For the past year, the troubled U.S. economy has put Finance Department faculty members in the spotlight as the media and the community come calling for their financial acumen and investment guidance.

A number of professors have been sought out as “public scholars,” says Department Chair Jeffrey Coles. Faculty members are lending their expertise to government agencies, private foundations and corporations, extending their academic reach across the country in a public service capacity.

While carrying a full workload as teachers and researchers, Coles says, the faculty members have felt a responsibility to serve the broader community during this market meltdown.

“They’ve brought their expertise to bear on questions that government and academics and the community have in terms of best ways forward amidst all of the turmoil and changes in capital markets and financial markets and institutions,” Coles says. “It’s our duty as members of a public university. We have a responsibility to provide that expertise when the wider world and the community call upon us.”

Coles says that ASU’s finance faculty work at “the intersection of academic research, business practice and government policy.”

“We’re all interested in financial assets and capital markets,” he says. “So not only do our faculty have a responsibility, but as complete scholars they have an interest in working with the wider world.”

In impressive ways, faculty members are expanding their influence.

Some have been tapped to assist government entities. As one of the few researchers who has produced work uncovering the direct connection between the structure of managerial compensation and the incentives for executives to take risks, Coles corresponds with Kenneth Feinberg, Special Master for the U.S. Treasury Department for executive compensation.

Assistant Professor of Finance George Aragon is on leave as a visiting academic scholar for the U.S. Securities and Exchange Commission. His role is to “assist in the identification of appropriate research activity.”

At the same time, Aragon is following up on own his research into hedge funds.

“A research objective of mine is to better understand the role that hedge funds play in providing liquidity to capital markets,” he says. “In my work I’ve found that hedge funds often use lockups to restrict investors from leaving the fund and redeeming their shares, and that these restrictions allow managers to efficiently manage illiquid assets.”

The bankruptcy of Lehman Brothers, he says, adversely affected hedge funds that used Lehman as their prime broker.

“The accounts of many of their hedge fund clients were frozen, making it impossible for them to trade or to switch to a competing broker,” Aragon says. “In a recent working paper co-authored with professor Philip Strahan (of Boston College), we show that Lehman-affiliated funds were twice as likely to fail after the bankruptcy as compared to otherwise similar funds.”

Aragon says that working with the SEC gives him experience in how the markets work at the federal level.

“I bring that back to ASU. It informs my teaching and my research,” he says. “I am gratified to serve the public interest.”

Others are sharing their knowledge with private entities. Jack D. Furst Professor Sunil Wahal is on leave from ASU to work with Dimensional Fund Advisors, an Austin, Texas-based investment firm.

DFA is a private investment management company that manages about $160 billion in assets for such groups as endowments, foundations and pension plans.

“I lend my expertise in the area of trading to the firm,” Wahal says. “It improves and enhances their trading practices.”

DFA has a long-standing relationship with academia, says Wahal, who holds the title of vice president of the company. Sharing his knowledge benefits both the company and the professor’s academic role.

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It broadens one’s horizons and puts application into theory,” he says. “We are teaching students, and here you can see how those teachings are put into practice. It brings back a lot of practical knowledge, how implication follows theory.”

Clinical Associate Professor Werner Bonadurer, an expert on trading and sales of securities as well as hedge funds, serves on several corporate boards.

Bonadurer is non-executive chairman of the board of directors of a Swiss-based fund-of-hedge-fund company, Progressive Capital Partners, Ltd (PCP). He also is a member of the board of Medicalis Corp., a Canadian-based company that provides IT services to the health care industry, mostly in the U.S.

And he serves on the advisory board of Scottsdale, Ariz.-based Gradient Analytics, which provides proprietary security research to the financial services sector.

Bonadurer feels a special duty to continue work in the hedge fund industry in his native Switzerland because he conducted extensive research in the field while studying at the University of St. Gallen. He also was instrumental in developing PCP into one of the largest fund-of-fund businesses in Switzerland.

“I continue to offer strategic advice to PCP,” he says. “I have a personal stake in this business.”

Other firms approached him to add value to their board discussions. “The corporate sector is keen to have a link to academia,” he says. Bonadurer benefits in return.

“It allows me to keep my feet in a real-world setting, which turns out to be beneficial in interacting with students.”

Professor of Practice Anand Bhattacharya has worked with credit unions to help value their portfolios and with preeminent ratings agencies to determine how the market is valuing esoteric and distressed securities.

Like Bonadurer, he finds it useful to connect the corporate and academic worlds.

“I came from industry and I try to take on the role of a bridge between theory and practice,” Bhattacharya says. “These assignments allow me to do that.” Keeping current also enhances his job as a teacher, he says, in weaving contemporary issues into his courses. “It allows me to keep in touch with industry, to incorporate my observations, experiences and conversations into the classroom.”

Several charitable groups are benefitting from ASU’s scholars. Finance Professor Herbert Kaufman is a member of the investment committee of the Arizona Community Foundation, which promotes and facilitates philanthropy in the state, and of the ASU Foundation Investment Committee. He and Coles are also members of the ASU Investment Committee.

“We’re helping manage portfolios of foundations and endowments whose proceeds benefit the community directly,” Coles says.

With such an aggregate wealth of knowledge available from the finance faculty, local reporters and such national news organizations as the Associated Press, CNN, The Wall Street Journal and Investor’s Business Daily are finding the department to be a wellspring of information.

Robert Mittelstaedt, dean of the W. P. Carey School of Business, says that from the beginning of the economic troubles the media have found ASU to be the leading source on countless national issues.

For example, “we were ground zero” on the real estate decline and foreclosures, he says. Benefits of such visibility accrue back to the university in bringing renown to the Finance Department and the W. P. Carey School of Business and demonstrating the caliber of faculty members in their knowledge of practice.

At a time when the housing market is seen as one marker of economic recovery, Karl Guntermann, the Fred E. Taylor Professor of Real Estate Finance and developer of the
Market and Policy Analysis

While the world’s economy has been ailing for almost two years, signs are beginning to point to recovery. Federal Reserve Chairman Ben Bernanke believes the recession is probably over as consumers show some indication they are breaking open their piggy banks and starting to spend again. In some areas of the country, the housing market is flickering to life. Homebuilding and manufacturing are exceeding expectations. Now the U.S. and other nations need an exit strategy to ensure a robust economic future and avoid the pitfalls of excessive inflation, credit contraction, lingering lack of consumer confidence and soaring interest rates.

Finance faculty members weigh in on what’s ahead in their fields of expertise, how the rules might be changed and what needs to be done to restore the world’s economy to a healthy outlook.

ON BANKING REGULATION
ANAND BHATTACHARYA
Professor of Practice

In the aftermath of the financial crises, there is a populous sentiment calling for increased regulation to manage the leverage-driven systemic risks that led to the bailout of the financial system. As such, financial institutions will have lower levels of leverage, reduced counter party credit risk and a higher degree of aggregate transparency leading to possibly lower levels of profitability and increased degree of consolidation in the industry. However, it is important that such regulation be clearly coordinated among the various domestic and international regulators and implemented in a manner such that the regulatory requirements do not stifle financial innovation.

ON CHANGES IN EUROPEAN AND GLOBAL BANKING REGULATION
WERNER BONADURER
Clinical Associate Professor

European Union regulators are under intense political pressure to implement far-reaching new supervisory models. They want to err on the side of too much regulation rather than too little. Higher capital and liquidity levels are in order. More transparency is necessary, too. But many proposed rules go too far. The consequences will be costly. Some rules will increase borrowing costs. Banning short-selling will reduce liquidity. Standardizing derivatives will make hedging more difficult for the corporate sector. Battling over hedge funds and executive pay have become favored talking points for politicians across Europe but don’t hold up to rigorous cost/benefit analysis. The new regulatory train has left the station. Its final destination is yet unclear.

