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NYU STERN
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SCHOOL OF BUSINESS

Office of Public Affairs
44 West Fourth Street, Suite 10-160
New York, NY 10012

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SPRING/SUMMER 2010

the Alumni Magazine of NYU Stern

STERNbusiness

Kevin Parker Invests in Clean Energy ■ Deloitte Post-Recession ■ Remembering Marcus Nadler ■ Federally Regulated Insurance? ■ Slicing and Dicing Internet Data ■ The Renovated Concourse

a letter from the dean

It is a pleasure to be a part of the Stern community and to write to you in the alumni magazine for the first time as your new dean.

Our economy has gone a long way toward righting itself over the past several months, and despite vestigial sputtering in some sectors and lagging employment, there is a sense that business is re-energized and perhaps even ready to invest and grow. At NYU Stern, we have never stopped investing and growing, the most visible sign of which is the Concourse Project. Your support has resulted in the most significant transformation of our physical space since the School moved to Washington Square in 1988 (page 16). In particular, we are grateful to John Paulson (BS '78), whose leadership gift supports this facilities renovation, as well as two faculty chairs and scholarship aid for students (page 20). I hope you will make it a point to visit and see this wonderful space for yourself next time you are in New York – and consider attending or participating in one of our many events, panels, and speaker series while you're here.

Our growth isn't just with bricks and mortar. We continue with added fervor to build the strength and diversity of our academic bench. Joining the faculty in September is Nobel Laureate A. Michael Spence, whose scholarship focuses on economics in emerging markets and the economics of information (page 28). And while we're known to be leaders in the finance area, what is less well known is the depth of our expertise in other fields. In just one of many examples, our information, operations, and management sciences department won three prestigious National Science Foundation grants and two highly selective Google & WPP Marketing Research Awards. Take a look at the valuable new research on mining the Internet from the department's information systems group and its head, Vasant Dhar, Daniel P. Paduano Faculty Fellow and director of the Center for Digital Economy Research (CeDER) at Stern (page 30).

In the several months I've been getting to know the Stern community, I've been impressed by its academic vigor. The presence of exceptional real-world practitioners on campus generates additional vitality. Among those augmenting our faculty this year are Eric Dinallo, former superintendent of the New York Insurance Department, and John Biggs, former chairman, president, and CEO of TIAA-CREF. With heft like this, it was a natural to ask them to engage in a point-counterpoint discussion of the insurance industry in the context of "too big to fail" and the question of regulation. You can read an excerpt of their conversation on page 22.

Meanwhile, Stern's exceptional finance faculty has doggedly kept within its sights the constantly evolving dilemma of our nation's economy. Their hard-copy book of analysis and advice, published in March 2009 – *Restoring Financial Stability: How to Repair a Failed System* – morphed into an e-book late last year, and that in turn will be transformed into a successor hard-copy book, *Regulating Wall Street*, due out from Wiley this fall. Do take a look at this impressive living document at: w4.stern.nyu.edu/blogs/regulatingwallstreet/.

You, our alumni, continue to contribute to the world's economy. In this issue, we interview Kevin Parker (BS '81), who, as global head of Deutsche Asset Management, has made a sustainable, low-carbon economy a professional and personal goal (page 14).

This is an exciting time to reconnect with your School. We are planning events that we hope will engage alumni worldwide, and, especially as a newcomer, I look forward to meeting as many of you as possible. We are proud of your accomplishments and always grateful for your continuing commitment.

Peter Henry
Dean

contents

SPRING/SUMMER 2010

STERN*business*

A publication of New York University Stern School of Business

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PUBLIC Offerings

SIXTH MARKETING DYNAMICS CONFERENCE PRESENTS THE LATEST MARKETING RESEARCH

With scholars and practitioners in attendance from around the US and countries as far-flung as Germany, Turkey, and New Zealand, the Sixth Annual Marketing Dynamics Conference served as a forum to share some of the latest research in marketing. Hosted in August at NYU Stern and organized by Professor Russell Winer, chair of Stern's marketing department, and Stern Associate Professor of Marketing Vishal Singh, the three-day conference convened close to 100 attendees from top universities including Columbia, Dartmouth, Harvard, Stanford, Yale, and NYU.

Throughout the conference, participants heard from leading researchers on topics such as research methodology, e-commerce, advertising, new products and their adoption, dynamic pricing, structural models, and market entry.

Stern Professor Tülin Erdem identified two avenues for future development: the dynamics of decision-making (on the corporate and consumer levels) and the dynamics of marketing effects. Describing several elements that affect forward-looking consumer decisions, Erdem touched on concepts that warrant further research, including trade-offs, stockpiling, consumer learning models, technology adoption, and how to estimate the discount factor. Switching the focus to business decisions, she pointed to two areas for future research: evaluation of the total effects of marketing investments and understanding competition.

During a panel on dynamic learning models, Stern Professors Anindya Ghose and Sha Yang shared two pieces of recent research. In his joint study with Sang Pil Han of NYU, Ghose studied how consumers access social networking sites such as Facebook and portal websites such as Google via their smartphones. They examined how users, who are learning via direct experience versus word-of-mouth input, are influenced by the quality of content, the assimilation of content to the user's taste, and the fees associated with usage, as well as uncertainty about these factors. Yang, along with her co-authors, looked into consumer decision-making on the household level.

The Seventh Marketing Dynamics Conference will be held in June at Özyegin University in Istanbul, Turkey.

NYU STERN HONORS THOMAS F. COOLEY'S DEANSHIP AT A CELEBRATORY DINNER

Alumni, faculty, administrators, and friends of the School joined together at the St. Regis in New York City on December 14 to honor the seven-year tenure of Thomas F. Cooley as Richard R. West Dean. The School has established a Chair in his name in recognition of his inspired leadership and in appreciation for his unwavering commitment to research, scholarship, and knowledge dissemination.

NYU STERN HOSTS FIRST WORKSHOP ON INFORMATION IN NETWORKS

(Left) Jon Kleinberg presented his research on how information spreads among people worldwide. (Right) Alex Pentland shared his study on how the dynamics of social networks affect productivity, happiness, and health.

In September, Stern hosted WIN – Workshop on Information in Networks – the first summit to bring together scholars and practitioners to address information in networks – its distribution, diffusion, value, and influence on social and economic outcomes. Hosted by Stern's Information Systems Professors Sinan Aral, Foster Provost, and Arun Sundararajan, the workshop was attended by speakers and participants from Google Research, HP Labs, IBM, Cambridge, Carnegie Mellon, Columbia, Harvard, MIT, Stanford, University of Pennsylvania, and NYU Stern.

The presentations and panel discussions centered on how networks shape and influence the world, using such examples as stock markets, the spread of disease, warfare, marketing, politics, and the modern enterprise. "The purpose of WIN is to bring together leading researchers studying information in networks in order to lay the foundation for ongoing relationships and to build a lasting multidisciplinary research community," said workshop co-organizer Aral.

For more than five years, Aral and his Stern colleagues have been studying networked data in business and economics, integrating ideas from economics, game theory, information retrieval, machine learning, sociology, and statistics. Their research focuses on the complexity of social networks and how the information contained in these networks changes business outcomes.

At the workshop, Aral explained the study in which he developed a framework to distinguish influence and homophily effects in dynamic networks in marketing and public health. Provost discussed his research on privacy-friendly social network-based audience selection for online brand advertising and observed that 30 percent of consumers' free time is spent online, while only 8 to 10 percent of advertising dollars are spent online. Sundararajan talked about his study on the diffusion of demand shocks initiated by Oprah Winfrey's Book Club and *The New York Times Book Review* in the recommendation networks of books sold on Amazon.com.

James Fowler, one of the "dynamic duo" of social networks research, according to *Science* magazine, and author of *Connected: The Surprising Power of Social Networks and How They Shape Our Lives*, shared his recent experimental research findings on how cooperative behavior cascades through human social networks.

In addition, Alex "Sandy" Pentland, a computer scientist and the author of *Honest Signals: How They Shape Our Lives*, presented his research on using reality mining – the collection of machine-sensed environmental data pertaining to human social behavior – to study how the dynamics of social networks influence productivity, creativity, happiness, and social health.

Jon Kleinberg, a 2005 MacArthur Fellow, discussed his study in which he tracked pieces of text as they traveled through online networks, such as e-mails and blogs, in order to analyze how information spreads among people on a global scale and how news stories evolve and compete for attention.

Duncan Watts, often credited with "co-birthing" modern network science and author of *Six Degrees: The Science of a Connected Age*, showed how the Internet has enabled researchers to study interactions between people on a large scale over time, using Facebook, e-mail server logs, Amazon's Mechanical Turk, and custom-built websites.

The range of research topics and mix of academics and practitioners yielded a fruitful discussion and opportunities for further research and collaboration.

SIXTH ANNUAL SATTER CONFERENCE OF SOCIAL ENTREPRENEURS EXPLORES LATEST STRATEGIES FOR MEASURING SOCIAL IMPACT

"Great strides have been made in the field of social entrepreneurship, but the ability to measure and communicate the impact of a venture's efforts still remains a significant challenge for most organizations," said Stern Professor Jill Kickul, organizer of the School's Sixth Annual Satter Conference of Social Entrepreneurs.

Tackling this issue head-on, some 220 worldwide practitioners from the public, nonprofit, and for-profit fields, along with leading scholars, convened for the Satter Conference in November. Hosted by Stern's Berkley Center for Entrepreneurship & Innovation, the event followed a two-day academic conference featuring some of the latest research in the areas of social enterprise and measuring an organization's social impact.

Jed Emerson, managing director for integrated performance at Uhuru Capital, kicked off the event by sharing his personal reflection on society's shared progress in the field of social enterprise and performance metrics. He cited several obstacles to the field's continued success, including the implementation of social management information systems across industries and the embedding of metrics in day-to-day business practices.

Richard Steele of Bridgespan Group moderated a panel discussion on impact investing with Georgette Wong, president of Correlation Consulting; Josh Cohen, managing partner of City Light Capital; Sean Stannard-Stockton, CEO of Tactical Philanthropy Advisors; and Tris Lumley, head of strategy at New Philanthropy Capital.

Durreen Shahnaz, founder of the Impact Investment Exchange (IIX) in Asia, spoke to attendees about how a social stock exchange, such as IIX, can provide capital-raising tools for social enterprises and market entry and exit mechanisms for investors.

Laura Callanan, a philanthropy expert in McKinsey & Company's social sector office, and Larry McGill, vice president for research at the Foundation Center, introduced two soon-to-be released social impact assessment efforts. Callanan presented McKinsey's recent work geared for foundations and other funders, including a white paper on assessment best practices, a handbook to assist practitioners in designing a learning-driven assessment, and a variety of reference materials. McGill introduced an online database of tools and resources that will be useful for assessing social impact. The database contains 150 tools for measuring and analyzing social impact and is aimed at programs and investments.

(Top left) Jed Emerson cited the lack of metrics in the day-to-day business practices of social enterprises as an obstacle to their success. (Top right) Durreen Shahnaz discussed the benefits of a social stock exchange for social businesses. (Bottom) Conference organizer Jill Kickul presented the 2009 Satter Social Entrepreneurship of the Year Award to charity:water founder Scott Harrison.

John MacIntosh of SeaChange Capital Partners, a nonprofit firm that seeks to arrange funding for high-performing organizations, delved into a case study about Uncommon Schools, an organization operating charter schools in Brooklyn, Newark, and upstate New York that seeks to prepare low-income students for college. Brian Trelstad, chief investment officer of the Acumen Fund, described the blending of both traditional and social returns in "patient capital," where investors are willing to forgo returns for an extended period of time.

During a networking reception and awards ceremony, the 2009 Satter Social Entrepreneur of the Year Award was presented to Scott Harrison, founder of charity:water, an organization that has raised more than $10 million and provided more than 700,000 people in 16 developing nations with safe drinking water.

To view videos of the conference, visit: http://w4.stern.nyu.edu/news/news.cfm?doc_id=101915.

SALOMON CENTER ADDRESSES INSURANCE INDUSTRY REGULATION

In September, the NYU Stern Salomon Center for the Study of Financial Institutions held a conference for industry leaders, Stern faculty, and journalists on insurance industry regulation, touching on lessons from the financial crisis and options for regulatory improvement, including enacting an optional federal charter.

John Biggs, NYU Stern Executive-in-Residence and former CEO of TIAA-CREF, explained that the insurance industry accounts for approximately 10 percent of GDP and is more systemic than people believe. He noted the conference was an outgrowth of a new chapter of the Stern faculty's responses to the financial crisis, added online to the e-book version of *Restoring Financial Stability: How to Repair a Failed System* (Wiley, 2009). Co-authors of the chapter on insurance were Stern Finance Professors Viral Acharya and Matthew Richardson.

Insurance industry luminaries (left to right) Eric Dinallo, Roger Ferguson, and John Biggs debated the options for regulatory improvement of the insurance sector.

Keynote speaker Roger Ferguson, CEO of TIAA-CREF and former vice chairman of the Board of Governors of the Federal Reserve System, voiced his support for an optional federal charter (OFC) and afterward discussed the issue with Eric Dinallo, Henry Kaufman Visiting Professor of Finance at Stern and former superintendent of the New York State Insurance Department. Ferguson said an OFC would "increase efficiency of the marketplace, provide for effective and ample consumer protection and for prudential regulation, and increase the global competiveness of the US insurance industry." Dinallo, while potentially supportive of an OFC for some businesses such as monolines and reinsurance, predicted the "optional" aspect of the OFC would be a "disaster," citing AIG as an example of a company that selected a regulator that couldn't prevent actions that nearly brought the company to ruin.

Acharya explained the need to quantify systemic risk and regulate what is worrisome versus what is measurable, and, with Dinallo, discussed credit default swaps and the role of credit rating agencies in contributing to the crisis.

Mark Parkin, managing director of Deloitte & Touche, explained the difference between GAAP accounting principles and statutory accounting principles (SAP), which are accounting rules specific to the insurance industry.

Frank Keating, CEO of the American Council of Life Insurers and former governor of Oklahoma, addressed the issue of protecting American retirement security. He advocated for an OFC for life insurance and an Office of National Insurance at the Treasury Department to provide a focus on solutions for the insurance industry at the federal level as well as at the state level.

David Cummins of Temple University discussed whether insurance companies can be too big to fail, pointing out that banks have $14 trillion in assets, whereas insurance industry assets total about $6 trillion, and noting that insurance companies lack the ability to trigger failures in the payment system or threats to the credit markets. William R. Berkley (BS '66), CEO of W. R. Berkley Corp. and chairman of the Stern Board of Overseers, noted that annuities are highly leveraged enterprises and said that insurers had an incentive to push investment risk to obtain the largest spread they could, precipitating what he called "the perfect storm" in the annuity business.

Howard Mills of Deloitte & Touche, former superintendent of the New York State Insurance Department, argued that if the OFC doesn't pass now, it should be taken off the table. When asked about achieving regulatory consistency across all states, Dinallo asserted that it is not possible, with Mills' citing the lack of uniformity of state resources as a reason. Furthermore, Mills added that the accreditation of agents selling products to seniors was one of the "time bombs" that is remaining in the industry.

To view videos of the conference, visit: http://w4.stern.nyu.edu/news/news.cfm?doc_id=101839.

ROSS ROUNDTABLE DEBATES THE ROLE OF GOVERNMENT IN SETTING ACCOUNTING STANDARDS

(Bottom, left to right) Accounting experts Robert Herz, Seymour Jones, Mark Lilling, and Joshua Ronen discussed the government's role in setting accounting standards for the industry.

"No one complained when mark-to-market accounting principles meant marking up," commented Stern Accounting Professor Seymour Jones, who led a discussion about political influence on accounting standard setting last November at Stern. In light of the increased scrutiny on accounting practices as a result of the financial crisis, he asked, "To what extent should government control GAAP?"

Some 40 academics, practitioners, and policy makers gathered for a roundtable discussion, hosted by Stern's Vincent C. Ross Institute of Accounting, to debate whether or not the Financial Accounting Standards Board (FASB) should be insulated from political pressure.

"The government is now reaching into the healthcare sector and auto industry," explained Mark Lilling, CPA (BS '72), of the Audit Committee Consulting Team LLC and of Lilling & Company LLP. "So government involvement in accounting standard setting seems almost natural."

Raymond Beier of PricewaterhouseCoopers LLP argued that standard setting needs to be independent and free from government influence. NYU School of Law Professor Stanley Siegel posed the idea of creating a principled process in which politicians openly share their objectives when pushing for changes to accounting standards.

Karthik Ramanna of Harvard Business School discussed his joint research entitled, "Are Republicans Conservative?" which studied auditor comments about accounting standards over the course of several years. He found that as the number of Democrats serving on the FASB decreased, the number of favorable views on standards expressed by the "Big Eight" accounting firms increased.

Pointing to the failure of conventional regulation, Robert Herz, chairman of the FASB, argued that incentives for business leaders to employ a "delay and pray" tactic in their financial reporting were significant culprits in the financial crisis and need to be addressed.

Taking an opposing view, Stern Economics Professor Lawrence White underlined the value of a "delay and pray" option for companies during an economic downturn, saying that when it works, it saves companies and investors from unnecessary pain.

Citing a number of obstacles to obtaining high-quality financial reports, Stern Accounting Professor Joshua Ronen offered a possible solution: using management's expected value of cash flows alongside the disclosure of current exit values as a measure of downside risk.

"Individuals who care about accounting standard setting need to get organized and foster more debate on these topics," stressed Stern Accounting Professor Stephen Ryan.

FOUNDER AND PRESIDENT OF COMMON GROUND, ROSANNE HAGGERTY, PRESENTS FIFTH ANNUAL HAITKIN LECTURE

At the Fifth Annual Haitkin Lecture, Rosanne Haggerty of Common Ground, a pioneer in research and housing development dedicated to helping individuals overcome homelessness, presented "Entrepreneurial Approaches to Ending Homelessness." The annual lecture series, made possible through the generosity of Jeffrey M. Haitkin (BS '68), is dedicated to supporting the continuing discourse on significant emerging issues in business ethics.

MEET DEAN HENRY

HE'S READY TO LEAD STERN INTO THE 21ST CENTURY

After his second month on campus, NYU Stern's new dean, Peter Henry, sat down with STERNbusiness to share his initial impressions of and vision for the School.

Q: Help our alumni get to know you. Tell us a bit about yourself.

A: Let's start from the very beginning. I was born in Jamaica in 1969. In 1978, my parents decided to move to the United States in search of a better future for our family of six. I quickly learned two things from the move. First, January in Brooklyn is a lot colder than January in Kingston. Second, middle-class families in the US have far more income than they do in Jamaica. Trying to understand why standards of living are lower in some countries than others – and what we can do about it – remains a personal mission for me some 30 years later. In fact, it has been the driving inspiration behind my research as an international economist, examining emerging markets and the forces that shape the global economy.

Both of my parents are scientists, so I grew up in a household where we constantly confronted theories with facts – we batted around a lot of ideas at the dinner table, but you had to support your views with evidence. As a result, I learned to think big, as long as I had the facts to make my case. I've relied on this approach to decision-making throughout my career. I guess you can say that I'm a pragmatic idealist.

On a more personal note, I was a varsity athlete in college (football at The University of North Carolina, basketball at Oxford University) and now enjoy playing sports with my four boys, reading novels, and watching Masterpiece Theater with my wife, Lisa.

Q: What attracted you to pursue the deanship at NYU Stern?

