

NAFE MEMBER NEWS

National Association of Forensic Economics

NAFE Member News

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November 2004

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Note from the President

Fellow NAFE Members,

NAFE Annual Meeting and Meeting of the Board of Directors

The NAFE Annual Meeting will be held at the Allied Social Sciences Associations meetings in Philadelphia. The Board of Directors will be meeting on the same day. Both agendas will be compiled soon. If you have any issues that you believe the Board should address, please feel free to contact me or George Schieren.

Changes at NAFE Office: We are moving!

After being founded by Jack Ward and Gerald Olson, NAFE's offices were established at the University of Missouri in Kansas City. Nancy Eldredge has been our loyal secretary ever since. In December, Nancy will be moving to Mt. Union, Pennsylvania, and the NAFE office will be moving with her. In order to maintain the high level of service that our members expect, a number of changes will be instituted. We will have new addresses and telephone numbers.

Subscription and Membership Contacts

All subscription and membership applications, forms and dues will be processed by Allen Marketing and Management (AM&M) in Lawrence, Kansas an affiliate of Allen Press that publishes our journals. AM&M is a professional organization management company that handles memberships and subscriptions for over 100 organizations similar to NAFE. The telephone number to call will be (785) 843-1235, ext. 297. The fax number will be (785) 843-1274. The mailing address for dues of membership and subscriptions will be NAFE c/o Scott Starr Allen Press, 800 E. 10 St., Lawrence, KS 66044. Email: ssarr@allenpress.com

Back Issues, Copies of Journal Articles, and Other NAFE Business

For all other matters than subscriptions and memberships, please continue to call the regular NAFE number: (816) 235-2833. This number will change soon, and will be announced.

Thanks to Everyone

As this is my last newsletter as President, it is appropriate to thank the many NAFE members and helpers who have done so much for the organization during the past 2 years. I do want to

thank everyone, but there were so many people who did so much work over the past year, that I will inevitably forget at least one. I apologize in advance. (Note: The individual names are in the order I found them, and there is no significance to that order.)

Editors of the *Journal of Forensic Economics*:

Jack Ward and Mike Piette

Editors of the *Litigation Economics Review*: Steve Shapiro and Pat Gaughan

NAFE Executive Director: George Schieren

NAFE Secretary: Nancy Eldredge

2003-2004 Ethics Committee: Frank Tinari, Jim Rodgers and Bob Male

Committee on the Participation of Women in NAFE: Beth Gunderson, Jennifer Polhemus,

Mary Barros-Bailey, Rick Gaskins

2003 Nominating Committee: Allyn Needham, Bob Male, Jennifer Polhemus, and Manny Smith

2004 Nominating Committee: Jennifer Polhemus, Rick Gaskins, Robert Taylor and James Ciecka
Membership Committee: Gary Skoog and Mike O'Hara

2004 Annual Meeting Organizers:

Robert Trout and Jerry Martin

2005 Annual Meeting Organizers: Frank Slesnick and Frank Tinari

Board Members 2003-2005: Tyler Bowles, David Ciscel, Rick Gaskins, Beth Gunderson, Kurt Krueger, Bob Male, Jerry Martin, and Gary Skoog, who ran regional meetings, attended Board meetings, and put up with the multi-month-long electronic meetings

on the new ethics statement.

I want to give special thanks to Kurt Krueger, who was always helping in the background (and to John Ward Economics, who let Kurt do it); Jim Rodgers, who was indispensable for his wisdom and support; and Bob Male, who never refused a new task.

Who else is there to thank? Thanks are due to everyone who submitted an article, everyone who refereed an article for a journal, everyone who voiced his or her opinion on the new NAFE Statement of Ethical Principles, everyone who voted on it, every member who submitted nominations, everyone who voted in our elections, everyone who showed up at one of our regional meetings, presented a paper, discussed a paper, or chaired a session, every NAFE-L participant.

THANKS TO YOU ALL!!!!

