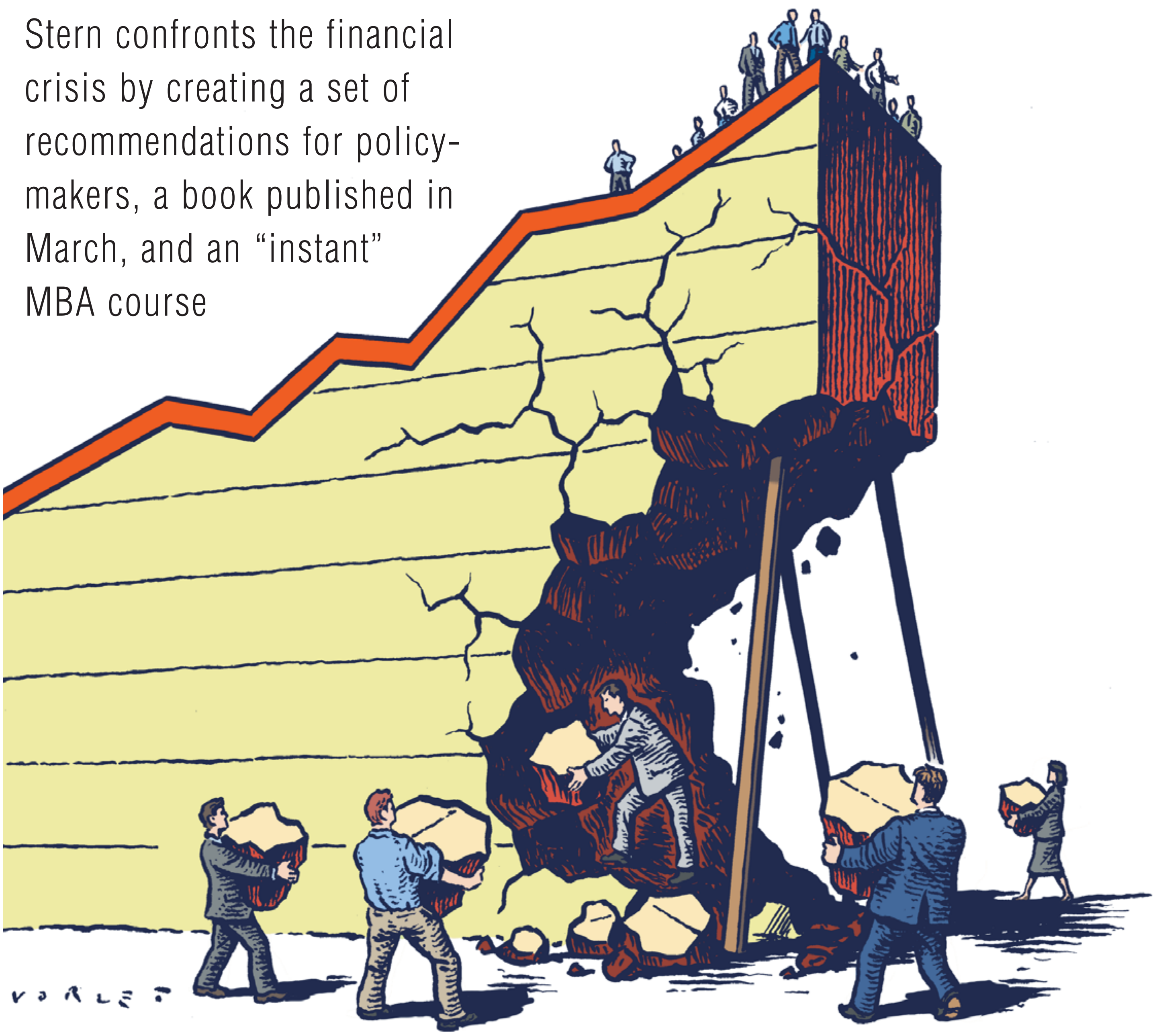
SPRING/SUMMER 2009

the Alumni Magazine of NYU Stern

STERNbusiness

FIXING OUR BROKEN ECONOMY

Stern confronts the financial crisis by creating a set of recommendations for policy-makers, a book published in March, and an "instant" MBA course



Berkley Center is 25 Years Young ■ Managing Barcelona ■ What Would Hamilton Do? ■ Boeing, GE, and the Economy ■ Fond Memories of Trinity Place ■ Dean Cooley Reflects on the School

a letter from the dean

A year ago, few could have imagined how far off course the economy would veer these past eight months. Our last cover story called for a new understanding of risk. In this issue, the economy takes center stage again. It's fair to say that over the past eight months, what went wrong, why, and what can be done about it were the focus of most of our seminars, conferences, guest speakers, and faculty, particularly of finance and economics. For the NYU Stern community, there's been nothing more riveting – or engaging.

We were fortunate to welcome another distinguished roster of guest speakers. The academic year kicked off with a chat with John Paulson (BS '78), founder and president of leading hedge fund group Paulson & Co. As of September, he figured the economy was already in the sixth inning of a crisis double header (page 2). Jeff Immelt, chairman and CEO of GE, joined us in October for a GE Live event, talking not just to a Stern audience but simultaneously to six other business school audiences around the world. His description of how GE planned to navigate in the year ahead made it clear just how challenging it is to steer a diverse giant in such difficult times (page 4). Jim McNerney, chairman, president, and CEO of Boeing, discussed how Boeing is proceeding to fly through the turbulence (page 26).

Banking issues were the subject of our faculty research in this issue. Credit cards caught marketing professor Priya Raghubir's attention as she researched why consumers prefer to use just about anything to pay for purchases as long it's not cash (page 30). Economics professor Richard Sylla looked into how Alexander Hamilton handled a couple of bank crises, with some startling parallels to today (page 34). As for the banking industry, this was a period of rapid and jarring consolidation. Charlie Scharf (MBA '91), CEO of retail financial services for JPMorgan Chase, was in the thick of it, charged with integrating WaMu into Chase after their merger (page 8).

Our faculty were highly motivated to process what was happening in the global economy and transform their insight into valuable classroom lessons. It quickly became clear to me that Stern could make a contribution beyond the classroom. Thus commenced what we initially called the White Papers Project. The 18 white papers were hand-bound and distributed to Washington policymakers in December. In March, they were published under the title *Restoring Financial Stability: How to Restore a Failed System* (Wiley, 2009). The collection was written by 33 finance and economics faculty and ably edited by finance professors Matt Richardson and Viral Acharya. An account of this collective achievement is on page 22.

As the recession drags on, some economists believe that innovation will help lead us out of it. This gives extra impetus to our celebration of the 25th anniversary of the NYU Stern Berkley Center for Entrepreneurial Studies (page 13). More and more students are finding their way to the Center, participating in its programs and business plan competitions and finding inspiration, whether in entrepreneurship in general, or in social entrepreneurship in particular, as evidenced by the crowd at the Fifth Annual Satter Conference on entrepreneurship in November (page 6). Stern is unique in developing a methodology for teaching entrepreneurship, and we have economics professor William Baumol, the Berkley Center's academic director, to thank for that.

As you may know, I shall be stepping down as dean after this academic year to return to teaching and other projects (page 18). These seven years have been a very rewarding period of growth for the School and personal growth for me. It has been my privilege to serve the School and to work with such an involved and supportive alumni body, and I am grateful to have had the opportunity. I hope I get the chance to speak with each of you in June at the Global Alumni Conference in Barcelona. You can get a glimpse into what awaits you by reading this issue's interview with Andreu Puig Sabanes (MBA '91), general manager of Barcelona (page 12).

Thomas F. Cooley

Thomas F. Cooley
Dean

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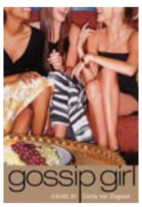

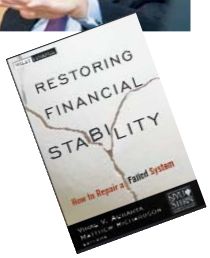

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STERNbusiness

A publication of New York University Stern School of Business

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Managing Editors, STERN*business*
Rika Nazem and Jenny Owen

Contributing Writers
Kelly Freidenfelds, Keith Layton, Jessica Neville, Angela Parks, Carolyn Ritter, and Joey Schmit

Contributing Photographers
Don Pollard and Anne Marie Poyo Furlong

Illustrations
Gordon Studer
Christophe Vorlet

Design
Anne Sliwinski

Letters to the Editor may be sent to:
NYU Stern School of Business
Office of Public Affairs
44 West Fourth Street, Suite 10-160
New York, NY 10012
www.stern.nyu.edu
sternbiz@stern.nyu.edu

Public Offerings

WINNING IN A LOSING MARKET: A CHAT WITH FINANCIER JOHN PAULSON

NYU Stern alumnus John Paulson (BS '78), the founder and president of Paulson & Co., a leading hedge fund firm, spoke in September to an audience of more than 400 Stern students and alumni during a Chats with Financiers event. The Chats with Financiers Series brings together academics and luminaries in the finance industry for discussions on personal experiences and current trends in finance.

Edward Altman (left) interviewed John Paulson about his firm's recent success in short-selling subprime credit.

Edward Altman, Max L. Heine Professor of Finance, interviewed Paulson about his firm's recent heralded success in short-selling subprime credit. Paulson said that his investment strategies are two-fold: event-driven arbitrage and distressed and bankruptcy investing. Reacting to the US Securities and Exchange Commission's recent, temporary ban on the short-selling of 87 specific stocks, Paulson said that while he shared regulators' concerns about naked short-selling, he wouldn't blame short-selling for the market's decline. He argued that only 4 percent of the market's outstanding shares are short and that most of the companies complaining about short-selling are about to fail. He said hedge funds exist because they can show positive returns in all markets, adding that short-selling can produce positive returns in declining markets. Paulson Funds were among the highest-performing funds in 2007 and were awarded the Arbitrage Fund of the Year, Best New Fund of the Year, and Management Firm of the Year by *Absolute Return* magazine.

The conversation continued following the event, as Paulson joined more than 35 invited NYU Stern alumni at the Union Square W Hotel for an After Market Hours event, one of a series hosted by NYU Stern's Dean's Executive Board that showcases successful alumni and their diverse and creative careers. There he predicted that the financial crisis would spread to Main Street in 2009 and noted that European markets, which tend to lag the US by approximately six months, wouldn't be far behind. "We're in the sixth inning of a double header," he said.

THE FUTURE OF INTELLECTUAL DIVERSITY: A 90TH BIRTHDAY GALA FOR DEAN EMERITUS ABRAHAM GITLOW

"Today, when you tell someone you're from Stern, there is a nod of recognition, a slight lifting of the eyebrows – you get respect," said Professor and Dean Emeritus Abraham Gitlow at his birthday celebration in October.

Abe Gitlow (center) celebrates his 90th birthday with Dean Thomas F. Cooley (left) and William Berkley at the annual Board of Overseers dinner.

It isn't often that the Stern community has the opportunity to celebrate the 90th birthday of an esteemed member of its faculty – and the School chose the annual Board of Overseers dinner as the occasion to do so. More than 150 members of the Board of Overseers and Dean's Executive Board, as well as alumni, faculty, friends, and administrators, gathered at the St. Regis Hotel in New York City to pay homage to Gitlow's heritage of lifelong education. The evening featured keynote remarks on the future of intellectual diversity by Vijay Vaitheeswaran, award-winning correspondent for *The Economist* and executive-in-residence at NYU Stern. The energy in the room conveyed how meaningful Professor Gitlow's leadership, teaching, and research have been to his students and the extent of his impact on the Stern community.

Dean Thomas F. Cooley welcomed guests, acknowledging the presence of former Deans Frederic Choi, Daniel Diamond, and William Dill. "Every dean should be so lucky to have such distinguished predecessors," said Dean Cooley. "Abe Gitlow's life and work at Stern has been as steady and constant as the stock market has been volatile – it is nice to have points of constancy in times like these."

William R. Berkley (BS '66), chairman of the Board of Overseers, noted that Gitlow always demanded "more than the given standards," and that thanks in part to his persistence and implementation, Stern is now positioned at the forefront of global business education. Vaitheeswaran observed that intellectual capital consists of innovation, the catalyst for change and diversity in thought. "Every human being has the capacity to become an innovator through education and empowerment," he said.

Gitlow joined the faculty of the School of Commerce, Accounts, and Finance, as Stern's Undergraduate College was then known, in 1947. He served as Dean of NYU Stern from 1965 to 1985, playing a significant role in the School's rapid evolution from a local school of opportunity to an internationally renowned institution.

Gitlow spoke fondly of his 60 years at the School, lauding the success of Stern's gifted faculty in teaching, preparing, and training the generations of Stern students who now comprise its distinguished alumni network. The School, he said, needs support now more than ever: "In my nine decades, I have learned this – giving is good. It comes back, even multiplied, years later, and validates a life well spent."

WHAT THE FUTURE HOLDS: EXPERTS HOLD FORTH AT MARKET PULSE EVENT

Top: (from left to right) Dean Thomas F. Cooley, Dennis Berman, Nouriel Roubini, Mark Patterson, and Lawrence White analyzed and offered solutions for the financial crisis.

As the Dow hit record lows, consumer confidence continued to wane, and the Fed crafted plans to stave off a Depression-like era, Dean Thomas F. Cooley moderated a discussion in October with industry, media, and academic thought leaders to analyze and offer solutions for the current financial crisis. The event was part of NYU Stern's Market Pulse Series, introduced in fall 2007 by Dean Cooley to tackle pressing global issues affecting business and society.

The panel included Dennis Berman, *The Wall Street Journal* deputy bureau chief for money and investing; Mark Patterson (MBA '86), chairman and co-founder of MatlinPatterson Global Advisors LLC; Nouriel Roubini, Stern professor of economics and international business; and Professor Lawrence White, deputy chair of Stern's economics department and former member of the Federal Loan Home Bank Board.

With the 23 percent job loss experienced during the Great Depression as a reference point, Dean Cooley said we are a long way from that point. To reinstill confidence in the markets, he stated, the government would need to establish the level of predictability and consistency that Alexander Hamilton prescribed.

Berman said presciently that the infusion of capital into the market would not cover the auto industry, adding that banks and the economy have not begun to process what will happen with credit card debt and auto lending. He suggested that Wall Streeters are out of touch, and along with Washington insiders, exist in a bubble.

According to Patterson, with the Fed's bailout, all taxpayers are now distressed investors. Patterson argued that the government has been negligent on regulation – "asleep at the switch" – and that the government and banks have moved from "100 percent gullibility" to asking questions, but still not acting. He also expressed concern with the FDIC, which had just $43 billion to cover $4.5 trillion in insured funds, as well as the unregulated market for credit default swaps.

Nicknamed "Dr. Doom" for the nature of his economic forecasts, Roubini opined that the US is in its worst financial crisis since the Great Depression and that the country was entering a prolonged recession that could last about 24 months.

According to White, "It's all about leverage." When the technology bubble burst and stock market value decreased by $7.5 trillion between December 1999 and 2002, the financial sector handled it, he pointed out. The losses were absorbed, mainly by households, in non-leveraged forms such as mutual funds, pension funds, and 401Ks. Today, the $4 trillion to $6 trillion loss in housing value will again be absorbed mostly by households, but because mortgages are so highly leveraged, there will be spillover into the financial sector, which, because of high leverage levels, cannot absorb it all. Expect prolonged impact on future consumer spending patterns, retirement, and overall consumption, White predicted.

GE CHAIRMAN AND CEO JEFF IMMELT DISCUSSES THE SHRINKING ECONOMY WITH CNBC ANCHOR MARIA BARTIROMO

"I've already seen 20 things I never thought I'd see in a lifetime, and I've already done 10 things I never thought I'd have to do. And I've got the next 10 lined up," said Jeff Immelt, General Electric chairman and CEO, in regard to the current financial turmoil. At NYU Stern in October for a GE Live event entitled, "Winning in Today's Environment," Immelt spoke to nearly 300 Stern MBA students, as well as hundreds more at six other business schools across the globe – London Business School, IESE in Spain, UVA-Darden, Thunderbird, UNC, and Emory – where the event was broadcast live. Immelt was interviewed by NYU alumna and Trustee Maria Bartiromo, host and managing editor of CNBC's "The Wall Street Journal Report with Maria Bartiromo," as well as anchor of "Closing Bell with Maria Bartiromo."

Immelt described how GE is navigating the credit markets, investing in technology and alternative energy sources, and managing globalization. He said GE's continued financing of its infrastructure divisions will keep the company growing. "Government is going to want to see business solve some big problems out there," he stated. "And some of the big problems are infrastructure problems. It's healthcare, it's energy, it's infrastructure. So the financing of these, and the technology that goes with them, is going to be one of the growth areas of the future."

The GE Live event was preceded by a breakfast where students had the opportunity to meet with NYU Stern alumni now working at GE as well as other GE executives and recruiters.

At an event broadcast live to six other business schools, Jeff Immelt was interviewed by Maria Bartiromo about how GE is navigating the credit markets, new technology, and globalization.

ADVISING OBAMA: STERN SERIES FOCUSES ON THE NEW ADMINISTRATION

As President-elect Obama transitioned into the White House, experts from the Council on Foreign Relations, *The Economist*, and NYU Stern debated the current global financial crisis with a focus on ways to repair a broken economy. Entitled "Transition 2008: Advising America's Next President," the series of three events addressed global issues as they relate to the US presidency.

The first event's panel on fixing global finance included Greg Ip, US economics editor at *The Economist*; Brad Setser, fellow for geoeconomics at the Council on Foreign Relations; and Roy Smith, Kenneth Langone Professor of Entrepreneurship and Finance at NYU Stern. The discussion was moderated by Thomas F. Cooley, Dean of NYU Stern and a macroeconomist.

In the short term, Ip said, it is important to create a formal legal authority by which the government can take over any company of systemic importance that is in financial trouble and pay off creditors and wind the company down. In the long term, he suggested a stricter form of regulation, one that limits the risks that bank holding companies can take.

According to Setser, "Taxpayers have not realized that they are on the hook on the downside." He noted that the G7's commitment that no systemically important institution will fail puts taxpayers on the hook to bail them out. In his view, even with no taxpayer money on the line, banks should evaluate their capital before considering paying dividends. Regulators should be evaluating whether their equity capital could be better used to protect the taxpayer.

Smith advised Obama to heal the real economy by cutting the budget so he can spend what's needed to get things going; to intervene in the markets to get them flowing again; and not to bail out General Motors. "Let GM go bankrupt," he said.

Noting that the current regulatory system appears to have been suspended, Dean Cooley stressed the need to establish the rules of the game so that market players can know what to expect moving forward. He said it was important to include additional pieces in the regula-

tory architecture and to devise better ways for firms to calculate risk.

The second event of the series addressed how Obama's election may change the way America leads, how the world views the US, and whether American dominance is over. Panelists were Michael Moran, executive editor of CFR.org; Lane Greene, international correspondent for the *The Economist*; and Richard Sylla, Henry Kaufman Professor of the History of Financial Institutions and Markets and professor of economics at Stern. The panel was moderated by Alexandra Starr, writer for Slate magazine and former political correspondent for *BusinessWeek*.

Above, left: Roy Smith (right) and Dean Thomas F. Cooley discussed solutions for fixing global finance.

Above, right: (from left to right) Alexandra Starr, Michael Moran, Lane Greene, and Richard Sylla addressed the future of American leadership.

Left: Anna Szterenfeld and David Backus debated US trade policy.

Moran predicted that the US will not be "walking the walk" in terms of economics over the next two years, and that there will be more "propping up" of industries and market interventions – the very actions the US condemned the French for doing post-WWII. While the economic crisis is global, Greene said the US has been targeted for blame, specifically capitalism and American economic ideas on how to organize economies. This perception could lead to protectionism on the part of other countries and is likely to affect how the US talks about economic policy.

According to Sylla, "We're moving back toward a pre-1914 world." He added that the US will continue to lead because there isn't a willing substitute. To be a good leader, he noted, the US should involve other countries in the discussion.

The third event focused on trade policy. Panelists included Edward Alden, Bernard L. Schwartz Senior Fellow at the Council on Foreign Relations; Anna Szterenfeld, Latin America editor, Economist Intelligence Unit; and David Backus, Heinz Riehl Professor and chair of the department of economics at Stern. The moderator was Jonathan Eaton, professor of economics at NYU.

Alden advised a serious rethinking of the direction of US trade policy and a strategic pause on the issue. For 20 years, he noted, trade policy has focused on openness, but a new direction might be in order, particularly since there is a lack of support for the current US trade agenda. Second, he said that during the "timeout" the US should "do no harm," such as slapping tariffs on Chinese imports because of the value of the yuan. Finally, the US should refocus trade policy on the World Trade Organization, which he considers underused, versus negotiating bilateral agreements, which he believes are politically controversial and less economically efficient.

Focusing on US-Latin America trade relations, Szterenfeld said trade policy must be formed in the context of a comprehensive agenda that includes other issues such as energy, poverty reduction, and debt relief. She argued that the trade embargo against Cuba should be dismantled, and advised that the US engage and partner with Brazil, a powerhouse economy in the Western Hemisphere and an important global player.

Backus said he was unsure if he'd urge Obama to make trade policy a primary issue. He explained that increased trade hasn't produced huge gains, and that his biggest fear would be stepping backwards with trade policy, especially in light of the current economic climate.

MEASURING IMPACT: SOCIAL ENTREPRENEURS DISCUSS THE CHALLENGES

More than 150 entrepreneurs, investors, philanthropists, and academics gathered in November for the Fifth Annual NYU Stern Satter Conference of Social Entrepreneurs. "As the field of social entrepreneurship matures, measuring impact remains a significant challenge for most organizations," said NYU Stern Clinical Professor Jill Kickul, the conference organizer and director of the Stewart Satter Program in Social Entrepreneurship in Stern's Berkley Center for Entrepreneurial Studies.

Plenary keynote speaker Mark Kramer, founder and director of FSG Social Impact Advisors, said that the failure of classical philanthropy can be attributed to the inaccurate perception that problems can only be solved through the nonprofit sector and the narrow philanthropist mindset on how to achieve social change. He cited evaluation and social entrepreneurship as the two keys to unlocking the future of the nonprofit sector.

According to Jason Saul, founder and president of Mission Measurement LLC, the sector is increasingly becoming a 'social capital market' in which organizations need to be focused on the outcomes they produce and the measurement that enables them to improve their impact.

Stewart Satter (right) presented Darrell Hammond with the Satter Social Entrepreneur of the Year Award.

Stewart Satter (MBA '82), benefactor of Stern's social enterprise program and member of Stern's Board of Overseers, presented the NYU Stern Satter Social Entrepreneur of the Year Award to Darell Hammond, founder and CEO of KaBOOM! For the past 12 years, Hammond's organization has used an innovative model to join business and local neighborhoods in an effort to construct more than 1,500 new playgrounds, skate parks, sports fields, and ice rinks across North America.

Stern Professor and Academic Director of the Berkley Center William Baumol awarded the 2008 NYU Stern Social Entrepreneur Lifetime Achievement Award to Bill Drayton, founder and CEO of Ashoka, a global association of the world's leading social entrepreneurs dedicated to advancing the field of social entrepreneurship and the citizen sector.

KEY WALL STREET PLAYERS DEBATE THE FUTURE OF MERGERS AND ACQUISITIONS

Three leading figures in the mergers and acquisitions field gathered at an NYU Pollack Center for Law & Business event at the Law School in October to discuss the future of M&A in the post-credit-bubble world before an audience of law and Stern business students and alumni.

(From left to right) Brett Cole, Stephen Friedman, Martin Lipton, and Joseph Rice debated the future of M&A in the economic turmoil.

Stephen Friedman, retired chairman of Goldman Sachs and current chairman of the Federal Reserve Bank of New York and of global private equity firm Stone Point Capital; Martin Lipton, founding partner of the law firm Wachtell, Lipton, Rosen & Katz; and Joseph Rice III, founder and chairman of private equity firm Clayton Dubilier & Rice, served as panelists. The discussion was moderated by Brett Cole, a writer for *The Economist* and author of *M&A Titans: The Pioneers Who Shaped Wall Street's Mergers and Acquisitions Industry*.

