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## FE Faculty Retreat Approves Strategic Program

The FE faculty faced a heavy agenda at the retreat held on October 20th. The retreat successfully concluded with strong support for the strategic plan and the department's new name, "**The Department of Finance and Risk Engineering**". This name will allow us to both maintain the well branded program of Financial Engineering as it is while also diversifying our program offerings and expanding into other areas in the future. New program opportunities include International Executive Programs, Intra-Poly Joint Finance and Risk Engineering Educational Programs, Continuing Education in Finance and Risk Engineering as well as additional degrees anchored in Finance, Management and Risk.

The department's goal is to maintain the quality of our FE program and improve it significantly through greater involvement of ALL the faculty in course development and quality control, in expanding the department's research and its publications, in sponsoring seminar series and developing further the department's corporate relations to increase employment opportunities for our students. Other recommendations were made and discussed such as the need to prioritize the department's objectives especially in light of the current curriculum restructuring and our move from 36 course units to a 30 credit program

plus 6 credits for a Capstone.

A number of decisions have been reached and will be implemented and reported in the near future. Some of the outstanding recommendations and decisions made are summarized below and include:

- (1) The new 30 credits FE program for ALL students will include 5 core courses of 3 credits each and 2 workshops on topics such as Financial Software, Programming Financial Software, Using Bloomberg, etc. The new FE credit system will allow us to rationalize our program and develop new courses, in particular intra-FINLAB courses (such as Applied Financial Econometrics, Financial Data Analytic and Data Mining Techniques, Financial Physics, Financial Risk Management, etc.).
- (2) An advisor to each of the FE tracks will be selected and ALL electives in ALL tracks will require approval of the advisor. The sharing of responsibility will improve both the communication with students and allow the control of student's course selections.
- (3) FE Tracks will be expanded jointly with other departments at POLY including, in priority, the departments of Computer Science, Mathematics and Civil Engineering.
- (4) A New Financial Management track will be considered to focus much more on the management needs of Financial Services and

Institutions. In addition, the department will pursue discussions with an external University for a joint Finance-Law degree.

(5) The faculty fully supported the launching of an International Professor Affiliates/Associates program, which includes, at this time, leading professors in Risk Mathematics, in Financial Econometrics, in International Finance, in Public Finance and other areas related to Financial Engineering. There are currently ten such professors from diverse European Universities. These professors and their affiliation with FE will be presented in forthcoming newsletters and open up both research opportunities and opportunities for joint funding, joint programming and of course greater mobility and academic-pedagogical exchanges.

The spirit of the retreat was high, with many expectations for the department to assume its rightful place within the Polytechnic community, but at the same time, it has become clear that expectations ought to be toned down so as not to affect the quality of our current programs. While the well known adage claims, "the proof of the pudding is in the eating," the retreat was all about the cooking!

*Charles S. Tapiero  
Morton L. Topfer Chair Distinguished Professor  
And Chair, Department of Finance and Risk Engineering*

## Department Corner

### Spring 2007 Registration

Online registration for the spring 2007 semester will be held from Monday, November 20 through Friday, December 22. All continuing graduate students will have access to the PS Data system to process their registrations and program adjustments.

<http://psdata.poly.edu>

(If you have forgotten your password or are experiencing problems logging on, please contact the HelpDesk at (718)260-3123 or [help@poly.edu](mailto:help@poly.edu).)

Advisement is not required for graduate students using the online registration system.

Please review the FE spring 2007 schedule on our website ([www.poly.edu/fe](http://www.poly.edu/fe)) under Information for Current Students.

## ALUMNI SPOTLIGHT: WILLIAM H. MAY

William H. May is a senior director in Fitch Ratings' credit market research group where he is primarily responsible for conducting research on trends and conditions in the syndicated loan market. He is also involved in evaluating the impact of loan market conditions on corporate and CLO credit quality.

Prior to joining Fitch in 2005, Mr. May was a Senior Research Officer and Head of Quantitative Research at UBS Wealth Management where he analyzed a broad spectrum of fixed income asset classes and developed investment strategies and portfolio structures. He came to UBS after working for several buy-side and sell-side Wall Street firms with an emphasis on fixed-income analysis and strategy development. His career began in the Research function of the Federal Reserve Bank of New York.