European Union leaders are great in announcing ambitious new regulatory schemes, but only by being quite ambiguous when push comes to shove. While some want a complete change in “Anglo-Saxon strategy” on financial regulations, others may still wish to protect their local financial service industry or achieve a comparative advantage over rivaling financial centers. There is well-entrenched resistance to delegate power to a supranational body.

There is more than ever a strong need for strong Pan-European banking oversight, at the minimum with respect to systemic financial service providers.

ON HEDGE FUNDS

Investors learned a hard lesson. Hedge funds are not a separate asset class with rock solid diversification properties. There is no such thing as an absolute return strategy. Liquidity risk had not been compensated but,

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at the end, mattered most. Alpha is mostly a fluke, and performance persistency is a rare pattern. Nevertheless, the future for hedge fund investing is bright, dynamic and more challenging than ever. Successful hedge funds will operate differently than in the past. In a slower growth environment, sterling reputation, high transparency, immediate liquidity, lower leverage, proper risk management, focused product offering, broad investor base and better-aligned fee structures will become key factors for success.

As systemic risk has fallen and financial conditions have started to normalize, the correlation between risky securities prices should diminish, and the performance of individual markets and companies will become more diverse. A range of active hedge fund investment strategies will successfully employ relative value concepts. Active investment strategies will beat passive managers.

ON FED POLICY IN RETROSPECT AND PROSPECT
HERBERT KAUFMAN
Professor

The Federal Reserve, through an unprecedented infusion of liquidity into the economy, was key in preventing a financial system meltdown and, therefore, an economic collapse. I believe the actions led by Chairman Ben Bernanke were more important than any other component of policy designed to rescue the financial system and economy. Now it appears that the financial system has stabilized and the economy has begun to recover.

The next and very important strategy decision for the Fed is when to reabsorb the unprecedented amount of liquidity that it has pumped into the economy. Its balance sheet went from about $800 billion to well over $2 trillion at its peak and has not declined substantially.

It will need to take this action, once the economic recovery is secure, to prevent inflation from becoming a major problem in a few year’s time. The Fed historically has been behind the curve in terms of timing. This was the case when it increased liquidity over the last year – it should have started sooner – and, I fear, will continue to be behind the curve in draining liquidity. At least that is its track record. However, the Fed does appear from the statements of individual policymakers, including Bernanke, to recognize this danger and hopefully this will lead it to act in time. This will have to come before evidence of a recovery and its strength is clear and, if so, it will have to brave political pressures that will suggest it has risked the nascent economic recovery. Hopefully it will have the independence, strength and judgment to do so.

ON EXECUTIVE COMPENSATION
JEFFREY COLES
Finance Department Chair and Francis J. and Mary B. Labriola Endowed Chair in Competitive Business

The current debate on executive pay focuses on the wrong things. Pay practices have been blamed directly for excessive risk-taking among banking and other top executives and, accordingly, for the recent difficulties in financial markets, banking and the real economy. But the public debate obscures the characteristics of executive pay that actually lead to high-risk decisions.

I and my co-authors, Naveen Daniel and Lalitha Naveen, who both earned their Ph.D.s here at ASU, were working long before the recent financial crisis on how the structure of managerial compensation can affect the managerial incentive to take risk.

Our empirical work suggests that convexity of the compensation scheme, through the use of stock options, for example, has strong effects. The idea with options is that executives will take more risk because they lose nothing on the downside if performance is poor, but share in the upside when the gamble works out and performance and compensation both are good or even spectacular. Our work indicates that more stock options cause higher volatility of stock returns.

The public debate focuses on pay levels and sometimes pay-performance sensitivity, but the public discussion includes nothing on convexity of executive pay.

I have been corresponding with the Obama administration’s “special master” on executive pay, Kenneth Feinberg. I am hoping that our work leads to a focus not on level of executive pay or on the sensitivity of executive wealth to market performance but, instead, to a focus on how executive options are perhaps the most important driver of risky decisions by executives.

ON THE HOUSING AND COMMERCIAL PROPERTY MARKETS
KARL GUNTERMANN
Fred E. Taylor Professor of Real Estate Finance

While still faltering, the housing industry is showing faint signs of life. Prices are not dropping as fast. In February and March the decline in the Phoenix metro area was 37 percent. By July, it was 28 percent. The low median price was in April, at $117,500. In July, the median price was $125,000; the preliminary figures for August and September are $126,500 and $130,000, respectively. These are going in the right direction, but enthusiasm must be tempered when the media and the public are hungry for any bite of good news. A lot of times people get more excited than they should.

While the rate of decline in single-family homes is slowing, prices of townhouses and condos are still falling.

The great unknown is the continuing foreclosure problem.

Data produced so far in the ASU-RSI index show that the commercial market is heading down. Recovery will take time.
In this economic environment efficiency is crucial. Accordingly, Finance Department units on all three campuses (ASU Tempe, ASU West and ASU Polytechnic) have consolidated with the center of operations in Tempe.

“If we become more efficient, we can do more for students at the same cost,” says Department of Finance Chair Jeffrey Coles. “In order to serve the taxpayers of Arizona and the students of the university, we have responded to efficiency pressures,” Coles says. “We share content and expertise and people across all campuses.”

Three tenure/tenure-track faculty members are now members of the joint team. Jay Q. Butler, associate professor of real estate finance, serves students at the Polytechnic campus in Mesa. Butler has been at ASU since 1972 and he completed his Ph.D. at the University of Washington in 1975. His research areas cover quarterly and yearly analysis of home sales activity and affordability in the Phoenix area, construction activity throughout Arizona, and an annual analysis of the appreciation in home values in the Phoenix metropolitan area.

Assistant professor Daniel Chi also teaches on the Polytechnic campus. He joined ASU in 2006, having earned his Ph.D. from Texas A&M University the year before. His research is in the field of corporate finance and corporate governance. Chi co-authored a project titled “The Value of Vesting Restrictions on Managerial Stock and Option Holdings.”

Simona Mola’s 2001 Ph.D. is from Bocconi University in Milan, Italy. An assistant professor of finance at the Tempe campus, her research area is empirical corporate finance and her current project tackles the question, “Is There Life after Loss of Analyst Coverage?” Her working paper “Downgrades on Seasoned Stocks and Strength of Analyst Coverage on IPOs” received the 2005 FMA European Conference Best Paper Award.

Keeping one foot on the Tempe campus and the other at ASU West are James Garrett, Geoffrey Smith, Yuri Fedyk and Marcia Bolek.

Garrett is a visiting professor of finance whose research covers corporate finance, including firm organizational structure, diversification discount, mergers and acquisitions, soft information in firms, and executive compensation. He earned his Ph.D. in 2008 from Purdue University.

Among his research projects is “Firm Organizational Structure and the Production of Soft Information.”

Smith is a visiting assistant professor of finance who earned his doctorate from the University of Georgia in 2006. His research is in capital structure, international finance and executive compensation. His paper “What are the Effects of Sarbanes-Oxley on Cross-listed Companies?” currently is under review for the Journal of International Money and Finance.

Fedyk earned his doctorate in 2008 from Washington University in St. Louis. He is doing research into asset pricing, asymmetric information, optimal investment and limits of arbitrage in illiquid markets, and natural selection in financial markets. Among Fedyk’s current projects is “On the Extinction Rate of Irrational Investors in Financial Markets,” under review for the journal Econometrica.

With a 1980 MBA from ASU, Bolek, a faculty associate in finance, has consulted in such fields as environmental agencies and the arts community. She also has worked in the telecommunications, packaged goods and banking industries and has been a consultant in the U.S. and globally. Her research is in international business.