A: Last April, I was sitting in California, working on my book and enjoying a much needed break after my work for President Obama's Transition Team (see last question), when I got a call asking me to apply for the deanship at NYU Stern. I was thrilled. The NYU Stern deanship is the only one in the world that I would have taken. The fit was just right. The story of NYU is one of hope, energy, and dynamism – optimistic, creative people, working tirelessly in search of a better life. There are many variations on this story – night school, long commutes, international relocation, scholarships, part-time study, and the list goes on. Although I do not have a degree from NYU, as an immigrant kid, I have an NYU story of my own. This is why I felt an immediate connection to the NYU culture and community.

I was also compelled by the opportunity to take part in NYU President John Sexton's mission to redefine what "international" means in higher education – to create the one-of-a-kind global network university that is only possible at an institution like NYU. NYU's global vision is the way of the future. For the first time in history, emerging markets are driving the world's economic recovery, and a number of these countries will ultimate-

ly supplant some of today's G10. The privilege of being asked to help chart the course of one of the world's leading business schools at a time of such a profound reordering of the global economic landscape struck me as a once-in-a-lifetime opportunity.

Q: NYU Stern's New York City location is a terrific asset for a business school. What are your thoughts about leveraging this location?
A: New York is a strategic hub in both the global economy and the global network university of NYU. Our location enables us to engage readily and regularly with alumni, business leaders, and policy makers from all over the world. Of course, a hub is by definition a launching pad to other places as well as an inbound destination. We intend to venture out into the world more than ever, engaging with alumni, from Scarsdale to Shanghai, Manhattan to the Middle East. We will use the breadth and depth of our faculty excellence, coupled with Stern alumni in leadership positions around the world, to convene, shape, and drive the great conversation between business, government, and society. I hope that our alumni around the country and the globe will serve as active participants in this endeavor.

Q: Can you share your plans for Stern?
A: During my early days as dean I've been listening to and sharing views with many different groups within the Stern community – students, alumni, and our boards. But I've also solicited views from outside of our community to gain a broader sense of the issues on the minds of business and policy leaders and to assess possibilities for mutually beneficial partnerships. As I listen to suggestions and evaluate challenges and opportunities, I am keenly aware of the importance of articulating goals and holding ourselves accountable to measurable outcomes. We have a plan, and I want to share the three key strategic priorities that will drive it. First, we want to deepen and diversify our excellence. We are stellar in finance, but we will strive for undisputed excellence in other areas that are central to our mission. Global economics is a major priority, for example, and I'm delighted to report that Nobel Laureate economist Mike Spence (page 28) will join the Stern faculty this September. Second, we need greater alumni engagement, which means we need you to stay involved and to let us know how we can better serve you. Together we have a tremendous opportunity to deepen our engagement with corporations around the world, extend our policy influence, and continue to improve the student and alumni experience. Third, we are going to take great advantage of and tap into the innovation, energy, and global interconnectivity that is at the very heart of NYU and the global network university.

Q: What do you hope to bring to the School as the new dean?
A: An eye for the big picture. As we emerge from the most significant financial crisis since the 1930s, the global economy is at an inflection point. We don't know what the future holds, but we do have an opportunity to develop leaders who will help shape it. The complex, multifaceted problems of the 21st century – global imbalances, rapid urbanization, and environmental sustainability, to name a few – will require leaders who bring a multidisciplinary, integrative approach to problem solving. We need leaders who will deliver solutions to the greatest challenges of the day because they are comfortable with ambiguity, ask the right questions, and because they understand that business, policy, and society are inextricably linked. So, first and foremost, I bring a new, integrative mindset to the learning experience we deliver. Second, having professional ties on the West Coast as well as in Washington, I plan to help broaden, deepen, and open doors to new networks. Perhaps most important, I bring optimism, energy, enthusiasm, and great passion to work with faculty, students, and alumni to propel Stern to a place of undisputed excellence in research, teaching, and impact.

Q: What do you see as the major challenges and opportunities facing business education today?
A: As the world economy changes, we will need to be nimble and adapt to a landscape that will likely be quite different in the future. Emerging markets represent the future of growth. How do we prepare future managers to function effectively in multiple countries and cultures? How do we train a generation of CEOs and business leaders who will make it a corporate imperative to have their employees function as efficiently in the Middle East as they do in Manhattan? With these great challenges comes an incredible opportunity to meet them head on.

Q: What do you see as the function of business globally?
A: Business is one of the most powerful institutions on earth for generating wealth, creating jobs, and helping to lift people out of poverty. We're at a critical time in global business. Capitalism has come under question, economic policies are being reconsidered, and countries are groping to find the best way forward. We need to remind the world of the positive impact that business delivers when it behaves responsibly. Business schools need to be at the forefront of this discussion.

Q: What are your plans to raise the profile of Stern in the business community?
A: I am already spending time talking to employers, encouraging them to invest in our students, who stand out from the pack because of how they effectively integrate emotional intelligence with intellect. But I also need your help. You are the leaders of business around the world. You have the opportunity to strengthen your own mini-Stern network within your firm, which enhances our profile from the ground up. The next step is to take advantage of the many linkages that exist, but that may currently be untapped, among these Stern networks and the business and policy communities at large. Participating at all levels is what will make the difference for all of you.

Q: How will you work to strengthen the Stern alumni network?
A: I am getting out and meeting with alumni – I've traveled as far as San Francisco, Los Angeles, and London. Closer to home, I have made stops in Washington, New Jersey, and Westchester in my first few months to get to know our community and inspire them to take part in our future. But the point I want to stress is that the Stern network is YOUR network. Nurture it, leverage it, show your pride in it, and deepen it. It is you who are the strength of the network and the School.

Q: What role do you see alumni playing in advancing your goals and vision for Stern?
A: Your active involvement in the Stern community is paramount to our success. Hire our students, be a mentor, support the next generation of Stern-educated business leaders, engage in the discourse of ideas with fellow alumni and faculty. And please give generously to Stern. We need your financial support to provide scholarships to talented students of limited means, hire the best faculty, and upgrade our physical facilities. Most important, be an ambassador for your alma mater – as pride travels most effectively by word-of-mouth and makes the most credible and powerful impact.

Q: You're an economist who studies economic reform in emerging markets. Tell us about your research.
A: Let me briefly share an example that hits close to home for me. In spite of having virtually identical institutions, the standards of living in Barbados and Jamaica diverged widely in the 40-year period following their independence from Britain in the early 1960s. Why did this happen? During the implosion of the Jamaican economy during the 1970s and '80s, the government ran large budget deficits, closed the country to international trade, and intervened extensively in the economy. In contrast, Barbados maintained fiscal temperance, kept state ownership to a minimum, and embraced open markets. The cumulative impact of this difference in decision-making is striking. In 1960, real income was $3,400 per person in Barbados versus $2,200 in Jamaica – a difference of $1,200. Today, the gap between incomes in the two countries is five times as large, and the gap itself exceeds the entire average level of income in Jamaica. What can we learn from this slice of Caribbean history? Simply put, public policy is directly connected to economic outcomes. Without good public policy, business suffers, and so do standards of living. Governments, large and small, would do well to remember the lesson of this Caribbean parable.

Q: You were on the Obama transition team. What was your role and what did you take away from that experience?
A: I led the Obama Transition Team's review of the International Monetary Fund, World Bank, and other international lending agencies. This was a high-octane lesson in what constitutes successful team dynamics. Team members who shared their ideas in the spirit of advancing the President's goals – exhibiting transparency and true team play – were the most credible and persuasive. Those who chose to row in their own direction were less effective. The take-away? One can wield incredible influence as a team player if you simply remember that you're playing for the team. ■

TV Junkie Turned TV Executive

by **Jenny Owen**

Ask any kid with a television about Nickelodeon and he'll likely break into the cheerful theme song to Nick's much-loved nautical show, "SpongeBob SquarePants." "Who lives in a pineapple under the sea? SpongeBob SquarePants! Absorbent and yellow and porous is he. SpongeBob SquarePants! ...."

Nickelodeon is an entertainment powerhouse for kids and their families, and the most popular children's TV network, best known for "SpongeBob" as well as "Dora the Explorer" and the oldies but goodies such as "Rugrats" and "Double Dare." Leading the company's strategy and business development as senior vice president is Samantha Woodruff (MBA '04).

A self-proclaimed TV junkie who loved cartoons as a child and continues to watch a lot of television, Woodruff is working her dream job. "I'm one of these people who wrote their business school essay saying they wanted to do the job that they're in now," she said.

(Top) Samantha Woodruff is senior vice president of strategy and business development at Nickelodeon.
(Bottom) Nickelodeon's "SpongeBob SquarePants" is one of the network's top shows on air today.

She credits her business school experience for teaching her the basics. "Stern gave me a whole toolbox of skills I didn't have before. I was a history major in undergrad and then worked in market research and didn't have any grounding in the financial discipline that I need to do my current job." She also credits Stern with bringing her together with her husband, a classmate.

At Nickelodeon, Woodruff is responsible for internal strategy and business development for the Kids & Family Group of MTV Networks, which includes all Nickelodeon brands.Beyond business reporting, she develops the strategic financial underpinnings with long-range financial models and budgets for most of the business units, including television channels, online and digital businesses, consumer products, and recreation. She also develops plans for new business opportunities and is in charge of mergers and acquisitions and strategic partnerships, assessing potential M&A transactions, and working with the corporate M&A group and lawyers to negotiate and close the deals.

Most recently, her group handled the purchase of the Teenage Mutant Ninja Turtles (TMNT). "They are an iconic cast of characters [that have been] around since the 1980s, they resonate with a variety of different generations, and they fit with the Nick comedic sensibility," explained Woodruff. "We are the biggest TV platform to reinvent a property and bring it to a new audience and the next generation."

Carly (center left), the main character of Nickelodeon's popular "iCarly," has her own Web show on which she shares real fan videos – "a model no one would have envisioned 10 years ago," according to Woodruff.

In referring to Nickelodeon as "the biggest TV platform," Woodruff isn't exaggerating. After three decades of operations, Nickelodeon is the most-watched television network by kids in the US and basic cable's number one network overall, with more than 100 million viewing households domestically and 471 million households globally in 161 territories. It operates 29 channels across Africa, Asia, Europe, Latin America, and the US.

As it approaches middle age, the network is actually gathering momentum. "The best part about 30 years in business is that the first generation of kids that grew up with Nickelodeon are now parents, so it's given us a brand that really resonates with the entire family," said Woodruff. "This has allowed us to expand our business to a variety of audiences that aren't the core kid, 2 to 11 demographic, with TeenNick for tweens and teens, Nick Jr for toddlers, and ParentsConnect for parents."

"The best part about 30 years in business is that the first generation of kids that grew up with Nickelodeon are now parents, so it's given us a brand that really resonates with the entire family."

What's at the heart of Nickelodeon's success? "We do a ton of research, so we feel really connected to our audiences. We have grown and evolved with them over time," explained Woodruff. "We have great product – best-in-class animation, great live-action shows, characters that resonate – and that's a winning formula. We have the best talent in the industry. And we stay true to our audience. Kids are our core, and we'll never forget it."

Nickelodeon programs that connect especially well with today's kids are "iCarly," "The Penguins of Madagascar," and one of Woodruff's personal favorites, "Ni Hao, Kai-lan." And in the 10 years since Woodruff joined the company, she has witnessed "SpongeBob SquarePants" and "Dora the Explorer" solidify their ranking as two of the top shows on air today.

Woodruff has also seen the explosion of the Internet and multiple media platforms, making content ubiquitous in a way that it wasn't a decade ago. "iCarly" – whose main character, Carly, has a Web show on which she shares real fan videos – "has a different model that no one would have envisioned 10 years ago," said Woodruff.

Woodruff also underscored Nickelodeon's presence in New York City as a contributor to the company's success. "New York is the number one media market and to be in New York City, in Times Square, in the heart of half the media industry – which has an equal presence in LA – it's critical for us."

Despite the fact that Nickelodeon is an ad-supported business in a down economy, Woodruff said the business remains strong. "We're doing really well, which speaks to the power of Nickelodeon."

Continued growth for Nickelodeon includes a partnership with Sony to premier a show called "Big Time Rush," which follows the making and breaking of a boy band. Plans are also in the works for a new TMNT CGI (computer-generated imagery) series and a movie with Paramount.

Woodruff has also seen growth in her personal life, with the addition of baby daughter Lila, who gives her yet another reason to tune into kids' television programming. Together, the two enjoy watching "The Backyardigans" and "The Fresh Beat Band." ■

Hotelier to the Hip

by **Rika Nazem**

Michael Achenbaum (center) leads the Gansevoort Hotel Group. (From left to right) The new Gansevoort Park Avenue is scheduled to open this year.

When you think of the Meatpacking District in New York City, a few adjectives may come to mind: chic, hip, vibrant. The Gansevoort Hotel, an anchor in the once gritty area, is synonymous with the neighborhood's image, largely because it contributed to its gentrification. The hotel, rated among the best in the world, is the first five-star hotel in the neighborhood. Michael Achenbaum (MBA/JD '98) leads the Gansevoort Hotel Group (GHG) as its co-owner and president.

Achenbaum has always had a fascination with buildings, dreaming when he was young of becoming an architect. "I grew up thinking I would design and build buildings," he said. Instead, he pursued an MBA/JD dual degree from NYU and worked at Nomura Securities and Bear Stearns issuing loans for securitized mortgages. "We've been hearing about the trouble that these products have caused in today's markets, and, interestingly, at the time I was working with them (in the 1990s), they had their own issues," he said. During his time on Wall Street, "I witnessed a number of multimillion-dollar deals and got a great deal of valuation experience very quickly." However, the environments were not as entrepreneurial as he liked, and Achenbaum made the decision to go into the family business – his father is the chairman of GHG. "The contacts and experience I honed while working at those companies helped me a great deal when I made the transition to GHG."

The Gansevoort Hotel in the Meatpacking District, built in 2004, was the first of the Gansevoort-branded projects. Achenbaum was very involved in its construction, and he oversees the design and operational aspects of GHG's subsequent projects, which include hotels in Miami, South Beach, Turks and Caicos, and, this year, on Park Avenue in New York City. "I am constantly traveling," he said. "Whether it's to view furniture samples in Asia or to meet and build relationships with high-end restaurateurs, designers, and club and retail operators for space in our hotels, I am looking for that fresh angle that will enhance the Gansevoort brand." His law and business skills constantly come into play, too, since he's frequently reviewing agreements and contracts.

Plans exist for the Gansevoort to expand into other major cities, including London, Los Angeles, and, further down the line, Las Vegas. "Our signature elements are our bars and rooftop pools. The expectation of the rooftop sets limits on where we can expand," Achenbaum explained. The economy has also limited expansion and forced GHG to examine its business. "We're careful not to cut back – we strive to maintain the same level of service, which we understand may net us less profit. If we cut back on service, we risk damage to the brand and to our customer loyalty – two things we don't want to compromise."

Working with family can add complexity, too. Achenbaum and his father are equal partners, but, "I always say there is nothing equal about being in business with your father. He holds the ultimate trump card. Though, I have to appreciate that he has given me amazing opportunities."

Achenbaum has learned over the years to take downtime and disconnect from his job, even if it's just shutting off his cell phone for a few hours. "When you're involved in a family business that is highly entrepreneurial, you take pride in what you do and it's hard to turn off."

On the personal side, Achenbaum is deeply involved in children's charities and mentoring young adults, a cause he has supported for a long while. "In college, I was involved in a big sibling program. I believe that if you can help one child, that child may grow up later in life with the same belief," he noted. "It's hugely rewarding to me to see how my time and effort spent with a child or young adult yields positive results."

In his downtime, Achenbaum can occasionally be found at hot spots in New York City, but he said he prefers spending time within a smaller circle. "I like sociable restaurants with a musical element to them, and I like to go out to a great dinner with some of my closest friends." Whether he's putting his stamp on a new hotel or planning an evening out, this is a man who knows what he likes. ■

QUESTIONS 8

KEVIN PARKER (BS '81)
global head, Deutsche Asset Management

Kevin Parker joined Deutsche Bank (DB) in 1997. Before assuming his current role in 2004, he served as the global head of institutional equities from 2000 to 2004, and from 1997 to 2000 he was responsible for building and developing DB's equity derivatives and trading, and prime brokerage businesses. Prior to joining DB, he worked at Morgan Stanley in a variety of positions. Parker, a member of DB's group executive committee, oversees some $700 billion of assets across a broad range of asset classes. One of those classes – valued at about $6 billion and grouped under a unit Parker formed, called Deutsche Bank Climate Change Advisors (DBCCA) – focuses on businesses and technologies aimed at mitigating the effects of climate change, a megatrend he believes will drive investment markets over the coming decades. It is also a cause he has come to champion. He is increasingly taking the campaign for a low-carbon economy public, most obviously in the form of the Carbon Counter, a 70-foot-tall electronic billboard in New York City that uses a counter to display the real-time accumulation of greenhouse gases in the atmosphere. In January, Parker spoke at the World Future Energy Summit in Abu Dhabi, a gathering of 3,000 world leaders, investors, and researchers.

1. How did you first become interested in environmental issues?

I grew up in New Jersey, and driving up the parkway to visit relatives I would see these billowing smokestacks by the highway. Many of my relatives eventually developed diseases. To me, it was logical that to stay healthy you have to steer clear of chemicals. And now, 40 years later, it's pretty clear that many of the diseases we have to contend with are the result of such pollutants.

2. Not many people have the vision to go from growing grapes organically to building a $4 billion asset management business focused on climate change. How did you go about it, and how did you get Deutsche Bank on board with the idea of investing in these alternative assets?

I became interested in wine in my early 20s, though I never intended to own a vineyard. But when I was living in Tokyo, I was approached by a friend of a friend about putting a little money into his vineyard. We both agreed that growing organically was the way to do it. Fifteen years later, we're happy we did, and we're producing world-class wines. At the same time, living in Japan and thinking about its demographics – an aging population, high savings rate, slowing economic growth – and how that was atypical of much of the world, I began to think about population growth and how there will be nine billion people on the planet by 2050. That led me to think about the sustainability of the atmosphere and of energy. I made my first personal investments in renewable energy at that time. And I started to ask what it would take for the world to shift to a low-carbon economy. Getting Deutsche Bank on board wasn't easy at first. I started the effort here in 2005, but it wasn't until Al Gore spoke at my conference in 2007 that a sea change began to take effect throughout different pockets of the bank and in different arenas, like sustainable building, interest in carbon trading, and solar energy. People follow the bouncing ball of money. Plus, Deutsche Bank has always had a big commitment to being a sustainable and responsible global citizen.

3. What is your process for identifying megatrends such as climate change?

When I was a senior at Stern in 1981 I wrote a paper published in a Stern magazine on scenario planning. So strategic planning has been with me since college days, and it works particularly well in asset management because the trends in asset management tend to be very long-lived. And megatrends can have a long-term impact if you get them right – or wrong! In 2005 we spent a lot of time mapping the megatrends. We identified six and I added the seventh: climate change.

4. You have said that the US Congress is the biggest obstacle to a low-carbon economy in this country. How so?

Rather than recognizing the clear and present danger we face from climate change, our leaders are putting political agendas first, debating on the basis of left-aisle and right-aisle issues. It's insanity. A very recent study by MIT predicted that a do-nothing scenario could result in the kind of temperature elevation that could mean the extinction of the human race by the end of this century. That's how fast change is happening. Every model of the effect of greenhouse gases has been wrong. We're seeing changes in the environment decades ahead of schedule. Lobbyists play a role in trying to block progress, but legislators are supposed to be leaders and see past that. The US is expected to be a leader in the world, but we have sat on the fence for a dozen years, which gives the rest of the world a free pass to do nothing. Sadly, our legislators are failing miserably.

