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Chair's Corner
Scott Besley

Welcome to the first issue of the “rebirth” of the Department of Finance newsletter, which was last published Spring 1995. The newsletter will be published twice a year to provide you with news about the department and its faculty, students, and alumni, and with information of current interest in the area of finance.

Several changes have occurred in the department and the college since our last newsletter. We have had quite a few administrative changes. As most of you know, Bob Anderson is now the dean of the College of Business Administration, Rick Meyer is the Associate Dean, and I am the chair of the Department of Finance.

The make-up of the faculty in the department has changed considerably during the past six years. A list of the current faculty is given on page 7. You will notice that the names of some professors who were here in 1995 are not on the list. These professors have either retired or taken positions outside academia. Those who retired and are now enjoying a life of leisure include Arie Beenhakker (2000), Dale Johnson (2001), Steve Kapplin (2000), Fred Power (1999), and Art Schwartz (2001). Ralph Sanders left USF to take a position in risk management at PNC Bank in Pittsburgh, PA in 1996.

The departmental staff has also changed. JoAnn Pass, who was the office manager for 25 years, retired in 1999. Janis Montejo, who was JoAnn’s assistant, is now the office manager, and Amy Barbour is Janis’ assistant.

Finance has been a very popular major during the past few years. Nearly all the sections of undergraduate courses, and most of the graduate courses, offered by the department fill to capacity shortly after registration begins. And, because growth in the student population is forecast to increase further, we expect this trend to continue in the future.

Despite declining budgets, we continue to try to improve the quality of the educational product offered by the department. We continue to evaluate the curriculum to determine the appropriate courses to offer. In the future, we plan to offer a two-semester course that permits students to manage an investment portfolio. Students will be required to evaluate, analyze, and select financial assets to include in the

portfolio. The course will help students gain “real-world” experience in portfolio management. We hope to have the funds for the portfolio in place in the near future.

If you have any suggestions about how we can further improve the quality of the education we offer, feel free to contact us.

The research efforts of the department have improved significantly during the past few years. The department’s new faculty members have published in some of the most prestigious academic journals in the area of finance, including the *Journal of Finance* and the *Journal of Business*. As the number of top-quality publications increases, so does the reputation of the department in the academic community.

As a result of their research efforts, two of our faculty members—Bill Francis and Jianping Qi—have been named Bank of America Professors of Finance. Bill received his Ph.D. from the University of Toronto in 1991. He came to USF in 1997. Jianping received his Ph.D. from Washington University in St. Louis in 1993, and joined USF in the same year. Both Bill and Jianping have published in some of the best academic journals in finance.

We need your help to make this newsletter successful. If you have a short article on a finance-related subject or information you think will interest other readers, please let us know. Also, if you have any suggestions about how to improve this newsletter, please send them to us.

Thank you for your support of the department, the college, and USF!

This newsletter is only as good as you, our alumni and business supporters, make it. Each issue will present informative articles and news. Please send us information on your recent accomplishments, job changes, newsworthy items, and other information that you would like to share with us and other supporters of the Department of Finance. Send any information, questions, or other material to Murad Antia. Murad can be reached via e-mail at mantia@coba.usf.edu or via regular mail at the return address provided at the end of this issue.

Good News for Economic Developers: Florida Wages Are Where They Ought to Be

*Kenneth F. Wieand, Director, CEDR
Professor of Finance*

Average Annual Wages

Comparisons of economic well being across regions place a great deal of importance on the levels of earnings from gainful employment. Employee compensation comprises, after all, over 70 percent of all income earned in the United States. Economic development efforts of Enterprise Florida and of economic development organizations based in Florida cities and counties target their efforts to attract new businesses on high wage sectors. The goal is to increase average wages paid to Florida employees.

Statistics reveal employee compensation in Florida to be below the national average. Average earnings per job in Florida were 89 percent of the national average during 1989. This percentage fell to 87 percent in 1998. What gives rise to the earnings disparity, and what does it mean for workers in Florida and in Tampa Bay? A recent article in *The Tampa Bay Economy*, published by the Center for Economic Development Research (CEDR) in the College of Business Administration explains the observed differences between the U.S. and Florida employee earnings in terms of cost of living, industry structure, workforce characteristics, and population size of an area.

