A Message from the Accounting Chair

by Parveen P. Gupta, LL.B., Ph.D., Professor of Accounting

Dear Lehigh University Accounting Program Alumni and Friends:

I am pleased to present to you the Fall 2010 edition of the Accounting Department’s annual newsletter. You will be delighted to know that in its 2010 annual survey of specialty rankings, Bloomberg’s BusinessWeek ranked Lehigh University’s undergraduate accounting program as #6 in the country. This year marks the fifth anniversary of the specialty rankings, and your undergraduate accounting program has secured a spot in the top ten for four out of the five years. You may access these rankings at the following url: http://www.businessweek.com/interactive_reports/bschools_undergraduate_specialty_rankings_2010_accounting.html. The stellar standing of the undergraduate accounting program in the national rankings is a testament to the quality and rigor of our curriculum, the hard work of our students, the dedication of the Accounting faculty and staff, accomplished and loyal alumni, and committed accounting firms and other corporate partners.

As in the previous years, this newsletter provides you with information and updates on news and exciting activities from the Department of Accounting within the College of Business and Economics at Lehigh University. I thank Gopal Krishnan, Joseph R. Perella and Amy M. Perella Professor of Accounting, for serving as the newsletter’s editor and also for managing its production and coordinating its distribution to you all. KPMG, LLP has graciously covered the cost of composing, printing, and mailing the Fall 2010 newsletter. We are grateful to KPMG, LLP and the other firms that support the departmental newsletter and many other activities at Lehigh. Despite the continuing economic turmoil and financial crisis, accounting undergraduates and M.S. Program graduates continue to be highly sought after by firms from both public accounting and other industries. The Department of Accounting and the University’s Career Services Office work closely throughout the year to help students prepare for externship, internship, and full-time entry-level job opportunities. For example, the Department of Accounting organizes a separate Career Fair and an Accounting Professionalism Conference during each fall semester. Similarly, its two student-run organizations, the Accounting Club and Beta Alpha Psi, invite current and prospective recruiters to Lehigh’s campus through a series of presentations, seminars, and workshops. Events such as these help bring the accounting majors and interested recruiters together in Rauch Business Center, home of the College of Business and Economics (CBE). The recruiting success of Lehigh’s accounting majors is no secret to students enrolling in the CBE. Since 2006, the number of graduating accounting majors has grown by about 28% (from 85 in 2006 to 109 in 2010 with the year 2009 witnessing a peak of 120 undergraduate accounting majors). Many of our students continue to double major, mostly with finance as their second major. Although the undergraduate accounting program is enjoying growth, the M.S. in Accounting and Information Analysis (MSAIA) program, during the same period, graduated an average of 22 students a year. One of the strategic goals of

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the University and the CBE is to grow its portfolio of M.S.-level programs. Consistent with these goals, the Accounting Department and its faculty remain committed to offering and growing a first-rate MSAIA program. The impending implementation of the 150-credit-hour rule in the Commonwealth of Pennsylvania in 2012 and the recent implementation of the same by New York State are expected to be the external drivers of growth. However, in informal polling, more than 50% of the undergraduate accounting majors indicated that they would choose to continue their education in Lehigh’s MSAIA program if the high cost were less of a consideration. Because financial aid and scholarships for graduate programs at Lehigh are severely limited, the high cost of Lehigh tuition hinders MSAIA program access for many Lehigh undergraduate accounting students. Many of these students, who decide not to pursue the MSAIA degree, overload their class schedules and take pass/fail courses as undergraduate accounting majors simply to comply with the 150-credit-hour requirement. This approach significantly compromises their learning experience as undergraduate accounting majors. The need to sustain and nurture the MSAIA program is critical to the continued success and growth of Lehigh’s highly regarded undergraduate accounting program. Our undergraduate program already embraces a rigorous academic schedule of courses; trying to build additional coursework into this four-year program will quickly erode the stature of the existing undergraduate program. Without a first-rate M.S. program in Accounting, prospective undergraduate students may not choose to pursue their undergraduate accounting education at Lehigh, thereby compromising the quality and reputation of the undergraduate program itself.

The 2010–11 academic year marks the 10th anniversary of the MSAIA program, and Professor Heibatollah Sami, Sue and Eugene Mercy, Jr. Professor of Accounting, has been appointed as its new Director effective July 1, 2010. Sami understands these challenges very well. Consistent with Lehigh’s and CBE’s Strategic Plans, he is committed to working with me and CBE’s Graduate Programs Office to further strengthen and grow the MSAIA program. I thank Professor Jim Largay as the outgoing Director of the MSAIA program for his hard work and service during the last three years.

Through extracurricular activities, the department continues the fine tradition of hosting prominent leaders from the accounting and auditing profession. This year students interacted with many such professionals. Noteworthy among them are (1) James L. Kroeker, current SEC Chief Accountant, who visited Lehigh as the sixth Segal Distinguished Speaker to interact with students and faculty in various classes and to deliver a public talk on International Financial Reporting Standards; (2) Lynn Turner, former SEC Chief Accountant, who co-taught with me, for the second year, a one-credit Senior Honors Seminar; (3) Craig C. Olinger, Deputy Chief Accountant in SEC’s Division of Corporation Finance, who spoke on International Financial Reporting Standards and Convergence; and (4) Mitch Cohen, Vice Chairman at PricewaterhouseCoopers, and James P. Liddy, National Managing Partner at KPMG, both of whom spent a day on campus as Executives-in-Residence to interact with faculty and students in and outside of the classes on various issues relating to accounting and auditing. For a complete listing of the guest speakers visiting Lehigh accounting classes see page 12. I thank all the professionals for taking time out of their busy schedules to visit Lehigh to share their “real-life” experiences and perspectives with our students.

