

Marquette University's Department of Finance

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Letter from the Department Chair

Welcome to the inaugural edition of the Finance Department's newsletter! In the last few years there has been so much going on in the department, we needed a newsletter to keep students, alumni, and our industry partners connected and informed. In 2004 the Real Estate major and AIM program were launched. These curriculum innovations were accompanied with the Associates in Commercial Real Estate (ACRE) program, a re-energized Financial Management Association (FMA) student chapter (with annual trips to New York City), the start of an investment club, new faculty joining the department, new courses, and new energy!

This year marks the 125th Anniversary of Marquette University and we continue to work diligently toward our goal of providing a quality education in Finance for all of our students. Our focus has been to provide rigorous applied courses, as evident in the new Real Estate major and the AIM program. We also seek to provide career counseling and placement for our students. In the fall, we sponsored "Finance Career Day" an all day event designed to address specific career issues (resume writing, interviewing, networking events) which was possible only with the help many of our alumni in the industry. More informally, our alumni continue to be critical in mentoring our students through the job placement process.

Marquette's Jesuit ideals are apparent in the department's activities. Early this year a women's panel was held to promote the presence of women in finance. We have brought local high school business education classes to visit the AIM Research Lab as a way to encourage Hispanic and African-American students to consider a career in finance. Over thirty students volunteered as teachers for the kick-off of "Make a Difference Wisconsin" a financial literacy initiative for Milwaukee high school students. Finally, we are proud to be home to one of the nation's only investment ethics classes.

The Chair always welcomes feedback from students, alumni, and our industry partners. Such input is critical to our on-going success. Please feel free to contact me at sarah.peck@marquette.edu.



*Dr. Sarah Peck, Chair of
the Department of Finance*

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Department of
Finance Faculty

Dr. Matteo Arena

Dr. Michael Dewally

Dr. Mark J. Eppil

Dr. William J. Hunter

Dr. David Krause

Dr. George W. Kutner

Dr. Anthony
Pennington-Cross

Student Profile: Andrew Sawa

This semester's student profile features Andrew Sawa. Originally from Brookfield, Illinois, Andrew is a senior majoring in Finance and Entrepreneurship with a minor in Philosophy. If you are a fan of the reality television show *Beauty and the Geek*, you may recognize Andrew from the recently-aired third season on CWTV. Andrew currently works at Johnson Controls Inc. in Milwaukee, Wisconsin as an Operations Analyst Intern.

Andrew is also involved in a number of on-campus finance organizations. As a member of the business fraternity Delta Sigma Pi, Andrew has served as Webmaster, Senior Vice-President, and is currently the organization's President. He also started the university's I-Club investment club which is comprised mainly of finance students. Andrew has enjoyed watching the I-Club grow. "We started with 25 members and \$2,100 about a year ago," said Andrew. "Now we have over 50 members and nearly \$7,000 in assets." Since its inception, the I-Club has expanded to two chapters — one in Milwaukee, Wisconsin and one in Carbondale, Illinois.

Andrew's passion for investments is also evident in his involvement in Marquette's Financial Management Asso-

ciation and its Blue and Gold Investment Club. Upon graduation in May, Andrew hopes to use the skills he has acquired through his classroom learning and hands-on participation in Marquette's investment organizations to launch a career in finance. "My career aspirations in the short term are to get a job in investment banking or working with hedge or mutual funds," said Andrew. "I also enjoy dealing with derivatives."

When Andrew is not in the College of Business Administration dabbling in his various finance projects, you can find him watching Star Trek or playing chess (he also founded the University's Chess Club). If you would like to contact Andrew, please email him at adrew.sawa@marquette.edu.



*Andrew, one of the participants on The CW reality series BEAUTY AND THE GEEK
Photo: Joseph Viles / The CW
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Faculty Profile: Dr. Anthony Pennington-Cross



*Dr. Anthony Pennington-Cross,
Associate Professor of Finance*

Prior to joining Marquette University Anthony was a Senior Economist in the Research Division at The Federal Reserve Bank of St. Louis where he organized a conference on Federal Government liabilities and lead research on sub-prime lending in the mortgage markets and related predatory lending issues. While living in Washington, D.C., Anthony was a Senior Economist at the Office of Federal Housing Enterprise Oversight in the Office of Policy and Research and the Director of Research at the Research Institute for Housing America (RIHA), a research

organization devoted to extending home ownership to all Americans. His responsibilities included conducting housing-related research, defining a research program for RIHA, soliciting grant applications, and managing research projects. Other activities included helping to organize an annual conference as well as editing and writing the institute's newsletter.

