

Peppi Kenny, Editor

### A Message from Interim President Robert Balik

Academy Members,

Special thanks to everyone who has helped with the program this year. A very special thanks to the academy's program chair, Sheri Faircloth. You have to do this job to realize the amount of effort it requires.

Congratulations to Sung Bae, Bowling Green State University, and Hoje Jo, Santa Clara University, for the Academy of Finance award for the best overall paper, "Do Underwriter Warrants Signal Long-Run Growth Potential."

#### A few of our accomplishments:

- Continued growth of the organization.
- Received an anonymous gift of \$600. Most of this is being used to fund the \$500 best teacher award.
- Started an electronic version of the proceedings.

#### Luncheon:

- We are fortunate to have Professor Art Keown as our luncheon speaker.
- The best teacher award will be announced at the luncheon.

#### Additional thanks to:

- Don Johnson for quickly responding to my many e-mails.
- Ernest Biktimirov for overseeing the best teacher award.
- Olgun Sahin for overseeing the best in track paper awards.
- The track editors that helped Olgun Sahin.
- Tom Krueger for preparing the *Proceedings of the Academy of Finance*.
- Thanks to Charles Rayhorn for registering the Academy of Finance as a provider of continuing education for the CFP® Professionals.
- Peppi Kenny for again editing *The Academy of Finance Newsletter*.
- Raj Kohli for editing the *Journal of the Academy of Finance*.
- Anyone that reviewed a paper.
- Apologies to anyone that I forgot.

Kind regards.

Robert Balik.

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## Message from Sheri Faircloth, Program Chair

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As Program Chair, I would like to thank all members involved in making the Academy of Finance 2007 conference successful and express my appreciation to the committee chairs. There were 114 papers or abstracts submitted by about 170 participants. Don Johnson and James Philpot wrote an historical account of the Academy of Finance and included suggestions for the future (the article is very interesting and is available on the Academy's website).

## CFP® CONTINUING EDUCATION CREDIT

Charles Rayhorn registered the Academy of Finance as a provider of continuing education for CERTIFIED FINANCIAL PLANNER™ certificate holders. This will be a continuing status. He then registered our conference for a total of 12 CE credits. The Academy is still waiting for approval.

## REGISTRATION NUMBERS

The Academy of Finance registration stands at 88 which is the same as last year's conference at the same time. Management and Accounting have seen significant increases over their 2006 registration numbers.

## LOANS THAT CHANGE LIVES

### A Real World Application of Micro-Lending for Finance Students

submitted by Jim Tripp, Ph.D., Professor of Finance

Last Fall at our Western Illinois University's annual Ethics Day, one of our guest speakers from Accion-Chicago told of the power of micro-lending. The current Nobel Peace Prize winner, Mohammed Yunus, won the award for his work in micro-finance with Grameen Bank in Bangladesh. The information presented in this session piqued my interest in this topic and led me to discover a non-profit organization in the U.S. that is providing a wonderful, hands-on teaching opportunity. The organization is Kiva ([www.kiva.org](http://www.kiva.org)).

Kiva allows individuals and groups to become involved as micro-lenders to people all over the world. After researching Kiva's background and philosophy, I was convinced that this would make an excellent project for our WIU Finance Club, for which I am a faculty advisor. After presenting the information regarding Kiva to the club officers, it was unanimous that we should become involved.

Our club has annual dues of \$20 and combined with our good money-management skills, we have been able to maintain checking and savings balances that allow us to finance a variety of projects. The officers agreed that we would allocate \$400 for the Kiva loan program. The minimum loan donation is \$25 and most borrowers are seeking loans of between \$500 and \$2,000. Since Kiva is a non-profit organization (as is our finance club), we will not receive any interest on the loans we made.

