Bates Appointed New Department Chair

Dean’s Council of 100 Distinguished Scholar and Associate Professor of Finance Thomas Bates has been named chair of the ASU W. P. Carey School of Business Department of Finance. Bates served as interim chair since spring 2010, when he transitioned to the role previously held by Finance Professor and Francis J. and Mary B. Labriola Chair in Competitive Business Jeffrey Coles.

“Tom has experience at four universities, is a respected researcher, a good teacher and has a history of strong service at every university where he has worked,” said W. P. Carey Dean, Robert E. Mittelstaedt, Jr. “This is a collaborative, inquisitive environment where people work on interesting topics, challenges and prospects across the wide spectrum that finance encompasses. Tom’s appointment as chair will bring leadership to further establish this as a well-respected destination department with a positive top-of-mind reputation in research, teaching and service.”

Bates is enthusiastic about having the opportunity to expand his service to the Department of Finance as its chair.

“The department’s future success rests on the cumulative efforts of our faculty and staff as we build on our standing as a first-tier research group, develop capable graduates, and effectively serve our alumni and external constituents,” he said. “We will continue to recruit highly qualified faculty talent and to focus on research productivity and outstanding performance in the classroom.

“I look forward to working together in partnership to achieve our shared goals,” he said.


He performs a variety of service for the profession including serving on conference program committees and acting as a referee for a variety of major journals in the field. Bates also lends his expertise and service to the Arizona State University Foundation as a member of the Investment Committee.

He earned the Ph.D. in finance from the University of Pittsburgh and held prior academic appointments in finance departments at University of Arizona, University of Delaware, and the University of Western Ontario. He was named McCoy-Rogers Fellow and received the Scrivner Teaching and Service Award while a faculty member in the Eller College of Management at University of Arizona.

“I look forward to working together in partnership to achieve our shared goals.”

THOMAS BATES
Associate Professor and Chair, Department of Finance
George Aragon, an assistant professor of finance, was working last year with the Securities and Exchange Commission in Washington, D.C., during the May 6 Flash Crash – a moment when stocks prices went into freefall for a disturbing 20 minutes.

The incident gave him an insider’s look at how hard SEC agents worked to correct the problem and repair the damage. “It was reassuring for me to know that people were working to do their job,” he recalls, adding, “We’re in capable hands.”

Aragon spent a year working with the SEC and came back richer personally and professionally. “I love Washington,” he says. While working at the agency, Aragon had a chance not only to contribute his expertise to the SEC but also to continue his research into hedge funds, some of which must remain confidential. During his time there, new rules were proposed for large traders that would label them with individual identifiers and require their registered broker dealers to file and maintain transaction data as requested by regulators.

Aragon’s job was to comment on the proposed rules and make suggestions. His proposals would then be disseminated for feedback within the industry.

“My main duty as a scholar was to make economic comments,” he says, to assess the economic costs and benefits of the rules. The next draft of the proposal could reflect Aragon’s impact.

During Aragon’s stint at the SEC, the agency’s administration changed, altering its orientation. The Office of Economic Analysis, where he was assigned, had been run by chief economist James Overdahl. That department evolved into the Division of Risk, Strategy and Financial Innovation, headed by law professor Henry Hu.

Upon arriving at the SEC, Aragon set about studying hedge fund performance and assets under management during the ongoing financial crisis. Such information enhances not only Aragon’s research but also benefits the agency by “helping to assess risk inherent in hedge funds.”

His assignment was to help guide the SEC’s rule making, a project that constituted a fourth of his responsibilities. Another half of his job centered on furthering his own research, while the remainder involved other tasks related to investor education and protection. Aragon found that multiplicity of tasks satisfying. “I could see the beauty in all of them, and I was happy to have the variety,” he says. And all the time, he was considering what he could bring home to his ASU finance students. “I was thinking ahead of how it would translate into the classroom.”

Though Aragon enjoys being a professor, his year spent at the SEC left him with nothing but admiration for the government agents. He saw that they work hard and carry a heavy load for such a relatively small agency with an important challenge to regulate a lot of industries. He would welcome another term working in that capacity. “It was a good experience,” he says. “I’d like to do it again.”

The Finance Department also gained from Aragon’s experience. “Not only will I use those benefits to write more relevant research papers,” he says, “but I’ll have more relevance in the classroom.”
Kaufman Retires from Classroom but not Finance

Herbert Kaufman, professor emeritus of finance, has seen plenty of crises over 40 years of studying the markets – the crash of 1987, the dot.com bubble of the late 1990s, the 2010 Flash Crash, the perpetual ups and downs of Wall Street.

Financial models, he says, have changed every decade since the 1970s. But he’d never seen anything like the economic freefall of 2008, triggered by the subprime mortgage crisis and still impacting the financial industry and the economy more than two years later.

“This was a quantum change,” says Kaufman, who retired from teaching last year. For anyone with an interest in finance, “this has been a very exciting time, but a stressful time.”

Kaufman’s longtime passion for finance remains unabated as he leaves the classroom but not the university. He maintains an office at the Department of Finance as a base to attend seminars and interact with colleagues – “to keep the intellectual spark alive in me.”

Retirement means he no longer has day-to-day contact with students and faculty, which he misses, but he enjoys more freedom to pursue his own interests and keep his own schedule. That includes such hobbies as jazz, classical music and golf. But numbers are still his favorite pastime. He reads voraciously, including daily newspapers and best-selling books like “The Big Short” (“Unbelievable. I learned a lot.”) and “Too Big to Fail”.

Long the Finance Department’s go-to guy for interviews and comments on current events, Kaufman will continue to be available to reporters. With retirement, he also has time for talks, speeches and writing with policy implications. For the past several years, his busy schedule has kept him from consulting work. Now he hopes to work as a consultant for financial institutions and corporations.

“I’m just retired. I’m not dead,” he jokes.

After earning his Ph.D. in economics from The Pennsylvania State University in 1972, Kaufman worked as an economist with the Federal National Mortgage Association. He joined the Arizona State University economics faculty the following year and became a professor of economics in 1980. In 1988, he became a professor of finance, then was named department chair in 1991.

In addition to writing for academic journals on investments, financial institutions, monetary policy, government-sponsored enterprises, and the capital markets, Kaufman is the author of such books as “Money and Banking” and “Financial Institutions, Financial Markets, and Money.”

He has consulted on financial issues for the New York Stock Exchange, corporations, commercial banks, savings and loan associations, government agencies including the U.S. Treasury, the World Bank, the Congressional Budget Office, and the General Accounting Office, as well as major law firms. His research areas include hedge fund returns and flows, GSEs and financial market integration. Kaufman is also an expert in international finance.

When the 2007 meltdown began to unfold, Kaufman was surprised not only from a financial perspective but a historical one as well. Such once rock-solid institutions as Lehman Brothers, which had been founded in 1850 and survived the Depression of the 1930s, unexpectedly crumbled.

“The amount of financial dislocation was the greatest since the Great Depression,” he says.

The ongoing recession has few equals. The crash of October 1987, when stock markets around the world tumbled, was a major event, Kaufman notes, but markets rebounded quickly. Other bubbles that have burst in recent years failed to have widespread implications outside their own fields.