Consistent with President Gast’s vision (see page 2 of the Fall 2009 issue of the Alumni Bulletin), accounting faculty engages in thought-leadership research and uses original insights gained from it to enrich their students’ classroom experiences, both in the undergraduate and graduate courses. Faculty also brings recognition to the department, the CBE, and the University by regularly presenting findings of its research at various national and international conferences. Because of their expertise and knowledge of accounting issues, many accounting faculty members are invited to serve as journal editors, manuscript reviewers, board members, and audit committee chairs. Various professional organizations and Lehigh University recognize faculty’s contribution in teaching excellence and research prominence with teaching awards, research fellowships and grants, and named professorships. During the last three academic years the accounting faculty published several research articles in high-quality accounting and business, academic, and professional journals. Likewise, research presentations were made at several national and international conferences. Conducting research and scholarship is an expensive endeavor because of the high cost of acquiring databases, hiring research assistants to help with data collection and analysis, and traveling to various national and international conferences to disseminate the research findings.

You can read more about these activities under “Faculty Activities” and “Faculty Research” in this newsletter as well as at: http://www4.lehigh.edu/business/faculty/accounting.

Three years ago when Dean Paul R. Brown assumed the leadership of the CBE, he announced that growing
CBE’s “faculty engine” is critical to (1) maintaining and enhancing our college’s reputation as a provider of world-class undergraduate business education and niche graduate programs and (2) enhancing the research profile of the CBE by developing faculty that engages in research relevant for theory and practice and that succeeds in integrating research and instruction. To that end, the department welcomes two new full-time, tenure-track faculty members to its ranks. Dr. Xu Li specializes in teaching and researching financial accounting and comes to us with a Ph.D. from Massachusetts Institute of Technology. Dr. Hye Seung (Grace) Lee starts her academic career with Lehigh after recently completing her Ph.D. in Accounting from the University of Arizona. She specializes in the areas of financial and managerial accounting.

I thank the Accounting students, faculty, staff, alumni, friends, and recruiters for their contributions over this past year. Your support and commitment have made it possible for us to achieve this high level of excellence in teaching, research, and service. Given that the University’s and the CBE’s budgets remain under pressure, your Accounting Department needs your financial help and support now more than ever before. Please see “Would You Like to Help?” for more details on how you can support your accounting program, especially the MSAIA program, by making it more affordable for Lehigh’s undergraduate accounting majors.

Please enjoy the rest of this newsletter as you read about numerous Accounting Department activities. As you can see, these activities provide invaluable learning and networking opportunities for our students, alumni, faculty, and staff.

I will continue to update you through the annual newsletter. If you want to chat with me in more detail about any of the activities and articles mentioned in this newsletter, please do not hesitate to call me directly at 610-758-3343 or email me at ppg0@lehigh.edu. I look forward to hearing from you and seeing you at various events.
Faculty Activities and Research

Jay D. Brodish, B.S. (Lehigh University), CPA, Professor of Practice; financial accounting and financial statement analysis, forensics and fraud; jdb366@lehigh.edu. Served PwC for 14 years as a practice partner and later as national director of auditing. In 2001, he was elected to the Board of U.S. Partners of PwC and to the PwC Global Board and served as chief advisor to the China/Hong Kong firm of PwC.


Karen M. Collins, Ph.D. (Virginia Tech), associate professor; financial accounting and introduction to business; kmc0@lehigh.edu. During the fall semester, Karen coordinates the college Introduction to Business course taken by all first-year business majors. In the spring, she teaches Intermediate Accounting. She spent this last year revising her textbook, Exploring Business, which introduces students to business through an integrated case study of Nike. She also began writing principles of accounting text that is scheduled to be published in January 2012.

David M. Folsom, Ph.D. (University of Iowa), assistant professor; financial reporting and managerial accounting; dmf209@lehigh.edu. His research examines how conservatism in financial reporting affects firms’ cost of equity capital and trading liquidity. He is also studying how firm reliance on rules- or principles-based accounting standards influences reporting quality. Another study examining the association between executive incentives to misreport financial information and CEO equity grants has been presented at the BYU Accounting Symposium, the Lone Star Accounting Research Symposium, and Texas Christian University.

Parveen Gupta, Ph.D. (Pennsylvania State University), professor and department chair; corporate governance, financial reporting and audit quality, internal control and risk management; ppg0@lehigh.edu. Published a coauthored article in Journal of Contemporary Accounting and Economics (2009). Three other coauthored papers were presented at the 32nd Annual Congress of the European Accounting Association (2009) and Annual Meetings of the American Accounting Association (2009). Supervised undergraduate accounting major research on “Executive Compensation and Fraud.” Was quoted in media on topics relating to aggressive accounting, SEC and financial disclosures, and executive compensation risks and audits.

James Hall, Ph.D. (Oklahoma State University), associate professor and Bennett Chair; accounting information systems; jah0@lehigh.edu. Codirector of the Computer Science and Business Program. The 7th edition of Jim’s widely adopted text, Accounting Information Systems, was published by South-Western in January 2010.

David J. Hinrichs, MBA (Lehigh University), lecturer; managerial and financial accounting; djh404@lehigh.edu. Dave is a member of the MBA core team and co-teaches Managing Information in the MBA program. Dave also teaches Accounting Information Systems and Introduction to Managerial Accounting in the undergraduate program.