**McCord Scholars**

Finance undergraduates **COLEY WISE** (front row, left), **NATHAN IRWIN** (back row, right), **JUAN DURAN** (front row, second from right), and **LINDSEY CANTAZARO** (front row, right) were selected as four of this year’s eight McCord Scholars and each received $10,000 toward their academic careers. The McCord Scholars Program has been made possible through a gift of $6 million to the W. P. Carey School by Phoenix donors **ROBERT and SHARON MCCORD** (back row, second and third from right).
Intel Corporation and the Finance Department have forged collaboration over more than a decade that has proven beneficial for both industry and education. Thanks to the proximity of the ASU campus to Intel manufacturing and R&D sites in Chandler and other Valley locations, finance students have a corporate laboratory in their backyard.

The relationship began in 1995, when Intel increased its manufacturing presence in the Phoenix area. That access has often given ASU students a leg up when Intel comes recruiting, says Bob Auer, embedded products controller for the Embedded & Communications Group, who earned an ASU Bachelor of Science degree in finance in 1998. “We have close access to the faculty, the career services center and the Finance Advisory Board,” he says.

Auer and Richard C. Kraemer Professor in Finance Michael Hertzel also created the ASU-Intel Honors Collaborative Thesis Program, now in its ninth year, in which small teams of junior and senior honors students are paired with coaches from Intel to construct a thesis on a real-world business problem. Not only have some of the projects been adopted by industry, but the program also helps Intel identify outstanding students. “It’s a pool I’ve gone to from a hiring perspective,” Auer says.

While recruiting from many business schools, Auer finds ASU students stack up “very competitively” against their peers. Currently Intel’s Operations Finance department employs more than 70 ASU finance alums.

“We have been very pleased with ASU grads, with the skills they bring with them, their tenure – how long they stay with us, and their career progression,” Auer says.

And those graduates are happy to be with Intel.

“Intel successfully competes for our best students against elite Wall Street employers who offer highly sought-after positions in financial services,” says Finance Chair Jeffrey Coles. “How does Intel do it? Intel offers, through significant responsibility, opportunities for further learning and professional development. Anyone who is willing to take ownership of that responsibility is likely to have a productive and successful career with Intel,” Coles says.

Alia Eccles, a 2009 finance graduate who interned last summer with Intel, now enjoys a full-time job with the chip maker. She is a Budgets and Planning/Capital Analyst with the Corporate Quality Network part of the company, managing capital purchase, budget, forecasting and cost savings projects. “It’s nice,” she says. “In my role I’m able to do different jobs every day and challenge myself.”

Intel has a system of rotations in which employees are encouraged to change jobs every 18 to 24 months. Eccles calls that well-suited to her work style. Even as a newcomer, she was neither bored nor overwhelmed and found her work stimulating.

During her internship, she was able to travel to Intel operations in New Mexico and Oregon. Future rotations could involve more travel, including trips to Malaysia or China.

Participation in the ASU-Intel thesis program helped pave the way for Eccles. Through that program, she says, “I was able to show people what I can do.” Her thesis was on “Foreign Exchange Value at Risk,” which explored foreign currency hedging and examined probabilities of outcomes for Intel’s core business.

Though new to the company, Eccles envisions a career at Intel. “I really like the idea of building a career with a specific company,” she says. With Intel’s rotation program, she says, “you develop skills that help the company and yourself.”

After three and a half years at Intel, Michelle VanAllsburg still recalls the coursework that prepared her for a professional career. Finance professors brought to the classroom real-world examples of how to solve problems, how to analyze lease vs. buy scenarios and how to evaluate different depreciation schedules. She learned how to perform return on investment (ROI) and net present value (NPV) analyses.

Those skills have served her well in her job as an Embedded Cost and Inventory analyst. VanAllsburg earned an ASU Bachelor of Science degree in finance in 2005. She did a study program in Guadalajara, Mexico, with intense Spanish language study, that gave her international experience and enhanced her resume.

“It is global and they want people who are...
Jerry Olivo looks for opportunities to return to the ASU campus. A 1983 graduate in finance, Olivo has excelled professionally, currently working at Citigroup as managing director, head of Liquidity & Investment Product Management - Global Transaction Services. But he hasn’t forgotten his roots in Tempe, where he conducts the ASU recruiting program he started two years ago for Citigroup.

“I really enjoy being reconnected with W. P. Carey and the finance faculty,” he says, “I find it energizing just to be on campus.”

In 1983, Olivo transferred from a community college in Randolph, N.J., to ASU, hoping to meet people in the Southwest from diverse backgrounds in contrast to his upbringing in New Jersey.

“That was part of my objective, to have something of a culture shock,” Olivo says.

What he found was that many of his new classmates were from New York, New Jersey and Chicago. So much for culture shock. But he appreciated the quality of his education in the finance program that “prepared me well to go into the marketplace and ultimately to earn an MBA,” which he completed at New York University in 1988.

After finishing his MBA, Olivo went to work at Bankers Trust Company, now Deutsche Bank, as a financial analyst. During his tenure there, he built an acquisition model that was used for years after. He also developed a tender offer system to evaluate investors redeeming bonds from public utilities.

While always based in New York City, Olivo had the opportunity at Bankers Trust for frequent travel to Europe and Asia, at one time virtually commuting between Europe and the U.S. When Europe adopted the euro, he helped restructure Bankers Trust in Germany.

“It was enjoyable,” he says. “I’m in transactions services in the banking industry. Our customer base resides all over the world.”

Traveling to see how those customers live and work has been rewarding, he says. And sometimes surprising. When he took his first trip to Bangkok, which he considered an exotic destination, the first sign he saw in the airport was for Pizza Hut.

That’s simply the nature of a shrinking world, Olivo says. Citigroup, the company he joined in 2004, has a presence in more than 100 countries. Dealing with customers from other cultures requires an awareness of local sensibilities, he says. In Japan, for instance, business cards are not simply handed out but must be presented.

On short trips, he’s able to tap into Citigroup colleagues working in the region for advice on business etiquette or attend formal training to avoid gaffes in protocol.

Olivo warns that too often American business leaders go into the global community and expect everyone to speak English. While in the financial industry most do, he says, the mistake is in using too many American idioms that don’t translate.

Citigroup’s GTS business has weathered the economic downturn well, Olivo says. When customers abroad needed help in their own dealings, they turned to Citigroup.

“What we do is provide multinational corporations, governments and financial institutions with cash management and liquidity solutions, allowing them to more effectively manage cash holdings,” he says. “We’ve continued to do well even in this economic crisis.”

Now Olivo shares his two decades of knowledge and experience with finance faculty and staff and with job candidates from ASU. Olivo serves on the Department of Finance Advisory Board, working with other prominent members of the business community to assist the department and the W. P. Carey School of Business. In addition, through his efforts, he has convinced Citigroup to look beyond their usual roster of business schools from which to draw recruits. “They saw ASU can deliver quality students,” he says.

When he arrives on campus, Olivo is looking for students to fill rigorous 10-week internships that can turn into full-time jobs. He describes how his own career path developed, primarily through networking that helped him move forward.

Today’s young people already have that foundation, he says, because of their embrace of such social networking systems as Facebook and Twitter. Those same skills can be used to build a professional network.

While students know the value of developing technical skills, they also should be expanding their contact base, Olivo says. That leads to jobs and advancement.

Students can make a positive impression by doing their homework prior to meeting with company representatives and by noting how they can add value to the firm.

