

BVU PROFILES

Don't Conclude Your Valuation Until You Must

This interview with Serena Morones, CPA, ASA, ABV, CFE, of Morones Analytics (Portland, Ore.), was conducted by Sylvia Golden, Esq., BVR's legal editor. Morones Analytics specializes in business valuation, damage analysis for litigation, and forensic accounting.

Q: You seem young, but you have a lot of work experience, including practicing through your own firm since 2002. What keeps you excited about the work?

A: We work on a variety of cases, not just business valuation. I am also a certified fraud examiner and love cases that call for forensic accounting. I get to uncover the story buried in all the data in front of me. Through my sleuthing, I can help attorneys develop their theories of causation and liability. I also have been involved in cases calling for a quantitative expert. In a massive, multistate tobacco litigation, the attorneys representing the State of Oregon brought me in to explain to the arbitration panel the meaning of huge amounts of data: are there patterns and what are they? Again, this is detective work: using accounting and analytical skills to develop financial evidence.

Q: In CLEs, you have described valuation as an "iterative" process. Why use that term?

A: In my experience, it's a mistake to think that that every bit of information is going to lead to an

insight that leads to another one until you reach a value conclusion. There is no straight line. I have to assimilate all kinds of inputs from different sources and not allow myself to settle too soon on one theory. I have seen valuers become boxed in, trying to use the research process to confirm a foregone conclusion.



'I encourage my staff to keep me focused and test me every step of the way.'

Q: How do you guard against becoming "boxed in"?

A: My rule is: Don't conclude until you have to conclude. I am first an investigator and then a valuator. This means I have to keep my curiosity going. I try to approach the work with a sense of humility and really encourage my staff to keep me focused and test me every step of the way. I want them to argue with me, to make me defend my assumptions and conclusion.

Q: Lawyers want certainty. How do you habituate the retaining attorney to your style of working?

A: By now the attorneys I work with know and trust my style. Good lawyers agree it's better in the long run to course-correct as we develop the case. One thing is critical, though: If you find you've made a mistake in your thinking, you need to let the attorney know as soon as possible and be prepared to explain where and how your work got off track. It's nerve-racking but essential. Also, the best and most successful attorneys disclose even minor errors to the court to minimize exposure at trial.

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Q: How did you get into valuation and accounting?

A: I wanted to be a lawyer because I have always wanted to help people. When I was in college, a professor urged me to take a lot of accounting courses, saying it was great preparation for law school. Once I immersed myself, I discovered forensic accounting and valuation and realized this field fit me perfectly. I didn't need a law degree to help clients resolve important disputes.

Q: It's still unusual to see a woman as a financial expert. What's your experience when it comes to gender?

A: I like litigation and have testified in about 80 cases. I have been told I am very successful with jurors. I think they respond to me because I'm open and direct. I look them in the eye when I explain my work. However, I think there are still a small number of listeners who feel more comfortable adopting a male valuator's conclusion no matter what I say.

I downplay the gender issue. When I am in court, I wear muted colors, a skirt and jacket, nothing that distracts the jury from my testimony. It's the attorney who hired me who gets to decide what my role in trial should be—how much attention he or she wants drawn to me, the expert.

Q: Do you recommend the profession to a younger person?

A: Absolutely, but it's not for everyone. It requires creative thinking and a very strong sense of achievement. You must be hard driving, especially when you work in litigation, and dedicated to overcoming obstacles. It's not enough to say: "Well, I did my best." In accounting we talk about "materiality"—that anything below a certain amount is not material. In my world, that concept doesn't exist. Everything matters. You have to strive for perfection but at the same time be strong enough to handle less-than-perfect situations.

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