The Department of Finance would like to welcome one of its newest faculty members, Dr. Anthony Pennington-Cross, to the College of Business Administration. Dr. Pennington-Cross joins the department as an associate professor of Finance and Real Estate.

Anthony is widely published in academic journals including *The Journal of Real Estate Finance and Economics*, *Journal of Urban Economics*, *Real Estate Economics*, and others. He has conducted extensive research on the effects of federal, state, and local laws that restrict some types of high-cost and high-risk lending, such as the Home Ownership and Equity Protection Act (HOEPA), the Federal Reserve's Regulation Z, and the Arkansas Home Loan Protection Act.

Dr. Pennington-Cross completed his B.A. at Oberlin College in Economics and received his Ph.D. from The George Washington University in Urban and Regional Economics. Anthony, his wife, Carla, and his one-year-old daughter, Jesse, moved to Milwaukee in August.

MU's Finance Major: Innovative and Applied

The Finance faculty at Marquette strives to keep its course offerings innovative and applied. In the past years we have introduced four new courses that are not usually offered to undergraduate finance majors: Fixed Income, Alternative Investments, Investment Banking, and Investment Management, Ethics and Society. Below are brief descriptions of those courses.

Fixed Income Securities

This course covers securities (mainly bonds) that promise a fixed income stream and all related securities whose valuation are influenced by interest rates. This course is focused on the concepts and tools that are useful to managers and investors who want to use these securities, whether for investing, hedging, market-making, or speculating.

Alternative Investments

This course is designed to help students understand and appreciate the growing field of alternative investments, mainly from the practitioner's point of view. The course offers an in-depth study on the management of hedge funds and covers various alternative investments including commodities and managed futures, private equity, exchange traded funds (ETFs), real estate, and credit derivatives.

Investment Management, Ethics, and Society

In this course students learn how to manage investments in a manner that is both ethical and socially responsible. Students acquire a thorough understanding of the CFA professional standards of conduct in the application of ethics to the moral dimensions of money management. Students are also be exposed to the strategies and performance of investment funds that are socially responsible.

Investment Banking

The purpose of this course is to hone students' skills to be a successful junior analyst working at an investment banking firm. This course provides students with basic familiarity of the common types of transactions that investment bankers work on and the common types of methods that are used to value those transactions. Some of these include IPOs, seasoned equity offerings, exchange offers, mergers, hostile tender offers, leverage buyouts, going private transactions, etc. This course stresses problem solving skills and spreadsheet modeling. Students are required to do an in depth analysis of an investment banking case and recent deals in a particular industry sector.

Advanced Financial Management (required of all finance majors)

This course's semester-long project is designed to teach students how to perform a thorough financial analysis and valuation of a company using financial data and spreadsheet modeling. The project consists of three parts that are due throughout the semester: a historical financial analysis of the company and the industry in which it operates; a fundamental discounted cash flow valuation of the company; and a capital structure and corporate governance analysis.

Investment Analysis (required of all finance majors)

In this course students work in groups to produce an investment analysis report for a mid-cap firm in the S&P 500. The report starts with an overview of the company's current position in the context of both the general economy and that of its industry. The students identify the strengths and opportunities facing the company, as well as point out its deficiency in its product market. The second section of the report emphasizes the historical accounting and market performance of the firm through a thorough ratio analysis. Once the students have ascertained if the company is strong or weak, they perform at least two valuation analyses: a dividend or free cash flow valuation and a multiples approach valuation. The group is then expected to provide an investment recommendation based on all the research as would be submitted to the portfolio manager.



