



Spring 2006

Issue 5

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*Beta Alpha Psi
Iota Lambda Chapter
Superior Chapter Since 1998*

**Lubin School of Business
Pace University**
<http://webpage.pace.edu/BetaAlphaPsi>

President's Address

Thommy Guerrero

If you ask me to describe my experience during this year, especially this semester, the term "phenomenal" will be understating it! When accepting the position of president of the Iota Lambda chapter, I knew I was going to work with nine other talented leaders and a dedicated and caring faculty advisor, from whom I would be able to learn a lot. I knew that I was charged with leading one of the most prestigious chapters in the nation. I was also aware of the legacy that I had to follow, as our past president, Anthony Vinci, did a terrific job at taking this chapter to another year of national superior status – no pressure! What I did not know, however, is how much I would learn and how much fun I would have doing this job. The learning and enjoyment was facilitated by our professional meetings, outstanding community service events and the unparalleled motivation and passion demonstrated by every member of

this chapter during every event that took place this year.

On the professional development front, the Iota Lambda chapter was graced by a list of all star speakers this semester. We opened the spring semester with Daniel Rodriguez from Management Leadership for Tomorrow (MLT) discussing job preparation tactics and the ways MLT can help minority students prepare for business school. This meeting was followed by representatives from Toastmasters who provided the chapter with tips on how to be better public speakers. The president elect of the national chapter of Beta Alpha Psi and National Director for the Business Risk Services practice of Ernst & Young LLP, Kenneth Bouyer, made a very insightful presentation on the steps to a successful career. Kenneth provided examples from his experiences to tell the chapter how it is possible to achieve a work life balance. Darys Estrella from Goldman Sachs talked to the chapter about what a day in the life of a trader is like. Robert Power from

the New York Stock Exchange gave the chapter a systematic presentation on the changes the exchanges are facing due to technology and domestic and international consolidation.

Additionally, we had a great presentation about information technology was the one made by Mike Money from Protiviti Inc. Mike gave the chapter an overview of the many threats individuals and corporations face and how they can manage their exposure. Neil Kuttner, former CFO of Sanford Bernstein (now AllianceBernstein), provided a thorough explanation of what a hedge fund is and the pros and cons of investing in them. Our recent alumnae, Kamaldeep Kaur Jeanne Kovalski, Regina Libina, and Diana Persaud, talked to the chapter about their experience as first year auditors. Anthony Campanelli from Deloitte & Touche LLP made an insightful presentation on how

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Regionals Recap

Varun Ahuja

Befitting a tradition of excellence, the Iota Lambda chapter redefined the very word. On the first weekend of April, twenty of the chapter's finest called the Constitution State home for a weekend. The occasion was the Annual Beta Alpha Psi Atlantic Coast Regional Meeting. The two day regional meeting was held in Hartford, Connecticut this year and was hosted by the University of Connecticut.

The festivities began on Friday with the Leadership Conference where Peter Bartok of KPMG highlighted the qualities of a leader through an interactive presentation. The exercise was followed by the night's welcome dinner hosted by UCONN's accounting department head,

Mohamed Hussein. The delightful meal provided an excellent cap off to a busy day, allowing the conference attendees to relax and network with the regional Beta Alpha Psi community.

Yet it was day two of the meeting where the chapter truly made the region take notice of Pace University. The day began with a presentation from Christopher Bradley of Deloitte, who highlighted the essence of a true leader through an allegorical representation. After his opening presentation the day's activities were set into motion. Throughout the day member panel



discussions took place to give other different schools insight on how different chapters run. Each panel had a Pace representative on it. The first panel was a social events panel where Thommy Guerrero and Abigail Capili shared ideas on how to spend time with your members on a less formal basis. Varun Ahuja and Jeannette Winter took part in the Vice President panel, discussing how responsibility is divided and

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The Other Side of Personal Success- Giving Back to Our Community

Rongchen Chen (Chris)

Part of Beta Alpha Psi's mission is to encourage a sense of ethical, social, and public responsibility among members. To be a successful professional, only having professional knowledge is not enough. We also need to be ethically and socially responsible. The Iota Lambda chapter believes that helping others and making the community we live in a better place is a great part of our success.

The Iota Lambda chapter truly understands the importance and benefits of community service events to our members and pledges' personal, ethical, and social awareness development. Personally, I did not participate in any community service events before I joined Beta Alpha Psi. However, after I joined the Iota Lambda chapter, I found service events to be fun and fulfilling experiences. They helped me to realize that there are many people who are not as lucky as I am, and they need my help. I feel the service events I did helped me to become a better and more well rounded person because I could make differences in others' lives by volunteering my time and services.

Every year, our chapter has different kinds of community service events to make sure our

members and pledges have plenty of opportunities to give back to the community. For young kids, we organized the Bulletin Board Event, and participated in Paint the School Day, and March of Dimes. For elderly people, members of the organization visit nursing homes. Our chapter also participates in Meals on Heels and Peanut Butter and Jelly Wars, the end product benefiting homeless people. The chapter has also implemented a new Financial Literacy event and tutoring services for high school and college students. Every year we join thousands of volunteers at the Making Strides Against Breast Cancer Walk in Central Park. The organization serves the general public of New York City by joining NY Cares's Hands on NY Day and participating in VITA (Volunteer Income Tax Assistance) program.

Every spring semester, the biggest and most influential service event is VITA. VITA is a nationwide volunteer income tax assistance program that helps low income taxpayers prepare their income taxes for free. This program gives our members and pledges the chance to use their professional knowledge in taxation to assist the general public. The program really

helps hundreds of low income families to save money on preparing their tax returns. The impact of our services is very direct and beneficial, and the experience is very fulfilling for our members and pledges. Moreover, by serving those low income families, our members and pledges have the chance to see that there are people who live on very limited income, and that they need us to do more to help them improve their living quality.

