As chairperson of Lehigh’s Accounting Department, I am very pleased to be a part of the second issue of this annual newsletter. It begins with the exciting news from the Business Week ranking of undergraduate business programs, discussed in more detail below.

We thank Jim Largay for preparing this newsletter and KPMG LLP for covering composition, printing and mailing costs. My comments and the articles that follow give you a sense of what happened in the 2005-2006 academic year to ensure the continued success of your Accounting Department’s programs. The newsletter also mentions upcoming events in which you may wish to participate.

**Business Week Ranking.** The May 8, 2006 issue of Business Week magazine included its first-ever ranking of undergraduate business programs. Business Week’s methodology placed Lehigh University’s College of Business and Economics undergraduate business program at #18 in the United States! This ranking is particularly significant because it reflects quantitative measures of academic quality, student and recruiter impressions, starting salary and other factors, instead of being based on perceptions of faculty and deans.

Business Week bases its ranking, in part, on surveys of more than 100,000 business students and 2,000 recruiters, and consists of five parts: student survey (30 percent); recruiter survey (20 percent); starting salaries (10 percent); MBA feeder schools (10 percent); and academic quality (30 percent). The academic quality measure incorporates five unique measures of program quality and student engagement, and is weighted as heavily as the student survey. Please visit bwnt.businessweek.com/bschools/undergraduate/06rankings/ for more details.

Your Accounting Department is proud of the overall 18th place ranking and is particularly pleased by these comments about the accounting program, the first of which appeared in the ranking itself:

- “New financial services lab and strong accounting program are impressive, but recruiting is too accounting-focused.”
- “The accounting department is unbelievable at Lehigh. The accounting major is given every opportunity in the book to network.”
- “The accounting department has an annual accounting conference where they bring in firms to meet with students and recruit them. Lehigh makes very good efforts at connecting us with firms and alumni who will help us when we graduate.”
- “The accounting program at Lehigh is one of the highest respected, if not the highest respected, university by the Big 4 accounting firms. The education that we receive is superior to most kids graduating from any other 4-year college or university. They prepare us to the best of their ability and the Lehigh network of business professionals is outstanding.”

When surveyed students assigned a letter grade to the business subjects they were taught, accounting at Lehigh scored higher than the average of the top 10 ranked UG business programs.

**Improving Communications with Alumni.** Lehigh accounting alumni have been as loyal and proud of their degree as any group on campus. In fact, whenever they are called upon to participate in a professional program at Lehigh, they rarely refuse. They are constantly returning to campus for Accounting Department events, including the annual Accounting Conference, Accounting Club and Beta Alpha Psi events, and recruiting activities.

Nevertheless, Accounting faculty and our Accounting Advisory Board decided to do more to communicate with alumni. Thus in August 2005 the department mailed its first departmental newsletter to over 3,100 Lehigh accounting alumni around the world. We thank Ernst & Young LLP for financing the 2005 newsletter. You will be pleased to learn, as we were, that Lehigh’s Accounting Department is the first department in the College of Business and Economics and one of a very few departments across the University to publish a newsletter. As
expected, the newsletter was very well received. We plan to issue our newsletter at least annually.

Another first was this year’s Accounting Alumni Reception at PricewaterhouseCoopers’ office in New York. Virtually the entire accounting faculty and approximately 50 junior accounting majors, who visited firms in the city during the day, joined approximately 120 Lehigh accounting alumni. The reception also was a major success, and like the newsletter, we plan to make the alumni reception an annual event. The upcoming alumni reception will be at Ernst & Young’s office in New York on Wednesday, October 25, 2006. We hope to see you there.

Undergraduate Curriculum. The new accounting major, with three alternative concentrations, now applies to all accounting majors entering their senior year. The results of the new program are terrific from an educational and marketing perspective:

• It makes the solid core of accounting, which we believe is a terrific background for many business school students, attractive to more students. The experience so far suggests that the new major attracts more students to accounting. In the past two years the number of new accounting majors increased 20 percent to approximately 100 students.

• It allows students to build upon the core background with concentrations designed to accommodate different employment interests. Many students interested in financial services now major in accounting, including some finance majors that double major to acquire the accounting skills that make them more effective and more marketable.