“Present yourself as confident, but be realistic about where you can add value,” Olivo says.
Thomas Bates’ interest in the stock market began to germinate around age 10 when he asked his father, a history professor, about the markets. His father brought home a booklet that explained the stock market on a child’s level. Bates’ passion for finance wouldn’t resurface until college, when he tried several majors, including English literature and psychology, before finally landing in a course on economics at Guilford College in Greensboro, N.C.

“It was interesting. I did well,” says Bates, who joined the ASU Finance faculty in July as an associate professor and a Dean’s Council of 100 Distinguished Scholar. “I felt myself thinking like an economist… Economics gives you a paradigm for thinking about problems.”

While studying for a Ph.D. in economics at the University of Utah in the early 1990s, Bates met Jeffrey Coles, then a professor at Utah, now chair of the ASU Department of Finance. Even when Bates went on to earn a doctorate in finance at the University of Pittsburgh and taught for a decade at the University of Delaware, the University of Western Ontario and the University of Arizona, he kept in touch with Coles.

“It’s a relatively small community,” Bates says of the finance field. “There aren’t a lot of us.” With a reputation as a well-staffed, well-funded department, Finance at ASU “has always been on my radar,” he says.

Department Chair Jeffrey Coles says of Bates, “He’s been both prolific and influential in his intellectual work. Tom is in mid-career and continues with junior-level energy to deliver senior-level insight. He is a distinguished teacher at undergraduate, MBA and Ph.D. levels, and will be especially proficient with senior executives in our Executive MBA program.”

Now Bates is teaching finance at a time when the economy makes daily headlines and the world markets provide a classroom. “There is a general misconception that finance is not an applied topic, but our most important work in the classroom is to bridge theory with practice,” Bates says.

It’s the teacher’s role to refine students’ opinions so they make more informed decisions in light of events during the past year. “I tell my students to make reasoned judgments.”

Finance fundamentals must be taught from a textbook. But those principals are balanced with real-world examples, he says. “A lot of us are more careful about how we talk about concepts, like risk,” he says. That doesn’t mean he’s teaching students to be more cautious, just more careful, to make smart choices. “Finance is all about understanding risk.”

Bates focuses his research on corporate finance, corporate governance, mergers and acquisitions, and valuation. His work has been published in the *The Journal of Finance*, *the Journal of Financial Economics*, and *Financial Management*. His article co-authored with Kathleen Kahle from the University of Georgia and Rene Stulz of Ohio State University, “Why Do U.S. Firms Hold So Much More Cash Than They Used To?” appears as the lead article in the October 2009 issue of *The Journal of Finance*.

Bates is married and has two children. Arizona’s weather was one of the factors that drew him back to the Southwest. While others eagerly wait for fall, he loves the hot summers. He and his wife bought a home in Scottsdale, where, he says with a laugh, “we’re living the dream.”

Bates has found the Department of Finance to be as dynamic as he expected, with resources he believes are unmatched at public universities across the country. “ASU has a commitment to the business school,” he says. “You can’t have a top-tier business school without having a top-tier Finance department.”
While the fundamentals of finance haven’t changed much in past decades, Yuri Tserlukevich likes to supplement his classroom textbooks with real-world examples, especially at a time when much of the news involves economics and markets in flux. Usually, such examples would be in the abstract. Today, the whole world is a laboratory.

Tserlukevich is one of the new faculty members who arrived this fall in the Finance Department. Next semester he’ll begin teaching theory of finance with a workload that will include a seminar for Ph.D. candidates.

He holds a doctoral degree in finance from the University of California, Berkeley, and an advanced degree in physics from the University of Minnesota. His teaching experience has been in the U.S., Asia and Europe. He has been published recently in the *Journal of Financial Economics*, *The Journal of Finance* and the *Journal of Economic Theory*.

Tserlukevich chose ASU because of the exceptional research environment in the Finance Department. “It’s one of the top departments in the U.S.,” he says. “It’s also a large department that can offer many resources and quality advice from the senior colleagues.”

His continuing research includes theoretical work on liability and debt reduction to examine whether companies can buy back debt. He is also studying insider trading around corporate announcements and firms’ hedging policies. Among his co-authors are former students from Hong Kong University of Science and Technology, Canada and colleagues at ASU.

Being from Europe and having taught in Asia, Tserlukevich says, affords him a unique background to share with his students. “There is a clear advantage of having the experience of living and working in different countries that results in offering a better perspective to students,” he says.

Ilona Babenko finds the world increasingly shrinking.

A native of Belarus with a doctorate in finance earned at the University of California, Berkeley, a masters in physics from the University of Minnesota, and three years teaching at Hong Kong University of Science and Technology, Babenko says she has become more understanding of and more sensitive to the differences between students of diverse cultures from Europe, Asia and the United States.

This fall, she began teaching corporate finance to undergraduates and Ph.D. candidates in the ASU Finance Department.

“I feel the world is very small,” Babenko says. Her global background “makes my views broader,” she says, as she brings to the job “snapshots of different parts of the world.”

While finding great satisfaction in her teaching role in Hong Kong, Babenko began thinking about returning to the U.S. When W. P. Carey offered a position, she gladly accepted, based on its reputation. “The Finance Department here is very dynamic, with a bright group of people,” she says. “It’s a very strong corporate finance group, and I’m a corporate finance person.”

In a recent work published in *The Journal of Finance*, Babenko shows that share repurchases increase pay-performance sensitivity of employee compensation and lead to greater employee effort and higher stock prices. She found that after repurchases, employees and managers receive fewer stock option and equity grants, and that the market reacts favorably to repurchase announcements when employees have many unvested stock options.

With global markets in flux, “this is an interesting time to teach finance,” Babenko says. “All of these issues are relevant...I think the world is rapidly changing and it’s critically important to bring those issues into the classroom as we remake finance.”

### Faculty Promotions

Three Department of Finance faculty member promotions took effect in the 2009–2010 academic year. David Hoffman has been promoted to senior lecturer and L. Wendell Licon and Mark Simonson to clinical associate professor. The Dean’s Office and the Department of Finance applaud these faculty members on their impressive achievements.

**YURI TSERLUKEVICH**
Assistant Professor

**Ilona Babenko**
Assistant Professor

**DAVID HOFFMAN**
Senior Lecturer

**L. WENDELL LICON**
Clinical Associate Professor

**MARK SIMONSON**
Clinical Associate Professor
Michael Hertzel, the Richard C. Kraemer Professor in Finance, and recent finance Ph.D. graduate Zhi Li received the 2008 Fama-DFA Prize, given to authors with the best capital markets and asset pricing research papers published in the Journal of Financial Economics. Their paper, “Inter-firm Linkages and the Wealth Effects of Financial Distress along the Supply Chain,” earned them, along with co-authors Micah Ofcicer of Loyola Marymount University and Kimberly Rodgers of American University, first place and $5,000 in prize money.

“The Fama-DFA Prize is one of the highest honors in finance,” says Jeffrey Coles, chair of the Department of Finance. “The aspect that makes the award even more extraordinary than usual is that the bulk of Professor Hertzel’s research resides in corporate finance, but the prize is for work in capital markets. He has managed to produce extraordinary work in a variety of areas that fully span the discipline.”

The winning article explored the wealth effects of financial distress and bankruptcy on a company’s customers and suppliers. It expanded on earlier research that examined the intra-industry valuation consequences of bankruptcy filings. The article provided evidence showing how distress related to bankruptcy filing affects stock prices negatively and significantly and how supplier wealth effects are more negative when the intra-industry contagion is more severe. It also investigated the importance of industry structure, specialized product nature and leverage on supply chain effects.

“Receiving the Fama-DFA Prize is a mark of distinction accorded only the leading lights in the discipline,” Coles says. “The award represents confirmation that our department houses faculty who bring insight and progress to the primary unanswered questions in finance.”