Marquette's finance major offers innovative and applied courses

Finance Department Internship Program

Combining classroom knowledge with practical work experience is the key to success for today's business students. To facilitate this, the College of Business Administration has a dedicated internship program, job database, and enthusiastic staff ready to assist Marquette business students and potential employers.

Something to consider...

Placement surveys show that approximately 25% of recent graduates traced their permanent employment to their internship experience

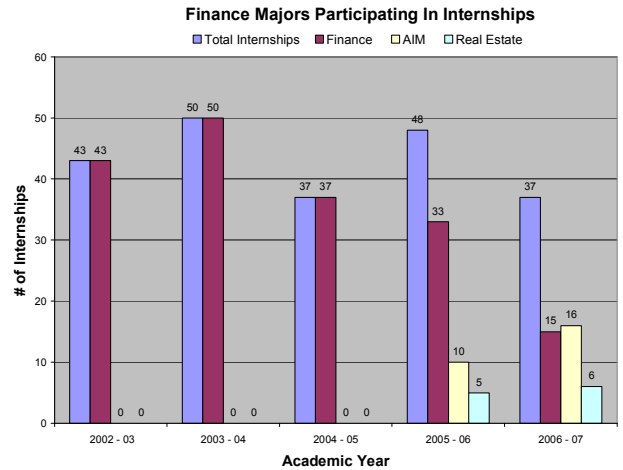
Employers benefit from working with bright, well-educated, and highly motivated Marquette business students during their junior and senior years.

The students benefit by gaining valuable work experience with companies ranging from manufacturing

to retailing to financial services. In addition, students can earn three credits upon the successful completion of an internship relevant to their major area of study.

The following is a list of companies that have participated in the finance department's internship program. On behalf of the Department of Finance faculty and students, we would like to thank all of the companies that have provided valuable internship experiences for Marquette students.

The chart below shows the number of finance majors participating in internships over the past five years. Please note that the AIM and Real Estate internship programs were introduced in the fall of 2005.



Students, parents, or employers interested in more information about internships should contact Dr. W. Marq Stankowski, Director of Career Management for the College of Business Administration, by phone at 414.288.7394 or email: marq.stankowski@marquette.edu. Students may also visit Marquette's Career Services Center at www.marquette.edu/csc for more information.

Finance Internships		AIM Internships	
AEGON USA Investment Management, LLC	Honeywell	Northwestern Mutual	Artisan Partners
AG Edwards	Household International	Panak & Hunt Law Offices	BC Ziegler
AGR Limited: Chicago Mercantile Exchange	HSBC Bank, N.A.	Primerica Financial	Broadview Advisors
American Express Financial Advisors	ING Financial Advisors	Prudential Securities	Calamos
Artisan Partners	Jason Incorporated	RDC Trading	Campbell Newman Asset Management
Assurant Health	Johnson Controls	Rehabcare Group, Inc.	Capital Market Consultants
Baxter Healthcare Corp.	Kinney Wealth Management Group	Rho Trading	Citigroup Global Markets
Bode Financial Group, LTD	Kitzinger & Lautmann Capital	Robbins & Lloyd	Deerfield Capital Management
Bridgeport Securities	Kohler Company	Robert W. Baird & Co.	Fortress Partners Capital Management
Capstone Investments	Kohl's	Rockwell Automation	JP Morgan
Catholic Knights Insurance	Linsco/Private Ledger	Rothschild Consulting	KLD Research & Analytics
CB Richard Ellis	LoDuca Bros. Inc.	Russell Investment Group	Lakeview Equity
City of Milwaukee	Marquette University	Salomon Smith Barney	M&I Corp.
Cobalt Corporation	MARSH USA	Savant Capital Management	M&I Investment Management
Continental Savings Bank	Marshall & Ilsley Corporation	Scottrade Financial	Madison Street Advisors, LLC
Cornerstone National Bank & Trust	McCarthy Chevrolet	Smith Barney	Morgan Stanley
Culver's	McDonalds Corp	Smith Barney/Citigroup	Pennant Management Investments
Direct Supply, Inc.	McGladrey Contract Business Services	Smith Barney-Citigroup Global	Relative Value Partners, LLC
Eagle Market Makers	Med-Health Financial	Spinnaker Financial	Stark Investments
Eolutions Online	Merrill Lynch	St.Louis Equity Fund Inc.	Wells Capital Management
Euromarket Designs - C&B	Metavante	Strong Capital Management	Real Estate Internships
Extencicare	Mibar, Ltd.	Susquehanna Investment	Alexander Company
First Bank Financial Centre	Miller Brewing Company	Target Corporation	Associated Bank
First Investors	Milwaukee Capital	Telcore Holdings USA Inc.	City of Milwaukee
Fortress Partners Capital	Milwaukee Wave	The Lynde and Harry Bradley Foundation	City of Milwaukee-Dept. of City Development
Frederick & Company	Morgan Stanley	UBS Painewebber	M&I
GE Commercial	Motorola Inc.	Univ. Neurologists-Rush St. Lukes	Mid America Real Estate-Wisconsin, LLC
Griffin, Kubik, Stephens & Thompson	Mountain States Bank	US Bank Corp	Milwaukee Community Service Corps
Gr. Chicago Auto Auction	Marquette University Spirit Shop	US Financial Ltd.	Realty Executives
Harley-Davidson	NMFN: Grogan Group	Wachovia Securities	The Concord Group
Heartland Advisors	NML	WE Energies	The Polacheck Company
HomeStar Bank	North Star Resource Group	WHEFA	U.S. Equities Realty