• By offering opportunities for new course development, it creates opportunities for faculty growth and improved student educational experiences. The classroom experience has improved with the addition of students with different backgrounds. Students with a finance background, and Computer Science and Business majors, are taking more accounting courses. Moreover, we have a new course in Analysis of Financial Statements, taught by Jim Largay, which is particularly appropriate for students interested in financial services.

Masters Degree Program. Now completing its fifth year, the M.S. in Accounting and Information Analysis (MSAIA) program graduated 24 students in 2006. Placement is virtually 100 percent. Professor Parveen Gupta’s MSAIA course, Corporate Governance and Business Risk, received the American Accounting Association’s annual Innovation in Accounting Education Award in San Francisco at the association’s 2005 annual meeting. See the related articles below.

Extracurricular Activities. Both the Accounting Club and Beta Alpha Psi continued during this academic year to offer a number of activities. The Accounting Club catered more to sophomores and juniors, introducing students to sources of employment with field trips and other activities. Our chapter of Beta Alpha Psi, the accounting honor society, brought professionals to campus to speak on important technical topics. A major annual department initiative, our one-of-a-kind “Conference on Accounting Professionalism,” was held for the 14th year. The weekend-long Accounting Conference is a hallmark student activity that addresses the accounting profession and brings students, faculty, and professionals together. The William N. Segal & Andrew P. Segal Endowed Accounting Speaker Series brought to campus Cynthia Cooper, well-known for her role in uncovering fraud at WorldCom—to date the largest fraud in history. Named Time Magazine’s 2002 “Person of the Year”, she is the president of Cynthia Cooper Consulting. Ms. Cooper interacted with faculty and students, and lectured in various classes. For the fifth consecutive year the Becker CPA Review program was offered on campus during the spring semester, with 53 students participating.

Placement, Internships and Leadership Programs. The results continue to be outstanding, as placement for accounting majors nears 100 percent. In the latest University Undergraduate Placement Report, Class of 2005, the Big 4 CPA firms were the four top recruiters at Lehigh. And the top 25 recruiters included financial services firms: Merrill Lynch, JP Morgan Chase, Deutsche Bank, Goldman Sachs, and Lehman Brothers; industrial firms: IBM, Ingersoll-Rand, Johnson & Johnson; and consulting firms: Navigant Consulting and Huron Consulting, all of which actively recruit Lehigh’s accounting majors. Many junior accounting majors obtain well-paid summer internship programs that lead to employment upon graduation. A somewhat new phenomenon for sophomores are summer leadership programs in which CPA firms expose students on-site and at clients to opportunities in accounting. Firms now formally interview Lehigh students on campus for these nonpaying leadership positions that typically lead to internships.

Continued on page 3
Faculty Additions. The department is very pleased that two tenure-track faculty with strong research credentials, Professor Heibatollah Sami and Assistant Professor Erin Moore, joined us in Fall 2005. The Department also added David Hinrichs, a very capable full-time lecturer. During the 2005-2006 academic year, a thorough process to generate a highly qualified, diverse pool of candidates enabled us to hire William Zhang, a new Ph.D. from the University of California–Irvine. Professor Zhang joins Lehigh’s Accounting Department in Fall 2006. He is an empirical capital markets researcher with great potential, and will oversee the auditing area that was previously headed up by an adjunct professor.

What’s Inside. This newsletter includes these features:
- Tauck Scholar Interns in London
- 2005-2006 Faculty Activities and Research
- Celebrating Five Years of Our MSAIA Program
- Accounting Majors Dominate Sorority Leadership
- More on Masters Program Course That Received National Award
- Student Club Officers and Advisory Board Members
- An Alumnus Reflects on Lehigh’s Accounting Program
- Upcoming Events and Participation Information
- Would You Like to Help?

Tauck Scholar Interns in London
By Matt Wisser (BS May 2006, MSAIA expected May 2007)

Last summer I received a wonderful opportunity to work abroad with PricewaterhouseCoopers. Accounting students who completed their junior year often find themselves working as interns during the summer with a firm and regional location of their choice. However, through the CBE’s Tauck Scholarship program, with the assistance of the Accounting Department, I was able to intern for two months with PwC in London, England. This produced the most exciting summer of my life.