Reflecting on the current US economic turmoil, Rice named "human greed" as the cause and an abundance of capital as a catalyst. Friedman attributed the crisis, in part, to incentive structures that encouraged bad lending and faulty business practices. "People will play the way you pay them," he said, including banks, consumers, and rating agencies in the circle of blame.

Lipton predicted the crisis will last between three to five years, describing the evolution of a new financial order dominated by large banks surrounded by many small boutiques. "Capital raising will be in the hands of the big universal banks," he said. "They will have the capital and the networks to do it." Panelists agreed that M&A activity would eventually pick up.

NORWEGIAN FINANCE MINISTRY'S THOMAS EKELI DELIVERS FOURTH ANNUAL HAITKIN LECTURE

At the Fourth Annual Haitkin Lecture, economist Thomas Ekeli, an investment director in the asset management department of the Norwegian Ministry of Finance, shared his experience managing Norway's $400 billion petroleum fund. The fund is earmarked as the country's pension fund and represents 10 percent of the $4 trillion global market for sovereign wealth funds. As the only major fund of its kind with an independent Council On Ethics, it is an international model of transparency and principled investing. According to Ekeli, the fund was established to manage Norway's oil wealth wisely, now and for future generations. He noted that for many countries, great mineral wealth leads to corruption, political instability, and economic stagnation. He credits the fund's success to its strategic investment philosophy and ethics: The fund only invests abroad, buys small stakes in multiple companies as a universal investor, disallows geopolitics as a driver of investment decisions, and chooses investments based on good corporate governance and human rights, while screening out certain companies that its Council On Ethics deems ethically incompatible with its purpose and goals.

Thomas Ekeli spoke about his experience managing Norway's $400 billion petroleum fund.

The Haitkin Lecture on Business Ethics, established in 2004, is made possible through the generosity of Jeffrey M. Haitkin (BS '68). The Lecture is dedicated to supporting the continuing discourse on significant emerging issues in business ethics, bringing a distinguished scholar to Stern annually to address timely national and global issues.

PRACTITIONERS AND SCHOLARS DEBATE MARK-TO-MARKET ACCOUNTING

(From left to right) John Biggs, Seymour Jones, and Stephen Ryan explored the economic impact of fair value accounting practices on the weak US economy.

Nearly 60 academics, professionals, and journalists gathered in October for an NYU Stern Ross Roundtable exploring the economic impact of fair value, or mark-to-market, accounting practices on the state of the US economy. Participants in the event, hosted by the Vincent C. Ross Institute of Accounting, represented the American Institute of Certified Public Accountants, Bloomberg, Columbia University, NYU, PricewaterhouseCoopers, and Standard & Poor's, among others.

The debate was spirited and informative. Seymour Jones, clinical professor of accounting at Stern, questioned whether all the "disturbance" in today's financial markets was caused by fair value accounting. Stern Professor Stephen Ryan, a proponent of fair value accounting practices, said, "The alternatives to fair value accounting are bad in illiquid markets and not good in liquid markets." He pointed to several benefits of fair value accounting, including timeliness, its ability to self-correct, and its capacity to account consistently for matched positions. Additionally, he contended that fair value accounting provides a good platform for both mandatory and voluntary disclosure.

Eli Bartov, Stern research professor of accounting, also supported fair value accounting, saying that the problems with implementation of FAS 157 are minimal and can be fixed. Professor James Ohlson, acting chair of Stern's accounting department, pointed to a disadvantage of fair value accounting: "It's very subjective, and it will oscillate with political environments." Despite the continuing financial turmoil, Stern Executive-in-Residence John Biggs, former chairman of TIAA-CREF, warned against Congress's setting accounting standards.

Fast Track to Success

By **Marilyn Harris**

Charlie Scharf heads up JPMorgan Chase's retail financial services.

In 1987, barely out of college, Charles "Charlie" Scharf was the youngest professional employee at Commercial Credit Corp., the venerable, if down-at-the-heels Baltimore consumer finance company then run by Sandy Weill and Jamie Dimon. The first person the company had hired directly from college in years, Scharf was in fact still a senior at Johns Hopkins University when he started working there part-time, having sent his résumé to Dimon through family connections. The experience, Scharf recalled recently, was a little lonely. "I was younger than almost everybody else by 20 years," he said. Upon reflection, noted the now 44-year-old executive, it was the best possible situation for a tyro: "My colleagues were seasoned, and I got the benefit of their experience. That helped me mature in business faster." Six months into the job he was named Dimon's assistant and "included in every meeting, learning broadly about business and how decisions get made." His real-world education – and subsequent career – was well and truly launched.

Scharf's upward professional trajectory has never faltered. Relied upon by Dimon, he has mastered a sequence of jobs whose titles usually started with "chief." In 1995, he became CFO of Smith Barney, after serving in a number of senior finance roles at various Travelers Group companies, including Commercial Credit, Primerica, and Smith Barney. When Travelers merged with Citicorp in 1998 – at which point Scharf was CFO of Salomon Smith Barney – he was named CFO of Citi's global corporate and investment bank, which generated revenues of $21 billion in 1999. In 2000, he was CFO of Bank One, and in 2002, he led the bank's consumer banking business, helping rebuild the brand and banking staff and expanding the branch and ATM network.

Scharf became CEO of JPMorgan Chase's retail financial services upon its 2004 merger with Bank One. His operation – including Washington Mutual – comprises more than 5,000 bank branches and 13,000 ATMs, as well as relationships with more than 14,500 auto dealerships and 5,200 schools and universities.

Among his current challenges is the post-merger integration of Washington Mutual, acquired by JPMorgan Chase in September 2008, and, in this difficult economic period, it presents problems and tremendous opportunities. According to

Scharf's purview includes 13,000 ATMs.

Scharf, "There was a lot of credit exposure there – $35 billion and maybe more in losses – but there is enough cushion that it should be okay." Last December, he and Dimon flew to Seattle with the bad news of 9,200 layoffs over the next year. "It was hard eliminating thousands of jobs, but you have to do the right thing for the other employees," he said. "I think people think we treated them fairly." The great opportunity of the merger, he pointed out, is to create a truly national franchise, leapfrogging into states where JPMorgan Chase had lacked a retail presence.

"In my experience, good business is all about stepping back, asking questions, and accumulating the expertise to make the best decisions, whether those are business decisions or people decisions."

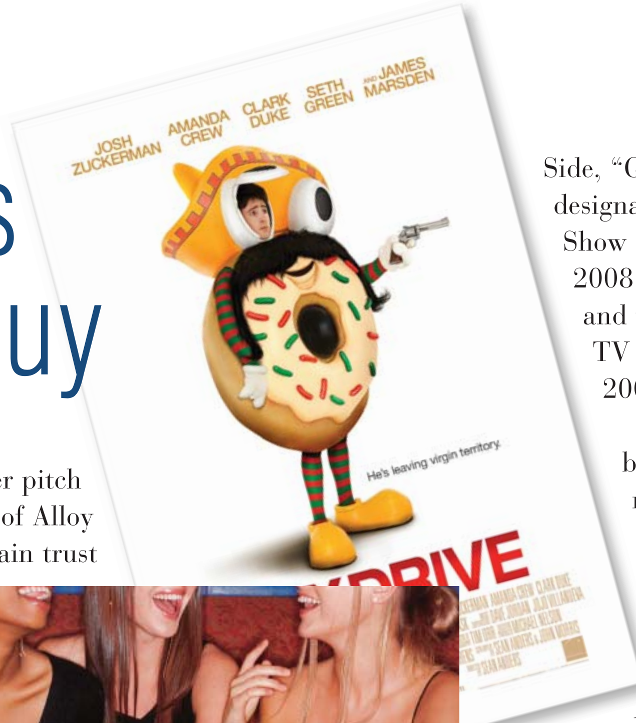
Once the integration is complete, there is still the recession to get through. JPMorgan Chase has "done well so far on a comparative basis," said Scharf, "but there's a long way to go." Over the past two years, "there are a lot of things we intentionally did not do, such as CDOs, option ARMs, etc., and that's left us in relatively better shape than some of our competitors." He explained that Dimon's philosophy of running a financial company is to plan as if the worst will happen and create what he calls a "fortress" balance sheet. When assuming risk, "we ask, 'If we're wrong, will we be okay?'" One of the keys to emerging whole from the current economic crisis is to "stay out of trouble and avoid the land mines," he said. "We will get through this cycle, though there will be fewer banks. People shouldn't bet against the financial system in this country."

As much as Scharf has been mentored by the leading lights of his industry, he has developed a philosophy of his own. In part, that was shaped by his Executive MBA from Stern, which he completed in 1991 and, he said, helped put his work experience into perspective. "In my experience," he reflected, "good business is all about stepping back, asking questions, and accumulating the expertise to make the best decisions, whether those are business decisions or people decisions. Jamie says there's a book on everyone and you just need to read it. I would add that there's always an answer waiting to be found. You just need to do the work and seek it out."

When he's not working or contributing his expertise to the boards of the Lyric Opera of Chicago, the New York City Opera, and Guiding Eyes for the Blind, Scharf prefers spending time at home in Westchester, New York, with his wife, Amy, and two daughters, who are active in plays and musicals. Tennis is his sport, and rock and blues guitar his passion – that and woodworking, which he said he finds "very soothing." He's skilled enough to have made and installed the raised paneling and bookshelves in a home library, and his next project is a desk. With the mountain of professional responsibilities facing him in the current bruising environment, finding the time to escape to his woodshop might be the toughest challenge of all. ■

Gossip Girl's Governing Guy

By **Jenny Owen**



The last few years have accelerated to fever pitch for Les Morgenstein (MBA '97). As president of Alloy Entertainment, he leads the entertainment brain trust behind a rapidly growing roster of hot television shows and films, and a slew of the most popular books for adolescent girls. In 2008 alone, the company debuted the second season of "Gossip Girl," its hit television teen drama, that recently got its own spinoff, to some of the CW Network's highest ratings ever; released the sequel to teen girl flick "The Sisterhood of the Traveling Pants" and two other movies it produced; and launched a one-hour comedy "Privileged" on the CW Network.

Alloy Entertainment, a subsidiary of Alloy Media + Marketing, doesn't just produce "Gossip Girl," it also developed the eponymous best-selling novel series by Cecily von Ziegesar that inspired the program. Revolving around the lives of prep-school socialites growing up on New York City's Upper East Side, "Gossip Girl" was designated the "Best Show Ever" in April 2008 by *NY Magazine* and the Teen Choice TV Show Drama of 2008.

Gossip Girl has been a successful model for Alloy Entertainment. The company's largest business is books, which include the series *The A-List*, *The Clique*, *The Luxe*, and *Pretty Little Liars*, and often the company's TV and film projects are based on these literary properties. This strategy has helped the company make inroads into Hollywood, because its movies or TV shows are based on books that already have followings, and, therefore, potential "pre-sold" audiences. "The *Gossip Girl* books had sold five million copies by the time the show premiered," said Morgenstein.

At one point last summer, Alloy Entertainment had nine books on *The New York Times* children's best-seller list. The company is a book packager that crafts proposals for publishers and creates plotlines and characters before passing them to a writer or group of writers – in much the same way that dramas and sitcoms are written for TV. A 2008 *Forbes* article reported that "a single Alloy book can generate multiple six-figure revenue streams: the

Les Morgenstein's company, Alloy Entertainment, produces the *Gossip Girl* books and hit TV show, as well as a growing roster of popular creative content.

From left to right: As a producer, Morgenstein was on the movie set of "The Clique" with novelist Lisi Harrison and TV talk-show host and former supermodel Tyra Banks, also a producer of the film.

initial book deal, plus a fee for selling the television rights, a purchase price and a producer's fee for the pilot, a per-episode rights fee and producer's fee, and a cut of the overall profits."

"The secret, if there is one, is in the initial creative process," Morgenstein explained. "And as managers, we're very diligent about what we do and what makes something a commercial concept that not only will have the potential to be a hit, but also have the potential to be a hit with multiple titles that then transitions to film or television or spin-offs with other opportunities."

Morgenstein began working in publishing right after graduating from Sarah Lawrence College. He worked for a company that packaged the *Sweet Valley High* teen books popular in the 1980s, while at the same time attended The City College of New York for a master's degree in English and creative writing. Soon after earning an MBA from NYU Stern, he bought the company he worked for and renamed it 17th Street Productions. "Around this time, which was the mid- to late-'90s, there was a demographic boom. Various pockets of teen media were really taking off: the WB was strong with 'Dawson's [Creek]' and 'Buffy [the Vampire Slayer],' *Teen People* had launched really well, and boy bands like the Backstreet Boys were huge, but publishing was not," said Morgenstein. "So we identified some big shifts we wanted to make in that business – primarily we wanted to become a company that was developing content. By the latter part of the '90s, we formed a relationship with Alloy to promote our books on their website and in their catalogues and in outgoing orders, and we, in turn, put their name on our books. Soon after, Alloy went public and, recognizing our similar goals, then acquired 17th Street Productions."

With a background in both business and developing creative content, Morgenstein is appropriately positioned to lead Alloy Entertainment. "I had a very liberal arts background and discovered early on in my career that I was very entrepreneurial and wanted to run my own business, but I didn't know anything about business," Morgenstein explained. "Much of that you learn on the fly, but fundamentals like accounting and finance, you can't. That's really why I went to Stern – and it's been integral to what I do."

Morgenstein's business competence has proven especially useful in helping Alloy Entertainment weather the current economic turmoil. "The book business is down. Retail traffic is way down," he explained. "It's impacting royalties we're earning on our best sellers, and it's impacting what publishers are willing to pay for that next title as they look at their businesses. And the advertising climate today compared to six months ago is very different. It's also harder to get a commitment from the TV networks.

"Nevertheless, long-term, we're in a very good position because we create commercial intellectual property. Whatever changes are made in the entertainment business, however distribution evolves, it's going to need great content," he asserted.

Developing great content requires a strong creative team, which Morgenstein noted, is best found in New York City. His company's New York location "has definitely impacted the type of talent we're able to hire," he said. "We thrive on the creativity of our editorial staff and New York attracts a very high caliber of young executives. I don't think we would have experienced the same success had we been in an office park in New Jersey."

There's no dearth of content in Alloy Entertainment's slate of offerings. It has about a dozen TV projects in development with major networks, as well as a number of kids' movies and romantic comedies under way with top film studios. It's also doing new-media projects like Webisodes. "We're putting together a business model based on that," said Morgenstein. "So there will be some business model shifts, but at the heart of it, we'll continue to do what we do." If that's any indication, Morgenstein's level of activity may be at fever pitch for a good long while. ■

8 QUESTIONS

ANDREU PUIG SABANES (MBA '91), general manager, City of Barcelona

The host city of NYU Stern's Global Alumni Conference in 2009, metropolitan Barcelona is a glittering port city of 3.5 million people, a leading business, cultural, and tourist center, not just of Spain, but internationally. There is a mayor of Barcelona, who is elected, and behind him there is Andreu Puig, the executive who runs the city. Puig is responsible for managing Barcelona's 2.6 billion euro budget, 13,000 employees, public services, and urban and economic development.

1. Two weeks after you started your job, in July 2007, there was a blackout in Barcelona that affected 260,000 people and lasted three days. What did you learn from that?

It was a quick lesson in getting to know the organization and how to get things done. I had to deal with federal, local, and state agencies and police, firemen, social assistance, and power companies. Fortunately, there were no murders, no looting, and fewer traffic incidents than on normal days. And after the crisis, we established a project that we call the three S's: supply, security, and system. We may be the only city with a fully coordinated diagnostic capability for our infrastructure.

2. What were some of the lasting effects of the Olympics, which Barcelona hosted in 1992?

It was a great experience, and we were able to exploit that opportunity. We emerged from the number two city in Spain and the capital of Catalonia to become a major international city. Our goal has been to maintain and take advantage of that position. We have built on a very effective brand image, attracting tourism as well as investments. We are now one of the top cities for living and business.

3. What is driving the city's growth now?

Barcelona has become the European capital of the Mediterranean. Last November, we were chosen by the European Union as the site of the European Agency for Mediterranean Cooperation, which includes North Africa. We have the second busiest harbor in Europe, and we are the southern gateway for Asian products to enter Europe. We are the city of reference for business development, culture, and architecture.

4. How would you like to see Barcelona evolve in the coming decades?

We want this to be the city with the most opportunities for its residents, with the quality of life here the same for everybody. We are working to ensure the same standards for transportation, infrastructure, services, public space, commerce, residential areas, and neighborhoods. A socially cohesive society is a sound base to boost economic growth. We have done this across our 10 districts and are now working on our 73 neighborhoods.

5. What is the greatest challenge you face in your job today?

We think what makes the city work is not just the city council but everyone who operates in the city – the businesses, the NGOs, the social service organizations, the civil societies – many more stakeholders than in the private sector. It takes public/private cooperation to develop a consensus and to forge a common vision as to where the city should go. In the spirit of the Olympics, a "Model Barcelona" project was initiated [an internationally renowned combination of urban policies], and advancing it is a top priority.

6. Barcelona is hosting Stern's Global Alumni Conference in June, and you are on the host committee. What kind of impression are you hoping alumni will take away?

Three things: First, the local flavor of our Catalan culture – our language, our cuisine, and the sea. Second, our history, from Roman and medieval times to Gaudí. And third, the future: We are a place of tremendous business opportunity.

7. What could American businesses learn from Spain's, and vice versa?

We can offer creativity and innovation, not only technical but process innovation, a way of seeing business within a culture. We think branding is one of our strong points – how to build brands with special tastes and values. From America, we can learn more on how to become global. We can also borrow a greater sense of urgency, as the world turns very quickly. Americans are very good at being flexible.

8. How did your Stern experience contribute to your success?

That experience is now more useful than ever, especially in the global environment, which is increasingly complex and turbulent. Stern helped me to understand how the different elements of society are interconnected, which is necessary to understand change. It also taught me values and social responsibility which are also very important.

INNOVATING AROUND INNOVATION

THE BERKLEY CENTER CELEBRATES ITS FIRST 25 YEARS

By **Marilyn Harris**

While still a student at NYU Stern, Yorick Ser (MBA '05) developed CollegeMailer, a powerful software tool, to help his entrepreneurs' club officers better manage the club's activities. Because CollegeMailer was well designed and easily adopted by the students, Stern's Student Activities Office decided to buy the system and provide it to all the other student clubs. And with that, Novalsys, Ser's software development company, was launched.

For two years after graduation, Ser ran the company part-time while toiling away in the London trading office of a major bank. "The salary was good but I wasn't happy," he recalled. So in June 2007 Ser quit his day job and returned to the States. That fall, he entered the business plan competition run by Stern's Berkley Center for Entrepreneurial Studies. The process was grueling, but before it was all over, Ser had completed his business plan, made it to the semi-finalist round, and landed his second client, the University of Michigan. Today, Novalsys licenses its software eCampusGroups,

Entrepreneurship at Stern Through the Years

1982: Twenty-one students enroll in the first entrepreneurship course offered by Stern, Patterns of Entrepreneurship, taught by Zenas Block.

1983: The Price Institute for Entrepreneurial Studies makes an endowment gift that lays the foundation for an entrepreneurship center.

1984: The Center for Entrepreneurial Studies is officially founded. Ian MacMillan is appointed director. The Center immediately becomes known for funded research and publishing the *Journal of Business Venturing*.

1993: Stern alumnus, NYU Trustee, and Chairman of the Stern Board of Overseers William R. Berkley (BS '66), chairman and CEO of W. R. Berkley Corporation, presents a naming gift to develop cutting-edge entrepreneurship courses, co-curricular programs, and research activities. The Berkley Center for Entrepreneurial Studies is born.

Alumnus Yorick Ser launched his software development company, Novalsys, with the help of the Berkley Center.

eCampusNet, and eAlumniAffairs to top schools around the country.

Successes such as Ser's – and the number and variety of students' other innovative ideas for startups – are especially rewarding for those at the Berkley Center as it marks 25 years at Stern this year. "Acknowledging the talented students and committed faculty who are working to bring these ideas to life is a special way to celebrate our 25th anniversary," said Jeffrey A. Carr, clinical associate professor of marketing and entrepreneurship and an entrepreneur himself. Carr has served as the Center's executive director since 2007. "Our mission at the Berkley Center is to nurture entrepreneurial talent and, through research, to add to the knowledge base. In the classroom, we teach students the skills needed to start a business, but when it comes to entrepreneurship there is no substitute for actually doing the work."

The Berkley Center, established in 1984, was organized to create new knowledge in the field of entrepreneurship and innovation, to prepare the next generation of entrepreneurial leaders in the business and social sectors, and to provide intellectual leadership for the business and academic communities. Programs for teaching entrepreneurship are in their infancy, and Stern's Berkley Center is "virtually alone in the US and probably the world" in its efforts to systematize such methods, said William Baumol, Harold Price Professor of Entrepreneurship, professor of economics, and academic director of the Berkley Center. "We want to connect teaching methods with subsequent careers," he said.

Accessible to students and alumni alike, the Berkley Center's flagship program is its rigorous, eight-month-long business plan competition, now in its 10th year. A record-setting 450 students and alumni entered this experiential learning program last fall, competing for a share of seed money to launch their ventures. Thanks to the generosity and foresight of Stern Overseers Ira Leon Rennert (MBA '56, Parent '00), chairman and CEO of The Renco Group, Inc., and Stewart Satter (MBA '82, Parent '10), CEO of Consumer Testing Laboratories, Inc., $175,000 in seed money is available this year to winners of the competition and will jump to $200,000 next year.

David Steinberger (MBA '08) was one of those winners in the 2006-2007 competition. "The seed money from the competition was extremely helpful," said Steinberger. His start-up, Iconology, provides software and web solutions that connect comic book enthusiasts with retailers and publishers. In addition to the cash received, Steinberger was able to leverage the coaching, mentoring, networking, and *pro bono* services the program provided. "Not only did we meet our chief source of funding through the Berkley Center and our work in the business plan competition, but one of our judges also funded us at a very early stage," he noted.

The role of innovation and start-up companies in the US and global economies can hardly be overstated. "The small firm, home of the independent entrepreneur and the independent inventor, has been the primary source of the technical ideas and radical innovations that serve as the foundation for the unprecedented growth performance of the world's industrial economies," Baumol said. "The data also suggest that small firms are the major source of new jobs." According to a recent survey by the Ewing Marion Kauffman Foundation, the world's largest foundation devoted to entrepreneurship and a major funder of the Berkley Center, more than 70 percent of voters say the health of the economy depends on the success of entrepreneurs, and many see entrepreneurs as the answer to the current financial crisis.

1998: The First Annual NYU Stern Business Plan Competition is held. Eighty-eight teams vie for $50,000 in seed money.

1999: Reflecting the growing prominence of entrepreneurship research and study at Stern, a new academic area, Entrepreneurship & Innovation, is introduced.

2000: Stern alumnus and Overseer Ira Leon Rennert (MBA '56, Parent '00), chairman and CEO of The Renco Group, endows the business plan competition. His gift enables $50,000 in seed money to be awarded annually.

2000: The Price Institute for Entrepreneurial Studies establishes a $100,000 endowment in support of the Harold Price Entrepreneurship Award. This student award is given annually to an MBA student in recognition of outstanding achievement in entrepreneurship studies and leadership.

Academic Innovators

The late Professor Zenas Block was an early proponent of teaching entrepreneurship at Stern. Soon after offering to teach a course in corporate venturing as an adjunct professor in 1981, he organized and led the faculty task group that, with an initial $500,000 grant from the Louis and Harold Price Foundation, established the building blocks for today's Berkley Center. Block was supported in his efforts by the late Gloria W. Appel, president of the Price Foundation and later a member of Stern's Board of Overseers. "The goal we set was to become a significant center for research in the area, because entrepreneurship was not regarded as academically respectable," Block recalled some years later. He started a competition for the best academic paper, held retreats in which students presented business plans, and, most significantly, developed and taught two elective courses: Patterns of Entrepreneurship, and Entrepreneurship and Venturing in Corporations.