The current economic disaster, however, has had a long reach into a vast network of failure. When American markets began to falter, the crisis went viral, affecting disparate industries and nations around the world. “Finance is ubiquitous,” Kaufman explains. “It had so much spillover.”

As a whole, capitalism is alive and well, Kaufman believes. Paraphrasing Winston Churchill’s commentary on democracy, he says, “Capitalism is the worst system – except for all the others.”
SCOTT TURNER, ’10 Finance

Scott Turner grew up on a mountain outside of Casper, Wyo., but he never realized how different his life was from other young people until he left his small community and enrolled at Arizona State University, with a campus population larger than all of Casper.

Moving from small town to big campus turned out to be the right choice for Turner as he sorted out his college acceptance letters. “I felt ASU was a natural fit,” he said. “It was a gut feeling.”

Turner got another good feeling as he graduated in December with a degree in finance and was named W. P. Carey School of Business Turken Family Outstanding Graduating Senior. “I was really surprised. There were other good candidates,” he said. “I feel privileged to represent the class.”

In December, Turner spoke at the W. P. Carey convocation. He made two points. First, Turner told his fellow graduates to reflect on what it means to have a college degree, to walk across the stage and receive a diploma, and “find your passion.”

He cited the U.S. Bureau of Labor Statistics as reporting that today’s graduates will have triple the number of jobs over a lifetime that were held by their parents and grandparents. That means a lot of change and a lot of chances to go off track, Turner said. He warned against falling into complacency in a workforce where only 45 percent of employees claim satisfaction with their jobs.

Turner has long followed that rule himself. Torn between pursuing a degree in architecture and one in business, he chose the latter. Then, steeped in the business atmosphere at ASU, he was further challenged to focus his interests more narrowly. Becoming a participant in the Investment Banking Industry Scholars (IBIS) program in the Finance Department facilitated his choice.

“That was the spark that lit a fire in my interest in investment banking,” he said of IBIS, a one-year program that familiarizes students with the professional world.

Turner hustled. He researched the field and its major players and flew himself to New York to interview for internships. After serving a hard-won internship in sales and trading at the global financial services firm UBS Securities, he realized his passion lay elsewhere.

“I liked it. I learned a lot,” he said of his time at UBS. But he hadn’t found his niche. Through contact with an ASU alum, Turner began exploring the field of private wealth. After his junior year, he secured an internship with Goldman, Sachs & Co., a global investment firm. This summer, Turner will begin a full-time position as an analyst at Goldman Sachs. When offered the job, he says, “I accepted on the spot,” eager to focus on long-term strategic investment plans for clients and their families.

During his days at ASU, Turner was a sponge, absorbing all the experiences he could. As a sophomore, he facilitated WPC 101, a student success course for all first-time freshman business students, and in the spring of his sophomore year helped redesign the course curriculum and facilitator training. Turner continued to participate in the course during his junior and senior years.

Also as a sophomore, Turner co-founded Academic Peer Programmers for Leadership Engagement with four other Honors students and a faculty advisor. APPLE is an organization of W. P. Carey Academy students who strive to increase the visibility, sense of community and student engagement within the Academy. The Academy serves premier students enrolled in the W. P. Carey School of Business.

Turner served as a mentor for IBIS participants and was president of W. P. Carey Business Ambassadors, a group of 20 to 30 business students who promote the school through such events as luncheons hosted by the Economic Club of Phoenix. Ambassadors also help with recruitment of new business students.

One thing Turner believes he missed out on during his three-and-a-half years in college was the opportunity to study abroad. But that experience in foreign travel won’t elude him for long. This spring, before moving to New York and his job at Goldman Sachs in July, Turner will strap on a backpack and head for Central and South America. Often traveling alone, occasionally meeting up with friends, the young man will explore such destinations as Costa Rica, Brazil, Argentina and Peru.

Down the road, Turner would enjoy working as a financial advisor and perhaps earning his MBA. He wants to remain an active W. P. Carey and Finance alum and help IBIS participants who come after him.

“Follow your passion, and then maintain that spirit.”
When Lissa Regets began studying finance, she felt the way she had the first time she tried to throw a javelin. Both seemed foreign, difficult to understand, hard to control. But as a sophomore member of the ASU track team, Regets set a record in the javelin throw and went on to perform in several championship seasons.

Likewise, she soon mastered finance. In May, she was named W. P. Carey’s spring 2010 Turken Family Outstanding Graduating Senior. With a second major in journalism, she also earned the Cronkite School’s Outstanding Graduate Award.

“In my life, I’ve failed before I’ve succeeded,” says Regets, who in September began working on a Master’s in international business at Hult International Business School in Dubai, United Arab Emirates. “I’ve always searched for more.”

Success has not always come easily. Reared by a single mother in Harrisburg, Pa., Regets was the first in her family to attend college. When she enrolled at ASU, there was little money for tuition, so she cobbled together financial aid and working several jobs. “To even go to college was a dream,” she says. Now she hopes to be a role model for her siblings.

A gifted athlete, Regets had played for her high school basketball, softball, field hockey and cross country teams. She chose ASU for its Division I sports programs but failed to make either the basketball or softball teams through the grueling walk-on process.

Finally, someone in the athletic office suggested that with her experience throwing a softball, she might translate those skills into throwing the lightweight spear called a javelin, though the techniques are different. The first time she threw the spear, she says with a laugh, “it wasn’t as bad as I thought it would be.” She soon excelled.

Regets’ passion is combining sports and academics – as long as both are challenging. Originally planning to go into medicine, she began her career at ASU majoring in kinesiology, the study of human movement. When that proved less than satisfying, she switched to journalism with an emphasis on public relations and strategic media.

And then she began to think of her friends and family back home, many of whom worked multiple jobs to make ends meet. Her father is a small business owner of a construction and remodeling firm. What if she could learn enough about the financial world to make their lives easier? “I always thought in the back of my mind that one day I’d be educated enough to help them,” she says.

Regets tried learning finance on her own, but eventually enrolled in finance courses and found her classroom performance as wobbly as a misguided javelin. That spurred her on, and she doubled her efforts, studying voraciously. By the end of her studies, she had hit her target. Finance was in the win column. At the end of one of her classes, an instructor told her she was the hardest-working student he had. With hard work, she says, “I didn’t need to be the smartest student.”

Today the world is growing even larger for Regets. Last summer she worked as an intern with the U.S. State Department at the American embassy in Skopje, Macedonia.

Living abroad convinced Regets of one thing: “I definitely want to work internationally or work with international cultures.”

So when she decided to earn her MIB, she pursued schools far from home and found the Hult International Business School with campuses not only in Dubai but also London, Shanghai, Boston and San Francisco.

“To get anywhere in life you have to take risks,” she says, “I’m a person who takes big risks,” emphasizing her belief in calculated, smart risks.

Regets addressed the W. P. Carey convocation in May. Her speech, titled “Preparation, Perception and Persistence,” spoke to the hardships she has overcome and urged her fellow graduates to be persistent in realizing their dreams, whatever the obstacles.

At W. P. Carey, she told them, “We’ve been more than prepared to take on these challenges...Let nothing stand in your way.”