Earnings Disparity Reflects Lower Living Costs

We often refer to wages, after they are adjusted for differences in the cost of living, as “real wages.” Because living costs are lower in Florida, real wages in the state are comparable to other states and new employees are attracted to jobs created in Florida. The cost advantages to Florida businesses stemming from lower nominal wages and the fact that the real earnings of Florida’s workers are comparable to other states combine to explain the strong growth of population and employment in the state in past decades. Lower Florida wages, seen in this light, are not a problem, but rather are an advantage for the state. Businesses are able to pay lower wages in Florida. This gives them a cost advantage and allows them to create new jobs.

Analyzing Earnings Differentials

CEDR studied average earnings for 198 urban places in the United States. To obtain all the data needed it was necessary to use 1996 data. The places covered in the study vary in location, size, and industry structure. Included in the sample are 13 Florida cities.

The average 1996 annual earnings of workers in all 198 places was \$25,446, ranging from \$18,551 in Myrtle Beach, South Carolina to \$40,089 in New York City. CEDR

constructed a statistical model to explain the variation in the average earnings across all of the 198 areas. A set of 11 Florida cities are examined and benchmarked against a set of 11 comparison U.S. cities. Unadjusted, the average earnings of the 11 Florida cities, at \$24,482, are only 78 percent of the \$31,336 average earnings in the 11 comparison U.S. cities.

Several factors may explain this disparity. The first factor we consider is the cost of living. The cost of living is important because workers encountering higher living costs will demand higher wages. If employers are unable to pay correspondingly higher wages, employees will begin to move to other areas where either wages are higher, the cost of living is lower, or both. The most complete comparable price index for comparing city living costs is produced by the American Chamber of Commerce Researchers Association (ACCRA). We used ACCRA information from the third quarter of 1996. Adjusting nominal wages for the cost of living results in lower adjusted earnings in the national comparison cities. Earnings in the 11 comparison cities fall to \$29,636. Wages in the 11 Florida cities rise slightly to \$24,500.

The next factor we adjust for is the population size of the metropolitan area. Population is an interesting factor. We would expect that the cost of living would be higher in larger cities as commuting costs and land values rise. In order to make our comparison, we calibrate earnings in all cities as if their populations were between one and three million persons. Adjusted for population size, earnings in the 11 comparison cities fall slightly to \$29,518. The average wage in the 11 Florida cities rises to \$24,890.

The average wage is a weighted-average of wages in each of 10 one-digit Standard Industrial Classification (SIC) industry divisions. Historically different industries have different pay scales. We further adjust annual earnings figures for industry structure. We compute average earnings as though each place has the U.S. average industry structure. Adjusted for industry structure, average earnings in the 11 comparison U.S. cities rise to \$30,039, but earnings in the 11 Florida cities, that have less manufacturing and more consumer services employees, rise further to \$26,901.

We make one final adjustment for educational attainment of the workforce. Highly educated workers command large earnings premia. And indices of educational attainment vary widely across cities. Three large northeastern cities—Boston, New York and Philadelphia—and the large metropolitan area of Los Angeles on the West Coast, are rated very highly by the education index we use. When adjusted for education, earnings fall dramatically in these cities. Adjusted for education, earnings in the 11 comparison cities fall to \$27,988. Florida wages also fall, but only slightly, to \$26,686. Adjusted, wages in the 11 Florida cities are less than 5 percent below the comparison cities.

Conclusions

While payroll earnings vary widely across metropolitan areas, earnings disparities fall dramatically when adjusted for factors including the cost-of-living, population, industry structure, and education. Controlling for the four factors

eliminates most of the observed disparity in earnings between Florida and the United States. The unadjusted disparity was 22 percent; adjusted, the disparity falls to below 5 percent. The evidence is that Florida's higher population growth is mainly a result of lower cost-of-living in the state. On the other hand, educational attainment has a significant impact on earnings. Indeed, the higher earnings of very large cities appear to stem partially from the fact that they attract highly educated workforces.

Center for Economic Development Research

The Center for Economic Development Research (CEDR) is a Type II research center that is part of the College of Business Administration. CEDR's mission is to initiate and conduct innovative research on economic development. CEDR's data center and Web site serve to enhance development efforts at the University of South Florida, its College of Business, throughout the Tampa Bay region, and the State of Florida.

CEDR undertakes research projects for which its contribution is substantive and recognized, and that confer significant benefits on the region. While CEDR must attract outside funding to support some activities, the Center does not actively compete with private consulting groups.