The entrepreneurship program at Stern made another quantum leap in 1993, when Stern alumnus, NYU Trustee, and Chairman of the Stern Board of Overseers William R. Berkley (BS '66), chairman and CEO of W. R. Berkley Corporation, presented a naming gift to develop cutting-edge entrepreneurship courses, co-curricular programs, and research activities. Five years later the first formal business plan competition was held, with 88 teams vying for $50,000 in seed money. In 2000, an endowment by Rennert made that $50,000 an annual award, and in the same year, the Price Foundation established a $100,000 endowment to support the Harold Price Entrepreneurship Award, which is given to an MBA student pursuing an entrepreneurial career who has attained outstanding achievement in entrepreneurial studies and student leadership.

Five of 25 Tips for Entrepreneurs from Entrepreneurs

Visit www.stern.nyu.edu/berkley for the remaining 20 tips.

1. Listen critically to others but don't let people dissuade you from pursuing your own ideas. Be willing to go it alone.

-Stewart Satter (MBA '82, Parent '10)
CEO, Consumer Testing Laboratories

2. Just remember that everything takes twice as long and costs twice as much as you expect it to.

-Matt Heyman (BS '84)
President, Grupo Cinemex

3. Set clear achievable goals for each day, month, and year. Let nothing stand in the way of achieving those goals.

-Liz Elting (MBA '92)
Co-founder/Co-CEO, TransPerfect

4. Be responsive and treat everyone with kindness and respect.

-Robert J. Simon, Sr. (MBA '84)
Senior Managing Director, Bradford Equities Management, LLC

5. Follow your gut. So much about doing well in business is about making good decisions – for your company and for you.

-Mary Ellen Georgas (MBA '93)
Principal/Owner, Georgas Consulting, LLC

The Berkley Center Advisory Board: (from left to right, back row) Vern Kennedy (MBA '94), Stephen McCarthy (MBA '79), and Markus Deutsch (MBA '91), (second row) Mary Ellen Georgas (MBA '93), Loretta Poole, and Robert Simon (MBA '84), (front row) Jeffrey A. Carr, Cynthia Franklin (MBA '92), and Stewart Satter (MBA '82, Parent '01); not pictured: Matt Heyman (BS '84) and Jill Kickul.

2001: The Berkley Center launches a social entrepreneurship initiative offering courses and programs for the growing number of students and alumni who wish to use business skills to create innovative approaches to tackling societal problems.

2002: Stern alumnus and Overseer Stewart Satter (MBA '82, Parent '10), CEO of Consumer Testing Laboratories, provides seed funding to launch the Satter Program in Social Entrepreneurship. Today, the Satter Program supports the annual Social Venture Competition, which awards the $100,000 Satter Prize; the annual Conference of Social Entrepreneurs; and the annual Social Entrepreneur of the Year Award.

2003: Entrepreneurship is offered as a graduate-level specialization in response to strong and growing interest among students.

2005: World-renowned economist, researcher, and prolific author William J. Baumol joins the Berkley Center as academic director.

As financial support grew, so did programs. A social entrepreneurship initiative, now headed by Clinical Professor of Management and Organizations Jill Kickul, was launched to offer programs aimed at creating innovative approaches to solving societal problems. Satter funded the Satter Program in Social Entrepreneurship that supports its own competition, with a $100,000 prize, as well as an annual conference and award. A recent conference on social entrepreneurship was oversubscribed. In January, more than 500 alumni and students packed a lecture by microfinance guru and Nobel Laureate Muhammad Yunus. And last fall, when 100 students applied for 20 spots in a new 12-week laboratory on innovation and entrepreneurship, the Center was persuaded to double registration. Underpinning this growth have been donors such as Beny Alagem (Parent '09), an entrepreneur and co-founder of Packard Bell Electronics, whose $3 million gift supports a broad range of programs, and Ira Rennert, who recently expanded his support of the Berkley Center with a $3.5 million gift to support the business plan competition and endow a faculty chair in entrepreneurship.

The Next 25 Years

Interest in entrepreneurship has grown dramatically at Stern and it's a trend that is expected to continue and even accelerate. "Students take one look at what's happening in today's economy – once venerable companies disappearing over night, tens of thousands of high-paying jobs simply vanishing – and suddenly entrepreneurship doesn't seem like the risky way to go," said Cynthia Franklin (MBA '92), senior associate director of the Berkley Center. An entrepreneur who started a successful business shortly after receiving her MBA, Franklin underscored the lesson: "It's all risky. More students are concluding that if I'm going to assume risk, why not do so while building a venture that is my own." Another contributing factor to the popularity of entrepreneurship she cited is the rock star status of innovators such as Steve Jobs, Richard Branson, and Sergey Brin, who have helped make the dream of starting and growing a successful company seem much more accessible.

"Students take one look at what's happening in today's economy – once venerable companies disappearing over night, tens of thousands of high-paying jobs simply vanishing – and suddenly entrepreneurship doesn't seem like the risky way to go."

In response, the Center has created more opportunities. As of 2008, both undergraduate and graduate students can choose to specialize in entrepreneurship, and a specialization in social innovation and impact was offered for the first time to MBA students.

As the Berkley Center's 25th anniversary passes and its next quarter century begins, both Carr and Franklin are focused on its role as a complete resource for nascent entrepreneurs. As part of that plan, they are recruiting mentors and coaches from among the alumni population who will be matched up with students hoping to nurture new ideas.

For his part, Baumol has co-edited the first of a three-volume series of books on entrepreneurship, *History of Entrepreneurship: From*

2008: More than 450 students, representing 156 teams, enter the annual NYU Stern Business Plan Competition. Today, the competition is one of the largest of its type, having awarded more than $1 million in seed money and pro bono services since its inception 10 years ago.

2008: A gift from Ira Leon Rennert doubles the business plan competition prize to $100,000 and establishes the School's fifth chair in entrepreneurship.

Alumnus David Steinberger (left) and his partners credit the Berkley Center's business plan competition with helping them start their company, Iconology.

Mesopotamia to Modern Times, which will be published this year by the Princeton University Press under the Berkley Center imprimatur, and he is looking forward to a period of heightened activity at the Center. "We are designing a very ambitious, long-range program for carrying out the required research and for designing imaginative, systematic programs for teaching entrepreneurship," he said.

Such plans bode well for would-be entrepreneurs at the Center. As he closes in on his second round of financing, Iconology's Steinberger said, "My three years at Stern were defined by the competition. It changed my direction, connected me with high-performing, like-minded entrepreneurs, and helped me define my direction in my working life. Those were memorable Stern years for me, and it's thanks to the Berkley Center." ■

Celebrating 25 Years: Support for the Berkley Center

Like every good entrepreneur, Professor Zenas Block, from the outset, had a sound academic and co-curricular organizational plan as well as an aggressive fund-raising strategy to launch the Center. Starting with a most generous seed gift from the Louis and Harold Price Foundation, the Berkley Center today is a success because Stern alumni and friends have dreamed, invested, and labored with us as we discover, teach, grow, and launch. Below is a list of many of these donors, which Stern and the Center would like to thank. To see a full list, visit www.stern.nyu.edu/berkley.

Individuals

Beny Alagem (Parent '09)
Gloria W. and Edwin M. Appel
William R. Berkley (BS '66)
Mr. and Mrs. Richard Block
Professor Zenas Block
Karen Chase (MA '93 (GSAS))
Michael R. Cunningham (MA '96, PhD '05 (Steinhardt))
Markus Deutsch (MBA '91)
Barry K. Fingerhut (MBA '69)
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Inge and Ira Rennert (MBA '56, Parent '00)
Laura Robbins (MBA '05)
Stewart Satter (MBA '82, Parent '10)
Robert J. Simon (MBA '84)
Frederic Slater
Jonathan S. Smiga (MBA '91)
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Michael A. Tunstall (MBA '86)
Robert Vukovich
Professor Jeremy Wiesen
Carol and Lawrence Zicklin

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EuclidS
Knox Lawrence International, LLC
Lowenstein Sandler PC
Pennell Venture Partners, LLC
Yahoo!

2008: An endowment from the Beny Alagem (Parent '09) Family provides support for the Innovation & Entrepreneurship Lab and business plan competition programming.

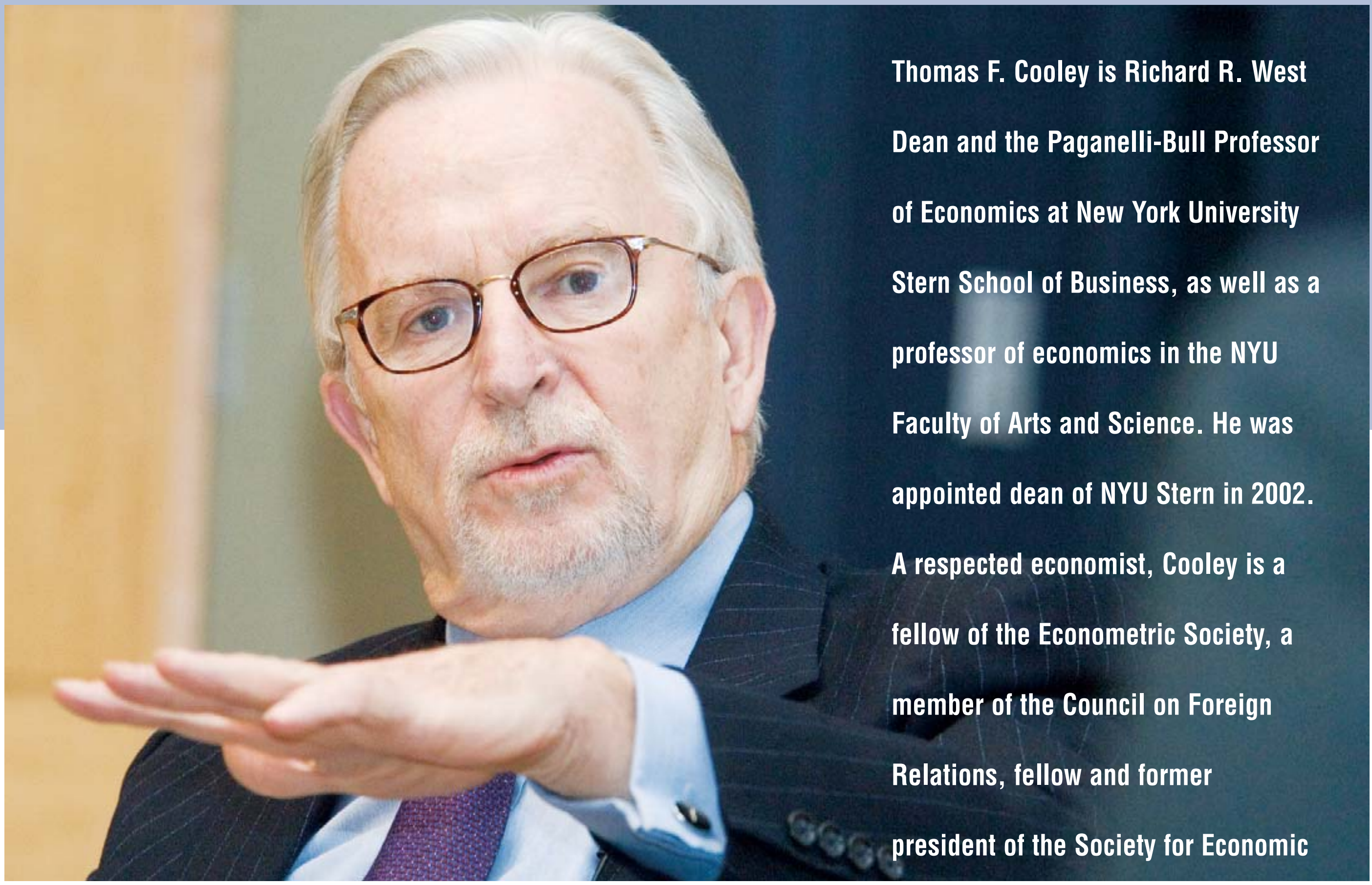
2008: The NYU Stern Social Venture Competition celebrates its 5th anniversary. More than $500,000 in seed money and services has been awarded to promising social enterprises since it was started.

2009: Princeton University Press will publish the first in a series of books under the Berkley Center imprimatur, the much-awaited *History of Entrepreneurship: From Mesopotamia to Modern Times*. Co-edited by William J. Baumol, it will be among the first volumes (perhaps *the* first) on the subject.

2009: The Berkley Center for Entrepreneurial Studies celebrates its 25th anniversary.

LEAVING A STRONGER STERN

A Q&A WITH DEAN THOMAS F. COOLEY



Thomas F. Cooley is Richard R. West Dean and the Paganelli-Bull Professor of Economics at New York University Stern School of Business, as well as a professor of economics in the NYU Faculty of Arts and Science. He was appointed dean of NYU Stern in 2002. A respected economist, Cooley is a fellow of the Econometric Society, a member of the Council on Foreign Relations, fellow and former president of the Society for Economic Dynamics, and writes a weekly column on economic matters at Forbes.com. Cooley announced in December that he would be stepping down as dean and returning to research and the classroom at the close of the 2008-2009 academic year.

Dean Cooley was interviewed in February by Joanne Hvala, associate dean, marketing and external relations.

Joanne Hvala: *Throughout your tenure as dean, you've talked about business as the most important force for social change. What exactly do you mean by that and why is it so important to you?*

Dean Thomas Cooley: It is important to me personally because I want to be engaged in an activity that I think of as contributing something to society; that is part of my mission in life. A lot of people think of business as solely the pursuit of personal gain. Personal gain is one element of the business world, but I prefer to view business as the most powerful institution for improving the well-being of people. The profit motive can be a powerful lever in moving investment, institutions, and governments into doing what is good and right for society. The whole of the emerging green economy is a case in point.

JH: *How has Stern been leading the dialogue on the understanding of and solutions for the current economic and financial crisis?*

TC: First of all, we can claim to be the intellectual home of people who foresaw the crisis and acted on their understanding – both Nouriel Roubini, a professor of economics here, and John Paulson (BS '78), one of our alumni, are examples. More broadly, we are in the enviable position of having a superb research faculty whose work in creating knowledge is matched by a deep understanding of the institutional setting of business. Our faculty truly understands the interlocking nature of complex issues. Whether the subject is marketing, management, finance, or economics, our professors have a willingness to speak out and articulate views about policy in the world of business. I think that's served us well in this crisis.

JH: *Talk about the White Papers Project, which has been an extraordinary faculty response to the crisis.*

TC: The White Papers Project (see page 22) came as a response not just to the crisis itself, but to the real need we had for clarity. I can't begin to tell you how many media calls the School received as the crisis unfolded. People needed help in understanding what was happening, what had gone wrong, and what the possible solutions would be. It became clear that there is a deep need to address the failures of the regulatory system and the market imperfections that led to this crisis and that it was important for us to be proactive and try to play a role in shaping how policy responds. So, together with my colleague Ingo Walter, I articulated the view that it was important for us to do something and do it quickly. He and I convened a small group of people, and we had this idea of writing a series of white papers on what were initially 10 different topics. That was where it started. Soon it expanded to 18 topics under discussion by a group of more than 30 faculty members working together to address the issues and the policy prescriptions that we think make sense. A coalition of the faculty was willing to work collaboratively on one of these topics. Our goal was to be ready as the new administration came into power and began to rethink the important issues. We held a number of day-long meetings, with lots of back and forth and internal dialogue. The result is this book that we produced in record time, which contains, I think, some very good ideas. We started this conversation at the end of October and had a draft in place by the week after Thanksgiving, with a produced prepublication version distributed before the University closed in December. In an academic context, this is about as fast as I've ever seen a series of fresh ideas hammered out and brought to the public.

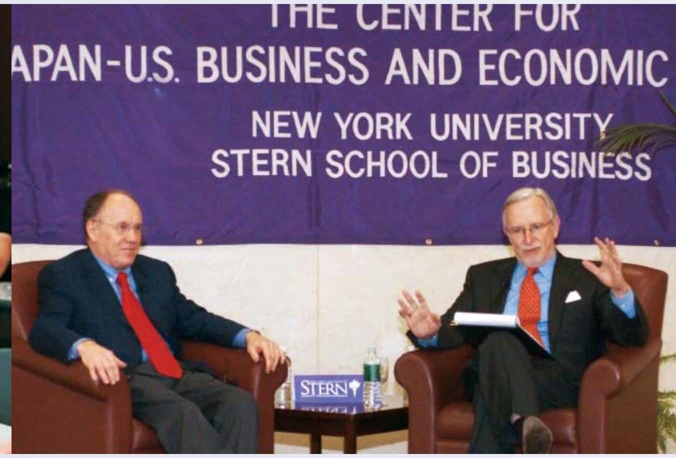
> **"A lot of people think of business as solely the pursuit of personal gain. Personal gain is one element of the business world, but I prefer to view business as the most powerful institution for improving the well-being of people."**

JH: *One of the things you've talked about, especially in conjunction with the White Papers Project, is the value of an independent voice. Can you talk about the value of having that independent voice from an academic institution, especially in light of what's going on in the world?*

TC: One of the reasons that the public looks to us is that they can't cut through the cacophony of sound-bites, interest groups, and partisanship. Society needs institutions that will step back and take a dispassionate, nonpartisan look at how things are working, especially in times of crisis. That's one of the reasons we have universities. When I first took over as dean I wrote that we have a fiduciary duty to the truth. Institutions like ours are valuable because we can take a dispassionate view and look at the way the world works and think about the way the world ought to work, without the influence of politics or special interests.

JH: *Last April, Stern completed the largest fundraising campaign in the School's history, raising over $190 million. What have those resources enabled Stern to achieve?*

TC: On the human capital side, resources have helped us to fund some 23 named professorships and a large number of endowed research fellowships. These are essential to attracting and retaining the very best scholars in the world, and we've been quite successful at building our faculty. We've hired more than 90 faculty members in the seven years I've been dean, which is a stunning infusion of talent. The resources have also helped to fund more scholarships for undergraduate students and for graduate programs that enable students to study abroad. We've also been on a major campaign to improve our physical space, which gets very heavy usage and constantly needs refurbishing – some areas hadn't been touched for many decades. We poured a lot of resources into transforming it, and we've actually increased our total physical space by at least a third already.



JH: *What are the advantages of the School's location in New York City?*
TC: I wouldn't trade our facility and our location for the greatest building imaginable anywhere else. We're in the heart of commerce in New York, and it's a vibrant, diverse, exciting place. More important, we've used the city as an educational asset – both as a classroom and a laboratory – and it informs our research and teaching. We have access to a stunning array of practitioners who talk to our students about real work experiences. Our students are exposed not just to the world of banking, finance, and Wall Street, but to consulting firms, nonprofits, arts organizations – for instance, they learn how businesses like the Metropolitan Opera work and to understand luxury retailing. We take full advantage of an incredibly enriching environment.

"I think business education always faces a challenge when the economy goes through a cycle. ...One of the things this crisis teaches us is that business educators do have to think about how to teach people to have dynamic, forward-looking habits of thought, because a lot of business education is inherently backward-looking."

JH: *Looking more broadly, Stern has made some partnerships with schools and companies around the world. How have these global partnerships enhanced the School?*
TC: Global business education is in great demand and we have been steadily building our global portfolio for the past eight or nine years. Our TRIUM program is one of the most sought-after executive education programs in the world. It's enabled us to form great partnerships with two other outstanding schools, the London School of Economics and HEC Paris, and to attract and capture as part of the Stern alumni and student body an incredibly diverse set of senior managers from around the globe. We also have a new program with Hong Kong University of Science and Technology – a master's program in global finance that's helped to develop Stern's reputation in Asia. We have two new programs coming online in Europe targeted at very specific areas of finance, which I think are badly needed programs. And we have developed executive programs for companies in India and elsewhere in the world.

JH: *Stern admissions have set new records – our undergraduate SAT scores have never been higher and the selectivity of our graduate students has risen over the years. Why do you think Stern is a magnet for these bright and accomplished students?*
TC: It's always the quality of the faculty, the programs, and the experience that matters to students. Obviously, people care about reputation, and ours has soared, driven by improvements in the quality of our faculty and programs, and increases in the visibility of NYU as a very desirable destination university. But the other thing that I think is particularly telling is the quality of the student experience, beyond the education. We've worked very hard to build a sense of community and a positive experience for our students so that they're really happy to be here and don't see it as just something they're doing for a while. And when they leave, they feel a connection that will continue for a long time. We know that from talking to our students and measuring their experience. It's really an important part of the value proposition for Stern.

JH: *What do you see as the major challenges facing business education today?*
TC: I think business education always faces a challenge when the economy goes through a cycle. This is a particularly severe cycle, so the questions that people are going to raise are, "If something like this can happen, is it the fault of

From left to right: Dean Cooley met with students at a Dean's Roundtable luncheon; he discussed the global economy with his thesis advisor, Nobel Laureate Edward Prescott at a Japan-US Center event; he met with alumnus Abraham George at a student club event centered on India's development; and he discussed how to fix the financial crisis with finance professor Roy Smith and a panel of experts from *The Economist* and the Council on Foreign Relations.

business education? Are we teaching people the right things? Do they leave here with the right kinds of values? Do they have the right kinds of tools?" One of the things this crisis teaches us is that business educators do have to think about how to teach people to have dynamic, forward-looking habits of thought, because a lot of business education is inherently backward-looking. Business is a dynamic social construct that has changed dramatically and is going to continue to change dramatically. The challenge is to give people the right analytical tools, and to teach them to be forward-looking and to know the right questions to ask. It's not a static profession.

JH: *As you reflect on your tenure as dean, what are you the proudest of?*
TC: I'm most proud of how successfully we were able to work together as a team and how we were able to unite around a set of common goals and create a sense of community, pride, and confidence that we know what we're doing, and we're doing it well. I think we've really built the faculty and the student body and the administrative framework for the School in a way that has enhanced its reputation, and made it a wonderful place to be a student, an alum, a professor, or an administrator. I'm really proud of that!

JH: *What's been your most gratifying aspect of the job?*
TC: The most gratifying aspects have been the incredible people I've gotten to meet and make friends with among our alumni and students and the sense of mutual respect and purpose that I feel. They've been wonderfully supportive, full of creative ideas, energy, enthusiasm, and astonishing accomplishment. I've had the opportunity to meet so many people who are successful in many, many dimensions. Having had the opportunity to lead such a dynamic and diverse institution has also been a personal growth experience for me.

JH: *What have you enjoyed most about meeting the alumni, in particular?*
TC: I've most enjoyed being able to go to alumni and say, "Here we are, we're your school, we're doing great things, and your success is something we're proud of. Be engaged with us, be involved with us, and help us achieve this mission." The responsiveness of our alumni to that message has just been extraordinary.

JH: *Is there a particularly memorable moment of your deanship?*
TC: I met an alumnus in India named Abraham George (MBA '73, PhD '75). I visited a school he was running for the children of the destitute in the countryside near Bangalore. I didn't know Abraham George yet and I hadn't been too well briefed on his school and his other efforts. It was a very moving experience to see what he was trying to accomplish. Here was an alumnus who had been enormously successful in business, who believed firmly in the business proposition and the value of markets and of education, and who was trying to transform, in his way, a part of society that has been left out. It was the ultimate embodiment of the proposition that business is an important force for social change. And, of course, Abraham has become a friend and his many children have become very important to me as well.

