

Minutes of NAFE Board of Directors Meeting
July 24 – 25, 2004
Chicago, ILL

Present: Stephen Horner, Tyler Bowles, Rick Gaskins, Beth Gunderson, Kurt Krueger, Jerry Martin, Gary Skoog, Frank Tinari, Jack Ward, Steve Shapiro, Jim Rodgers, and George Schieren

1. President Horner opened the meeting at 8:00 am, July 24, and welcomed everyone.
2. Schieren presented the minutes from the meeting in San Diego and the meetings since then. It was moved and seconded (Krueger; Gunderson) that ***the minutes of the January 3, 2004 be approved***. The motion passed: 7 – yes, 0 – no, 0 – abstain. It was moved and seconded (Krueger; Gunderson) that ***the minutes of the March 29, 2004 electronic meeting be approved***. The motion passed: 7 – yes, 0 – no, 0 – abstain. It was moved and seconded (Krueger; Gunderson) that ***the minutes of the May 19, 2004 electronic meeting be approved***. The motion passed: 7 – yes, 0 – no, 0 – abstain.
3. Schieren presented the 6-month financial statement, noting that since the books were closed, large checks have been written to Allen Press for journal printing and UMKC for supplies and support. It was moved and seconded (Gaskins; Martin) that ***the financial statement be accepted***. The motion passed: 7 – yes, 0 – no, 0 – abstain. Schieren reported that NAFE has 816 members, as of July 1, 2004.
4. Krueger reported that the Southern Economic Association meetings will be the Sunday – Tuesday immediately preceding Thanksgiving, making it even more difficult than usual to get paper presenters. So far he has received two paper proposals and a round table proposal. Gaskins reported that he anticipates up to four sessions at the 2005 Eastern Economic Association meeting in New York City in late February. Skoog reported that NAFE will return to the Missouri Valley Economic Association meeting this year in Nashville October 14 – 16. There will be two NAFE sessions on the program. The following was moved and seconded (Skoog; Krueger): ***The NAFE Board of Directors authorizes a contribution of \$300 for the institutional cocktail party at the Missouri Valley meetings***. The motion passed: 7 – yes, 0 – no, 0 – abstain. Bowles reported that NAFE sponsored six sessions, with attendance of approximately 40, at the Western Economic International meetings in Vancouver in July of this year. The 2005 meetings will be in San Francisco. There was interest expressed in having the NAFE sessions on July 8 and 9, if possible.
5. Tinari reported that at the ASSA meetings in Philadelphia in January NAFE will have three paper sessions with three papers each. An additional session will be a Bureau of Labor presentation about the American Time Use Survey.
6. Ward reported that the NAFE Summer International program in Edinburgh had fifteen participants and excellent presentations on the British system of calculating economic damages. The 2005 meeting will be in Dublin, with two speakers. The following was moved and seconded (Krueger; Gunderson): ***The NAFE Board of Directors approves the use of the “NAFE” name with the 2005 Summer International conference and advances \$1100 for the room deposit***. The motion passed: 7 – yes, 0 – no, 0 – abstain.
7. Rodgers reported that the NAFE Winter International program was held in Hawaii in 2004 with twelve people attending. The 2005 conference will be held in Aruba, with twelve participants already signed up. ***The NAFE Board of Directors approves the use of the “NAFE” name with the 2005 Winter International conference and advances \$1500 for the room deposit***. The motion passed: 7 – yes, 0 – no, 0 – abstain.

8. Because of the occasional instance when a scheduled participant in a conference fails to meet his/her obligations, board members thought it desirable to ensure that every participant appreciate the seriousness of their commitment. The following was moved and seconded (Gunderson; Krueger): ***Each program organizer will send to every participant the following statement about responsibility: "It is expected that persons who agree to be on the program of forensic economics sessions will protect time from business encroachments (trials, depositions, getting too busy with cases, etc.). If you cannot do that, it would be better to limit your plans to attendance at forensic economics meetings rather than committing to be on the program. Illness or a death in the family are always acceptable reasons for backing out of a conference where you have agreed to be on the program. It would be better not to agree to be on the program unless you are willing to go to extremes to keep the commitment."*** The motion passed: 7 – yes, 0 – no, 0 – abstain.
9. There was discussion of the idea of having a printed set of instructions, guidelines, and helpful ideas available for each program organizer. It was moved and seconded (Martin; Gaskins) that ***the Board authorizes the President to appoint a committee to develop a set of guidelines for program organizers.*** The motion passed: 6 – yes, 1 – no, 0 – abstain.
10. There was discussion of some subscribers to the NAFE-L maintaining a "concealed identity." It is not a problem in terms of numbers, with there being maybe one or two at any given time. It is the sense of the Board that there should not be any one with a concealed identity on the NAFE-L.
11. Before the Nominating Committee report was presented, Shapiro was recused from the meeting. Gaskins explained how the Nominating Committee had solicited input from all NAFE members for suggested persons to be put in nomination. The committee recommendations were: ***Larry Spizman for Eastern Vice-President, and Steve Shapiro for At-large Vice-President.*** The Board of Directors accepted these recommendations with 7 – yes, 0 – no, 0 – abstain. These two nominees, along with any others nominated by the membership through the procedures specified in the bylaws will be voted on by mail ballot and the new directors announced at the annual membership meeting in Philadelphia in January.
12. Ward reported for the *Journal of Forensic Economics* that the term of office for three sub-editors had expired. Mike Piette will notify President Horner of the new appointments.
13. Shapiro reported for the *Litigation Economics Review*, and in place of Mike Piette for the *Journal of Forensic Economics*. There was an extended discussion of the dearth of submissions for both journals. The number of submissions continues its recent downward trend and the acceptance rate is down because the quality of the submissions has fallen. The *LER* is about 30 months behind in its publication schedule, and the *JFE* is about 16 months behind. There should be one issue of the *LER* the rest of this year, one additional regular issue of the *JFE*, and one special issue of the *JFE*. Because there was great support for continuing to maintain the quality of the journals, but a recognition that it has become increasingly difficult to secure scholarly papers (a problem also faced by conference organizers), there was discussion of a merger between the two journals. The clear benefit of such a merger would be that it would become possible to maintain the quality of the journals while not falling farther and farther behind in the publication schedule. There might be some cost savings, but that would depend on the ultimate frequency and size of the combined journals. With the narrowing of the original difference between the journals of "applied" and "scholarly" having blurred over the years, a merged journal would need to make a very explicit distinction for the articles included. The following was moved and seconded (Martin; Gaskins): ***Be it resolved that the Journal of Forensic Economics (JFE) and the Litigation Economics Review (LER) will be combined. The Board hereby instructs the***

