

A close-up photograph of a hand holding a silver pen, poised to write on a document. The background is blurred, showing what appears to be a computer screen or another document. The lighting is soft, highlighting the texture of the skin and the metallic sheen of the pen.

A Special Report for  
Business Valuation Experts

# *Daubert* Challenges: The Courts Raise the Bar

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*Daubert* Challenges:  
The Courts Raise the Bar

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for his expert guidance and contributions to this special report.*



**What It's Worth**

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## Chapter 8. Appraisers Best at Surviving *Daubert* Challenges<sup>1</sup>

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Among all types of financial experts, appraisers fare best at surviving a *Daubert* challenge, reveals the PricewaterhouseCoopers' survey, *Daubert Challenges to Financial Experts*.

The year 2012 marked the 13th anniversary of the U.S. Supreme Court's *Kumho Tire* decision, which expanded *Daubert's* reach to financial expert witnesses. The annual PwC study analyzes challenges to financial expert witnesses under the *Daubert* standards in the years following *Kumho* (2000-2012). Highlights include:

- The number of challenges to financial expert witnesses rose to the highest level in the last 13 years, while the rate of successful challenges (45%) remained consistent with the historical average (46%).
- Challenges were concentrated in the 2nd, 5th, 6th, 7th, and 9th Circuits, which heard more than half (57%) of all challenges. The 2nd Circuit accounted for the highest percentage (15%) of the total challenges.
- In 2012, lack of relevance emerged as the most prevalent reason that a financial expert opinion was excluded. In the previous 12 years, lack of reliability was the top reason.
- Economists and accountants are the most frequently challenged financial expert witnesses. But, in 2012, appraisers were the most likely to survive a challenge, while economists were the least likely to survive.
- Of all financial expert witnesses, intellectual property experts experience the highest exclusion rate.
- Exclusions more commonly result from the misuse of accepted methodologies than from the introduction of unusual or untested analytical methods.

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