Stephen Horner



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National 2005—Philadelphia

ALLIED SOCIAL SCIENCE ASSOCIATIONS PHILADELPHIA—JANUARY 7-9, 2005

Organizers: Frank Slesnick, Bellarmine University and Frank Tinari, President-Elect

The ASSA Program will be held in Philadelphia, PA on January 7-9, 2005. All NAFE meetings will be held at the Loews Hotel. The NAFE program is as follows:

Friday, January 7

11 A.M. - 2 P.M. (Roberts Room)
NAFE Board Meeting and Luncheon

2:30 P.M. (Regency C1)
Jay Stewart, Staff Economist, Bureau of Labor Statistics, "American Time Use Survey and Forensic Economics"

4:45 - 6 P.M. (Anthony Room)
NAFE Membership meeting

6:30 - 8 P.M. (Tubman Room)
NAFE Cocktail Party

Saturday, January 8

8:00 A.M. – 10:00 A.M. (Regency C1)

Rick Gaskins, Lawrence Spizman, and James Rodgers, "The Effect of the Loss of a Parent on the Future Earnings of a Minor Child."

Frank Tinari, Kevin Cahill, and Elias Grivoyanis, "Statistical Examination of the 9/11 Victim Compensations Fund Awards: Calculated vs. Actual Economic Awards."

John Ward, "Assessing Economic Damages in Personal Injury and Death in the UK: A Comparison with Damages Assessment in the U. S."

10:15 A.M. – 12:00 P.M. (Regency C1)

Gary Skoog and James Ciecka, "Probability Mass Functions and Their Characteristics for Years of Inactivity, Years of Retirement, and Years to Retirement within a Markov Model."

David Jones, "Problems with Using Government Measures of Disability to Estimate Potential Earnings Loss."

Frank Raymond and Frank Slesnick, "Estimating Earning Capacity: An Options Approach."

2:30 P.M. – 4 P.M. (Regency C1)

David Rosenbaum and Ella Reeves, "Valuing Household Services: A New Look at the Replacement Cost Approach."

Greg Faulk, "Disposition of Decedent Health Care in a Wrongful Death Valuation."

Patrick Fitzgerald and Kevin Marshall, "Punitive Damages and Tort Reform: a Review of Important Recent Cases and the Impact on Economic Incentives for Risk Management."

It is not too late to attend the meeting. You can register and make a hotel reservation if you go the AEA website at:

<http://www.vanderbilt.edu/AEA/anmt.htm>

This should prove to be a great program both for veterans of NAFE sessions and relative newcomers. Please call if you have any questions about the program.

Frank Slesnick
Bellarmine University
(502) 452-8244
fslesnick@bellarmine.edu

NAFE Winter Meeting 2005—Aruba

SEVENTH NAFE WINTER MEETING

ARUBA MARRIOTT, PALM BEACH, ARUBA—JANUARY 28-29, 2005

Organizers: Jim Rodgers and Art Eubank

It is not too late to register to attend the Aruba meeting. The full program is still under development, and there is still time to submit a paper for consideration for the program, or offer a suggestion for a roundtable topic. The tentative program is as follows:

Friday, Jan. 28, 2005

Session #1

The Effect of Disability on Workforce Participation Probability & Earnings

Christopher Pflaum will present results of recent disability research. An instrumental variables approach is used to compute the effect of disability as measured by standard tests (can sit for two hours, lift 15 pounds, etc.) on earnings. Using the instrumental variables allows modeling workforce participation probability and earnings simultaneously. One of the findings is that, while the disabled have a lower probability of being in the workforce, if they are working they do not have lower earnings.

Session #2

Offsets for Goods and Services Provided in Life Care Plans

What offsets should be taken for goods and services provided in life care plans is an area of continuing controversy in forensic economics and in litigation. **Tom Ireland** and **Stephanie Rizzardi Pearson** will present a review and reconsideration of the arguments for and against such offsets. One camp has raised serious questions about taking any offsets. Another camp has made strong arguments for making offsets for specific goods and services. The paper addresses the question of which offsets should be considered and which should not if some but not all offsets are to be taken. Also addressed is the issue of offsets that could or should be taken in a calculation of lost household services.