5. If you were a legislator, what would be the first bill you would propose to put the US on the path to a low-carbon future?

The cap-and-trade bill would be a good first step. Once the allowances are sorted out, as carbon emissions increase and move up to the cap, the price of carbon will start to increase and it becomes more attractive to switch to alternatives. And there should be follow-on regulations regarding feed-in tariffs and energy-efficiency standards that force us to really reach. The automakers can just step over the current standards.

6. Experts say it will take a $45 trillion investment, globally, over the next few decades to transition to a more sustainable energy model. How do we get there from here?

We make it attractive. For capital formation, there needs to be TLC – transparency, longevity, and certainty. We need a transparent regulatory environment, certainty for investors, no flip-flopping. I worry more about the resolve of legislators to foster this shift than the capital.

7. Did you ever envision yourself becoming an evangelist for any cause, and particularly this one?

No, and I didn't want to. I've had a policy of not talking to the press for almost three decades on Wall Street. But that changed last spring. I took my older son, who was eight at the time, to try out for a hockey team that was a reach for him. If he made it, great, but if not, he would learn a little about dealing with rejection. He didn't make the team, and of course he was very upset. After a while he turned to me and said, "Dad, it doesn't really matter, because with global warming there won't be any ice on the planet in 10 years, so I wouldn't be able to play anyway." I know when he gets a little older he's going to ask me why, if I knew this was happening, I didn't do something about it. With all the resources we have at Deutsche Bank, and the great research we've sponsored and been a part of, to not take the fight more broadly would be a waste. The Carbon Counter we built in Manhattan, at Seventh Avenue and 33rd Street, is a small but effective part of that, and we're considering bids to build others in several other countries.

8. What influence has your experience at Stern had on your career?

The great quality of Stern is that the students are gritty, tough, street-smart, high-reality kids. It's a world-class educational institution located in New York City, the most competitive place in the world. You can't beat that combination. ■

Alumni Reconnect in Stern's New State-of-the-Art Space

Inaugurating the new space: (from left to right, back row) Mark Bean (MBA '06), chair, Alumni Ball Host Committee, Alumni Council; William Berkley (BS '66), chairman, Board of Overseers; Thomas F. Cooley, dean emeritus; Leonard Stern (BS '57, MBA '59), Board of Overseers; John Paulson (BS '78), Board of Overseers; (front row) Stewart Satter (MBA '82), Board of Overseers; Sally Blount, vice dean and dean of the Undergraduate College

In a festive ribbon-cutting that kicked off the 9th Annual NYU Stern Alumni Ball, alumni celebrated on campus in the transformed Concourses of Tisch Hall. The lobby's new glass façade and skylights on Gould Plaza infuse spaces with light. The centerpiece glass stairwell creates an ambience of openness and connection. Dynamism, energy, and color now flood hallways. Walk the new halls of Stern in the following pages to get a closer look.

The renovated Tisch Hall Lobby features a glass façade that now brings light into the space.

Being global is central to Stern and is reflected in its environment (Upper Concourse Lobby).

Gould Plaza begins to glow at night.

The dynamism of the Stern community mirrors the dynamism of NYC (Upper Concourse Lobby).

The energy of Stern flows up and down the interconnecting stairwell between Tisch Lobby and the Concourses.

Lounges and “touch-down” stations provide opportunities for students to socialize and study.

Skylights on Gould Plaza filter light into the Upper and Lower Concourses.

The Ernst & Young Learning Center (Lower Concourse) offers tutoring support to undergraduate students.

Modern, bright lounges with splashes of color offer welcoming study spaces.

The small discussion classroom configuration enhances student learning.

The renovated lobby of the Henry Kaufman Management Center has a clean, modern feel.

IMAGINE WHAT IT WOULD FEEL LIKE TO SEE YOUR NAME ON THE WALLS OF YOUR ALMA MATER

Make a three-year commitment today of $5,000, $10,000, or $25,000 to the Stern Fund, in support of the Concourse Project, and have your name on a donor recognition wall in the newly renovated space.

To learn more, visit the website at
www.stern.nyu.edu/buildconcourse
or call
(212) 998-4161.

GOING LONG ON STERN

Hedge fund founder John A. Paulson gives $20 million to fund NYU Stern's faculty research, scholarships, and renovation

John Paulson says he was inspired to begin a career in finance in the halls of NYU's College of Business Administration (one of NYU Stern's earlier incarnations), and he has given back to his alma mater in spades. Last winter, Paulson (BS '78), founder and chairman of Paulson & Co., announced a gift of $20 million to Stern. Paulson's gift will endow two faculty chairs – the Alan Greenspan Chair in Economics and the John A. Paulson Professor of Finance and Alternative Investments – as well as provide significant support for the School's Concourse Project, a major facilities renovation (see page 16), and scholarship aid for undergraduate students.

"We are extremely grateful for John's support," said Peter Henry, dean of NYU Stern. "His generous gift will further strengthen Stern's research capability, particularly in finance and economics, where we will continue to demonstrate the intellectual leadership that has propelled Stern to the forefront of business education institutions. His gift will also provide much-needed scholarships for undergraduate business students. It's already helped provide our outstanding students with a modernized learning environment that matches the high-quality educational experience we deliver."

Paulson founded New York-based Paulson & Co. in 1994. A hedge fund management company focusing on event-driven strategies, it is now one of the largest alternative asset managers in the world. During the recent subprime mortgage crisis, Paulson developed a contrarian strategy that included shorting mortgage-backed securities. It turned into one of the greatest trades in Wall Street history. One of his funds grew 590 percent in 2007, and three others more than doubled their assets. Paulson & Co. now manages more than $30 billion in assets.

A career in high finance wasn't always in the cards for Paulson. His interest crystallized while a student at Stern, when he took a course taught by John Whitehead, then chairman of Goldman Sachs. Whitehead invited other Goldman partners as lecturers, including Steve Friedman (later chairman of Goldman) and Robert Rubin (later chairman of Goldman and then US Treasury Secretary). "This course influenced my career in both M&A and risk arbitrage," Paulson recalled. "I think M&A is the most exciting part of investment banking, and risk arbitrage is the most exciting part of money management."

Paulson has been an active participant in Stern activities for several years, speaking regularly to students and alumni. In 2006 he became a member of the School's Executive Board, then joined the Board of Overseers, which has enabled him to contribute input to the School's curricular initiatives and operations. His insights into the School helped shape the objectives of his major gift. Paulson said: "NYU Stern, like other schools, faces financial pressures in the current economic environment and relies on the support of its alumni. I am grateful for the education I received at Stern. My hope is that this gift will advance the School's mission as a global leader in business education and economic research, as well as provide scholarships to gifted students with financial needs."

"My hope is that this gift will advance the School's mission as a global leader in business education and economic research."
— John A. Paulson

The Stern School will apply $5 million of Paulson's gift to support two endowed faculty chairs. The first chair is named for alumnus Alan Greenspan (BS '48, MA '50, PhD '77), a leading economist and former chairman of the Federal Reserve Board. It will be held by A. Michael Spence, nobel economist, who will join Stern in September (page 28).

The second chair, named the John A. Paulson Professor of Finance and Alternative Investments, is held by Professor of Finance Lasse H. Pedersen, who is the first professor to hold this chair. Pedersen's award-winning research, focusing on how liquidity risk affects security prices, trading, funding, and risk management, has influenced practitioners and regulators as well as academics.

Scholarships for undergraduate business students will be funded by $4 million of the gift. These high-merit, high-need students will be known as Paulson Scholars. The first group of Paulson Scholars will enter Stern in Fall 2010.

The remaining $11 million of the gift supports the Concourse Project, the School's most significant campus renovation since consolidating the undergraduate and graduate programs on Washington Square 22 years ago. The project has modernized classrooms and study spaces, created a more open learning environment, and connected the School's two primary buildings, the Henry Kaufman Management Center and Tisch Hall. In recognition of Paulson's generosity, the School has named the first-floor lobby of Tisch Hall and the School's auditorium in his honor. These spaces are prominent locations for hosting business and policy conferences and serve as central community hubs for students and returning alumni.

"John's support for the Concourse Project and for student scholarships is particularly meaningful," said Sally Blount, vice dean and dean of Stern's Undergraduate College. "Our faculty and students deserve to teach and learn in a physical environment that employs state-of-the-art design and technology that facilitates the networked nature of today's learning community. John's gift will also enable more students with financial need to pursue their education at Stern, a fundamental priority for the School."

TIME FOR BIG BROTHER?

Insurors acquitted themselves fairly well during the financial crisis, but the AIG debacle has reenergized the argument for federal regulation

In March 2009, responding to the financial crisis, 33 professors from the NYU Stern and NYU faculties published a collection of 18 policy papers called *Restoring Financial Stability: How to Repair a Failed System* (Wiley, 2009). The collection was subsequently updated online and now includes a chapter on insurance industry regulation that derives from a white paper prepared by four faculty members last fall for a conference Stern hosted on the subject. One of its authors was John Biggs, Executive-in-Residence at NYU Stern, who for 10 years was chairman, CEO, and president of TIAA-CREF, the major pension and investment firm serving higher education. In November, Biggs met with Eric Dinallo, Henry Kaufman Visiting Professor of Finance at Stern, who, as the 39th superintendent of the New York State Insurance Department, led the state's role in the 2008 rescue of insurance giant American International Group Inc (AIG). They discussed whether the recent financial crisis and the AIG bailout indicate a need for federal regulation of the insurance industry, such as an optional federal charter. Highlights of their discussion follow.

On Regulating the Insurance Industry

John Biggs: The banking model of letting banks be regulated by either the federal or state governments seems like a good model for the insurance industry. Most insurance companies would prefer state regulation, which they know and it's been a good system for them. The very large, national 50-state companies would seriously consider an optional federal charter, but they ought to go into it carefully, because you don't know what you're going to get with a federal regulator. But it should be optional. We might move to a mandatory system as we think through what "too big to fail" or "too interconnected to fail" means. I also like the FDIC model pre-collapse of the economy, assessing premiums, rather than the state guarantee system. You have state and federal banks, but one FDIC system that covers everybody. There may still be a role for the state in cases where it's done a good job dealing with small failures but doesn't have the capacity to deal with big failures.

Eric Dinallo: Rationalization is important, but I'm fundamentally against companies choosing their regulator. There shouldn't be any optionality. It should be like a marriage, not dating. The financial crisis happened in part because of this "choose your regulator" approach. That's what hurt AIG, because it was being regulated at the highest level by an authority that was really supposed to be regulating savings and loans, and only a thousandth of AIG's balance sheet was that kind of commercial bank. I still don't see how you're going to regulate a company if you don't understand what the dominant business is.

A deeper issue is that... as a society we're accepting "too big to fail" in that we're permitting leverage to be created in one part of the company off a base of deposits, whether they're insurance policies or bank deposits, which should be separated. The people 70 years ago who came up with the Glass-Steagall Act [which established the FDIC and prohibited bank holding companies from owning other financial companies], which we abrogated just a few years ago, had good reasons for not wanting the American public to essentially be subsidizing an entity's leveraged banking activity. We should be revisiting that.

JB: I absolutely agree with Eric that the AIG choice of its federal regulator was an outrageous and egregious example of what's called "regulatory arbitrage." But I don't think optionality between a competent state or federal insurance regulator gives that kind of an arbitrage opportunity. For instance, TIAA-CREF found it very clumsy to operate nationally, since we had to get all of our representatives licensed and products approved in all 50 states. It's improved, but it's still difficult. Also our business was primarily offering pension plans and annuities, and our principal competitors weren't other insurance companies but Fidelity, Vanguard, T. Rowe Price, and Charles Schwab, which operate under a federal regulator in a very simple structure. Federal regulators can be very intrusive. The insurance companies tried through 15 years of litigation to avoid the SEC's intrusive role, but once they got there, they found it was livable, and so most major insurance companies have an SEC relationship for their products.

ED: This battle about federal versus state regulation of insurance has been going on since roughly the Civil War. Some of it is about bringing products to market too slowly. They've got to go through the 50-state system, and the fact that we don't deal with agents in a holistic way, and that the system is clunky, are all true. But this crisis wasn't about that. It was Exhibit A for how well the regulatory system for insurance performed – AIG's failures were not on the insurance side, they were on the investment banking side. No other insurance company has had any serious problems. In fact, you could argue that of the three legs of the financial services stool, the insurance leg was the only one that didn't break. Investment banking got crushed, and about 125 commercial banks have been seized. People should understand that the capital behind insurance survived pretty well. The regulatory framework and the licensing process are very different questions.

JB: Treasury Secretary Tim Geithner recently referred to the fact that insurance is a central feature of the whole safety network for companies, whether it's auto, commercial, or health insurance. I think that's true but, if so, don't we need someone in Washington who has actually done the difficult regulation of insurers and can stand on a comparable footing with the banking and securities regulators?

On AIG, Risk, and Centralized Oversight

ED: AIG was unique. Using their financial products division, they took their AA or AAA rating and sold it as a form of pseudo-insurance to outsiders. By doing that, they evaded the requirement to set up a separate insurance company, a monoline like MBIA or Ambac, whose sole purpose is to insure municipal debt and structured debt products [and guarantee the timely repayment of bond principal and interest when an issuer defaults, and provide services to only one industry]. You don't want the contagion infecting a property/casualty company's balance sheet. The predecessors in my agency and the New York State legislature were smart in causing that to be a localized, separate activity, so that if it did implode, you weren't taking out the other healthy, insurance parts of a company. AIG evaded that by

"I talk about standing on top of AIG and looking down. My view is we need somebody who does that all across our financial landscape."
-Eric Dinallo

setting up a kind of bolted-on bucket shop, where they had no capital behind their commitments.

JB: I think that's right but when it comes to the resolution of a very large failing insurance entity and a source of bailout funds for one, the state guarantee funds couldn't cope. I think the state guarantee funds turned out to be totally inadequate to deal with the troubles. Certainly the estimate for the life insurance guarantee fund, which was set up to raise $8 billion in a year, was grossly inadequate – AIG required over $100 billion. Then a number of companies rushed to buy home loan operations or a bank of any kind so that they could be eligible for TARP money. Some were successful at becoming eligible and two actually did draw down billions. I believe the state regulators should have challenged The Hartford on the basic imprudence of believing their statutory capital was adequate for them to become effectively a guarantor of stock market returns on their variable annuity business. They guaranteed returns, death benefits; if the benefits were below a certain level, they actually guaranteed levels of income. Unlike the banking system's FDIC where the cost of a bailout has to be absorbed by the banking business, the state guaranty funds reduce taxes on the insurers to fund the losses, thereby passing the cost directly back on the taxpayers.

ED: You should ask where that money went. I'm pretty sure it didn't flow into their insurance operating companies. The real test is whether the insurance companies are solvent. What bothered me about the program with the insurers and TARP (no New York insurance companies took any TARP money) is that that money stayed at the holding company and was going to be used for either stock price support, M&A, or to keep the rating up. I still say, overall, the insurance regulatory regime on capital requirements worked better than any other regulatory regime.

I'll concede it's weird how 50 states, somewhat independently, came out with a better result than a single regulator would have apparently come out. Maybe competition's actually good. Fifty years ago the defense for having 50 state regulators, called the theory of plurality, was that you would get a constant refreshing of best practices. Now the state regulators are more into consumer protection. So why are we fixing a system that didn't break during the most recent crisis, that survived on capital regime measurements? We should just stop and ask why the insurance industry and the regulatory apparatus did so well.

JB: At least we should look at an FDIC type of structure.

ED: I agree that the guarantee fund mechanism for insurance needs to be updated. In a true crisis, you probably couldn't collect enough money fast enough to do what you would need to do. You should be paying in up front.

JB: It ends up that the state citizens pay for the problem rather than the insurance industry.

ED: The National Association of Insurance Commissioners (NAIC) has some issues. But it is a fairly robust umbrella organization and it could theoretically become like a Self-regulatory Organization (SRO). You could grow the NAIC into something that could be responsive to Congress and theoretically be a part of the Treasury. The NAIC kept the capital requirements pretty much right, and they've done consumer protection very well, which the federal government hasn't.

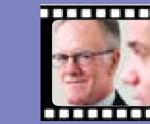
JB: Consumer protection is a major issue between the banks totally regulated by the Fed and the state-regulated banks. Many states feel that the federally regulated banks aren't doing an adequate job. Getting that right is hard for any of these systems, but I think it's a real strength of the system. If we didn't have the NAIC, I don't think there's any chance that the state system could survive. They do a good job on individual asset classification decisions, but there are frustrations, especially if you're running a company like TIAA-CREF. Our marketing, advertising, and sales force, about 2,000 out of 6,500 employees, has to be licensed in all 50 states in order to talk about insurance products to callers from around the country. I could never see why the NAIC could not be authorized to provide national producer licenses and uniform simple product approvals. Now we end up with lots of individual variations on a simple product design.

ED: The problem is that there are politics over who's going to ultimately set the standard. Which state standard is going to be the right one? When I first came to the New York State Insurance Department, there was a snarky phrase, 49-1 [the other 49 states vs NY], which was basically code for "the New York State Insurance Department is difficult." But a lot of New York's capital standards and its approach ended up being right. In your analysis, it could mean a race to the bottom. Which state becomes the standard for this product approval, or that license, or that capital requirement? You arguably end up with different products and a very lengthy licensing process, which in modern capital markets is odd, especially for something like life insurance. You could argue about car and home insurance, because what happens in Florida might be different from what happens in Nebraska. But people die the same way everywhere, so life insurance should be totally portable.

On Being Too Big to Fail

JB: If you had a life insurance company with $200 billion in assets that failed to meet its commitments, the damage to the country would be extraordinary. I was on the life insurance committee working on an appeal of Glass-Steagall, and the one thing we insisted on was that no

"If you had a life insurance company with $200 billion in assets that failed to meet its commitments, the damage to the country would be extraordinary."
-John Biggs



bank could ever own a life insurance company. What they did, which I thought was better than nothing, was to say that it has to be in a holding company and the Federal Reserve has to oversee that. My own hunch is that the Federal Reserve will save the banks before they'll save the insurance companies.

ED: My definition of "too big to fail" relates to any institution that sells a product for which we expect a rock-solid understanding that there will be payment upon obligation. That's commercial banking and insurance. The state system on insurance and the federal system on banking offer that guarantee. The government entities will step in and make good on those obligations. That's what "too big to fail" ends up becoming. I can see that they could be too big to fail, even on a state level. But that's not systemic risk.

JB: Don't forget, the state guarantee system is also used as a resolution authority, like the FDIC, and it does an adequate job. The FDIC already handled 180 companies by November, which would be an extraordinary number for the life insurance industry, which never has more than three or four a year.

ED: There is a distinction between resolution authority and guaranteed funds. Guaranteed funds are the money to bail things out, basically, or the ability to pull the money, which is one of our problems. The resolution authority can come in, seize the company, and unwind it. The resolution mechanism is adequate, though it's never really been tested. But again, remember that a normal insurance company dies slowly, unless it has a huge property exposure, for example, where suddenly a hurricane wipes everything out. In general, it's about writing risk too inexpensively, and then suddenly the numbers start coming in, and you realize it's going to be a very close call. Generally, the authorities order you to stop writing new business, seize the company, and put it into runoff – where you're paying out claims but no money's coming in. At a bank, you know immediately what your obligations are, but with an insurance company, it's still statistically based, so it's a bit of an art form.