Regets will graduate with her MIB in August 2011, and is looking to work abroad in strategic management consulting. She’d like to help people in developing countries grow and succeed. A decade from now, she sees herself self-employed in personal consulting and professional speaking.
Finance Alumnus Inducted into WPC Alumni Hall of Fame

Three well-known business leaders, including finance alumnus and current executive chairman of First Solar, Inc., Mike Ahearn, received high honors from ASU for their contributions to our economy and local community. They were recently inducted into the W. P. Carey School of Business Alumni Hall of Fame, joining an elite group of previous recipients from such diverse organizations as the American Red Cross, Motorola, PayPal, the U.S. Air Force, Wells Fargo Bank, XM Satellite Radio and the Arizona Diamondbacks.

Ahearn, along with consultant and former Novelis CEO Edward Blechschmidt and Chicanos Por La Causa, Inc. COO Martin M. Quintana, were honored at the 33rd annual Alumni Hall of Fame ceremony recognizing top business alumni from Arizona State University.

“All three of these business leaders have taken companies to the next level, achieving great success along the way,” says W. P. Carey School of Business Dean Robert Mittelstaedt. “They provide excellent examples of the types of careers we hope all of our students can grow to have.”

Ahearn, who received his finance degree from ASU in 1979 and his juris doctorate in 1982, co-founded First Solar, Inc., now one of the world’s largest solar module manufacturers. Ahearn is currently executive chairman of the Phoenix-based NASDAQ-listed company, which employs more than 4,000 people on three continents. He served as chief executive officer from 2000 to 2009, growing the company from a startup to a member of the S&P 500 and a force in the solar power industry. In just under a decade, First Solar has become a worldwide leader in manufacturing low-cost photovoltaic devices, with revenue and net income exceeding $2 billion and $600 million, respectively.

Ahearn was named the W. P. Carey School of Business 2008 Dean’s Council of 100 Executive of the Year.
Gomez Advocates Questioning and Learning Attitude

Barbara M. Gomez loves working with numbers. So when she became vice president and treasurer of Pinnacle West and Arizona Public Service Company in 1999, she thought she’d retire in that position. Maybe it runs in the family; her father had once been treasurer of the Inspiration Copper Company in Miami, Az., which is now operated by Freeport-McMoRan Copper & Gold Inc.

But APS had bigger plans for Gomez. In January 2010, she was named vice president of supply chain management for the largest electric utility in Arizona, enriching her resume that includes more than 32 years with the Phoenix-based firm.

In 2009 she became vice president and controller, taking responsibility for accounting, risk management (insurance) and the supply chain. Then APS created the position of vice president of supply chain management and named Gomez to the job.

The purpose, she says, was “to add more value and save more money…It’s a reaction to the economic times.” The supply chain system is responsible for all the goods and services purchased by the company, from hard parts for the electrical grid to its labor force to the hiring of landscapers. Gomez manages procurement and warehousing functions and risk management. Every dollar saved, she says, keeps utility rates lower for APS customers and prevents the necessity of raising rates. The utility regularly recruits interns studying in the W. P. Carey Department of Supply Chain Management.

Gomez grew up in Miami, graduating from high school in 1973. She attended Bucknell University in Lewisburg, Pa., and graduated summa cum laude with a Bachelor of Science degree in business administration in 1977, and joined APS the following year.

In 1978, convinced that earning an MBA degree was vital to her burgeoning career, Gomez pursued her degree while working full time at APS and attending evening classes.

“I love finance,” she says. “It helped prepare me for my work in the business world.” Her studies at ASU bolstered her accounting and financial skills and laid the groundwork for what would be a lifelong hunger for knowledge. “It taught me how to ask questions to learn even more,” Gomez says.

Today, she learns as she interacts with the outside world, gleaning how other jobs relate to her business. When she speaks to students, she advises them to likewise “learn how to learn.” In college, she says, students need to acquire the ability to work as a team and to present themselves and their ideas – skills vital in the modern workplace.

Gomez is not all about business. For six years, she served on the board of Goodwill of Central Arizona. She also volunteers on the board for The Wellness Community, a national non-profit organization that assists people diagnosed with cancer as well as their loved ones. And she is a member of the finance council of the Catholic Diocese of Phoenix, whose lay members advise the Bishop.

Serving on non-profit boards also fulfills her personal mission of public service. “What I like to do as an officer of APS is give back to the community,” she says.

With decades of experience, Gomez also likes to share her wisdom with students. Her message:

“Don’t be afraid to ask questions. You need to have a questioning attitude throughout your whole life. It is a sign of continuous improvement and a learning perspective.”
European Debt Crisis Puts Pressure on the Continent’s Currency

The way out of Europe’s volatile debt crisis is likely to involve painful belt-tightening, increased emergency aid, and eventually a restructuring of debt in the most troubled countries, according to finance experts at the W. P. Carey School of Business.

“It is becoming obvious that the peripheral, high-indebted countries in Europe are not going to be able to work themselves out of this mess,” Clinical Associate Professor of Finance Werner Bonadurer says. “Their growth prospects are very low given the necessary domestic austerity measures and their lack of competitiveness, as well as subpar global economic expansion.”

For more than a year, the European Union has been in crisis over the huge debts faced by its weakest economies. Cutbacks in social programs and benefits have stirred unrest in those countries, as well as in better-off nations in the Eurozone. The specter of sovereign default looms across the continent.

The European Union and the International Monetary Fund have orchestrated rescues of Greece and Ireland, but concerns about those two countries, as well as others, remain high.

“The worry is that Portugal might join them, and also Spain,” says Associate Professor of Finance Sreedhar T. Bharath.

“And the big worry is that Italy might also go in.”

Europe faces difficult choices as it tries to navigate a crisis that shows no signs of easing, faculty experts agree. “In the long run, the only way out is very deep and maybe painful reform in their markets, as well as a weaker euro,” Bonadurer says.

Roots of a crisis

The current woes of the 16-nation monetary and economic union can be traced to the terms of the agreement that established the common currency in 1999, according to scholars at the W. P. Carey School. Under the agreement, the countries have a common monetary policy carried out by the European Central Bank, but each follows its own fiscal path. Problems arise when a monetary policy that benefits one country harms another.

“When the euro was created, life was good,” Finance Professor of Practice Anand Bhattacharya says. “No one was worried that things could go bad. This was one happy family.”

But in the past decade, sharp differences in the growth rates and fiscal policies among countries in the Eurozone have emerged. The common currency has prevented the less competitive members of the monetary union from taking the course typically used by countries faced with a debt crisis: currency devaluation.

“If they had their own currency, they could devalue and make themselves competitive again,” Bonadurer says. “This is not an option they have at this stage.”

The euro abolished market-based nominal exchange rates but it has led to divergences in real exchange rates. Consumer prices and wages in weaker countries have risen at a faster rate than in Germany since the start of the euro in 1999. Firms in these countries cannot compete with Germany in foreign markets and with low-cost imports from Asia in their home markets. Leaving the euro would allow Italy, Spain and the rest to devalue and bring their wage costs into line with workers’ productivity.