The Tauck Scholarship allows four students in the CBE to work with faculty to obtain an international internship in a city of their choice, with all expenses paid for by the scholarship. Once I was notified of my selection as one of the four recipients, Accounting Department Chair Ken Sinclair eagerly helped me to find an internship. After telling him that I preferred to work with PwC in London, he made a few phone calls and within a week, I was contacted by a recruiter from the London office who accepted me into the program and provided me with all the relevant details to ensure that I would have an enjoyable and productive time during my stay in the United Kingdom.

Because I had never traveled by myself outside of the United States, let alone lived in another country, I was a bit timid about the whole experience that lay ahead of me. Fortunately, two other Tauck Scholar recipients were also working in London, which helped alleviate some of the uncertainty produced by my new surroundings. Additionally, I met a great group of people living in my residence building, with whom I still keep in touch today. They helped me get acquainted with the city and made me feel right at home. With the handful of people I had with me, I took advantage of my time spent abroad by doing various things, such as exploring the magnificent landmarks of London’s enduring royalty, attending plays and musicals in the lavish theatres, and visiting areas outside of the city such as Paris and the English countryside.

I also had a great time working with PwC during my two-month stay. My associates and supervisors willingly went the extra mile to help me understand the work I was doing, and its significance to the entire project. The work was challenging at times, but this only led to satisfaction once I completed it. I also got to know some of my fellow interns by working with them in the office and by socializing with them at out-of-office events. The people I became friends with were really one of the highlights during my stay in London. I truly appreciate the opportunity that was given to me, as I had a great summer filled with learning, fun, and meeting new people each and every day.
2005-2006 Faculty Activities and Research

Karen M. Collins, Ph.D. (Virginia Polytechnic Institute), CPA, Associate Professor; financial accounting; kmc06@lehigh.edu; teaches Intermediate Accounting and coordinates the college’s freshman-level Introduction to Business course; students gain a perspective on business by studying Nike and developing a business plan for a fictitious company; received an Innovation in Teaching Award for the course from the Middle Atlantic Association of Colleges of Business Administration; Karen wrote an Introduction to Business textbook for Prentice-Hall, to be released in January 2007.

Paul N. Gordon, MBA (University of Wisconsin), CPA, Professor of Practice; financial accounting, consulting; png3@lehigh.edu; serves as the Accounting Department representative on the CBE’s Undergraduate Core Curriculum Committee and coordinated the multi-section introductory financial accounting course (Accounting 151) in Fall 2005.


James A. Hall, Ph.D. (Oklahoma State University), Associate Professor; accounting information systems; jah0@lehigh.edu; Co-director of Computer Science and Business program.

David J. Hinrichs, MS in Management of Technology (Lehigh University), Lecturer; financial and managerial accounting; dih404@lehigh.edu; served as faculty advisor to the eight teams of Lehigh students participating in PricewaterhouseCoopers’ “xACT” case study competition in Fall 2005, displaying their practical knowledge and presentation skills; coped with creative team names such as the FIFO Five, Accounting Legionnaires, and The Price and His Ladies (?).


Stephen L. Liedtka, Ph.D. (University of Maryland), CPA, Assistant Professor; federal income taxation; sll7@lehigh.edu; published research studies in the Journal of Management Information Systems (with Jim Hall) and Cost Management, and has articles accepted and forthcoming in Communications of the ACM (with Jim Hall) and Computers and Operations Research; Steve’s research with Jim Hall has been praised for being the first to establish a relationship between managerial self-interest and IT outsourcing decisions.

Erin A. Moore, Ph.D. (University of Massachusetts), CPA, Assistant Professor; financial accounting; eam205@lehigh.edu; presented her work on managerial discretion and pension accounting at the Northeast Regional American Accounting Association Meeting in April 2006 and the AAA's National Meeting in August 2006; her coauthored research study, “Evaluating the Robustness of Market Anomaly Evidence,” was accepted and is forthcoming in Advances in Quantitative Analysis of Finance and Accounting.

