Origins of the American Academy of Economic and Financial Experts (AAEFE)**

The American Academy of Economic and Financial Experts (AAEFE) is an organization composed of economic and financial experts from throughout the United States and Canada, most of whom are or have acted as economic experts in courts of law. The two primary activities of AAEFE are the publication of the *Journal of Legal Economics* and a set of unique annual meetings held in April or March of each year in the Imperial Palace Casino/Hotel in Las Vegas, Nevada. AAEFE also sponsors and co-sponsors professional sessions on occasion at some other professional meetings, including the Western Economic Association, the Missouri Valley Economic Association, the Southern Economic Association and the International Atlantic Economic Society. None of this, however, captures the essence of AAEFE, which is the free spiritedness with which this association of economic experts goes about being a professional association with a profound sense of playfulness about itself. Crazy things happen at AAEFE meetings. People

*Thomas R. Ireland, University of Missouri, Department of Economics, St. Louis, Missouri

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have real fun while they are sharing learning experiences. Much of that playfulness stems from Clarence Ray, who acted as the founder of AAEFE. It is a playfulness this writer hopes will never disappear and provides the impetus for this story of the origins of AAEFE. AAEFE is a professional association for economic and financial experts who can be serious when they need to be serious, but who maintain a playful and not very self-impressed approach to life. This is a short history of how AAEFE came to be.

Origins of AAEFE

AAEFE began in 1988 with a series of telephone calls from the office of Clarence Ray at the University of Nevada-Las Vegas. The purpose was to invite a group of people to attend a first meeting at the Imperial Palace in April of 1988. There had been a series of discussions among some of the persons involved in forming AAEFE, but there was no particular agenda except to have a set of meetings for economic experts in a desirable location. That first meeting attracted 35 participants, who became the founding core group of AAEFE. At about that time, many of those people became aware of the efforts of other persons who were involved in the formation of the National Association of Forensic Economics (NAFE). NAFE had started with an initial organizing meeting in 1986 and had begun publishing the Journal of Forensic Economics in September 1987. As a result, one of the early decisions that AAEFE participants had to make was whether it was really necessary or desirable for there to be two associations for forensic economic experts. The participants at that first meeting decided to go forward with their efforts, feeling that AAEFE would be likely to have a significantly different character that would not compete with NAFE.

A Brief History of AAEFE

It is typical of AAEFE that there were no bylaws until Mike Butler was asked to write a set of bylaws in 1991, which was then ratified at the 1992 AAEFE meetings. Prior to early work on this paper, this writer, who was then president, had never seen them. (Not that this writer wanted to see them for any particular reason!) After the bylaws were adopted, Clarence Ray, who had

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acted as president during the 1988-1992 period was now formally elected president for a two-year term from March 1992 to March 1994. It is notable that the association was engaged in the process of publishing its fourth issue of the *Journal of Legal Economics* by the time that someone got around to ratifying a set of bylaws.

The group has such a commanding sense of common purpose that bylaws were not needed. From the beginning, the organizers had the notion that the association needed to do two things: (1) Hold the annual meeting in Las Vegas in March or April; (2) Support the publication of the *Journal of Legal Economics*. Anything more than that might be desirable if someone, for some reason, wanted to do the work. However, those two activities defined what AAEFE was about. Bylaws were not needed to define those purposes and there was no conflict about who should handle what in accomplishing those purposes.

From the beginning, AAEFE meetings have been significantly different from other professional meetings. Time spent in administration is minimal. The AAEFE Board of Directors meets only once each year, and that session is held at the Las Vegas meeting. Board meetings may take between seven and thirty minutes. Sessions where research is presented start with a Wednesday night session, followed by morning and afternoon sessions on Thursday and a morning session on Friday. Until noon on Friday, papers are presented and debated almost non-stop. For the past three years, Brian Conley has organized sessions early on Friday afternoon that are focused on practical aspects of maintaining a forensic economic practice. Part of the goal has been to make the weekend available for recreation. There have never been formal discussants for papers presented at AAEFE meetings. Discussion erupts spontaneously from the audience, often before the presenter has had a chance to say more than a few words about his or her topic.

Because the participants have all shared many experiences in their work on legal cases, almost everyone in an AAEFE audience has an understanding of the issues being addressed by most presenters. That is particularly true if the topic is in the area of either personal injury or wrongful death litigation. There are no formal time limits for presentations, but someone is designated to cut off discussion of a given paper if it goes on too long. There is also no screening of topics, which occasionally has resulted in such off-beat topics as "Economic Damages in the Death of a
Dog,” presented by Harvey Paul in 1996. That discussion got sidetracked into a rather humorous set of remarks about a dog’s hedonic damages, but even in the humor there is learning value in all of the papers that are presented.

Another off-beat aspect to the AAEFE sessions is the fact that someone can get onto the program at the very last minute. The program itself is not printed until a day or two before the meetings start, but even after that a request to be added to the program would probably be honored. When conflicts about time develop, the whole program tends to be rescheduled to accommodate the participants. At the 1999 meetings, several Florida participants wanted to go skiing instead of attending meetings on Thursday and Friday. Creighton Frampton, the program coordinator, switched the program around so that the Florida skiers could make their presentation on Wednesday night and go skiing on Thursday and Friday. On occasion, presentations have been delayed because someone had a hot streak at the craps table downstairs in the casino. There is a joint sense of commitment to enjoying Las Vegas that goes along with the AAEFE annual meetings. There is also an understanding that presentations may be necessary for AAEFE members to obtain financing to attend the meetings from their universities.

