

Expert Alphabet Soup – Jumble of Letters Represent Significant Expert Titles for Litigants and Judges

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The financial forensic¹ experts of today possess a litany of credentials and licenses that are intended to promote and define their particular expertise. This article provides attorneys and clients the recipe for the “alphabet soup” that follows the name of an expert in order to assist in their hiring or cross examination in litigation. Simplified explanations, commentary and web page references are included for the most common and widely-held litigation-oriented credentials².

FINANCIAL: The CPA, Certified Public Accountant, is a state-issued license that is well known and respected by judges and juries. Currently, the CPA license requires a five-year college degree, passing what is perceived as one of the most difficult of professional exams plus two years of supervised experience. CPAs are governed by the holder’s state board of accountancy³ and the AICPA, American Institute of Certified Public Accountants⁴. CPAs must obtain forty hours of continuing professional education per year and must adhere to a strict code of ethics. CFAs, or Chartered Financial Analysts,⁵ are focused on investment analysis and valuation. The designation requires an intensive educational course, passing a rigorous exam and three years of experience, but requires no continuing education. The CFP, Certified Financial Planner⁶, is oriented towards personal financial planning, requires passing a comprehensive exam and completion of thirty hours of continuing education every two years. CFAs and CFPs, along with CPAs, must adhere to strict ethical and competency guidelines. The CDFA, Certified Divorce Financial Analyst⁷ is a credential which requires passing an on-line exam.

BUSINESS VALUATION: Valuation credentials have become more prevalent in the last fifteen years and are essential if one is attempting to qualify as an expert witness. The ABV, Accred-

dited in Business Valuation⁸, and CVA, Certified Valuation Analyst⁹ are issued by the AICPA and National Association of Certified Valuation Analysts, respectively. The CVA requires an intensive valuation course or holding of another valuation credential and passing a rigorous exam. The ABV requires a similar exam and valuation experience. Both credentials require the holding of a valid CPA license, therefore the ethical and continuing education requirements apply. The American Society of Appraisers issues the ASA, Accredited Senior Appraiser¹⁰, which requires a college degree, passing a comprehensive exam, five years of experience and obtaining forty hours of continuing education every five years. ASAs are usually not CPAs therefore they generally have less of a background in accounting and tax issues.

FORENSICS: A relatively new but rapidly expanding designation is the CFF, Certified in Financial Forensics¹¹, which is issued by the AICPA. The CFF requires holding a valid CPA license, a minimum of one thousand hours of work experience and seventy-five hours of education in forensic-related disciplines. Since the CPA is required, the ethical and continuing education requirements apply. Almost all serious fraud investigators hold the CFE, Certified Fraud Examiner¹². The CFE is issued by the Association of Certified Fraud Examiners and requires a bachelor's degree, two years of experience, passing a comprehensive exam and completing twenty hours of continuing education per year.

REAL ESTATE: Commercial litigation and divorce often require a real estate appraisal. Two very respected appraisal credentials are the MAI and SRA, both of which are issued by The Appraisal Institute¹³. The SRA is more residential-oriented. The two credentials are not acronyms like the others described in this article. Current requirements for the MAI and SRA include completing rigorous education requirements, submitting specialized experience descriptions and receiving credit for a demonstration appraisal report. The MAI additionally requires passing a comprehen-

sive exam. Holders of both designations must adhere to a strict code of ethics and are subject to a peer review process.

In the litigation context, how does one score the relevance of a set of letters? In addition to the education, years of experience and testing required to obtain a credential, the question of relevance is answered by the professional standards, ethics and continuing educational requirements of the credentialing organization. The most respected organizations require continuing education in their specific discipline and have procedures in place for public complaints and disciplinary proceedings that can subject an expert to legal and monetary consequences by way of suspending a credential. Most of the above-described organizations have disciplinary mechanisms in place, but all of the credentials requiring the CPA license as a prerequisite have the full force and effect of state statutes enforced by a government agency, each state's board of accountancy.

The "alphabet soup" of credentials can be a jumble, but these letters can help the litigants and judges separate the wheat from the chaff. A practitioner attempting to qualify in court as an expert should hold a recognizable and respected credential if one exists in that niche. The CPA is essential for all things financial since judges recognize and respect the license. The CFA and CFP are essential designations in investment-related matters and both boost the expert's credibility in divorces due to the personal nature of the finances involved. The CFF represents longevity and a commitment to forensic accounting and litigation support and the CFE represents intensive training for fraud-related engagements. A business valuation expert must have a CVA, ABV or ASA in order to demonstrate competency in this niche and a real estate appraiser's credibility is boosted greatly if he/she has earned the MAI and/or SRA.

¹ Black's Law Dictionary defines "forensic" as belonging to courts of justice.

² Other very credible credentials that are less widely held exist, but were not included due to space limitations.

³ www.state.tn.us/commerce/boards/tnsba/

⁴ www.aicpa.org

⁵ www.cfainstitute.org

⁶ www.cfp.net

⁷ www.institutedfa.com

⁸ <http://fvs.aicpa.org/>

⁹ www.nacva.com

¹⁰ www.appraisers.org

¹¹ <http://fvs.aicpa.org/>

¹² www.acfe.org

¹³ www.appraisalinstitute.org