8:30 a.m. - 10:15 a.m. - Session 3

Business Valuations, Patent Infringement and Mitigation of Employment Law Damages

Session Chair Robert Tansky, Economic Research Corporation, Fort Gratiot, MI

"Doing Simple Business Valuations," William King, William D. King & Associates, Lansing, MI

"Royalty Rates in Patent Infringement Cases," A. Frank Adams, Kennesaw State University, Kennesaw, GA

"Estimating & Proving Mitigation of Employment Law Damages," David Toppino, Vocational Economic Analysts, Bel Air, CA

10:15 a.m. - 10:30 a.m. Break

10:30 a.m. - 12:15 p.m. - Session 4

Handling Taxes in Employment Discrimination Cases

Session Chair James D. Rodgers, Penn State University, State College, PA

Other Panel Members: Barry Ben-Zion, Consulting Economist, Santa Rosa, CA

Stephanie Rizzardi Pearson, Rizzardi Pearson Associates, San Marino, CA

Closing Remarks and Plans for Next Year

James D. Rodgers, Penn State University, State College, PA

East 2003—New York City

**EASTERN ECONOMIC ASSOCIATION
NEW YORK CITY—FEBRUARY 21-23, 2003
NAFE Organizer: Rick Gaskins, Vice-President, Eastern Region**

CALL FOR PAPERS **Paper Proposals are being accepted on an ongoing basis until all sessions become filled**

The Eastern Economic Association will hold its annual conference in New York City, February 21st to 23rd, 2003 at the Crowne Plaza Manhattan Hotel. Meeting and registration information are available at the EEA website :

<http://www.iona.edu/eea/>

Current plans are for NAFE to sponsor three sessions on forensic economics issues, all on Saturday, February 22nd. The three sessions are tentatively planned to be on the following topics:

- (1) Actuarial Issues in Forensic Economics
- (2) Business Valuation and Commercial Damages
- (3) Wrongful Death: Approaches to Household Services and Personal Consumption.

Presentations on topics other than these probably can be accommodated in the program. Interested presenters, discussants and session chairs should contact Rick Gaskins at:

rrgaskins@aol.com or 301-698-9777

If you are going to arrive Friday and are interested in joining us for a NAFE Friday night dinner, please contact Rick via email or phone for details.

West 2003—Denver

**WESTERN ECONOMIC ASSOCIATION INTERNATIONAL
DENVER— JULY 11-15, 2003
NAFE Organizers: Dr. Robert Male, Vice-President At Large
New Western Vice-President (to be elected this fall)**

CALL FOR PAPERS & PROGRAMS **DEADLINE: JANUARY 15, 2003**

The 78th annual conference will be held at the Denver Adam's Mark Hotel, Friday-Tuesday, July 11-15, 2003. For the NAFE sessions you are encouraged to submit your ideas, topic suggestions, abstracts of papers, and offers to serve as a discussant to:

Robert Male, Ph.D.
PO Box 1100
Clackamas, Oregon 97015
voice: 503-656-0680 fax: 503-656-6321
bobmale@attbi.com

WEA conference details will be posted as they become available at: <http://www.weainternational.org/conferences.htm>

Upcoming and Noteworthy in 2003

American Academy of Economic and Financial (AAEFE) 15th Annual Meeting – Las Vegas, NV – April 2-5, 2003

CALL FOR PAPERS

Paper in all areas applicable to the work of Economic and Financial experts are welcomed. Authors/presenters of accepted papers should bring 40 copies of the paper with them to the meeting. Authors of presented papers are encouraged to submit a finished version for review and possible publication in the *Journal of Legal Economics (JLE)*. AAEFE is intended for professionals who work as academicians and/or consult as economic or financial experts. The focus of *JLE* is to publish papers that aid practitioners and advance the profession.

Meeting Papers

Send all papers by March 3, 2002 to:
Dr. Creighton Frampton
School of Business Administration
Philadelphia University
Schoolhouse Lane & Henry Ave.
Philadelphia, PA 19144-5497
215-951-2820

Registration Fee = \$100

To pre-register for the 2003 meeting, send your \$100 check along with pertinent information – like your current address to:

Dr. Gerald V. Boyles
Wall School of Business
Coastal Carolina University
P. O. Box 261954
Conway, SC 29528-6054
843-349-2653

On site registration will be in the Dynasty Room prior to and in-between sessions on Wednesday, April 2. The first session begins at 6:30 PM.

Reservations

Imperial Palace
3535 Las Vegas Blvd., S.
Las Vegas, NV 89109-9969
800-634-6441 (mention AAEFE when you call)

If you have any problem making your reservation through the above number, try 800-800-2981. Room rate: \$83 + 8% tax (single or double) Reservation Cut-Off Date: February 1, 2002. This rate applies for members from 4/1 to 4/6.