The Kiva website profiles the borrowers and describes what the funds are to be used for and the projected payback period for the loans. We allocated \$50 to seven borrowers and \$25 each to two others. To emphasize the value of geographic diversification, we chose borrowers from around the world. Our borrowers were from Mexico, Azerbaijan, Kenya, Samoa, the Ukraine, Bulgaria, and Afghanistan. To reflect our gender neutrality in lending, we selected four female and four male entrepreneurs in various occupations. Since WIU is located in a farming area of west central Illinois, we chose two farmers for funding. We also allocated funds to a restaurant business, a cattle rancher, a beauty shop, a cosmetics business, and a grocery store.

The Kiva website displays all the lenders and their portfolios. Our club members can go to the website at any time and track the repayment of our loans (even after they graduate from WIU). Our lender information can be found at [www.kiva.org/lender/westernillinoisuniv5524](http://www.kiva.org/lender/westernillinoisuniv5524). It is Kiva's hope and our plan as well to reinvest all of the loan repayments into new loans. Kiva is continually adding new entrepreneurs who are seeking funding.

For those of you who are advisors to finance organizations at your schools, this is an excellent way for students to become involved in the lending process and learn more about the risks involved in making loans. While we hope all of our loans will be paid back, it will probably not be the case. Also, and probably more importantly, it allows students to become socially responsible. To help people who want to have a better way of life is truly rewarding. Kiva's slogan "Loans that Change Lives" applies not only to the borrowers, but to the lenders as well.

## Teaching Excellence Awards

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The Academy of Finance is proud to hold the 2nd Annual Teaching Excellence Award competition. This Award is designed to recognize excellence in teaching, to encourage teachers to share experiences about how they became great educators, and how they continue to improve their skills.

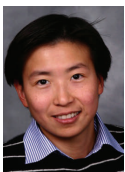
The finalists of this competition will be making their presentations to the Teaching Committee (chaired by Ernest Biktimirov, ebiktimirov@brocku.ca), in Room 4 at the Drake Hotel from 1:30 to 2:45 p.m. on Wednesday, March 28, 2007. The session is open to all conference participants. Everyone interested in better teaching is strongly encouraged to attend.

The Teaching Committee will evaluate the presentations along with the materials originally submitted and will select a winner. The Award winner will be announced at the Thursday luncheon and will receive a plaque from the Academy of Finance and a cash prize. The other finalists will also receive recognition for their teaching excellence from the Academy. We are privileged to have the following three great finalists for the Teaching Award:

**Alex Faseruk, DBA (University of Kentucky), Professor of Finance, Memorial University, St. John's, Newfoundland, Canada.**



He has been the recipient of 18 teaching awards including the Professor of the Year from undergraduate and MBA students, Best Finance Professor and the Dean' Teaching Award. He has won Memorial's President's Award for Distinguished Teaching. He has twice been recognized nationally for teaching excellence with the Leaders in Management Education Award from the *National Post* and a 3M Teaching Fellowship. His pedagogic research has appeared in *University Teaching*, *Proceedings of the Administrative Sciences of Canada (ASAC)*, *Quarterly Journal of Finance*, *Canadian Treasurer* and the *Journal of Financial Management and Analysis*. At the 2007 Academy of Finance Conference, he will be presented the Best in Track Paper for Education. Two current MBA students have papers accepted at this conference. His students have published more than 30 pieces of research. He has devoted thousands of hours to coaching Memorial teams in case, paper-writing and stock market competitions resulting in more than \$100,000 in prize money. He was the faculty advisor to Memorial's award-winning FMA Student Chapter and is President of the Beta Gamma Sigma Chapter.



**Janikan Supanvanij, Ph.D. (Saint Louis University), Associate Professor of Finance, St. Cloud State University.**

Janikan has taught in the areas of corporate finance and international finance. She was a director of the Study Abroad Program in Ireland for the College of Business during the summer of 2006. She has received the Teaching Excellence Award (2004-2005), Distinguished Research Award (2000-2005), and Research Collaboration Award (2000-2005) from St. Cloud State University. She was also nominated as Faculty of the Year twice in 2005 and 2006. Her international finance papers won the best paper awards at the Association for Global Business annual conferences in 2004 and 2005. She has also won the Outstanding Teaching Assistant Award twice from Saint Louis University in 2000 and 2002. She has served on the MBA Advisory Committee, Teaching Enhancement Committee, and Curriculum Committee at St. Cloud State University. Her biography has been listed in several leading reference publications including *Who's Who Publications*, *Dictionary of International Biography*, 2000 Outstanding Intellectuals of the 21<sup>st</sup> Century, and *Great Minds of the 21<sup>st</sup> Century*.