Sometimes, so much focus is put on our personal and professional development that we forget we are part of our community. The events we hold increase our members' social issue awareness. Regardless of the type of service event, every event helps members realize that there are many people out there who need our help. The impacts of these service events will stay with our members even after the events pass. Perhaps in the future, after they leave our chapter, they will still remember to bring hope to our community and others. Helping others and giving back to our community ensures that our members will be better and more successful individuals in their future careers and personal lives.



Beta Alpha Psi members creating bulletin boards for a children's hospital

Regionals Recap (continued from page 1)

how to maintain good communication with members and faculty. The last panel featured Judy-Ann Thompson. Chapters shared their strategy for educating and recruiting pledges.

Finally, after lunch that day, it was time for the Best Practice presentations. Presenting in the "Professional/Service" category were Abigail Capili, Rongchen Chen and Hugo Santillan. Through an awe inspiring presentation describing a service event aimed at increasing financial literacy among high school students, the team was able to garner top honors, winning first place. Presenting under "Chapter Operations" were Melisa Boodram, Elizabeth Lenny and Judy-Ann Thompson. Their presentation showed how we "worked our plan" to increase the number of finance majors in the chapter. The idea and the presentation were well received by the judges and allowed Pace to secure another first place award in

the competition. Competing in the "Strategic Planning" category were Varun Ahuja, Fatime Ardolic and Thommy Guerrero. Presenting on how Beta Alpha Psi should reorganize its chapter awards and recognition programs to better align them with the overall organizational goals, this team also took first place. When all was said and done, the Iota Lambda chapter had completed a clean sweep of the presentations, attaining first place in each and every category. The three first place finishes mean that each team will be competing at the national conference in Washington, DC this summer.

The conference was in its simplest form a true display of the Iota Lambda chapter's preeminence. Taking first place in each category is no small feat by any measure and can not be hyped enough. Not only did the chapter as a whole walk away with a sense of fulfillment but each member felt as if they had witnessed the greatness of Beta

Alpha Psi. As Judy-Ann Thompson put it, "Presenting at the regional conference and winning first place is great in its own right; but what's even more fulfilling is having the opportunity to see what Beta Alpha Psi is about outside the confines of our chapter. I can truly say that after the weekend I walked away engrossed in a culture that fosters the best and the brightest. That in itself gives me unmatched pride."

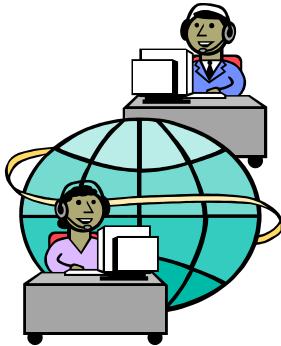
At the regional meeting the Iota Lambda chapter sought to not only continue a legacy of success but advance that legacy; and through the dedication of the executive board, membership and the faculty adviser, the chapter did precisely that. It redefined what success is and reset its bar. As the chapter looks on to the national conference this summer and the regional conference next year, it is confident that it will continue to maintain its superiority and success year after year.



E-Board members present to judges and students

Alleged Migration of American Jobs Abroad

Alejandro Oglivie



Should Americans, or those who are employed within this country, be alarmed by outsourcing? It is reasonable to a certain extent; when dealing with the economic effects caused by outsourcing. However, to assume that outsourcing directly leads to unemployment is not sensible. Believing that outsourcing results in unemployment is the economic equivalent of believing that the world is flat. The creation of new jobs overseas will eventually lead to more jobs and higher returns in the United States.

Outsourcing takes place when a firm subcontracts a business function to an external supplier. This practice has been common within the United States economy for some time. During the 1990's, offshore outsourcing began to gain economic popularity. American Express for example, outsourced back office operations to India. However, Americans didn't take notice because the number of jobs leaving the United States was fewer than those created in the economy at that time. Luckily, most jobs cannot be outsourced due to location or geographic proximity. These jobs relate to a specific demographic and can encompass jobs anywhere

from retail to marketing. Essentially, they are services that must be consumed and produced locally.

Forrester, an independent technology and market research company, predicted less than 2 years ago that 3.3 million jobs will be lost over a span of 15 years. Placed into context, this signifies that 220,000 jobs will be displaced due to outsourcing per year. If we factor in the total employment within the United States, which is roughly 130 million jobs, the 220,000 jobs being displaced do not seem as significant in relation to total employment. Furthermore, 22 million jobs are expected to be added by 2010.

A Datamonitor study revealed that global call-center processes are being outsourced at a slower pace than previously thought; only five percent are projected to be located offshore by 2007. Dell and Lehman Brothers have moved their call-centers back to the United States from India due to customer complaints. Delta Airlines outsourced 1,000 jobs in 2003, which resulted in a surplus of 25 million dollars which allowed the addition of 1,200 new job positions in reservation and sales.

If the outsourcing procedure is implemented appropriately, the offshore outsourcing of call-centers creates new jobs. According to the Bureau of Labor Statistics "Occupation Outlook Handbook," the number of IT-related jobs is expected to grow 43 percent by 2010.

Countries are successful when they focus on sectors in which they have a comparative advantage and a low opportunity cost. Specialization allows for an increase in productivity for all countries, as well as cheaper goods. The standardization of some business practices, such as data entry or IT support, should be outsourced so that companies can be more productive and focus more on their business and what they specialize in.

Trade protectionism leads to an unproductive subsidy for uncompetitive sectors of the economy, which leads to an increase in prices for consumers and a decrease in returns for investors. It conserves jobs in less competitive sectors while tearing down jobs in sectors that have a comparative advantage; therefore, if blockades are raised to avert outsourcing, the overall outcome will not create jobs, but destroy them.

Accounting for Stock Options

Judy-Ann Thompson & Jeannette Winter

"By not burying the impact of compensation expense in the footnotes users can clearly see the direct impact on income."

