



P.O. Box 394
Mount Union, PA 17066

Phone: (866) 370-6233

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.

The American Academy of Economic and Financial Experts Statement of Ethical Principles

As a practicing forensic economist and a member of the American Academy of Economic and Financial Experts, I pledge to provide unbiased and accurate economic analysis for all litigation related engagements, to strive to improve the science of forensic economics, and to protect the integrity of the profession through adherence to the following tenets of ethical practice:

Employment

While all forensic economists have the discretionary right to accept retention for any case or proceeding within their expertise, they should decline involvement in any litigation when asked to take or support a predetermined position, when having ethical concerns about the nature of the requested assignment, or when compensation is contingent upon the outcome.

Honesty and Candor

Forensic economists shall be honest, thorough and open in their analyses and shall not provide the retaining or opposing attorney or the court, any information, through commission or omission that they know to be false or misleading. They shall exert due diligence, and at all times strive to use competent judgment to avoid the use of invalid or unreliable information.

Disclosure

Forensic economists shall clearly state the sources of information and material assumptions leading to their opinions. Such disclosure should be in sufficient detail to allow identification of specific sources relied upon, and replication of the analytical conclusions by a competent economist with reasonable effort.

Neutrality

Forensic economists shall at all times attempt to operate from a position of neutrality with respect to their calculations and analyses. Whether retained by the plaintiff or the defense, the approach, methodology and conclusions should be essentially the same.

Knowledge

Forensic economists shall at all times attempt to maintain a current knowledge base of the discipline and shall provide the retaining attorney with the full benefit of this knowledge regardless of how it may affect the outcome of the case.

Responsibility

Forensic economists shall at all times strive to practice within the boundaries of professional and disciplinary honesty and fairness. To this end, they must assume the responsibility of holding their colleagues in the profession accountable to the ethical principles promulgated herein.