Hertzel received his Ph.D. from the University of Oregon and has been teaching at Arizona State University since 1987. His wide range of research contributes to the academic environment in the Department of Finance in the W. P. Carey School of Business. Receiving the Fama-DFA Prize is just one example of his exceptional research.

“With this award, Mike Hertzel is once again acknowledged as one of the leading researchers in finance,” says Coles. “Not only does the award recognize Professor Hertzel, but implicitly it represents progress and achievement for a finance department that seeks to be among the best in the world. Mike’s leadership of the Ph.D. program also ensures that we provide the academic field with dedicated researchers and teachers like Li who will make a solid impact in the finance discipline.”

Li recently earned her Ph.D. in finance at ASU. She now teaches corporate finance as an assistant professor in the Freeman School of Business at Tulane University in New Orleans and continues her work in research, well-equipped through what she learned in the ASU program.
The world-class MBA Real Estate Specialization envisioned at W. P. Carey four years ago is thriving and drawing new students to ASU for their interest in a unique approach to real estate education. The goal is interdisciplinary, mindful of core values and has an eye to becoming a top program in the nation for education, research and the development of leaders who will impact the industry in a positive, ethical fashion, says Department of Finance Chair Jeffrey Coles.

The real estate industry represents more than 15 percent of the U.S. economy yet has continued to attract only modest interest as an academic curriculum. In the 21st century, that is changing. While real estate fundamentals have been taught for some time, the W. P. Carey School of Business is leading the way in bringing together professionals from related fields, all of which impact real estate, including consumer-driven marketing, legal issues and faculty members who continue to work in the real world while sharing their knowledge and experience with students.

ASU is the ideal university for such a collaborative program because of its location in the Southwest and the Phoenix metropolitan area, which Coles calls “the most interesting and dynamic real estate environment and market in North America.” Phoenix and its expanding suburbs, he says, provide a natural laboratory for all dimensions of real estate, including finance, development, marketing, innovation, education and knowledge creation, as well as challenges specific to our region such as water and desert environs.

Students in the MBA Real Estate Specialization are pursuing careers in such fields as asset management, investment banking, real estate development, consulting, REITs, securitization and transactions.

Professors of real estate practice plucked from industry bring impressive credentials including advanced degrees and enviable resumes.

Michael Young helped to create discounted cash flow forecasting software. He was chief information officer and a managing director for RREEF Alternative Investments and wrote the CREAMS and REAMS software programs, forerunners of ARGUS, which is now the industry standard.

Gerard Vick holds a law degree and researches such areas as real estate appraisal, business valuation, investment research, commercial finance, tax, environmental and risk management issues in broker-client fiduciary relationships.

Don Miner, who also holds a law degree, researches real estate and business transactions and development, including finance and leasing and brokerage matters, along with related workouts, creditors’ rights and bankruptcy.

Andrew Conlin was instrumental in the development of the Arizona Center and the Central Park East office tower in downtown Phoenix. His consulting firm, Conlin and Company, acted as development consultant for the BankOne Ballpark (now Chase Field) and the Scottsdale Waterfront commercial projects.

Graduating from this program, Conlin says, with such a broad background of instructors, will give students an advantage as they enter a real estate industry where jobs have become difficult to find.

“It will give them a leg up,” he says. “It’s a very strong approach to education.”

Michelle Mace-Basha founded M3B, a strategic marketing consulting firm, in 1998. Almost 80 percent of the company’s work is devoted to real estate consulting.

Mace-Basha views her role as guiding students to see real estate from a consumer-driven perspective, including building environmentally friendly spaces that people want to live and interact in. “We need to consider affordable housing, the needs of seniors and the importance of multi-generational spaces.”

“Otherwise,” she says, “we’re just building monuments to ourselves.” She adds that profit should not be the only goal of real estate. “I think we’re taking a really responsible approach with our students. It’s a very humane approach.”

The MBA Real Estate Specialization also collaborates with the Master of Real Estate Development (MRED) program, in which W. P. Carey School of Business partners its expertise with that of disciplines from the schools of law, construction and design in an interdisciplinary approach, says Coles. “And MRED supports the MBA Real Estate Specialization. Our synergy makes each better.”

The point is to prepare students for all situations in the roller coaster that is the real estate market, Coles says.

“We want our students to be well trained to succeed in up and down markets,” he says, noting that the MBA Real Estate Specialization faculty members bring that experience to the classroom. “This team has ridden the real estate cycle.”
The ASU chapter of the Financial Management Association has earned “Superior Chapter” status so often that student members and faculty advisers have lost track of how many times. One thing is not disputed: The honor is well earned.

“This is an active chapter,” says Associate Professor of Finance Ron Hoffmeister, who has been adviser to the club for two decades. To achieve superior status, chapters must fulfill four of nine requirements, such as publishing a chapter newsletter, having a full roster of activities and maintaining a Web site. “We easily surpass that,” Hoffmeister says. “We do all those things and more.”

While some student chapters meet only a few times a year, the 40 ASU members meet weekly. Some weeks, chapter president and finance senior David Clark and his executive board colleagues arrange to have industry professionals address the group. At other meetings, members perform volunteer work, such as helping to box supplies for Project C.U.R.E., a Colorado-based organization that distributes medical supplies and services around the world. C.U.R.E. also has a Tempe office.

FMA members help mentor students involved in Junior Achievement, a non-profit organization that educates young people about business and economics.

“I want to create value for our members,” Clark says. “The ultimate goal is to supplement our members’ academic training with exposure to the practice of finance. They’ll be learning things they’re not learning in the classroom.”

For Sara Karamani, a sophomore, one of those values has been to pick up tips from classmates about professors who will most benefit her goals.

“It helps school wise – the professors you want to meet,” she says. “It gives you a better idea of what you want to do with your life.”

FMA vice president and finance junior Jeremy Morgan say he’s gained a deeper knowledge of the finance industry and jobs available to those with a finance degree.

“It has enhanced my education because I hear speakers come in and talk about how they apply the same things I learned that day in class at work on a daily basis,” he says. “The speakers also disclose what they look for when hiring, such as skills and personal attributes.”

The best speakers are those who have real-world experience, who perhaps have been involved in the founding of their organizations and innovation in finance and who candidly share their experiences good and bad. Strong leadership sustains that level of speakers, Morgan says, as the 10-member executive board constantly evaluates events and strives to improve the club’s agenda.

Hoffmeister, too, credits “the quality of the students” for the continued success of the group.

This year the ASU chapter is entering the National Collegiate Investment Competition, which evaluates each chapter’s virtual portfolio by its management and performance. Last year, says operations director David Meng, his group assembled a conservative portfolio based on value-investing principles. When the market took off unexpectedly, the ASU team suffered compared with chapters that had assumed more risk. This time, Meng says, “We are more bullish and are planning on taking some more aggressive positions.”

Chapters compete for $400 in prize money.

With such a dynamic group, Hoffmeister says, his job is only to guide students and suggest speakers. He and Jeffrey Coles, chair of the Department of Finance, help Clark make contact with successful professionals and distinguished alumni in order to advance the objectives of the FMA. Joining FMA also beefs up a student’s resume, Coles says.

“This is a way for people to signal that they’re passionate about something,” he says. “It is a way to differentiate yourself.”
ASU finance students ran with the bulls on Wall Street last summer and performed so well that many were offered jobs that will take them back to New York City after graduation.

Now, three of them are giving back to younger students by generously sharing their experiences with fellow members of ASU’s Investment Banking Industry Scholars (IBIS).