Finance Major Job Placement: Alumni are Key

The Department of Finance strives to provide exceptional professional preparation, enabling new graduates to smoothly transition to the world of work. The undergraduate program offers a variety of career development experiences, deliberately structured throughout four years, to provide that final polish. Students receive training in applied skills that are critical to effective functioning in a business environment (the LEAD program), the opportunity to obtain on-the-job training and work experience in their chosen field (the internship program), and the opportunity to interact one-on-one with a seasoned business professional to explore career options, learn the art of networking, and more (the mentor program).



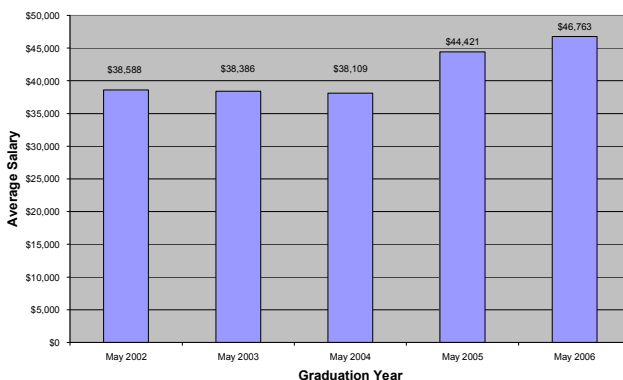
Students in the AIM program network with an alum at the winter reception

Alumni are a key component of Marquette's mentoring, internship, networking, and job placement programs. Through their support and guidance, students are able to achieve their full potential. We feel that the alumni, students, faculty, and the community should all be very proud of what they and the College of Business Administration have achieved together.

We enjoy hearing from our alumni. Please contact Dr. Sarah Peck, Chair of Marquette's Finance Department, at 414.288.1461 or sarah.peck@marquette.edu if you like to get in touch with the finance program.

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Finance Majors' Average Salaries Upon Graduation



The following is a list of recent employers of Marquette finance majors. The organizations' continued support and ongoing involvement in the major has proven to be invaluable and is very much appreciated.