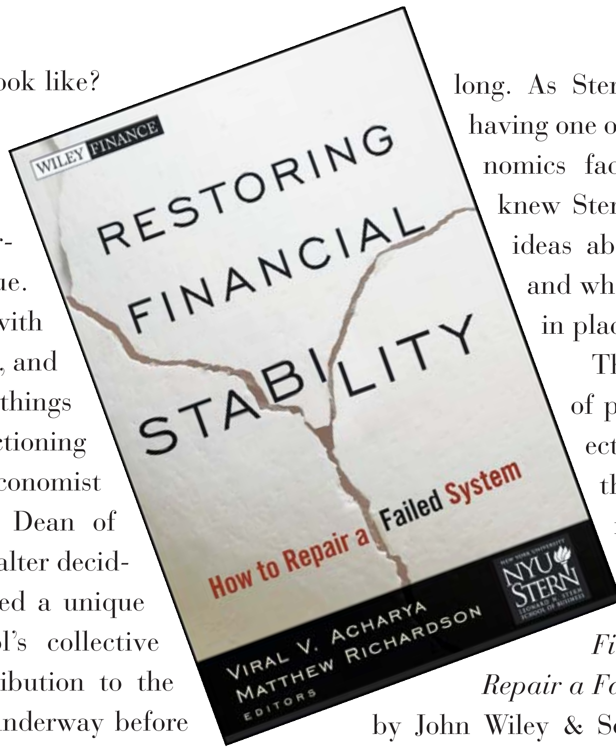
JH: *What would you most like to see happen next for the School over the next five to 10 years?*
TC: I would like to see the School become even more recognized as the intellectually lively go-to place that people look to for knowledge and insight about the world of business. Hopefully the School will continue to influence both policy and practice. We need to focus on thought leadership and community. I think that mission is more important than any particular programs. I am proud of the progress we have made, but there is much to be done. I am sure my successor will take on this challenge with enthusiasm.

JH: *What's next for you?*
TC: My plan is to go back to teaching. I am going to take some time off, finish writing a book and other work, and spend a bit more time at the Council on Foreign Relations, but I will return to the faculty and be here to teach and to support whoever is leading the School next. I've invested so much here, and I feel so passionate about Stern. It is a wonderful institution. ■

FIXING OUR BRO

STERN FACULTY WRITE

What does "thought leadership" look like? Last October, as the crisis in the world financial system continued to unfold, it became clear that NYU Stern faculty were playing an important role in shaping the dialogue. Nothing had torn apart the market with such destructive force since the 1930s, and the conventional wisdom about how things are supposed to work in a well-functioning system was being challenged. Macroeconomist Dean Thomas F. Cooley and Vice Dean of Faculty and finance professor Ingo Walter decided that the financial disaster provided a unique opportunity to harness the School's collective expertise and make a serious contribution to the repair efforts that were sure to get underway before long. As Stern is widely recognized as having one of the finest finance and economics faculties in the world, they knew Stern professors had plenty of ideas about what had gone wrong and what policies needed to be put in place.



They prompted a small group of professors to initiate a project to create white papers on the crisis and invited all interested faculty to participate. Eighteen weeks later, a book, *Restoring Financial Stability: How to Repair a Failed System*, was published by John Wiley & Sons. The book features 18

KEN ECONOMY:
THE BOOK

white papers written by 33 Stern and NYU faculty members from several of the School's departments. The discussion – in day-long seminars, water-cooler commentary, and seemingly 24-hour e-mail – was intense, engaging, and, indeed, inspiring.

The point of the activity was not, however, only to foster intellectual excitement within the School, as important as that is. It was to bring clear-eyed analysis of what had gone wrong together with unbiased and independent recommendations for how the world's financial system could be righted both in the short- and medium-term. Each of the papers started by discussing the nature of the problem, where things went wrong and where they stood at the moment, what options were available to repair the immediate damage and prevent a recurrence at the least possible cost to financial efficiency and growth, and a proposed course of action for public policy and business conduct. By mid-December, pre-publication copies of executive summaries and essays were spiral-bound and distributed to policymakers, congressional leaders, regulators around the world, and members of then President-Elect Obama's transition team.

Finance professors Matthew Richardson, the director of the NYU Stern Salomon Center, and Viral V. Acharya took the lead in this effort, pulling all-nighters, nagging, cajoling, editing, and keeping the project on course.

For Stern faculty, the opportunity to engage on pressing global issues with colleagues from several departments exemplified the intellectual culture of the Stern School.

Authors not pictured: Viral V. Acharya, David K. Backus, Andrew Caplin, Gian Luca Clementi, Robert F. Engle, Dwight Jaffee, Kose John, Alexander Ljungqvist, Anthony W. Lynch, Nouriel Roubini, Anthony Saunders, Marti G. Subrahmanyam, Rangarajan K. Sundaram, and Paul A. Wachtel

From left to right: At the conference on the white papers in March, book co-editor Viral V. Acharya spoke about regulatory reform and Paul Volcker and Myron Scholes participated in a panel discussion on how to restore financial stability; Vice Dean Ingo Walter, Dean Thomas F. Cooley, book co-editor Matthew Richardson, and finance professor Stijn Van Nieuwerburgh were some of the faculty who taught the MBA course on the financial crisis.

But more than that, recommendations and suggestions from papers collected in the book, spun off into op-ed pieces, media coverage, and other materials, have had a material impact on the current discussion.

> **"The [economic] crisis is the ultimate teachable moment, and Stern students have been able to benefit immediately from the scholarly work that has been in progress."**

Four Key Elements

This effort required four things to ensure impact: objectivity, credibility, immediacy, and dissemination. Objectivity meant maintaining clear independence from financial institutions, policymakers, and advisers who helped produce the financial disaster in the first place, and who would soon try to influence the repair process in ways that would inevitably favor their own interests. Credibility meant that the project had to be based on a combination of solid research and institutional knowledge that the Stern faculty is fortunate to have in abundance. Immediacy was driven by the need to impact the financial system repair process in its early and formative stages, before positions among regulators and politicians began to harden. And dissemination meant that the key findings and their underlying rationale had to have immediate impact but also provide a robust and durable template that would last through the drawn-out policy debates to come. All four objectives were achieved, and at breakneck speed.

The executive summaries were posted, day by day, on the Stern website and also on Roubini Global Economics (RGE) Monitor, where they received literally thousands of hits.

To ensure that these thought pieces would be available in libraries worldwide, versions of the executive summaries were published in a special issue of *Financial Markets, Institutions & Instruments*.

The crisis is the ultimate teachable moment, as Dean Cooley called it, and Stern students have been able to benefit immediately from the scholarly work that has been in progress.

A five-lecture MBA course based on the book's contents and taught by a dozen of the faculty authors began in early February and was oversubscribed as soon as it was offered. And in March, the School held a conference around the white papers, with alumni and press invited to hear, among others, featured speakers Paul A. Volcker (Hon. '83), chairman of the Economic Recovery Advisory Board and former chairman of the Federal Reserve; Myron Scholes, chairman of Platinum Grove Asset Management and winner of the 1997 Nobel Memorial Prize in economics; and Charles Plosser, CEO of the Federal Reserve Bank of Philadelphia (see page 25).

Early Reactions

Even before publication, the book's analyses and advice had begun to get traction among the nation's thought leaders. The ideas filtered into the national debate, appearing in op-ed pieces, on financial news networks, and in legislators' briefing books. On Inauguration Day, an ad in the *Financial Times* directed readers to the Stern website that contains executive summaries of the white papers (http://whitepapers.stern.nyu.edu). The "Stern on Finance" blog, maintained by Thomas Philippon, assistant professor of finance, helped galvanize the discussion. According to Volcker, "The Stern School faculty is making an important contribution to the needed debate about how to go about reforming our broken

financial system."

The book is structured as 18 independent policy papers that propose market-focused solutions to each problem within a common framework. The papers are grouped into seven sections: Causes of the Financial Crisis; Financial Institutions; Governance, Incentives, and Fair-Value Accounting; Derivatives, Short-Selling, and Transparency; The Role of the Fed; The Bailout; and International Coordination. Observed Henry Kaufman (BA '48, PhD '58), president of Henry Kaufman & Co. and chairman emeritus of the Stern Board of Overseers: "What makes this book especially valuable are its detailed evaluations and analyses covering many spectrums of the marketplace."

Potential Unlocked

Restoring Financial Stability is Stern's first foray into producing an independent, published collection of faculty work, one that employs research-driven critical solutions that are projected into the political and economic dialogue on a national level. Together with the seminars and conference, the project underscores the multidimensional nature of Stern's intellectual vigor. It is tangible evidence of the School's mission to place its students and faculty at the nexus of business and society. Said Dean Cooley: "We embed the issues into the classroom, create top-flight research centers that produce state-of-the-art knowledge about important topics, and then become the venue in which the expertise is translated for the public. We must be, and indeed we are, shaping the debate itself."

A *Tour de Force*

Looking back, this is an important milestone at a critical point in history. "There are few, if any, major business schools that could have pulled together such a broad and incisive analysis in such a short time," said Vice Dean Walter. The book addresses the right issues, at the right time, and in the right way. And it was all accomplished without significant financial resources by an extraordinary talent pool convinced that the effort was important. More good academic work will, of course, be done, and, many others will enter the competition of ideas. Some already have. But what has become known as the "NYU Stern Report" has already become a benchmark against which they will be judged. This is what thought leadership looks like. ■

Volcker, Scholes, Stern Faculty, and Industry Experts Debate – Before Alumni and the Media – How to Repair the Financial System

In March, NYU Stern hosted a panel discussion for alumni and the media that tapped into the energy behind the creation of *Restoring Financial Stability: How to Repair a Failed System*, a landmark project for the School that was published in March by John Wiley & Sons. At the half-day conference, such distinguished panelists as Paul Volcker (Hon. '83), chairman of the Economic Recovery Advisory Board and former chairman of the Federal Reserve; Myron Scholes, chairman of Platinum Grove Asset Management and winner of the 1997 Nobel Memorial Prize in Economics; Charles Plosser, CEO of the Federal Reserve Bank of Philadelphia; Eric Dinallo, superintendent of the New York State Insurance Department; Madelyn Antoncic (MPhil '81, PhD '83), managing director and senior advisor at Lehman Brothers; and John Gapper, associate editor and chief business commentator at the *Financial Times*, joined Stern finance professors Ingo Walter, Matthew Richardson, Viral V. Acharya, and Thomas Philippon to expand upon the subject to a rapt audience.

General themes developed during the discussions, which were organized around the topics of how to restore financial stability and the future role of government in the financial system. Panelists decried the emergence of hyper-complex financial institutions whose failure jeopardizes the health of the economy. Walter called them financial "Godzillas" – companies too big to fail and too complex to regulate.

A general consensus emerged regarding a need to restructure and regulate the industry, but exactly how generated diverse proposals. Volcker suggested a two-tiered financial system – in which regulated commercial banks would be separate from capital markets – that would operate relatively regulation-free but just self-destruct if they blew up, rather than endanger the commercial credit apparatus. Some panelists favored an "über-regulator," while others preferred a system of graduated regulatory bars pegged to the degree of systemic risk posed by a particular sector. More information about the conference, including video clips, is available online at http://whitepapers.stern.nyu.edu/conference.

Jim McNerney

chairman, president, and chief executive officer

The Boeing Company

Jim McNerney is chairman, president, and chief executive officer of aerospace giant Boeing, the world's largest manufacturer of commercial jetliners and military aircraft, with $66.4 billion in 2007 revenues. Prior to joining Boeing in 2005, McNerney was chairman and CEO of 3M, a $20 billion global technology company. Before that, he spent 19 years in a variety of top-level executive positions at GE, including CEO of GE Aircraft Engines.

Jim McNerney was interviewed on November 12 by Erin Burnett, anchor of CNBC's "Street Signs" and co-anchor of CNBC's "Squawk on the Street." She also appears regularly on NBC's "Today" and "Nightly News with Brian Williams."

Erin Burnett: *The big question right now is, how bad is it out there?*
Jim McNerney: We're trying to sort through the credit crisis. The consumer is not spending. Corporations are beginning to react by reining in spending and getting costs in line. I'd say that we're in for a difficult time.

EB: *From your perspective, when you look at orders, is there a pause or is it a halt that is still under way?*
JM: Our business is a very long-cycle business where we're delivering things that people ordered four or five years ago, in many cases. The immediate test is whether people can finance the planes we are now delivering, and in most cases they can. But I do anticipate some cancellations and deferrals. We have a capital corporation, Boeing Capital, that is a lender of last resort, so, in some cases, we can step in there. But as I look at the next four to five quarters, we're in pretty good shape.

EB: *Has anything changed in terms of how you're running your business, or how much you're investing in new development?*
JM: Not yet. And I don't anticipate that it will. The 787, the Dreamliner, is 30 percent more efficient than the planes it will replace. So if an airline can get financing, they will take this airplane. We have 900 orders. It represents sort of a step-function change in productivity for these airlines. The only other major development is a refurbishing of the 747, both a freighter and a passenger version. We're going to protect our ability to invest there by controlling costs in other places.

EB: *When you look at the places in the world that have been driving your business – the Middle East and Asia – do you see weakness yet? Do you think we're decoupled from the rest of the world or are more intricately linked than we ever thought before?*
JM: I certainly see the signs of economic weakness in places like Dubai and China and continued stagnation in Japan, and India is struggling. I've just named places that order a heck of a lot of airplanes from us. Has it gotten to the point where they're not going to take delivery on the eight years worth of backlog that we have with them? Not yet. We're very fortunate to have a very big backlog with these guys. I think there's no doubt future orders will slow down.

"Our business is a very long-cycle business where we're delivering things that people ordered four or five years ago, in many cases. The immediate test is whether people can finance the planes we are now delivering, and in most cases they can."

EB: *Are you concerned that our government is getting too involved in allocating capital?*
JM: I think President-elect Obama has a more balanced view than people give him credit for. This is a guy with a lot of capacity. I see him more like Bill Clinton in his early days, when everybody was concerned about a liberal agenda and he came in with a pretty balanced view.

EB: *As the largest exporter, you have to care about free trade. During the campaign, President-elect Obama had been very specific that he would renegotiate NAFTA, and had been vocal in not supporting bilateral trade agreements. But then he picked Rahm Emanuel, who wrote NAFTA, to be his Chief of Staff. So it could lead to some confusion over whether he's going to renegotiate. What do you think?*
JM: I think it was a very good sign that he picked Rahm for that job. He's a moderate who was involved with free-trade design. I think history tells you that at times like this, if you take protectionist measures, it can be a real mess because you end up protecting the weakest parts of your economy. And there is inevitably a response from your trading partners who say, "Hey, wait a minute. If we don't have access to your markets, you don't have access to ours." Immodestly, we at Boeing view ourselves as innovators who can compete on a global basis in any country, so we want open competition everywhere. We think that industries should be restructured that can't compete globally, just like we should be, too.

EB: *Do you believe in a public works project right now?*
JM: I think there have been examples through history where some amount of public works has been a stimulus to the economy. The infrastructure in this country needs some work. I hope they redo the air traffic control system because that's my pet project, and it's a mess right now. These projects can work, as

CNBC's Erin Burnett interviewed Jim McNerney at a CEO Series event held at NYU Stern in November.

long as they drive employment and there is a real return.

EB: *Are unions, as they're structured in this country, a positive factor or a negative one that actually impedes growth?*
JM: You can find examples where unions have played a negative role in a company's or industry's competitiveness, such as automobiles, steel, or the railroad industry in times past. There are also examples where unions and companies are producing very efficient, competitive organizations, such as the Teamsters at UPS. I think Washington should stay out of the way and allow the collective bargaining process to work. If people want to form a union, they should be able to form a union. There should be balance without government interference. Now, we [Boeing] have had some difficulties [in 2008]. A balanced view would say that the union overreaches sometimes, and maybe management does some things that they wish they hadn't done, too. It's a difficult situation for us, but we worked through it, and I think we're in a good spot.

EB: *If oil prices stay where they are now, does the whole "green" phenomenon make sense without massive government support?*
JM: I think the short answer is yes. I think in our industry the economic incentives and the green incentives line up well. I think in the auto industry it's a more complicated argument. It's not clear that people will always buy the more efficient car. But you have to argue in the name of the common good that some regulation makes some sense.

EB: *When I graduated from school, Wall Street was the place to go. A lot of those jobs aren't going to come back any time soon. Does that make it better for your industry, in terms of recruitment?*
JM: There are signs of more people going into engineering after many years of decline. But compared to historical levels or to the investment that China, India, and other countries are making, it's still low. A different immigration policy would help. The current policy makes it difficult for people to become American citizens – people who want to come here and pursue this study. This is really killing us in science and technical engineering.

AUDIENCE QUESTIONS

Q: *I cannot think of a more concentrated industry than yours. Do you see major competition coming from Asia, maybe, or India?*
JM: Competition is coming. I think the Chinese will be first, probably within 20 years, because they have all the elements to compete with Boeing and Airbus; they just have to put them together. They have a market, the technical ability, and the ability to finance these products. The issue for us is to be competitive when that time comes, and that has a lot to do with legacy labor costs.

Q: *On the defense side, you no longer build the parts and products yourself, but rather take the role of lead systems integrator. What are some issues that you would expect or that you may have seen over the past couple of years?*
JM: I think there are two issues associated with it. One is the way the US government is contracting. It is focused on less margin for pure systems integration. In terms of being as grounded in some key new technologies as we need to be, we may have gone a little bit too far there, so we have focused on sort of a "string-of-pearls" set of acquisitions to regain some technical strength in what we view as technologies of the future, particularly in some of the more information-based, sensor-based technologies.

Q: *It seems that Boeing is moving more towards smaller, more efficient planes with the 787 Dreamliner. Do you think that Airbus made a mistake in moving forward with the A380 Super Jumbo? Or did they simply move first and Boeing didn't think there was enough demand for two players in that market space?*
JM: I think Airbus always chafed at the fact that we had the largest airplane, the 747, and had always figured they were eventually going to leapfrog there, and they did. That choice seemed to assume a hub-and-spoke world where air traffic control would not be improved. You'd have to lug a thousand people from one hub to another hub, get [them] off the airplane, and get [them] on another airplane. It didn't anticipate the security world we have today, post-9/11. We had the advantage of being able to anticipate that point-to-point world, because we made the decision a little later than they did. We envisioned an airplane that could go a long way, provide more passenger comfort, and carry passengers at lower altitudes effectively because it was made of stronger composite material. We had a view that passengers could avoid security lines and the hassle associated with connecting flights. I think the marketplace agrees with us and that our judgment has been borne out with the 787. They zigged, we zagged, and this time it turned out we were right. ■

Prospectus

National Science Foundation Awards Xavier Gabaix $400,000 to Study Rare Disasters and Exchange Rates

Associate Professor of Finance **Xavier Gabaix** – recently recognized by *The Economist* as one of the top eight best young economists in the world – received a $402,342 grant from the National Science Foundation to study rare disasters and exchange rates. The project, a joint effort with Emmanuel Farhi, assistant professor of economics at Harvard University, proposes a new model of exchange rates that combines the possibility of rare economic disasters and an asset view of the exchange rate. The proposed research offers a potential way to understand the impact of exchange rate pegging and also explains how to detect the impact of large disasters in asset prices, which can help avert future disasters.

"Although our project began before the current US market meltdown, the financial crisis shows that the possibility of rare disasters is actually very real," noted Gabaix. "And while the crisis is unfortunate, it provides an opportunity for conducting useful research."

Environmental Defense Fund's Fred Krupp Anchors Stern's Citi Leadership and Ethics Program

Fred Krupp, head of the Environmental Defense Fund, was recently appointed the sixth Distinguished Citi Fellow in Leadership and Ethics at NYU Stern. Stern's Citi Leadership and Ethics Program is made possible through the generous support of the Citi Foundation and managed by Stern's Markets, Ethics, and Law Program. It represents a comprehensive effort to extend the School's longstanding commitment to the practice of professionally responsible business and supports the development of curricular and research innovations in the area of leadership and ethics. This year the program is focusing on the use of market-based approaches to address environmental challenges. Krupp keynoted the annual conference in March with a discussion on the economics and politics of "cap and trade" and how to leverage entrepreneurship to achieve environmental goals.

Krupp is widely recognized as the foremost champion of harnessing market forces for environmental ends. He was the architect of the market-based acid rain reduction plan in the 1990 Clean Air Act – *The Economist*'s "greatest green success story of the past decade," and now the model for current congressional proposals to address climate change. Krupp has broken new ground with strategic corporate partnerships, and helped launch the US Climate Action Partnership, whose Fortune 500 members have called for strict limits on global warming pollution.

short *takes*

Professor of Finance **Edward Altman** was inducted in October into the inaugural class of the Turnaround Management Association's Turnaround, Restructuring and Distressed Investing Industry Hall of Fame, which honors those whose outstanding individual contributions have made a lasting positive impact on an industry dedicated to stabilizing underperforming companies, rebuilding corporate value, and retaining jobs.

Associate Professor of Marketing **Vishal Singh** has been named a Marketing Science Institute Young Scholar for his leadership of the next generation of marketing academics.

Robert Engle, professor of finance and Nobel Laureate, and **Nouriel Roubini**, professor of economics and international business, spoke on several panels regarding the economy and financial institutions at the World Economic Forum in Davos in January. The conference addressed the financial crisis and ways to stabilize and relaunch the global economy, as well as a number of interrelated global risks, including climate change, food, and water security.

Professor of Marketing **Geeta Menon** was elected president of the Association for Consumer Research (ACR). In January, she began a three-year term on the ACR Board of Directors.

Associate Professor of Management and Organizations **Robert Salomon** was elected to the board (as representative-at-large) of the Strategic Management Society, the largest academic society dedicated to the advancement of strategic management research.

Professor of Finance **Viral V. Acharya** was recently named to the research advisory board of the British Private Equity and Venture Capital Association.

Assistant Professor of Economics **Laura Veldkamp** was made an associate editor for the *Journal of Monetary Economics* in January.

Assistant Professor of Information, Operations, and Management Sciences **Anindya Ghose** was recently appointed an associate editor at *Information Systems Research* and *Management Science*; both are journals of the IS Society.

Professor of Management and Organizations **Elizabeth Morrison** is currently an associate editor at the *Academy of Management Journal* and was elected to a five-year term as an officer of the Organizational Behavior Division of the Academy of Management, the largest division of the Academy. She will be the division's president from 2011-2012.

Professor of Marketing **Tülin Erdem** has been appointed the next editor of the *Journal of Marketing Research*.

Assistant Professor of Accounting **Daniel Cohen** joined the editorial board of the *Journal of Accounting and Economics* and has been appointed as an associate editor for 2009-2011.

Professor of Finance **Martin Gruber** has been elected to the executive committee of the board of directors of the National Bureau of Economic Research.

research roundup

Professor of Marketing **Susan Douglas** received the Global Marketing Award from the American Marketing Association's Marketing Special Interest Group for her "lifelong dedication to global marketing" and "significant contributions to global marketing knowledge." Having started in the 1970s, she was one of the earliest researchers in international marketing.

Clinical Associate Professor of Economics **Robert Wright**'s book, *One Nation Under Debt: Hamilton, Jefferson, and the History of What We Owe*, published by McGraw-Hill in 2008, was recently named one of the top 25 outstanding academic titles in economics by *Choice: Current Reviews for Academic Libraries*, a source for reviews of academic books, electronic media, and Internet resources of interest to those in higher education.

Assistant Professor of Information, Operations, and Management Sciences **Sinan Aral** recently won the best overall paper award at the International Conference on Information Systems for the second time in three years for his co-authored paper, "Mining Face-to-Face Interaction Networks Using Sociometric Badges: Predicting Productivity in an IT Configuration Task." This is the most prestigious award at the most influential information systems conference in the world, where Aral also won the best dissertation award last year. The paper bridges two influential bodies of research in order to contrast the productivity effects of face-to-face networking with e-mail networking, and establishes a novel set of tools and techniques – based on the wearable sociometric badge – for discovering and recording precise face-to-face interaction data in real world work settings.

Professor of Management and Organizations **Frances Milliken** and Assistant Professor of Management and Organizations **Joe Magee** won the award for best paper at the Eastern Academy of Management in May 2008 for "The Lens and Language of Power: Sense-Making and Communication in the Aftermath of Hurricane Katrina," which found significant differences in how individuals construed Hurricane Katrina as a function of the amount of formal authority they had at the time.