CEDR provides the university community, local communities, and Tampa Bay's economic development professionals with information and analysis on a wide range of urban, regional, and international issues affecting the seven-county region. Research results are reported in CEDR's quarterly economic report, *The Tampa Bay Economy*.

CEDR maintains file-server databases on the measurement the demographics and business activity in the Region. CEDR maintains a Web site that provides easily accessible Federal and State of Florida information. CEDR's Web site also provides links to Federal, State, and county level data.

CEDR offers the basic Economic Development Course, accredited by the International Economic Development Council, in partnership with the Florida Economic Development Council. The Center also conducts presentations and seminars on Tampa Bay, the state of Florida, and the United States. Topics include data interpretation and analysis, development policy, and current economic conditions. To learn more about CEDR, visit our Web site at <http://cedr.coba.usf.edu>.

Implications of Economies of Scope from Universal Banking

Jianping Qi

Bank of America Professor of Finance

The Glass-Steagall Act of 1933 that had long segmented the financial services industry in the United States was eliminated on November 12, 1999, with the passage of the Gramm-Leach-Bliley Act. The banking industry's support for this regulatory change is readily understood: according to a Wells Fargo executive, "This enables the bank to do what we really want to be able to do and that's to provide the full range of services to our customers under one roof." (Remarks of Pamela Chavez, quoted in Shepherd, "Shattered, Glass-Steagall," *New Mexico Business Journal*, Volume 24, Issue 4, May 1, 2000.) However, the regulatory change has not been without controversy. Critics argue that the

new law is likely to increase industry concentration to a relatively few "financial supermarkets"—universal banks—that will dominate the capital market with negative consequences for their customers. In response, industry leaders express the view that allowing the integration of financial services will actually improve the welfare of bank customers. The vice chairman of J.P. Morgan testified before Congress that "... fundamental reform of America's financial laws is necessary to allow U.S. financial services firms to provide their customers with a full range of products, more innovation, and lower costs, and to enable U.S. firms to compete on fair and equal terms in domestic and international markets." (Testimony of Michael Patterson before the Senate Banking Committee: Hearing on Financial Services Modernization, February 25, 1999.)

In a recent paper, co-authored with George Kanatas of Rice University, we study this controversy regarding the likely effects of enabling "one-stop shopping" for financial services. We focus specifically on lending and underwriting of securities by universal banks and the implications of the scope economies that are expected to result from such integration. The key point is that while scope economies are generally thought to help motivate the integration of financial services, they may have a negative effect on the underwriting efforts of universal banks. Efforts by underwriters affect the likelihood of a successful issue. If a firm is unable to place its securities, it may have to seek a bank loan to meet its credit needs. Having been the firm's underwriter, a universal bank can continue providing credit to the firm and profit from retaining the firm as a borrower. In contrast, if the securities are unsuccessfully underwritten, the investment bank (underwriter) loses the firm's business and is left with the cost of its underwriting efforts. Therefore, the investment bank has more to lose from a failed securities' offering than does a universal bank that has "captured" its client's business. This gives the investment bank a stronger incentive to work for its customer in order to

increase the likelihood of successfully selling the firm's securities.

Based on these consequences of scope economies, we predict that (1) firms are more likely to choose investment banks for their underwriting needs if they expect greater relative benefits of capital market over bank financing, and if the scope economies are relatively small; (2) firms are more likely to prefer universal banks if their financing needs or issue sizes are larger, and if the likelihood of their securities being successfully sold are smaller; and (3) firms that have obtained one form of financial services from universal banks are more likely to return the same institutions for other services. It remains to be seen how these predictions stack up to empirical observations.

Historical Norms and Stock Market Valuation

Murad J. Antia

(This article is published solely for informational purposes and is not to be construed as a market-timing device or a recommendation to buy or sell stocks or market indices.)

The longest bull market in history started in 1982 and ended in the first quarter of 2000. At the inception of the bull era, the P/E ratio of the stock market was below 10. Earnings increased by 360 percent and stocks, as measured by the S&P 500, appreciated approximately 1,150 percent between 1982 and 1999. The expansion of the P/E ratio, from below 10 in 1982 to above 30 in 1999, explained a large portion of the appreciation.

The market would appear to be "rich" if the last 30 years serves as a benchmark. The average P/E ratio and dividend yield since 1970 have been about 15 and 3.5 percent, respectively. Because the current market P/E ratio and dividend yield are 23 and 1.1 percent respectively, the market would seem to be significantly overvalued.