What are employee stock options? An employee stock option gives an employee the right to buy a certain number of shares in the company at a predetermined price. In the past, companies had the choice of measuring stock options at their intrinsic value (APB Opinion 25) or fair value (FASB 123). If a company used the intrinsic value method, the FASB required a disclosure of the fair value method in the notes to the financial statements.

When options are measured at their intrinsic value, compensation expense is usually equal to zero, which results in net income being overstated. The difference between the market price of the shares and the option at which they can be acquired is the intrinsic value. After a long debate

the FASB overturned APB Opinion 25 in 2004 and now requires companies to use the fair value method (FASB 123 revised), which forces companies to record compensation expense. FASB 123 Revised states "Recognition of that compensation cost helps users of financial statements to better understand the economic transactions affecting an entity and to make better resource allocation decisions".

By not burying the impact of compensation expense in the footnotes users can clearly see the direct impact on income. If all companies are allowed to use different accounting methods, it hinders users of the information from comparing the financial information. In addition this requirement makes GAAP simpler.

In implementing FASB

123 revised, companies must use option pricing models in measuring the fair value of the options. There are a number of option pricing models available to measure the fair value of options, but the FASB is saying that the most accurate model is the Lattice-based model, which is considered more accurate than the Black-Sholes model when measuring stock options.

Many companies that used the intrinsic value method in the past are not in favor of this new rule because the change to FASB 123 revised will be done retrospectively. However, companies that used the fair value method won't have the same experience or opinion as those that used the intrinsic value method.

Mergers & Acquisitions: A Fact of Life in the Business World

Anthony Vinci

*"Whether it's news
of a new bid made
or the collapse of a
potentially historic
deal, M&As are
everywhere"*

Mergers & Acquisitions (M&As) and corporate restructuring are not only a big part of the corporate finance world, but also a large part of the business world as a whole. Every single day, investment bankers work to arrange M&A transactions which bring separate companies together to form larger ones. M&A deals can often be worth hundreds of millions, or even billions, of dollars. M&As are a constant presence in world business news; normally with at least one headline in every issue of the NY Times and Wall Street Journal. To understand M&As, you must first understand the very basics of them and the synergy they hope to create for the combination.

What is the Main Idea?

$2+2=5$. That is not an error but the actual expected outcome of an M&A deal. Value is expected to be created that would not be present if the companies remained separate. Basically, two companies are worth more together than they are separately—or at least that is the goal. The hope is that the companies will come together to gain a greater market share or achieve greater efficiency in operations. The potential benefits to both companies are the reason a company will often agree to be purchased when they know they cannot continue to survive as a separate entity.

Merger vs. Acquisition

Mergers and Acquisitions often are used synonymously, but actually have two different meanings. When a purchase in which one company takes over another and clearly established itself as the new owner takes place, it is called an acquisition. Legally, the target company, or the company being acquired, ceases to exist. Essentially, the buyer swallows up the seller's business and the buyer's stock continues to be traded. In contrast, a merger happens when two firms, often about the same size or considered equal, agree to go forward as a single new company rather than remain separately owned and operated. Both companies

surrender their stock, and new stock is introduced in its place. For example, when Daimler-Benz and Chrysler merged, each company separately ceased to exist, but a new company, DaimlerChrysler, was formed. Actual mergers do not happen very often; rarely is a combination of equals seen. Since being bought out or acquired often carries a negative connotation, a deal's are often proclaimed a merger of equals. When a deal is unfriendly, meaning the target company does not want to be purchased, it is always referred to as an acquisition. Whether a deal is labeled a merger or an acquisition depends on whether it is a friendly or hostile takeover. The real difference is how the purchase is communicated to and received by the target company's board of directors, employees and shareholders.

Synergy: Ultimate Goal of an M&A

Synergy is the magical force that makes $2+2=5$. It allows for enhanced cost efficiencies of the new business and can take form in revenue enhancement and cost savings. A company hopes to benefit from staff reductions. Unfortunately from the perspective of an employee, mergers mean job losses. The rank and file employees are not the only ones affected; the former CEO often leaves, although usually with a very nice compensation package. Economies of scale also come into play; a bigger company placing orders, even for minor items, can save on costs by making larger purchases and negotiating lower prices. Often one company acquires another company to obtain some valuable source of technology. For example, the battle between Johnson & Johnson and Boston Scientific to purchase Guidant was essentially to take advantage of Guidant's industry leading medical device, the vitality defibrillator, and have market leadership in the area of medical devices. Companies buy companies to reach new markets and grow in revenues and earnings. A merger can also improve a

company's standing in the investment community because bigger firms often have an easier time raising capital.

Achieving synergy is easier said than done. It is not an automatic phenomenon. Sometimes only an image of enhanced value is created by the CEO and investment bankers when there is no real value to be created.

M&As are Everywhere!

M&A transactions are happening every day. M&A activity greatly influences the market, the industries involved, and the perceptions of people in every facet of the business world. Below are examples from the Wall Street Journal on March 24, 2006 alone:

- Lucent Technologies Inc. and France's Alcatel SA were in advanced talks about a merger that would create a trans-Atlantic equipment supplier with a market value of \$33 billion in the rapidly consolidating telecommunications industry.
- Aviva PLC withdrew its merger proposal for smaller rival Prudential PLC Friday, effectively ending its bid to create British-based insurance giant just days after it announced the approach.
- Check Point Software withdrew plans to buy a smaller U.S. rival for \$225 million after the Israeli software firm faced objections from a U.S. security panel.

Whether it's news of a new bid made or the collapse of a potentially historic deal, M&As are everywhere. Keep up your knowledge of M&As; it is a fact of life in the business world!