Assistant Professor of Management and Organizations **Gonçalo Pacheco de Almeida** won the distinguished paper award of the business policy and strategy division at the 2008 Academy of Management Meetings for "Time-Consuming Technology Development: How Imitation and Spillovers Affect Competitive Dynamics." The research compares two technology competition regimes and finds firm incentives for both.

Associate Professor of Information, Operations, and Management Sciences **Arun Sundararajan** and **Gal Oestreicher-Singer** (PhD '08) received the best paper award at the INFORMS Conference on Information Systems and Technology, held in October 2008, for "The Visible Hand of Recommendation Networks." The paper observes that while social and economic networks of various kinds have historically affected purchasing choices and demand patterns, the widespread adoption of electronic commerce over the last decade, coupled with the more recent explosion of online social networking and Web 2.0 technologies, have made these networks explicitly visible to consumers and influential for product demand.

Professor of Finance **Matthew Richardson** and Associate Professor of Finance **Alexander Ljungqvist** won the 2007 Barclays Global Investors Prize for their paper, "The Investment Behavior of Buyout Fund Managers," which analyzes the determinants of buyout funds' investment decisions. Professor Ljungqvist also won the 2008 FMA Best Paper Award in Financial Markets for his co-authored paper, "The Value of Research," in which he estimates the value added by sell-side equity-research analysts and explores the links between analyst research, informational efficiency, and asset prices.

Professor of Accounting **Kashi Balachandran** won the Impact on Management Accounting Practice Award for his jointly authored paper entitled, "CEVITATM: The Valuation and Reporting of Strategic Capabilities," which focuses on combining the tangible and intangible assets in an organization to develop a capability index that signifies its economic value.

Assistant Professor of Information, Operations, and Management Sciences **Panagiotis G. Ipeirotis** and Associate Professor of Information, Operations, and Management Sciences **Foster Provost** received a best paper runner-up award at the top data-mining conference, ACM SIGKDD 2008, for "Improving Data Mining and Data Quality using Multiple, Noisy Labelers," which examines the implications of inexpensive micro-outsourcing for improving data quality and data-mining results.

At the fall INFORMS meeting, Assistant Professor of Marketing **Sam Hui** was awarded second prize for the 2008 George B. Dantzig Dissertation Award, which is given for the best dissertation in operations research and the management sciences that is innovative and relevant to practice.

Professor of Marketing **Priya Raghubir**'s co-authored paper, "Customer Experience Management in Retailing: Understanding the Buying Process," was published in the *Journal of Retailing* in a special issue on customer experience management in retailing. Her article "Memory-Based Store Price Judgments: The Role of Knowledge and Shopping Experience," was also published in the *Journal of Retailing*. In addition, her paper, "Biases in Perceptions of Base Rates for Risk: The Effect of Denominator Salience on the Use of the Nominal Rate and the Numerator to Estimate Risk," was published in the *International Journal of Research in Marketing*.

Professor of Accounting **Stephen Ryan** published two papers, "Accounting In and For the Subprime Crisis" and "Characteristics of Securitizations that Determine Issuers' Retention of the Risks of the Securitized Assets," in *The Accounting Review*.

Assistant Professor of Management **Aviad Pe'er** published his co-authored paper "Do Politics Shape Buyout Volume and Performance?" in the *Harvard Business Review*. The paper shows how the political leanings of a state influence buyout fund activity, particularly that Republican (red) states are more favorable than Democratic (blue) states for buyout firms.

Associate Professor of Marketing **Tom Meyvis**'s paper with Leif Nelson of the University of California-San Diego and Stern doctoral student **Jeff Galak** (PhD '09), "Mispredicting Adaptation and the Consequences of Unwanted Disruptions: When Advertisements Make Television Programs More Enjoyable," was published in the *Journal of Consumer Research*.

Assistant Professor of Management and Organizations **Christina Fang**'s co-authored paper, "The Near-Term Liability of Exploitation: Exploration and Exploitation in Multi-Stage Problems," showing that exploratory behavior has value quite apart from its role in revising beliefs, is forthcoming in *Organization Science*.

ILLUSTRATION BY GORDON STUDER

MONOPOLY® MONEY

A CLOSE EXAMINATION OF PURCHASE DECISIONS SHOWS WHY PEOPLE PREFER USING CREDIT AND GIFT CARDS (AND JUST ABOUT ANYTHING) OVER CASH.

By **Priya Raghubir** and **Joydeep Srivastava**

It has become exceedingly apparent of late that credit, rather than money, makes the world go 'round – all the way up the line, from micro- to macroeconomics. With great interest, we set out to investigate the connection between paying in cash and paying with credit. We wanted to understand how buying with credit – which typically entails a time lapse between the purchase and the need to pay for it – affects how people think about and spend money. We also wanted to see if other factors influence purchase decisions similarly, such as using a gift certificate rather than cash or a credit card, and whether treating a gift certificate like cash and holding onto it for a period of time makes any difference.

Pick a Card, Any Card

With the proliferation of different payment modes in recent years, consumers have a wide array of payment options to choose from in making their purchases. Typically, consumers have the option to purchase with cash, a check, a credit card, or a debit card. However, other payment modes such as bank drafts, money orders, traveler's checks, gift certificates, gift cards, coupons at fairs, chips at gaming houses, and stored value cards such as those used in mass transit and tolls, etc., are quite common in the marketplace. Some types of gift cards are almost identical to debit cards, such as the American Express or Visa gift cards. Further, the advent of Internet commerce has spurred the growth of new payment modes such as PayPal.

Relatively few studies have investigated differences in spending behavior as a function of the mode of payment. The few existing studies demonstrate that consumers tend to spend more when paying with a credit card than when paying by cash or check, after controlling for other factors. A review of the previous research on the effect of payment mode on spending behavior suggests that the focus has been primarily on the difference between credit card and cash payments. The phenomenon of higher spending when paying with a credit card than with cash has been attributed to the separation in time of the purchase decision from the actual payment – referred to as payment coupling.

Payment form is another aspect of the mode of payment that refers to the differences between two monetary instruments that are identical in temporal coupling and face value but different in terms of physical appearance (e.g., $50 legal tender and a $50 gift certificate that can be used anywhere). Relatively little research has focused on spending as a function of payment form. Noting that a credit card differs from cash in coupling as well as form, we set up a series of experimental studies that examined consumer spending as a function of payment mode both when the mode differs in coupling

and form (e.g., credit card versus cash) and when the mode differs only in form, holding payment coupling constant (e.g., gift certificate and cash of equivalent value).

Ignorance is Bliss

The conceptual underpinning of our research was that payment modes differ in transparency – which we characterize as the vividness with which individuals can feel the outflow of money – with cash being the most transparent payment mode. We argued that the more transparent the payment outflow, the greater the aversion to spending, leading to less transparent payment modes such as credit cards and gift cards (versus cash) being more easily spent or treated as play or "Monopoly money." Further, to the extent that the transparency of paying affects spending behavior, we tested whether altering the salience, or significance, of parting with money would lessen any behavioral difference across payment modes.

Research on the cognitive psychology of financial behavior suggests that people organize their finances around mental accounts, which have been described as the set of cognitive operations used by individuals and households to organize, evaluate, and keep track of financial activities. Analogous to accounting and budgeting systems used by companies, individuals create separate source-based expense and income ledgers in their mind. For example, people group and label expense accounts separately, such as food and entertainment, and spending is driven by the available surplus or deficit in each account. Since people treat money differently depending on how it is labeled, money in one mental account is not a perfect substitute for money in another account – hence it is not perfectly fungible. In general, mental accounts serve to simplify financial decision-making and aid in making tradeoffs among different types of spending.

At the specific transaction level, it has been shown that a mental account is opened and the decision to purchase is based on an evaluation of the perceived benefits of consumption and the costs of payment in this particular account. As discussed above, there is an immediate pain of paying that can reduce or even prevent the pleasure of consumption. In balancing the pleasure derived from a purchase and the pain of paying for it, making the cost salient undermines the pleasure one can derive, whereas making the benefits salient may blunt the pain of paying. In this case, coupling – the extent to which the consumption and payment are psychologically linked together due to their proximity in time – tends to enhance the pleasure of consumption and reduce the pain of paying.

It makes sense, then, that, as previous research has shown, consumers tend to spend more when using a credit card than when using cash, as the purchase is fully decoupled from the payment. By contrast, in the case of cash purchases, there is a tight coupling of the consumption and the payment, accentuating the pain of paying. Further, in balancing the immediate gratification against the expectation of the pain of paying in the future, people are likely to underestimate the pain and thus spend more with a credit card than cash.

> **"Participants in one of our studies were made to feel the full extent of the future pain of paying, which attenuated the tendency to overspend when using a credit card as compared to cash."**

Paying the Piper

In addition to the difference in payment coupling across payment modes, we argued that payment modes may also differ in terms of form. Consider an individual who receives $50 either in the form of cash or a gift card that can be used almost universally. Although there is no difference in coupling or the face value of the amount of money given (i.e., $50), the two payment modes are different in physical appearance and thus differ in terms of payment form. In the case of credit cards versus cash, the two payment modes differ in terms of coupling as well as form, whereas in the case of gift card versus cash, the two modes differ only in terms of form. We argued that the physical form of the payment mode is likely to affect payment transparency, or the vividness with which the outflow of money is felt. Thus, extending the reasoning to different payment forms, the more transparent the payment form, the higher the pain of parting with money, the greater the aversion to paying, and the lower the likelihood and level of spending.

We investigated our hypotheses with four groups of students. The first two studies examined whether consumers were willing to spend more when the payment mode was a credit card versus cash. Holding payment coupling constant, the second two studies examined spending decisions when an equivalent amount was given either in the form of a gift certificate or cash, so that the payment mode differed only in form. Exploring conditions under which payment modes led to differences in spending decisions, we were also able to examine the extent to which the spending differences across payment modes were eliminated or reduced by altering the significance of parting with money in the case of credit cards and gift certificates, respectively.

"We found that any payment mode that makes the outflow of money less vivid, and thus less painful, reduces the psychological barrier to spend."

Our findings lent support to previous theories that paying for goods and services leads to an immediate pain of paying, which is balanced against the anticipated benefits of the goods and services. While making the benefits significant may somewhat blunt the pain of paying, our results suggested that payment modes that are even less transparent dull the pain of paying, thus increasing the likelihood of spending. The outflow of money is very vivid, and thus painful, when individuals use cash. We found, in contrast, that any payment mode that makes the outflow of money less vivid, and thus less painful, reduces the psychological barrier to spend. Importantly, the results also suggested that contextual variables that make the pain of paying salient serve to reduce the propensity to spend more, even when using a less transparent payment mode such as a credit card. Thus, participants in one of our studies were made to feel the full extent of the future pain of paying, which attenuated the tendency to overspend when using a credit card as compared to cash.

Substantively, this research contributes to our understanding of individuals' propensity to spend as a function of payment mode and thus the increase in the variety of different payment modes in the marketplace. For example, American Express in 2004 began focusing on increasing sales of American Express gift cards, the sales of which tripled from the previous year. The Incentive Federation Study of Merchandise and Travel Incentive Users found that gift cards are commonly offered as incentives for salespeople (78 percent), resellers (57 percent), consumers (77 percent), and employees (67 percent).

Park Place or Boardwalk?

From a consumer welfare perspective, our results suggested that individuals are prone to biases in spending when they use non-legal tender. Treating non-legal tender as play money leads to overspending that authorities can warn consumers about. It has been reported that people recall their cash payments better than their credit card expenses, indicating that the full extent of the pain of paying in the future is not felt at the time of purchase. To the extent people can be made to anticipate the future pain of paying at the point of purchase, the difference in spending behavior as a function of payment mode is likely to diminish. In the case of gift cards relative to cash, frivolous spending is more likely to occur with a gift card than with cash. Although equivalent in face value, the intrinsic difference in physical form and appearance serves to anaesthetize the pain of paying.

There are several promising areas for future research around this subject. One is the extent to which people may choose to use cash for justifiable necessities but credit or gift cards for frivolous luxuries. Another relates to disentangling the transparency versus matching effects of credit card spending for utilitarian and hedonic goods – the extent to which people may consciously match more transparent payment forms to necessities or utilitarian consumption and less transparent payment forms to frivolous luxuries. Identifying the learned cognitive structures, or schemas, associated with different payment modes is another fruitful area for research. In our context, people may learn and develop schemas about different payment modes and how these may aid in balancing consumption pleasure and the pain of paying.

Future investigation of these issues could examine differences in spending behavior with larger sums of money and non-student populations under more naturalistic conditions than the laboratory environment allowed. Further, future research could investigate whether the differences due to the transparency of the money also affect differences in the likelihood of spending and amount of spending for new payment mechanisms such as prepaid stored value cards, like those offered by American Express, Visa, phone companies, and many retailers. ■

PRIYA RAGHUBIR *is professor of marketing and Mary C. Jacoby Faculty Fellow at NYU Stern.*
JOYDEEP SRIVASTAVA *is associate professor of marketing at the Robert H. Smith School of Business, University of Maryland, College Park.*

ANOTHER GREAT DEPRESSION?

A 911 CALL TO ALEXANDER HAMILTON MIGHT BE THE ANSWER

By **Richard Sylla**

Slogging their way through the latest financial crisis, Americans from Wall Street to Main Street have suddenly become interested in history. Along with other financial historians, I am often asked, "Is the 2007 to 2009 crisis the worst the US has experienced since the 1930s?" Yes, it is. "Will the crisis lead to a second Great Depression, in which a quarter of American workers might lose their jobs?" I very much doubt it. "Could stocks again lose almost 90 percent of their value at the peak of the market, as the Dow industrials did from September 1929 to July 1932?" I don't think so.

My answers are based less on comparing the current crisis to that of 1929 to 1933 than on comparing it with other serious financial crises that did not lead to economic depressions. In virtually every case, bold leadership – sadly missing during the early 1930s – prevented actual or potential financial meltdowns from causing depressions.

The US might have had a serious crisis in 1914 after the outbreak of the Great War in Europe led panicked European investors to want to liquidate their large holdings of American securities. But bold actions led by Treasury Secretary William McAdoo – including shutting down the New York Stock Exchange for four months and issuing emergency currency to US banks – averted a major financial crisis and, of course, a depression.

There was a serious crisis with many bank and business failures in 1907. But bold actions by the great private banker J.P. Morgan averted depression. Morgan forced other banks to cooperate by pooling reserves to save solvent but illiquid banks encountering huge deposit withdrawals. He also bailed out an investment bank and broker by arranging for the sale of a company's securities, which the bank could not liquidate in panic conditions, to another company in a merger. A short but sharp recession, not a depression, occurred. After the panic, Congress, realizing that Morgan would not be around forever (he was 70 in 1907), reinstituted a central bank by establishing the Federal Reserve. Morgan passed away in 1913. The Fed opened in 1914, after McAdoo saved the day.

In 1825, the Bank of the United States, the early central bank led by Nicholas Biddle, prevented a financial crisis that devastated Britain, America's major trading partner, from spreading across the Atlantic. It did so by lending liquid US government securities on its balance sheet to other banks under pressure so that they could borrow on the already impeccable collateral of US government debt. The Bank also increased its own lending to add liquidity to the money markets and the banking system. Crisis averted.

My favorite, if little-known, example of bold action preventing a major financial crisis from causing a depression, or even a recession, occurred at the very beginning of US history in 1791 and 1792. People, including historians, tend to forget about financial crises that are so boldly and well-handled that they end quickly and have minimal economic fallout. But we ought to study and learn from triumphs as well as disasters.

Making It New

First, some background. Financial innovation was in the air in the early 1790s. Adoption of the Constitution had given rise to a new and, theoretically, stronger federal government in 1789. George Washington, the first president, chose Alexander Hamilton, his principal *aide de camp* during the War of Independence, to be the first Secretary of the Treasury.

"Hamilton's bold actions in a financial crisis had saved the day, and that is one reason why Americans on average are 50 times richer than they were back then."

Hamilton knew his financial history. For a decade before he took office in 1789 his writings were peppered with comments about past Italian, Dutch, British, and French financial innovations. In 1781, while an officer in the Continental Army at a time when US finances were in a shambles, Hamilton wrote Robert Morris, Congress's newly appointed finance minister, to say, "Tis by introducing order into our finances – by restoring public credit – not by gaining battles, that we are to finally gain our object," which was "the establishment of American independence!"

Building on these insights, Hamilton, with the support of Congress, embarked on modernizing US financial arrangements, key to making the new republic before long into a major economic and political power. First, in 1790 he established a revenue system and used revenues it generated, as well as new loans, to convert the unpaid debts, national and state, of the war into modern Treasury debt securities. Some $64 million of such domestic debt securities were issued during Hamilton's tenure at Treasury. Hamilton borrowed another $12 million from Dutch bankers to pay overdue American war debts to France.

Next, Hamilton in 1791 established the Bank of the United States as America's central bank. For its time, the Bank was a gigantic corporation, with $10 million in capital, a fifth provided by the government and the rest by private investors, who controlled it in order to prevent Congress from having a money-creating machine. This action prompted state governments to charter more banking corporations by providing them with both a model and a challenge: Modernize, or the federal government will do it for you.

Third, Hamilton also in 1791 defined the US dollar as a new world currency in terms of specific weights of gold and silver, making the dollar like the currencies of the leading European nations. The specie (coined) dollar became the monetary base of the country, upon which banks issued credit money – bank notes and deposits convertible into the base.

With these Hamiltonian financial innovations in place, states and private citizens filled out the system. The states issued charters for more banks and other corporations. Citizens applied for charters, established corporations, and formed markets, even stock exchanges, to trade all the new government debt and corporate stock issues that appeared in the early 1790s.

For Americans, Hamilton had created an exciting new world of ample private and public credit as well as opportunities for investment and speculation. As would happen on many subsequent occasions, it went to their heads. The main issue of government bonds rose from 70 to 90 (percent of par) in December 1790, when Hamilton unveiled his plan for a central bank, because the bonds could be used to purchase stock in the Bank if the plan were enacted. It was.

Oops!

When the initial public offering of Bank shares took place in mid-1791, the bonds rose from 90 to 110. At the same time, the rights or scripts entitling the owner to buy a full $400 bank share with installment payments over the next two years rose from an offering price of $25 in July to around $300 (implying a market value of $675 for a full bank share having a par value of $400) over the next six weeks. Some Americans were getting rich … on paper. It was heady stuff, too heady. The market for scripts crashed in mid-August 1791, with $300 scripts plunging to between 110 and 160. The crash also depressed government bonds by more than 10 percent in a matter of days.

Hamilton was appalled. He wrote to his friend, Senator Rufus King, to say that "a bubble connected with my operations is of all the enemies I have to fear … the most formidable." Then he acted, boldly. Calling a meeting of the Commissioners of the Sinking Fund, a government authority Hamilton had created for just such a moment, he asked his fellow four commissioners to approve up to $400,000 of purchases of government debt to inject liquidity into the sinking markets of New York and Philadelphia. To finance the purchases, Hamilton borrowed from state banks in those cities, as the central bank had not yet opened. Later, he repaid the loans by drawing on Dutch loans to the US.

The medicine worked. In less than a month, the markets stabilized, and soon government bonds rose in price to pre-crash levels. The calm, however, proved temporary. In January 1792, government bonds rose from 110 to almost 130. There were two reasons for the dramatic rise. First, a cabal of New York speculators led by one William Duer decided to try to corner the market's supply of government bonds before they were needed to pay the next installment, and the cabal borrowed from any and all sources as they executed their plan. Second, there was a huge new source of credit available: the Bank of the United States, which opened in Philadelphia in December 1791. Immediately and rather recklessly, the Bank expanded lending and bank note issuance. The new money was fueling a new bubble.

Le Plus Ça Change

Again Hamilton was appalled. "These extravagant sallies of speculation," he wrote in late January, "do injury to the government and to the whole system of public credit, by disgusting all sober citizens and giving a wild air to everything." Three weeks later he wrote, "Every existing bank ought within prudent limits to abridge its operations. The superstructure of credit is now too vast for the foundation. It must be gradually brought within more reasonable dimensions or it will tumble."

But it was too late for gradualism at the biggest bank, the Bank of the United States. Having made excessive loans and issued excessive bank notes, it was experiencing a steady loss of specie reserves, which fell from $706,000 at the end of December to $244,000 in March. The new central bank's private creditors were expressing their distrust of its stability by asking it to convert its paper promises to specie. To protect itself from the drain, the bank contracted its credit abruptly, not gradually.

The abrupt credit contraction undercut the speculative cabal by causing government bond prices to fall, not rise. On March 8, William Duer defaulted on his obligations to repay extensive loans from his creditors. That caused all hell to break loose in the markets. Government debt fell from 126 on March 5 to 116 on the day Duer defaulted, and then to 95 on March 20, as securities holders rushed for the exits. The national debt lost 25 percent of its value in two weeks. Today that would be nearly $3 trillion.

Bold Strokes

Once more Hamilton swung into action. On March 19, he asked the Bank of New York to accept government bonds as collateral for loans, so that panicked bondholders would not dump them on the market. But it appears that the bank, looking to its own interests, demurred because of the risk of taking on collateral that was sinking in value. Hamilton also told customs collectors they could receive post-notes of the Bank of the United States with a maximum maturity of 30 days "upon equal terms with cash" in payment of duties due. And, using the authority remaining unused in 1791 to purchase government debt, he ordered open-market purchases in Philadelphia.

The next day he reconvened the Sinking Fund Commissioners to authorize still more open market purchases. Two of them, Virginians Thomas Jefferson and Edmund Randolph, Hamilton's political enemies, resisted, and it took some time before John Jay, another member, could be summoned to join Hamilton and John Adams in breaking the deadlock. Meantime, Randolph changed his mind, and further open-market purchases commenced, continuing until the crisis ended in mid-April.

Meanwhile, Hamilton made more palatable to the Bank of New York his plan to have panicked bond dealers collateralize the bonds for loans instead of dumping them on the market. Now he set the prices at which the bonds were to be accepted as collateral for loans and promised to take back the collateral at those prices should the bank get stuck with illiquid collateral. He told the bank to charge a penalty rate, one percent above the customary rate, to provide the borrowers on bonds with an incentive to repay their loans as soon as possible when the markets stabilized.

Thus did Alexander Hamilton, in the midst of Wall Street's first crash, essentially formulate Englishman Walter Bagehot's rules for correct central bank behavior in a crisis: When no one else wants to lend, the central bank should lend freely on good collateral at a penalty rate. And he coupled it with the offer of a repo by agreeing to relieve the bank of any collateral it couldn't unload. Hamilton was far ahead of his time: It was eight decades later that Bagehot came up with the rules that bear his name.

Lucky for Us

The bond dealers of New York accepted the brilliant plan, collateralizing at Hamilton's prices and settling their debts by writing checks on the resulting bank balances instead of by dumping securities on the panicked markets. During the crisis, Hamilton urged the banks to keep lending, especially to customers who needed loans to pay taxes, and he promised the banks he would let them keep the government's money on deposit for as long as needed.

These bold actions ended the panic of 1792 in just a few weeks. Some speculators, including Duer, were ruined, as were some who had lent to them on promises of high returns. Duer went to debtors' prison, where he was probably safer than he would have been on the streets of New York. The markets stabilized, and government bonds rose back above par. No economic damage resulted. The US economy continued the expansion that began in 1790 for several years.

"The reason I do not foresee another Great Depression imminent is that the Fed and the Treasury have been combating the current crisis with just the sort of bold leadership and innovative approaches to crisis management that Hamilton employed in 1792. If the Fed and the Treasury continue in this mode, the crisis will soon be ended. ..."