Aaron Gladstone, Colby Wise and Jesse Mayfield hustled to secure internships with high-powered banking and investment firms at a time when the economy was faltering and such jobs were scarce. Their hard work paid off in summer jobs that resulted in full-time positions.

For two years, Gladstone networked, e-mailed, phoned and generally pestered the top firms in New York, even flying at his own expense for a dozen interviews. Persistence landed him an internship with HSBC, one of the world’s largest banking groups. The London-based HSBC attracted him because of its “global footprint,” Gladstone says.

The finance major endured what he calls “a grueling 10 weeks” as an analyst in mergers and acquisitions. Persistence landed him an internship with HSBC, one of the world’s largest banking groups. The London-based HSBC attracted him because of its “global footprint,” Gladstone says.

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When Jazmin Medina (‘09 Finance) attended a student finance conference last January at a German university, she found it so valuable she returned for a conference on private equity in April – and brought along seven fellow ASU finance students.

Students of the WHU-Otto Beisheim School of Management in Vallendar, Germany, assembled, managed and hosted that conference. Impressed with the caliber of the conference, Medina began talking to organizers about her own Finance Department’s Investment Banking Industry Scholars program (IBIS), which educates students about Wall Street and related career fields.

“I started recommending that they save seats for all of them at the April ‘Campus for Finance – Private Equity Conference 2009,’” Medina says. “I was really persistent.”

In the end, eight of the 13 spots reserved for non-German students went to ASU students for the conference, which included speakers who are prominent professionals in European finance and concentrated on the current economic crisis. All of those selected had professional experience in investment banking through internships, says Colby Wise, a senior in finance and mathematics who interned last year in a J.P. Morgan Securities trading program in New York.

Before leaving for Germany, the students were prepped by Clinical Associate Professor of Finance Werner Bonadurer, and the students energetically attacked the case material and other resources.

Once at the conference, the undergraduate ASU students wondered how they would measure up against European students, who obtain significant professional experience simultaneously with their coursework, and students attending from other top American business schools, the majority of whom were MBA or Ph.D. candidates.

Participants were given the choice of enrolling in workshops at the basic or the advanced level. The ASU students chose advanced workshops,” Alvin Oswandy (’09 Finance, Economics) says.

Initially, “there was an element of anxiety,” says Anthony Ferrara (’09 Finance, Economics). Then, he says, they discovered they could hold their own, thanks to their finance education, the prep work they had done and their teamwork.

This was a working conference, says IBIS coordinator Rey Santos, where students were given mock “deals” and asked to research them. Jordan Cole (‘09, Honors Accountancy) says, “You’re pushed to your limits, probably beyond what you would do otherwise.”

Jesse Mayfield, a senior in finance and economics, says that participants were afforded the opportunity to meet personally with high-ranking investment officials. Another benefit, Ferrara says, was seeing classroom theories applied to the real world as CEOs and partners in Europe’s leading financial institutions shared experiences from a European perspective.

“Attending a conference in Europe, you benefit from cultural experience you can’t possibly obtain in a classroom,” says Sung Ko (’09 Finance).

“With globalization, everything’s coming closer together,” says Aaron Gladstone, a senior in finance and accountancy. “It’s important to understand their cultures and for them to understand how we think.”

The conference was organized by Campus for Finance, a student initiative at the Beisheim School of Management. Every year, that team produces several conferences on various topics.

“Our participation in elite events such as this helps ASU’s program establish prominence in global investment banking and private equity,” says Kevin Burns, director of the W. P. Carey undergraduate Business Career Center.

The conference has stimulated the ASU students to generate ideas for similar events in the United States. One suggestion is that they could establish a sister conference that would bring European students to Tempe.

Department of Finance Chair Jeffrey Coles says such a conference is something the department and the W. P. Carey School of Business could consider, contingent on appropriate resources.

“With the collaborative efforts of our talented students, faculty and professionals, IBIS can really make a lasting difference,” Medina says.
Two Finance Department students spent a week in Singapore this fall and came away with a better understanding of how the Asian markets work and what makes them different from Western markets.

In September, JiaQi Bao and Dana Emery, ASU juniors, attended the two-day Asia Investment Banking Conference at Singapore Management University. Co-sponsored by the university and the London School of Economics, the conference was open to professionals and select university students from around the world. Students had to clear several hurdles to earn the privilege of participating.

Bao, born in Beijing, has long had an interest in the markets of China and Asia. So when she heard about the conference, she was eager to participate.

“This was an important learning opportunity for me,” Bao says. She brought to the conference some knowledge of regional financial issues she gained while growing up in China. She also attended a banking conference in Beijing last May, and she has worked in internships with a state enterprise in China.

Still, she says, “I had an open mind about what I could learn from the speakers” at the Singapore conference, adding that she is “intellectually curious.”

The differences between Asian and Western markets are beginning to blur, Bao says. “Things are getting very similar now,” she says, though many markets in Asia are still more regulated, operate under a different business culture and are less transparent.

The conference in Singapore, which was conducted in English, was an exciting experience, Bao says. With a career in investment banking as her goal, she learned more about IPOs, mergers and acquisitions, and the way transactions are handled in Asia. She also was able to gain more understanding of Southeast Asia. China is located in Northeast Asia.

Bao says she’s grateful for her coursework in finance and accounting at ASU, and for an education that allowed her to ask intelligent questions at the conference.

Singapore also afforded the two ASU scholars a chance to go global.

“It was cool that we got to work with students from all over the world,” Bao says.

In fact, she reconnected with friends from China and Singapore and had the chance to engage with local college students. A Buddhist, Bao visited a local temple.

Now she’s hoping to find a summer internship in her field to build on what she gained in Singapore.

“It was a good learning experience in my personal and professional development,” she says.

Emery heard about the Singapore conference from a friend in ASU’s Investment Banking Scholars Industry program and knew it was something that would benefit her. It also provided an opportunity to travel for the first time to Asia and visit with a diversity of people.

Though she had to pay her own way, Emery believes the conference was a good investment in her future. And even when she bought her airplane ticket the week before leaving, she found the expense reasonable in return for the reward. “It definitely was worth it from an educational standpoint,” Emery says, “and to travel to a different culture...It's something that enhances my resume because it represents relevant experience and significant learning.”

Emery intends to go into the field of trading. Being in Singapore has made her more aware of Asian markets, she says. She previously read The Wall Street Journal only for domestic market news, but now watches global markets with enhanced understanding. She learned at the Singapore conference, for instance, that Asian companies are less likely to engage in hostile takeovers since so many are family-owned, state run or owned by executives in other countries.

Where American firms raise capital when they need it, Asian companies raise capital when they can, so Emery believes they are better positioned to recover from a sluggish economy.

Such conferences are beneficial to students, Emery says, urging others to apply. In January, she might attend another financial conference, this one in Germany.
Ph.D. News

Ph.D. graduate Sriram Villupuram took the opportunity to receive his degree from President Barack Obama at May Commencement.

“It was a great feeling and an impressive way to conclude graduate school,” says Villupuram, whose parents came from India for the ceremonies.

This year the Department of Finance continued to strengthen its faculty assets related to its Ph.D. program and has two competitive candidates for the academic job market.

World-class researcher and valued mentor for doctoral students Tom Bates joined the faculty this year. (view related story, page 8)

“In his short time here, Tom is already actively involved in advising students…and has started collaborating with students on new research projects,” says Richard C. Kraemer Professor in Finance Michael Hertzel.

Also joining the department as associate professors are Ilona Babenko and Yuri Tserlukevich (view related stories, page 9), who will be teaching and serving on the doctoral program committee. “Babenko and Tserlukevich bring great energy and enthusiasm as well as innovative research and knowledge to the enterprise,” Hertzel says.

Finance Ph.D. candidates Adam Aiken and John Robinson are on the job market this year.