Jack W. Paul, Ph.D. (Lehigh University), CPA, Professor; managerial accounting and auditing; jwp1@lehigh.edu; Director of M.S. in Accounting and Information Systems program; maintains an active CPA license in Florida and membership in the AICPA and AAA; recent publications include “Implementing PCAOB Auditing Standard 2 on Audits of Internal Control,” The CPA Journal (May 2005) and “Does the ‘Management Approach’ Contribute to Segment Reporting Transparency?” (with Jim Largay), Business Horizons, July/August 2005.

Heibatollah Sami, Ph.D. (Louisiana State University), Mercy Professor; financial accounting; hes205@lehigh.edu; published in Auditing: A Journal of Practice & Theory, November 2005; presented papers at the 2005 Annual Meeting of the AAA, the 2006 Journal of Contemporary Accounting and Economics Symposium, the 2006 Annual Congress of the European Accounting Association, and the 2006 British Accounting Association Annual Conference; editorial board service for Advances in Accounting and Gadjah Mada International Journal of Business; served on the AAA Financial Accounting and Reporting Section’s Best Dissertation Award Committee.

Kenneth P. Sinclair, Ph.D. (University of Massachusetts), Professor and Department Chair; cost and managerial accounting; kps1@lehigh.edu; had a busy year serving as department chair, teaching cost accounting and directing the re-accreditation efforts of the Accounting Department and the College of Business and Economics; the recipient of several teaching and service awards, the University honored Ken this year with Lehigh’s Robert and Christine Staub Faculty Award; joined the Board of Directors of Lannett Company, a manufacturer of generic pharmaceuticals, and serves as Chair of the Audit Committee.

William Sanjian Zhang, Ph.D. (University of California at Irvine), Assistant Professor; auditing and financial accounting; wsz206@lehigh.edu; presented “Tightening Credit Standards: Fact or Fiction?” (with Charles Shi and Phillipe Jorion) at the 2005 AAA Annual Meeting and at three other conferences; Bill teaches our undergraduate auditing courses.
Celebrating Five Years of our M.S. in Accounting and Information Analysis (MSAIA) Program

In May 2006 we celebrated the fifth graduating class of our innovative M.S. in Accounting and Information Analysis (MSAIA) program as 24 masters students received their diplomas. These students started the program early in August 2005 with Professional Issues in Accounting, an introductory course consisting of three “skill-set” modules—(1) case analysis, (2) negotiation, and (3) ethics—given in three consecutive Friday-Saturday sessions. This format frees up a time slot during the academic year that enables students to take a CPA review course and allows summer internships or other full-time work.

Students take three core courses in the fall: Information Systems Auditing, Consulting, and Corporate Governance and Business Risk. In the spring, they take The Corporate Financial Reporting Environment, and Analyzing Accounting Information for Management and Business Solutions. Each of the six core courses augments the students’ repertoire of skills and provides a wealth of knowledge for the long haul, consistent with our intent to add long-term value not obtainable from firm training programs or from many university-level evening programs. The courses use case studies to integrate accounting skills and business knowledge essential to professional success and appreciation of the broader context. Four business electives round out students’ programs.

**Class Composition.** Table 1 reports the composition of the Class of 2005-06. Twenty-four students graduated in May and four took background courses. Moreover, Table 1 shows the many undergraduate majors represented—only slightly more than half are undergraduate accounting majors. This diversity adds considerable richness to the MSAIA educational experience because students from other majors and backgrounds introduce a variety of viewpoints in class. The flavor of the program is also enhanced because nearly half of the students are not Lehigh undergraduates, thus more variety.

**Employment.** There is a high demand for our students. By graduation, typically 95 percent are employed. Table 2 summarizes five years of employment statistics. Although a large majority of students join public accounting firms, primarily the Big 4, a significant number of students go to work at larger regional firms. Fortuitously, we found a niche for our international students. Many of these students find employment with firms that need employees with bilingual skills. These firms often have clients whose native language is not English, providing a ready market for our bilingual graduates. One student, whose native language is Japanese, went to work in a Big 4 office having Honda as a client. In addition to public accounting, we also placed students in investment banking and private corporations.