But, comparisons to historical benchmarks are flawed for the simple reason that valuations are relative measures. To evaluate the stock market strictly from a historical perspective, without analyzing interest rates and other significant determinants of valuation, could lead to misleading conclusions.

The primary determinant of the P/E multiple expansion over the past 20 years has been the secular decline in interest rates. Yields on 20-year Treasury bonds have declined from 15 in 1981 to 5.5 percent in 2001. When interest rates decline, the rate used to discount future dividends or free cash flows declines, leading to higher valuations for stocks.

Declining inflation rates, often referred to as disinflation, has been the primary cause for the secular decline in interest rates. The Federal Reserve Bank's emphasis on controlling inflation, coupled with global excess capacity in the commodity and consumer goods sector and improvements in productivity, has led to a

benign inflation environment and an economy often referred to as the "Goldilocks economy."

A Simple Valuation Model

A simplistic valuation formula for the stock market, that has its share of proponents, is based on the 10-year Treasury bond yield. Specifically, the

$$\text{S\&P 500 P/E} = \text{Reciprocal of 10-year U.S. Treasury}$$

So if the 10-year Treasury is yielding 4.5 percent the fair value S&P 500 P/E should equal 22. Although this model appears to be overly simplistic, its proponents suggest that historical data reveal a statistically significant correlation between these two variables.

The Constant Growth DDM

The constant growth dividend discount model (DDM) could also serve as a useful metric to gauge market valuations. According to the model:

$$P_0 = \frac{D_1}{k-g}$$

where, P_0 is the fair value of the market, D_1 the dividend expected to be paid next year, k is a risk-adjusted discount rate, and g is the long-term growth in dividends (or a suitable surrogate such as earnings).

It follows that:

$$P_0 = \frac{E_1 \times b}{k-g}$$

where, b is the dividend payout rate (percent of earnings paid as dividends). Rearranging the terms produces:

$$\frac{P_0}{E_1} = \frac{b}{k-g}$$

And, because $E_1 = E_0(1+g)$, further rearranging gives:

$$\frac{P_0}{E_0} = \frac{b(1+g)}{k-g}$$

The dividend payout ratio, b , has declined from its 30-year average of 45 percent to about 30 percent. A substantial difference between tax rates on income versus long-term capital gain and increasing opportunities for value added growth would be plausible reasons for companies retaining a greater portion of their earnings.

Even if value added growth opportunities are absent, companies could use the retained earnings to buy back stock. Progressively fewer shares outstanding over time would lead to increased growth in earnings per share. The long-term earnings or dividend growth rate for all businesses, small and large, would be in line with economic growth, which would equal the product of the inflation rate and real Gross Domestic Product (GDP). With inflation at about 2.5 percent and real GDP growth at 3 percent, domestic earnings would grow at 5.6 percent.

If the effects of share buybacks, higher international growth opportunities, and increased economies of scale and efficiency enjoyed by larger companies are factored in, the long term earnings growth, for the S&P 500, on a per share basis, could conceivably increase to 7 percent.

The last variable in the model is the risk-adjusted discount rate, k , which is a function of the risk-free rate, the riskiness of stocks, and the risk aversion of investors. Investors have estimated k to equal 9 percent in the past, which is in line with the long-term return on large capitalization stocks.

One could make a case that the recent tragic events have increased investor risk aversion. Consequently, investors would require a higher rate of return on stocks than they did in the past. A higher risk premium would lead to a higher k , which would result in a lower fair value P/E ratio.

But if history serves as a guide, shocks to the economy have been temporary, and investor sentiment returns to normal within two years. This examination of history includes the World War II, the Korean and Vietnam conflicts, and the Gulf War.

Let's examine a scenario in which the shock to the economy was only a temporary perturbation, and where investor confidence has been restored. There is a school of thought that would suggest that the discount rate, going forward, should be less than 9 percent, possibly closer to 8 percent. Investors are increasingly comfortable with the notion that stocks are the best, and also fairly safe, investment option for the long run, as is evidenced by the increasing number of households that are investing in stocks. About 20 years ago, the investments of choice in defined contribution plans were Guaranteed Investment Contracts (GICs), which were less volatile and risky than money market funds. Since then, GICs have become virtually extinct, supporting the hypothesis of reduced investor risk aversion. Interest rates were substantially higher then, which might explain the popularity of GICs. But in the 1950s interest rates were low and so was household ownership of stocks.