**William J. Trainor Jr., Ph.D. (Virginia Tech), CFA, Associate Professor of Finance at East Tennessee State University.**

Bill has taught at Virginia State University, Western Kentucky University, and recently accepted a position at ETSU. While at VSU, he received the School of Business Outstanding Faculty Award and was awarded two grants for creating internet courses along with a grant from The Center for Economics Education for International Education Week. While at WKU, he was twice recognized by students at WKU for "making a difference," and was awarded three grants for creating interactive flash exercises. In addition, he has made lesson contributions to the National Council on Economic Education. He sits on the editorial board of the *Journal of Personal Finance*, and has published in the *Financial Review*, *Financial Services Review*, *Journal of Financial Planning*, and *Journal of Investing* among

## Best in Track Awards

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Olgun Sahin has announced the Academy of Finance review committee has selected the following papers to receive this year's best in track awards:

1. Investments: John J. Neumann and Peppi M. Kenny, "Does Mad Money Make the Market Go Mad?"
2. Corporate Finance: Vladimir A. Gatchev, Paul A. Spindt, and Vefa Tarhan, "How Do Firms Finance Their Investments? The Relative Importance of Equity Issuance and Debt Contracting Costs"
3. Financial Markets: Sherry Wang, Yewmun Yip, Yuli Su, "The Impact of Strike on Shareholder's Wealth Empirical Evidence from the 1990's"
4. Real Estate and Insurance: Jin Park and Paul B. Choi, "Interest Rate Sensitivity of Financial Institutions by Liquidity Risk: Evidence from U.S. Property/Liability Insurers"
5. Education: Chris Deacon and Alex Faseruk, "Enhancing Pedagogy in Teaching Option Strategies Through the Use of Management Science Techniques"
6. Special Topics: Nauzer Balsara, Andrea Vidozzi, and Luca Vidozzi "Analyzing the Value of Proprietary Claims under Uncertainty: a Real Options Approach"

## Fulbright Program

(submitted by Robert Balik)

Do you want to teach in a foreign country for a couple of weeks, one semester or one year? One way is the Fulbright Program. Currently there are two programs for U.S. scholars, the Traditional Fulbright Scholar Program and the Fulbright Senior Specialist Program.

The Traditional Program is usually for one semester or for one academic year. It pays for your travel to and from the host school and it pays a teaching or research salary. Your host school usually provides accommodations and sometimes also pays a salary.

The Fulbright Senior Specialist program is for two to six weeks. It pays for your transportation and \$200 per day. This program has been in existence for only a few years.

One criterion for either grant is being a U.S. citizen when applying. Another is being an expert or educated in their listed disciplines. One of the listed disciplines for both grants is Business Administration.

When awarding grants, preference is given to candidates who have not had a previous Fulbright award. Effective for the 2007 competition, recipients of a traditional Fulbright award are eligible to receive another traditional award five years after the date of completion of the previous award. The maximum number of traditional Fulbright Senior Scholar awards is two in a lifetime. The five-year requirement between traditional awards does not apply to the Fulbright Senior Specialist Program.

Recipients of a short-term award are eligible to receive a traditional or a second short-term award two years after the completion of the preceding short-term award. Recipients of a traditional award are eligible to receive a short-term award two years after the completion of the traditional award.