JB: With property and casualty, especially, you get the premiums now, and you don't pay the claims for five or six years. You can manage earnings very well, particularly with a big property/casualty business. In the life insurance business, take, for example, companies that have a huge book of long-term-care insurance. I think in terms of actuarial judgment, you've got to guess what molecular biology's going to do to life 30 years from now. You could end up with some huge claims. At TIAA-CREF, we had a book of long-term-care business and we assumed long lives and many years in nursing homes.

ED: So they didn't sell it too cheap, like other companies. This is a classic issue and an example of why you need better national standards. Some states way underpriced it, and they have real problems now, because people are living longer and no one let the stuff lapse. Many insurance companies sold long-term-care insurance that was not well priced. State to state, provider to provider, should they have been permitted to price that insurance so differently?

On Credit Default Swaps and Regulation

ED: If other companies participated in credit default swaps (CDSs), it wasn't nearly to the same extent as AIG. There was a time that unit was producing huge profits. Buying CDSs for hedging purposes in a portfolio is very different than selling CDSs as a form of insurance, which is what was going on at AIG. You can't overstate the extent to which they accomplished this with almost no capital. They had no money to back up their bets. When the company got downgraded, they had to put up tons of collateral, which they didn't have. They thought the collateral was going to come from the insurance subsidiaries – not a good assumption. With infinite capital they would have done okay. But we don't let insurance companies operate that way.

We preempted all the laws that would have made it illegal. We said, "You can sell this kind of insurance, and you can do what used to require capital if you do it as a derivative in an unregulated entity." One thing we have to decide as a country is, are we going to go back and fix that, or are we just going to let people continue to do derivatives business, not as a hedge, but as a primary replication of an obligation? Arguably, we have not changed that. We're going to have these exchanges and clearing houses, but I'm not sure they are going to be at the right capital level.

JB: I've always thought we needed a responsible federal official, and you'll only get that if you have some regulatory mechanism there. The proposal the administration has made to Congress includes an Office of National Insurance, which will be an information-gathering group. But the director is not approved by Congress and would not have regulatory authority. Regulatory authority is different from information-gathering, and the government acknowledges that. They're going to have a group [the Financial Services Oversight Council] making decisions on systemic risk and too-big-to-fail situations. It will consist of eight of the top federal officials, the SEC chairman, the Federal Reserve chairman, and so forth. But there is nobody on that board who will know anything about insurance.

ED: I talk about standing on top of AIG and looking down. My view is we need somebody who does that all across our financial landscape. You could argue whether it should be a single regulator, or this council, but it's all about insurance presence. Bottom line: There's nobody at the table who knows anything about insurance. That's not a good thing. ■

LEADING *Indicators*

Barry Salzberg

chief executive officer

Deloitte LLP

Barry Salzberg is CEO of Deloitte LLP, the US member firm of Deloitte Touche Tohmatsu. Deloitte LLP is a nearly $11 billion firm serving more than 80 percent of the world's largest companies with audit, consulting, financial advisory, risk management, and tax services. It was ranked the #1 Best Place to Launch a Career by *BusinessWeek* in 2009.

A Brooklyn native, Salzberg started his career at Deloitte in 1977. He became a partner in 1985 and in 2000 assumed full leadership of the Deloitte Tax LLP practice, which, during his three-year tenure, increased its market share from fourth place to first. Salzberg was appointed CEO of Deloitte LLP in June 2007. He received an undergraduate degree in accounting from Brooklyn College,a JD from Brooklyn Law School, and an LLM in taxation from the NYU School of Law.

Barry Salzberg was interviewed on October 12 by Nanette Byrnes, a senior writer for* BusinessWeek*, specializing in corporate finance and management. She also contributes to businessweek.com's "Management IQ" blog, and her work has appeared in* Smart Money *and* Financial World *and on National Public Radio.

Nanette Byrnes: *You did your graduate law degree at NYU while you were simultaneously working full time for Deloitte. Tell us about your educational background, and your connection to NYU.*

Barry Salzberg: In 1977 I went to Haskins & Sells, a predecessor to Deloitte, and I started in the tax practice immediately even though I really didn't have any tax background. In 1978, knowing that tax was really what I wanted to practice, I was accepted here to get my master's of law and tax. I earned my degree while working full-time at H&S, which subsequently became DH&S. Early in my career, I worked back and forth between audit and tax so I could get the experience necessary to become a CPA in New York in addition to being a lawyer. I was combining the accounting degree, the law degree, and the LLM just to practice tax in the professional services profession.

NB: *Were there formative experiences early on in your career that gave you the idea that perhaps someday you could be heading up the firm?*

BS: Maybe even well into being a partner at Deloitte, being CEO of Deloitte was the farthest thing from my mind. I was most interested in serving clients, developing my technical skills, and enjoying the day-to-day practice of tax. It took many years of working within the firm, understanding what I could contribute, and being received well by the partnership for what I contributed before I even had an idea that perhaps I could become CEO.

NB: *Was there a mentoring relationship that was important to your development?*

BS: Fortunately, I was able to have one or two mentors. One in particular figured out that I needed to broaden my experience base within Deloitte in order to create a credible résumé for future leadership positions. He masterminded a little bit of deployment for me to move from one part of the organization to another, all to allow me to gain experience, exposure, and breadth of competency so that I'd be well positioned to assume a leadership position. He was instrumental in giving me the confidence and the desire to say, "You know what? I think I could do it." My advice to everyone is you need a mentor.

NB: *How would you advise people who are still building their careers to seek out mentors?*

BS: Number one, it can't be a forced fit. There has to be a rapport, a relationship that is built up through interaction. Often both parties benefit.

"Around 2002, all our competitors were separating their consulting business from the rest of their firm. ... We decided that rather than segment our firm, we would segment our client base. ... It has given us tremendous market presence and breadth of competencies."

Number two would be to speak up and seek the person out. My advice would be to be appropriately aggressive about seeking that mentor relationship. Often it's the person you work with because they know you the best and have the best sense for where you can go.

NB: *What career development programs does Deloitte have in place?*

BS: Our focus on career/life fit, called MCC, for Mass Career Customization, is working extremely well for us. It's a mentoring, career-counseling relationship where an employee's supervisor has a career-counseling conversation with him or her, focused on the employee's personal situation and desired career trajectory, and customizes a plan. We've rolled it out across the entire organization and even advised clients on it. MCC really deals with the heart of retention. We will have a program where you can take time off to pursue personal interests, remain connected to Deloitte, and then come back. We have many individuals who create their own assignment or their own approach to how they deliver service to our clients.

NB: *One of the fairly unique things about Deloitte is that when many accounting firms chose to spin off consulting, you kept those two competencies together.*

BS: Around 2002, all our competitors were separating their consulting business from the rest of their firm. The theory was a reduced addressable market because of the Sarbanes-Oxley legislation, and the requirement that most of the consulting services that were then provided couldn't be provided to attest clients while you were doing the audit for them. We decided that rather than segment our firm, we would segment our client base and do a complete flip in terms of where consulting served its market, from a high percentage of revenue from attest clients to revenue almost exclusively from non-attest clients, which is where we are today. It has given us tremendous market presence and breadth of competencies. Because the market today is buying holistically, all of that together, we've got a unique competitive advantage. It makes us the biggest firm in the country, soon to be the biggest worldwide.

NB: *How do you ensure that you don't have conflicts?*

BS: It's really straightforward, because we simply can't provide consulting services to the attest space. The rest of the market is open for consulting, so as long as there are no prohibited relationships between consulting and the attest function, we can serve them. The greater issue is business conflict: Because we now serve 80 percent of the market between attest and non-attest, there's inevitably some kind of business conflict. But we manage those very, very carefully.

NB: *Where will your growth come from?*

BS: Within the US, first, it will come from new services, such as risk services, M&A, and tax-advantaged ERP [enterprise resource planning — an integrated software solution used to manage a company's resources], and when different products require a confluence of multiple businesses that we can bring together to provide one service to the client. Also, certain sectors are hot — the public sector, healthcare, energy, natural resources — and present great opportunities. Globally, emerging markets are the fastest-growing — India, China, Brazil, the Middle East, Vietnam, and Russia — when it comes back. We're figuring out their growth plans and how they could absorb huge growth given their size today. For us in the US, if those markets don't grow, our clients won't be well served. We need to invest in those markets in order to be well prepared to serve our existing client base.

NB: *Speaking of the economy, are you seeing some increase in demand?*

BS: Definitely. Our consulting pipeline, a good measurement for us of a recovering economy, is better than it was a year ago and even a year before that. We're also seeing increased spending by clients. The utilization our people have in serving clients is pretty good. The issue is more in pricing, given the environment and the difficulty our clients are experiencing, but we see reasonably good signs of stability. I fear that that will be misinterpreted as robust recovery, which we don't see occurring quite yet. We are forecasting high single-digit growth two years out. In this year and next, we're not likely to see that across our whole business.

NB: *During this period of somewhat slower business, how have you managed the talent?*

BS: Securitization pretty much dried up, so most of our securitization people were redeployed to our capital markets consulting group and retrained. M&A slowed up, and a number of our M&A individuals were redeployed to restructuring, which picked up. International tax became a very hot area for us, so we redeployed other tax professionals to take advantage of that. We did align head count to match the reduced demand, but our strategy is what I call "hug the keepers," to make sure that all the people with us today remain gainfully engaged and motivated.

NB: *What is the biggest challenge for the firm besides the economy?*

BS: The supply side is an issue as we forecast out a few years. We're concerned there won't be enough graduates wanting jobs with us. We have to deal with how we get the very best people to join us.

NB: *How far along do you think we are in coming to global standards of doing business in these professions?*

BS: We are far away from it becoming a reality.

BusinessWeek Senior Writer Nanette Byrnes questioned Deloitte's Barry Salzberg about his company's strategy at a CEO Series event held at NYU Stern in October.

NB: *Do your customers ask for that?*

BS: Some. A number of clients file under multiple systems. There is a lack of comparability between financial statements of companies within the same industry sector based on where they're located in the world. But getting to a global standard is costly and time consuming, and a number of folks don't want it. But I suspect we will get there.

NB: *Part of the fallout of Sarbanes-Oxley was the creation of the PCAOB. What is it like to deal with an independent regulator for the first time in the profession's history?*

BS: We believe it's a good thing for the profession and the capital markets. We totally support being regulated in that regard. But it's intense — a daily challenge.

NB: *Do you think that financial statements have been improved by the process?*

BS: Absolutely. The number of restatements that occurred pre-Sarbanes-Oxley and PCAOB formation versus today is dramatically down.

NB: *How do you feel the securitization market is going to evolve?*

BS: The volume will be dramatically different. I sense securitization will not be eliminated as a process or product, but I do think it will be materially different. Consequently, the nature of what a firm like ours does in that market will be different, both in terms of volume and the mix of services provided, from assisting in the creation of the product to compliance and overall consulting.

AUDIENCE QUESTIONS

Q: *Do you feel that either your accounting or law background gave you the skills you need to succeed as a senior manager or do you feel that you had to pick those skills up on the job?*

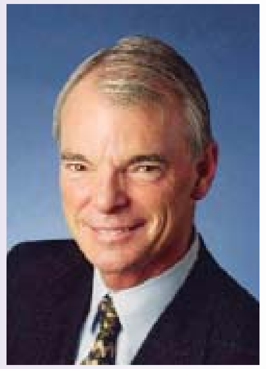
BS: There is zero doubt that on-the-job experiences over a protracted period give you the real formula to lead an organization as complex as mine. You need the educational foundation, but then you need practical experience. We need to deal with advancing practical experience into the education arena and getting more of the hands-on learning that positions individuals better for their first day on the job.

Q: *Are consulting companies moving toward flat-rate billing or alternatives? And do you see that as something that's an answer to the recession, or something that's here to stay?*

BS: We create fee arrangements other than hourly rates in circumstances where it makes sense, and we will continue to do so. In a difficult economy, it's an incentive for the buyer because they don't have to literally budget for it. But to me, it's a one-off. We don't have a long-term strategy for it, and we're not moving in that direction simply because of the recession. ■

Prospectus

A. Michael Spence, Nobel Economist, to Join NYU Stern



Nobel Laureate A. Michael Spence will join the faculty of NYU Stern as the Alan Greenspan Professor of Economics in September. Spence is a senior fellow at the Hoover Institution and the Philip H. Knight Professor Emeritus of Management in the Graduate School of Business at Stanford University.

"Mike, through his broad portfolio of activities, all performed at the highest level, and fundamentally propelled by deep academic expertise, embodies the kind of integrative thinking that NYU Stern continues to bring to bear on the complex problems of business in the 21st century," said Dean Peter Henry.

Spence, whose scholarship focuses on economic policy in emerging markets, the economics of information, and the impact of leadership on economic growth, is chairman of the independent Commission on Growth and Development, a global policy group focused on strategies for producing rapid and sustainable economic growth, and reducing poverty. He also serves as a consultant to PIMCO, as a senior adviser at Oak Hill Investment Management, and as a member of the board of the Stanford Management Company as well as a number of public and private companies.

A Rhodes Scholar and the recipient of many honors and awards, Spence was awarded the Nobel Memorial Prize in Economic Sciences in 2001 and the John Bates Clark Medal from the American Economics Association in 1981. He is the author of three books and 50 articles, and is a member of the American Economic Association and a fellow of the American Academy of Arts and Sciences and the Econometric Society.

Spence served as Philip H. Knight Professor and dean of the Stanford Business School from 1990 to 1999. Before that, he was a professor of economics and business administration at Harvard University, chairman of its economics department, and dean of its Faculty of Arts and Sciences.

Glucksman Institute Awards Research Prizes to Stern Faculty

When NYU Stern's Glucksman Institute for Research in Securities Markets awarded its annual prizes for excellence in financial research in February, the first-place prize of $5,000 went to Professor of Finance **Viral Acharya** for his co-authored paper, "Rollover Risk and Market Freezes." The paper presents a model that can explain why the market for short-term, secured borrowing against finitely lived assets can collapse suddenly even when there is only a small change in credit risk, as witnessed during the crisis of 2007-2009.

Professor of Finance **Jeffrey Wurgler** took second place and $2,500 for his co-authored paper, "A Reference Point Theory of Mergers and Acquisitions." The study shows that the use of judgmental anchors or reference points in valuing corporations affects several basic aspects of merger and acquisition activity including offer prices, deal success, market reaction, and merger waves.

Honorable mention and $1,000 went to **David Backus**, Heinz Riehl Professor of Finance and Economics, for his co-authored paper, "Disasters Implied by Equity Index Options." The paper uses prices of equity index options to quantify the impact of extreme events on asset returns.

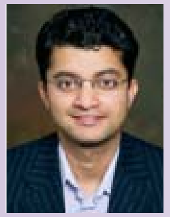
Citi Leadership and Ethics Program Selects Women's World Banking CEO Iskenderian as Distinguished Fellow

Tackling the world's most intractable social problems through market-based approaches is the type of study NYU Stern's Citi Leadership and Ethics Program, managed by the School's Markets, Ethics and Law Program, was created to explore. Marking its seventh year with funding from the Citi Foundation, the program appointed Mary Ellen Iskenderian, president and CEO of Women's World Banking (WWB), the world's largest network of microfinance institutions and banks, as this year's Distinguished Citi Fellow in Leadership and Ethics.

Iskenderian is considered a leading voice for women's leadership and participation in microfinance and is a strong advocate for the role of capital markets in the sector. She joined WWB in 2006, bringing more than 20 years of experience, largely from the private sector arm of the World Bank, in building global financial systems throughout the developing world. New York-based, she heads a global team that provides hands-on technical services and strategic support to 40 top-performing microfinance institutions and banks in 28 countries in Africa, Asia, Eastern Europe, Latin America, and the Middle East. The WWB network reaches more than 20 million clients, of who 74 percent are poor women entrepreneurs. Iskenderian recently keynoted the Citi Program's annual spring conference for Stern students and alumni.

research *roundup*

Anindya Ghose, assistant professor of information, operations, and management sciences, and a team of four professors from NYU and NYU-Poly were awarded a $2.124 million, three-year grant from the National Science Foundation (NSF) to support an inter-disciplinary program, "ASPIRE: An SFS Program for Interdisciplinary Research and Education." The NYU-wide collaborative program focuses on identifying and providing practical, cost-effective solutions to security and privacy problems on the Internet and other critical information infrastructure from technical, ethical, policy, and business perspectives.



Anindya Ghose

In addition, Ghose and **Arun Sundararajan**, associate professor of information, operations, and management sciences and NEC Faculty Fellow, were both granted Google & WPP Marketing Research Awards. As part of these prestigious awards, they will receive $75,000 and $65,000, respectively, to support their latest research. Ghose's research proposal, "Modeling the Dynamics of Consumer Behavior in Mobile Advertising and Mobile Social Networks," aims to examine how firms can measure and manage the economic value created by mobile phone-based user-generated content. Sundararajan's proposal, "The Breadth of Contagion of the Oprah Effect: Measuring the Impact of Offline Media Events on Online Sales," authored with alumna **Gal Oestreicher-Singer (PhD '08)**, a professor at Tel-Aviv University, studies the contagion that offline media events induce in online networks and the ensuing changes in patterns of product demand, media consumption, and social interaction.

Sha Yang

Also, two of Ghose's research papers on sponsored search advertising, co-authored with **Sha Yang**, associate professor of marketing, were selected as two of the "Top Search Marketing and Social Media Research Projects of 2009" by WordStream, which conducted a survey of publications that can have a major industry impact.

Sinan Aral, assistant professor of information, operations, and management sciences, has been recognized by the NSF with its Faculty Early Career Development Award (CAREER). As part of this prestigious award, he will receive $475,000 to support his latest research, which will utilize data on online social networks to assess peer influence in product adoption and demand, and will determine how best to target peer-to-peer distribution by developing and applying new statistical techniques that detect where there is peer influence versus self-selection, homophily, and confounding factors in the distribution. His research will also develop network-based models of the diffusion of behavior change in social networks, and validate these models using empirical data on social relationships and health-related behaviors from five massive networked datasets.

Professor of Finance **Viral Acharya** and Nobel Laureate Finance Professor **Robert Engle** received a $10,000 grant from Q Group Research Committee for their proposal, "Anatomy of Trading and Liquidity in the Credit Default Swaps Market." Additionally, Acharya and his co-authors received a 10,000 euro grant from the BNP Paribas Hedge Fund Centre at HEC Paris for their paper, "Seeking Alpha: Excess Risk Taking and Competition for Managerial Talent."

Assistant Professor of Finance **Marcin Kacperczyk**, Associate Professor of Finance **Stijn Van Nieuwerburgh**, and Associate Professor of Economics **Laura Veldkamp** were awarded a Q-Group Research Award of $10,000 for their project, "Attention Allocation Over the Business Cycle."

Laura Veldkamp

The Accounting Foundation of the University of Sydney presented Professor of Accounting **Joshua Ronen** with the 2008 Abacus: *A Journal of Accounting, Finance and Business Studies* Manuscript Award of $10,000 for his paper, "To Fair Value or Not Fair Value: A Broader Perspective," at the American Accounting Association Conference.

Professor **Alexander Ljungqvist** was appointed the Ira Rennert Professor of Finance and Entrepreneurship in 2009, and received the 2009 NYU Teaching Excellence Award.

short *takes*

Dolly Chugh, assistant professor of management and organizations, was announced as a finalist of the 2009 Faculty Pioneer Awards by The Center for Business Education at the Aspen Institute. This annual recognition program honors business school instructors who have demonstrated leadership in integrating ethical, environmental, and social issues into the MBA curriculum.