That appeared to disappoint Jefferson, who redoubled his efforts to undermine Hamilton. He wanted to stop Hamilton from turning Americans into a nation of stockjobbers, speculators, factories, corporations, and transportation systems, all fueled by credit from banks and capital markets. Better, Jefferson thought, that Americans stick to farming. Hamilton won this battle of titans. But he might have lost had his new financial system collapsed upon moving from the drawing board to reality. Hamilton's bold actions in a financial crisis had saved the day, and that is one reason why Americans on average are 50 times richer than they were back then.

Back to the future. The reason I do not foresee another Great Depression imminent is that the Fed and the Treasury have been combating the current crisis with just the sort of bold leadership and innovative approaches to crisis management that Hamilton employed in 1792. If the Fed and the Treasury continue in this mode, the crisis will soon be ended, and with some help from the President and Congress in the form of increased public spending to replace reduced private spending, the recession will end well before it becomes a depression. ■

RICHARD SYLLA *is Henry Kaufman Professor of the History of Financial Institutions and Markets and professor of economics at NYU Stern.*

School of Rock

By **Joey Schmit**

MTV awards don't usually show up on the résumés of most graduating business students, but NYU Stern senior and bass guitarist Michael Antonucci (BS '09) is defying the odds with his band, The Bride Wore Black, which recently took home mtvU's Best Music on Campus "Woodie" award.

The Bride Wore Black beat out thousands of college musicians to win the award, which is given annually to the top unsigned college band in the nation – a band that is expected to break through in the coming year. "We were just excited to be nominated," Antonucci admitted. "None of us were expecting to win, and we owe a lot of thanks to all of the fans who voted for us."

The band, formed in 2006, also includes NYU College of Arts and Science senior Sean Walsh and two students from Five Towns College. After performing at smaller Manhattan venues, the band gradually developed a fan base through social networks such as MySpace and by touring in the tristate area.

Antonucci, who graduates this May with a double major in finance and accounting, credits his Stern education with giving him an advantage in the music business. "I wasn't sure exactly what I wanted to do when I entered college, but always believed business would be a part of it," Antonucci explained. "We are self-managed like many unsigned bands on the scene today, and the business concepts I've learned at Stern have really helped. My courses in accounting and marketing have come into play when keeping the books and with all of the viral promotions we're doing."

Furthermore, Antonucci developed an interest in entertainment law, which sprouted after taking Professor Richard Hendler's business law courses at Stern. "I was really turned on to this field because it combines my business interests with my passion for music," said Antonucci. "I can definitely see myself going to law school down the road."

As the winner of the mtvU award, the band received a sponsored national college tour and a $5,000 cash prize, which they intend to put toward recording a new album. While the band's future is uncertain, for now, Antonucci plans to continue touring and making music. "The award was a great step for us toward gaining success in this business. We're going to give it our best and see where it takes us."

Stern senior Michael Antonucci (right) plays bass guitar in his band, The Bride Wore Black, which recently won mtvU's Best Music on Campus "Woodie" award (left).

Marketing Dogma

By **Rika Nazem**

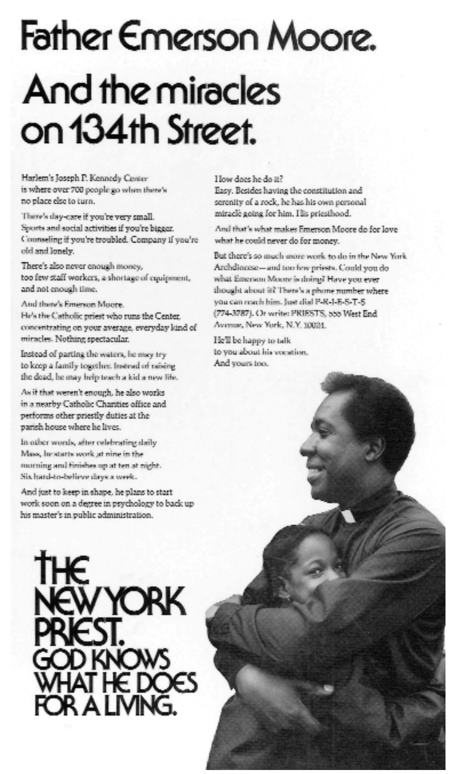
Top photo: Students (on left and right) in Professor Russell Winer's (center left) marketing class heard from Father Luke Sweeney (center right) about the Archdiocese's marketing campaign to attract new priests.

Marketing Professor and Department Chair Russell Winer posed an interesting case to his Executive MBA class: Given the difficulty of recruiting Catholic priests today, devise a marketing strategy using new media to attract and recruit 18- to 22-year-old males to the profession. "This is a unique case study and a difficult marketing problem – one that we don't typically study and something I knew my students would love to tackle," he explained recently.

Students were assigned to analyze the original Archdiocese of New York case study from the 1970s as well as the Archdiocese's current marketing campaign. The class heard from the Archdiocese's Father Luke Sweeney about the parish's marketing efforts and recruiting challenges. "It was incredibly valuable to have Father Sweeney in the discussion," said Sam Barclay (MBA '10), and a member of the class. "It is one thing to discuss a business problem in the abstract; it's a completely different thing to have the person who is faced with the challenge right there in the class debating the approaches to the problem."

In addition to reading the case study and talking to Father Sweeney, students evaluated the organization's website and assembled their own focus groups, including several young men currently attending the Naval Academy, to get a sense of what drew those applicants to make a similar type of long-term commitment and if there were differences in the decision-making process. Barbara Granata (MBA '10), another student in the class and a marketing manager for an investment firm, explained her group's recommendations: "We learned that the decision to become a priest usually starts early in a man's life and is positively influenced by a religious role model. Catholic mentors are increasingly scarce, however, so we recommended they send more young priests out to visit Sunday school classes and interact personally with young people in the elementary and middle school age demographic who may not be following the traditional Catholic school education path. We also recommended they increase their Internet traffic by adding search terms to browsers that would drive more people to their existing website, and make their social networking sites more interactive while linking to as many religious/priest/catholic community user groups as possible."

Barclay and Granata agree that studying marketing challenges like the Archdiocese's are critical to tie academic learning to real-world situations. Barclay noted, "A case like this is great stimulus for discussion and debate, and provides the class an opportunity to help solve a real-world business challenge." Granata added, "One of my biggest take-aways from the class is how important it is to do market research early on to understand your target market and define your value proposition. I was able to take back many of the tools I learned in class and implement them immediately in my role at the investment management firm. Our senior portfolio managers have now started saying for the first time, 'What's our value proposition?' when we discuss marketing approaches to different client segments. It is hugely gratifying."



Students examined the Archdiocese's marketing campaign from the 1970s that included ads like the above, which was rated the most effective ad of the campaign.

ALUMNI AFFAIRS Alumni News & Events

2008 ALUMNI BALL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1. Alumni and guests enjoyed a festive holiday evening in one of New York City's most esteemed landmarks, the Rose Center for Earth and Space at the American Museum of Natural History.

2. From left to right: Molly Meek (MBA '04), Chair, Alumni Ball Host Committee; Thomas F. Cooley, Dean; William R. Berkley (BS '66), Chairman, Board of Overseers; and Sally Blount, Vice Dean and Dean of the Undergraduate College, at the Alumni Ball.

3. Members of the 2008 Alumni Ball Committee helped plan the event.

4. From left to right: Sally Ackerman, Shelly Greenbaum (BS '71), Joel Shapiro (BS '71), and Susan Greenbaum (BS '71, MBA '78), Associate Dean of the Undergraduate College, visit with each other.

5. From left to right: Peter Weisberg (MBA '90), Chair, Alumni Council Regional Leadership Committee, traveled from Florida to attend the annual tradition with friends Sandra Baker Zarraga (BS '00) and Michael Zarraga.

6. Reginald Ferguson (BS '90), Alumni Council member, caught up with Robert Hill (BS '73).

7 - 14. Alumni celebrated the chance to reconnect with each other.


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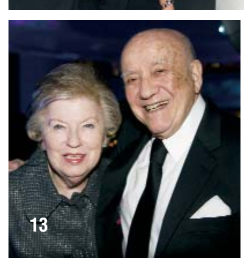
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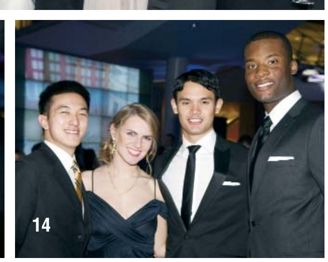
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In This Weak Economy, Alumni Connections are Stronger Than Ever

David Fass (MBA '89) (center left), Managing Director and Head of Global Banking in Europe, Middle East, and Africa at Deutsche Bank, and Akbar Poonawala (MBA '86) (sixth from the left), Managing Director and Head of Global Equity Services at Deutsche Bank, welcomed Dean Thomas F. Cooley (center) to a breakfast for Stern alumni at the firm's London office in November.

In the wake of the economic turbulence, Stern alumni discovered the advantages of being involved in and investing in the Stern community.

In the fall semester alone, the number of Stern alumni in the LinkedIn network reached nearly 6,000, almost 9,500 alumni updated their contact information, and Stern's faculty, at the forefront of the discussion on the economy, were quoted in the press providing expert commentary in more than 2,700 stories.

The Career Center for Working Professionals (CCWP) increased their offering of lifelong career resources to support alumni, including individual career counseling with self-assessments, résumé reviews, and mock interviews. More than 200 alumni came back to campus to attend events and professional development workshops, and more than 950 job postings were made available to the community.

Corporations remained some of the School's greatest partners, and the alumni network was found to be particularly relevant when leveraged within an alumnus/a's own company. Many of Stern's top corporate partners have hundreds of alumni within their ranks who came together to promote and advance the strength of their networks, including American Express, Deutsche Bank, Ernst & Young, and IBM.

Stern alumni, regardless of their distance from Washington Square, found meaningful ways to reconnect and strengthen the network. To learn more about how you can re-engage with the community, take advantage of the CCWP, or find a regional group, visit www.stern.nyu.edu/alumni. To access and/or submit job opportunities through the online Stern recruitment system, visit www.stern.nyu.edu/ocd/recruitingsystem.

You Asked... We Listened...

Based on feedback from the alumni community, SWAP, the online alumni community, is being replaced by an entirely new, robust platform. The School has dedicated resources, including the Technology Task Force of the Alumni Council, to develop a new online networking tool.

The revitalized online community will feature new ways to link to other online social networking sites such as Facebook, LinkedIn, and MySpace; the option to subscribe to RSS feeds; a search tool to find your friends and classmates; a comprehensive calendar of events and RSVP tool; a way to manage your profile, including the ability to update your contact information; and exclusive career resources.

Exciting updates will be provided in the coming months.

The Gift of Giving


Alumnus Shelley Greenhaus generously funded the Kennish Scholarship, making a Stern education possible for sophomore Daniel Lynch, III.

Investing in education is one of the soundest financial commitments one can make, especially in these uncertain economic times. With the turn in the economy proving to be a hardship for many families, the cost of college is a burden on many people's minds. As a result, nearly 50 percent of undergraduate Stern students applied for aid this year, and scholarships, especially, are now needed more than ever. Scholarships play a critical role in enabling the School to attract and retain the highest-quality students regardless of their economic situation.

For sophomore Daniel Lynch, III (BS '11), receiving the Kennish Scholarship, generously funded by alumnus Shelley Greenhaus (MBA '78), Principal, Whippoorwill Associates, Inc., offered him the opportunity of a lifetime – a chance at an education that might have otherwise been unattainable. "I wanted to attend Stern so that I could collaborate with the future leaders of tomorrow," Lynch said.

Thanks to the Kennish Scholarship, Lynch has been able to fully immerse himself in Stern's international curriculum, participating in the World Studies Track, an integrated program featuring a combination of coursework and study abroad experiences in key global marketplaces of the 21st century. He has spent this academic year engaged in international study.

"Investing in scholarships has been a rich and rewarding experience," Greenhaus, a loyal supporter of the School, explained. "Helping the younger generation obtain a global business education ensures the future success of our society and leaves a lasting legacy for the School."

"I hope to one day achieve the success Mr. Greenhaus has so that I can continue this tradition," Lynch shared in expressing his gratitude. "I wish there were some way that I could adequately thank him for keeping my hopes alive and the fire of my intellect ablaze."

If you would like to learn more about making a difference in the life of a student, visit the Office of Alumni Relations & Development website at www.stern.nyu.edu/giving or call (212) 998-4161.

Virtual Stern

Don't miss out on the dynamic and innovative content-driven programming delivered by our faculty and their peers – representing some of the nation's most pre-eminent thought leaders.

If you are not able to attend events on campus, many are now available as webcasts, including the recent conference, "Restoring Financial Stability: How to Repair a Failed System," and our signature Market Pulse Series, panel discussions with our world-renowned faculty, career development workshops, and interviews with the world's top CEOs. Webcasts can be found online at www.stern.nyu.edu under "News and Awards."

In addition to programming offered on Stern's campus, there is a strong network of regional groups and programming. For a comprehensive listing of upcoming events, please visit www.stern.nyu.edu/alumni/events.


The Undergraduate Class of 2003 enjoyed cocktails and conversation at their five-year reunion reception.

Mark Your Calendars for NYU Alumni Day 2009

Join fellow alumni at the next NYU Alumni Day on October 3, 2009. For the seventh year in a row, alumni are invited to reunite with fellow classmates during an exciting day of programs showcasing some of NYU's most dynamic and innovative faculty and alumni, school-specific dean's luncheons, and evening festivities.

Attention classes of '99 and '04! NYU Stern will host both undergraduate and MBA five- and 10-year reunion receptions in conjunction with Alumni Day. Mark your calendars and stay tuned – additional information will be released in the coming months.

Update Your E-mail Address

In an effort to be more environmentally-friendly and fiscally responsible, many of the School's communications are now sent via e-mail. Don't miss out on important information from Stern. 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.

In this increasingly integrated world, business and ideas have no boundaries.

NYU Stern's presence in the world is powerful, giving its alumni, students, and faculty access to meaningful global networking opportunities and intellectual engagement with people and ideas beyond our New York City campus. The NYU Stern Global Alumni Conference tradition is a pillar of the School's commitment to celebrating our global presence and fostering our international alumni network.

This June, join us for an exclusive weekend of educational and cultural experiences in Barcelona, Spain.

ENGAGE in forward-looking panel discussions with leading faculty.
NETWORK with hundreds of fellow alumni and senior business leaders from around the world.
CELEBRATE NYU Stern's global presence and community.

Featuring **panel discussions** with **faculty greats** Thomas F. Cooley, Sally Blount, Edward I. Altman, Al Lieberman, Roy C. Smith, and Marti Subrahmanyam on:

- Independent Film: The Growth of Global Cinema;
- Restructuring and the Credit Markets in 2009 – 2010;
- Family Business in the 21st Century: An Anachronism or an Institution for Economic Growth and Stability?;
- Architecture & Urban Development as Engines for Economic Growth.

With **remarks** by:

- Jordi Hereu i Boher, Mayor of the City of Barcelona;
- Juan María Nin, CEO of La Caixa;
- Alfredo Sáenz, CEO of Banco Santander;
- Michael Barker, Co-President and Co-Founder, Sony Pictures Classics; and more.

JUNE 11–13, 2009

NYU STERN

Please visit www.stern.nyu.edu/barcelona2009 or call +1 212-998-4040 for more information.

class notes

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

1940s

Gerald Fisher (BS '40), of New York, NY, recently served as a mentor in the Business Plan Competition at the Berkley Center for Entrepreneurial Studies at NYU Stern. Fisher, now retired, was President and CEO of the Arch Bilt Container Corp and the Energy Recycling Corp.

Nicholas L. Heiny (BS '41), of Fort Wayne, IN, was recently honored by the Allen County Council on Aging for his dedication to seniors of Allen County. He was also honored by the Alumni Association of the South Side High School, Fort Wayne, IN, where he received the Distinguished Alumni Award and was recognized in the school's Hall of Fame.

Adrian S. Price (BS '49), of Boynton Beach, FL, published his book, *Gentleman from Boynton B-Y-T-E-S Back*, which comprises a series of print columns and humorous commentaries.

1950s

Gerard A. Bongiovanni (BS '50), of Augusta, GA, a Naval Veteran of World War II, was selected by the Richmond County Historical Society to share his WWII experience via DVD, a copy of which will be sent to the Library of Congress. Bongiovanni, now retired, was Vice President of Surgicot, a Squibb Company.

Charles B. Rangel (BS '57), of New York, NY, was listed as one of *Accounting Today*'s Top 100 Most Influential People of 2008. Rangel is a member of the US House of Representatives from the 15th Congressional District of New York.

A. George Cero (BS '59), of New York, NY, has been elected President of the International Precious Metals Institute and re-elected Chairman of the Commodity Floor Brokers and Traders Association. Cero is currently Senior Vice President at RBC Wealth Management.

1960s

David B. Cornstein (MS '63), of New York, NY, has been appointed by New York Governor David Paterson as a member of the Board of Directors of the New York City Off-Track Betting Corporation and has also been designated as the Chair of the Board, a position he previously held in 1994. Cornstein is currently President of Pinnacle Advisors Ltd., a consulting and advisory firm, and serves as Chairman Emeritus of Finlay Enterprises, a nationwide leased fine jewelry company.

Howard B. Katz (BS '63), of Spring Valley, NY, has been named an independent member of the Board of Directors of Patient Access Solutions, Inc., a provider of healthcare/financial processing solutions. Katz is the CEO and a member of the Board of Directors of MDwerks, Inc. He is also the CEO and Director at MDwerks, Inc.'s wholly owned subsidiary, MDwerks Global Holdings, Inc.

J. Albert Smith Jr. (MBA '68), of Indianapolis, IN, has been appointed Chairman of the St. Vincent Indianapolis Hospital Board of Directors. Smith is President of JPMorgan Chase in Central Indiana.

Philip M. Skidmore (MBA '69), of Riverside, CT, has joined the Board of the OPEB Trust Fund of Greenwich, CT, which provides medical coverage for retired Town of Greenwich employees. Skidmore is Chairman and Chief Economist at Belray Asset Management.

1970s

Fred S. Zeidman (MBA '70), of Houston, TX, has been appointed to the Board of Directors of SulphCo, Inc., a technology company with a patented ultrasound process to desulfurize crude oil. Zeidman currently serves as interim President for Nova Biosource Fuels, Inc., and is also Senior Director for Governmental Affairs at Greenberg, Traurig's Washington, DC, law office.

Andrew J. Barile (MBA '72), of Rancho Santa Fe, CA, has been elected to several boards, including the Board of Directors of Park Insurance Company. He recently started Harbor Global Capitol Advisors, LLC.

Jim Apostolides (MBA '74), of Garden City, NY, has joined Needham & Company, LLC, a privately held, full-service investment bank, as Managing Director in the Mergers & Acquisitions group. Most recently, Apostolides was Managing Director at Citigroup.

Faith Griffin (MBA '74), of Sarasota, FL, has been appointed to the Board of Directors of Coda Octopus Group, Inc., an underwater port security and marine survey technology development company; she will also chair its audit committee. Griffin is currently a Director of Enherent Corp, a New York-based public company in the information technology service and solutions field.

Joseph Haskins, Jr. (MBA '75), of Baltimore, MD, was elected to the Board of Directors of Baltimore Gas and Electric Company (BGE) as an independent director. He is Chairman, President, and CEO of The Harbor Bank of Maryland, and is also one of the bank's co-founders.

William J. Pesce (MBA '75), of Basking Ridge, NJ, has been elected Vice Chairman of the Board of Directors of William Paterson University, his undergraduate alma mater. Pesce, who is a member of Stern's Board of Overseers, is President and CEO of John Wiley & Sons.

David L. Shedlarz (MBA '75), of New York, NY, has been appointed to the Board of Directors of the Hershey Company. Shedlarz is a member of the TIAA Board of Trustees, as well as the Board of Directors of Pitney Bowes, Inc.

Yvonne Davies Tropp (MBA '75), of Mamaroneck, NY, was honored by the Mental Health Association (MHA) of Westchester for her dedication to her community, to MHA, and to MHA's Court Appointed Special Advocates program.

Richard B. Berger (BS '76), of Clifton, VA, has been promoted to Vice President of The Segal Company, a leading independent firm of benefit, compensation, and human resources consultants. Berger joined The Segal Company in 1997 as a benefits consultant.

Richard A. Lorraine (BS '76), of Jonesborough, TN, has been elected to the Board of Directors of PolyOne Corporation, a global provider of specialized polymer materials, services, and solutions. Lorraine recently retired as Senior Vice President and CFO of Eastman Chemical Company.

William C. Denninger (MBA '77), of Stamford, CT, assumed the role of Senior Vice President, Finance, of Kaman Corporation. Denninger most recently served as CFO of Barnes Group, Inc.

Mark E. Chertok (BS '78), of East Hills, NY, has been appointed by the Schonbraun McCann Group as Senior Managing Director leading its Financial Outsourcing group. The Schonbraun McCann Group is the real estate practice of FTI Consulting, Inc., a global business advisory firm.

Arlen H. Kantarianin (MBA '78), of New York, NY, was featured in *BusinessWeek*'s "The Power 100," a ranking of the most influential people in sports. Kantarianin is CEO of the United States Tennis Association.

Richard E. Khaleel (MBA '78), of New York, NY, was appointed Executive Vice President of the financial services division of Nielsen IAG. Khaleel was previously Executive Vice President and CMO at The Bank of New York.

Jonathan D. Spaet (BS '78, MBA '79), of New York, NY, was appointed Executive Vice President, US Sales, a newly created position at Vault.com, Inc. Spaet was formerly Vice President and General Manager of Advertising Sales at Time Warner Cable.

Allen Adamson (MBA '79), of New York, NY, recently published his second book, *BrandDigital: Simple Ways Top Brands Succeed in the Digital World*. Based on more than 100 interviews with top branding executives, the book demonstrates how leading brands are embracing digital technology while staying true to basic branding principles, and it describes how brands succeed in the digital world in the same straightforward manner of his first book, *BrandSimple: How the Best Brands Keep it Simple and Succeed*. Adamson is Managing Director of the New York office of Landor Associates.

Linda S. Jackson (BS '79), of Brooklyn, NY, has been appointed acting Associate Provost of the City University of New York's Medgar Evers College. Jackson is currently Associate Professor of English and has served as Deputy Chair of the English department and as Coordinator of Composition.

Terrie C. Reeves (MBA '79), of Sun Prairie, WI, has joined the University of North Carolina-Greensboro's Bryan School of Business and Economics as Associate Professor of Health Care Administration. She will be the first faculty member in healthcare administration at the Bryan School. Previously, Reeves was Assistant Professor at the University of Wisconsin-Milwaukee's Lubar School of Business.

Christine Lindahl Reilly (MBA '79), of Berkeley Heights, NJ, has been honored as one of the Top 25 Nonbank Women in Finance by *US Banker Magazine*. Reilly is President of CIT Small Bank Lending.

Marion E. Sherman (MBA '79), of London, OH, has been appointed Medical Director for the Ohio Department of Mental Health. Sherman currently serves on the faculty at both The Ohio State University School of Medicine and The Ohio University College of Osteopathic Medicine.

1980s

Ellen D. Fein (MBA '80), of North Hills, NY, recently married Lance Houpt. Fein is co-author of *The Rules: Time-Tested Secrets for Capturing the Heart of Mr. Right* and *The Rules for Marriage: Time-Tested Secrets for Making Your Marriage Work*.

Anthony S. Glickman (MBA '80), of Teaneck, NJ, has been appointed Global Head of Risk Services with GlobeOp Financial Services. Glickman also joined GlobeOp's operating committee.

David P. Jacob (MBA '80), of Great Neck, NY, has been appointed as Executive Managing Director and Head of Structured Finance Ratings for Standard & Poor's. Most recently, Jacob was a principal with Adelson & Jacob Consulting.

Patrick J. McMullan (BS '80), of New York, NY, has announced the launch of PMc, a luxury fashion magazine available exclusively to iPhone users, in partnership with a new media company.