Employers of MU Finance Majors	
Accent Trading	KPMG
Accenture	LaSalle Bank
Agency for Healthcare Research & Quality	Light Point Capital Management
AGR Ltd.	Lincoln Financial Group
Aldi, Inc.	M&I Bank
Allstate	M&I Retirement Plan Services
American Appraisal Associate	M&I Trust
American Express	Marcus Millchap
American Express Financial Advisors	Matson and Associates
American Family Insurance	May Center Advisors
Ameriprise/Amer. Exp Affiliate	McCarthy Autogroup
Anheuser-Busch Inc. Contractor	McCarthy Grittinger Financial Group
Applied Underwriter	McTigue Financial Group
Arbor Commercial Mortgage	MDC Holdings
Artisan Partners	Metavante
Associated Bank	Mid-America Real Estate
Bank one	Military - US Navy
Barrington Bank & Trust	Military (Marines)
Baxter	Military- Army
Baxter Healthcare	Milwaukee Capital
Bergstrom Corporation	Morgan Stanley
Briefing.com	MTI Electronics
Brockton Electric	Netols Asset Management
BTC Moore Excavating	Norman Foods
Capstone Investments	North Star Resale
Cecilia's	Northern Trust
Certified Services	Northwestern Mutual
Chicago Board of Trade	Nuestros Pequeños Hermanos
Cingular Wireless	Oak Brook Bank
Citigroup Global Markets	Pennant Management
Clery Gull	Pontarelli Company
Computers for Schools	Primerica
Connelly Electric	Protiviti
Continental Savings Bank	Protivity
Corboy & Demetrio	Pullman Bank
Cornestone National Bank & Trust Co	RDC Investments
Cross Industry Solutions	Realogic Analytics
Culvers	Ridgeview
Deloitte Touche Tomatsu	Robert W. Baird & Co
Direct Supply	Rothschild Investments
DMI Borkeridge LLC	Royal Bank of Scotland
Draft Inc.	Savant Capital Management
DRS	Scottrade
Edward Jones	Shur-Line
Elicar Corporation	Smith Barney
Epic Systems	Spinnaker Financial
Equix Financial	St. Paul Travelers
Ernst & Young	Stark Investments
First Investors	State Street
First Weber	Strong
Flodyne/Hydrodyne	Sunlife Financial
GE	Susquehanna Investment Group
GE Aviation	Target Corporation
Gentile Honda Toyota	Teach for America
Goldman Sachs	Telution
Goldsmith Agio Helms	Thomson Financial
Grant Thornton	Transunion
Gulf Bay Properties	United Healthcare
Heartland Advisors	Unum
Hewitt Associates	US Bancorp
Higher Gear	US Equities
Homestar Financial Group	US Financial LTD
Hospira	Van Drunen Farms
Household International	Vogel Consulting
Integrated Financial Solutions	Waddell & Reed
John Hancock	Wausau Insurance
Keane, Inc.	Wells Fargo
KLCM	Western Racquet Club
Kohler Company	World Financial Group
Kohl's Corp	Zurich North America

AIM Program Update

Marquette is home to one of the nation's only undergraduate programs in applied investment management. The AIM



program allows a select group of finance majors to get hands-on academic and security analysis experience, including summer internships and an opportunity to actively manage an equity and fixed-income portfolio throughout their senior year. Students will study the core

body of knowledge covered in the Chartered Financial Analyst (CFA®) exam – preparing them to take the test upon graduation – and begin a career in the money management industry.

Last spring the AIM program became the first undergraduate business program selected as a CFA Program Partner. More recently, UW-Milwaukee announced the creation of a similar program to MU's AIM. Dr. Krause is looking forward to the friendly local competition. He said, "This is an opportunity to prove Marquette's AIM program as the best-in-class." Information about the AIM program, including past newsletters and the AIM portfolio, is available online at www.busadm.mu.edu/aim or 414.288.1457.

Real Estate Program Update

In May 2004 the undergraduate Real Estate major within the College of Business Administration was approved by the University Board of Trustees. Since then, interest in the program has grown rapidly. In 2005 there were four real estate majors and that number has increased to 11 majors in 2006. According to Joseph Terrian, Assistant Dean of Undergraduate Programs, 36 seniors and 72 juniors have declared real estate as their major. If that level of interest is maintained, real estate will become the third most popular major in the COBA (behind finance and marketing and ahead of accounting and international business) in 2008. Due to the growing demand for the major, Dean David Shrock approved the hiring of a second faculty member with real estate expertise, Dr. Anthony Pen-

nington-Cross. With the able-bodied assistance of John Lohre and David Krill, who also teach in the program as adjunct instructors, over 230 students have enrolled in real estate courses in the 2006-07 academic year.

