

Visiting Professor Brings U.S. Treasury Experience to Fordham

David J. Shakow,
Professor of Taxation and Gabelli Fellow



This semester Fordham is pleased to welcome as a member of our business faculty David J. Shakow, professor of taxation and Gabelli Fellow.

Professor Shakow has acquired a wealth of experience since he received his J.D. from Harvard Law School in 1970. He served as clerk to the Honorable William H. Hastie of the U.S. Court of Appeals for the Third Circuit and, from 1977 to 1981, held a number of positions in the U.S. Treasury's Office of Tax Legislative Counsel. He has been a professor at the University of Pennsylvania Law School since 1982 and has practiced at Davis Polk & Wardwell, KPMG, McKee Nelson, King & Spalding, and Chamberlain Hrdlicka. Professor Shakow also earned an LL.M. in taxation from New York University and a B.A. from Harvard College.

Get to know him via this quick Q&A conducted by MBA candidate Sarah Lesser (GBA '14).

What are your areas of expertise?

Most of my work has been in the business income tax area. I wrote a case book on both corporate and partnership tax. I have some special expertise in the areas of bankruptcy taxation and the tax treatment of farmers' cooperatives.

What are your key research interests?

I have an ongoing project trying to develop a wealth tax that would replace our current income tax. It is just a flat tax on wages and a flat tax on wealth, and its distribution among income classes looks pretty much like our current income tax (although not exactly—that's the rub). There are a lot of technical issues in developing such a system, and while a colleague of mine and I have published a preliminary article describing such a tax, it will require a lot more work to be able to outline such a system as a whole.

Describe one of your greatest professional achievements.

At Treasury, I helped develop the rules that now govern the taxation of futures transactions, which are generally "marked to market" for tax purposes—that means they are written up or down to fair market value, and gains and losses are recognized by the holder of the futures contract. This was a very radical idea at the time. We were able to convince the Congress to go along with this approach

because there were a lot of abuses that we could document, and we were able to explain why marking to market made sense particularly in the case of futures contracts. When I went into academia, I wrote an article about how marking to market might be used to measure income for all income-tax purposes. To make my argument, I marshaled a lot of economics data (and actually had a graduate student from the economics department to help me). The use of empirical data was pretty unusual at the time.

After Treasury, what motivated you to begin a career in academia?

I enjoyed my years in law school, which made me think that I might enjoy teaching what I had enjoyed learning. But I did not want to try to teach about law without having practiced it. Once I got into practice, I discovered that tax law really interested me. I also enjoyed thinking about how taxes influenced people's behaviors.

How can you contribute to Fordham's tax program?

I think my experience in government, along with my practice and academic experience, will help give my students insights into how the law has been developed as well as how it is applied. I am hoping I can bring to Fordham some of the people I have worked with over the years, so that they can share their insights with our students, as our current faculty do.

Research



Stanley Veliotis
Associate Professor of Accounting
and Taxation

“Salary Equalization for Baseball Free Agents Confronting Different State Tax Regimes”

Journal of Sport Management
May 2013

Let's say you're a baseball player weighing a hefty multimillion-dollar contract offer from the Texas Rangers against a similar offer from the Yankees. Do the differences in income tax in Texas versus New York affect your decision—and give certain teams an advantage in recruiting talent? Professor Veliotis investigated. His resulting paper derives the equivalent gross salary for free-agent baseball players considering offers from teams in various states. It examines so-called “jock taxes”—charged to players by the state in which the game is played—and the fact that state taxes are deductible for purposes of determining federal taxes. He builds several models to determine equivalent salary. Tax practitioners, agents and their clients can use Professor Veliotis's models to determine how much a team in an expensive tax state would have to pay to match an offer from a team based in an income-tax-free state.



Yuan Xie
Associate Professor of Accounting
and Taxation

“Does it Matter Who Serves on the Financial Accounting Standards Board? Bob Herz's Resignation and Fair Value Accounting for Loans”

Review of Accounting Studies
Forthcoming

How influential is any one member of the Financial Accounting Standards Board? Yuan Xie and two colleagues looked into this using the 2010 resignation of Chairman Bob Herz as a test case. Herz left the board while it was yet to be decided if the FASB's fair value proposal would be finalized. Professor Xie found that banks responded positively to Herz's departure, especially those that had more at stake regarding the fair value requirement. Those banks had reacted negatively to the initial proposal and positively to its later reversal. The researchers found that the stock market put a large degree of credence in Herz's position on the proposal. Professor Xie said the findings help to explain why practitioners care so much about who sets accounting standards: Even in a setting of collective decision-making, individual policymakers make a difference. The study also showed that accounting standards do have consequences for stock prices, and therefore real economic impact.