“If they could devalue their currency, their exports could again become competitive, and they could eventually prune wages to make them compatible with the productivity of their workers,” Bharath says. “Now they cannot do that.”

Many observers have cited the lack of fiscal budget discipline, and the generous wage and retirement policies in Greece and other countries as the cause of the fiscal crises that led, in turn, to the debt crisis. But these countries had limited options, according to Bhattacharya.

“One has to wonder if these countries followed fiscal policies to accomplish their national objectives because they did not have a monetary policy available to them,” Bhattacharya says.

According to Bharath, the weaker members of the Eurozone are jealously eying Poland, a member of the European Union that did not adopt the euro. Poland’s currency, which floats against the euro, has fallen 20 percent since 1999.

“It is not a coincidence that Poland is the one member of the European Union that has not been in recession,” Bharath says. “Poland has a pressure release valve that Greece and other countries don’t have.”

Emergency response

As the debt crisis unfolded over the past year, the European Union responded with a series of emergency rescues. In the spring of 2010, the International Monetary Fund and the European Union engineered a bailout of Greece and also established a $750 billion contingency fund for future emergencies in the Eurozone. In November, Ireland was offered a $112 billion aid package.

This approach may not be sufficient to resolve the financial difficulties facing countries in the monetary union, according to experts.

Bharath believes that interest rates attached to the bailouts are punitive and so high that recipients will be unable to repay the loans. He foresees Greece and Ireland possibly returning for second bailouts at even higher interest rates.

“In some sense, they have set in motion a chain of events that will make sovereign default a foregone conclusion,” Bharath says.
Bonadurer believes that the emergency fund needs to be bolstered if the debt problems that have engulfed Greece and Ireland are to be kept from spreading to other countries.

“Markets have a tendency to be one step ahead,” he says. “As soon as you start talking about Portugal and Spain, the markets are already looking at Italy, Belgium, and even the UK. The markets need to see shock-and-awe action. They need to be impressed. They need to understand that the European Union will do whatever it takes.”

**Saving countries from default**

Experts at the W. P. Carey School believe that despite the emergency aid, the poorer members of the monetary union will be hard-pressed to meet their obligations. That raises the possibility of sovereign default.

“In my view it is inevitable that there will be debt restructuring. The current liquidity crisis will likely become a solvency crisis,” Bonadurer says.

Bonadurer believes that restructuring will not be attempted for at least two years, and in the meantime, countries will be kept afloat with emergency aid. Restructuring of debt will be a delicate and dangerous process, he says. It inevitably means that investors will take losses.

“As soon as banks are faced with taking cuts, we are back to square one — a reinvigoration of the banking crisis,” Bonadurer says.

Bhattacharya believes that while sovereign default is a looming possibility, the big players in the world economy will step in to prevent it from happening.

“The way the world is interconnected, I would be very surprised if we wound up with an actual sovereign default,” he says. “I would be hard-pressed to believe that the Germans would let Greece or Spain or Portugal actually go into default.”

Bhattacharya compares the situation to Lehman Brothers’ collapse in the fall of 2008. The U.S. government stepped in then to prevent a domino effect involving other big banks. “When Lehman began to default, everyone said, ‘Who’s next?’” Bhattacharya notes. “If that happened in Europe, you can imagine what it would do to the value of the currency.”

**Will the euro survive?**

For the troubled economies of the Eurozone, the road ahead appears difficult. In return for international aid, they are being forced to make deep cuts in government spending.

“In some areas, wages, social benefits, and entitlements have been absolutely out of control,” Bonadurer says.

The sacrifices required of the population in these countries are highly unpopular, and the bailouts are not particularly popular in the better-off countries either.

Bharath says the German public is resisting rescuing countries that may have brought problems onto themselves. “Taxpayers in Germany are not going to be happy about any of this,” he says.

But while all parties may be tempted to abandon the euro, they also recognize the perils that would accompany such a course of action.

“The problem is that it’s not so easy to leave,” Bharath says. “The chaos it could create would be of an order of magnitude that is hard to comprehend.”

The immediate effect would be a run on the banks in many countries, Bharath says. Deposits, mortgages, other loans would all have to be converted to new currencies—a complex process, which would be fraught with the potential for conflict.

“You also have to distribute all of the new currency,” Bharath says. “When they moved to the euro, they planned for it for five or six years. This would be a confused situation, and you have to do it quickly.”

Bonadurer does not believe that Europe will abandon the euro. “Don’t underestimate the strong political will to keep the euro alive. But at this stage, nobody has a Plan B. Everybody is absolutely scared. The consequences would be catastrophic.”

Abandoning the euro would mean freezing deposits in some countries, according to Bharath. And because countries lose foreign exchange when their citizens go abroad, there would have to be curbs on foreign travel, he notes.

“In a place like Europe, these things are impractical. For all practical purposes now, the countries are integrated,” Bharath says.

**Bottom line:**

- The debt crisis in the Europe has its roots in the initial Eurozone agreement, which establishes one monetary policy for countries with differing levels of international competitiveness and very different approaches to fiscal policy.
- The European Union and International Monetary Fund engineered bailouts for Greece and Ireland and also established a contingency fund for future emergencies. The fund may need to grow considerably if European countries are to regain financial stability.
- Some countries are in such difficult financial straits that restructuring of their debt may be inevitable, although they may not be labeled sovereign defaults.

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**Knowledge@W. P. Carey**

Finance and real estate faculty often contribute significant input to articles in Knowledge@W. P. Carey, such as this one, reprinted from the December 15, 2010 issue.

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Assistant Professors of Finance Ilona Babenko and Yuri Tserlukevich have collaborated on two papers exploring employee stock options that were recently published in *The Journal of Finance*. Both papers demonstrated the positive side of stock option plans.

In the first, “Analyzing the Tax Benefits from Employee Stock Options,” Babenko and Tserlukevich discussed the tax consequences to the firm of using stock options instead of regular wages to compensate firm employees. While academics have in the past questioned the practice of giving stock options to non-executive employees, business models support it, Babenko says.

Offering broad-based option plans targeted at lower-level employees is at odds with the classical theoretical models because of the so called “free rider problem,” in which some employees see no benefit of their individual hard work to the ultimate outcome of the company, believing their performance has little effect on a company’s stock value.

Babenko and Tserlukevich’s research found that employee stock options helped companies save considerably on taxes. Had the companies paid the same value to employees in wages instead of stock options, their corporate tax bill would increase by approximately 10 percent. The reason for this increase is that a company can take a tax deduction for stock options at the time when its taxable income and the tax rate are high, whereas a deduction for wages is taken irrespective of the taxable income.

“It is much more valuable to take a deduction when your company is making a profit and can save 35 cents on a dollar than when it has losses and does not owe any tax anyway,” Babenko says.

With both forms of pay, the company can deduct the same value. The variant is when the company can deduct. Wages are a constant deduction regardless of whether the company’s income is high or low. With stock options, however, the company can take a deduction, equal to the stock price minus the strike price, at the time when employees exercise them. The data strongly suggest that stock options are exercised at the time the company has high stock returns, corresponding to the time when the company has higher taxable income. But this is exactly the time when the company has high tax rates. On average, they pay a lower tax bill.

“For the company, it’s good,” Babenko says.