Saturday, Jan. 29, 2005

Session #3

Tax Benefits of Structured Settlements

In this session, **Gary A. Anderson** will present his research regarding the valuation of the tax shield associated with the tax exempt status of structured settlements. Specific focus will be on the valuation of the tax shield offered by the structured settlement when future medical costs constitute a significant portion of the settlement – as would be the situation in settlements in personal injury cases involving significant life care plan costs. His research models and examines the value to the structured settlement recipient of the future medical cost tax write-offs against other taxable income. The research also examines the potential conflict of interest that develops between the plaintiff and his/her attorney when attorney compensation is based on a contingency percentage of the jury award or structured settlement.

Session #4 (tentative)

Roundtable on Business Practices

This session will focus on a discussion of various business practice issues, such as the use of retainer agreements and fee schedules, requiring up-front payments, debt collection, deciding whether to take a particular case, determining how to find out if you have been listed as an expert without being told, etc.

Conference Details (more details are in the August 2004 NAFE newsletter)

The conference will take place at the The Aruba Marriott Resort and Stellaris Casino is located on the northwestern edge of Aruba on Palm Beach. The address is LG Smith Boulevard #101, Palm Beach, Aruba, Dutch Caribbean. Phone: 011 (297) 586-9000; Fax: 011 (297) 586-0649. The airport code for Aruba is AUA. The web site of the hotel is <http://marriott.com/property/propertyPage/auaar>. Another web site with more information is: <http://www.marriottaruba.com/>

To register for the conference and for room reservations, contact Sandy Berardis at Centre for Travel, 114 Heister Street, State College, PA 16801, by calling 1-800-255-2140, Ext. 121. Sandy's email address is sandy@cftrav.agencymail.com. For program information or for answers to any other questions, contact Jim Rodgers at 814-237-9322 or jdr@psu.edu, or Art Eubank at 312-372-0600 or at art@eubankeconomics.com.

East 2005—New York City

**EASTERN ECONOMIC ASSOCIATION
NEW YORK CITY, MARCH 4-6, 2005**

Organizers: Rick Gaskins, Vice-President, Eastern Region

CALL FOR PAPERS PROGRAMS AND PARTICIPANTS

The Eastern Economic Association will hold its annual conference in New York City at the Sheraton New York Hotel and Towers, March 4–6. Conference information is available at <http://www.iona.edu/eea/conferences/conferences.htm>

NAFE plans to have 3 to 4 sessions, probably all on Saturday, March 5th, including a special session with representatives of the BLS on Bureau of Labor Statistics Data and Forensic Economics. Paper abstracts, panel discussion proposals, suggestions for special sessions, session organizers/chairs and paper discussants are sought for these sessions. Please contact the NAFE sessions organizer:

Rick R. Gaskins
Gaskins Associates, PC
7183 Stillwater Court
Frederick, MD 21702-2988
301-698-9777
rrgaskins@aol.com

West 2005—San Francisco

**WESTERN ECONOMIC ASSOCIATION INTERNATIONAL
SAN FRANCISCO – JULY 4-8 (NAFE SESSIONS WILL BE ON JULY 7TH AND 8TH)**
Organizer: Tyler J. Bowles, Vice-President, Western Region

CALL FOR PAPERS & PROGRAMS DEADLINE: MARCH 15, 2005

In 2005, the 80th annual conference of the Western Economic Association International will be held July 4th -8th at the San Francisco Marriot. NAFE sessions will be held on the 7th and 8th. Interested presenters, discussants, and session chairs should contact:

Tyler J. Bowles
3530 Old Main Hill
Utah State University
Logan, Utah 84322-3530

435.797.2378
tbowles@econ.usu.edu

International 2005—Dublin, Ireland

**NATIONAL ASSOCIATION OF FORENSIC ECONOMICS
INTERNATIONAL CONFERENCE
DUBLIN, IRELAND—MAY 27-28, 2005
Organizer: John O. Ward**

Announcing
**The Second International Summer Conference of the
National Association of Forensic Economics
Dublin, Ireland
May 27-28, 2005**

This year's conference in Dublin will continue the theme of comparing procedures and methodologies for calculating damages in PI/Death and Commercial Litigation in the U.S. with those used in other common law countries. Our meeting in Dublin will have the same format as this year's meetings in Edinburgh, Scotland. Sessions are in an open discussion format. Papers topics will be considered for the late morning and afternoon sessions. This year, Justice Joseph Finnegan, President of the High Court of Ireland and member of the Irish President's Cabinet, has agree to chair our first session on May 27.

