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Promoting the Advancement of Forensic Economics

<http://www.nafe.net>

Statement of Ethical Principles and Principles of Professional Practice National Association of Forensic Economics (NAFE)

(Effective January 4, 2020)

Forensic economics is the scientific discipline that applies economic theories and methods to matters within a legal framework. Forensic economics covers, but is not limited to:

- the calculation of pecuniary damages in personal and commercial litigation;
- the analysis of liability, such as the statistical analysis of discrimination, the analysis of market power in antitrust disputes, and fraud detection; and,
- other matters subject to legal review, such as public policy analysis, and business, property, and asset valuation.

When providing expert opinion, a NAFE member pledges, as a condition of membership, adherence to the following:

1. **Engagement**

Practitioners of forensic economics should decline involvement in any litigation when asked to assume invalid representations of fact or alter methodologies without foundation or compelling analytical reason. Practitioners of forensic economics should work with a client to avoid any existing or potential conflicts of interest.

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.

3. **Diligence**

Practitioners of forensic economics should employ generally accepted and/or theoretically sound economic methodologies based on reliable economic data. Practitioners of forensic economics should attempt to provide accurate, fair and reasonable expert opinions, recognizing that it is not the responsibility of the practitioner to verify the accuracy or completeness of the case-specific information that has been provided.

4. **Disclosure**

Practitioners of forensic economics should 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.

5. **Consistency**

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

6. **Knowledge**

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

7. **Discourse**

Practitioners of forensic economics shall preserve and protect open, uninhibited discussion in educational and professional forensic economics conferences, and list serves, by refraining from citation of remarks made in such environments, without permission from the originator.