editors of both journals to operate as a committee to effect a transition to a combined JFE and LER operating as one journal under the name Journal of Forensic Economics, effective January 1, 2005. The combined journal operating as the Journal of Forensic Economics will publish at least three issues per year. The motion passed: 7 – yes, 0 – no, 0 – abstain.

14. The following was moved and seconded (Gunderson; Skoog): **The Board appoints Jack Ward to be Editor Emeritus of the Journal of Forensic Economics, and appoints Mike Piette and Steve Shapiro to be Co-Editors of the Journal of Forensic Economics, effective January 1, 2005.** The motion passed: 7 – yes, 0 – no, 0 – abstain.
15. President Horner described the situation with the NAFE office in Kansas City. Nancy Eldredge, the long-time and only Executive Secretary NAFE has had, is moving to Mount Union, Pennsylvania this fall. The NAFE office always has been located on the UMKC campus, with office space provided by the university, and various office support services (copying, mail, etc) provided by the university. In light of Nancy's impending move, NAFE needs to decide where its offices will be located and who will run the office. The possible options range from having Nancy continue doing everything, but from rural Pennsylvania, to contracting with Allen Press (the printer of the *JFE* and the *LER*) for most of the services, to employing someone at the same or different location. After considerable discussion of many possibilities and their ramifications, the following was moved and seconded (Martin; Bowles): **The Board authorizes the President and Executive Director to contract with Allen Press to handle membership records and dues receipts for approximately thirteen thousand dollars per year.** The motion passed: 7 – yes, 0 – no, 0 – abstain.
16. It was moved and seconded (Gaskins; Krueger) that **the Board authorizes the President and Executive Director to contract with Nancy Eldredge to continue at her current salary through February 2005. They are further authorized to negotiate a contract period for Nancy Eldredge for up to an additional six months beyond February 2005. If deemed necessary by the President and Executive Director to extend the contract period beyond August 2005, they will seek the Board's permission for such an extension.** The motion passed: 7 – yes, 0 – no, 0 – abstain.
17. It was moved and seconded (Gunderson; Skoog) that **the Board authorizes Mike Piette and Steve Shapiro to investigate the labor market in Connecticut and develop by December 15, 2004 an operating budget for the JFE and NAFE operations.** The motion passed: 7 – yes, 0 – no, 0 – abstain.
18. The results of the membership balloting on the proposed Statement of Ethical Principles and Principles of Professional Practice were discussed. Of the 735 ballots mailed out, 289 were returned. There were 262 voting "yes," 26 voting "no," and 1 abstention. After discussion of several minor word changes, the following was moved and seconded (Krueger; Skoog): **The NAFE board establishes the following statement as a condition of membership in NAFE as of October 1, 2004**

Statement of Ethical Principles and Principles of Professional Practice

National Association of Forensic Economics (NAFE)

When providing expert opinion for use as evidence by the trier of fact, 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 they are asked to assume invalid representations of fact or alter their methodologies without foundation or compelling analytical 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.

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 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 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 in the expert's report and testimony.

6. Knowledge

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

7. Discourse

Open, uninhibited discussion is a desired educational feature of academic and professional forensic economic conferences. Therefore, to preserve and protect the educational environment, practitioners of forensic economics will refrain from the citation of oral remarks made in an educational environment, without permission from the speaker.

8. Responsibility

Practitioners of forensic economics are encouraged to make known the existence of, and their adherence to, these principles 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.

The motion passed: 7 – yes, 0 – no, 0 – abstain.

19. It was moved and seconded (Krueger; Gunderson) that ***the Board authorizes the President and Executive Director to revise the membership form to reflect the new Statement of Ethical Principles and Principles of Professional Practice.*** The motion passed: 7 – yes, 0 – no, 0 – abstain.

20. It was moved and seconded (Bowles; Martin) that ***the Board authorizes the President and executive Director to select the location for the 2005 summer Board meeting.*** The motion passed: 7 – yes, 0 – no, 0 – abstain.

21. It was moved and seconded (Gunderson; Skoog) that ***the Board formally thanks Jack Ward for all of his contributions, his time, and his employees' time and money, and Kurt Krueger's time and energy on behalf of NAFE, including the web site.*** The motion passed: 7 – yes, 0 – no, 0 – abstain.

22. There being no further business, the meeting was adjourned at 9:50 am, July 25.

Respectfully submitted,
George A. Schieren, Executive Director