Under the leadership of Theron May, real estate students recently formed an active Real Estate Club. Another way that the program is providing leadership is through the Associates in Commercial Real Estate (ACRE) program. ACRE is an industry-supported initiative that recruits, trains, and places minorities in professional careers in commercial real estate. For more information, on ACRE please visit www.busadm.mu.edu/acre or call Dr. Mark Eppli, Bell Real Estate Chair, at 414.288.5724.

Financial Management Association News

The Financial Management Association (FMA) is a business club with the purpose of bringing in speakers, hosting special finance-related events, and providing students with a better understanding of different careers in the finance industry. During the spring semester members attend a two-day financial modeling seminar hosted by Wall Street Prep. FMA also hosts a finance resume day, where seniors provided advice on resumes and interviewing. Past events include an annual trip to New York City to network with top investment professionals, trips to Chicago to visit exchanges, and numerous guest speakers.

The Investment Club allows students to actively manage

\$15,000 in an ETF based portfolio. During bi-weekly meetings members discuss current events, economics, and ETF investments. The group votes to buy or sell investments in their portfolios. If you are interested in learning more about these programs, please contact Mark Davino at mark.davino@mu.edu.



Investment Guru's Ethical Lapse?



Former Hedge Fund Manager and TV Stock Picker Jim Cramer Faces Criticism About Possible Stock Manipulation

By PETER IMBER

March 23, 2007 — Jim Cramer may still be yelling "booyah" on the set of his CNBC program, but a recent confession that surfaced this week on YouTube sounded more like "fooled ya."

Cramer, who co-founded TheStreet.com, made comments in a Wall Street Confidential interview that was posted on the Web site last December that revealed how he manipulated stock prices to suit his purposes as a hedge fund manager.

He claims everything he did was legal, but that other hedge fund managers he knew were involved in illegal activities.

"A lot of times when I was short at my hedge fund -- meaning I needed [a stock] down -- I would create a level of activity beforehand that could drive the futures," said Cramer. "It's a fun game, and it's a lucrative game."

The original Web video didn't get much attention. But it was recently posted to YouTube, where it started making the rounds.

Cramer says that hedge fund managers often pass along rumors about a company to reporters at major financial publications in the hopes that it will move the stock in the direction the hedge fund manager wants. He said the tactics are illegal but never said he personally used them himself.

Now, Cramer may have investigators as well as investors hanging on his every word.

PR Mess

He recently spent some time trying to clear up the YouTube inspired mess, telling national radio talk show host Don Imus he "ran a clean shop," and "tried not to be a bad guy."

Hedge funds have long been a murky part of the investment world. Unlike stocks and mutual funds they are not directly regulated by the Securities and Exchange Commission or the National Association of Securities Dealers.

They are called hedge funds because they were originally conceived as a means of hedging investment risk by combining both the buying of stocks in the hope they go up and the investment in others in the hope they go down.

Jim Cramer had great success as a hedge fund manager before coming to television. And now that he's talked about how he had it, not everyone thinks that it's a bad thing -- especially those on the outside of the investment world but on the inside of studying ethics in society.

Michael Josephson is the founder of the Josephson Institute of Ethics in Los Angeles.

He doesn't see Cramer as a villain but rather as someone who could potentially affect Wall Street practices for the good. "He hasn't admitted he's a Mafia hit man. He's saying he manipulated the system to get an edge."

Josephson believes Cramer should reveal more about how hedge funds really work and likened him to former Major League star Jose Conseco, who blew the whistle on the widespread use of steroids in baseball. Cramer could do a lot to clean up the industry, he said, by telling the public things that it doesn't know.

"I believe he said these things because he has come over from the other side," said Josephson. "His viewers love him, and he relishes his following. He's trying to be like a Dutch uncle who wants to give his best advice."

Ethical Policies

Having a platform to give investment advice or even just reporting on stocks and businesses is something that broadcasters and journalists must handle carefully.

At ABC News, editorial personnel are required to disclose if they hold significant financial positions in any company or industries they're preparing to cover, and that once disclosed, the company will generally avoid assigning them to those companies to avoid even the perception of conflict of interest.

Determining where professional responsibility and personal gain intersect can be a slippery slope for more than just commentators and reporters.