If a company is a large one with a linear tax schedule, it doesn’t matter whether they pay employees in wages or stock options. But most companies have volatile incomes, Babenko says, and face a convex tax schedule. That means they pay a higher percentage of tax the more income they earn. For those companies, it’s preferable to pay in stock options.

In addition, companies that pay more in stock options can pay less in wages and reduce the volatility of their income, making them appear less risky.

“You can afford to take larger leverage,” Babenko says. “That provides you with an additional tax advantage.”

In the second paper, “Employee Stock Options and Investment,” Babenko, Tserlukevich and co-author Michael Lemmon, professor of finance at the University of Utah, found that employees exercising their stock options generated a substantial cash flow into their companies. Previously, stock options were thought to be a liability for firms. The authors discovered they bring in substantial funds. Cash flow associated with stock option exercises actually compares in magnitude to proceeds from seasoned equity offerings, which are specifically geared at raising funds. This is a good source of income, the researchers found.

“You don’t have to pay any transaction costs, such as underwriter fees,” Babenko says. “In addition, the cash inflow is received by firms when they have good investment opportunities and thus need money.”

The authors also explored what companies do with the sudden increase in cash flows. Companies that have high costs of raising external capital increase their investments in response to this cash flow. Companies that have a relatively low cost of raising external capital return the cash flow funds to investors in the form of share buybacks.
Laura Lindsey, assistant professor of finance, has published a paper in *The Review of Financial Studies* titled “Incentives, Targeting and Firm Performance: An Analysis of Non-Executive Stock Options.” Co-authored by Yael Hochberg, assistant professor of finance at Northwestern University, the article examines the effects of broad-based stock option incentives.

Theoretical literature suggests that incentive effects from a broad granting of stock options would be too diffuse to have an effect on a firm’s performance, explains Lindsey, who teaches managerial finance for undergraduates and entrepreneurial finance for MBA candidates and undergraduates. Each employee incurs the full cost of increased effort but shares any rewards with colleagues if pay is linked to the performance of the company as a whole.

Lindsey’s research empirically evaluates the effects from stock option grants to non-executive employees. In addition to incentive explanations, companies that anticipate a stock price increase might be more likely to offer stock options. They might also believe they can attract higher quality employees. And employees who hold stock options might internalize having a stake in the company and work harder to make the company successful.

Using the S&P 1500, Lindsey and her co-author examined whether stock options granted to non-executive employees affect the firm’s performance by exploring the link between broad-based option plans, option portfolio implied incentives, and firm operating performance. They explored whether there is a higher subsequent operating performance from the implied incentives of the firm’s outstanding option portfolio. The Lindsey-Hochberg paper used econometric techniques to show a causal effect between option-implied incentives and a firm’s return on assets.

Their research found that the implied incentive-performance relation is concentrated in companies with fewer employees and those with higher growth opportunities for each employee, as well as companies that grant options broadly to non-executive employees. The research conclusions are consistent with theories of cooperation and mutual monitoring among co-workers.

Companies that instead target their stock options to specific groups of employees produce no equivalent improvement in firm performance, perhaps due to the “free-rider problem,” in which some employees find no motivation in working harder to benefit the firm. Because the sensitivity of pay to performance is at least as high in these firms, the evidence is less consistent with sorting and retention explanations.

“Rather than strict monitoring, our result can be viewed as a shift in the corporate culture, such that shirking isn’t tolerated.” Lindsey says.

The answer, Lindsey says, is to offer broad-based incentive plans that motivate everyone similarly. Workers are then motivated to monitor each other for peak performance.
Sreedhar Bharath would like to invent a crystal ball that would foretell which corporations will default on their loans and which will fall into bankruptcy. If he does, he’ll be the most popular fortuneteller in the banking industry. Until then, he’s enjoying his new position as an associate professor of finance and a Dean’s Council of 100 Distinguished Scholar, a program that recognizes faculty members who have demonstrated the highest level of scholarship in research and teaching during their careers. “I was attracted by the research environment,” he says.

In 2007, he earned LECG Best Paper Award in Corporate Finance at that year’s European Finance Association Annual Meetings: “Why Do Firms Use Private Equity to Opt Out of Public Markets?”

For the past eight years, Bharath was an assistant professor of finance at the University of Michigan. He holds a Bachelor’s of Technology in mechanical engineering from the Indian Institute of Technology in Madras, India, an MBA from the Indian Institute of Management in Ahmedabad, and a Ph.D. in finance from New York University’s Stern School of Business.

Bharath’s areas of research are in credit risk, bank relationships and corporate finance. He has studied the U.S. bankruptcy system and seeks to find ways to predict which companies will default on loans. Just as consumers have credit scores, corporations earn ratings based on such characteristics as balance sheets and stock performances. Bharath explores how the credit worthiness of a borrower can be assessed and whether academic models work in practice.

The current financial crisis is perhaps a result of overconfidence, he says. Despite previous economic bubbles that have burst in the U.S. and other countries, according to Bharath investors always believe they are immune, that they can pull out in time before the bubble bursts.

“Your nature is, ‘it won’t happen to me,’” he explains. “Everyone playing the game knows the rules of the game and plays willingly.” But, this creates systemic risk where no individual or firm internalizes the negative consequences of their collective actions and society suffers as a whole. This is due to limited liability when a corporation gets in trouble and no individual is held accountable, Bharath says, only the company as a whole.

On the plus side, the U.S. fosters an economic system in which entrepreneurial newcomers can start with nothing and become successful and the American system works because “there is tolerance for failure and willingness to give a fresh start.” That is why Bharath sees a bright future for the U.S. economy. “You could say I’m more optimistic than the average person,” he says.

In the banking industry, “everybody agrees there has to be some sort of reform,” Bharath says. The biggest question, he says, is predicting unintended consequences. What are the side effects?

Broad principles that would be helpful, he says, would be limiting or controlling leverage. Compensation for bankers also needs to be examined: Do we continue to reward them year after year even in an economic downturn, even when the number of loan defaults is high? In other words, should they be rewarded also for the quality of loans rather than quantity?

But it’s a delicate balance, Bharath says. “You cannot change the rules of the game to punish people for things that have already happened.”

We might draw lessons from other countries rebounding from similar crises, but the problem is in disparity of cultures, he notes. While the U.S. is a shareholder society, for instance, Japan, which suffered its own economic bubble in the 1990s, is a stakeholder society. A stakeholder society considers the needs of such groups as employees and the environment.

“It’s very difficult to say which is better,” he says. “The basic behavior traits in people are the same, but culture plays a role.”

Work by scholars such as Bharath can begin to offer solutions. Like medical researchers developing new drugs to combat disease, financial researchers create new economic models and disseminate their information as a link between academia and industry.

“It’s gratifying if others pick up on this,” Bharath says. At ASU, he’s looking forward to interaction with colleagues that will propose such solutions.
Department Welcomes Custódio and Boguth

Cláudia Custódio

Assistant professor of finance Cláudia Custódio found her way to ASU while attending a job fair in Atlanta. A native of Lisbon, Portugal, she had come all the way from the London School of Economics and Political Science, where she had just earned her Ph.D. Though she had other job offers, she says, “This was the school I thought fit my profile and my research.” In addition to knowing some of the ASU faculty, she found the American university structure to her liking.