The same school of thought would also point out that economic and business cycles in the future would be muted compared to the past. Past economic downturns were often caused by inventory corrections. Companies would build up significant excess inventory, which were reduced when demand faltered. These inventory reductions would exacerbate the economic slide, often leading to a recession. Because companies have become increasingly adept at managing inventories, future downturns should be less severe.*

If the notion of reduced investor risk aversion, muted business cycles, and a benign inflation and interest rate environment in the future is plausible, one could make a case for a discount rate that is less than 9 percent.

If we use an 8 percent discount rate in the model, we arrive at a P/E ratio of 32.

$$P_0 = \frac{0.32}{0.08 - 0.07} = 32$$

The DDM is highly sensitive to minor changes in the estimated inputs. If the denominator in the model is

increased from 0.01 to 0.02, the P/E ratio is halved to 16. The investor could paint a plausible scenario in which some regression toward the historical norm is the logical standard, and $(k - g) > 0.01$, which, in turn, would lead to a P/E ratio of less than 30.

A P/E ratio of 30 for the stock market might prove to be wishful thinking and probably will be glimpsed again at the tail end of the next upswing, when optimism is usually at its highest and risk aversion at its lowest. But to err on the side of caution and let history be the only guide (and assume that the market's P/E will regress to its long term average of 15) might prove to be a bigger folly.

*Ironically, technology and telecommunications, the industries that has provided the tools for improved business efficiency, significantly overestimated the demand for their products and built up excess inventory, causing a yesteryear type inventory correction cycle that has persisted since the summer of 2000. It remains to be seen if the mavens of the muted business cycle hold serve.

The article that follows draws from material written by Edward Yardeni of Deutsche Bank, Edward Kerschner of UBS Warburg, and Burton Malkiel of Princeton University.

Stock Market Bubbles and Bottoms

*Steven E. Bolten
Professor of Finance*

(This article is published solely for informational purposes and is not to be construed as a market-timing device or a recommendation to buy or sell stocks or market indices.)

Stock prices are a precise, rational, mathematically quantifiable present value of the future stream of earnings discounted at the required rate of return. Investors are the imprecise, emotional and non-mathematically, non-quantifiable determiners of the same stock prices. Fortunately, this does not create confusion but, instead, creates profit opportunities when the two collide.

At stock price *bubbles*, investors become overly optimistic about the future growth they are buying, and thus the price they are willing to pay is inflated. At the stock price *bottoms*, investors become overly pessimistic about the future growth they are selling, and thus the price they are willing to pay is deflated. We can measure investor over-optimism and over-pessimism against the rational mathematical standard and thus identify periods of bubbles (selling opportunities) and periods of bottoms (buying opportunities).

Let us start by understanding and measuring the rationally estimated standard of value that should prevail, but does not because of investor emotion. Then, we must understand and measure investor emotional irrationality as reflected in stock prices. The difference is our clue to potential profits.

The standard of value for stock prices has two components: the non-growth component and the growth component. The prevailing stock price is what investors are paying for both components. We know the non-growth component has a return that is similar to the non-growth interest rate on fixed income securities, such as long-term bonds. In fact, it is the price paid per dollar of interest received, which, translated into the more common concept, is the price/earnings (P/E) multiple for bonds. This is technically measured as the reciprocal of the interest rate ($1/\text{interest rate}$). It is also the low end of the stock market P/E, because below this P/E investors pay nothing for the growth associated with stocks. You should note the non-growth P/E varies inversely with interest rates.

The standard value for the non-growth component should be this P/E based on the reciprocal of the interest rate times the estimated, non-growth, base earnings.

The observed prevailing price already reflects both the non-growth and the growth components. The difference between the standard value paid for the non-growth component and the observed price that incorporates both the non-growth and the growth components reflects what investors are paying for the expected growth.

The stock market, being anticipatory, discounts at the interest rate, the time necessary for the base, non-growth earnings to grow to incorporate the growth component into the prevailing stock price. In other words, how long it will take the non-growth stock price to grow to the higher, prevailing stock price that already incorporates both components as earnings increase.

The length of the time horizon is our key clue to the stock market bubble or bottom created by investor emotions. A short time horizon implies investors are not paying much for growth prospects; the market is around a bottom. A long time horizon implies investors are paying a premium for growth prospects; the market is in a bubble. No one ever picks the exact bottom or bubble top, except by chance.