Aiken focuses his research on hedge funds. He presented his job market paper “Hedge Funds, Return Smoothing, and the Pricing of Illiquid Assets: Evidence from Debt Holdings” at the recent Financial Management Association meeting. Aiken also has two other working papers about hedge funds, and his other research interests include investments and performance evaluation.

Robinson’s research interests are in capital structure and management compensation. In his paper “Simultaneous Determination of Long and Short Term Capital Structure,” Robinson reports that cash and line-of-credit balances are strongly tied to firm risk. In his paper “Window-Dressed to Impress: Executive Compensation Metrics and Discretionary Capital Structure,” he discovered that when accounting matters for compensation, executives trade off financing term length with recognizing assets on the balance sheet.

Ph.D. Placements

This year, with a tight economy and scarce faculty openings, it seemed like it would be a tough job market for Sabatino (Dino) Silveri and Chen (Ken) Wu.

Nonetheless, both Ph.D. candidates from ASU enjoyed dozens of interviews and multiple job offers leading to assistant professor of finance positions.

Assistant Professors of Finance Dino Silveri and Ken Wu are now teaching at Binghamton University and The University of Texas at Tyler, respectively.

Silveri is finding the environment at Binghamton University similar to that he had enjoyed at ASU’s Finance Department. At ASU, “Professors have an open-door policy,” he says. “Here it’s a similar atmosphere…The way I treat students here is the way I was treated at ASU.”

At both schools, faculty respect students, and professors sometimes collaborate with students on research. Faculty members forge a collegial relationship and share ideas, which Silveri calls “conducive to producing research.”

Now Silveri employs that same open-door policy as he begins his teaching career with two courses in investments and continues his research into empirical corporate finance, a field of interest he shares with his new colleagues. His classes are small, averaging 20 students.

Before entering the Ph.D. program in finance at ASU, Wu says, “I didn’t have a solid grasp of the basic issues of finance.” But after completing his doctorate this year, he feels he “tied a lot of loose ends together.”

Wu began teaching in August at The University of Texas at Tyler.

With experience as a teaching assistant as well as a high school teacher, Wu is eager to develop his own curriculum from material based on his ASU classes, teaching and research, and from other resources. He wants to get students thinking about the big picture in finance and offer rigorous introductory courses that will prepare finance majors for advanced classes.

In that, he’s putting to use his education at ASU. “The teaching experience I had at ASU was invaluable,” he says.

He learned how college undergraduates think and how to best prepare them for exams. “Taking Ph.D.-level classes gives you a better understanding of what you teach at the undergraduate level,” he says.
MBA News

The W. P. Carey Full-time MBA program continues to be ranked among the top 30 in the nation by U.S. News & World Report. Our closest competition continues to come from University of Texas at Austin, the University of North Carolina at Chapel Hill, Indiana University and the University of Southern California.

The full-time day program continues to admit two cohorts of about 100 students. The average GMAT score of 673 is about the same as last year’s class. The economic downturn didn’t have much impact on our application pool. The proportion of international students admitted has increased slightly over prior years. Other MBA platforms – Executive, Online, Accelerated Evening and Evening – all filled to their capacities. Overall, the W. P. Carey brand is very attractive in the MBA marketplace.

Within the full-time program, the Finance Department offers three specializations for students: Financial Management & Markets, Supply Chain Financial Management and Real Estate. As in the past, we continue to attract the best, most motivated students to our specializations because of our more rigorous program requirements.

This past year, students in the finance-related specializations were in high demand and cleared the market ahead of all other specializations.

W. P. Carey MBA Team Takes Home ACG Cup

On the heels of its victory at the 2008 Stock Market Challenge, the W. P. Carey School of Business Department of Finance ran away with another trophy, this time at the inaugural ACG Cup Competition. The ACG Cup, sponsored by the Arizona Chapter of the Association for Corporate Growth, is a case study competition designed to give MBA students real-world experience and invaluable insights into mergers and acquisitions, investment banking, financial advisory and private equity.

The ASU team, comprised of Rahul Bhattacharjee, Kyle Deatherage, Jeremy Kelstrom and Jeff Thompson, beat out the University of Arizona and the Thunderbird School of Global Management.

Kelstrom, one of the winning students, attributes the team’s victory to the training and skills they’ve acquired in the W. P. Carey MBA program. “The program’s emphasis on team-based learning and its rigorous strategic finance instruction were immensely beneficial in preparation for and execution of the presentation,” he says. “We were honored to be a part of the competition and hope our win signals the great things that are being taught at W. P. Carey.”

Advisory Board

Engaging with esteemed professionals in the business community is critical for the Department of Finance as they further their mission in training students to become productive contributors in the business marketplace. The Finance Advisory Board members share their services, insight, and advice about curriculum, placement and research issues, keeping the department’s focus and efforts on developing students equipped with the knowledge and skills necessary to succeed in the professional world. Members also become involved as guest speakers in undergraduate and graduate courses, or by assisting in fund-raising efforts, offering internships, providing scholarships, and hiring students upon graduation.

The board members enhance the program by offering their expertise and experience, ensuring that the department evolves and provides students with the best education possible.

New to the board in 2009 is Gregory Furseth, vice president and managing executive of Northern Trust.

Chris Froggatt departs the board as he assumes the position of chief accounting officer for both the regulated unit and the unregulated merchant power company of Florida Power & Light Company, headquartered in Juno Beach, Florida. “Chris has been a persistent, staunch supporter of ASU, and we have appreciated his support,” said Department of Finance Chair Jeffrey Coles. “We will miss Chris for his expertise and insight.”

If you or members of your organization are interested in learning more about the board and possible membership opportunities, please contact Jeanne Elliott at 480-965-5876.
The first time Charles Lee popped a miracle berry tablet into his mouth and then bit into a lemon, he was stunned. The lemon tasted naturally sweet.

“I don’t know if it even sunk in,” says Lee, a 2009 finance graduate. “It was a shock. I wasn’t sure it was the same lemon I’d tried before.”

It was, thanks to the fruit that is taking the world by storm. Miracle berries, which resemble elongated cranberries, temporarily alter the taste buds so that sour and bitter foods taste sweet. The berry has become a novelty at parties, where guests eat the fruit and then sample a variety of foods (such as Brussels sprouts, vinegar, pickles, tequila, beer and citrus) for an experience that fools the tongue into perceiving sweetness.

The sensation lasts an hour or so.

After reading a New York Times article about the berry in May 2008, Lee was intrigued. He was ready to graduate with an eye on entering law school but lacked the money for tuition. Maybe the miracle berry could prove a financial miracle for him.

Lee is a self-proclaimed food lover and believes that the pleasures of food are best shared with friends and family. He envisioned enjoying the miracle berry not only by himself but with a food-curious community.

Having taken a rigorous course in supply chain management and with his background in finance, Lee began to explore the possibility of importing the miracle berry—“Its actual name,” he says, “just like apple or peach.” The fruit is grown only in the world’s moist, tropical climates. Florida had a few farms cultivating the berry trees but with each berry priced at about $3, acquiring the fruit in bulk was prohibitive.

Fresh berries had to be shipped overnight, further boosting the cost, and the wait for shipment was as long as two months, given its sudden popularity.

Lee discovered that a Taiwanese company was processing the berry as a freeze-dried tablet.

“That made the berry shelf-stable and convenient,” he says, as well as affordable.

In July 2008, Lee founded mberry, a company that imports miracle berry in both its fresh and tablet forms. Lee immediately had orders from distributors around the world. In its first year, mberry had gross sales of $500,000 and a net income of $100,000, most of which has been reinvested in the company. Now, partnered with the company in Taiwan, mberry has been repositioned as not only an importer and distributor but also a sales and marketing firm.