Gopal V. Krishnan, Ph.D. (University of North Texas), CPA, CMA, CA, CISA, Professor and Perella Chair in Accounting; financial reporting, audit quality, governance and earnings management; gok208@lehigh.edu. Articles published or forthcoming in Asia-Pacific Journal of Accounting & Economics, Accounting and Finance, and The Accounting Review. Presented papers at Oklahoma State University, the 16th International Symposium on Audit Research, the 2009 Annual Meeting of the AAA, and the 2010 European Accounting Association.
James A. Largay III, Ph.D. (Cornell University), CPA, professor; financial reporting, financial accounting theory, and statement analysis; jal3@lehigh.edu. Published coauthored articles in The CPA Journal, Business Horizons, Management Accounting Quarterly (Lybrand Silver Medal Award Winner), Research Briefs in Academy of Management Perspectives, and a new coauthored Advanced Accounting text that includes IFRS and many new features.

Hye Seung (Grace) Lee, Ph.D. (University of Arizona), assistant professor; financial reporting/capital markets; hsl210@lehigh.edu. Her research interests are mainly centered on the effects of financial reporting on capital markets. In her dissertation she examines whether debt holders’ demand for accounting conservatism varies with the characteristics of the firm’s debt. Her coauthored paper “The Impact of Operating Leases on Firm Financial and Operating Risk” is forthcoming in the Journal of Accounting, Auditing, and Finance. She teaches financial accounting and previously received the Dean’s Teaching Excellence Award while at Arizona.

Xu Li, Ph.D. (Massachusetts Institute of Technology), CFA, assistant professor; financial accounting; xul310@lehigh.edu. Xu’s research examines information asymmetry’s impact on capital markets. He had papers published in The Accounting Review and in Journal of Accounting and Public Policy in 2010. He also made research presentations at six universities.

Yvonne Y. Lu, Ph.D. (Stanford University), CPA, assistant professor; financial accounting; yyl209@lehigh.edu. Yvonne’s research focuses on understanding management discretion in financial reporting. She presented her research at the 2009 AAA annual meeting. Yvonne teaches intermediate accounting and serves on the College of Business and Economics Strategic Planning Group.

Joseph M. Manzo, MBA (Lehigh University), Professor of Practice; Director of the Rauch Center for Business Communications; jmm6@lehigh.edu. He has worked with Philips Van Heusen, Ann Taylor, Toys R Us, Accenture, and McKinsey & Co and has held positions in Strategic Planning, Information Systems, and Merchandise Planning. He is also the Series Editor and Excel and Access author for the In Business Microsoft Office series, which is published by Pearson.

Jack W. Paul, Ph.D. (Lehigh University), CPA, professor; managerial accounting and auditing; jwp1@lehigh.edu. Currently studying the association between related party transactions and restated financial statements. He recently published an article in The Journal of Corporate Accounting and Finance. Jack teaches managerial accounting.

Marietta Peytcheva, Ph.D. (Rutgers University), CPA, assistant professor; financial accounting; map608@lehigh.edu. Marietta’s research focuses on audit judgment, ethics in accounting, and the effect of principles-based accounting standards on auditors’ decision making. During 2010, she had a paper accepted for publication in Behavioral Research in Accounting and presented her research at the AAA 2010 Auditing Section Mid-Year Conference. She was invited to present her research at the 2010 Deloitte/University of Kansas Auditing Symposium.

Hebatollah Sami, Ph.D. (Louisiana State University), Mercy Professor; financial and international accounting; hes205@lehigh.edu. He had one paper published and one accepted for publication in International Journal of Accounting Auditing and Performance Evaluation and Advances in Investment Analysis and Portfolio Management; presented papers at the 2009 AAA Annual Meeting, 2009 Symposium of the China Journal of Accounting Research, and in 2010, annual Congress of the European Accounting Association; chaired sessions during the 2009 AAA Annual Meeting and the 2010 Annual Congress of the European Accounting Association.
Adjunct Professors

Marty Finegan, MBA (University of Pittsburgh) teaches Consulting Process and Practice in Professional Accounting in the MACC program. Marty is a management consultant in strategy, research and development, operations improvement, and cost and change management and is currently a managing director in KPMG’s Global Services Center. He works on projects supporting the “next generation” of global audit methods and tools.

Robert Duquette, CPA, MBA (University of Maine) teaches Fundamentals of Federal Income Taxation in the undergraduate program and Tax and Business Strategies in the graduate program. Bob is a retired tax partner and practice leader from the Transactions Tax & Mergers and Acquisitions Group at Ernst & Young Philadelphia and Central Pennsylvania.

Kenneth P. Sinclair, Ph.D. (University of Massachusetts), professor and senior advisor to the dean; cost and managerial accounting; kps1@lehigh.edu. Ken coordinates several Department and College activities, including the College AACSB accreditation. The recipient of many teaching and service awards, Ken was honored in 2008 with the Lehigh University Hillman Award for Excellence in Undergraduate Student Advising, the Lehigh University Intrafraternity/Panhellenic Councils Faculty Advisor Award, and the Chi Phi National Congress Chapter Advisor of the Year Award. He serves as Audit Committee Chair of the Board of Directors of Lannett Company, a manufacturer of generic pharmaceuticals.

Kathleen C. Smith, whom many of you will remember, is our Accounting Department academic coordinator. Kathy exemplifies “service first” and is highly skilled at the multitasking needed for that to happen. All her efforts focus on making things work for the benefit of all, and always with a smile. Each of us feels indebted to Kathy for the innumerable courtesies she extends to us daily and for the cumulative effect of her caring and doing over 36 years of dedicated service. In 2006 Kathy received Lehigh’s coveted Traditions of Excellence Award.