Dolly Chugh

Kenneth Langone Professor of Finance **Roy Smith** published a new book, *Paper Fortunes: Modern Wall Street; Where It's Been and Where It's Going* (St. Martin's Press, January 2010), that offers investors and average readers alike a better understanding of how the financial industry has grown and developed since the 1930s and what the future holds for Wall Street. A former partner at Goldman Sachs for more than 20 years, Smith provides an insider's look at the people who have shaped the US market economy for the last 60 years, from the Goldmans, Sachses, and Lehmans through to Richard Fuld, Henry Paulson, and Tim Geithner.

Lawrence White, Arthur E. Imperatore Professor of Economics, testified late last summer in both the US Senate and House of Representatives about credit rating agencies. Before the Senate Committee on Banking, Housing, and Urban Affairs, he proposed that lawmakers eliminate regulatory reliance on ratings and urged more competition. Before the House Committee on Oversight and Government Reform, he testified about the role of credit rating agencies in the recent financial crisis, their danger to investors, and whether the agencies should be regulated. He also testified before the House Committee on Financial Services regarding the Community Reinvestment Act, describing the act's shortcomings and outlining a more effective way to achieve its goals.

At the Federal Reserve Bank of New York in August, Finance Professors **Viral Acharya**, **Lasse Pedersen**, **Thomas Philippon**, and **Matthew Richardson** presented their work, "Regulating Systemic Risk." Additionally, Acharya delivered an address titled, "Too Big to Fail, Too Big to Manage, or Just Too Big?" during a Central Banking Seminar at the New York Federal Reserve in October. He then presented his co-authored book, *Restoring Financial Stability: How to Repair a Failed System* (Wiley, 2009), at the Swiss Finance Institute annual meetings in Zurich, Switzerland, in November. He presented his research paper, "Precautionary Hoarding of Liquidity and Inter-Bank Markets: Evidence from the Sub-Prime Crisis," at the European Central Bank conference on Monetary Policy in Frankfurt, Germany, in December.

Viral Acharya

In August, Clinical Professor of Economics and Director of the Center for Japan-US Business and Economic Studies **Edward Lincoln** was part of a group briefing Ambassador-designate to Japan John Roos. Lincoln provided background on Japan's economic situation and the economic issues that the Ambassador-designate would likely face as the government regime changed in Japan.

Edward Lincoln

BRAVE NEW WORLD

THE INTERNET IS YIELDING VAST TREASURES OF DATA FOR COMPANIES AS THEY EXPLORE NEW WAYS TO REACH CONSUMERS, SHAPE THEIR MARKETS, AND OPTIMIZE THEIR WAYS OF DOING BUSINESS

By **Marilyn Harris**

In just one short decade, the Internet has caused major disruptions in a number of industries and continues to transform our lives in radical ways. If our age is all about communication, the Internet is both its 24/7, omni-directional switchboard and collective memory bank, where individuals can “talk” to friends and giant corporate entities, review products and services, complain, offer praise, or get virtually any question answered at any time. The Internet is a powerful new platform on which thousands of new businesses are being enabled, and ordinary people are becoming empowered in unprecedented ways.

Methodologies from academic research are beginning to emerge that demonstrate how to think about the enabling potential of the Internet from a business perspective. The four provocative papers excerpted here – written by information systems faculty in NYU Stern’s information, operations, and management sciences department – demonstrate several of these new ways of utilizing the wealth of information provided by the Internet. Assessing how companies and consumers communicate with each other and, in the case of consumers, with one another, is one aspect; how to make sense of market forces in the online space is another. As much as businesses will be interested in this research, its implications, in some instances, reach beyond the commercial realm. Understanding how people form networks, influence each other, disseminate news and information, handle finances, and make purchases is also invaluable to governments, social service agencies, the military, and intelligence agencies, to name a few.

DOUBLE-CLICK TO FIND YOUR AUDIENCE

Advertisers can mine anonymous Internet data to identify audiences for targeted brand advertising

Apple Computer made advertising history in 1984 with its bold, televised Super Bowl commercial showing an unnamed heroine smashing a giant screen, the symbol of an Orwellian "Big Brother" authority figure. Tomorrow's brash newcomer might decide to get its brand message out in a more targeted, cost-effective – and measurable – fashion: by flooding networks of like-minded Web users with branded display advertising. The technology exists to accomplish this targeting strategy while still safeguarding consumer privacy, according to new research by NYU Stern Professor Foster Provost and his co-authors Brian Dalessandro, Rod Hook, Xiaohan Zhang, and Alan Murray. "Online brand advertising has a huge opportunity for growth," says Provost.

The research, published as "Audience Selection for Online Brand Advertising: Privacy-Friendly Social Network Targeting," is one of the first papers on data mining for online brand advertising, according to the authors. It shows unambiguously that advertisers can extract anonymous information about consumers' Web-browsing habits, and from that information build a group that is likely to be interested in and motivated by specific brand advertising – without compromising these individuals' privacy.

The paper makes several important contributions. It provides a framework for evaluating which audiences would be viable target groups for brand advertising; introduces methods for identifying these audiences without collecting any personal information about them; shows that people who exhibit certain online interests in common also share an affinity for the same brands; and provides evidence that these target audiences often turn out to contain true social networks, where the members actually know one another, at least online – which, taking into account the existing body of knowledge about consumer behavior, would likely explain their sharing an interest in the same brands. "The notion of targeting social network neighbors resonates with brand advertisers because they believe that the personal networks of those already exhibiting brand affinity should be good targets for brand advertising," says Provost.

Like-Minded Consumers

To conduct their research, the authors used data on visits to social networking sites. A basic tenet they relied on to identify subsets of users was the notion of homophily – that social relationships tend to be made between people with similar characteristics – which can be leveraged to improve targeted direct marketing. Using this theory, they evaluated brand-affinity data for more than a dozen well-known national and international brands. Using cookies that advertisers collect to chart the visits of people browsing pages of "user-generated micro-content," such as Facebook, non-professional blogs, and the like, the researchers were able to identify what they called quasi-social networks. Within those networks they tested two sets of brands, one advertised and one not, and observed the resulting action taken by the audiences within the identified networks. The results showed that the quasi-social networks exhibited markedly higher brand affinity.

Both advertisers and consumers would benefit from better designed online brand advertising, the authors argue. Spending advertising dollars on display ads with the aim of getting people to click through to a purchase, for instance, may not be especially efficient, because consumers aren't looking at display ads with an immediate transaction in mind; the display format is better suited for brand advertising. The authors also cite studies that chart a clear correlation between consumers' viewing of online brand advertising and an increase in both their subsequent online and offline purchases, well into the future. One of the practical implications of this paper: If advertisers can use anonymous Web data to identify the right target audiences, they will get the kind of measurable return on their investment they seek. In addition, says Provost, designing better display ads and selecting more appropriate audiences "may have a substantial impact on social welfare: the access to a large amount of free content online is due largely to (the hope for) sponsorship by display advertising."

With the extensive, apparently constant mining of data that has been made possible by the Internet, the Big Brother image that was so presciently borrowed a quarter of a century ago by Apple Computer seems finally to have been realized – which makes the privacy-friendly techniques described by this paper so totally compelling.

FOSTER PROVOST is professor of information systems and Daniel P. Paduano Faculty Fellow (Emeritus) at NYU Stern, and NEC Faculty Fellow. BRIAN DALESSANDRO (MBA '08) is director of data mining and statistical analysis at Media6°. ROD HOOK is chief technology officer at Media6°. XIAOHAN ZHANG is a PhD candidate at NYU Stern. ALAN MURRAY is a partner at Coriolis Ventures. This research project won the 2009 INFORMS (Institute for Operations Research and the Management Sciences) Design Science Award, which is given to promote and recognize research efforts centered on the design and realization of innovative information technology artifacts.

READING BETWEEN THE LINES

Customer reviews of Internet sellers reveal a wealth of information that can improve the online retail experience on both sides of the transaction

Online consumers have it good: a seemingly infinite array of choices and helpful user reviews that rate not just the products themselves but the reliability of the seller. Yet the advantages of the electronic marketplace aren't all to the buyer. Abundant, real-time customer feedback helps businesses refine their products and services. More than that, according to a new paper by three NYU Stern professors, a sophisticated analysis of consumer reviews can help sellers adjust their prices and boost revenue.

Anindya Ghose, Panagiotis G. Ipeirotis, and Arun Sundararajan, of Stern's department of information, operations, and management sciences, analyzed how different aspects of a seller's reputation affect pricing power in "The Dimensions of Reputation in Electronic Markets." The motivation for this study, the authors write in their paper, is that when buyers purchase products in an electronic market, they assess and pay not only for the product they wish to purchase but for a set of fulfillment characteristics as well: packaging, timeliness of delivery, the extent to which the product description matches the actual

product, and the reliability of settlement. Unlike in traditional bricks-and-mortar stores where buyer and seller are both physically present and the buyer has cues that help him determine the retailer's fulfillment characteristics more easily, in electronic transactions reputation is of paramount importance – to both sides. The data unearthed by this research can lead to an improved, more efficient experience for all concerned.

The professors devised a text mining technique to identify and structure the different dimensions that comprise a seller's reputation – those aspects of the online buying experience that customers consider when they contemplate a purchase. Their universe was the feedback regarding the reputation of each seller who participated in at least one of about 9,500 transactions for the sale of packaged consumer software on Amazon.com. Next, these dimensions are used to estimate a series of econometric models that link reputation to the premium a seller can reasonably charge. "We find that different dimensions do indeed affect pricing power differentially, and that a negative reputation hurts more than a positive one helps on some dimensions but not on others," says Ghose. Ultimately, the authors explain how sellers could use a version of this analysis to explore whether they have priced their products correctly, based on how much consumers value their particular distinguishing strength – e.g., rapid, free shipping – versus competitors' offerings.

Putting Theory into Practice

The implication of the authors' work is that it is possible with their insights to enhance both buyer trust and seller efficiency in an online environment. Practically speaking, to accomplish this, they describe how to construct analytic tools for both buyers and sellers. The buyers' tool would enable buyers to employ drop-down menus to efficiently search the electronic market for sellers that satisfy particular criteria on each fulfillment dimension. For example, a buyer shopping for an expensive digital camera would be able to select for sellers who excel on the packaging dimension, even if the seller doesn't feature rapid shipping. A more sophisticated tool would enable users to sort sellers on more than one dimension. Such a system, write the authors, "can enhance buyers' trust by making them aware that their feedback is important and is taken into account by other customers in a more nuanced way [and] will make reputation systems that enhance trust a more prominent part of the current electronic marketplace."

"The broader strategic purpose of a marketplace system for sellers is that if they can understand the specific characteristics that customers value about them – and others – they will be able to sharpen their performance on their best dimensions and develop other areas that customers value."

The tools for sellers would enable them to assess the value of their own reputations along each dimension, potentially comparing their reputations with those of competitors. The tactical goal would be to enable sellers to price their products at a level that incorporates the value of their reputation relative to competitors. The system could also increase the seller's confidence that she is making a sale at the right price point, without leaving money on the table. The example the professors use shows a Canon Powershot x300 sold by six online retailers at different prices, with each seller's reputation quotient computed. It reveals that the seller in question, based on his higher reputational score, could charge an additional 5 percent.

The broader strategic purpose of a marketplace system for sellers is that if they can understand the specific characteristics that customers value about them – and others – they will be able to sharpen their performance on their best dimensions and develop other areas that customers value. The interdisciplinary methods used in this research to find the economic value of user-generated content have wide-ranging applications in diverse industries such as healthcare, travel, and financial services.

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HEARD IT THROUGH THE GRAPEVINE?

Discovering how information spreads throughout online networks

Ever notice that suddenly it seems as if everyone in a particular peer group has acquired a particular cool, new item? A Ping putter, an iPhone, Birkenstocks, a Prius. How is that possible? And why didn't you get the memo? Recent research, by Sinan Aral, Lev Muchnik, and Arun Sundararajan of NYU Stern's information, operations, and management sciences department, came to a counterintuitive conclusion: There wasn't any memo.

While it's true that you may pick up a new golf club or a fun new smartphone because your friends are raving about them, the researchers found that the interests and characteristics you share with those friends – along with millions of strangers – may better predict your next purchase. In fact, according to the paper, "Distinguishing Influence Based Contagion from Homophily Driven Diffusion in Dynamic Networks," such common characteristics and behaviors, known as homophily, explain more than 50 percent of product adoption decisions.

This information is important most obviously for commercial reasons: How do you influence people to buy your product? As much as these insights will help marketers, they will be invaluable in noncommercial applications. Whether the issue is disease, obesity, smoking, delinquency, or poverty, the networks of interactions among individuals provide the primary pathways along which viral contagions spread. Aral points out, "Understanding the mechanisms that drive contagions in networks, and our knowledge of how to propagate or combat them, has utility in domains as diverse as epidemiology, development economics, and public health."

"These findings demonstrate that homophily can account for a great deal of what appears at first to be a contagious process."

The Internet with its social networks supplies an unprecedented abundance of data for researchers. In this case, the authors studied the adoption over a period of five months of a new Yahoo! mobile service application called Yahoo! Go. Their universe consisted of the 27.4 million users of Yahoo.com's instant messaging service and included more than 14 billion page views, with 3.9 billion messages sent among 89.3 million distinct relationships.

Great Minds Think Alike

The problem the authors faced was how to distinguish between product adoption decisions made as a direct result of peer influence – i.e., friends telling friends to sign up for the service – versus such decisions being indicative of homophily – the demographic, technological, behavioral, and biological similarities of people on the network. Homophily would imply that like-minded people gravitated toward the same product.

The solution was to establish a methodology that controlled for peer influence and random "confounding factors." The results showed that previous investigations overestimated peer influence by 300 percent to 700 percent and that, more than 50 percent of the time, homophily is the reason people chose to sign up for the Go service. "These findings demonstrate that homophily can account for a great deal of what appears at first to be a

contagious process," says Aral.

Naturally, the authors write, there are limitations to their research, largely having to do with unobserved factors, such as exposure to advertising among friends or information from common unobserved friends. They also suggest that future research could examine the effects of peer influence versus homophily when the product being adopted has what is called a direct network externality, in that the more people have it, the more value it has – such as the telephone.

Still, the implications for research and policy arising from this study are far-reaching. Discovery of the mechanisms that drive contagions is critical for estimating the effectiveness of viral marketing, promoting health-related behavior change in large populations, and managing contagions in networks.

SINAN ARAL *is assistant professor of information, operations, and management sciences at NYU Stern.* LEV MUCHNIK *is senior research scientist of information, operations, and management sciences at NYU Stern.* ARUN SUNDARARAJAN *is associate professor of information, operations, and management sciences at NYU Stern and NEC Faculty Fellow.*

WORD GAMES

Companies that sponsor online searches can find guidance on pricing and market behavior in the financial marketplace

If you were a huge online supplier of tennis gear, would you buy futures on a search engine so that your ad would pop up first when tennis fans search "US Open" in September 2010? In theory, that kind of futures market could very well emerge, just as it did for commodity products of wide interest to investors. The conditions necessary for such a sponsored-search futures market would be identical to those in financial markets: liquidity, and trust that market makers would indeed deliver on their obligations. And if the counterparty in such a transaction is highly trustworthy, an insurance market could also emerge, allowing institutions to "sell insurance" to advertisers, guaranteeing them future prices for keywords and allowing for the same type of hedging made possible by futures and options markets. Stern professors Vasant Dhar and Anindya Ghose described this not-so-far-fetched scenario in their recent paper, "Sponsored Search and Market Efficiency." The paper argues that sponsored search markets are akin to financial markets in their early days, where new information made its way into prices relatively slowly and parties with early access to information enjoyed significant advantages. Dhar and Ghose argue that the same is currently true for sponsored search markets in that keywords are often mispriced relative to their true market value.

The Holy Grail of online sponsored searches is determining which keywords will attract consumers. As the Internet continues to evolve into a major venue for commerce, the science of the sponsored search – the mechanism whereby advertisers pay a fee to Internet search engines to be displayed alongside organic (non-sponsored) Web search results – continues to evolve as well. Dhar and Ghose realized that the sponsored search marketplace could be compared to the financial marketplace and predicted that the former can be expected to evolve in similar ways – with practical implications for advertisers. "Our central thesis is that the increasing availability of information through IT-enabled platforms that promote user-generated content will make sponsored search markets more efficient in the same way that greater access to information through IT made financial markets more efficient over time," the professors state in their paper.

"The increasing availability of information through IT-enabled platforms that promote user-generated content will make sponsored search markets more efficient in the same way that greater access to information through IT made financial markets more efficient over time."

The authors point out that financial exchanges and sponsored search markets share several common characteristics. Both are auctions with similar business models. Both require membership, through which an exchange controls risk, such as the ability of members to make good on their obligations in a transaction. A central objective of financial exchanges is to provide deep liquidity, typically measured in terms of volume transacted. Indeed, their profitability is driven by volume since they earn commissions based on the number and size of transactions. Like financial exchanges, sponsored search markets – currently provided by the search engines – are also interested in increasing volumes and profitable transactions. They try to accomplish this goal by making searches more relevant to their visitors. Advertisers are interested in reaching the right segment of buyers while minimizing their bidding costs.

The two types of marketplaces aren't fully alike, however. Whereas shares on a financial exchange are commodities, in that different units are the same and therefore of equal value, the value of a given keyword can be expected to vary to each advertiser. Also, in sponsored search markets, the sellers bid for rank, not just to "win" the auction by being the highest bidder. Transparency exists in financial markets, but, because of the labile nature of keywords, it is virtually nonexistent in the ranking algorithm for searches (which is why the emerging industry of search engine optimization is primarily dedicated to inferring the ranking criteria in sponsored search advertising).

An Evolving Market

The market efficiency for sponsored searches, similar to financial markets, is defined as the time lag between the dissemination of information – in this case, primarily through the Web – and its impact on bid prices and advertising costs. Dhar and Ghose predict that price spreads in the sponsored search market will emulate the evolution of bid/ask prices on financial exchanges over the past two decades, as technology like faxes and the Internet facilitated the dissemination of information. Price adjustments in response to new information have only become faster: Reaction times in the current world of rapid and ubiquitous information access and algorithmic trading are often measurable in seconds or less. The sponsored search market, however, is still in the phase where pricing adjusts slowly and liquidity is thin, if increasing. Just as IT facilitated information access in financial markets, so it should with sponsored search keywords, especially with the increasing ubiquity of Web 2.0 and the ease with which information can currently be created and accessed.

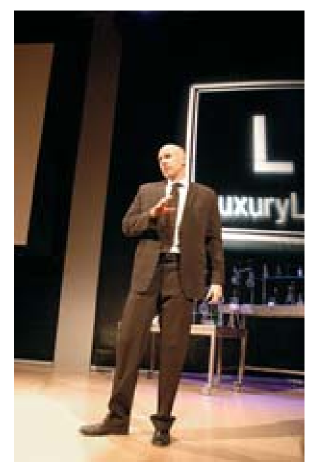
Modern-day search engines are already quite good at determining user intent and are likely to get even better over time, the professors write. Because of this, the Internet will continue to expand as a marketing channel where advertisers can be confident of displaying their offerings only when they are likely to match user intent and lead to desired outcomes. Because behavior can be tracked, it makes measurable the impact of an advertising campaign or strategy. This fact has transformed sponsored search into a continuous auction market, much like financial markets, where sellers are bidding for "space" on the channel. By drawing a parallel between financial and sponsored search markets, accounting for any differences, the authors show that financial markets provide a stable and well-understood set of concepts useful in the analysis of sponsored search markets. ■

VASANT DHAR *is professor and head of the information systems group, Daniel P. Paduano Faculty Fellow, and director of the Center for Digital Economy Research (CeDER) at NYU Stern.* ANINDYA GHOSE *is assistant professor of information, operations, and management sciences at NYU Stern.*

The Future of Luxury

By **Rika Nazem**

To stay ahead of the curve, successful companies have to innovate – think Apple or BMW. With this in mind, Stern's MBA Luxury and Retail Club (LuxRet), in partnership with Clinical Professor of Marketing Scott Galloway, co-hosted "Innovation Forum 2009," an unprecedented event featuring 17 thought leaders from industry and academia who addressed the challenges facing luxury brands today. The forum attracted students, alumni, industry insiders, and press.