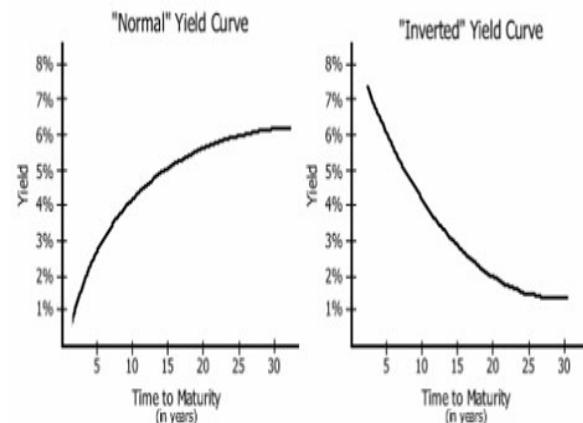
Yield Curve Inversion – The Mystery

Gobind Basur

"I believe factors holding down long term interest rates this time around are unlike those in the past."

In recent times a lot has been said and heard about the term "Yield curve inversion" and its implication for the present day American economy. The price of money is the interest rate. The "Yield Curve" is the graphical representation of the term structure which lists various effective annual interest rates over a period of time. Ideally, this graphical representation would always slope upwards as people demand and expect higher returns for locking in their funds for longer periods of time. However, once every few years, we see the trend reverse, and when it happens the phenomenon is called a "Yield Curve Inversion". An example of this happened in December of 2005, when the 10 year yield of the United States treasury notes was forced below the two year yield. This subject is complex. People have written their PHD papers on it; I will provide a simplified view of the yield curve inversion.

Our economy has seen an inversion before all of the last four recessions. The first to get squeezed are the banking operations as the difference or the spread is the one which allows them to borrow cheap in the short term and lend profitably over a long term. The short term rates are regulated by the Federal Reserve through open market operations. The present increase in the short term rates is in response to the threat of inflation, and therefore the tightening of the money supply through short term interest rate



increases. Ideally, the long term rates would increase in conjunction with this increase. However, this has not been the case as of late. The Federal Reserve has had to walk a thin line between this balancing act of contracting the money supply too slowly and risking inflation or contracting it too quickly and leading to a recession. The question is, are we headed for another recession?

After reading countless articles in newspapers, magazines and online blogs, and analyzing the economics of our complex present day globalized world of finance, I believe the factors holding down long term interest rates this time around are unlike those in the past. In the past domestic investors bought long term bonds in the hope of government cutting short term rates. This time it is the foreign central banks who have been buying our long term bonds in order to keep their currencies from

appreciating. Also the oil windfall of the oil exporting economies, combined with the cheap export earnings of nations like China, are contributing to dollars being invested back by these nations into American assets. Most of these investments are made through long term bonds, pushing their yields lower. A recession is very much a possibility once the foreign consumers decide to stop investing in treasuries, which will lead to a fall in the value of the dollar and hence cause inflation. This inflation will force the Federal Reserve to raise interest rates and cause an economic slowdown. Only time will show how the latest inversion will affect our country.

In the meantime, students of finance should use this experience to learn about the ever changing effects of the complex world of global integration that they will soon enter.

Beta Alpha Psi Celebrates its 10 Year Reunion

"Celebrating a Decade of Leadership"

The Iota Lambda chapter is ending its year on April 19th 2006, by celebrating its 10 ten year history. We will begin Beta Alpha Psi's 10 Year Reunion by honoring Dr. J. Marion Posey. Dr. Posey is the founder of this chapter and a role model for all at Beta Alpha Psi and Pace University. His dedication and commitment to this organization for over 30 years is unmatched and inspirational. That night the chapter will also be honoring Jeanne Kovalski '05 with the Outstanding Alumni Award for her commitment to the chapter during the past year. In addition, each year we are able to nominate a member of the professional community to be an honorary member. This year the Iota Lambda chapter is delighted to induct Ivan G. Seidenberg, CEO of Verizon Communications, into Beta Alpha Psi and honoring him for his personal commitment to Pace University and the advancement of studies of financial information. Another outstanding leader who will be speaking to us is Samuel DiPiazza, Jr. CEO of PricewaterhouseCoopers.

The Iota Lambda Chapter wishes to thank everyone who is taking part in making the event a success.

Iota Lambda Chapter's High School Financial Literacy Program

Abigail Capili

"The students, our members and our alums had a wonderful and memorable time"

This year the Iota Lambda Chapter is celebrating its 10th anniversary, highlighting past leaders and the many accomplishments and contributions that the chapter has made to Pace University and the community. Our chapter always took pride in providing our members with opportunities for professional development and to promote social and public responsibility. This year is no exception.

On Saturday, March 18, 2006, we hosted a Financial Literacy Program for high school students. The purpose of this event was to teach the basic concepts of financial management. We invited high school students from the Academy of Finance and the Pace University Upward Bound Program. The event was structured to be educational and interactive, with the goal of making the event a fun learning experience for the students. As the motto of the event goes, FINANCIAL LITERACY = FUN + LEARNING.

The half-day event was composed of the traditional conference style structure, where participants took part in a welcome session, breakout session, general session and a closing session. Each session had its own flavor and style and was instructed by two to three members of our executive board.

Varun Ahuja, Anthony Vinci and Laura Elliott headed one

of the two breakout sessions "Credit Cards 101." They taught the students the advantages and disadvantages of using credit cards, how to build credit and an introduction to identity theft. Their session included a simulation game involving choosing and applying for a credit card, making purchases and paying off credit card debt.

The other breakout session, "Financial Management" was headed by Fatime Ardolic, Melisa Boodram, and Judy Ann Thompson. They taught the students important concepts such as how to budget, write a check, and balance their checkbook, as well as the importance of saving money account, and writing a check.

The general session, "Financing for College," was headed by Thommy Guerrero and one of our active members. They expressed the importance of setting priorities and knowing the different parties involved, such as their parents, when it comes to financing one's college education.