Custódio’s areas of research include examining CEO characteristics and how those impact their compensation. Some CEOs are generalists who have worked for companies in a variety of industries. Others have had more focused careers. Custódio has found that generalists garner higher compensations.

“It might be related to the companies they ended up running,” she says, with larger and more diversified companies paying premiums for generalized skills. “This is something that interested me,” she says.

Custódio will continue to study the issue, though research can be constrained because she must rely on data that comes from the companies themselves. Obtaining personal information is often difficult. Much of her material is gleaned from CEO CVs including their education, experience and expertise. Some companies, however, have begun compiling this information themselves, easing the job of a researcher.

Custódio also studies mergers and acquisitions as related to CEO characteristics, capital structure, and the debt maturity of companies. She works with co-authors in London, Portugal and at the University of Southern California.

In addition, she has written a paper addressing conglomerate discounts. Financial literature suggests that conglomerate firms are less valued than focused firms. Custódio wondered why a diversified firm would have less value than the sum of its parts.

What she found was a discrepancy in how value is measured, a disparity that perhaps owes its discovery to Custódio’s dual background in accounting and finance, allowing her to spot what others had overlooked.

She has taught financial accounting in the past and also worked in an auditing firm as a junior auditor.

Custódio encourages students to develop that kind of varied expertise. “When we go to the classroom,” she says, “we try to give them a broader perspective of things.”

Oliver Boguth

Oliver Boguth was drawn to the ASU Department of Finance by its professional reputation and the promise of basking in the Southwest sun. Boguth, now an assistant professor for finance, was earning his Ph.D. at the University of British Columbia, when he received an offer from ASU.

“I knew it was a great school, and the Finance Department, in terms of research, was very good,” he says. “That was the foundation of my decision.”

Boguth is now teaching courses in investments, which he says were his favorite classes as a student. For instructors like Boguth, the world is the classroom and the ongoing economic crisis fodder for research. He calls this an exciting time to be a teacher and a financial researcher because he can often open the morning newspaper and find all the news he needs to spark a lively discussion among students.

One of his research topics is performance evaluation, aiming to explain the disparity in fees for mutual funds. He’s found that higher priced mutual funds don’t necessarily yield the highest returns, a curious discovery he believes can be addressed by correcting methods of evaluation.

He also studies the implications of time-varying risks in asset pricing, focusing on the wisdom of taking different risks at different times. Reforms to the investment banking system in the wake of the crisis haven’t necessarily changed human behavior and the nature of risk-taking, he says. “People were taking risks they didn’t understand. I am doubtful if this is going to change.”

Boguth, a native of Speyer, Germany, says we could learn some lessons from the frugal Germans, such as good savings habits. Other aspects of the German market are not necessarily applicable to the U.S. America is more of a debt society, he says. “In many ways, the German way of thinking is more sustainable,” he says, noting, “that doesn’t necessarily mean it’s better or should be adopted by the U.S.”
Just a few years ago, few ASU alumni traveled the path from the Finance Department to Wall Street. Now, thanks to the Investment Banking Industry Scholars program, 40 recent IBIS alums supplement those other alumni in the investment banking industry.

For W. P. Carey scholars such as Jazmin Medina, a 2009 graduate and now an analyst with Goldman Sachs, the high energy of her fellow IBIS participants was one of the factors that prepared her for the competitive atmosphere on Wall Street.

“Being exposed to that drive and competition early on made it easier for me to transition from college to the professional world,” she says, “and quickly acclimate myself to the culture.”

IBIS was launched in 2005 to give finance students with an eye on investment banking careers a leg up in the recruiting wars that draw from the best graduates across the country. ASU students had the talent; they needed exposure.

In the past two to three years, IBIS has placed 90 percent of participants in internships or full-time positions in the investment banking field, reports Rey Santos, IBIS coordinator and career consultant in the Business Career Center. Jobs include sales and trading and private wealth management. The other 10 percent have found jobs outside the field, but often related.

Students are scattered from New York to Chicago, Houston, San Francisco and Los Angeles. They work for such top-notch companies as Goldman, Sachs & Co., Credit Suisse, Citi, Deutsche Bank and JP Morgan Chase.

The rigorous application process for the year-long program requires students to submit transcripts and resumes, write an essay about their interest in investment banking, and participate in personal interviews. Only a select few from the dozens of applicants—maybe 10 to 15 each session—are tapped for membership since large numbers would make the program unwieldy. Those selected must demonstrate passion for the field. “We can’t teach motivation,” Santos says.

During their year of participation, which usually spans a summer internship in investment banking, students acquire the skills and savvy needed to pursue a career. They learn soft skills such as resume preparation and interviewing techniques, and get a feel for the real world of Wall Street.

IBIS creates a relationship with industry professionals that helps participants obtain internships and, ultimately, jobs after graduation. The professionals conduct phone conferences with students and answer questions by email. IBIS meetings host guest speakers from the industry and finance faculty members. Students who return from internships pass along their knowledge and act as advisors. On weekends, an older student might spend several hours mentoring a younger one. From such experiences, students can narrow their interests and direct their efforts at specific firms or positions.

Noting the amount of work each participant puts into the program, faculty advisor and co-founder of the program Professor Jeffrey Coles spearheaded the effort to offer course credit for IBIS membership. Participants earn three credit hours. Coles says, due to the program’s substantial, “muscular” content and “clear educational value.” IBIS focused on career preparation
from the outset, “thereby helping us understand how we could position students for a competitive advantage.”

IBIS takes very talented students from the undergraduate program and gives them a value-added experience that helps them compete successfully with brand-name schools such as the Ivy League, Coles says.

Colby Wise, a 2009 finance graduate and a mortgage pass-through trader with Goldman Sachs, says IBIS is the perfect supplement to class work and teaches what courses can’t, including networking. “IBIS provides a runway for students to follow. We would have fewer students on Wall Street if we hadn’t had IBIS,” Wise says. “With IBIS it’s nearly 100 percent possible to get to Wall Street.” By including IBIS participation on a resume, he says, “you stand out.”

Says Medina, “IBIS helped in the sense that it provided me a support network that is crucial when interviewing and trying to position yourself for firms like Goldman Sachs, JP Morgan Chase, Morgan Stanley, Deutschebank, B of A, HSBC, Greenhill, and Moelis. It is easy to always think of yourself as a student coming from behind since we aren’t a target school and aren’t exposed comparatively to the vast network other schools have.”

She adds, “Faculty members and IBIS group members won’t tolerate you giving up or accepting no for an answer, and that impetus keeps that fire and momentum going. The perspective I gained along with knowledge of the recruiting process and interviewing, etc., put me in a good position at the end of the day when I was interviewing with the larger firms.”

Traditionally, New York firms recruit from the East Coast. That could be a disadvantage for ASU, nearly a continent away, but IBIS is shrinking the distance. Because of connections being forged, Goldman Sachs has named ASU as a target school and now plans to visit ASU and recruit on campus for the first time.