**Research Assistants.** The generosity of KPMG alumni enables the program to provide a small number of research assistantships (RAs) to MSAIA students. With research becoming more important at Lehigh, RAs prove to be invaluable resources in helping accounting faculty increase their research productivity, primarily by collecting and analyzing data. Research assistants are an absolute necessity in any research environment because they help faculty and are instrumental in attracting research-active accounting faculty, such as Heibatollah Sami, who joined us in 2005.
The Future. As we look ahead to 2007 and beyond, we expect the number of MSAIA applicants to increase somewhat as New York and Pennsylvania implement their 150-hour educational requirements. However, except for the financial aid provided by the KPMG funding, we are unable to match the scholarships and tuition reductions offered by our competitor schools. We are working to obtain more outside funding for scholarships and additional research assistants that will attract increasing numbers of highly talented students.

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Accounting Majors Dominate Sorority Leadership

By Marissa Tringali (BS expected May 2007)

Leadership has always been a characteristic that defines Lehigh accounting majors. But in 2006, this characteristic is more prominent than ever.

Currently there are eight sororities at Lehigh, all of which are self-governed. Presidents are responsible for numerous tasks, including keeping in close contact with their sorority’s national organization, maintaining good relations with the University, and assuring that members abide by and fulfill university and national obligations. So you must be asking yourself, “What on earth does this have to do with accounting?”

Believe it or not, six of the eight sororities on campus are led by accounting students! Even though there are more than 60 majors offered at Lehigh, 75 percent of sorority presidents come from one major: accounting. It seems that accounting students have taken the women’s Greek leadership scene by storm.

All six of these sorority presidents have already either secured an internship, were accepted to a study abroad program, or found another significant summer opportunity. Mary Rita Bustin, president of Alpha Omicron Pi, noted, “Having such an enormous leadership position gave me something to talk about during interviews. Almost every recruiter asked me about my position as sorority president.” Mary worked this summer (2006) at Deutsche Bank. Danielle Trifiolis, president of Delta Gamma, added, “Having this on my resume has been invaluable. I have been able to demonstrate during interviews that I possess qualities other than strong academics.” She interned at Ernst & Young in the summer of 2006.

Other sorority presidents, including Aileen Sobaru (Alpha Chi Omega), Marissa Tringali (Pi Beta Phi), and Lauren Hopkins (Alpha Phi), interned at Ernst & Young, PricewaterhouseCoopers, and Huron Consulting, respectively. Gamma Phi Beta president Karilyn Anderson was selected to be a Tauck Scholar this year, a prestigious opportunity to obtain a summer internship at PricewaterhouseCoopers in London. (See Matt Wisser’s article in this newsletter, “Tauck Scholar Interns in London.”)

All in all, Lehigh’s accounting students are signaling they have much more to offer than their intelligence and professional skills. In fact, these women consistently demonstrate to their accounting professors and to their peers that they possess in abundance the qualities that will take them far in life: determination, intelligence, and leadership.

MSAIA
Continued from page 5
More on Masters Program Course That Received National Award

Passage of the Sarbanes-Oxley Act of 2002 changed the structure and process of corporate governance for public companies in the United States. The roles and responsibilities of executives, corporate directors, and assurance professionals also changed. In Lehigh’s M.S. in Accounting and Information Analysis (MSAIA) program, Professor Parveen Gupta’s Corporate Governance and Business Risk course (MACC 424) addresses the new environment in unique ways. The 2005 issue of Department of Accounting News mentioned that the course received the coveted American Accounting Association 2005 Innovation in Accounting Education Award.

This annual award recognizes innovative coursework that demonstrates unique educational benefits and is adaptable by other educational institutions or to other situations. Previous recipients of the award include such national figures as Robin Cooper of Emory University, James Loebbecke, former Touche Ross partner and University of Utah professor, Gary Holstrum, Associate Chief Auditor and Director of Research at the Public Company Accounting Oversight Board (created by the Sarbanes-Oxley Act), and Andrew Bailey, Jr., former Deputy Chief Accountant in the Office of the Chief Accountant, U.S. Securities and Exchange Commission.

Employing innovative content and pedagogy, this award-winning course integrates ethics, corporate governance, business risk and internal control to help students understand how these components affect the integrity of corporate financial reporting. Because ethical behavior is the foundation for good governance and functions as a soft control to mitigate the risks of misstated financial statements, the course begins by discussing values and ethical decision making.