Wei (Vicky) Yu, Ph.D. (Georgia Institute of Technology), assistant professor; auditing, financial accounting, and experimental economics; wey208@lehigh.edu. Wei’s research employs experimental and archival approaches to examine the effects of audit quality, corporate governance, and accounting standards on earnings quality. Her research has been presented at the AAA 2010 Auditing Section Mid-Year Conference.
KPMG and PwC Visits Lehigh

On February 2, 2010, Mitch Cohen, PricewaterhouseCoopers's U.S. Strategy Leader and a Vice Chairman, gave an engaging talk on “Why Accounting?”. He also serves as the liaison partner for the firm’s activities with PwC’s China practice. Mitch has been with PwC for 28 years—the last 17 as a partner. From 1998 to 2001 he was based in Budapest, where he led the Technology, InfoComm and Entertainment (TICE) practice for Central and Eastern Europe and Russia. During this time Mitch worked in more than 20 countries, assisting clients with their stock listings in the U.S. and U.K. and advising a number of governments on their privatization efforts. He relocated to New York and in 2001 was appointed Global Leader of the Information/Communications industry practice. In 2005 he became the Global Leader for the TICE practice and served on the Global Leadership Team. Mitch then became the Strategy Leader for the U.S. Assurance practice in 2008 and assumed his current role a year later.

James Liddy, vice chair of audit, KPMG, visited the Accounting Department on February 23, 2010. Until recently he was the national managing partner of audit and succeeds Henry R. Keizer, who was previously announced as deputy chairman and COO of KPMG LLP. As vice chair of audit, Liddy will be a member of the firm’s management committee and lead a team of about 8,000 audit partners and professionals. Previously, he served as the national line of business leader for Financial Services and as a Securities and Exchange Commission reviewing partner, the firm’s designation for its top technical partners. Liddy has also served as an account executive and as global lead partner for some of the world’s largest financial institutions. Liddy joined KPMG in 1981 and was elected to the partnership in 1993. He is a member of the American Institute of Certified Public Accountants and a member of KPMG’s global audit steering group. His talk focused on how to build a successful career and the importance of ethics and integrity.

We sincerely thank Mitch Cohen and James Liddy for sharing their time and expertise with our students and faculty.
Karen Stuckey (B.S. ’75), partner, PricewaterhouseCoopers LLP, and a former member of the Board of Trustees of Lehigh University, was honored in March at the annual Beta Alpha Psi banquet for her long-standing contributions to the Department of Accounting, College of Business and Economics, and the University.

Thank you, Karen, for all your support.
The Department of Accounting hosted the 2010 Inaugural Conference on Financial Reporting, Auditing and Governance in celebration of the 100th Anniversary of the College of Business and Economics. The conference was organized by Professors Gopal Krishnan and Marietta Peytcheva and was held on April 23, 2010. Professor Shyam Sunder, James L. Frank Professor of Accounting, Economics and Finance, School of Management at Yale University, opened the conference with a thought-provoking talk titled “Riding the Accounting Train: From Crisis to Crisis in Eighty Years.”

In the afternoon plenary session, Professor Arnold Wright, Joseph M. Golemme Professor of Accounting at Northeastern University, engaged the participants with a stimulating talk on the fraud triangle entitled, “How Does Rationalization and its Interactions with Pressure and Opportunity Affect Earnings Management?”

Ten research papers on topics such as audit fees, corporate governance, Section 404 of SOX, voluntary disclosure practices of foreign firms, fraud detection, and accounting restatements in municipal entities were selected for presentation out of more than 40 research papers submitted by accounting scholars in the U.S., Canada, Europe, and Hong Kong. Professors Joseph Brazel (North Carolina State University), Keith Jones (George Mason University), and Douglas Prawitt (Brigham Young University) won the Best Paper Award of $3,000 for their paper, “Improving Fraud Detection: Do Auditors React to Abnormal Inconsistencies Between Financial and Nonfinancial Measures?”

One of the highlights of the conference was a panel on the pros and cons of adopting International Financial Reporting Standards (IFRS) featuring Terry Iannaconi, partner, KPMG; Craig Olinger, Deputy Chief Accountant, SEC; and Lynn Turner, former Chief Accountant, SEC. Todd Bialick (B.S. ’95), partner, PwC, moderated the panel discussion.
Faculty Research

Parveen P. Gupta published a coauthored article titled “A Cross Country Comparison of Corporate Governance and Firm Performance: Do Financial Structure and the Legal System Matter?” in *Journal of Contemporary Accounting and Economics* (2009). This article blends the corporate governance and the financial structure/legal system literature streams to study whether firm performance is enhanced when governance structure embodies the demands of the host country’s financial structure and legal system. Using a sample of 1,736 unique firms representing 22 countries, the study finds that the joint effect of a country’s financial structure and legal system does matter when explaining the relationship between performance and the overall level of corporate governance in a given country. The results also suggest that firms operating in the market/common combination countries tend to command higher market valuations than firms with a comparable level of corporate governance that operate in the bank/civil combination countries.

Gopal Krishnan published a coauthored article titled “An Empirical Analysis of Auditor Independence in the Banking Industry” (forthcoming in *The Accounting Review*). This study examines auditor independence in the banking industry by analyzing the relation between fees paid to auditors and the extent of earnings management through loan loss provisions (LLP). It also examines whether this relation differs across large banks whose managements are required under the Federal Deposit Insurance Corporation Improvement Act to evaluate internal control over financial reporting and whose auditors must attest to the effectiveness of such internal controls, and small banks that are not subject to those requirements. The study finds that abnormal auditor fees are unrelated to earnings management for large banks. For small banks, the study finds greater earnings management via under-provisioning of LLP by banks that pay higher abnormal total and nonaudit fees to the auditor. These results suggest that auditor fee dependence on the audit client is associated with earnings management via abnormal LLP and is a potential threat to auditor independence for small banks. The findings are relevant to policymakers contemplating new regulations in light of the recent banking crisis.