NYU Stern LuxRet Co-presidents Shimul Shah (left) and Tory Diamond (right) with former LuxRet Co-president Daria Burke (MBA '08); (below) Professor Scott Galloway speaks at the Innovation Forum 2009.

Some of the biggest names in the luxury and retail industries – including Group President of Estée Lauder John Demsey (MBA '82), Bart Sayer from the consumer media and digital group at Booz & Co., and *The New York Times* perfume critic Chandler Burr – offered varied presentations on topics such as celebrity marketing, opportunities in the luxury market, and "The Scent of Innovation," respectively.

Shimul Shah (MBA '10), LuxRet co-president, explained how partnering with Galloway was crucial because of his industry contacts and his desire to expose Stern students to industry executives. The professor had recently launched his Digital IQ study, which ranks 109 brands in 11 categories on the effectiveness of their digital competence. Said Shah: "Our goal in holding the event was to educate students on the fast-changing luxury goods industry by hearing a broad, diverse set of perspectives, and to provide networking opportunities with these professionals. Students were able to interact with executives from a number of luxury retailers including Chanel, Christian Dior, and Tiffany. Professor Galloway is so well known in the industry and was a huge factor in helping us bring it all together."

Tory Diamond (MBA '10), LuxRet co-president, echoed Shah's excitement about the event. "I learned so much and found the talks incredibly inspiring. The best part for me was being able to meet so many leaders in the industry and develop relationships with the speakers during the planning leading up to the event."

Both women credit the Stern community and the School's commitment to luxury and retail marketing as their reasons for choosing Stern. Shah said: "I knew that the supportive environment here was one where I could thrive and best reach my potential. I also knew that I wanted to stay in the fashion industry, and it was important to me to join an MBA program that supported that goal. I saw that the club was highly in touch and connected with the industry, as it has had executive speakers from companies such as Saks Fifth Avenue and Gap."

The women now have something new to be excited about: a recently approved Luxury Marketing specialization. Said Diamond, "We worked hard to establish the specialization and are thrilled that Stern has officially embraced the student body's growing interest in the luxury industry."

To view the video of Innovation Forum 2009, visit: www.luxurylab.org/ ■

If De Niro were a Freshman...

By **Joey Schmit**

(Top photo) Stern freshmen are organized into Cohorts. (Bottom photo) As part of their Cohort Leadership Project, freshmen were required to create videos on the meaning of leadership.

NYU Stern students aren't typically associated with film, but this year every Stern freshman was tasked with creating a video as part of the School's Cohort Leadership Project, and the results were impressive. The students were charged with answering the question: What is a leader at NYU? The responses were varied and creative. One team used love as a metaphor, another incorporated inspirational quotes with iconic New York City images, and another paid homage to popular films such as "The Matrix" and "300."

The Cohort Leadership Project, a freshman requirement, focuses on helping students develop foundation leadership skills while acclimating to college life and New York City. Hands-on experiences such as improvisation and personal integrity workshops are typical activities. "The video project is our latest initiative to leverage our students' creativity, help them learn to manage group dynamics, and bring to life their vision of leadership through action and film," said Susan Greenbaum, associate dean of Stern's Undergraduate College. "It encourages group problem-solving and at the same time helps bring the community together in a shared experience."

Each of the 120 student teams was provided with a Flip mini camcorder. For editing, the teams collaborated with undergraduate film students from NYU Tisch School of the Arts. Upon completion, students voted on the best videos, which were presented to the entire Stern freshman class at the Skirball Center in November. The winning video is posted on the College's YouTube page at www.youtube.com/sternuc.

"Once my group sat down and started brainstorming, it turned into a great creative outlet for me," said Stern freshman Michael Cafarelli. "We were able to blend a mix of our different interests that, in our particular case, ranged from Miley Cyrus to *The Economist*."

Many students said they viewed the meaning of leadership differently as a result of working on the video project. "The collaboration was difficult at first," said Sean Monga, whose team's video was voted best of the freshman class. "But, we learned that leadership isn't all about directing, managing, and controlling."

"It was definitely an experience," said Leslie Fan, who was also part of the winning team. "We all have pretty different strengths, so coming together as a group allowed us to create something together that none of us could have done individually. Staring up at 500 or so people from the stage in Skirball isn't a bad feeling either." Next stop: Tribeca Film Festival? ■

ALUMNI RELATIONS

Alumni News & Events

NINTH ANNUAL NYU STERN ALUMNI BALL & CONCOURSE PROJECT RIBBON-CUTTING CEREMONY

On December 5, 2009, more than 500 alumni and guests celebrated the holiday season and reconnected with each other and the School during a festive evening in NYU Stern's renovated Concourse space.

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(All photos from left to right)

1. Mark Bean (MBA '06), Chair, Alumni Ball Host Committee, Alumni Council; Stewart Satter (MBA '82), Board of Overseers; William Berkley (BS '66), Chairman, Board of Overseers; Thomas F. Cooley, Dean Emeritus; Sally Blount, Vice Dean and Dean, Undergraduate College; Leonard Stern (BS '57, MBA '59), Board of Overseers; and John Paulson (BS '78), Board of Overseers

2. Andrea Puglisi; Steven Bensinger (BS '76), Board of Overseers; John Paulson (BS '78), Board of Overseers; and Carol Stabb

3. Allison Stern; Thomas F. Cooley, Dean Emeritus; and Leonard Stern (BS '57, MBA '59), Board of Overseers

4. Mark Bean (MBA '06), Chair, Alumni Ball Host Committee, Alumni Council; Samantha Bean; Molly Meek, Alumni Council; and Trevor Schneider

5. Classmates toasted Stern's newly renovated Concourse space.

6. Julia Hoagland (MBA '95), Alumni Council, and Eduardo Aguayo (MBA '97)

7. Alumni danced and mingled at the annual holiday celebration.

8. Meredith and David Little (MBA '01) with David Dunn (MBA '99) and Liz Dunn Cohen (MBA '99)

9. Jane Sadaka (MBA '80), Board of Overseers, and Ned Sadaka

10. Mary Tanaskovic Bitting (BS '68, MBA '71) and Joan Martens (MBA '75)

11. Janelle and Alan Boomer (MBA '04), Chair, Alumni Council

12. Marie and Mel Stein (BS '53), Alumni Council

13. Generations of graduates came together to celebrate their alma mater.

14. Terrence Greene (MBA '97), Alumni Council; Adam Lilling (MBA '07), Alumni Council; and Reginald Ferguson (BS '90), AHBBS Alumni Chair, Alumni Council

15. John (BS '84, MBA '86) and Effie Thomopoulos

16. Emil Chynn (MBA '04); Daniel Ang (MBA '01), Chair, Regional Leadership, Alumni Council; and Dale Louie

17. Susan Greenbaum (BS '71, MBA '78), Associate Dean of the Undergraduate College, and Sally Blount, Vice Dean and Dean of the Undergraduate College

18. John Catsimatidis (Parent '12) (center) and family

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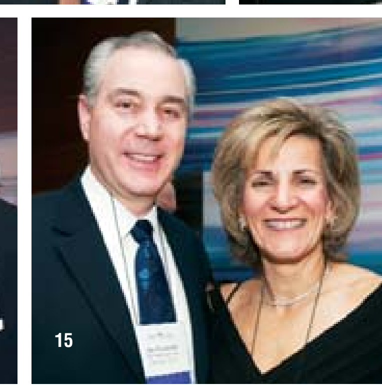

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Julie Lucas Joins NYU Stern to Lead Development and Alumni Relations

Julie Lucas, a seasoned development and alumni relations professional, joined the School as Associate Dean for Development and Alumni Relations on March 16, 2010. In her role, she oversees the School's efforts to increase philanthropic giving to the School and to build and strengthen the global alumni network – 80,000 strong in over 100 countries worldwide.

Lucas came to NYU Stern from Fordham Law School, where she served as Assistant Vice President of External Affairs and Assistant Dean of Institutional Advancement. In this position she was responsible for development, alumni relations, and communications. During her five years at Fordham, Lucas oversaw a nearly 500 percent growth in annual donations to the School, launched and led a $100 million capital campaign that reached 90 percent of its goal in just 14 months, and substantially increased the number of people giving at the $100,000 level, as well as legacy gifts and student giving. As a result of her leadership, scholarships increased nearly four-fold, and the school added eight new faculty chairs and five academic centers.

"Through her innovative and energetic leadership, Julie will propel the School to new levels of alumni engagement and support," said Dean Peter Henry. "She brings stellar experience and credentials to this pivotal position."

Adept at planning and implementing alumni and donor events, Lucas travels extensively to build alumni networks around the world. Recently, she accompanied Dean Henry and President John Sexton to London, where NYU hosted a University-wide reception for nearly 300 alumni, friends, and key international partners. Lucas is also an outstanding manager, as demonstrated through her creation of a strong development and alumni relations operation at Fordham. Recognized for her strong work ethic, her ability to set ambitious goals and reach them, and her leadership, drive, and experience, she was profiled in *Crain's New York Business* 2010 "Forty Under 40," an annual list of 40 professionals who have achieved success in business before turning 40 years of age.

Prior to her experience at Fordham, Lucas served in senior development roles at both NYU Law School and the University, where she gained invaluable experience on NYU's fund-raising team and developed key relationships with alumni and donors, as well as with development officers and deans throughout the University.

Lucas holds a BA in political science and Spanish from Western Maryland College and an MS in educational administration from Hofstra University. She also earned a certificate in philanthropy and fundraising from NYU.

Update Your Contact Information

In an effort to be more environmentally friendly and fiscally responsible, many of the School's communications continue to be sent exclusively via e-mail. Don't miss out on important information from your alma mater. Update your contact information by calling (212) 998-4040, visiting the website at www.stern.nyu.edu/alumni, or sending an e-mail to alumni@stern.nyu.edu.

Stay tuned for NYU Stern Connect, your enhanced and exclusive online alumni community, coming soon!

Join NYU Stern Alumni Online

In this highly competitive marketplace, your network is more important than ever. From job opportunities to potential clients or business partners, it's all about who you know.

Now is the time to join more than 11,000 fellow alumni on Stern's official LinkedIn group. Alumni across all degree programs, affinities, and industries have signed up to share their connections and network with you, so don't miss out on this exclusive opportunity.

Be sure to check out the official Stern alumni Facebook page, offering you access to the global alumni community and a direct link to staying in touch with friends. With nearly 2,500 fans and growing, Stern's presence on Facebook provides a platform for you to learn about classmates' professional connections, share news links and videos with fellow members, and upload favorite Stern photos. You can also view pictures from alumni and the School on the dedicated Stern alumni Flickr photo stream.

And for everything Stern, visit NYU Stern Connect at www.sternalumni.nyu.edu, to keep your contact information current with the School, stay apprised of exclusive career resources, and view a comprehensive event calendar.

Stern Alumnae Support Stern's Renovation

Over the past year, the Stern Women in Business (SWIB) Alumnae group – a committee that promotes the personal and professional development of Stern's female students' and alumni – dedicated its time and outreach to support one of the School's most important fundraising initiatives, the Concourse Project. Since early 2009, alumnae around the world have pledged a combined gift of $100,000 over the next three years to Stern's most transformative facilities renovation since 1988.

"We felt it was important to be a part of this milestone in our alma mater's history," said Christine Schneider (MBA '94), Chair of SWIB Alumnae. "Stern's students need a space that is representative of the School's academic standards."

Their gift will help to support the education of women in the business industry through state-of-the-art technology and newly created classrooms designed to foster collaborative learning. The renovation, which encourages research, community building, and networking, is drastically changing the experience of students and alumni. As recognition for their outstanding support of Stern's future, SWIB Alumnae will have a community lounge space dedicated in their name.

"When our group's name is on the wall, current female students will know that they can tap into a huge network of successful alumnae," shared Schneider.

While the Concourse levels are now open, the fundraising campaign continues. There's still time to be a part of this milestone in NYU Stern's history – donors who are able to make a pledge of at least $5,000 over a three-year period will have their name listed on a recognition wall in a prominent Concourse community space. These donor walls will be a lasting legacy of camaraderie to all those who pass by, reminding future generations of the strength of the alumni community during this major transformation.

If you would like to learn more information about the Concourse Project, have your name listed on the donor wall, or become involved with SWIB Alumnae's campaign, please visit www.stern.nyu.edu/buildconcourse or call (212) 998-4040.

Mentoring Takes a Front Seat

Justin Pollack (BS '98) spoke with recent undergraduate alumni at a Stern "Salon" Series event as part of the NYU Stern Alumni Council Recent Undergraduate Committee's mentoring initiative.

The strength of a community can be measured by the willingness of its members to support one another and to give to those in need. In today's economy, the strength of the Stern alumni network can be a life-changing force in a student's academic career. To help nurture this connection, the NYU Stern Alumni Council Student Affairs Committee, chaired by Matthew Lipton (BS '03, MBA '10), worked over the fall semester to establish more formal channels for connecting current students with established alumni professionals. The new programs compliment the current online Career Advisory Program (CAP), the mentoring program available through Stern's online alumni community.

Students will benefit from classic mentoring, which will extend over the course of an academic year; coaching, which can be used for career advice and direction; and special recruiting season mentoring for the two months that students are interviewing and exploring job opportunities. Additionally, specific committees and networks have established best practices for their constituents.

Because of the efforts of the Student Affairs Committee, student affinity networks and professional groups have been paired with their corresponding alumni community. These new pairings are structured in a uniquely flexible way that allows for each relationship to flourish through in-person meetings, conference calls, e-mails, and attendance at student and alumni events.

The Recent Undergraduate Committee developed the Stern "Salon" Series, where seven undergraduate students are given the opportunity to meet with an experienced alumnus/a. Additionally, the Stern Women in Business Alumnae Network (SWIB) continued its second year of collaboration with the SWIB graduate student committee and held a mentoring dinner in the fall.

If you would like to learn more about alumni-to-student and alumni-to-alumni mentoring, please visit www.stern.nyu.edu/alumni or call (212) 998-4040.

class notes

Send us your news, update your contact information, and access the contact information of your fellow alumni through Stern Connect, Stern's online alumni community, at www.sternalumni.nyu.edu.

1940s

Murray Nichter (BS '40), of Plainview, NY, retired Partner of Spicer & Oppenheim, CPAs, welcomed great grandchild Gabriella Soleil on October 20, 2009.

1950s

William Heath (BS '50), of Silver Spring, MD, has authored a book titled, *Some Kind of Plant: Learning While Teaching in Taiwan and Hong Kong 2003-2009*, a memoir of his time teaching in Asia.

1960s

Harvey Golub (BS '61), of Saddle River, NJ, is Chairman of AIG. Golub was Chairman and CEO of American Express from 1993 to 2001.

Joseph Tovey (MBA '61, PhD '69), of Brooklyn, NY, has been named contract consulting CEO and CFO of Glen Rose Petroleum Corporation. Previously, Tovey was CEO of Tovey & Company, LLC, an investment banking firm specializing in energy.

Ned McCormack (MBA '63), of Orangevale, CA, has been named Director of Westchester County Executive Rob Astorino's communications team. He is currently an executive at Bank of America Merrill Lynch.

Lawrence Zimmerman (BS '65), of Stamford, CT, has been named to the Board of Managers of Delphi Automotive LLP. Zimmerman is Vice Chairman and CFO of Xerox Corporation.

Joan E. Bloom (MBA '66), of New York, NY, has joined The Dilenschneider Group, a strategic counseling and communications firm, as Principal and Co-director of its Travel & Lifestyle Division. Bloom was previously Senior Vice President at M Booth & Associates. She served as ex-officio member of the NYU Stern Alumni Council from 2008 to 2009 and Liaison to the Committee for the Global Alumni Conference in Barcelona.

James Elkins (BS '66), of Scottsdale, AZ, has been named a consultant to the Plan Sponsor businesses of ConvergEx. Before retiring in 2004, Elkins was founder and President of Elkins McSherry.

M. Medhat A. Hassanein (MBA '66), of Cairo, Egypt, has been named a non-executive member of the Board of Commercial International Bank. Dr. Hassanein, who served as Egypt's Minister of Finance from 1999 to 2004, is currently Professor of Finance and Banking at the School of Business, Economics & Communication at the American University in Cairo.

Irving W. Bailey, II (MBA '68), of Louisville, KY, has been named presiding Lead Independent Director of Computer Sciences Corporation. Bailey is Senior Advisor at Chrysalis Ventures Inc.

Elliott Singer (MBA '68), of Naples, FL, has joined the Board of Directors of Ameritrans Capital Corporation. Singer is Managing Director of FairView Advisors, a financial services firm that he founded in September 2001.

1970s

Jack Hayflick (MBA '72), of Ridgewood, NJ, has been named Executive Vice President of Strategic Planning at Mark Asset Management. Previously, Hayflick spent 29 years at Goldman Sachs, & Co.'s private wealth management division.

Donald Kurz (MBA '73), of Bryn Mawr, PA, received a United Seamen's Service 40th Annual Admiral of the Ocean Sea award on November 13, 2009. Kurz is President and CEO of Keystone Shipping Co.

Jacob Worenklein (MBA '73), of New York, NY, has been named to Ember's Board of Directors. Worenklein previously served as Chairman and CEO of US Power Generating Company.

Shishir K. Bajaj (MBA '74), of Mumbai, India, has been named Director of Kotak Mahindra Bank, a Mumbai-based global financial organization. Bajaj is the Chairman and Managing Director of Bajaj Hindusthan Ltd., India's largest sugar and ethanol manufacturing company.

Mel Washington (MBA '75), of New York, NY, has been named Executive Director of Project Enterprise. Previously, Washington held executive level positions in finance, operations, and strategy and planning for organizations including AT&T, Salomon Brothers, Morgan Stanley, JPMorgan Chase & Co., Citibank, Human Rights First, and most recently EastWest Institute.

Joel Yarmak (MBA '75), of Lawrence, NY, has been named Chief Administrative Officer of Cedar Shopping Centers, Inc. Previously, Yarmak was the President of Financial Operations at Kimco Realty Corporation.

Ameerah Haq (MBA '76), of Timor-Leste, has been appointed as Head of the UN Integrated Mission in Timor-Leste. Haq most recently served as UN Secretary-General Bank Ki-Moon's Deputy Special Representative for Sudan and Afghanistan. Previously, she served as Deputy Assistant Administrator and Deputy Director at the UN Development Program (UNDP) Bureau for Crisis Prevention and Recovery, Associate Director of the UN Development Group Office, and UN Resident Coordinator and UNDP Resident Representative in both Malaysia and Laos.

Reginald Jones (MBA '76), of Silver Spring, MD, has joined the US Government Accountability Office as Managing Director of its Office of Opportunity and Inclusiveness. Since 2008, Jones has headed his own law and consulting practice.

Jeremy A. Spector (MBA '76), of Princeton, NJ, has been named a member of the Fellows of the American Bar Foundation (ABF). The Fellows of the ABF is an honorary organization of attorneys, judges, and law professors whose professional, public, and private careers have demonstrated outstanding dedication to the welfare of their communities and to the highest principles of the legal profession.