- Students use case studies to learn how to make principle-based choices, and become aware that every decision or choice made has consequences.

The Parable of Sadhu case demonstrates that moral dilemmas abound and that professionals cannot avoid them. The first step in grasping the moral dilemma involves clearly understanding the situation through one’s own eyes, and not relying on others’ accounts of the facts and pressures. Anonymous voting technology captures students’ responses to the various case questions, ensuring that students fearlessly debate and discuss a wide spectrum of choices and opinions. Cases expose students to the ethics of the individual professional, corporate ethics in a capitalistic system, and the ethics of the capitalistic system itself. Students recognize that as assurance professionals the “shareholder” is their client, and their very important work facilitates efficient capital allocation in U.S. capital markets.

- Students then examine corporate governance under various theoretical frameworks such as the agency theory, transaction cost theory and stakeholder perspectives.

Students learn the conflicts that each perspective presents and recognize the incentives that motivate organizational participants to act or not to act in ethical ways. Students also learn the role of the board committees that act as checks on senior management and contribute to the long-term well-being of an organization.

- Topics such as executive compensation are co-taught with a former CEO of a small local company.

We contrast his perspective on corporate governance and his compensation package with those of “Chainsaw” Al Dunlap at Sunbeam. This comparison helps students understand how senior executive teams’ obsession with share price maximization can lead to dysfunctional behavior and corporate governance system breakdowns. Videotapes on notorious fraudulent financial reporting scandals, such as Pharmor and WorldCom, enable student groups to dissect the governance breakdowns in these failures. We also stress the Sarbanes-Oxley Act (2002), and the growing influence of audit committees on the veracity of public companies’ financial reporting.

- Students then tackle issues related to enterprise-wide risk management.

One critical component of good governance is being confident that the board of directors has a clear understanding of the risk profile of their organization. Without completely understanding the risk portfolio retained by their company, the board cannot maximize shareholder value. When there is excessive retained risk, sub-par performance eventually creates temptations for fraudulent financial reporting. Students master risk management in two concurrent ways. In the classroom they learn to identify, measure, analyze and prioritize business risks in real-life case studies like the Titanic and Canadian Canoe tragedies. Students find that understanding the primary and core activities of a business helps them learn how to prioritize various risks, because every entity operates with a limited set of resources.

- As we develop these skills in the classroom, students concurrently work in teams on a “real-life” company from the Lehigh Valley area and conduct a “live” risk assessment.

MSAIA students have provided business strategy and risk assessment services to more than two dozen small- and medium-size companies. These field projects provide a real-life environment for them to practice skills learned in the classroom. The projects also offer students the opportu-
nity to sharpen soft skills in project management, oral communication, writing, time management, and the like. Feedback from clients has been extremely positive on the work that our MSAIA student teams performed under Professor Gupta’s close supervision.

The course concludes with an introduction to control models, including the COSO 1992 and the ERM models issued by the Committee of the Sponsoring Organizations (COSO) of the Treadway Commission that investigated fraudulent financial reporting. Students learn to link the controls to the risks faced by an organization and use various risk models to ensure that as an assurance or consulting professional they completely map the risks.

Accounting Student Group Officers in 2006-2007

Beta Alpha Psi (the accounting honor society) and the Accounting Club serve our students by arranging with various firms to present professional and recruiting-related programs. Beta Alpha Psi is open to junior and senior accounting majors who meet certain academic requirements, while the Accounting Club targets sophomores and juniors but serves all students interested in accounting. Here are the 2006-2007 officers and faculty advisors of these groups (email addresses in parentheses; all followed by @lehigh.edu).

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<tr>
<th>Office</th>
<th>Beta Alpha Psi</th>
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<td>Sheri Uslander (shu3)</td>
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<td>Janice Archibald (jla304)</td>
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<td>Ashley Rifkin (acr6)</td>
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<td>Jenna Richman (jlr)</td>
<td>Chris Shane (ems204)</td>
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<td>Editor</td>
<td>Alison Uhlik (aeu2)</td>
<td>Tess Wilson (tew3)</td>
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<td>Webmaster</td>
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<td>Courtney Smith (cos204)</td>
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<td>Faculty Advisor</td>
<td>Karen Collins (kmc0)</td>
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Accounting Program Advisory Board Members in 2006-2007

Formed several years ago, the Advisory Board serves as a sounding board and idea generator for the Accounting Department, and works with us on development initiatives and in making our case to the Lehigh University administration. Here are the current members.