The recent bear market time horizon nadir was about 0.75 of a year, unusually short. This number reflected investor pessimism and unwillingness to pay for growth—a time to buy stocks. At the height of the dot.com bubble, the time horizon zenith was well above five years, reflecting investor optimism and willingness to pay for growth—a time to sell stocks. Our studies show that the average time horizon is about 1.54 years. A time horizon significantly less than that is usually bullish; a time horizon significantly higher is bearish. Of course, courage of your convictions is required if you buy when the time horizon is bullish but continues to drop, and vice versa.

These signals generally appear only at major turning points in the stock market and may be years apart. The intervening years are reserved for individual stock selection.

Faculty Research

Steve Bolten: with Greg Marshall and Paul Solomon, (2001), “The Capstone Integrated Business Applications Course: Addressing the Need for Cross-Functional MBA Education,” *Marketing Education Review*, February.

Sam Bulmash: (2001), “Asymmetric Multivariate Effects of Information on Rising and Falling Stock Market Prices” and “The Change in the Attitude Towards Risk Along the Life Cycle of the Agent’s Finite Multi-period Contract and Implications for Golden Parachutes,” *Advances in Quantitative Analysis of Finance and Accounting*, Vol 9.

Sam Bulmash: (2002), “A New Paradigm: The Wealth Effect of The Stock Market on Consumption in The Context of Interacting Bio-Systems,” *Journal of Socio-Economics*, Volume 31B, #1.

Sam Bulmash: (forthcoming), “A Behavioral Model of Stock Market Investors’ Impact On Consumption,” *Journal of Psychology and Financial Markets*.

Ninon Kohers: with Gary Caton and Jeremy Goh, (forthcoming), “Dividend Omissions and Intra-Industry signaling,” *Journal of Financial Research*.

Ninon Kohers: with Jim Brau and **Bill Francis**, (forthcoming), “The Choice of IPO Versus Takeover: Empirical Evidence,” *Journal of Business*.

Chris Pantzalis: with John Doukas, (forthcoming), “Geographic Diversification and Agency Costs of Debt of Multinational Firms,” *Journal of Corporate Finance*.

Chris Pantzalis: with Betty Simkins and Paul Laux, (forthcoming), “Operational Hedges, Financial Hedges and the Foreign Exchange Exposure of MNCs,” *Journal of International Business Studie*.

Chris Pantzalis: (2001), “Does Location Matter: An Empirical Analysis of MNC Market Valuation,” *Journal of International Business Studies*, 32(1), 133-155.

Chris Pantzalis: with John Doukas and Chansog (Francis) Kim, (forthcoming), “A test for the Alternative Explanations of the Value/Glamour Stock Returns Performance: Evidence from Analysts’ Forecasts”, *Journal of Finance*.

Art Schwartz: with **Greg Smersh** and David M. Harrison, (2001), “Environmental Determinants of Housing Prices: The Impact of Flood Zone Status,” *Journal of Real Estate Research*, Jan-Apr. (Won the American Real Estate Society Manuscript Prize in the Valuation Category.)

Department of Finance Faculty

Murad Antia joined the faculty in 2000; earned a Ph.D. from the University of Houston in 1981. Murad currently teaches Principles of Investments (FIN 4504) and Financial Statement Analysis (FIN 4934 and FIN 6934).

Scott Besley joined the faculty in 1982; earned a DBA from Florida State University in 1984. Scott currently teaches the large lecture section of Principles of Finance (FIN 3403) and Working Capital Management (FIN 6418).

Steve Bolten joined the faculty in 1978; earned a Ph.D. from New York University in 1969. Steve currently teaches the capstone course in the MBA program, which is called Integrated Business Applications II (GEB 6896) and Financial Policies and Strategies (FIN 4443).

Sam Bulmash joined the faculty in 1985; earned a Ph.D. from Northwestern University in 1981. Sam currently teaches Financial Institutions and Markets (FIN 4303) and Capital Markets (FIN 6246).

Bill Francis joined the faculty in 1997; earned his Ph.D. from the University of Toronto in 1991. Bill currently teaches Financial Management (FIN 6406) in the MBA program and the Executive MBA program. He also is the departmental coordinator for the Ph.D. program. Bill was named a Bank of America Professor of Finance in 2001.

Delroy Hunter joined the faculty in 2001; earned a Ph.D. from University Warwick (England) in 1999. Delroy currently teaches International Finance (FIN 3604).