The welcome and closing session were headed by the event coordinators, Rongchen Chen and myself. Both session involved interactive discussions with the students and a trivia game. The trivia game during the closing session was composed of questions related to the sessions the students participated in. Thanks to all the

firms that donated items to the event, we had the opportunity to hand out prizes to the winning team and the individual students who won during the closing session. In addition, we were able to create small gift bags for the students.

During the students' lunch hour, the students had the opportunity to socialize with our members and alumni as well as other Pace students. During this lunch break, a small Career/Activities Fair gave them an opportunity to learn about internship opportunities with INROADS, and explore careers in accounting and finance with representatives from the New York Society of CPA's and NABA. In addition, they were able to see Pace Financial Aid and Admission representatives.

The event was a big success. We had 40 students participate in the day's event. Students represented 8 different schools from across New York City. Twenty-five Beta Alpha Psi members volunteered; 4 were recent alums. Members and alums participated in the event by being group leaders and mentors for the students. The students, our members and our alums had a wonderful and memorable time. We look forward to continuing the program next year and expanding it by inviting more students to participate.



Students listened attentively while they learned to manage credit cards



Some of the day's cheerful volunteers

Book Review: Blink

Fatime Ardolic

"An interviewer's
 first impression of
 you can make or
 break your chance
 at success"

"You can never have a second first impression." This is a common saying that is preached to business students throughout their college careers, especially as they go out into the business world and search for internships and full-time jobs. In the international bestseller, *Blink*, Malcolm Gladwell examines the power of first impressions and the decisions that we make in the "blink of an eye." His main point is that great decision makers are not the ones that sit and do the most research or explore all options before making a decision but rather the ones who master the art of "thin-slicing." Thin-slicing enables them to make split-second decisions with great accuracy based on the observation of very few, yet key attributes. While this isn't exactly a brand-new and innovative concept, many of the real life examples that he used to support this idea were quite interesting and I definitely found myself analyzing my own actions and experiences from this perspective.

One human tendency which definitely supports Gladwell's idea of "thin-slicing" is the common practice of judging people based on the way they dress.

Not only does this happen when we are walking down the street or through a subway station, but also when we are out in the business world. Being a part of Beta Alpha Psi, we place a very high emphasis on the importance of dressing professionally at all of our events and meetings for this very reason. Dressing professionally gives the impression, at least at first glance, that you are serious about the task at hand. This is precisely the image that we strive to portray and it is always encouraging when others recognize and comment on it. For example, 20 members of our chapter recently went to the Atlantic Region Conference and like our other events, we required that everyone dress in business professional attire even though many participants were in business casual. On the final day of the conference, I happened to be standing with a few of our members waiting for the next breakout session to begin and a faculty advisor from another chapter came over to us and proceeded to congratulate us on how sharp we looked and commented on how it distinguishes us from members of other chapters and shows that we are serious about the task at hand.

This is the very perception that we all strive to arouse when we get dressed for an interview. An interviewer's first impression of you can make or break your chance at success. Similar to the concept behind speed dating or "speed recruiting," an interesting idea implemented by one firm at its second round interviews, an interviewer will draw certain conclusions about you before you even say a word which makes the way you are dressed, your facial expressions, your hand shake, and even the way you *smell* very important to the success of an interview.

Overall, I found *Blink* to be an easy read with some thought-provoking ideas. Gladwell is clearly a strong supporter of making quick decisions but he also takes time to recognize that this method of decision making is not foolproof. I found his examples to be interesting but repetitive and thus lost some of my initial interest in my reading. Despite the repetitiveness, I still recommend *Blink*. The points Gladwell makes about the significance of first impressions and quick decisions are certainly pertinent to our daily lives.

President's Address (continued from page 1)

forensic accountants can help companies detect and even prevent crime.

Additionally, Beta Alpha Psi, in conjunction with the Association of Latino Professionals in Finance and Accounting (ALPFA) at Pace, the National Association of Black Accountants (NABA) at Pace, Phi Chi Theta, and Society for Human Resource Management (SHRM) hosted the 6th Annual Lubin School of Business Spring Banquet, which featured Maria Fiorini Ramirez, President and CEO of MFR Inc. Maria was able to inspire an audience of over 100 with her story of humble upbringing.

In addition to these exciting events, the chapter still managed to give back to the community through the Volunteer Income Tax Assistance (VITA) program and events like March of Dimes and the Arrageous Carnival.

The Iota Lambda chapter also did a terrific job at representing Pace University at the Beta Alpha Psi Atlantic Regional Meeting. Over 50 schools in this region (i.e. Fordham, NYU, Villanova, University of Connecticut, etc.) attended workshops that will help the members of their board improve operations at their local chapters and

competed in presentations in three categories. The Iota Lambda had at least one presenter in every single student run panel! Students and faculty from all over the east coast were very impressed with the way we do business at Pace. Below is the list of competitions and the presenters in each competition

1) Professional Service: this presentation was on a financial literacy program the chapter ran that brought over 40 high school students to Pace on a Saturday. This presentation was made by Abigail Capili, Rongchen (Chris) Chen and Hugo Santillan. Shirley Lau helped with the PowerPoint slides.

2) Chapter Operations: this presentation was on how the chapter expanded its attractiveness to finance majors (by involving more finance firms as speakers, scheduling office visits to Bloomberg, Reuters, and the stock exchange, and promoting Beta Alpha Psi to finance students). The presenters were Melisa Boodram, Elizabeth Lenny and Judy Ann Thompson. Catherine Dauscher helped with the PowerPoint slides.

3) Strategic Planning: this presentation was on how the national Beta Alpha Psi could reorganize its chapter awards

and recognition program to better align incentives with overall organizational goals. The presenters were Varun Ahuja, Fatime Ardolic and Thommy Guerrero. Anthony Vinci helped with the PowerPoint slides

I am excited to say that all three teams won first place and are now heading to Washington D.C. to compete at the national meeting. This is truly a reflection of the hard work and dedication of the members of this chapter.