More upcoming and noteworthy on page 6

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Upcoming and Noteworthy in 2003 (continued)

**AMERICAN REHABILITATION ECONOMICS ASSOCIATION
2003 ANNUAL CONFERENCE
RADDISON HOTEL, FT WORTH, TEXAS
MAY 15 - 18, 2003**

The AREA Conference will be held in Ft. Worth, TX May 15-18, 2003 at the Radisson Hotel. The conference program ensures your training by top experts in the field and that the curricula you receive is relevant and timely. The concentrated 2½ day conference provides you a 1½ day pre-conference and 12 workshops to increase your skills and strengthen your capabilities to not only provide expert testimony but also the range of consulting services you offer. Invited presenters are actively involved in issues related to testimony in medical malpractice, personal injury, wrongful death, and product liability litigation. The conference is divided into three content areas:

1. Increasing Skills as a Testifying Expert

The advent of Daubert and related rulings excluding testimony of damages experts requires greater skills from testifying experts in demonstrating use of reliable and valid processes as the foundation for their work. Workshops within this content area are designed to enhance your skills in providing deposition and trial testimony and presenting your materials at trial. You'll receive relevant content and "take-away" materials on appropriate methods and techniques to use when testifying. Workshops in this content area are:

How To Prepare for Trial: What Works and What Doesn't: Perspectives of Two Judges, Two Trial Attorneys, an Expert Witness and a Jury Consultant

Developing Demonstrative Exhibits and Evidence for Trial Presentation: Is There "Power" in Power Point? Or, is it Old Wine in New Bottles?

Databases, Techniques and Strategies No Expert Should Use—and Why: The Very Best from "Bad" Experts

2. Calculating Vocational and Economic Damages

Workshops in this area provide you with concrete and practical content on various approaches to appraising vocational loss, completing present value calculations and review of and "hands-on" exposure to a range of available software programs used in econometric forecasting. This area also presents an alternative model to appraise loss of household services. Workshops planned are:

Calculating Vocational Loss, Economic Damages and Present Value

Household Services as Life Care: An Alternative View of Household Services in the Legal System

Calculating Worklife Expectancy for Special Populations

The "McCrosky" Program: How to Use It and Not Abuse It

Life Expectancy Calculations: Conceptual and Methodological Differences Between and Among Disciplines

3. Expanding Practice Areas

This area provides you with content to increase your range of consulting capabilities in today's changing legal environment. Taught by leading experts in the field, you are offered material related to current controversies in the field of expert testimony, and, content designed to assist you in knowledgeably critiquing the work of other experts. Workshops offered are:

Special Needs Trusts: Their Design and Operation and the Role of an Economist

The Role and Scope of Appropriate Life Care Planning Testimony: Current Controversies in the Field

Hedonic Damages: Flawed Methodology or Favored Approach?

Advertisement

iNews from Expectancy Data

The data in the Dollar Value of a Day, 1999 was chosen to form the value of household productivity loss estimates presented in the new book *Prevention Effectiveness* as authored by members of the U.S. Centers for Disease Control. The complete title of the book is *Prevention Effectiveness: A Guide to Decision Analysis and Economic Valuation*, Second Edition. The book is now available from Oxford University Press (www.oup-usa.com) for \$39.95.

Full-time Earnings in the United States, 2001 Edition is now available. This publication presents percentile views of the 2000, 2001, 2002 March Supplement CPS data regarding the earnings of persons working full-time and year round by gender, age, race, and education and gender, age, and occupation. The price per copy is \$99. To order, telephone 877-326-3282 or visit ExpectancyData.com for more information.

Healthy Life Expectancy 2000 should become available in March 2003. We are waiting on the Census 2000 figures regarding the size of the institutional population.

FYI etc.

Our new Ethics Statement below was approved by the NAFE membership by a vote of 192 in favor and 8 against.

National Association of Forensic Economics

Preamble: The primary missions of the National Association of Forensic Economics (NAFE) are research and education in the field of forensic economics. NAFE is not a credentialing organization that has assessed whether its members have met certain qualifications or whether those wanting to become members meet certain qualifications. NAFE does not require its members to pledge to follow a particular code of professional or ethical conduct, nor does it have a formal mechanism to sanction those who might violate such a code. However, because NAFE members are interested in protecting and elevating the integrity of the profession, they have voted to adopt and promulgate the following statement of ethical principles and tenets of practice.

Statement of Ethical Principles and Tenets of Practice

Practitioners of forensic economics should strive to provide impartial and accurate economic analysis related to any litigation for which they are engaged, improve the science of forensic economics, and protect the integrity of the profession through adherence to the following:

1. Employment

Practitioners of forensic economics should decline involvement in any litigation when they are asked to assume invalid representations of fact or alter their methodologies without foundation or compelling reason.

2. Compensation

Practitioners of forensic economics should not accept contingency fee arrangements, or fee amounts associated with the size of a court award or out-of-court settlement in a legal proceeding.

3. Diligence, Objectivity and Accuracy

Practitioners of forensic economics should strive to ensure that proffered opinions are based upon theoretically sound methodologies and unbiased, valid and reliable economic information. They should also strive to be accurate, objective and thorough in their analyses and refrain from submitting to any party in the litigation any information, through commission or omission, that they know to be misleading, biased or inaccurate.