Timothy Armstrong ’91  Vice President/Accounting Policy, Freddie Mac
Allan Frank ’76          President, Answerthink, Inc.
Christopher Lovasz ’94  Senior Manager, Deloitte & Touche LLP
David Martin ’69         Partner, KPMG LLP
Robert Parry ’79         Professor of Accounting, Indiana University (Bloomington, IN)
Sarat Sethi ’92 (Chair)  Portfolio Manager/Equity Analyst, Douglas C. Lane & Associates
Stephen Smith ’81        Executive Vice President/CFO, Elizabeth Arden
Bob Watters ’85          Partner, Ernst & Young LLP
Griffith Welton ’88      Partner, PricewaterhouseCoopers LLP
Janet Williams ’85       Personal Products Co. Franchise Controller, Johnson & Johnson Consumer Products Co.
An Alumnus Reflects on Lehigh’s Accounting Program

It’s “All in the Cards” for this hugely successful Lehigh alum, who took the road less traveled. Joe Rubin ’81, majored in accounting and finance. Unlike many of his contemporaries who also devoted their entire careers to the accounting profession, Joe never sat for the CPA exam and never provided auditing or accounting services. Instead, he earned his MBA from The Wharton School and joined the consulting and advisory services practice at Kenneth Leventhal & Company, the leading firm focused on the real estate industry. Joe became a partner at Leventhal in 1992 and, after Leventhal merged with Ernst & Young in 1995, Joe continues to serve clients, taking on various leadership roles in the real estate advisory practice while working at the firm’s headquarters building in New York City.

During his years at Leventhal and Ernst & Young, Joe designed strategies, organizational structures and business processes to improve the efficiency and profitability of real estate operations, and performed due diligence to support his client’s transactions. He believes that accounting provides a discipline that serves him well in his many finance-related activities. In particular, his Lehigh accounting training helps him to approach due diligence engagements with his eyes wide open and to apply the “smell test.” Joe’s role in the firm enables him to advise a wide range of real estate industry participants including REITs, private real estate owners, home-builders, lenders, service firms and government agencies. In addition to strategic planning and business process improvement, his work includes identifying the risks and opportunities of all types of real estate transactions, including debt and equity financing, and mergers and acquisitions. Joe also has extensive experience in commercial mortgage finance, specializing in credit analysis and due diligence for the industry’s leading lenders.

Joe’s professional accomplishments include leading the team that authored the Resolution Trust Corporation’s Asset Due Diligence Manual that set the standard for real estate transaction due diligence and the valuation of non-performing loans. He was a pioneer in the commercial mortgage-backed securities industry and sits on the board of the Commercial Mortgage Securities Association. More recently, he penned the landmark study, The Impact of Operational Efficiency on Profitability: A White Paper for the Commercial Mortgage Lending Industry.

Joe traces his interest in accounting to his first Lehigh accounting course, taught in an engaging and enthusiastic manner by Emeritus Professor Jim Hobbs. Today, when we stress the importance of good teaching and positive instructor/student relationships at Lehigh, we mirror Joe’s view about the importance of the instructor in the educational process. Looking ahead, even with the dramatic changes in the accounting profession brought on by several major corporate scandals, and the Congressional response in the Sarbanes-Oxley Act of 2002, Joe remains positive about the future of professional accounting. He believes that although these changes caused much anxiety in the marketplace, the new rules on advisory services in accounting firms improved engagement discipline and enhanced the quality of work. Joe states that “now the work product and the quality control are even more rigorous.” His advice to others in the transaction world is to “always focus on quality work, always bring value to a client and be willing in transactions to say ‘no, you shouldn’t do this.’ ”

Joe still adheres to the basic principles instilled in him during his days at Lehigh, working with professors and serving as a student representative on the Board of Trustees. On the Board he had the opportunity to meet and learn from corporate business leaders. Joe says, “You must always focus on the facts of the transaction and bring honesty and integrity to whatever you do.”