This year was one of the most exciting in my life. I owe it to such a dedicated chapter, for passion kept me going this year. I also owe this to the outstanding leaders who gave me the privilege of working with them: Varun Ahuja, Fatime Ardolic, Melisa Boodram, Abigail Capili, Rongchen (Chris) Chen, Laura Elliott, Judy Ann Thompson, Jeannette Winter, and Anthony Vinci. Thank you for being my friends, my supporters and my teachers. And last but not least, I thank Dr. Daniel Tinkelman, our faculty advisor. His unconditional support to this chapter and his wisdom provided us with the guidance this chapter needed to reach the highs it did this year. I am confident that with his guidance the incoming board will take the chapter even further!

Chinese Yuan - A US Obsession

Gobind Basur

July, 2005 saw the end of the peg of the Yuan to the American dollar. The Yuan is now pegged to a basket of world currencies and allowed to move in a narrow daily band.

China revalued the currency by 2.1% and since then the Yuan has gained just another 1 % and hence the global dance of revaluation. As a graduate student aspiring to be a part of the future world of finance, this subject has intrigued me for a while now and I disagree with some view points of our politicians. Some United States lawmakers state that the Yuan is being kept artificially weak to promote Chinese exports. This is substantiated by the fact that the Chinese trade surplus with the United States tripled to a record \$102 billion last year. United States senators Charles Schumer, a Democrat, and Lindsey Graham, a Republican, are proposing legislation that would impose heavy tariffs on Chinese imports unless the Yuan is allowed to strengthen. The European Union has already taken an initiative by imposing duties as high as 19.4% on some shoe imports from China.

What does it mean for the common man when we say, "Allow the Yuan to strengthen?" It means that the average consumer

would have to pay more at retail stores as the cost advantage of the Chinese goes down, because of their weaker currency. China has become an export power house of the world. It produces everything from shower caps to semiconductors. The up side for us is that because the cost structure is much lower in China, the affluent US consumer enjoys lower prices. Also, because as China recycles most of its export earnings into American bonds, long-term interest rates in the US are at historic lows. However, since this engine called China not only produces and provides cheap goods but also funds our debt; I wonder how prudent it is for our congressmen to call for a revalued Yuan. A recent World Trade Organization statement revealed plans to levy fines against the United States for its illegal export subsidy practices, diminishing the moral force of our "illegal Chinese exports policies" argument.

Rather than blame China for the deficit problem, America needs to conduct a thorough in-house fiscal cleaning. Americans have begun to spend irresponsibly. The personal savings rate is close to 0% and our economy now requires more than \$ 2.2 billion each day from foreign lenders to make up for our propensity to consume. China

accounts for just a little more than 10% of all United States trade and even if China were to substantially revalue its currency, the net effect on our trade deficits will be minimal. China also happens to be one of the largest holders of US treasury bonds and hence any appreciation of the Yuan could lead to the Chinese selling these bonds, and in all probability, a depreciation of the dollar. In the future, it is quite clear that China needs to let the Yuan appreciate. The government needs to show patience, and not try to rush this process of Yuan appreciation, because it could reach a level where it ends up doing more harm than good.

The United States debt is almost at \$ 8.5 trillion and we have a great need for financing from the rest of the net saving economies. However, what we see is a growing political pressure in terms of Chinese Yuan, blocking of a Chinese oil company bid for Unocal or the very recent blocking of a Dubai owned company from managing and operating certain American ports. Our politicians need to start demonstrating fiscal discipline within the country, and a level of emotional intelligence worthy of our great nation, while dealing with economies externally.

A Tribute to the Iota Lambda Chapter Graduating Class of 2006

Abigail Capili



Everyone that I know says that high school is the best time of your life. I remember graduating 8th grade and everyone was congratulating me saying "good luck, congratulations, you made it, have fun in HS you'll love it, it's the best 4 years you'll ever have." In my perspective, I believe being in college is the best time of your life. But why college?

I define the term "being in college" as the space between us and the real world, in business terms, "Corporate America." It is the bridge, the tunnel, the road or whatever you may call it, to the real world, in other words, to "our future." College is a time and a place. It is a time when we explore different careers. It is a time when we find our strengths and weakness. It is a time when we reach our potential and became the people we want to be since we were children, the doctor who cures the sick or a teacher helping children learn their ABCs. Ultimately, college is the

time when our present meets our future. On the other side, college is the place where diversity lives. Diversity lives through the many people you'll meet and see from your fellow students you sit with in class to the people you always hang out with after class. It is the place where you find people who have the same goals and aspirations in life. It is a place where lasting friendship is made and bonds are formed. Ultimately, it is a place where we develop our social/professional skills and where we meet our future co-workers, colleagues, future CEOs and entrepreneurs. All in all, college is the time and place where we formulate our dreams into a reality.

Pace University is the time and the place where all our goals and aspirations in life become a reality. It was the time where we explore possible careers. It was the place where we learned the important basic foundation of business and life through friends,

faculty and staff. It is the place that enabled us to reach our potential and made us into the people we are today. It is a place where we enhanced our business and professional skills, through internship opportunities that we obtained and through the business organization that we are proud to be a part of, Beta Alpha Psi. Here many of us, like myself, found students that share the same goals and aspirations in life, to become successful in our respective professional careers and be proud to be a part of this organization and this university.

So...why college? College is both an end and a beginning. It is an end to the cycle of the education institution that we have to go through. At the same time, it is the beginning to our professional life.

To everyone graduating this year, Congratulations and Welcome to the beginning to a new chapter of your life.

Enron Trial Happenings

John R. Bennett



It is hard to believe it has been five years since the scandalous collapse of a "Fortune 10" company led to the most extensive financial reform since the Great Depression. Thanks to Enron, amongst others, we now have the Sarbanes Oxley Act, as well as a new understanding of a range of accounting issues, such as; special purpose entities, derivative transactions, mark to market accounting, and related party transactions. The criminal trials of Enron executives have been taking place over the past year, and have proven to be quite exciting.