Xu Li published a coauthored article titled “The Effect of Disclosures by Management, Analysts, and Business Press on Cost of Capital, Return Volatility, and Analyst Forecasts: A Study Using Content Analysis” in *The Accounting Review* (September 2009). The study finds credibility and timeliness differences in the disclosures by source, which would translate into differential cost of capital effects. In addition, negative disclosures from business press sources result in increased cost of capital and return volatility, and favorable reports from business press reduce the cost of capital and return volatility. The study has implications on firms’ disclosure policy.

Hebatollah Sami coauthored an article titled “Auditor Disaffiliation Program in China and Auditor Independence” in *Auditing: A Journal of Practice & Theory* (May 2009). The study examines whether the disaffiliation program introduced by the Chinese government and the related surveillance by the regulatory bodies that accompanied the act improved auditor independence. The results show that after auditors were disaffiliated from the government, the likelihood of receiving qualified audit opinions for listed companies significantly increased and noncore operating earnings significantly decreased, which points to improved auditor independence and audit quality. The study has policy implications for emerging markets in general and the Chinese markets in particular.

Accounting faculty are pursuing several contemporary issues. Here is a sample of recent articles authored by our faculty:

Accolades and Awards

**Jim Hall**
The Peter E. Bennett Chair (2010–2013)

**David Hinrichs**

**Gopal Krishnan**
Carl R. and Ingeborg Beidleman Research Award (2009-10)

**Yvonne Lu**
The Thomas J. Campbell Professorship (2010–2011)

**Marietta Peytcheva**

**Hebatollah Sami**
Jim Kroeker, the current Chief Accountant of the SEC, visited Lehigh on April 12 and gave a talk on “International Financial Reporting Standards (IFRS): What Will the U.S. Securities and Exchange Commission (SEC) Do Next?”. His talk was supported by the Segal Distinguished Speaker series. Kroeker commented that as capital markets have become increasingly global, U.S. investors have a corresponding increase in international investment opportunities. In 2008, the U.S. Securities and Exchange Commission (SEC) proposed a Roadmap toward requiring U.S. issuers to use the International Financial Reporting Standards (IFRS) as part of its consideration of the role a single set of high-quality accounting standards plays in investor protection and efficient, effective capital formation and allocation. Following on this path, in 2010 the SEC issued a work plan to consider incorporation of IFRS into the financial reporting system for U.S. issuers. It may not be too far in the future when U.S. issuers are able to prepare their financial statements and disclosures in accordance with the IFRS. Jim enlightened students and faculty with his response to a number of questions on the practical implications of transitioning U.S. issuers to the IFRS, and the next steps that the SEC will be taking to make this a reality.

Jim also gave a lecture to students taking the Analysis of Financial Statements course taught by Professor Jay Brodish.

**Guest Speakers**

We thank the following individuals for taking time from their busy schedules to speak before our students on a variety of topics. We strongly believe that professionals, faculty, and students obtain many benefits from interacting and discussing technical issues and the many challenges facing the profession.

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<th>Course</th>
<th>Speaker</th>
<th>Topic</th>
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<td>ACCT 320: Auditing</td>
<td>Thomas Serluck, Partner, KPMG</td>
<td>Risk assessment</td>
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<td>David Gannaway, Director, KPMG Forensic</td>
<td>Fraud detection</td>
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<td>ACCT 315: Intermediate Accounting</td>
<td>Kenneth Krick, Partner, KPMG</td>
<td>IFRS</td>
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<td>Thomas Whittle, Partner, KPMG</td>
<td>IFRS</td>
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<td>BUS 05: Values Based Decision Making for Business</td>
<td>Bennett Schulman, Partner, DTT</td>
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<td>MACC 424: Corporate Governance and Risk Management</td>
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<td>MACC 413: Corporate Financial Reporting</td>
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<td>Thomas Whittle, Partner, KPMG</td>
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Student Awards

Each year we congratulate many of our accounting majors for achievements recognized by the university and professional organizations. These are summarized below.

Meghan Bowen: She is a co-winner of the Class of 1904 Scholarship awarded to a senior on the basis of character, scholarship, qualifications indicating promise of future leadership, and extracurricular activities. Meghan is from Easton, PA, and will be serving as President of the Association of Student Alumni (ASA) for the 2010–11 year. She is also involved in Alpha Gamma Delta and Leadership Lehigh, was an Orientation Leader for 2 years, and is an Admissions Fellow. She will be joining KPMG in the Philadelphia office’s audit practice upon graduation.

Megan Cody: Institute of Management Accountants Senior Award (awarded to a senior who is outstanding in accounting); George B. Lemmon Prize recognizing outstanding academic performance by members of the Eckardt Scholars Program throughout their Lehigh careers; Lehigh University President’s Scholars Award. Megan is from Ridgefield, CT, and is a member of the Beta Alpha Psi and Phi Eta Sigma honor societies. She is a sister of Alpha Chi Omega, where she served as Vice President of Finance during the 2008–09 academic year. She is pursuing CPA certification and will be joining Ernst & Young in New York City in fall 2011. Previously she was a Core Assurance Intern in the Financial Services Office of Ernst & Young. As an Eckardt Scholar she researched the relationship between executive compensation structure and financial statement fraud. She spent a semester abroad in Valencia, Spain, during her sophomore year.