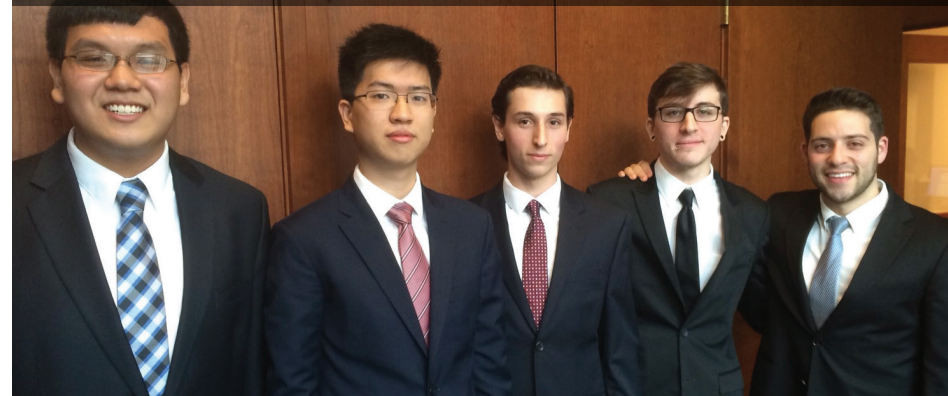
Barbara Porco
Assistant Professor of Accounting
and Taxation

“Simply Soups Inc.: A Teaching Case Designed to Integrate the Electronic Cash Confirmation Process into the Auditing Curriculum”

Issues in Accounting Education
March 2014

More than 30 colleges can trace their improved audit curriculum to work done by Fordham's Barbara Porco in collaboration with faculty from Villanova and Bentley. To better prepare students for today's audit challenges, business schools needed a thorough case study that addressed the cash confirmation process: an element exploited in recent frauds involving Parmalat, Satyam, China Media Express and other global companies. Today's textbooks do not give educators the tools they need to expose students to the electronic confirmation process. This case fills the void. In it, students assume the role of staff auditors at a fictitious accounting firm and test the cash balance reported by a fictitious client, Simply Soups Inc. They must document their work in accordance with the latest professional standards related to documentation, confirmations and service organization controls (SOC) reporting.

Competitions



PwC's Challenge Tax Competition

Youth proves a winning trait

Fordham undergraduates (seen above, left to right) Andrew Montelongo, Pei Jie Gao, Mitchell Shinder, Stephen Rubino and Val Kharkover — otherwise known as team “Capital Gains”—beat 16 rival teams in the regional round of this year's PwC's Challenge Tax Competition.

What makes their win remarkable is that they're all sophomores.

Competitions like Challenge, which ask students to tackle real-world auditing and tax issues, are ideal for juniors and seniors, who have advanced accounting coursework under their belts. The Capital Gains crew prevailed nonetheless.

Every day for two weeks, the sophomores devoted themselves to developing their 12-minute presentation, which outlined their solution for a case based on a fictitious state government. They had to analyze tax laws, demographics and many other facts and figures to identify a way for the state to increase its waning tax revenue.

Challenge is “a chance to test critical thinking, team building and presentation skills against hundreds of the best accounting students from the top schools in the country,” said William J. O'Hagan (GSB '82), a tax partner at PwC, which sponsors the competition at 80 select campuses nationwide.

While Capital Gains was not among the teams selected to move on to the national round, O'Hagan said its members worked cohesively together “to define a solution to a complex problem and to deliver it in a clear, concise, enthusiastic and professional manner.”

—Claire Curry

Firms & Faculty



Deloitte selected Associate Professor Susan Young as Fordham's participant in this year's Robert M. Trueblood Seminars for Professors, held in mid-March at Deloitte University in Texas.

Sponsored by the American Accounting Association and the Deloitte Foundation, the program allows 35 professors to experience the current challenges of accounting practice by applying principles, reporting concepts and auditing standards to case studies. Their classroom techniques directly benefit. Participants also can spread what they have learned to the rest of the business faculty.

—Claire Curry

Class Notes

What's your news?

In future issues of this newsletter, we'll be printing alumni “Class Notes” about your moves in the accounting field. Tell us if you recently have...

- Been promoted?
- Taken on a new position?
- Opened your own business/practice?
- Achieved any other milestones?