On March 2, David Delaney, former boy wonder at Enron, testified in the conspiracy trial of Enron founder Ken Lay and former Chief Executive Jeffrey Skilling. Delaney testified, "We lied to shareholders, employees, the public, it was just plain wrong." Delaney also stated that Skilling, along with six other top company executives, agreed in March 2001 to hide Enron's \$200 million in losses. Delaney said they did this by moving the financially stressed retail division he ran into Enron's healthy wholesale business unit so the retail division would not have to disclose the losses.

Former Enron Chief Financial Officer Andrew Fastow also testified against his former bosses. Fastow recalled a partnership called LJM1, which

inflated earnings due to potential future losses they were facing from an investment in a small start up firm. Skilling told Fastow, "Get me as much of that juice as you can" referring to LJM1 transactions. Fastow said the partnerships were designed to swap assets with Enron in carefully coordinated transactions so it could report the numbers it wanted. Fastow also described being urged by Skilling to have one of the LJM partnerships buy a minority stake in a Brazilian power plant owned by Enron because Enron's South American unit was struggling to meet its earnings target. Fastow testified, "I told him it was a piece of (explicative) and no one would buy it." Lay and Skilling showed little reaction during Fastow's testimony.

On March 15, 2006, Sherron S. Watkins, former Enron Vice-President, testified that in August 2001 she discussed her concerns that the off-the-books structures known as "Raptors" would harm the company because they owed Enron \$500 million and only had Enron stock to repay the debt. Ms. Watkins recounted how Lay ignored her advice to seek separate accounting and law firms to look into the matter. She also stated that two months after Enron declared bankruptcy, Enron's law firm Vinson & Elkins had tried to fire her after she spoke up. In their

defense, a Vinson & Elkins attorney has denied the firm tried to have her fired.

On March 22, 2006, Ben F. Gilsan Jr., a former Enron treasurer, testified that Ken Lay presided over meetings in which top executives discussed the company's precarious finances and endorsed the continued use of complex accounting arrangement because it made it possible for Enron to meet Wall Street's earnings expectations. Mr. Gilsan testified that Lay assigned him to "feel out" credit ratings analysts to see how big an accounting charge the company could take without risking a debt downgrade, which was \$1 billion. Mr. Lay endorsed the continued use of structured finance transactions to help the company meet its earnings targets during a two-day meeting of senior executives in Houston in September 2001.

While the Enron trial has been financially complicated, the prosecution has been able to keep focus on what the defendants actually said. The defense initially tried to confuse the jury by cross-examining witnesses on complex accounting issues, while dragging out the case. As of yet, the trial is ongoing. We are still awaiting testimony from the two main defendants, which should only add to the excitement of the trial.

Finding that Perfect Entry-Level Job

Victoria Ward



As the end of another school year approaches, most seniors are getting ready to graduate and enter into the fields of their respective professions. However, for most seniors the finale of their undergraduate academic life is daunting. The reason for this anxiety of graduation is the fact that many seniors have yet to find a JOB. Early in the fall 2005 semester, seniors were busy having two to three interviews per week with the lucky ones having sometimes four per week. This onslaught of first and second round interviews continued for about two months, until finally a call or a letter was received with an OFFER, proving that the purchase of the new suit and shoes and being late to some classes due to interviews was worth it. However, what about the few who are unable to enjoy their last semester at Pace

University due to their frustration of not being able to land that first entry level position? It is sad because after spending a rough four years in college the average senior expects to be rewarded with a great high paying job at a Fortune 500 firm. But what to do if you are a graduating senior with only one month left to find that Fortune? These are a few suggestions that have been successful:

- Start networking more with people in your respect profession
- Talk to your career advisor and ask him/her to help you improve your resume and your job hunting skills
- Talk to your professors about your situation, as they might know persons or firms who might be looking for new graduates to fill certain entry-

level positions – remember it doesn't hurt to ask

- Contact past interviewers; they might be able to give feedback as to the strengths and weaknesses of your past interviews
- Place your resume on certain recruiting websites such as Monster.com to gain access to a larger job market
- Lastly, if all else fails apply for an internship during the summer and use that as a gateway to a full time position but PLEASE remember to explore all other options.

Job-hunting is a very difficult task to deal with and therefore, it should be handled in a persistent manner since it will determine the future of your career. Remember there is still HOPE.

Reaching Out

Jeannette Winter & Catherine Dauscher



Foster children play carnival games run by members

Every semester the Iota Lambda Chapter allows their membership to take part in a wealth of community service events. This semester featured the following:

ARTrageous Carnival - March

Volunteers ran carnival games and an arcade for foster children in New York City. Also, they ran the petting zoo and other games. Both the children and our members at the carnival had a memorable day. It was great being able to brighten the day of NYC's foster children.

Tutoring –February-March

Volunteers showed up 3 days a week to offer help to fellow students in accounting, finance, and information system classes.

Bulletin Boards - February

We teamed up to create colorful and informative bulletin boards for the Mt. Sinai Children's Hospital. Volunteers spent the afternoon sketching drawings and information onto bulletin boards, illustrating the importance and major aspects of bike safety and exercise. Some students later took the trip to the hospital to hang up the board and received thanks from the entire Pediatric staff!

VITA – February-April

Our Volunteer Income Tax Assistance Program is our largest service effort. Our volunteers began by completing a training program and certification test administered by the IRS in January. From February through the

deadline in April, volunteers prepared federal as well as state income tax returns for fellow students and low income families in the community.

Hands on NY Day - April

Hands on NY Day is a city-wide effort to clean parks all over the city. Beta Alpha Psi's members and pledges will join the 3,500 person effort to restore and beautify 3 parks in the Bronx.