Thomas Dolan: Pennsylvania Institute of Certified Public Accountants Award (awarded to a senior accounting major who is outstanding in academic achievement and leadership). Lindsay is from Branchburg, NJ, and is a member of the Beta Alpha Psi, Phi Eta Sigma, and Beta Gamma Sigma honor societies. She was the recipient of a 2010 President’s Scholarship for academic achievement and has served as a Peer Mentor within the College of Business and Economics, as well as a Residents’ Assistant. She will join KPMG in Short Hills, NJ, this fall.

Kamber Hetrick: Anchin Community Leadership and Teamwork Award. This award recognizes a MSAIA student who exemplifies leadership as demonstrated through community service and/or teamwork initiatives. Kamber is from Newport News, VA, and is a member of Beta Alpha Psi. She earned her B.A. in economics at Harvard University in 2008 and her MSAIA at Lehigh in 2010. She will join PricewaterhouseCoopers in the fall at Florham Park, NJ, as an assurance associate.

Ricky Motschwiller: Institute of Internal Auditors Student Award (awarded to an outstanding senior who is interested in auditing and has a high scholastic standing and qualities of leadership). Ricky is from Rockville Centre, NY, and has served as the Vice President of Beta Alpha Psi, President of the Accounting Club, Chairman of the CBE Student Board of Advisors, and as a brother of Alpha Epsilon Pi. He is being recognized for his continued dedication in organizing information sessions and networking opportunities with distinguished firms that recruit at Lehigh. This summer, Ricky will embark on his career as an associate at PricewaterhouseCoopers in New York.

Paul Zimbardo: Federation of Schools of Accountancy Award (awarded to the outstanding MSAIA student). Paul Zimbardo is a Class of ‘09 graduate of Lehigh University with a double major in Accounting and Finance. Outside of Lehigh Paul has been involved in an entrepreneurial venture with students from Columbia University as the Chief Strategic Officer for Grand Strategy Dynamics, Incorporated. Paul is also a SeekingAlpha Certified Contributor and writes finance and accounting articles for the network. Paul will be working for Grant Thornton LLP in New York City beginning in fall 2010.
Lehigh students excel in KPMG’s Global Case Competition

Congratulations to Michael Pankey, Greg Capece, Lauren Harte, and Tim Young for coming in second place and being selected to compete in the U.S. finals of the Case competition. 

Accounting News
Rauch Business Center was abuzz with activity on Wednesday September 16th, 2009 as accounting students jammed the Galleria for the second annual Accounting Career Fair. The career fair is one component of the career planning support that is provided to our students by the Accounting Department at Lehigh. More than 130 students took advantage of this unique opportunity which culminated in a networking reception where students were able to continue their discussions with representatives of the visiting organizations. Eighteen organizations participated in the event which provides firms with an effective setting for one-on-one discussions with students and provides firms an opportunity to share important insights about the profession and their own organizations with a large number of students.

Anchin, Block & Anchin; Parente Randolph; Beard Miller; Deloitte; Eisner; E &Y; Grant Thornton; Internal Revenue Service; KPMG; Larson Allen; Meisel, Tuteur & Lewis; Merck; Mercadien Group; PwC; Rothstein Kass; The PICPA, Becker CPA Review and the Institute of Internal Auditors.

Career Services at Lehigh partners with the Accounting Department to provide a broad spectrum of support to our accounting students. During the past year, 93 different employers posted 218 employment possibilities for Lehigh accounting students. On campus interviews were conducted by 29 of the firms representing 88 employment opportunities.

### MSAIA Employment Statistics

<table>
<thead>
<tr>
<th>Class of</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Graduated</td>
<td>7</td>
<td>22</td>
<td>22</td>
<td>23</td>
<td>24</td>
<td>19</td>
<td>16</td>
<td>23</td>
<td>28</td>
<td>184</td>
</tr>
<tr>
<td>Seeking employment</td>
<td>7</td>
<td>21</td>
<td>22</td>
<td>22</td>
<td>22</td>
<td>17</td>
<td>16</td>
<td>23</td>
<td>16</td>
<td>166</td>
</tr>
<tr>
<td>Employed at graduation</td>
<td>7</td>
<td>21</td>
<td>20</td>
<td>21</td>
<td>20</td>
<td>17</td>
<td>14</td>
<td>18</td>
<td>16</td>
<td>154</td>
</tr>
</tbody>
</table>

Overall percent employed at graduation (2002–10): 92.8% ( = 154/166).

About 80% joined the Big 4, about 10% joined other CPA firms, and about 10% joined corporations, Wall Street and consulting firms, and government agencies.
Accounting Student Groups (2009–10)

Beta Alpha Psi and the Accounting Club serve our students by arranging with accounting and business firms to present professional and recruiting-related programs. Beta Alpha Psi is open to junior and senior accounting majors who meet its academic requirements, whereas the Accounting Club targets sophomores and juniors but serves all students interested in accounting. Here are the officers and faculty advisors. The email addresses (in parentheses) are all followed by @lehigh.edu.

<table>
<thead>
<tr>
<th>Office</th>
<th>Beta Alpha Psi</th>
<th>Accounting Club</th>
</tr>
</thead>
<tbody>
<tr>
<td>President</td>
<td>Nicole Chin (nmc207)</td>
<td>Kevin Ostroski (kjo211)</td>
</tr>
<tr>
<td>Vice President</td>
<td>Ricky Motschwiller (rsm410)</td>
<td>Scott Silberman (sps211)</td>
</tr>
<tr>
<td>Secretary</td>
<td>NA</td>
<td>Jennifer Waughtel (jlw211)</td>
</tr>
<tr>
<td>Corresponding Secretary</td>
<td>Amy Birkenstock (alb410)</td>
<td>NA</td>
</tr>
<tr>
<td>Reporting Secretary</td>
<td>Kate Poulillo (kap410)</td>
<td>NA</td>
</tr>
<tr>
<td>Treasurer</td>
<td>Nick Tessitore (nat310)</td>
<td>Steve Balter (sib211)</td>
</tr>
<tr>
<td>Editor</td>
<td>Tim DeVaney (tdd210)</td>
<td>Abigail Price (alp311)</td>
</tr>
<tr>
<td>Webmaster</td>
<td>NA</td>
<td>Lindsay Miller (lhm211)</td>
</tr>
<tr>
<td>Faculty Advisor</td>
<td>Karen Collins (kmc0)</td>
<td>Parveen Gupta (ppg0)</td>
</tr>
</tbody>
</table>

Accounting Program Advisory Board Members (2009–10)

The advisory board serves the Accounting Department as an idea generator and sounding board, and works with us on development initiatives and making our case to the university administration.