4. Disclosure

Practitioners of forensic economics should stand ready to provide sufficient detail to allow replication of all numerical calculations, with reasonable effort, by other competent forensic economics experts, and be prepared to provide sufficient disclosure of sources of information and assumptions underpinning their opinions to make them understandable to others.

5. Consistency

While it is recognized that practitioners of forensic economics may be given a different assignment when working for the plaintiff than when working for the defense, for any given assignment, the basic assumptions, sources, and methods should not change regardless of the party who employs the expert to perform the assignment. There should be no change in methodology for purposes of favoring any party's claim. This tenet is not meant to preclude methodological changes as new knowledge evolves, nor is it meant to preclude performing requested calculations based upon a hypothetical.

6. Knowledge

Practitioners of forensic economics should strive to maintain a current knowledge base of their discipline.

7. Discourse

NAFE supports the preservation of open, uninhibited discussion at conference sessions related to the profession of forensic economics. It is NAFE policy to discourage the citation of oral remarks made by participants in professional conference sessions.

8. Responsibility

Practitioners of forensic economics are encouraged to make known the existence of, and their adherence to, these principles and tenets to those retaining them to perform economic analyses and to other participants in litigation. In addition, it is appropriate for practitioners of forensic economics to offer criticisms of breaches of these principles and tenets.

FYI etc. (continued)

!!!FALL SALE!!!

Available to NAFE Members

SOME ISSUES STILL AVAILABLE (until December 31, 2002)!!!

Back issues of the *Journal of Forensic Economics* and the *Litigation Economics Digest* (now the *Litigation Economics Review*) are available for NAFE members at prices that can't be beat:

\$3 each issue

\$1 each issue postage & handling

(\$5 minimum postage & handling)

Current Availability:

Journal of Forensic Economics

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3:3	6:2	9:1	11:3
4:1	6:3	9:2	12:1
4:2	7:1	9:3	12:2
4:3	7:2	10:1	12:3

Litigation Economics Digest

(now the *Litigation Economics Review*)

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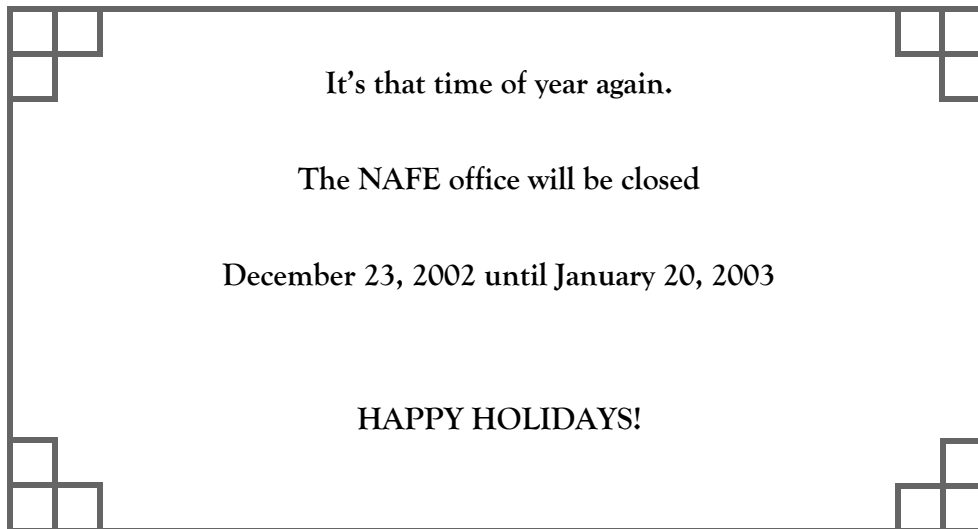
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FYI etc. (continued)



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"BIRTH" ANNOUNCEMENT

We are announcing a new electronic list-serve for forensic economists and accountants working in the areas of commercial damages and business valuation. The Business Damages List is hosted by Topica and is very easy to use. New subscribers need only send a blank e-mail message to bd-l-subscribe@topica.com and we will sign you on. The list is intended to facilitate collaborative discussions among experts and the subject matter is confined to issues involving lost profits analysis and business appraisal. The list is open to any member of either NAFE or AAEFE. We encourage you to join one of these organizations if you are not a member already. Rick Gaskins assisted at the birth, but then relinquished his parental rights to the following List Managers. We welcome your participation.

Kevin Kirkendall	Kevin@KirkendallConsulting.net
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Ray Neveu	rneveu1@maine.rr.com
Michael O'Hara	mohara@mail.unomaha.edu
Jennifer Polhemus	economs@precision-research.com

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NATIONAL ASSOCIATION
OF FORENSIC ECONOMICS

Journal of Forensic Economics
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MARK YOUR CALENDARS

NAFE 2003

ALLIED SOCIAL SCIENCE ASSOCIATION
WASHINGTON, DC—JANUARY 2-5
FIFTH NAFE WINTER MEETING
ST. THOMAS, V.I.—JANUARY 31-FEBRUARY 1
EASTERN ECONOMIC ASSOCIATION
NEW YORK CITY—FEBRUARY 21-23
WESTERN ECONOMIC ASSOCIATION
DENVER—JULY 11-15

CALL FOR PAPERS:
(Details inside)