“They know we have a diverse set of talented students,” Medina says. “ASU has recently been on their radar screen by way of business students reaching out, conducting informational interviews with full-time professionals and by a few students receiving job placements.”

Persuading firms to come west to search for talent can be an uphill battle, Santos says, but once the interviews start, ASU students shine. “Our top students can compete with those from any other university,” he says.

Alumni support for IBIS has been growing and is becoming an important factor in the success of the program. Graduates stay in touch. “They do feel they want to give back to the program,” Santos says. Some alums take time to contact current students and have open lines of communication. Some will sit for conference calls and allow students to pick their brains about the industry, discuss their companies and offer advice on coursework.

Now faculty would like those alums to form an advisory group of Wall Street professionals that would facilitate students and graduates working together. “It’s full-cloth,” Coles says. “The strands run horizontally, binding current students with each other and alums with each other. And the threads also run vertically, connecting alumni and current students.”

Medina says the larger alumni initiative is to persuade more employers to recruit from ASU candidates.

Werner Bonadurer, IBIS faculty advisor and finance clinical associate professor, says there are no polls to measure the program’s effectiveness, but his instincts tell him that everything is working. “I’ve been teaching internationally a long time. The quality of students in IBIS are the best and the brightest. Knowledge-wise, they’re on par with the best.”

ASU students, he says, go the extra mile because ASU’s is not as familiar a brand name in this field as those of east-coast Ivy League schools—yet. “Our IBIS students are not entitlement driven…There’s an attitude, a fighting spirit.”

Ambitious participants drive the momentum of IBIS, Coles says. “It’s the students themselves. All we can do is provide the platform…Students have taken ownership of the networking and content.”

With all cylinders firing, IBIS’ mandate now is to continue to pump fuel into the program and build on its success. Santos says, “We’re starting to gain traction – for ASU, for the business school and the program…We want to be a stop on the recruitment train.” With Goldman Sachs planning a stop at ASU, he believes, the students’ hard work is paying off. The firm is a good company that takes only top candidates and is a career target for many students.

As alums succeed, ASU’s reputation grows by word of mouth, Bonadurer says. Those grads become IBIS ambassadors.
At 22 and a new doctoral student, Don Bowen is not yet an investor, although his family still comes to him for financial advice. That’s okay for the Michigan native, now pursuing his Ph.D. in finance at the Simon Graduate School of Business, University of Rochester. Bowen caught the numbers bug during an honors seminar as an undergraduate at Arizona State University and found a career path.

At Rochester, he’s pursuing his doctorate without having a master’s degree, rare but double for bright students. Though his research area is corporate finance, he also loves economics – in a big way.

“I’ve always loved economics,” he says. Macroeconomics, which he calls aggregate economics, will be his minor. “It’s how to make decisions and inform us as citizens.”

Bowen is a member of a small group of doctoral students at Rochester’s department of finance. “It’s a small group, but it’s a productive group,” he says. “They’re very serious.”

The Ph.D. program requires students to take the initiative, and he enjoys being a self-starter. “Some programs kind of hold your hand,” he says. “At Rochester, they don’t hold your hand. I love the challenge.”

Bowen has long been one to rise to a challenge. ASU drew him because of Barrett, the Honors College, a program that nurtures scholars. It was an honors seminar in finance under Professor Michael Hertzel that lit a spark for Bowen to further his education. “This was my original inspiration for going to grad school,” he says, recalling assignments to read a series of papers on corporate empirical finance, material related to current news events. “I found my purpose. That class was fantastic. It hit me – boom – that’s what I want to do.”

Bowen says he acquired practical, demonstrable skills at ASU and praises his professors for their ability to convey their passion to students. “I could not have been more enthused about the preparation I got at Arizona State.”

One of the highlights of his experience was working on the Student Investment Management Fund, which gave Bowen and his classmates a chance to experiment with real dollars and real returns. Working with finance professors Herbert Kaufman and Jeffrey Coles on the SIM Fund, Bowen believes he gained insight into analytical thinking, a hallmark of his ASU degree.

“That is responsible for getting me excited about the markets,” he says. “No one who participates in the SIM Fund leaves without being captivated by the markets. It puts you in an environment where you have to analyze companies and industries as a whole.”

He calls the program “a good anchor,” a guidance mechanism. At ASU, Bowen also had the opportunity to dabble in teaching as a teaching assistant and to study methods of research as a research assistant. Such experience, he says, was valuable in “future roles I might have.”

“The researchers at ASU were fantastic. The Finance Department was so helpful… ASU was perfect.”

At Rochester, Bowen is seeking the same kind of mentor he had at ASU. His new department, he says, is invigorating its faculty by an infusion of young researchers.

Bowen’s interest in the markets is spurring him to his goal of becoming a professor himself and being able to pass along history to his students. “Living conditions even a century ago would probably be unrecognizable to most modern Americans,” he says. He believes the markets have fostered the growth in our standard of living – “all the things that happen every day that we don’t even notice.”

“I think the markets’ role is that it hands the power to the individual. It gives power to everyone… to make their own decisions.”

During the next five years, Bowen is looking forward to the opportunity to teach again before finishing his doctorate while also pursuing his research. Though he considers Arizona his home, he’s adapting to the eastern mindset. Adjusting to Rochester was something of a culture shock after growing up in the Midwest and living in the desert, he concedes. “It’s growing on me,” he says with a laugh.
Ph.D. News

Assistant professor Yuri Tserlukievich has been named the new Doctoral Program Coordinator.

Tserlukievich took the position with enthusiasm and has been working closely with fellow faculty and students to make some exciting changes to the program. One of the most influential changes is that the program will now run on a semester basis enabling students to take courses offered by different departments. Tserlukievich says this will allow for students to gain a more well-rounded understanding of finance applications in other fields thus making them more competitive in the job market.

The Department of Finance continues to position itself as one of the strongest in the field, bringing in three new faculty members to participate in the program as well as having three very competitive candidates on the market this year.

Department chair Thomas Bates said of new associate professor Sreedhar Bharath, “We are extraordinarily fortunate to have this rising star in finance join us at W. P. Carey.” Bates calls new assistant professors Oliver Boguth and Cláudia Custódio “two of the brightest minds in the field.” (View related stories on pages 12 and 13.)

Job market candidate Zhen Shi has researched behavioral finance, studying how behavioral biases affect trading decisions and asset prices. Her job market paper, “The Impact of Portfolio Disclosure on Hedge Fund Performance, Fees, and Flow,” investigates the effect of the disclosure requirements that take effect when an investment company’s assets exceed $100 million. She was awarded an honorable mention prize ($2,500) for this work in the Networks Financial Institute (NFI) competition for the best paper in Financial Services Regulatory Reform for 2010–11. NFI is an outreach program of Indiana State University.

Atif Ikram’s research interests lie in empirical corporate finance, corporate governance, and financial institutions and compensation. His job market paper is titled “Why Do Investors Not Detect Earnings Manipulation? The Role of Industry-Specific Discretionary Demands.”

Brian Young’s research goal is to better understand the functions of the board, talent of all stakeholders, implications of various contract designs, and impacts of governance mechanisms as they relate to other parties. His job market paper tests differences between firms’ claims of stock option expense valuation assumptions and reasonable benchmark values and is titled “Variability in Stock Option Expense Reporting and the Impact on Earnings.”