- Tracy S. Benard ’93, Partner, KPMG LLP
- Len Combs ’92, Partner, PricewaterhouseCoopers LLP
- Cynthia Cooper, President, Cynthia Cooper Consulting, LLC
- Taylor Limbert ’93, Partner, Deloitte & Touche LLP
- Michelle Scaringella ’90, Executive Vice President/CFO, CBS Television Stations
- Stephen Smith ’81, Executive Vice President/CFO, Elizabeth Arden
- Bob Watters ’85, Partner, Ernst & Young LLP
- Janet Williams ’85 (Chair), Vice President Finance, Lens Care Division, Bausch & Lomb
Lehigh Accounting Students Learn from Former SEC Chief Accountant Lynn Turner

During the last two academic years, Lehigh’s accounting majors had the opportunity to study Current Issues in Accounting under the tutelage of former SEC Chief Accountant Lynn Turner. Turner was the chief accountant of the SEC from July 1998 through August 2001. During his tenure, he battled, along with Arthur Levitt, SEC Chairman, with Big Five accounting firms over regulations on auditor independence and with corporate America on earnings management.

The two-week course was offered as a one-credit Senior Honors Seminar to expose students to a variety of contemporary topics such as (1) Politics, Public Policy, and Financial Reporting, (2) Setting of Financial Accounting and Disclosure Standards in the Global Capital Markets, (3) Quality of Independent Audits and Audit Failures, and (4) Customers of the Accounting Profession—Investors—Are They Well Served Today?

As part of this class, students actively participated in discussions with Mr. Turner, who often provoked them with questions about the accounting profession as a whole that they had not thought about earlier. During the discussions, Mr. Turner reminded the Lehigh accounting majors that the job of an auditor is one of—if not the—toughest job in corporate America today because the auditors have to audit and tell the public about the very people who pay them.

Students very much liked the class discussions and the opportunity to interact with Mr. Turner on a one-on-one basis, as he also maintained office hours on the campus during the two weeks of the class to advise students on their final term paper as part of the graded course assignment.

“It was very refreshing to hear the point of view of someone from the regulatory side. As students, we rarely get to hear from people outside of the industry and academia. Hearing the other side really expanded my knowledge about accounting general,” said James McBratney, who graduated from Lehigh in 2009. Adam Taplinger, who graduated in 2010, shared his excitement: “I absolutely enjoyed the discussions and feel as though I have come out of the class with much more knowledge than I had before.” Similarly, Ricky Motschwiller, who also graduated in 2010, wrote in an email to Professor Parveen P. Gupta, Chair of the Accounting Department and the co-instructor for the class with Mr. Turner, “I just wanted to tell you that the classes were very interesting. They were unlike any other accounting class at Lehigh, as they dealt only with current issues from a perspective that I had never seen previously. I am definitely happy that I enrolled.”

Just as Lehigh students were impressed with the class and with their interactions with Mr. Turner, Lynn left with a great deal of positive impression about Lehigh’s Accounting Program and the students in his class.

He wrote in an email to Professor Parveen P. Gupta, “During dinner tonight I had the chance to reflect on last night’s class and lecture on the financial crisis, public policy implications, and legislative reforms. I have made a similar presentation 20 times or so in recent months to some of the best known securities law firms, groups of professional accountants, and others. It was an excellent group of students. It speaks loudly for the students themselves, the University that has attracted such quality students, and the work the faculty has done to-date with those students. I commend you all and cannot wait to get back into the classroom.”

During the academic year 2008-09, Mr. Turner’s visit was part of an endowed Segal Distinguished Lecture Series established to honor William N. and Andrew P. Segal by Mr. and Mrs. Doug Lane and friends.
Gordon Accounting Research Seminar Series

Several accounting scholars have presented their work at Lehigh as part of the Gordon Research Seminar Series. Presentations during the last five years are as follows:

2006
- Suresh Govindaraj, Rutgers University, “Wealth-Robust Intertemporal Incentive Contracts”
- Krishna Kumar, George Washington University, “Auditing and Capital Market Research”
- Jere Francis, University of Missouri-Columbia, “The Private Demand for Audits: The Role of Firm Incentives and Country-Level Factors”
- Stephen A. Zeff, Rice University, “Political Lobbying on Accounting Standards—National and International Experience”
- Gopal Krishnan, George Mason University, “Is There a Relation Between Abnormal Bank Loan Loss Provisions and Fees Paid to the Auditors?”