Originally, the miracle berry packaging from Taiwan was “too Asian,” he says, too unfamiliar to an American market. It needed to be rebranded and repackaged, which is now taking place. A Web site, www.mberry.us, has been established.

Lee has also sold fresh berries from Florida, but he doesn’t see his future in the fresh fruit industry. In fact, he never thought he’d be in the fruit business at all.

“When I started out as a finance major, I never thought I’d be selling berries,” he says with a laugh.

Lee’s education has proved useful in running a small business, especially when it comes to dealing in foreign currency, he says. He lost one deal, for instance, when the British pound dropped 25 percent in three months. The British company couldn’t afford to take a risk and neither could Lee.

“Finance is all about risk management – risk and return,” he says.

Lee hasn’t lost sight of his dream to attend law school. Even if he doesn’t practice law, being an attorney would be beneficial to running a company because he wouldn’t have to be completely dependent on outside legal counsel.

But for the next year or so, juggling his role as CEO and being a law student is out of the question. He feels a responsibility to those he employs as well as potential investors, whom he hopes to attract for a much needed cash injection. mberry has a staff of about five, most of whom are connected virtually, including his creative director in Canada.

He’s also hoping to earn a grant from ASU’s Edson Student Entrepreneur Initiative, which helps young people fund innovative ventures.

Lee’s vision for the miracle berry goes beyond wanting to host Tupperware-like parties where the fruit is simply a parlor game. Its sweetening properties could bring back the pleasures of food for diabetics, who must regulate their sugar intake. Many cancer patients undergoing chemotherapy suffer a lingering metallic taste from treatment, which ruins the taste of food. Miracle berries could be the solution to both problems.

“Miracle Berry Makes Life Sweeter”

CHARLES LEE, ’09 Finance

The berry has a lot of potential to increase the quality of peoples’ lives,” Lee says. “To a person who has lost their taste for food, it’s everything. A lot of good can be done with the berry.”
Parlaying Internships to Jobs — Then Helping Others

schools with a different learning style.
“Id heard more, Id seen more,” he says. When he starts his job, “I will feel confident because of my education.”

Mayfield believes he and his friends had to work harder to land positions in New York City because ASU is not one of the “core” schools that are usually recruited by East Coast firms. Once on the job, they made sure they were first at work each morning, last to leave at night and brought to the job the same passion they had at work each morning, last to leave at night and showed in securing those internships.

“We didn’t take our internships for granted,” says Mayfield, who, like Gladstone, was at HSBC last summer. “We worked hard to get there, and that work ethic carried over.”

Mayfield worked in HSBC’s investment banking division, with the Equity Capital Markets group. Toward the end of his internship, he began networking with his contact base, this time seeking a permanent job, with help from another ASU student and alums working at Citigroup.

Those at Citigroup who interviewed Mayfield called him a “go-getter,” he says, and offered him a job in sales and trading, a fast-paced field he’s eager to join.

To prepare for such jobs, Gladstone, Wise and Mayfield benefited from participation in IBIS, a yearlong program at ASU that gives students the skills they need to enter the competitive investment banking industry. All of the returning juniors in IBIS have secured summer internships, and 100 percent of the seniors who sought employment in investment banking have full-time job offers.

**These impressive placements are the result of their own hard work and the education and networking that goes on through IBIS.**

When Gladstone, Wise and Mayfield joined IBIS, they immediately saw ways they could improve the organization by shifting the structure, says Rey Santos, undergraduate career consultant and coordinator of IBIS.

In order to prepare students for careers in high finance, they assisted in further developing a curriculum that focuses in part on interview techniques, networking and resume writing — so-called “soft skills,” says faculty advisor and Clinical Associate Professor of Finance Werner Bonadurer.

In addition, IBIS members learn the inner workings of the industry, its structure and trading strategies. Bonadurer calls it the “inside information” outside of coursework that helps prepare students for a competitive industry.

IBIS draws the most committed investment banking students, he says. “It’s the cream of the investment-banking-oriented group. It is clearly one of the strongest possible signals one might see on a resume.”

Each IBIS meeting covers such topics as sell side, buy side and recruitment. Conference calls from East Coast banking firms connect IBIS members with professionals including prominent ASU alumni.

IBIS students also rely on each other to share personal experiences.

“The great thing about the program is we start students early, ideally as freshmen and sophomores, and by the time they’re juniors and seniors they have gotten that experience and can give back to younger students,” Santos says. “That’s the cycle we hope to continue.”

Gladstone, Wise and Mayfield also put together a 50-page guidebook of information students need to enter the investment banking field. Hours of work went into improving IBIS, but the three believe it’s their responsibility to give back.

“It’s a rewarding feeling watching other people succeed as well,” Mayfield says.

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**Intel Competes Successfully for ASU’s Best**

well-rounded,” she says.

New recruits at Intel are offered significant workload responsibility.

VanAllsburg began her career managing a budget of $3 billion. But to ensure success, she always had a network of veterans to support her, including managers and a buddy, or “integration guide.”

Transitioning from college to industry was smooth, she says, crediting participation in W. P. Carey Business Ambassadors as well as the Financial Management Association. “That gave you exposure to different jobs in finance,” she says.

For four and a half years, Michelle Tinsley worked at Intel’s largest campus, located in Hillsboro, Ore., after graduating from the University of Oregon. But when she decided to get her MBA at age 25, the local university told her she was too young. She found ASU’s program highly ranked and came to Arizona in 1997. She received her MBA in 1999.

Tinsley stayed with Intel in Arizona and has now been with the company more than 17 years. She is now a controller for the Embedded & Communications group but has rotated through several jobs at the company, including stints in budgets and planning, revenue and cost analysis, in support of both manufacturing and P&L divisions. “It’s been a good fit between the company and my personality,” Tinsley says. “I’m someone who’s never done learning.”

What she learned in her finance and supply chain management courses at ASU resonated when she began working in the real world. One of her class projects was to evaluate an Arizona company — was it over- or under-valued? She was assigned to Inter-Tel, a communications business.

“It prepared me for work I’m in now,” she says.

In 2001, Intel sent her to Copenhagen, where she acted as a controller proxy to train the CFO of a company that had been acquired by Intel. Her stint in Denmark lasted eight months.

Her advice to today’s students is to “always look for opportunities,” whether in school or in a professional field. Check out every job posting. As a newcomer, get in on the ground floor. “No job is too big or too small,” she says.

Finance at ASU might give students the skills they need to work at a company such as Intel, but they also must have leadership qualities, says Andrew Bain, finance manager for World Wide Post Sales Support.
“We look for potential in leadership,” Bain says. “Once you have the technical skills, then you have to prove yourself. Skills get you to the door; leadership gets you through the door.”

That’s what he gained as a finance student, says Bain, who in 2002 earned ASU bachelor’s degrees in finance and supply chain management. He’s been with Intel six and a half years.

Bain has found a lot of job satisfaction at Intel. He is especially proud of efforts to disseminate information to underserved people worldwide, people who have learned to read and acquired complex skills.

Communities in Africa have obtained low-cost computers.

Bain never expected to stay with one company so long. “But Intel afforded me a new opportunity at every turn,” he says. In his six years, he’s had five different jobs.

Intel tracks the performance of its ASU alums, Bain says, and finds that they “always perform extremely well.” He credits the caliber of students entering the W. P. Carey School, opportunities for volunteer organizations outside of class, their exposure to professors and the attention faculty gives to each student.

Over the years, Bain has seen that quality of recruits increase.

“It’s an incremental improvement year after year,” he says. “ASU has continued to evolve. They’re on the right track.”