Graduating in 2010, Adam Aiken secured placement as assistant professor of finance at Quinnipiac University in Hamden, Ct., and teaches financial modeling, portfolio theory and practice, and a review course for the Chartered Financial Analyst designation, which students can acquire after passing a series of three examinations to earn their CFA charter.

2010 graduate John Robinson is now assistant professor of business at Viterbo University in LaCrosse, Wisc. Among his duties is teaching in the evening MBA program.
The W. P. Carey MBA at ASU continues to prove and improve its value.

The most recent U.S. News & World Report rankings placed the Full-time MBA No. 28. The program has maintained a top 30 ranking for three consecutive years.

Of the spring 2010 full-time graduating class members, 89 percent secured positions within 90 days of graduation. They commanded an average $86,000 average base salary, a 5 percent year-over-year increase for finance students. From 2007–2010 major companies hiring our MBAs with financial management and markets specializations include Gore Creative Technologies; Sandia National Laboratories; Intel; Goldman, Sachs & Co.; Cole Real Estate Investments; AON; CVS Caremark; Citi; PetSmart; Smith Filter Corporation; Bank of America; Blue Mountain Regulatory Asset Manager; First Solar; Liverpool; American Express, and ncb Financial Group.

Several full-time finance students who will graduate in May 2011 have already accepted employment offers. All students now in the second year of the full-time program engaged in summer internships, gaining valuable real-world experience at such companies as Bank of America, Intel, On Semiconductor, Apple, Cox Communications, and Republic Services, Inc. Several students participated in the MBA Student Investment Management Funds program.

A W. P. Carey MBA team secured a sweet win over University of Arizona and Thunderbird School of Global Management teams to secure the ACG Cup in 2010. The Arizona Chapter of the Association for Corporate Growth sponsors this case-study competition, which is designed to give MBA students real-world experience at such companies as Bank of America, Intel, On Semiconductor, Apple, Cox Communications, and Republic Services, Inc. Several students participated in the MBA Student Investment Management Funds program.

An ideal for individuals who need flexibility and convenience but who desire a high-quality, highly ranked MBA degree, the Online MBA continues to grow. A new development for this program is the introduction of areas of emphasis in finance, marketing, supply chain management and international business.

If you have opportunities available and would like to discuss employing MBA graduates with specializations in Financial Management & Markets or in Supply Chain Financial Management, or if you are interested in providing internships for continuing students, please contact the Graduate Career Management Center. The Graduate Career Management Center offers employers many ways to connect with our MBA and graduate students and alumni. Our Recruitment Services Team will consult with you to develop a strategy to ensure effective and efficient use of your resources. Contact Roxanne Reddick at 480-965-9217 or roxanne.reddick@asu.edu to discuss the best approach for your organization.

For information about how to pursue an MBA at the W. P. Carey School of Business, contact us at 480-965-3332 or wpcareymba@asu.
Scholarship Highlights

The Department of Finance is privileged that numerous private businesses, corporations, foundations, alumni and individual donors fund scholarships and enable us to present awards for our students. Many thanks to the donors for supporting the following for 2010–11:

Scholarships

- Allstate Insurance Company Scholarships in Finance
- Consular Corps of Arizona Scholarship
- Dan & Elizabeth Mullen Scholarship in Finance
- Emil Barberich Scholarship
- Finance Advisory Board Scholarship
- Finance Alumni Scholarship
- Henry & Betty Kaufman Memorial Scholarship in Finance
- Intel Scholarship
- Investment Banking Industry Scholars (IBIS) Scholarship
- Jack D. Furst Honors Scholarship
- Larry Sey & Barb Walchli Scholarship
- Phoenix CFA Society Scholarship
- Risk Management Association Scholarship
- Rudy R. Miller Business-Finance Scholarship
- Schembri Honors Scholarship

Awards

- Finance Advisory Board Outstanding Graduating Senior Award
- Wall Street Journal Student Achievement Award
- Wells Fargo Bank Awards for Leadership in Finance

McCord Scholars

Finance students represent eight of the 10 students named McCord Scholars for 2010–11. McCord Scholarship awardees are Arizona residents who have demonstrated community involvement and stewardship, academic excellence and leadership. Each scholar receives $10,000 toward their academic careers. The program has been made possible through a gift of $6 million to the W. P. Carey School by donors Robert and Sharon McCord.


Not pictured: JUAN MENDOZA, ’11 Finance and Economics

Scholarship Recipient Follows in Family Footsteps to Attend ASU

Shannon Baker, ’14 Finance, was among the first three recipients of the Arizona State University Alumni Association’s Legacy Scholarship, established in 2010 to ensure that receiving an ASU education becomes a family affair. She received $1,000, or $500 per semester. Children and grandchildren of ASU Alumni Association members are eligible to apply for the scholarship. Baker says her stepfather, an ASU graduate, inspired her to pursue post-secondary education at Arizona State, and she is proud to follow in his footsteps.

Legacy Scholarship applicants must demonstrate evidence of academic success, a strong commitment to community service and/or university involvement, and dedication to the achievement of their personal and educational goals.

For more information on the Legacy Scholarship program and other awards and scholarships offered by the Alumni Association, visit http://alumni.asu.edu/awards.

10 Reasons Why It’s Smart to Belong to the ASU Alumni Association: alumni.asu.edu/join/reasons

Join today and receive some great benefits (network, discounts, travel and more).

For information about the W. P. Carey Alumni Association, visit wpcarey.asu.edu/alumni.
Rudy R. Miller Business-Finance Scholarship

The Miller Group awarded the third annual $2,500 Rudy R. Miller Business-Finance Scholarship to Dana Emery, ’11 Finance and Economics. Rudy Miller, chairman, president and CEO of the affiliated group of Miller entities, established the scholarship in 2008 to express his and his firm’s support of ASU, in particular the W. P. Carey School of Business, and to encourage and recognize academic excellence in outstanding students.

The Rudy R. Miller Business-Finance Scholarship is determined by merit and awarded annually to a junior or senior pursuing a degree in finance or business administration at the ASU W. P. Carey School of Business.

Stay Connected
Send your email address and any physical address changes to wpcareyfin@asu.edu. Please include your full name and year(s) and ASU degree(s) earned.

Have you seen it yet?

Check out the Department of Finance’s fresh new website at wpcarey.asu.edu/finance

We hope you’ll agree that the new site is a vast improvement. The changes include:
• Making it easier to find the program and services information you need—whether you are an alumnus, parent, business colleague or Undergraduate, MBA or Ph.D. student
• Expanding student and alumni testimonials about the finance program, faculty, and course and program offerings
• Providing access for alumni about how to stay connected, and imparting alumni success stories in the Alumni section
• Pointing to career facts and resources in the Careers in Finance section
• Sharing calendar information about upcoming events on the Home page
• Conveying timely information in the News & Events section, including department news updates in Highlights, access to faculty interview quotes in Media Archives, and more
• Providing effortless access to faculty and staff information—via a button on the Home page for the Department Directory

We hope you’ll find the Department of Finance website a valuable resource and will visit it often.

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