Several important things happened at the 1992 annual meetings. The bylaws were ratified. Clarence Ray was formally elected to the de facto office of president that he already held. The third thing that happened was that the American Rehabilitation Association (AREA) held what was a semi-joint meeting with AAEFE. AREA had started a few years earlier with some guidance from Michael Butler and John Adams. The AREA meeting was organized separately, but with one overlapping session with AAEFE on Friday morning, which turned out to be something of a shootout between William Reed, the then vice president of AREA, and Clarence Ray. The primary issue had to do with whether it was appropriate for AREA to provide the credential, Certified Rehabilitation Economist. By this time, AAEFE leaders had discussed the possibilities of certification of AAEFE’s own members and rejected that idea. It did not sit well with many AAEFE members in attendance that a group most of whose members had no background in graduate level economics was certifying persons as economic experts. (Ultimately AREA responded to those concerns and similar concerns from NAFE by
changing the CRE designation to Certified Earnings Analyst.)

That same concern in NAFE, but with AAEFE itself as a possible source of certifications, was the reason this writer attended the 1992 meetings. I was then the Midwest Vice President of NAFE and had come to the 1992 AAEFE meetings as a “spy,” who stayed to later become an AAEFE president. Early in 1992, AAEFE sent a mailing to all NAFE members about the 1992 AAEFE meetings in Las Vegas in early April. Various members of the NAFE Board saw this mailing as an indication that “the Las Vegas” group intended to certify the economics credentials of AAEFE members. Based on this preconception, there were even discussions about having the NAFE Board of Directors pass a resolution condemning such certifications. I was (and remain) strongly opposed to certification, but felt that the NAFE Board needed to know more about the intentions of the leaders of AAEFE before taking any actions. So I offered to go to the meeting as a NAFE representative and did so. That is how it came to be that one of AAEFE’s presidents came first to AAEFE as a “spy.”

It became immediately obvious that the AAEFE membership and leadership were as much opposed to certification as the NAFE membership and leadership. This was not surprising since almost all AAEFE members were (and are) also members of NAFE.

There is one other story about the 1992 meetings that gives the flavor of AAEFE. Having decided that I would attend the meetings, I sent a letter on my university letterhead stationary to Clarence Ray proposing a paper I would like to present. In most organizations, I would have gotten back a letter indicating that my proposal had been accepted or rejected. If accepted, the letter would have indicated when I was scheduled on the program. I got back a letter, but it was my own carefully typed (and things were still being typed in 1992) letter, with Clarence Ray’s cryptic handwritten note, “You are on the program.” I arrived on Wednesday night at about 8:30 p.m. and checked into the Imperial Palace, having not understood that there was a program on Wednesday night and that it was followed by a cocktail party in Clarence Ray’s suite. Fortunately, I ran into Brian Conley in the elevator going up to drop off my bags. Having recognized Brian from earlier NAFE programs, I said hello and learned of the party. When I arrived at the party, I learned that my paper had
been scheduled for Wednesday night. This was no problem because Clarence had rescheduled me for Thursday morning since I hadn’t been there Wednesday.

This was no NAFE party with fruit and hors d’oeuvres and a hotel representative pouring drinks. This was a hotel room party of the sort I remembered from my college days, with coolers full of beer, wine and limited hard drinks on the suite bar and bowls of nuts, potato chips and similar snacks sitting around the room. There were also several animated discussions going on. I knew this was going to be my kind of organization within minutes. There was great amusement at my explanation of NAFE’s concern that AAEFE was possibly intended as a credentials mill, since AAEFE had already made the firm decision not to become involved with certification of forensic economic experts. There were therefore no issues to divide AAEFE and NAFE. From 1992 until the present, the relationship between AAEFE and NAFE have always been close.

To complete this brief history, Michael W. Butler became the second president in March of 1994 and served until March of 1996. Butler published his first issue as editor of the Journal of Legal Economics in March of 1991 and has been the only editor of the Journal of Forensic Economics. He is currently Dean of the College of Business and Professional Studies at Angelo State University in San Angelo, Texas. Creighton Frampton became President of AAEFE in March of 1996 and served until March of 1998. Creighton is a professor of economics at Philadelphia University. He took over the job of being program coordinator from Clarence Ray about that time and continues to perform that function today. Gerald Boyles became president in March of 1998 and served until March of 2000. He has been the Secretary-Treasurer of AAEFE since its beginnings and is a professor at Coastal Carolina University. Thomas R. Ireland, this writer, became president in March of 2000 and served until March of 2002. I am a Professor of Economics at the University of Missouri-St. Louis. The President is now Paul C. Taylor, an independent consultant from Fairbanks Alaska and the author of the AAEFE Disclosure Statement.

The AAEFE Disclosure Statement

The professional difference between AAEFE and NAFE is a
strong Disclosure Statement that was adopted by AAEFE at the behest of Paul Taylor, now president-elect. The AAEFE Board of Directors has co-endorsed the NAFE Statement of Ethical Principles that developed by Walter D. Johnson for NAFE, but NAFE had a very general disclosure statement that Paul Taylor of AAEFE felt was too weak. As a result of Paul Taylor's efforts, AAEFE has adopted the following Disclosure Statement:

The American Academy of Economic and Financial Experts encourages its members to state clearly state 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 analytic conclusions by a competent economist with reasonable effort.