That's why Sarah Peck at Marquette University in Milwaukee created and teaches the first investment management ethics class in the country for the school's finance majors.

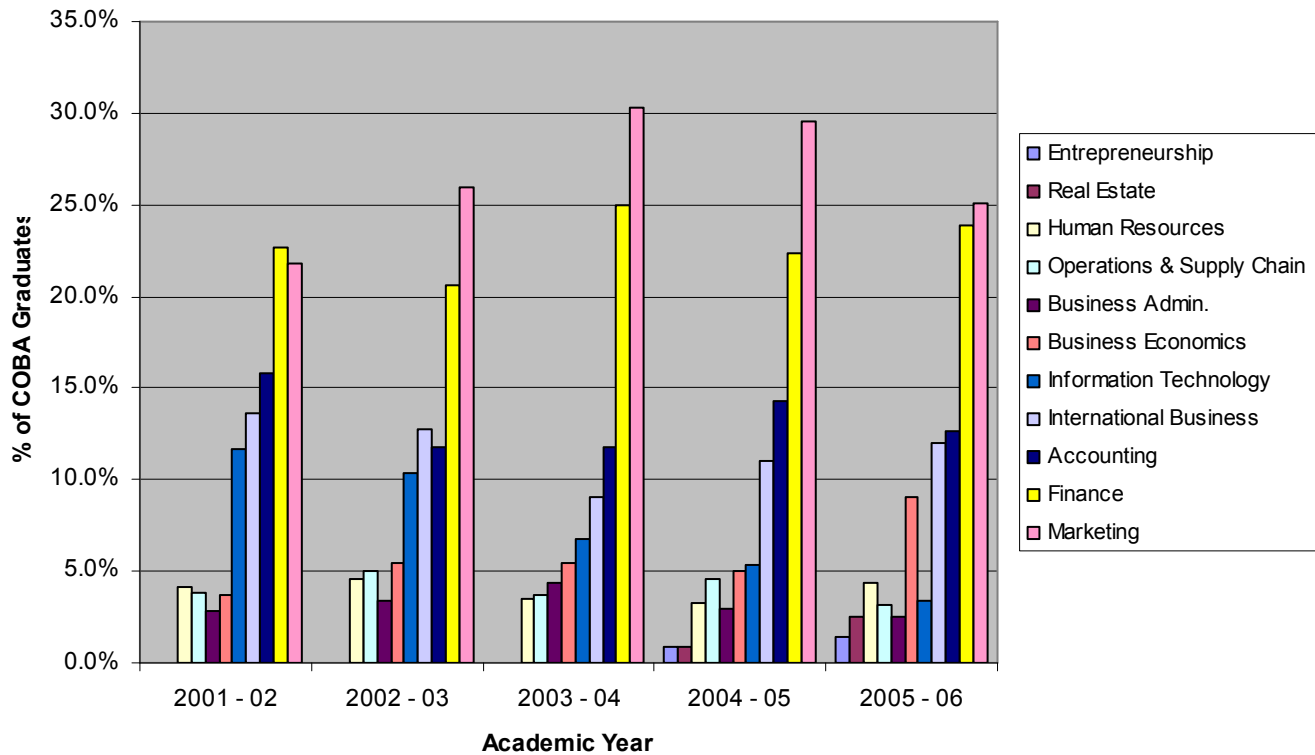
Peck's goal is to graduate students who will be highly ethical and professional and put integrity above profits if necessary.

The Cramer comments haven't been brought up yet but Peck is sure they will. "Every week there's stuff in the newspaper I can teach in class, unfortunately," she said.

MU's Finance Major: Innovative and Applied

Due to the growing presence of innovative and applied courses, the Finance major continues to be one the most popular majors in the College of Business Administration. The chart below compares the majors of COBA graduates over the past five years. (Please note that the entrepreneurship and real estate majors were introduced in the 2004 - 05 school year.)

Comparison of COBA Graduates



Congratulations Class of 2007!

Please send us your new email address after you graduate!

Visit the Department of Finance online at:

www.busadm.mu.edu/undergraduate/academics/finance/

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