March of Dimes – April

Iota Lambda Chapter will be volunteering for the 3rd year in a row at the March of Dimes Walk. We will be greeting walkers and helping them check in and register.

A Feast of Professional Growth

Varun Ahuja



Students were able to network with representatives from ten firms at our "Meet the Firms" night

It was professional development galore at the Iota Lambda chapter this past spring semester! Featuring a calendar loaded with exciting field trips, "Meet the Firms" night, and numerous career development presentations, the chapter enjoyed a feast of professional growth.

The semester's most anticipated event was "Meet the Firms." This night of networking provided the membership with the opportunity to mingle and network with the corporate world. Participating firms included Protiviti, Deloitte & Touche, RSM McGladrey, KPMG, Ernst & Young, JPMorgan Chase & Co., PricewaterhouseCoopers LLP, J.H. Cohn LLP, Grant Thornton LLP and FTI Consulting Inc. With great corporate participation, delightful hors d'oeuvres, and eager students the night was a breathtaking success. As Jeannette Winter put it, "I met so many professionals and learned so much about the firms; the night was utterly amazing!"

The semester also provided the membership with the opportunity to visit and experience corporate workplaces. In February the chapter was invited to the offices of Ernst and Young in Times Square. In March, field visits included the financial capital of the world: the New York Stock Exchange. A once in a life time experience for many of the visitors truly left many of our members gasping for air. Fatime Ardolic put it best: "It was a dream come true! When do we go back!?" Also visited during the semester was the Zicklin School of Business School of Business at Baruch College where our members underwent Reuters training. This training session gave everyone exposure to the Reuters platform by allowing them to look at real-time quotes, news, graphs and fundamental data of an array of securities. The visit truly was perfect for any finance major or aspiring day trader!

The Iota Lambda chapter truly had one of its most successful semesters of professional

development meetings ever. Meeting topics ranged from public speaking to forensic accounting. The international speaking organization Toastmasters visited Pace in February; bringing with it an onslaught of public speaking pointers for our membership. The Iota Lambda chapter appreciates the following organizations' support: AXA Financial, Baruch College, Bear Stearns & Co., California State Society of CPAs, Deloitte, Ernst & Young, FTI Consulting Inc., Goldman Sachs, Grant Thornton, INROADS, J.H. Cohn, JPMorgan Chase & Co., KPMG, Management Leadership for Tomorrow (MLT), NYSSCPA, NYSE, PricewaterhouseCoopers and Protiviti. Our chapter is eternally grateful to the firms who hosted professional meetings this semester; without their support the calendar would not have been what it was. As another year comes to an end the chapter rests assured that next year will prove to be as exciting and educational as ever!

To all our members who have accepted full time jobs or internships: Congratulations!
Your hard work has paid off. We wish you the best of luck in everything you do!

Full-time Position

Name	Company
Sabina Agaronova	Deloitte & Touche LLP
John Bennett	KPMG LLP
Melisa Boodram	Ernst & Young LLP
Abigail Capili	Protiviti Inc.
David Denman	Grant Thornton LLP
Thommy Guerrero	PricewaterhouseCoopers LLP
Lisa Kwok	Ernst & Young LLP
Jason Lam	Friedman LLP
Vince Lieu	KPMG LLP
Janet Louie	BDO Seidman LLP
Lyubov Shimunova	Goldman Sachs
Judy-Ann Thompson	Ernst & Young LLP
Natalia Tsartsichnaya	KPMG LLP
Anthony Vinci	Ernst & Young LLP
Victoria Ward	PricewaterhouseCoopers LLP
Jeannette Winter	Deloitte & Touche LLP

Summer Internship Position

Name	Company
Varun Ahuja	Deloitte & Touche LLP
Fatime Ardolic	KPMG LLP
Gobind Basur	KPMG LLP
Miao Yee Chen	American Express Co.
Rongchen Chen	KPMG LLP
Laura Elliott	Deloitte & Touche LLP
Shirley Lau	BDO Seidman LLP
Youngeun Lee	Lulu Guinness Corp
Elizabeth Lenny	JPMorgan Chase & Co.
Chris Monello	JPMorgan Chase & Co.
AJ Oglivie	IBM Corp.
Matt Parascandola	Deloitte & Touche LLP
Sigrid Richards	PricewaterhouseCoopers LLP
Dennis Saslofsky	JPMorgan Chase & Co.

Honorary Members

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Chief Executive Officer,
Verizon Communications Inc.
Board of Trustees Member,
Pace University

Robert C. Oelkers
Board of Trustees Member
Pace University

Andrew Bergman
Senior Manager
PricewaterhouseCoopers LLP
Lubin Alumni Board

James E. Healy
Board of Trustees Member,
Pace University

Mary Foster
Partner-In-Charge,
Deloitte, National Higher Education
& Not-for-Profit Services Group
Corporations

Jodi Mutnansky
Former Executive Director of
Marketing
Hispanic Broadcasting

James A. Anziano
Partner,
Pustorino, Puglisi & Co. LLP

Arthur Centonze
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Lubin School of Business

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Alexis Kraus





Members and pledges created a bike safety bulletin board to be displayed in a children's hospital



Beta Alpha Psi Alumna joined over 30 current members at the ARTrageous Carnival



These ladies were dressed for success at the Atlantic Coast Regional Meeting



Our members and pledges were all smiles as they spent the day with running carnival games for foster children



Keeping the attention of 40 high school students was no problem while making financial literacy FUN + LEARNING



Members and pledges create a colorful bulletin board to show children the importance of exercise



Members, pledges & alum joined together to teach high school students about financial literacy



Some of our members taking a break from networking at our "Meet the Firms" Night



The Iota Lambda chapter took part in three different panels at this year's Regional Meeting



Presenting in the category of Strategic Planning, this team took **first place!**



Presenting on how our chapter successfully increased our finance majors, this team took **first place!**



Presenting about teaching local high school students about financial literacy, this team took **first place!**