Jane Dresner Sadaka (MBA '80), of New York, NY, has been appointed to the Board of Directors of New Media Lottery Services PLC, a gaming content and systems provider, as Non-Executive Director. Sadaka is a retired partner of Kellner DiLeo & Co., an investment firm. She is also a member of NYU Stern's Board of Overseers.

Jeffrey A. Tannenbein (BS '80, MBA '86), of New York, NY, has been appointed CFO at International Derivatives Clearing Group, LLC, a central clearinghouse to clear and settle interest rate swap contracts. Previously, Tannenbein served as Global Business Manager of the Technonolgy and Operation Group at Deutsche Bank.

Audrey A. Appleby (MBA '81), of Greenwich, CT, is opening MagicDance Toddler Studio of Arts and Letter, a new preschool in Greenwich, CT. Appleby is the owner of the MagicDance-on-the-Water studio, also in Greenwich.

William R. Hannan, Jr. (BS '81), of Manhasset, NY, has joined Morgan Keegan as Vice President, Municipal Sales for New York. Hannan was most recently Vice President in institutional sales with J.P. Morgan.

Lisa A. Scalia-Desmoine (MBA '81), of Summit, NJ, has been appointed Second Vice President and ERISA Consultant with New York Life Retirement Plan Services.

William F. Spengler, III (MBA '81), of Cambridge, MD, has been named Executive Vice President and CFO of Smith & Wesson Holding Corporation, the parent company of the weapons manufacturer Smith & Wesson Corp.

Steven R. Brown (BS '82, MBA '89), of Short Hills, NJ, has been named Vice President and Senior Portfolio Manager for the American Century Real Estate Fund. Previously, Brown served as Neuberger Berman's Global Head of Real Estate Securities.

Gregory C. Carey (MBA '82), of Clarksville, MD, was featured in *BusinessWeek*'s "The Power 100," a ranking of the most influential people in sports. He helped finance construction of the new Yankee Stadium. Carey is Managing Director at Goldman Sachs.

Edward P. Gilligan (BS '82), of Brooklyn, NY, has been appointed to the Board of Directors of Concur, a provider of on-demand employee spend management services. Gilligan is Vice Chairman of American Express Company and also a member of its operating committee.

Andrew L. Goodenough (MBA '82), of Rye, NY, has been named President and CEO of Summit Business Media.

Sanford G. Hausner (BS '82, LLM '87), of New York, NY, has joined Arent Fox LLP as Partner in its New York office.

Lawrence Kneip (MBA '82), of Wyckoff, NJ, has been appointed Small Business Administration Director and Vice President at Indus American Bank.

A Global *Zythologist*

Chris Burggraeve (MBA '05)

"I always had the desire to learn in an unusual way, with a global slant," said Chris Burggraeve, Chief Marketing Officer at Anheuser-Busch InBev. Burggraeve, who believes that everything is international in scope, always wanted to study and build a career internationally. So, when NYU Stern, HEC Paris, and the London School of Economics and Political Science established a joint MBA program, Burggraeve lasered right onto the opportunity. Now, having lived in Berlin, Brussels, Dusseldorf, Istanbul, North Carolina, Paris, Prague, and Vienna, he has achieved his dream.

Burggraeve was drawn to the TRIUM Global Executive MBA program after reading about its unique curriculum in an advertisement in the *Financial Times*. The program enabled him to take advantage of three schools, each a renowned center of expertise: Stern in finance, the London School of Economics in the socioeconomic sciences, and HEC Paris in Cartesian mathematics. He found Stern to be the most challenging academically. "The level of [education in] finance was very rigorous," he recalled. He was inspired by how much the courses pushed students with 15 years of experience out of their comfort zones. "Professors such as Aswath Damodaran and Paul Brown made the program very personalized and forced you to walk in your competitors' shoes."

Burggraeve joined InBev, which recently merged with Anheuser-Busch, after more than 12 years with The Coca-Cola Company, where he last served as Group Marketing Director for the European Union. Previously, he worked for Procter & Gamble Benelux in Brand Management and Innovation, a natural progression from earlier jobs in consulting and technology startup companies. Burggraeve has maneuvered his career in an increasingly global context and attributes his success to his finance-driven marketing approach. "The type of marketer that I believe in is a person who understands finance – an individual with a balanced perspective," he said.

Burggraeve now has the opportunity to unify the brands of two of the world's leading brewers. "We aspire to become the best beer company in a better world," he said, "a world in which a brewing company can use its resources to drive responsible consumption and environmental sustainability."

Learning about different people and cultures is a passion as well as a profession for Burggraeve. And when he is not traveling, he finds many moments to enjoy his favorite pleasures: having increasingly philosophical conversations with his 13-year-old daughter, running, and relaxing with an ice-cold Stella Artois.

"If you have the chance, go and discover the world – work abroad if you have the opportunity," he advised. "And, as you do, explore the beers that go with it – become a global *zythologist* – a true beer connoisseur."

Creating a Triple A-Rated Career

Maria Pierdicchi (MBA '88)

When Maria Pierdicchi arrived in New York from Milan as a visiting student in the doctoral program at NYU Stern, she had little inkling she would end up a powerhouse in finance. Over the next two decades, she started a high-growth equity market at the Italian stock exchange, won the international Bellisario Award for distinction in business, and organized women's networks in banking to encourage other women to follow in her footsteps.

Pierdicchi came to Stern as a researcher in financial institutions with a degree in economics, after completing a short consulting stint at the World Bank. While she found research interesting, she knew she wanted to expand her experience, and thought that Stern would be an ideal place to do it. At her home institution, Bocconi University, studying abroad was not encouraged. "At that time," she recalled, "not many students went abroad. They thought I was not using my time wisely."

Once at Stern, she was quickly intoxicated by the thrill of Wall Street. "In New York, you were in the center of it all," she said. Pierdicchi realized she wanted to strengthen her background in finance and became attracted to the "more pragmatic" approach of an MBA education. Transferring from the PhD program, she delved into an MBA in finance and soon became impressed by her fellow students, who hailed not only from the US, but also from Italy, Spain, South America, and Israel, and "brought a lot of experience from the streets. It was very interesting to me." After graduating, Pierdicchi joined the private sector, first at Citibank in Italy and then at Premafin SpA, where she focused on investor relations.

In 1998, as the stock exchange in Milan was privatized for the first time, Pierdicchi seized a new opportunity there. She designed and launched Nuovo Mercato, which she described as "an Italian version of NASDAQ," an extremely successful project that she managed for five years through the heady climate of the late 1990s technology boom. In 2003, she moved on to her current position in an American company, as the Managing Director and Country Head for both Italy and Spain at Standard & Poor's, which provides rating and investment services.

Pierdicchi has expertly navigated her career, although, she acknowledged, "It was challenging to be a woman in finance in Italy." Despite an atmosphere keyed to loyalties and "not so open to women in senior positions," she has advanced based on her accomplishments. Early in her career, she was often in the office until 9:30 pm. Now she finds more balance. Describing herself as "a curious person," she reads everything from literature to psychology to the latest in business. She also enjoys playing sports. With all this, she even finds time to reconnect with her fellow Stern alumni, most recently by serving on the host committee for the upcoming global alumni conference in Barcelona, which will convene an extended community that is most fortunate to count her in its ranks.

Kevin J. Bannon (MBA '83), of Mount Kisco, NY, has been appointed to a newly-created directorship on the Board of Urstadt Biddle Properties Inc.

Geoffrey Colvin (MBA '83), of Fairfield, CT, recently published a book, *Talent is Overrated*. Colvin is a writer at *Fortune* magazine.

Joseph G. O'Brien (BS '83), of Delafield, WI, has been appointed President of Zep East, a market-faced business Zep Inc. formed to create profitable customer-focused organizations. Before joining Zep, O'Brien was Vice President of Sales and Marketing at Atlas Paper Mills.

Lauren D. Rich-Fine (MBA '83), of Cleveland, OH, has been elected to the Board of Directors of Dolan Media Company and also appointed to the company's compensation committee. She is currently a practitioner-in-residence at Kent State University's College of Communication and Information and serves as Research Director for ContentNext.

Thomas L. Tran (MBA '83), of Weatogue, CT, was named Senior Vice President and CFO of WellCare Health Plans, Inc, a provider of managed care services.

Stephen M. Coutts (MBA '84), of Rancho Sante Fe, CA, has been appointed CEO, President, and Director of Biocept, Inc., a biotechnology company that engineers solutions that provide the foundation for a new class of diagnostic assays. Coutts was most recently Director of Pharmaceutical Development at Cypress Bioscience, Inc.

David P. Gurwitz (MBA '84), of Monsey, NY, has recently released his first album, "Hear the Children," a collection of piano solos.

Stelios Papadopoulos (MBA '84), of Great Neck, NY, has been appointed to the Board of Directors of Regulus Therapeutics LLC, a joint venture between Alnylam Pharmaceuticals, Inc. and Isis Pharmaceuticals, Inc. formed to discover, develop, and commercialize microRNA-based therapeutics. Papadopoulos retired as Vice Chairman of Cowen and Company, LLC in 2006.

Jerry F. Barbanel (BS '85), of Tenafly, NJ, has been appointed President and CEO of Precision Discovery, a provider of IT risk and litigation consulting solutions. Barbanel joins Precision Discovery from Aon Consulting, where he served as Executive Vice President for the financial advisory and litigation consulting services practice.

Sharon Sabba Fierstein (MBA '85), of Woodbury, NY, has been appointed to the Public Company Accounting Oversight Board's 2009-2010 Standing Advisory Group. Fierstein is currently Partner in Marks Paneth & Shron LLP's Litigation and Corporate Financial Advisory Services Group.

Gary Katcher (MBA '85), of Port St. Lucie, FL, has been appointed Senior Managing Director and Head of Global Institutional Fixed Income of Knight Libertas LLC, an institutional fixed income broker-dealer. Katcher is the founder of Libertas Holdings, LLC, a boutique institutional fixed-income brokerage firm that was acquired by Knight Capital Group, Inc.

Christianna Wood (MBA '85), of Sacramento, CA, has been named to the Board of Directors of H&R Block. Wood is the CEO of Capital Z Asset Management.

Deborah Foye Kuenstner (MBA '86), of Newton, MA, has been named Chief Investment Officer of Wellesley College, her undergraduate alma mater.

Peter A. Kyviakidis (BS '86), of Milford, PA, has joined LECG, a provider of independent testimony and strategic advisory services, as Managing Director. Kyviakidis will focus his practice on forensic accounting and financial advisory consulting services.

Dorothy S. Pisarski (MBA '86), of West Des Moines, IA, received the Distinguished Advertising Educator of the Year Award for the

Ninth District of the American Advertising Federation. Pisarski is Assistant Professor of Advertising at Drake University.

Jon W. Anderson (MBA '87), of Madison, NJ, has been appointed Global Head of Over-the-Counter Derivatives for GlobeOp Financial Services. He will also join GlobeOp's Operating Committee. Previously, Anderson served as Managing Director of Trading Technologies at BlueMountain Capital Management.

Ted A. Berenblum (MBA '87), of Cos Cob, CT, has been named Head of Alternative Investments, a newly created position, for BNY Mellon Wealth Management, a wealth and investment management business of The Bank of New York Mellon Corporation.

John A. Kritzmacher (MBA '87), of Far Hills, NJ, has been appointed CFO and Executive Vice President of Global Crossing, which provides telecommunications solutions over the world's first integrated global IP-based network.

Kathleen G.R. Madigan (MBA '87), of Bensalem, PA, has joined the Dow Jones Newswires editorial team as an economics writer; she will also write its "Big Picture" column. Previously, Madigan was Senior Writer and Market Analyst with Lord Abbett, an independent money management company.

Al Sapienza (BS '87), of West Hollywood, CA, was recently married to Michelle Widlitz. Sapienza is an actor, most known for his role in "The Sopranos."

James J. Ambrose (MBA '88), of Brookfield, WI, has been appointed Chairman of the Board of the Equipment Leasing and Finance Association. Ambrose is the President of the Equipment Finance Organization for GE Healthcare Financial Services.

Richard C. Janda (MBA '88), of New York, NY, has been appointed Director of Research, a new position, with Loughlin Meghji + Company, a restructuring advisory firm. Most recently, Janda served as Director of Research with XRoads Solutions Group, a boutique corporate restructuring firm.

Seth H. Lehman (BS '88, MBA '93), of Wesley Hills, NY, has joined Fitch Ratings as Senior Director in the Global Infrastructure and Project Finance Group. Previously, Lehman served as a director and senior underwriter at Financial Guaranty Insurance Co.

Debra Sandler (MBA '88), of Yardely, PA, has been named the 2008 *Black Enterprise* Corporate Executive of the Year. She is the Worldwide President of McNeil Nutritionals L.L.C., a healthcare and beauty products company, part of Johnson & Johnson.

Mark R. Zygaj (MBA '88), of East Amherst, NY, has been elected to the Board of Directors of the National Association of Specialty Health Organizations. Zygaj is the COO and Director of Palladian Muscular Skeletal Health, a benefits management organization.

Habib P. Achkar (MBA '89), of London, England, has been appointed CEO of Morgan Stanley Saudi Arabia. Achkar was formerly Morgan Stanley's Head of Sales and Trading for France; he has worked at Morgan Stanley since 1989.

Christopher M. Czaja (BS '89, MBA '97), of New York, NY, has been named Executive Vice President of Insight Investments Corporation, an independent leasing agent of IT and medical equipment.

Tina L. Fiumenero (BS '89), of Princeton, NJ, has been promoted to CFO of Vitae Pharmaceuticals, Inc., an emerging pharmaceutical company dedicated to the discovery and development of innovative small molecule medicines. Fiumenero joined Vitae in January 2006 as Senior Vice President of Finance and Administration.

Nina Goodheart Kessler (MBA '89), of Doylestown, PA, has been promoted to Vice President of Cardiac Rhythm Disease Management Marketing. CRDM is the oldest and largest business unit of Medtronic, a company which develops life-changing technologies that improve the way chronic diseases are treated.

Elizabeth J. Satin (MBA '89), of New York, NY, has joined The Jordan, Edmiston Group, Inc. as Managing Director. The Jordan, Edmiston Group, Inc. is a provider of independent investment banking services for media, information, marketing services, and related technologies.

Henry C. Schmeltzer (MBA '89), of New York, NY, has been appointed to the Board of Directors of Euromatix Fund plc, an investment company with variable capital. Schmeltzer is currently establishing an investment management firm in the UK with several partners. Previously, he was Managing Director at UBS Limited in London.

Craig T. Shepherd (BS '89, MFA '97), of New York, NY, was recently married to Marlene Kandler in Chicago. Shepherd is the Executive Producer of "Home Made Simple" on the TLC cable network. He was also the Line Producer of "Girlfight," the winner of a Grand Jury Prize at the Sundance Film Festival in 2000.

1990s

Nicholas S. Cyprus (MBA '90), of Scotch Plains, NJ, was inducted into the Pinnacle Alumni Society by Fairleigh Dickinson University College at Florham in Madison, NJ. Cyprus is Controller and Chief Accounting Officer for General Motors Corporation.

Ira S. Fishkin (MBA '90), of Mahwah, NJ, has joined Eisai Corporation of North America as Associate Director of Facilities and Administration. Prior to joining Eisai, Fishkin worked at Hertz Corporation as Director of Corporate Engineering.

Charles-Henry Choël (BS '91), of Paris, France, was promoted to Global Head of Trading Solutions with GL TRADE, a global provider of multi-market and multi-asset solutions for international financial institutions. Choël joined GL TRADE in 2002. Since 2006, Choel has been Deputy CEO of the Asian region and Managing Director of the Japan office.

R. Brooks Gekler (MBA '91), of St. Paul, MN, joined the University of Washington Bothell as Director of its Business Development Center, a unit within the Business Program at UW Bothell.

John Gonsalves (MBA '91), of Edison, NJ, has been appointed Vice President and Head of Communications for the Americas at Aricent. Aricent is a global software, services, and solutions provider. Most recently, Gonsalves was Partner and Practice Leader of Strategy and Performance Management Practice at EMC Global Services' communications and media sector.

Jeffrey A. Seidel (MBA '91), of New Caanan, CT, has been hired as Vice President of Corporate Strategy, where he is responsible for strategic initiatives and planning at Ener1, Inc., a maker of advanced lithium-ion battery systems for the new generation of hybrid and electric vehicles. Previously, Seidel was Global Head of Convertible Research at Credit Suisse.

Kee-Meng Tan (MBA '91), of New York, NY, has been appointed to the newly-created position of Managing Director, Head of the electronic trading group in Europe, with Knight Capital Group, Inc. Knight Capital Group, Inc. is a capital markets firm that provides electronic and voice access to the global capital markets across multiple asset classes for buy-side, sell-side, and corporate clients.

Neeraj K. Vohra (MBA '91), of Alexandria, VA, has joined Signal Hill, a Baltimore-based specialty investment banking, research, and institutional brokerage firm, as Managing Director. Prior to joining Signal Hill, Vohra was Managing Director in the Technology Investment Banking Group at Friedman, Billings, Ramsey & Co., Inc., a real estate investment trust that invests in mortgage-related assets.

David Yaudoon Chiang (BS '92), of Brooklyn, NY, has been appointed to the Board of Directors of the American Lorain Corporation, an international packaged foods company based in China's Shandong province. Chiang is currently a managing director overseeing alternative energy, technology, and China banking efforts at Northeast Securities, Inc., a multi-line financial services firm.

Robert H. Getz (MBA '92), of Salt Lake City, UT, has been appointed to the Board of Directors of Palladon Ventures Ltd., a resource company focused on building production facilities at the Comstock/Mountain Lion iron mine in Iron County, Utah. Getz has served as Managing Director and Partner of Cornerstone Equity Investors, LLC, a New York-based private equity investment firm, since 1997.

Simon Satanovsky (MBA '92), of Brooklyn, NY, has been promoted to Partner with Options Group, a global executive search and strategic consulting firm.

Joanne Taylor (MBA '92), of New Rochelle, NY, has been named COO of The Housing Development Fund in Stamford, CT. Previously, Taylor served as Vice President of Insured Portfolio Management for MBIA Insurance Corp.

Erik T. Asgeirsson (ADCRT '93, MBA '02), of New York, NY, appeared on *Accounting Today*'s list of 2008 Top 100 Most Influential People.

A World of Good


Linda Strumpf (MBA '72)

When she began her career as a securities analyst in the early 1970s, Linda Strumpf was a pioneer in a male-dominated environment. The business world was so lopsided with regard to gender, she recalled recently, "On a plane, if you were [a woman] wearing a suit, they [the men] would hand you their coat thinking you were a stewardess." She was hard-pressed to find a women's restroom on the executive floor. Exclusive all-male social clubs in Manhattan refused to let her wait in their lobbies or enter certain floors. For one business meeting, she remembered a staff member asking her to leave the room. She replied, "I'm sitting down. If you want to make the other 80 people in here leave, you can." She laughed, "So I sat there, and the walls didn't cave in."

Strumpf has been a woman of firsts. After graduating from Pennsylvania State University with a BA in economics, she began her career in the for-profit sector as an assistant to a securities analyst at Prudential. Quickly realizing the comparative earning power of the MBA graduates around her, she decided to go to business school, and chose NYU Stern for its reputation and its New York City location. After earning her degree, she went to Equitable Life as a securities analyst and worked her way up to become a portfolio manager – and one of the first women to manage large pension funds. She recalled, "Running pension funds for big corporate clients was not something that women did."

In 1982, Strumpf was recruited into the non-profit world as a portfolio manager at the Ford Foundation, a career change that reflected her long-standing passion for the foundation's mission of helping the world's poor and advocating for women's rights and civil rights. After managing the Foundation's billion-dollar equity fund for 10 years, she became its Chief Investment Officer in early 1993, a position she still holds. "No woman had ever been Chief Investment Officer of a major foundation before," she said. "It was a challenge to prove to the people doing the search that I was up to the task."

Since Strumpf arrived in 1982, the Ford Foundation's assets grew from $2.5 billion to a recent high of almost $14 billion. During her tenure, the Foundation, which runs solely on investments generated from the Ford family's original gift, has given more than $10 billion in grants to strengthen democratic values, reduce poverty and injustice, advance human achievement, and promote international cooperation. For years, the Foundation supported Muhammad Yunus, a pioneer in the micro-credit field, who won a Nobel Peace Prize in 2006 for his work to alleviate poverty in Bangladesh.

This fall, Strumpf will retire, and she already has plans. A self-described "type A personality," she will contribute her expertise to various committees and non-profit boards. And, as she has for every summer she can remember, she will travel abroad with her husband, a high school psychologist also retiring in June. On deck is a trip to Africa on safari – her next adventure in a world she continues to both explore and enrich.

Paul D. Fiore (BS '93), of Beverly Hills, CA, has been appointed to the Board of Directors of Aqua Connect Inc., a Mac terminal services company.

Sonjoy Ganguly (BS '93), of New York, NY, has been hired by Ringleader Digital, the only third-party ad-serving network for mobile devices, as Vice President of Product Management. Prior to Ringleader, Ganguly was Director of Product Management for the Rich Media product line at DoubleClick.

Paul E. Mallen (MBA '93), of Pine Brook, NJ, was promoted to Executive Vice President of Amalgamated Life Insurance Company and continues to serve as CFO.

Jonathan S. Miller (BS '93), of Armonk, NY, has joined the investment advisor of Fifth Street Finance Corp as Director of East Coast Origination. Prior to joining Fifth Street, Miller worked at Bear Stearns, most recently as Managing Director in the Leveraged Finance Group.

Charles Moon (MBA '93), of Sherborn, MA, has joined Morley Financial Services, Inc. as Chief Investment Officer. Previously, Moon was Managing Director at Hartford Investment Management.

Beth Murray (MBA '93), of Chatham, NJ, joined NYU Stern as Chief Marketing Officer, a newly created position, in the fall of 2008. Previously, Murray served as Vice President and Head of Global Marketing for the Financial Institutions Group of American Express Bank.

Frank W. Baier (MBA '94), of Summit, NJ, has joined Securities Industry and Financial Markets Association as CFO and Chief Administrative Officer. Previously, Baier had been a consultant at Meridian Capital Group.

Jeffrey M. Farber (MBA '94), of Stamford, CT, has been appointed Executive Vice President Finance/Corporate Development and CFO of GAMCO Investors, Inc., an investment advisory company.

Lily Huang (BS '94, MBA '00), of Forest Hills, NY, was recently married to Hsiu-Hsien Ling. Huang is Vice President in the investment management division of Goldman Sachs in Manhattan.

Brian D. Matthews (MBA '94), of Gaithersburg, MD, has been appointed Chief Strategy Officer of Avail Media, a provider of profitable Internet protocol television (IPTV) solutions. Most recently, Matthews was Vice President of Enterprise and Industry Solutions Marketing for VeriSign, Inc.

Evelyn M. Morrow (MBA '94), of New York, NY, was recently married to Steven Solinsky. Morrow is a project manager for business development at the Visiting Nurse Service of New York in Manhattan.

Heather Mutterperl (MBA '94), of New Rochelle, NY, was named Senior Asset Manager at Hudson Realty Capital. Previously, Mutterperl served as Asset Manager at Investcorp International.

Che D. Watkins (MBA '94), of Atlanta, GA, serves as the interim Executive Director of the Regional Business Coalition in Atlanta, GA. Watkins is the Vice President for External Affairs at the Metro Atlanta Chamber of Commerce.

Calvin G. Wong (BS '94), of Summit, NJ, has been named Executive Vice President of Advertising Sales and Operations for appssavvy, a direct sales team for social media applications. Previously, Wong served at the company he co-founded in 1996, Community Connect, Inc. (CCI), a publisher of niche social networks.

Kenneth Y. Chang (BS '95), of Whitestone, NY, has joined Sibson Consulting's retirement practice as Vice President and Consulting Actuary. Previously, Chang served as a senior manager with Deloitte Consulting.

Vinay T. Dayal (MBA '95), of Little Neck, NY, has been appointed to Treasurer of the Metropolitan Transit Authority (MTA). Dayal was most recently the MTA's acting Finance Director.