Simply e-mail a brief description of your news to Tara Naughton at tnaughton2@fordham.edu.

If you write us before August 1, 2014, we will have a chance to include you in the next edition. When signing your e-mail, please include the degree(s) you earned and your year(s) of graduation.

Upcoming Events

When was the last time you were at Fordham?

Whether it was last week or 35 years ago, come on back. Here are a few events coming up in the next six months.

Alumni Panel: “The First 90 Days”
Tuesday, April 15, 2014
6:30 p.m.

12th-floor Lounge, Lincoln Center campus

The Alumni Student Career Alliance (ASCA) presents this panel, where alumni will talk to current students about how to successfully navigate their first three months of work. Want to provide guidance as an alumni member of ASCA? Many future events are scheduled if you can't make this one.

Contact Shilpa Hegde at shegde@fordham.edu.

Fordham Business Alumni Networking Night
Thursday, May 1, 2014
6:30 p.m. - 8:30 p.m.

12th-floor Lounge, Lincoln Center campus

All alumni of the undergraduate and graduate business programs are welcome. Cocktails and light snacks will be served.

RSVP via www.fordham.edu/alumni

Beta Alpha Psi Honor Cord and Induction Ceremony
Friday, May 2, 2014
5:00 p.m. - 7:00 p.m.

Hughes Hall, Rose Hill campus

Alumni are invited to congratulate Beta Alpha Psi seniors and welcome new inductees. The ceremony begins at 5 p.m. downstairs in Daleo Hall, with a reception to follow in the Hughes lobby. Come for any period of time you can. Mocktails will be served!

RSVP to Tara Naughton at tnaughton2@fordham.edu.

How to Think About Real Tax Reform
Friday, May 2, 2014
12:00 p.m.

Lincoln Center campus, room TBD

Speakers will include prominent tax practitioners, academics and others, including our own David Shakow, KPMG's Hank Gutman and Alan Auerbach from Berkeley.

RSVP to Felicity Crew at fcrew@fordham.edu by April 25 if you would like to attend.

Success Stories



Nikki de Castro (GSB '14) recently landed an internship with the enforcement and investigations division of the Public Company Accounting Oversight Board, helping to look into

allegations against accounting firms from the Big Four on down. "The team asks for my input and uses the evidence and research that I consolidate to help with their investigation," said Nikki, a public accounting major. "It's definitely rare for students to have an opportunity like this." Her five-month experience will lead directly into a one-year tax internship that she has lined up with McGladrey. Nikki hopes to work toward an MS in professional accounting and eventually obtain CPA licensure.



Eight years of German study and a finance major will pay off in May when **Jeffrey Bolte (GSB '15)** travels to Munich to begin a summer internship in KPMG's financial services tax-real estate

division. "I've studied German for years, but I've never visited the country," Jeff said. "I can't wait to go." He will learn about the structure of real estate deals in a division that advises German companies that own or are buying or selling real estate in America. It's experience that aligns well with Jeff's plans for a career in real estate finance. His résumé already includes internships at Bank of America Merrill Lynch and SterlingRisk Insurance on Long Island.



Tijana Andzic (GBA '15) worked in audit at PwC in Serbia for almost three years before coming to do an MS in accounting at Fordham. With graduate coursework to her credit, especially

Corporate Tax and Federal Research, she is ready for a tax internship at Deloitte—a new field for her. Tijana said her Fordham classes have helped her broaden her accounting knowledge, especially in making the transition from IFRS to GAAP. "I am looking forward to the experience in the U.S. company environment and the opportunity to learn how the complex U.S. tax system affects companies," she said. "Learning about taxes will help me get a bigger picture of the factors that influence companies' financial statements and drive management's business decisions."



EY will become the professional home of **Anna Simon (GBA '14)** when she finishes two Fordham degrees this August: an MBA in public accounting and an MS in taxation. Anna will

become a tax associate for the firm, following a successful summer 2013 internship in its tax department. It's exactly the kind of job she envisioned for herself when she started at Fordham, and she has on-campus recruiting and student club connections to thank for her success. "I am looking forward to putting the information and research skills I have acquired at Fordham into practice," she said—not to mention networking with the scores of Fordham students and alumni who populate EY's halls.

Get Involved!

The accounting area at Fordham is always looking for alumni to participate in the current academic program.

If you are interested in:

- Being a paid adjunct professor for a semester-long course
- Coming back to campus as a guest speaker
- Helping students get internships and jobs

Contact Stephen Bryan, area chair, at sbryan@fordham.edu

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