One of Joe’s fondest Lehigh memories was Halloween in 1978, when he and 54 housemates donned elaborate hand-painted placards and became a human deck of cards complete with jokers and the instruction card. “Making the costumes and shuffling around the Hill was my first real lesson in teamwork,” he says. Although Joe’s travels kept him from his 25-year LU reunion, he strives to support Lehigh in every way he can. Joe lives in Manhattan with his wife, Corinne, and his two daughters, Rebecca and Alyssa. You can reach Joe Rubin at joseph.rubin@ey.com.
Mission of the Lehigh University Accounting Program

Recognizing the importance of accounting information to the efficient allocation of resources in the American economy, the mission of Lehigh’s Accounting Program is:

*To provide rigorous accounting education that prepares high-quality undergraduate and graduate students with diverse backgrounds for lifelong learning and positions of leadership in the business community, and to emphasize faculty research efforts that contribute to the body of knowledge in accounting.*

Consistent with the mission of the College of Business and Economics and Lehigh University, the mission of the Accounting Program is offered with the intent of being recognized as one of a select group of programs in the United States where an educational experience of the highest possible quality is obtainable in pursuit of applicable professional requirements.

Upcoming Events

**Accounting Department Research Series: Friday, September 15, 2006**
The Fall semester presenter is **Stephen A. Zeff**, the Herbert S. Autrey Professor of Accounting at Rice University. A polished and energetic speaker, Steve’s knowledge of the public accounting profession and the influence of politics on accounting standard-setting may be unsurpassed. He largely developed the “economic consequences” literature that examines why accounting information not accompanied by direct cash flow effects can affect security prices. The paper Steve will present is “Political Lobbying on Accounting Standards—National and International Experience.” Tentative start time is 11:00 am.

*You are invited to the Friday, September 15 presentation.*
Contact information: Kathy Smith (kcs0@lehigh.edu, 610.758.3451)

**15th Annual Conference on Accounting Professionalism: October 13-14, 2006**
This weekend-long conference for junior accounting majors is unique among accounting departments. Students learn about accounting professionalism, career opportunities in accounting, networking with business professionals, and how to improve leadership, team-building, oral communication and interpersonal skills.

*You are invited to the Friday, October 13 reception, panel discussion and dinner.*
Contact information: Kathy Smith (kcs0@lehigh.edu, 610.758.3451)

**New York City Area Accounting Alumni Reception: Wednesday, October 25, 2006**
Back by popular demand is this year’s New York Accounting Alumni Reception in the “Café” overlooking Times Square at Ernst & Young’s office, 5 Times Square, New York, NY 10036. We will be joined by approximately 50 junior accounting majors who will have visited firms in the city during the day. In the evening you can meet the students and reconnect with other New York City area accounting alumni, and with faculty. Tentative start time is 6:30 pm.

*You are invited to the October 25 reception.*
Contact information: Kathy Smith (kcs0@lehigh.edu, 610.758.3451)

**Segal Speaker Series Public Address: To Be Arranged**
Our 2005 guest was Cynthia Cooper, the 2002 Time Magazine “Person of the Year” who helped expose the massive WorldCom financial reporting fraud. This year’s public address is scheduled for the Spring semester. We will get the word out when the date, time and speaker are confirmed.

*You will be invited to the public address!* ☺
Would You Like to Help?

We begin by thanking those who responded to our 2005 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. Despite our solid current reputation, your Accounting Department aspires to be nationally recognized as one of the handful of top professional programs in the United States. To move us to this next level, we worked closely with our Advisory Board and identified two critical 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 $5,000 to fund a half-time RA for 5 hours per week over the academic year. We need your help. Contributions to the department of any amount 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 and more are recognized with membership in the University’s Asa Packer Society.

Contribution to the Department of Accounting

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Total Amount of Gift Restricted to Accounting Department: $_________________________________________________________

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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 e-mail, fax, or snail mail to:

Lehigh University
Department of Accounting
Rauch Business Center
621 Taylor Street
Bethlehem, PA 18015-3117
email: Kathy Smith (kcs0@lehigh.edu); Fax: 610-758-6429

Name:____________________________________________________________________________________________

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