We have group reservations at the Fitzwilliam Hotel in Dublin for May-26-29, with provision for registration for two days before and after the conference. The Fitzwilliam is a 5 star hotel with two excellent restaurants. We have a rate of 240 Euros/night (\$288) inclusive of VAT, and a full breakfast. The registration fee is \$120 which covers the meeting room registration, lunch and other refreshments. Please confirm your intent to participate, along with your registration fee made out to John Ward Economics and mailed to John Ward Economics, Ste 235, 8340 Mission Road, Prairie Village, Kansas 66206. Please e-mail me at Wardjo@umkc.edu or call me at 913-381-9420 if you have an interest in attending and/or an idea for a discussion topic or paper.

Hotel reservation cancellations can be made up to 3 days prior to the conference. Members have sent plans for tours during their stay and I will provide that information at your request.

Room registration for the Fitzwilliam Hotel for days before and after the conference can be made by calling Dublin Hotel Finders at 866 770 1555, toll free and asking for the "NAFE Group." We will have a post-conference, internet follow-up discussion on the issue of ethics case studies for those wishing to participate

The preliminary program will be as follows:

Friday, May 27

8:30-10:00 Session 1

Calculating Economic Damages in PI/Death litigation in Ireland: Comparing the U.S. and U.K Experience

10:15-11:30 Session 2

What is the U.S. Damages model: Strengths and Deficiencies?

11:30-1:00

Lunch

1:00-3:00-Session 3

Commercial Damages: U.S. and Ireland

Saturday, May 28

9:00-11:00

Breakfast Meeting – general discussion on ethical issues in a forensic practice.

All sessions are in an open discussion format. While a panel discussion format will be used, we invite paper submissions on any the above topic areas. Submissions should be to Jack Ward. Spouses may participate in a concurrent session on Managing a Forensic Economic Practice; Office Issues on May 28 during a morning breakfast.

Midwest 2005—Kansas City

**MISSOURI VALLEY ECONOMIC ASSOCIATION
KANSAS CITY—OCTOBER 27-29, 2005
Organizer: Gary Skoog, Vice President, Northern Region**

The next Missouri Valley Economic Association meetings will be held in the Kansas City Marriot Country Club Plaza from October 27-29, 2005. It is likely that there will be at least one forensic economics session at those meetings. Information as it is updated can be found at:

<http://ecedweb.unomaha.edu/mvea.htm>

South 2005

**SOUTHERN ECONOMIC ASSOCIATION
WASHINGTON DC—NOVEMBER 21-23
Organizer: Kurt V. Krueger, Vice-President, Southern Region**

The SEA 2005 conference will be in Washington, DC at the Grand Hyatt Washington Hotel, November 18-20. More information on the 2005 Southern Economic Association meeting and a call for papers will be forthcoming in the NAFE February *News*.

Note on 2004 SEA Meeting in New Orleans

The 2004 meetings were held in New Orleans November 21-23 with the following presented:

Understanding Lost Social Security, Robert W. Cook

A Primer on Earnings Growth and Discounting, Gary R. Albrecht and Kurt V. Krueger

Differences between the Roles of a Forensic Economist for the Plaintiff and for the Defendant in Personal Injury/Wrongful Death Litigation

(Roundtable-Participants: Thomas R. Ireland, Jim Rodgers, Allyn Needham)

Workshop on Calculating Work Probabilities using the Markov Increment-Decrement Worklife Expectancy Model

(Workshop, Kurt V. Krueger)

Personal Expenses in Husband Wife Families, Kurt V. Krueger

Papers are available at discounted price to NAFE members!