During the 1995-1996 academic year I received a Traditional Fulbright grant and for the Fall 2006 term I was awarded a Fulbright Senior Specialist grant. Both times I went to Silesian University in the Czech Republic, which was started a few years after the 1989 revolution. The business school is located in Karvina, which is near the eastern border with Poland and Slovak Republic. Additionally, at least every other year I have been attending a banking conference at the school. This conference was developed when I was there in 1995-1996. Within the past two years the business school has created a PhD program. While there for four weeks during October and November 2006 I taught finance courses to these PhD students.

I believe one of the key determinants to receiving the grant is to make contact with the host school before you apply. When I applied for the traditional grant in early 1995 I did not know anyone at the school. I contacted the dean and inquired about their interest. This and other communications were part of the materials I submitted when applying for the grant.

If interested, go to the following web site:  
<http://www.cies.org/>

## Creating an Investment Management Conference For Students

John Neumann discussed a program he has been responsible for developing this year which also explains why he can't attend the 2007 Academy of Finance Conference. The Economics and Finance Department of **The Peter J. Tobin College of Business of St. John's University** sponsors its 3rd Annual Investment Management Conference on **Friday, March 30, 2007**. The event takes place each year on the last Friday of March on its Manhattan campus. Its goal is to bring topical issues in investment management and the financial markets within the reach of a mostly student audience, both undergraduates and graduate students, as well as raise their awareness about potential careers in the Investments and Asset Management fields. The event is also intended to enhance the value of the school's experiential learning programs. Faculty and practitioners are welcome to attend as well. The event is cross-marketed to many of the NY/NJ area schools.

The keynote speaker for the 2007 Conference is Warren Spector, President & co-COO of The Bear Stearns Companies, Inc. He follows Jonathan Shelon, Global Asset Allocation Portfolio Manager at Fidelity Management and Research, in 2006 and Fred Leuffer, Senior Managing Director with Bear Stearns, at the inaugural Conference in 2005.

The agenda includes several content sessions throughout the day. One of them features the three student finalists of a nationwide investment research essay competition which is conducted in conjunction with the Conference. The finalists' presentation of their essays is used to determine the 1<sup>st</sup>, 2<sup>nd</sup>, and 3<sup>rd</sup> place winner order. This year, a second student-centered session will feature representatives from area schools which offer SMIF (student-managed investment fund programs). Students have the opportunity to speak about their fund(s), its performance, and the process by which classes select and analyze stocks and eventually decide whether to buy them for their SMIF portfolios. St. John's offers such a program at both the undergraduate and graduate levels. To this point, Villanova University has accepted an invitation to participate in this session.

The remainder of the day's program features industry guest speakers, listed below along with their planned topics:

Susan Byrne (Founder & Chief Investment Officer, Westwood Holdings Group)- Ardavan Mobasheri (Managing Director, Bear Stearns Asset Management)

- **Topic: Forward-looking perspectives on opportunities presented by India and China**

Richard Hrvatin (Managing Director, Derivative Fitch)

Jacob Cherian (CEO & President, Millennium India Acquisition Company)

- **Topic: Setting up a private equity fund focused on India**

Kelly Fiore (President, charityfolks.com)

- **Topic: The choice between financing alternatives when building a company**

Frank Riggio (Executive Benefits Consultant, The Todd Organization)

- Topic: Asset Allocation and asset mix choices for different investor profiles

- Greg and Jerry Cotter (TriGlobalFX)

## Recent Appointment

Don T. Johnson, Western Illinois University, was recently appointed Editor of Managerial Finance. Managerial Finance was first published in 1975, and is currently owned by Emerald Publishing (<http://www.emeraldinsight.com/info/journals/mf/eabinfo.jsp>). It is indexed full text in ABI/INFORM and was cited by Heck (2005) as an influential finance journal. Don encourages all Academy members to consider Managerial Finance when they are selecting an outlet for their research. Don also had 3 refereed journal articles published this year (Journal of Financial Services Marketing (with James Philpot), Managerial Finance (with William Compton and Robert Kunkel) and the Marketing Management Journal (with Ronald J. Bauerly and Mandeep Singh).