Pete Kares joined the faculty in 1969; earned a Ph.D. from Purdue University in 1968. Pete is on sabbatical during the 2001/2002 academic year. He normally teaches Financial Management (FIN 6406) in the MBA program and the Executive MBA programs.

Ninon Kohers joined the faculty in 1998; earned a Ph.D. from Florida State University in 1998. Ninon currently teaches Advanced Corporate Finance (FIN 4414).

Barry Lin joined the faculty on the Sarasota campus in 2001; earned a Ph.D. from Baruch College of the City University of New York in 1995. Barry currently teaches Principles of Finance (FIN 3403), Principles of Investments (FIN 4504), and Financial Management (FIN6404).

Rick Meyer joined the faculty in 1970; earned a Ph.D. from the University of Wisconsin—Madison in 1971. Rick is currently the Associate Dean.

Chris Pantzalis joined the faculty in 1998; earned a Ph.D. from Baruch College of the City University of New York in 1995. Chris currently teaches International Financial Management (FIN 6605) and Theory of Finance (FIN 6804).

James L. Pappas joined the faculty in 1986 as the Lykes Professor of Banking and Finance; earned a Ph.D. from UCLA in 1968. Jim currently teaches Bank Management (FIN 4324) and Financial Management (FIN 6406).

Gary Patterson joined the faculty on the St. Petersburg campus in 2000; earned a Ph.D. from the University of North Carolina in 1994. Gary currently teaches Principles of Investments (FIN 4504) and Advanced Corporate Finance (FIN 4414).

Jianping Qi joined the faculty in 1993; earned a Ph.D. from Washington University in St. Louis in 1993. Jianping currently teaches Advanced Financial Management (FIN 6934). He was named a Bank of America Professor of Finance in 2001.

Rick Rivard joined the faculty in 1977; earned a Ph.D. from Texas A&M in 1978. Rick currently teaches International Finance (FIN 3603) and Financial Institutions and Markets (FIN 4303) on the St. Petersburg campus.

Greg Smersh joined the faculty on the St. Petersburg campus as a visiting Assistant Professor in 1999; earned a Ph.D. from the University of Florida in 1995. Greg currently teaches Principles of Finance (FIN 3403), Advanced Corporate Finance (FIN4404), and Real Estate Decision Making (REE 3043).

Art Schwartz joined the faculty on the St. Petersburg campus in 1982. Art retired during the Fall 2001 semester, but will teach a section of Advanced Investments (FIN 4514) during the Spring 2002 semester.

Marian Turac joined the faculty as a visiting Assistant Professor in 1999; earned a Ph.D. from Georgia State University in 1999. Marian currently teaches Principles of Investments (FIN4504), Advanced Investments (FIN 4514), and Financial Engineering (FIN 4934 and FIN 6934).

Ken Wieand joined the faculty in 1980; earned a Ph.D. from Washington University in St. Louis in 1970. Ken is currently the Director of the Center for Economic Development Research. He also teaches doctoral seminars in the Department of Economics.

Profiles of Graduates

Paul and Penny Anderson

Paul and Penny Anderson graduated with MBA's from USF in 1986 and 1987, respectively. Paul graduated with a GPA of 3.9, only to be topped by Penny, who graduated with a 4.0 GPA. They had moved to Florida in 1979 from Madison, Wisconsin, where they both did undergraduate work at the University Of Wisconsin, and Penny earned her Ph.D. in the sciences. Paul has also earned the Chartered Financial Analyst (CFA) designation.

The Anderson's opened a small business in Clearwater after moving to Florida, so the night program at USF met their needs. They ran the business during the day, and attended courses in the evening. Paul concentrated in the area of finance, and Penny in management information systems and accounting.

Penny is now employed in the accounting field by AutoNation and spends time with their 15 year-old daughter, who is attending Clearwater High School and is active in high school sports. "I needed flexibility in my job schedule," said Penny. "AutoNation has been great to work for, since they understand the needs of working mothers."

Paul started his post MBA career as a research analyst in the trust department of First Florida Banks. Soon after First Florida was acquired by Barnett Banks, Paul relinquished his research role and became a portfolio manager for retail trust accounts. Now a senior vice president and senior portfolio manager in the Private Bank of Bank of America, Paul manages assets for high net worth individuals and foundations. During the past 16 years, he has played a variety of roles in the investments field, including equity research and stock selection, equity fund management, and portfolio management.

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