2007
- Rashad Abdel-Khalik, University of Illinois at Urbana-Champaign, “An Empirical Analysis of CEO Risk Aversion and the Propensity to Smooth Earnings Volatility”
- Steven Balsam, Temple University, “Does Separating the Positions of CEO and Board Chair Enhance Firm Value?”
- Regina Wittenberg-Moerman, University of Pennsylvania, Wharton School, “The Impact of Information Asymmetry on Debt Pricing and Maturity”

2008
- Carol Marquardt, Baruch College, CUNY, “Earnings Dilution, Incentive Compensation, and Capital Structure”

2009
- Gordian Ndubizu, Drexel University, “Earnings Management and Quality of Accounting Amounts in the Rules and Principles-Based Regimes in China”

2010
- C.S. Agnes Cheng, Louisiana State University, “Hedge Fund Intervention and Accounting Conservatism”
Upcoming Events

Annual Accounting Career Fair: September 15, 2010
Third Annual Accounting Career Fair designed to present career opportunities to accounting majors. We expect this career fair to attract about 15 to 20 employers. Contact information: David Hinrichs (djh404@lehigh.edu).

19th Annual Conference on Accounting Professionalism: September 24–25, 2010
This weekend-long conference for junior accounting majors is unique among accounting departments. Students network with business professionals and learn about the importance of professionalism in accounting, career opportunities, and how to improve team building, communication, and leadership skills. Tentative start time for the reception is 5:30 p.m. Contact information: Gopal Krishnan (gok208@lehigh.edu).

New York City Area Accounting Alumni Reception: October 14, 2010
Please join in the fun at the next annual New York City Area Accounting Alumni Reception. About 50 junior accounting students who visited firms in the city during the day will be there. In the evening you can meet these students and reconnect with other New York City area accounting alumni and with faculty. Reception is from 6:30 p.m. to 9:30 p.m. at Ernst & Young 5 Times Square, Corner of 42nd St and Seventh Avenue. Cost is $25 per person. Please RSVP by October 12 and visit http://my-lehigh.lehigh.edu/events. Contact information: Parveen Gupta (ppg0@lehigh.edu, 610-758-3443).

Robert Herz, former Chairman of the Financial Accounting Standards Board (FASB), will visit campus on February 28, 2011.

Past Segal Distinguished Speakers

2004
Trevor Harris, Ph.D., Managing Director, Morgan Stanley
Professor of Accounting, Columbia University

Douglas Carmichael, Ph.D., Chief Auditor and Director of Professional Standards, Public Company Accounting Oversight Board, Washington, D.C.

2005
Cynthia Cooper, 2002 Time Person of the Year; former Vice President, Internal Auditing, MCI; President, Cynthia Cooper Consulting, LLC

2008
Robert Willens, LLC, former KPMG partner, Managing Director at Lehman Brothers

Lynn Turner, former Chief Accountant, United States Securities and Exchange Commission

2010
James Kroeker, Chief Accountant, United States Securities and Exchange Commission
We Need Your Help!

We begin by thanking those who responded to our 2009 appeal for financial support; we appreciate your generosity. The Accounting Department continues to positively impact the professional lives of students and graduates. We take great pride in the fine education and preparation for professional accounting offered at Lehigh. Strong graduate programs and research prominence also characterize the best professional programs. Working with our advisory board, we identified two priorities beyond continuous improvement in the undergraduate program: (1) enhance the faculty research environment and (2) strengthen the M.S. in Accounting and Information Analysis Program. Accounting Department activities, and the university as a whole, benefit from donations by alumni, friends, and employers. Donations add to the university’s budget allocation and help support faculty and course development by funding travel to professional meetings and research conferences, and databases like COMPUSTAT (financial reporting) and CRSP (stock prices). All gifts, large or small, uphold the people and programs that make Lehigh exceptional. In 2004 Lehigh launched the $500 million “Shine Forever” campaign, with a focus on building academic endowment and increasing annual Lehigh Fund giving. (Visit www.lehigh.edu/giving for details.)

Because continued success of our M.S. program is critical to becoming nationally recognized, a priority is to financially support exceptional students in the program who will serve as research assistants (RAs) for faculty members. It now takes $7,500 to fund a half-time RA for 5 hours per week over the academic year. We need your help. Contributions of any amount to the Accounting Department will assist us in becoming nationally recognized, are welcome, and are highly valued.

Designating Gifts
When making a contribution to support Lehigh’s Accounting Department, please designate the gift as “restricted to the Accounting Department” on your check, transmittal letter, or on the form below. If you or your employer (matching gifts) do not indicate “restricted,” the gift will not go to the Accounting Department, and we will not even know about it. Gifts of $1,000 or more are recognized with membership in the University’s Asa Packer Society.

Contribution to the Department of Accounting

Name _____________________________________________ Class Year: BS _________________ MS ________________
Street Address _______________________________________________________________________________________
City, State, ZIP _______________________________________________________________________________________
Total Amount of Gift Restricted to Accounting Department: $ __________________________________
Designated for: Faculty Development: $ ________ M.S. Program: $ ________ General Dept. Needs: $ ________
Name of employer for Matching Gift ______________________________________________________________________
Employer Address ____________________________________________________________________________________
Check Enclosed? _____ If not, expected date of payment ______________________________________________________
Credit Card: MC ______________ VISA ______________ Card Number __________________________
Expiration Date _____________________________ Name on Card _____________________________________________
Signature ___________________________________________________________________________________________

Again, Thank You Very Much—Your Gift Is Greatly Appreciated!
We’d Like to Hear from You:

Please take a minute to update us on your activities. You may send your information via email, fax, or mail to:

Professor Gopal Krishnan, Editor, Newsletter
Lehigh University
Department of Accounting
Rauch Business Center
621 Taylor Street
Bethlehem, PA 18015-3117
Email: (gok208@lehigh.edu); Fax: 610-758-5992

Name___________________________________________________________________________________________________

Email or snail mail address:___________________________________________________________________________________

News about you and your professional work:_____________________________________________________________________
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Any other comments you wish to share: _________________________________________________________________________
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