Joseph Fitzgerald (MBA '77), of New York, NY, has been named Director of NeoMagic Corporation. Fitzgerald also serves as a senior financial counselor for Financial Profiles.

Cathy Minehan (MBA '77), of Boston, MA, has been named to the Board of Directors of Massachusetts Mutual Life Insurance Company. Previously, Minehan was President and CEO of the Federal Reserve Bank of Boston.

John Paulson (BS '78), of New York, NY, founder and Chairman of Paulson & Co., Inc., has given a $20 million gift to NYU Stern. Paulson is a member of the NYU Stern Board of Overseers (see page 20).

Emily Sanders (MBA '78), of Norcross, GA, has received the World of Difference award from the International Alliance for Women. Sanders is President and CEO of metro Atlanta-based Sanders Financial Management.

Edward Miu (MBA '79), of Sydney, Australia, has been named CFO of Eldorado Gold. Miu was previously CFO of Sino Gold Mining Limited.

Terese M. Wilkinson (MBA '79), of Midland, TX, has been appointed to the Texas Health and Human Services Council. Wilkinson is a registered nurse and Partner at Ben-Mar Partners.

1980s

Kevin Booth (MBA '80), of Princeton, NJ, has been named Co-portfolio Manager of the RS High Yield Bond Fund with RS Investments. Prior to this, Booth was Managing Director at BlackRock/Merrill Lynch Investment Managers and was Co-head of BlackRock's leveraged finance business.

Roger Kramer (MBA '81), of New York, NY, has been named to the Board of Directors of Leap Wireless International, Inc. Kramer is CEO of Griffon Corporation.

Yoko Otani (MBA '81), of New York, NY, has been named Special Adviser to Promontory Financial Group. Previously, Otani was Managing Director at Citigroup's Global Corporate and Investment Bank.

Stefano Russo (MBA '81), of London, UK, has been appointed as an independent member of Kairos Funds' Board of Directors. Russo is a member of the NYU Stern Executive Board and has worked for Renaissance Institutional Management UK as CEO and Head of Sales for Europe, Middle East, and Asia Pacific regions since 2006.

Louis Weltman (MBA '81), of Boca Raton, FL, has been named CEO of ViStra. Weltman's experience includes consulting or ownership of public and private companies, and management of a variety of businesses including home furnishings and printing companies, and he has founded or was CEO of a range of companies.

Jeffrey Brodsky (MBA '82), of East Meadow, NY, received the Greater New York Chapter of the Institute of Property Management's Certified Property Manager of the Year award. He is President of Related Management, Executive Vice President of Related Affordable, a member of the Residential Committee of the Real Estate Board of New York, and the recipient of its 2006 George M. Brooker Management Executive of the Year award.

Thomas P. Burke (BS '82, MBA '83), of Scarsdale, NY, has joined Scholastic Corporation as Senior Vice President of E-commerce. He was previously Executive Vice President of E-commerce at BN.com, the e-commerce division of Barnes & Noble, Inc.

Eileen Decker (BS '82, JD '90), of Los Angeles, CA, has been named Deputy Mayor for Homeland Security and Public Safety of Los Angeles. Previously, Decker served as the Head of National Security in the US Attorney's Office for the Central District of California.

John Kruglinski (MBA '82), of Macungie, PA, has been hired as Assistant Professor of Accounting at Albright College in Reading, PA. Previously, he served as Assistant Professor of Accounting and Finance at Kutztown University.

Carol LaPunzina (BS '82), of Demarest, NJ, has been named Senior Vice President, Human Resources, of W. R. Berkley Corporation. LaPunzina had served as Senior Vice President, General Counsel, and Secretary of Berkley Insurance Company.

Steven J. Morris (MBA '82), of San Diego, CA, has been named CEO of the United Jewish Federation of San Diego County.

The Energy to Succeed


Scott DeGhetto (MBA '92)

When Scott DeGhetto decided that he wanted to go back to school and earn his MBA, he searched for a program that would allow him to fully immerse himself in the curriculum. "I was working as an engineer for PSE&G Co. in New Jersey," he said. "I was looking to learn more about the finance I was starting to gain exposure to and to move forward in my career." DeGhetto made a beeline to the full-time MBA program at NYU Stern.

Once here, he was able to attend classes taught by industry leaders with fellow students who were passionate about the business school experience. "I chose to go to Stern because of its strong finance curriculum, its location in the center of the business community, and its incredible alumni network," explained DeGhetto. "I came from an engineering background and wanted to learn as much as I could while I was here." Now, as the Managing Director and Co-head of Power & Renewables in the Americas at Credit Suisse, he leads a team of 50 investment banking professionals, one of the largest such groups in that sector in the US.

DeGhetto was recruited to his current position in October 2008 from JPMorgan Chase, where he was Managing Director in the Power and Pipeline group. He has also held positions at UBS, Bear Stearns, and Citigroup. "I attribute my current position to my very first internship," he said. "I would never have received that internship in 1991 without the Stern alumni network – I went through the alumni directory name by name searching for a contact. The market was in a slump."

Now, DeGhetto is responsible for providing a full array of investment banking services to traditional gas and electricity clients, as well as to the renewable energy sector, including wind and solar companies. "We provide a range of services, from raising capital to providing advice on capital structure, dividend policy, and M&A," he said.

When DeGhetto is away from work, he makes a point of taking family vacations with his wife of 16 years and his son, 13, and daughter, 11. He also enjoys racing cars, playing tennis, and attending sporting events. He has also had the fortune to travel extensively – to England, Germany, France, Spain, Italy, Turkey, Argentina, Brazil, Australia, New Zealand, Indonesia, China, and Thailand. "I've even been to 49 of the 50 states," he said. Now, at the age of 47, he is teaching himself to play the guitar. His philosophy? "The day you stop learning is the day you stop living."

Fashioning a Stylish Career

Mai Nozoe (BS '02)

Mai Nozoe never dreamed she would be the Creative Services Director at Michael Kors, Inc. before she turned 30. "I just knew that I wanted to work on the business side of a creative industry," she said. When she enrolled in the undergraduate program, Nozoe decided to focus on international business and marketing. "A business degree is pragmatic for all career paths," she declared. "It's not just for those who have a desire to work in finance."

While still a student, Nozoe kicked off her career in advertising through internships in various industries. At 19, she accepted a summer internship at Sony Music's in-house advertising agency and then worked in the retail branch of Coach on 57th Street in New York City. Nozoe also spent time working at companies such as Nars Cosmetics and the global advertising agency Foote Cone & Belding, now DRAFTFCB. "Stern opened a lot of doors for me," she said. "It's the type of school where you can sit next to the future head of marketing at a company like Prada."

Nozoe's experience as a retail salesperson shaped her interest in branding. "I was able to interact with consumers and see firsthand how the shopper responded to the marketing messages being created," she said. Given Stern's access to leading industries in New York City, she felt that she was offered a seamless transition into her career. "Students at Stern are able to work in fashion and other nonconventional careers," Nozoe said. "They can pursue a non-traditional business role and be confident that they will be successful."

In her current position, Nozoe is responsible for all in-house creative advertising and branding for Michael Kors, ranging from print magazines, billboards, and other outdoor media, to invitations to charity and retail store events. She explained that at Michael Kors the overall brand strategy is to use advertising imagery to convey a jet-set lifestyle. Over the next three years, the company will strengthen its position throughout Europe, the Middle East, and Asia. "It's an exciting time, and I'm looking forward to the opportunities and challenges that we will face as we introduce our brand to international markets," Nozoe said.

Finding a profession that suits one's talents and interests is a very personal quest, she observed. Before graduation, "I had no personal ties to the industry but I just knew that I wanted to work in fashion," she remembered. "It's incredibly important to re-evaluate the traditional role of a career and what your passions are, because if you follow your heart, you'll end up where you want to be without regrets. It's important to take the time as a student to make sure what you want 'fits.'"

Janet L. Pegg (MBA '82), of Maywood, NJ, has joined US Equities Research as Managing Director and she is responsible for the Strategy & Valuation Group as Accounting Analyst. Pegg joins UBS from Encima Global where she was Accounting and Tax Analyst.

William A. Houlihan (MBA '83), of Allendale, NJ, has been elected to the Board of Directors of First Physicians Capital Group, formerly Tri-Isthmus Group. Houlihan previously served as CFO at Sixth Gear, Sedgwick Claim Management, Metris Companies, and Hudson United Bancorp.

Jerry Treppel (MBA '83), of Edison, NJ, has been named CEO of Elite Pharmaceuticals, Inc. Previously, Treppel served as the Managing Member of Wheaten Capital Management LLC and Managing Director of Ledgemont Capital Group LLC.

Susan M. Baer (MBA '84), of Upper Montclair, NJ, has been appointed Director of Aviation for the Port Authority of New York and New Jersey, overseeing John F. Kennedy, Newark Liberty, and LaGuardia Airports. Most recently, Baer was the agency's Deputy Director and COO.

Jeffrey M. Gaspin (MBA '84), of Calabasas, CA, has been named Chairman of NBC Universal Television Entertainment. Gaspin was previously President and COO of NBC Universal TV Group.

David W. Unger (MBA '84), of New York, NY, has been hired as Managing Director at Knight Libertas LLC, a subsidiary of Knight Capital Group, Inc. Most recently, Unger was Founding Partner at Avalon Equity Partners.

Khaled T. Haram (BS '85, MBA '88), of Rochester, MI, has joined Lighting Science Group Corporation as President and COO. Haram joins LSG from Pegasus Capital Advisors, LP, a private equity fund, where he served as an operating advisor.

Chris Policinski (MBA '85), of Shorewood, MN, has joined Xcel Energy Inc's Board. Policinski is also President and CEO of Land O'Lakes, Inc.

Robert F. Schott (MBA '85), of New Canaan, CT, has joined CPEX as Associate Director for the Multi-Family Investment Sales Division. Previously, Schott was Managing Partner of QUAD Properties LLC, a New Jersey-based real estate holding company.

John T. Gaffney (MBA '86), of West Orange, NJ, joined the Board of Safe Bulkers, Inc., an international provider of marine dry bulk transportation services. Since January 2008, he has been Executive Vice President and Corporate Secretary at First Solar.

Daniel H. Schulman (MBA '86), of Warren, NJ, leads Sprint Nextel's prepaid cellular business, and recently received the 2009 Ernst & Young Entrepreneur of the Year award.

Scott Garabedian (MBA '87), of Salem, MA, has been appointed a director of the Lynch-van Otterloo YMCA in Marblehead, MA, a branch of the YMCA of the North Shore. Garabedian is Partner and Senior Vice President at the Wakefield-based accounting firm Tonneson and Co.

Roger Kahn (MBA '87), of Scarsdale, NY, received the 2009 Long Island Way's Cause Champion award, which is presented to an individual who demonstrates exceptional promotion, connection, and support in the non-profit and business communities. In addition, he is the owner of Intelligent Office, a business that provides a cost-effective alternative to traditional office space.

Art Oswald (MBA '87), of Cohasset, MA, has joined Susquehanna Financial Group as Head of Research Sales, Regional Sales Manager, and Head of Susquehanna Financial Group's Boston office. Previously, Oswald served as Managing Director at Merrill Lynch.

George Barrett (MBA '88), of Rydal, PA, has been elected to the Board of Directors of Cardinal Health and will serve as Chairman and CEO of Cardinal Health. Previously, Barrett was Vice Chairman and CEO of Cardinal Health's Healthcare Supply Chain Services division.

1990s

Brian P. Lancaster (MBA '90), of New York, NY, has joined the Global Banking & Markets, Americas division of the Royal Bank of Scotland (RBS) as Head of MBS, CMBS, and ABS Strategies. He joins RBS from Wachovia Capital Markets LLC, where he served as Chief Investment Officer in its real estate division, responsible for capital allocation, business, and lending strategies.

Erik Prusch (MBA '90), of Austin, TX, has been named CFO of Clearwire Communications, LLC. He was most recently President and CEO of Borland Software, where he also previously served as CFO.

Mitchell S. Stern (MBA '90), of New York, NY, has been appointed to Managing Director in Morgan Joseph & Co.'s Healthcare Investment Banking group. Previously, Stern was Senior Accountant at Ernst & Whinney.

Eamon Tubridy (BS '90), of Garden City, NY, has been named Director of Emerging Markets Sales for Knight Libertas. Previously, Tubridy worked at RBS in emerging market sales.

William Bila (BS '91), of Toronto, ON, was elected to the Board of Directors of the Toronto Roma Community and Advocacy Centre (RCC), and now holds the position of Co-chair. This nonprofit organization provides support to refugees through social settlement services as well as arts and culture programs.

David C. Kahn (MBA '91), of Pacific Palisades, CA, has joined Convergent Wealth Advisors as Director in the firm's Los Angeles office. Kahn joins Convergent from Wilmington Trust Company, where he was Managing Director and Private Client Advisor.

David Kimm (MBA '91), of St. Louis, MO, has been named Chief Risk Officer of TD AMERITRADE Holding Corporation. Kimm most recently served as the Senior Vice President and CRO for Wells Fargo Advisors.

Lee C. Lloyd (BS '91), of Derwood, MD, has been named President of Crump Group, Inc's programs unit within the company's property & casualty division. Lloyd comes to Crump from United Educators Insurance, where he held senior leadership roles over the past 10 years, most recently serving as Vice President of Underwriting and Chief Actuary.

David Goodall (MBA '92), of Shaker Heights, OH, has been named Executive Vice President of Commercial Banking with FirstMerit Corporation. He joined FirstMerit in April 2009 as Executive Vice President of Specialty Lending, and became Acting Leader of Commercial Banking in September. Prior to joining FirstMerit, Goodall was President and CEO of National City Business Credit, Inc.

Suzanna Sullivan Keith (MBA '92), of Rye, NY, has been elected to the Rye City Council. In addition, she was appointed Deputy Mayor.

Steven A. Mermelstein (MBA '92), of Irvington, NY, has joined the healthcare team of Covington Associates as Managing Director. Most recently, Mermelstein was a managing director at Ferghana Partners, where he was responsible for corporate partnering, M&A, and equity private placements.

Gerald V. Messina (MBA '92), of Wyckoff, NJ, has been appointed to American Standard Brands' marketing and sales team, where he is Director of Customer Development Retail Faucets. Prior to coming to ASB, Messina served as Director of Product Management at Benjamin Moore Paints and Director of Marketing at Reckitt Benckiser.

Frank A. Napolitano (MBA '92), of Westfield, NJ, has been named President and Director of Lakeside Energy. Napolitano was most recently Managing Director and Global Head of Commodities Sales & Origination at Lehman Brothers.

Joyce A. Phillips (MBA '92), of New York, NY, has been named Group Managing Director of Strategy, M&A, Marketing, and Innovation at Australia & New Zealand Banking Group Ltd. Phillips will also join ANZ's Management Board. Previously, Phillips was President and COO at American Life Insurance Company.

Alexis D. Lasser (MBA '93), of New York, NY, has been hired as Managing Director and Head of Private and Illiquid Placement with Standard Charter's DCM group. Previously, Lasser was Managing Director with Barclays Capital.

Gregory A. Loprete (MBA '93), of Short Hills, NJ, has joined Keefe, Bruyette & Woods, Inc. as a convertible and preferred trader. Previously, Loprete worked at Ramius LLC, where he was Director of the Convertible Arbitrage group.

Glen Perillo (MBA '93, MS '93), of Far Hills, NJ, has joined Citadel as Head of Securitized Products Research. Previously, Perillo served as Head of Mortgage Research and Co-head of Financial Modeling at BlackRock Solutions.

Michael D. Schreiber (MBA '93), of Woodmere, NY, has been named Partner with First New York Securities, a diversified global proprietary trading firm.

Jeffrey Abt (MBA '94), of Rye, NY, has joined Raymond James & Associates, where he will lead its debt origination and debt advisory services for corporate clients. Previously, Abt worked for Goldman Sachs, & Co. and Lehman Brothers.

James R. Brennan (MBA '95), of South Setauket, NY, has been appointed

A Quintessential People Person


Sally Rowley-Williams (MBA '84)

Sally Rowley-Williams has a personality that makes building relationships and networking appear effortless. "My whole career has been shaped around motivating people," she said, "either to reach for what they want or to manage others to provide the best level of service that they can."

In 2009, Rowley-Williams left behind a distinguished career in the financial services industries of both New York and London to focus on her entrepreneurial idea – career counseling. "I loved working for large organizations," she explained, "but I wanted to focus on my own interests: providing talent management to companies and also helping people find employment." Now, as founder and CEO of Career Doctor, based in London, she helps build leadership teams in companies through executive search and talent management, and she helps individuals develop their own careers through assessments and strategic planning. She has also served as Non-Executive Director of Greenspan Realty Corp. since 2005.

After graduating from NYU Stern in 1984, Rowley-Williams held positions at many well-known firms, including Chemical Bank and First Chicago – both ultimately acquired by what is now JPMorgan Chase. In 1987, she transitioned to Citigroup, where she served as Vice President, Head of Debt Capital Markets Origination for French and British financial institutions, and Global Relationship Manager. In 1994, she joined Korn/Ferry International, the world's second-largest executive search firm, as Senior Client Partner Co-Head of the European Financial Services Practice, and served on the UK Management Committee and lead the largest global relationship in the firm. Rowley-William's hard work and relationship-building paid off. "I stayed with Korn/Ferry for 13 years until I was recruited by my client, Arbuthnot Latham, to work for them in 2007," she said.

At Arbuthnot Latham, Rowley-Williams was given the opportunity to create and lead a private client team that focused on one of her biggest interests, horseracing. "As head of the horseracing team, I was able to introduce private clients from the horseracing community to the bank through a sport with which I was actively and passionately involved, beginning in 2004 when I joined the Board of the Racehorse Owners Association," she stated.

While she no longer works directly with Arbuthnot Latham, Rowley-Williams remains active in the racing community as Non-Executive Director and Executive Committee member of the Racehorse Owners Association, Trustee of the Pony Club, and as founder and Chair of the Women in Racing network. "Horseracing has the second-largest economic impact of any sport on the UK's economy after soccer," she explained. "When I moved to the UK, I became interested in the sport and its importance in the economy, and I knew that I had to be a part of it."

Rowley-Williams attributes much of her success to her education. "I'm happy that I chose the [Langone] Part-time MBA program at Stern because the finance program was incomparable and taught by iconic instructors from both Wall Street and academia," she said. The *sine qua non*, she added, is the ability to network with peers in the business community. "The relationships that you build with the people around you make the biggest impact."

Managing Director of DeSilva + Phillips' Healthcare IT M&A practice. Previously, Brennan was CEO of VirtualCDO.

Alok Gupta (MPhil '95, PhD '97), of New York, NY, has joined Diamond Management & Technology Consultants, Inc. as Partner in the firm's Mumbai, India, office. Previously, Gupta worked for Novantas.

Stephen Hrynkiewicz (MBA '95), of Kenilworth, NJ, was recently hired as Controller of Ohaus Corporation, a division of Mettler-Toledo, Inc. Previously, Hrynkiewicz was Senior Finance Manager at Pfizer, Inc.

Anatoly Nakum (BS '95), of New York, NY, has been named Head of Investment Grade Trading with UBS. Previously, Nakum was Managing Director at Barclays Capital.

I-Chi Shih (BS '95), of New York, NY, has been named CFO of China Valves Technology, Inc. Previously, Shih was Vice President of Brean Murray, Carret Asia Investment Banking Group.