NAFE Changes

Memberships/Subscriptions:

NAFE

c/o Scott Starr Allen Press

800 E. 10 St.

Lawrence, KS 66044

(785) 843-1235 Ext. 297

Fax: (785) 843-1274

Email: [sstarr@allenpress.com](mailto:ssarr@allenpress.com)

**For all other matters
continue to use:**

(816) 235-2833

Fax: (816)235-5263

umkcnafe@umkc.edu

(These numbers will change soon and
will be announced.)

FYI etc.

Letter from the Incoming Co-Editors of the Journal of Forensic Economics

As of January 2005, *Litigation Economics Review (LER)* will be merged into the *Journal of Forensic Economics*. We will continue JFE's tradition since its founding in 1988 of publishing quality academic research pertaining to the application of economics to litigation matters. We will also continue the efforts made by *LER* to publish articles of relevance to practitioners in such areas as commercial litigation, employment law, antitrust, securities law and the valuation of financial assets and closely held businesses, as well as articles on personal injury and wrongful death damages. Information related to submission of articles to the JFE can be found at the JFE link at www.nafe.net.

We also encourage members of NAFE to volunteer to serve as referees. Willing referees are important for maintaining the quality of the JFE. Anyone interested in offering their services as referees should contact either Michael Piette (piette@netally.com) or Steven Shapiro (sshapiro@analyticresources.com). **Please indicate the topic(s) and/or area(s) in which you are willing to review manuscripts for the JFE.**

Michael Piette
Steven Shapiro

Upcoming and Noteworthy

American Academy of Economic and Financial Experts Seventeenth Annual Meeting March 30-April 1, 2005 Las Vegas, NV

To **pre-register** for the 2005 Meeting send your \$100 check along with pertinent information as your current address,,etc.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 Imperial Palace,Dynasty Room, prior to and in-between sessions on March 30,2005 (Wednesday). The first session begins at 6:30 PM. **Reservations:** Imperial Palace, 3535 Las Vegas Blvd.,So., 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:\$82.00 +8%tax (Single or Double)Reservation. Rate applies from 3/29 (Tues.)to 4/3 (Sun.). Cut-off Date:February 28,2005

Call For Papers

Papers 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 that 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.

Send all proposals by **March 1,2005** to:

Dr.Creighton Frampton
School of Business Administration
Philadelphia University
Schoolhouse Lane &Henry Ave.
Philadelphia,PA 19144-5497
(215)951-2820

American Rehabilitation Economics Association (AREA)

2005 Annual Spring Conference

May 12-15, 2005 — Silver Legacy Hotel Casino in Reno

The 2005 AREA Spring Conference is scheduled for Thursday-Sunday, May 12-15, 2005.

Pre-Conference sessions begin Thursday, May 12th

Open to all vocational, economic, financial and legal specialists who are involved in litigated cases of injury.

Updates as they become available can be found at: <http://a-r-e-a.org/>



MARK YOUR CALENDARS

(Details on these meetings inside)

NAFE 2005

ALLIED SOCIAL SCIENCE ASSOCIATIONS

<http://www.vanderbilt.edu/AEA/anmt.htm>

PHILADELPHIA—JANUARY 7-9

NAFE WINTER MEETING

PALM BEACH, ARUBA—JANUARY 28-29

EASTERN ECONOMIC ASSOCIATION

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

NEW YORK CITY, MARCH 4-6

NAFE INTERNATIONAL SUMMER CONFERENCE

DUBLIN—MAY 27-28

WESTERN ECONOMIC ASSOCIATION

<http://www.vanderbilt.edu/AEA/anmt.htm>

SAN FRANCISCO—JULY 4-8

MISSOURI VALLEY ECONOMIC ASSOCIATION

<http://ecedweb.unomaha.edu/mvea.htm>

KANSAS CITY—OCTOBER 27-29

SOUTHERN ECONOMIC ASSOCIATION

<http://www2.bus.okstate.edu/ecls/sea>

WASHINGTON DC—NOVEMBER 21-23