Brian R. DiDonato (MBA '95), of Blue Bell, PA, has joined Sorin Capital Management as Senior Partner and member of the Investment Committee. Sorin Capital is a leading independent alternative investment firm.

Anatoly Nakum (BS '95), of New York, NY, has been appointed Managing Partner and Head of high-grade and crossover flow trading in Barclay Capital's US Fixed Income Group. He joins Barclay's New York office from Deutsche Bank AG. Nakum serves on the NYU Stern Dean's Advisory Council.

Sapna P. Shah (BS '95), of Albertson, NY, recently married **Srinivasan Iyer (BS '97)**, of Bayside, NY. Shah is a tax accountant in the real estate group at Ernst & Young. Iyer is Director for Bond Trading at UBS. The couple met while attending NYU Stern.

Dominick C. Tolli, Jr. (MBA '95), of Wayne, NJ, has been named Senior Vice President of Marketing for North America for SpinVox, a service that converts voicemails into mobile phone SMS text messages and e-mails. Previously, Tolli led mobile data and service delivery efforts at Virgin Mobile as its Vice President of Innovation Services.

Mark K. Bhasin (BS '96), of New York, NY, has joined Palisades Financial as Senior Director of Originations. Bhasin most recently served as a loan officer for CWCapital, and he is also Adjunct Professor of Real Estate Development at Columbia University.

Jeffrey J. DeKorte (MBA '96), of Washington, DC, has joined Travel Ad Network as Vice President of Product Development. Previously, DeKorte served as President and COO at LeisureLogix.

Nicholas J. Hart (MBA '96), of Randolph, NJ, has joined Emisphere Technologies, Inc. as Vice President of Strategy and Development. Emisphere Technologies, Inc. is a biopharmaceutical company that focuses on a unique and improved delivery of therapeutic molecules and pharmaceutical compounds.

Donna H. MacPhee (MBA '96), of Ridgewood, NJ, has been named Vice President for Alumni Relations and President of the Columbia University Alumni Association.

Timothy M. Maloney (MBA '96), of Raleigh, NC, was appointed Senior Director of Digital Power Marketing with Exar Corporation, a fabless semiconductor company. Maloney was most recently the Senior Director, Power Management and Discrete Products, for Infineon Technologies.

S. Douglas Pugliese (MBA '96), of Wynnewood, PA, has joined Marshall & Stevens Incorporated as Executive Managing Director, where he will be responsible for management of the firm's eastern US operations. Marshall & Stevens provides appraisal and valuation services nationwide.

Nikhil Puri (MBA '96), of New Delhi, India, has been appointed Managing Director for Ambit Corporate Finance with Ambit Holdings Pvt. Ltd., a financial services firm based in Mumbai.

Bradford D. Van Siclen (MBA '96), of Upper Montclair, NJ, has been elected to the Board of Directors of Metabolic Research, Inc., a biotechnology company. Van Siclen is Partner in Bartholomew International Investments.

Manoj S. Chouthai (MS '97, MBA '00), of Jersey City, NJ, has been named 2008's Chief Information Officer of the Year by the New Jersey Technology Council. Chouthai is VP of Information Technology and CIO for Public Service Enterprise Group (PSEG) of Newark, a branch of the publicly-traded, New Jersey-based energy and energy services company. He also serves on the Board of the Mental Health Association of Essex County.

Raymond J. Deacon (MBA '97), of Denver, CO, has joined Pritchard Capital Partners as Senior Exploration and Production Energy Analyst. Pritchard Capital Partners is an energy investment bank.

Sharon Rebecca Gonen (BS '97) and **Shachar A. Gonen (MBA '00)**, of New York, NY, welcomed twins, Ezra Maier Gonen and Elianna Meira Gonen, on October 25, 2008.

Robert Meringolo (MBA '97), of New York, NY, has joined FBR Capital Markets Corporation, an investment bank serving the middle market, as Managing Director. Meringolo most recently served as Senior Managing Director on Bear Stearns' convertible securities sales team.

John W. Schrader (MBA '97), of Weston, CT, has joined Duff & Phelps Corporation as Managing Director. Previously, Schrader served as Managing Director and Head of Global Risk Management in the Securitized Products Group at Morgan Stanley.

Michael L. Achenbaum (MBA '98), of New York, NY, was featured in *PODER* magazine's "23 under 40," its first annual list of "entrepreneurs, executives, leaders, and artists under 40 who are shaping South Florida and its perception around the world."

Matthew R. Chasin (MBA '98), of New York, NY, has joined Sorin Capital Management, LLC, an independent alternative investment firm, as COO, Partner, and member of the investment committee. Previously, Chasin was Senior Managing Director and Head of Repo Financing Activities for Mortgage and Structured Products at Bear Stearns.

Grace W. Cheng (MBA '98), of New York, NY, has joined GoldenTree InSite Partners as its CFO. Cheng most recently served as Executive Director for Morgan Stanley's private equity real estate fund.

Kim T. Gehrke (MBA '98), of Hummelstown, PA, has joined Citadel Investment Group, L.L.C. as Co-head of International Distribution and Marketing. Gehrke was most recently with Merrill Lynch, where he served as Co-head of Government Institutional Sales. Citadel is a global financial institution focused on alternative investment strategies and services.

Mark A. Glickman (MBA '99), of Marlboro, NJ, has been promoted to Senior Vice President, Sales and Marketing, as well as Corporate Officer, with Oscient Pharmaceuticals Corporation. Glickman joined Oscient in August 2007 as Vice President of Sales.

Owen J. Jones (MBA '98), of Durham, NC, has been appointed Senior Vice President, Sales Trader, with Pritchard Capital Partners, an energy investment bank and institutional financial services firm. Previously, Jones was Director of Equity Trading in Lehman Brothers' London office.

Tomasz M. Józefacki (BS '99, MBA '02), of Brooklyn, NY, has been elected to the Management Board of Agora SA, a media corporation based in Poland. Józefacki is currently its Head of Internet operations.

Colleen Kelleher Sorrentino (MBA '98), of Staten Island, NY, has been named one of the 50 Most Influential Women by *Irish Voice* in the newspaper's first such annual ranking. Kelleher Sorrentino is Vice President of Advanced Strategies and Senior Investment Officer at Wall Street Access LLC.

Joshua L. Kirschner (MBA '98), of New York, NY, has been named CMO of Inform Technologies, a "journalistic" technology solution for established media companies. Previously, Kirschner was SVP of Global Product Development with Marsh, Inc.

Constantine Korologos (MBA '99), of New York, NY, has joined Deloitte Financial Advisory Services as Director of Real Estate Consulting, after serving previously as a managing director at Wachovia.

Bryan D. Kraft (MBA '99), of Chatham, NY, has been appointed Vice President of Media, Cable, and Entertainment, at Bank of America. Kraft was previously Vice President and Senior Research Analyst at Credit Suisse.

Lisa C. Markowitz (BS '99), of Allentown, PA, along with husband, Mosha, and daughter, Tali, welcomed the birth of her second daughter, Aviva Rachel, on October 18, 2007.

David W. Tang (MBA '99), of Shanghai, China, has been appointed CFO and Vice President of Vimicro International Corporation. Vimicro designs and develops multimedia semiconductor products and solutions. Prior to joining Vimicro, Tang served as the CFO of CNinsure Inc., a NASDAQ listed company operating in China.

Sharon Weinstein (MBA '99), of New York, NY, has joined FBR Capital Markets' Financial Institutions group as Managing Director. Previously, Weinstein served as Managing Director and Sector Head of Depository Institutions and Corporate Finance at Wachovia Securities.

2000s

Steve Lee (MBA '00), of New York, NY, will serve as a portfolio manager for the Nuveen Multi-Currency Short-Term Government Income Fund. Lee currently serves on the portfolio management team for the Nuveen Global Government Enhanced Income Fund. Lee has been with Nuveen Investments, a global provider of investment services to institutions and high net worth investors, since spring 2007.

Paying it Forward


Michael Levy (BS '89)

Michael Levy, Managing Director of the Investment Banking Division at Morgan Stanley, understands the importance of credibility. Having taken a circuitous route to investment banking, he had to earn it. And in the competitive market new graduates face today, he generously bestows it on the NYU Stern graduates he recruits for his firm.

Levy's appetite for learning led him to take a path different from the traditional financier. After receiving his bachelor's degree in 1989 from Stern – which he chose based on its reputation and global outlook – Levy opened a graphic design firm. "When I started at NYU, there wasn't much dorm housing available, so I shared a studio apartment with two of my friends who were going to Parsons School of Design," said Levy. After receiving his degree, Levy teamed up with one of his roommates who graduated the prior year and was working as a freelance graphic designer. "We decided to form a legitimate company because I could add the business piece to the puzzle." They opened Lowell Design Group in 1989 and successfully established themselves in the graphic design community.

After that initial success, Levy added another page to his schooling, garnering a law degree from Brooklyn Law School. After graduation, he transitioned to investment banking, and following a few positions in finance, joined Morgan Stanley in 1998. He has remained there, serving not only as Managing Director, but also as Co-head of the firm's Real Estate Banking Group for the Americas and Global Head of Lodging.

Gaining credibility in investment banking wasn't a slam dunk. "I had zero experience in banking and didn't come from a traditional background," he explained. "Most bankers I spoke to were focused on hiring MBA graduates with traditional finance backgrounds from Ivy League schools – not newly minted lawyers with graphic design credentials." However, Levy was determined to gain a foothold in the industry and show how well an NYU graduate could perform.

Now, as Co-captain of Morgan Stanley's recruiting efforts at Stern, Levy takes every chance he can to recruit Stern graduates. "Stern graduates have it all: common sense, international exposure, and academic excellence," he said. "The School's reputation throughout the financial community is unsurpassed and its graduates are highly coveted."

Levy admitted that he loves working for Morgan Stanley and that his "goal is to continue to help the firm build the core team of Stern alumni so that the network and recruiting efforts will be self-sustaining, and that Stern will be a major contributor to the firm's success." He's clearly earned the credibility to make that happen.

Debanjan Mitra (MPhil '00, PhD '03), of Gainesville, FL, has been named a Marketing Science Institute Young Scholar. The Marketing Science Institute's biennial Young Scholar Program brings together some of the most promising scholars in marketing and closely related fields.

Karen S. Patton (MBA '00), of Wyckoff, NJ, was named CFO of Bravo Media. Patton was formerly Vice President of Finance at WNBC.

Suzanne B. Schiavelli (MBA '00), of Hoboken, NJ, has been appointed to the position of Principal, Specialty Finance, at Bank of America. Schiavelli previously worked at Morgan Stanley.

Carol J. Simon (MBA '00), of Short Hills, NJ, is the founder and owner of Carol Simon Consulting, LLC, a consulting firm based in Roseland, New Jersey, that specializes in the assessment and management of counterparty risk with financial institutions. Simon also serves as a trainer for Fitch Training, a company offering credit risk workshops.

Jeremy W. Szeto (BS '00), of Sugar Land, TX, was recently hired as an urgent care physician at The Physicians at Sugar Creek and also as an emergency room physician at a local Houston, TX, hospital. Szeto is currently in private practice in Sugar Land, TX, specializing in family medicine.

Guatam Bhandari (MBA '01), of New York, NY, has been appointed to lead the development of the investment platform for Morgan Stanley Infrastructure in India, Middle East, and Sub-Saharan Africa.

Shahid Shafi Khan (MBA '01), of Princeton Junction, NJ, has been promoted to Senior Partner with Interactive Broadband Consulting Group, LLC (IBB), a boutique consulting firm advising top management in the broadband-related sectors of cable, mobile, technology, and digital media. Khan is currently a fellow at the University of Pennsylvania's Wharton School of Business.

Lena M. Liu (MBA '01), of New York, NY, was recently married to Frank Stonebanks. Liu is Managing Director for Banc of America Securities.

Andrew Pancer (MBA '01), of Tenafly, NJ, has joined Media6 degrees, a company that provides major brand marketers scalable, bespoke audiences using the power of social graph data, as its COO. Previously, Pancer was Vice President, Digital Development, at The New York Times Company.

Kiran S. Patel (BS '01), of Jackson Heights, NY, has joined Morgan Keegan as Associate Vice President, Municipal Sales for New York. Patel was most recently an associate in municipal sales with J.P. Morgan.

Ron D. Perry (BS '01), of Englewood, NJ, has been featured in *Billboard* magazine's "30 under 30" list, which identifies "individuals who drive the fields of music and entertainment forward with their artistic and business vision." Perry is Senior Creative A&R for Songs Music Publishing.

Jeffrey E. Berman (BS '02), of Rockville, MD, is Partner with Berman Enterprises, a family-owned company based in Maryland that will form a partnership with former New York City Mayor Rudolph Guiliani's company, Giuliani Partners, to be called the Berman Enterprises Opportunity Fund.

Greg B. Habay (BS '02), of New York, NY, has joined Collins as Senior Vice President. Collins serves clients in the property-casualty, life, accident, and health insurance markets.

Michael Margolis (MBA '02), of West Orange, NJ, has been hired by Merriman Curhan Ford as Managing Director in its healthcare investment banking practice. Merriman Curhan Ford is a full-service financial services firm.

Jerome Schneider (MBA '02), of New York, NY, has been hired as Executive Vice President, Portfolio Manager, and Finance Specialist for PIMCO, Inc., an investment management company based in Newport Beach, California. Previously, Schneider was Senior Managing Director at Bear Stearns.

Angela Faye Taylor (MBA '02), of Minneapolis, MN, has been hired as Vice President and General Manager of the Washington Mystics, a Women's National Basketball Association team based in Washington, DC. Previously, Taylor was the Vice President of Business Development for the Minnesota Lynx.

Eli S. Goldschmiedt (MBA '03), of Woodsburgh, NY, has joined Amherst Securities Group, L.P., a privately held broker-dealer specializing in residential mortgage-backed securities. Most recently, Goldschmiedt worked at J.P. Morgan Securities.

Timothy Zaino (MBA '03), of Fairfield, CT, has joined the debt capital markets division of Broadpoint Capital, Inc. as Vice President, Bank Debt Sales. Broadpoint Capital is a broker-dealer subsidiary of Broadpoint Securities Group, Inc., an independent investment bank. Most recently, Zaino was a director in leveraged loan and high-yield bond sales and trading at UBS.

Robert M. Brown (BS '04), of New York, NY, was recently married to Julie Elizabeth Maguire. Brown is Associate for Mergers and Acquisitions in the New York office of Credit Suisse.

Zheng James Chen (MBA '04), of Pine Brook, NJ, has joined Morgan Joseph & Co. Inc., a New York-based investment bank that has a growing stake in financing middle-market growth companies in China, as Senior Equity Research Analyst and Senior Vice President.

Anne-Cecilie Engell (MBA '04), of New York, NY, was recently married to Rob Speyer. Engell is Marketing Director at Iconix Brand Group.

Daniel J. Farr (MBA '04), of Durham, CT, has been promoted to CFO of CBRE Realty Finance, Inc. Farr recently served as Manager of Financial Planning and Analysis.

Maura Gedid (MBA '04), of Astoria, NY, was recently married to Eric Kaye. Gedid is Assistant Vice President at the Breakstone Group, an investor relations and corporate communications consulting firm in New York.

Nidha Agrawal (PhD '05), of Seattle, WA, has been named a Marketing Science Institute Young Scholar. The Marketing Science Institute's biennial Young Scholar Program brings together some of the most promising scholars in marketing and related fields.

Christopher D. Rigg (MBA '05), of Wyckoff, NJ, has joined Soleil Securities Corporation, a provider of value-added, independent equity research and brokerage services, as a research analyst. Rigg will provide coverage of the healthcare facilities and services sector.

Dean Howard Schaffer (MBA '05), of New York, NY, was recently married to Rebecca Lee Glashow. Schaffer is Vice President for Private Investment Transactions at PanAmerican Capital in New York.

Brian D. Swarth (MBA '05), of Brooklyn, NY, was recently married to Rachel Dana Birnbaum. Swarth is Senior Director of Strategy and Business Operations at MTV Networks in New York.

Ellen Winkler (MBA '05), of New York, NY, was recently married to Dennis Lafferty. Winkler was previously an associate at Goldman Sachs in New York where she worked with institutional investors.

Thomas J. Curtin (BS '06), of New York, NY, was recently married to Shannon Leonard. Curtin is an accountant with Archer Capital Management.

Stephanie L. Lee (MBA '06), of Brooklyn, NY, published a working paper titled "Auction-Rate Securities: Bidder's Remorse?" in *Pratt's Journal of Bankruptcy Law*.

Glenn S. Robertelli (MBA '06), of New Brunswick, NJ, was selected as *Entrepreneur Magazine*'s 2008 Emerging Entrpreneur of the Year for his new entrepreneurial venture, ViewGuard.

Brian Skorney (MBA '06), of New York, NY, was recently married to Catherine McGuinn. Skorney is an associate analyzing publicly traded companies in the biotechnology sector with Susquehanna Financial Group.

Manoj K. Thomas (PhD '06), of Ithaca, NY, has been named a Marketing Science Institute Young Scholar. The Marketing Science Institute's biennial Young Scholar Program brings together some of the most promising scholars in marketing and related fields.

Stefanie Lisa Dreiblatt (MBA '07) and **Robert J. Wotton (MBA '07)**, of New York, NY, were married in July of 2008. Dreiblatt is the Senior Manager for Brand Management at The Robert Allen Group. Wotton is Senior Financial Analyst for the consulting and brokerage groups at CBRE. The couple met at NYU Stern.

Lindsay Monihan (MBA '07), of New York, NY, and **Jeffrey Stein (MBA '07),** of Saddle River, NJ, were recently married. Monihan is an associate at JPMorgan Chase working in the municipal bond sales group in the securities division. Stein is an associate at Bank of America's investment bank, working in structured finance in the capital markets strategies group. The couple met at NYU Stern.

Craig A. Rudner (MBA '07), of Ossining, NY, welcomed son, Justin Michael, on June 21, 2008.

Andrea M. Scribner (MBA '07), of New York, NY, was recently married to Ahsim Khan. They both work for Morgan Stanley.

Ellen E. Sheets (MBA '07), of Concord, MA, has been appointed to the position of Chief Medical Officer with Predictive Biosciences, a molecular diagnostics company developing non-invasive diagnostic products for cancer management. Sheets most recently served as Chief Medical Officer and SVP at Hologic Inc., a women's health diagnostics company.

Philip Silverman (MBA '07), of New York, NY, was recently married to Anne Greenberger. Silverman is a founder and the Managing Partner of Kingsview Group, an investment management firm.

Russell J. Weiner (MBA '07), of New Rochelle, NY, has joined Domino's Pizza as Executive Vice President and CMO; he will also serve as a member of its leadership council. Weiner was most recently Vice President of Marketing, Colas, for Pepsi-Cola North America.

Kimberly L. Ballard (MBA '08), of Washington, DC, was recently married to Harley J. McKinley. Ballard is the Operations Manager at the Louis Vuitton store in Chevy Chase, MD.

Ryan D. Fiftal (MBA '08), of New York, NY, was recently married to Nicole Brady. Fiftal is a research associate at Morgan Stanley.

Benjamin R. Maisel (MBA '08), of New York, NY, was recently married to Susan A. Rosenthal. Maisel is Vice President in the credit department at Morgan Stanley in New York.

Emily Powers (MBA '08), of New York, NY, has been appointed Manager, Business Development, at NBC Universal. Previously, Powers was Associate Producer for National Geographic.

David A. Sherman (MBA '08), of New York, NY, was recently married to Wendy Schwan. Sherman is Vice President of Operations in the US asset management unit of Nomura, the Japanese brokerage firm.

In Memoriam

Jack Ogulnick (BS '31)

Elias Karmon (BS '32)

Frederick O. Ferrara (BS '37)

Monroe Seifer (BS '37)

Joseph V. Zeccola (BS '40)

Fred Hricewich (BS '41)

Irving M. Wells (BS '41)

William E. Morris (BS '42)

William Harris (BS '49)

Bernie Brillstein (BS '53)

Francis X. Miller (MBA '56)

Donald R. Levy (MBA '64)

Caroll E. Pennell II (MBA '73)

Douglas F. Meyer (BS '85)

David Margolis *(former member of NYU Stern Board of Overseers)*

Humble Beginnings, Rich Heritage: A Tale of Trinity Place

By **Marilyn Harris**

The $35 million Concourse Project at NYU Stern is well under way, marking another milestone in NYU Stern's history. As the physical and learning environments of key areas of the School undergo their transformation, now is a good time to look back at the rather plainer trappings of an earlier era. From 1921 to 1960, the home of NYU's Graduate School of Business Administration (GBA), as it was called, was the former Trinity Church School building at 90 Trinity Place, close to Wall Street.

On a pure comfort level, those weren't the good old days. Dean Emeritus Abraham L. Gitlow, in his book *New York University's Stern School of Business: A Centennial Retrospective*, reports how former Dean John T. Madden described the premises at Trinity Place in 1937: "A visit to the Wall Street building on any evening from 4:30 to 9:00 pm [classes were evenings only] would reveal the paucity of the facilities for the work accomplished. In fact, it may be said that if the students were not convinced of the value of the instruction which they receive, there would be no other incentive to attend."

Professor Emeritus Ernest Kurnow, who at 96 still teaches three statistics classes each year, began teaching at Trinity Place in 1950. He recalled recently that faculty offices were in the basement, with three or four professors sharing an office and a desk: one drawer per professor. The ventilation was so poor, in the summer, large fans would be whirring away in the back of each classroom, forcing teachers to virtually shout their lessons. The paper-thin walls gave new meaning to the phrase "interdisciplinary," and the building shook regularly as the BMT subway trains passed underneath.

Still, the adversities – and the School's location near Wall Street – had advantages. For faculty, said Kurnow, the close quarters created good morale and engendered fertile discussions and the exchange of ideas leading to meaningful research. Denizens of the basement offices included, among others, such academic giants as Marcus Nadler and Jules Bogen in finance; Peter Drucker, the management guru; W. Edward Deming, whose work in quality control played a large part in the post-war emergence of Japan as a major economic power; and Herman Kroos, an outstanding economic historian.

For its students, according to Gitlow, the School was a vital, productive, and important educational enterprise. Thousands of part-time students, many of whom walked over to Trinity Place after a day's work on Wall Street, earned their MBAs and went on to become leaders of American business.

By the mid-1950s, however, the School realized that its success meant it was time to move on and provide its citizens with an environment more conducive to teaching and learning, and a fundraising campaign was launched. In 1960, nearby Nichols Hall was christened.

The original home of NYU Stern (GBA, as it was then known) – from 1921 to 1960 – was the former Trinity Church School building located on Trinity Place near Wall Street.

The 10-story, fully air-conditioned structure, complete with a two-story library, bookstore, and administrative offices, was a vast improvement. The expansion facilitated the School's adoption of a full-time MBA program, as well as an enhanced doctoral program.

The move uptown, in 1992, affirmed the School's status as a full-time undergraduate and graduate institution. Most important, it created a unified campus that both reflected and reinforced a long-sought sense of community that was hindered by separate campuses and, earlier, by the original part-time nature of GBA.

The Concourse Project renovations – made possible by the generous support of donors, alumni, corporate partners, and friends – promise to bring the Stern campus in line with a reputation for leadership and excellence that has far outpaced its physical plant. Kurnow, for one, who's seen it all over his career, put it this way: "There's no comparison with the old facilities. Now we're in heaven." ■

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

CONCOURSE PROJECT

JOIN US IN "BUILDING" OUR COMMUNITY

We are in the midst of a historic transformation of our campus between now and January 2010. Your support signals to our students – the business leaders of tomorrow – your lifelong commitment to our community.


The future Tisch lobby will open in 2010.

HELP US FILL THE TORCH

Make a gift of $5,000, $10,000, or $25,000 over three years and your name will be permanently displayed on a Concourse donor recognition wall. Contact Amy Lei at 212-998-4161 to learn more.