John J. Trizzino (MBA '95), of Darnestown, MD, has been named Senior Vice President of International and Government Alliances with Novavax, Inc., a clinical-stage biotechnology company that creates vaccines to address a broad range of infectious diseases worldwide.

Eric Bass (MBA '96), of Westfield, NJ, has joined Rothstein Kass, a CPA and business advisory firm, as Principal in its Business Advisory Services practice. Prior to joining Rothstein Kass, Bass was Senior Managing Director with Smart Business Advisory and Consulting, LLC.

Jonathan I. Lieber (MBA '96), of Newton, MA, has been named CFO at Xcellerex, Inc. Lieber joins Xcellerex from Altus Pharmaceuticals, where he was Senior Vice President, CFO, and Treasurer.

Theresa M. Lyons (MBA '96), of Santa Monica, CA, has joined the Marriott Foundation as Director of the Los Angeles office and leader of the "Bridges… from School to Work" initiative that assists youth ages 17 to 22 with developmental or physical disabilities in their search for job opportunities with local employers.

Franklin M. Tokioka II (MBA '96), of Honolulu, HI, has recently been promoted to President from Vice President of the National Mortgage & Finance Company.

Arthur C. Chang (MBA '97), of Brooklyn, NY, was appointed by Mayor Bloomberg to the New York City Campaign Finance Board. He is the first Korean-American to serve on the Board. Chang is the founder and CEO of the venture capital firm Tipping Point Partners.

Eric F. Letts (MBA '97), of Hillsbourough, NJ, has been named Solution Lead for HighPoint Solutions' Master Data Management Practice. Most recently, he was Partner at Computer Science Corporation, where he developed and led their Master Data Management Practice.

Christopher Shaw (MBA '97), of New York, NY, has been appointed to cover the chemical and agricultural industries within Ticonderoga Securities' expanded Equity-Research Group. Shaw is Senior Analyst within equity research and previously covered the chemicals, agriculture, and biofuels industries at UBS.

Lawrence M. Clark, Jr. (MBA '98), of New York, NY, has been appointed to the Board of Directors of Zapata Corporation. Clark is Managing Director and Director of Investments of Harbinger Capital Partners LLC.

Daniel Isidori (MBA '98), of Buenos Aires, Argentina, has been appointed Investment Manager of the Baring Latin America Equity Fund. Previously, he was Portfolio Manager at HSBC Asset Management in Argentina.

Theresa Chillianis (MBA '99), of Floral Park, NY, has been appointed General Manager of MSG Varsity, Cablevision's new suite of television, online, and interactive services dedicated to high school sports and activities. Previously, Chillianis served as Senior Vice President of Strategy and Business Operations for Fuse, a national music and entertainment cable television network.

Graham Conran (MBA '99), of Chappaqua, NY, has joined Nomura as Head of Debt Origination. He spent 10 years with JPMorgan Chase & Co. prior to joining Nomura, most recently as Head of Debt Capital Markets Origination Emerging Asia, based in Hong Kong.

Richard Gnolfo (BS '99), of Wantagh, NY, recently released his film "The Dog Who Saved Christmas," which premiered on ABC Family in November 2009. Gnolfo co-wrote the film with his longtime friend, Michael Ciminera.

Christine Jurinich (MBA '99), of Watchung, NJ, has been named Partner of Offit Capital Advisors LLC. Previously, Jurinich worked as Managing Director at BlackRock.

George J. Pagano (BS '99), of Staten Island, NY, is now an associate in the Bankruptcy and Creditors' Rights Practice at the law firm of Katten Muchin Rosenman LLP. Pagano is a member of the American Bankruptcy Institute, New York State Bar Association, and the Turnaround Management Association.

2000s

Jonathan Lowenberg (MBA '00), of New York, NY, has been named Managing Director and Co-head of Structured Finance and Private Placements at Merriman Curhan Ford Group, Inc. Lowenberg most recently worked at Kaufman Brothers as Managing Director and Head of Private Placements.

Shabnam Rezaei (MBA '01), of New York, NY, recently placed sixth in the annual film industry trade show Mip Junior for her animated television series "1001 Nights."

Kenneth S. Avalos (MBA '02), of St. Petersburg, FL, has joined First Potomac Realty Trust as Director of Finance and Capital Markets. Prior to joining First Potomac, Avalos was Senior Vice President at Integrated Corporate Relations, where he covered the real estate and healthcare sectors.

Kimberly A. Hendricks (MBA '02), of Mohegan Lake, NY, was appointed Vice President, Corporate Controller, and Chief Accounting Officer at Hexcel Corporation. Previously, Hendricks served as Vice President and Corporate Controller of International Flavors and Fragrances.

David Lawrence (MBA '02), of New York, NY, has been promoted to the position of Executive Vice President of Finance and Administration with Marquis Jet. Lawrence has been with Marquis Jet since February 2002 and previously served as a financial analyst at The Federal Reserve Bank of New York.

Kelly Kennedy Mack (MBA '02), of New York, NY, was honored by NYU as the first recipient of the Distinguished Young Alumna Award. The award goes to distinguished NYU alumni age 35 and under. Mack is President of Corcoran Sunshine.

Denise B. Schmedes (MBA '02), of Middletown, NJ, has been promoted to Vice President in The Federal Reserve Bank of New York's Wholesale Product Office. Schmedes had been Assistant Vice President since January 2007.

Steven J. Siwinski (MBA '02), of Montclair, NJ, has been appointed Managing Director at FIT Consulting Inc. Siwinski was previously Partner at Ernst & Young.

Raymond Tsai (BS '02, MBA '06), of Port Washington, NY, was recently married to Zena Lee Park. Tsai is President of Joy Mark Inc., a wholesale women's clothing company.

Gloria W. Chan (BS '03), of New York, NY, was recently married to Davin Joe Chew. Chan is Senior Media Strategist at the Media Kitchen unit of Kirshenbaum Bond + Partners.

Jennifer Matulewicz Darby (MBA '03), of Marshfield, MA, has been hired as Senior Accountant with Damon, Topham & Company, LLC.

Joseph P. Discepola, Esq. (BS '03), of Fort Lauderdale, FL, has joined Marc A. Kaufman & Associates as Associate. Discepola worked for the firm while pursuing his MBA from the University of Miami School of Business.

Alia Jones (MBA '03), of New York, NY, has been recognized in the *The Root's* "100 List," which celebrates emerging and established African-American leaders. Jones was recognized for her work in theater producing.

Ana Paula Menezes (MBA '03), of Jersey City, NJ, and her husband, Michael, welcomed their second set of twins Carolina and Daniel on October 22, 2009.

Gary Schmidt (MBA '03), of Hightstown, NJ, has been named Senior Talent Management Consultant for the Northeast region of Right Management. He

All the Right Moves


Norman Himelberg (BS '58)

Norman Himelberg never had to catch the entrepreneurial bug. He came by it naturally, watching his parents run a women's speciality and clothing store, Campo Sport Company, located in Manhattan and the Bronx for nearly 20 years. "My father never wanted to work for someone else," said Himelberg. "He always had a great business sense about him." Business school was an obvious next step. "I wanted to get my degree and work in real estate," he said.

After graduating from NYU Stern in 1958, Himelberg got his feet wet at the Wall Street brokerage firm Hornblower & Weeks, a company that then maintained eight offices throughout the US, and at Al Stamm & Co., working three years in their accounting division. He then transitioned to real estate, accepting a position at Berley & Co. as a commercial leasing broker in Manhattan. In his nearly two years there, his passion for the real estate market grew, and in November of 1963, he purchased his first brownstone in New York. "I renovated the entire building, and rather than selling it, I used it as a rental property," he said. Following the renovation, Himelberg purchased two additional brownstones, which he also kept as rental properties. "I mostly rented to recently relocated business professionals," he recalled.

In 2000, Himelberg shifted his career again, this time to the financial services industry, specifically the stock market. He formed Himcor Group, a private investment firm. "I wanted to have more of a role in managing my personal finances," he said. Through Himcor Group, Himelberg began to purchase stocks in consumer product companies such as Kraft and Kellogg's, and used his connections within the Stern alumni network to enhance his business. "Stern was great because it not only allowed me to learn from faculty stars like [former Dean and Professor] Abe Gitlow, Frank Angell, and Jules Backman, but also connected me with a large network," he explained.

As a successful entrepreneur, Himelberg devotes a large amount of his time supporting the next generation of his alma mater's entrepreneurs. He has founded both the Himelberg Lecture Series and the Entrepreneur-in-Residence program at Stern's Berkley Center for Entrepreneurship and Innovation, established in 1987 to develop and foster entrepreneurship in the business and social sectors. "Owning a small business is like being an artist," he shared. "The business teaches you more about yourself the more you create. If you're smart, you'll observe the small changes and nuances around you." It is his hope that through the two initiatives he founded, future business leaders will gain real-world experience and examine their future goals during their time at Stern. "The entrepreneurial mentality is different," he observed, "and those who possess it need to know that it's okay to take risks – the rewards of owning your own small business are great."

Today, Himelberg continues to manage one rental property at another firm he founded, Reisel Management LLC, and remains active managing his own portfolio. He has two children: Rachael Sara Brooks, a marine biologist in Easton, Maryland, and Robert Samuel, a software programmer in Los Angeles, California.

was previously with Saville Consulting Group as the Head of the Americas Region, Executive Director of Global Talent Management for Novartis Pharmaceuticals, and Vice President of Consulting Services for SHL USA, Inc.

Jonathan L. Gerber (BS '04), of Los Angeles, CA, was recently married to Natalie Katzin.

Adam Scheer (MBA '04), of Princeton, NJ, was named Chairman of the International Hologram Manufacturers Association. Scheer is Marketing Director of Authentication Solutions at JDSU.

Nicole Bohorad (MBA '05), of North Bergen, NJ, has launched Parentville.com, a give-and-get recommendation site for parents.

Jeffrey M. Galak (BS '05, MPhil '08, PhD '09), of New York, NY, has recently joined Carnegie Mellon University's Tepper School of Business as Assistant Professor of Marketing.

Simon Samaha (MBA '05), of Haddenfield, NJ, has been named to the Overlook Hospital Foundation's Board of Trustees. He is President and CEO of Summit Medical Group.

Austin Smith (MBA '05), of New York, NY, has been named Executive Director of the Sports Foundation, a South Bronx-based nonprofit community organization that works to promote the social development of at-risk youth through their participation in community events, activities, and programs. Smith was previously an associate with BIO-IB.

Alexander von Perfall (MBA '05), of New York, NY, has joined Royalty Pharma as Vice President of Investor Relations. Previously, von Perfall advised the International Finance Corporation/World Bank Group on the syndication of media sector private equity investments.

Adi Blum (MBA '06), of New York, NY, has been promoted to Vice President of High Road Capital Partners. Previously, Blum was employed by Citigroup Global Markets.

Elijah Kaplan (MBA '06), of Teaneck, NJ, has been named Vice President of Capital Markets with Hudson Capital Partners, LLC. Previously, Kaplan served as Vice President at Albion.

Ian M. MacGregor (MBA '06), of New York, NY, was recently married to Erica K. Almquist. MacGregor is the owner and President of the Lobster Place, a seafood distributor in New York.

Rakesh Mani (BS '06), of Mumbai, India, has joined Teach for India, where he will educate low-income, third grade students. Previously, Mani worked for JPMorgan Chase & Co.'s fixed income practice in New York.

Timothy R. McDermott (BS '06), of Wilmington, NC, has joined Hodes Weill & Associates as Associate. Previously, McDermott was an analyst with the Real Estate Investment Group.

Narendra D. Chokshi (MBA '07), of New York, NY, and his wife, Anu Kapur, are happy to announce the birth of their son, Akshay Chokshi, born on July 1, 2009.

Terry Kim (MBA '07), of Derby, CT, was recently married to Elizabeth Edmonson.

Jared Kushner (MBA '07), of Livingston, NJ, recently married Ivanka Trump. Kushner is the Publisher of the *New York Observer*. He is also Principal in the Kushner Companies.

Sorush S. Abboud (MBA '08), of New York, NY, has joined APS Financial Corporation, the financial services subsidiary of American Physicians Services Group, Inc., as Executive Director.

Megan Morse Barbour (MBA '08), of New York, NY, and her husband, Wes, welcomed their first child, Tessa, on November 23, 2009.

Kyusik Chung (MBA '08), of San Francisco, CA, was recently married to Amanda Chen Marr. Chung is the CEO and founder of Discoverreads.com, a website that analyzes people's reading preferences and recommends books based on their statistics.

Ross B. Freedman (MBA '08), of New York, NY, was recently married to Dr. Beth Rachel Cutler. Freedman is Portfolio Manager at BAM Capital, a hedge fund in New York.

Noreen Haider (MBA '08), of New York, NY, was recently married to Edward J. Jones. Haider currently works at BNP Paribas, where she analyzes credit on the syndicated loan desk.

David Kull (MBA '08), of New York, NY, was recently married to Michelle Mulbauer. Kull is the Director of Business Insights at American Express.

Michael Gorman (MBA '09), of New York, NY, has been appointed to Cowen Group's REIT research team. Gorman was most recently Senior Financial and Real Estate Analyst in the REIT practice at Gerson Lehrman.

Adam Storch (MBA '09), of New York, NY, has been named Managing Excutive of the Securities and Exchange Commission's Enforcement Division. Storch most recently worked as Vice President in the Business Intelligence Group at Goldman Sachs, & Co.

Mark Warren (MBA '09), of Middlesex, NJ, has been named Director of Candidate Services at the Democratic Congressional Campaign Committee (DCCC). The DCCC Candidate Services Department provides support and guidance for the campaign programs of Democratic Congressional candidates, Red to Blue candidates, and Frontline Members.

In Memoriam

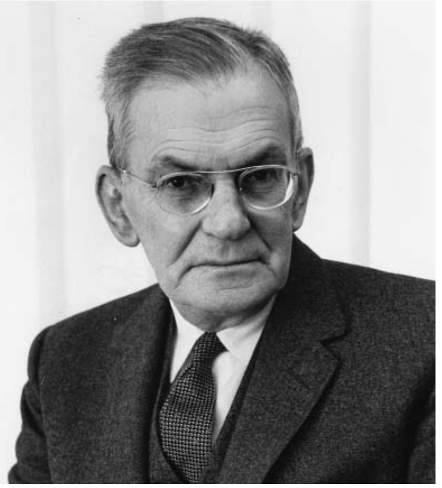
Edward Chapman (BS '28)
George Henkle (MS '34)
Professor Frank J. Angell (BS '41)
Alexander W. Gallo (MBA '42)
John H. Leonard (BS '42, MBA '51)
Saul Weinberger (BS '46)
George R. Olsen (BS '47)
Vincent A. Cortese (BS '49)
Robert M. Sandelman (BS '49)
Professor Ely Kushel (BS '50, MBA '51)
Kwok-Choy Leung (MBA '50)
John J. Simpson (BS '50, MBA '53)
Emanuel Weinrod (BS '50)
Clement V. Mannella (BS '51, MBA '52)
Jack I. Sloane (BS '51)
Vivian Patton (MBA '52)
John O. Chamberlain, Jr. (MS '57)
Leon Vestyck (BS '57)
Colonel Carl J. Bordiga (BS '58)
Y.O. Park (BS '64)
Wade F.B. Thompson (MS '65)
Thomas W. Henry (BS '68)
Benjamin S. Neuhausen (MBA '73)
Stephan Wojcechowskyj Jr. (MBA '79)
Phyllis J. Karno (MBA '81)
Marcel Tratner (MBA '81)
Carol E. Sherwood (MBA '82)

Ely Kushel (BS '50, MBA '51)
Beloved NYU Stern Professor

If you would like to make a gift in memory of "Mr. Accounting" to the Ely Kushel Fund, please contact the Office of Alumni Relations & Development at (212) 998-4161.

Marcus Nadler: The Original MoneyMarketeer

By **Marilyn Harris**



Most schools and universities nurture legends of intellectual giants who once strode their corridors like colossi, holding packed lecture halls in thrall. NYU Stern is no exception. Of the 20th century thinkers who established the School's reputation as a serious institution, Marcus Nadler (LAW '26), a leading financial economist, was by all accounts one of the greatest.

His life story shows the grit, determination, and street smarts of many immigrants to this country. According to a reminiscence written by Nadler's son, the late Paul Nadler (himself a business school professor), Nadler, born in 1895, was "a typical boy from the rural mountains of the Austro-Hungarian Empire." Exceptionally bright, however, he won a scholarship to the University of Vienna, one of the small quota of Jews allowed to attend. While still in college, he joined the Austrian army as an officer in World War I. He was captured by the Russians and sent to a Siberian prisoner of war camp where, according to family lore, he learned English.

When Russia quit the war in 1917, Nadler determined that as a Jew he would be better off in America. He went east to Manchuria and at war's end made his way to America. While employed at the New York Post Office, he attended Columbia University, then worked at a bank, and later went to Washington to work for the Fed, with an interruption to study law at NYU.

Around 1927, Nadler began what was to be a fruitful, 38-year association with NYU's Graduate School of Business Administration (GBA), as Stern was then known. NYU was starting an institute to determine the worth of defaulted foreign bonds owed to the US after WWI. In Nadler, it found a director who knew Europe and finance and could develop statistics and studies for bond holders. The School soon realized Nadler would also be a valuable addition to the faculty. According to Paul Nadler, "His English was uncertain, but the man who hired him, Dean John T. Madden … saw the best in people. Despite my father's protestations that his English was poor, the Dean said, 'You can teach.'"

As it turns out, Nadler was an exceptional teacher, despite his heavy accent. According to Marcus Nadler Professor of Finance and Economics Emeritus Robert Kavesh (BS '49), who was hired as Nadler's eventual replacement, Nadler's evening lectures on money markets drew packed audiences to the School's Trinity Place campus: "Thousands of students over the years flocked to his classes after their workday on Wall Street, and Marcus would hold forth. He spoke deliberately, and you felt the words were coming from the brow of Zeus." His influence was considerable. When in the '30s there was talk of closing GBA, Nadler almost singlehandedly fought to maintain the School, and he prevailed, Kavesh said.

While Nadler remained a respected consultant to the federal government and wrote newsletters for Manufacturers Hanover Bank, he still kept his office door open to students. Generations profited from his guidance, among them Henry Kaufman (BA '48, PhD '58). Before taking his PhD orals, Kaufman recalled, Nadler, his thesis advisor, coached him with a bit of practical advice: "Take your time answering, because if you speak quickly, the examiners will have time for more questions." Nadler's interest in his students extended to their careers. Said Kaufman: "He was instrumental in my getting to the Federal Reserve of New York from commercial banking, and he gave me good advice for going into private banking: 'You will quickly learn if you can sink or swim, and if you go to Salomon Brothers you can hear the cash register ring every minute.'"

As with other great minds, there developed, in the mid-1960s, a circle of Nadler disciples who called themselves the Money Marketeers. Although Nadler, a heavy smoker, died in 1965 of lung cancer, the group still meets regularly with a full roster of members, though those who actually sat at the master's feet are diminishing in number. The Money Marketeers club attracts distinguished speakers at its meetings and annually presents small monetary awards to outstanding graduating MBA students and a $5,000 scholarship to a promising current MBA student.

For its part, the School has memorialized Nadler in the eponymous finance and economics professorship, currently held by William Silber, as well as a named doctoral fellowship. Nadler's son wrote this more homely tribute: "My father used to tell me that the two traits he had that helped him the most in his career were a gypsy fortune teller's insight and an ability to sleep with his eyes open in meetings. But I feel it went a lot further. It was his humanity in addition to his knowledge that stamped his life." ■

MARILYN HARRIS *is editor of* STERN*business.*