Mr. May received a BS in applied mathematics and economics from SUNY Stony Brook, before earning an MBA in information systems from Fordham University and an MS in financial engineering from Polytechnic University. He is currently completing a PhD in economics at Fordham.

### Q&A:

Q: How has your degree from Polytechnic's Master's in Financial Engineering program helped your career?



A: It helped me develop a valuable set of analytical tools that can be applied to a broad range of financial issues, including individual security analysis, portfolio design and evaluation, and market analysis. These have been of great benefit to me in my professional career.

Q: What advice would you give to current FE students?

A: Try to work with people who know more than you do and are willing to share their knowledge. Try to teach others what you know.

Q: Please share your awards, honors, and/or publications.

A: I am a member of Beta Gamma Sigma (Honor society for business) and Omicron Delta Epsilon (the international honor society for economics). I also serve on the Board of Directors for MercyFirst.

### Publications:

"*The Timing of Advance Refunding of Tax-Exempt Municipal Bonds*," with Andrew J. Kalotay, Municipal Finance Journal, Fall 1998.

"*The Impact of Negative Arbitrage on the Advance Refunding of Tax-Exempt Municipal Debt*," Municipal Finance Journal, Spring 1999.

# Faculty and Research News

## ● Leonid Nevzlin Student Research Award Created

Leonid Nevzlin, a majority stakeholder and former executive of Yukos Oil in Russia, donated money to the Department of Finance and Risk Engineering to create a Student Research Award. Mr. Nevzlin gave a lecture last November for the Morton L. Topfer Lecture Series on "The Making and Undoing of Yukos Oil":

<http://www.poly.edu/events/topfernov21/index.php>

The student judged to have the best research paper, as deemed by the Center for Finance and Technology, will receive \$2,500. This competition will also be held in the spring 2007 semester. A call for submissions will be made in late November and the prize will be awarded in December.

## ● Professor Peterburgsky Adds to Corporate Governance Research

Professor Peterburgsky's paper, "Another Way to Expropriate Shareholder Wealth: Move to NASDAQ," analyzes a previously unexplored avenue for misappropriation of shareholder wealth. He examines whether the double-counting of reported trading volume plays a role in insiders' decision to move to NASDAQ. Specifically, since volume on NASDAQ is exaggerated and Securities and Exchange Commission (SEC) Rule 144 ties the limit on insider selling to total volume, insiders of troubled firms can use private information to take advantage of other shareholders by switching to NASDAQ and unloading more stock. Professor Peterburgsky finds evidence consistent with expropriation.

Typically, insiders engage in heavy selling of company stock in the months following the move to NASDAQ. Post-announcement abnormal returns are negative. Furthermore, the increase in bid-ask spread following

the switch suggests that the combined benefit of switching may be negative. The implication is that a revision to SEC Rule 144 may decrease the scope of corporate insiders' private benefits and value-reducing actions. His paper also contributes to the existing literature on the choice of trading venue and stock exchange competition. It uncovers a new reason to switch exchanges, one that is consistent not only with value creation but also with value destruction. Specifically, a stock exchange can compete with rivals not only to the extent that it offers firms a conducive trading environment in the classical sense, but also to the extent that its policies and practices benefit corporate insiders.

## ● Erich E. Kunhardt, Poly Alumnus and Former Faculty Member, Appointed as Provost

From Poly News:

<http://www.poly.edu/news/articles/article67.php>

Dr. Erich E. Kunhardt, a Polytechnic University alumnus and former faculty member, has joined the University as provost. Most recently, Kunhardt served as the dean of the Arthur



E. Imperatore School of Sciences and Arts and the George Meade Bond Professor of Physics at Stevens Institute of Technology. He joined the faculty at Stevens in 1992 and pioneered the establishment of its Plasma Physics Laboratory.

Throughout his career Kunhardt has served on numerous research and development projects relating to

particle and plasma physics. While at Stevens, he introduced the original concept and term Technogenesis, whereby students, faculty and industry jointly nurture new technologies from concept to marketplace realization.

In 1999, Kunhardt helped create the PlasmaSol Corporation, based upon the Atmospheric Pressure Capillary Discharge Plasma technology he developed while at Stevens with Dr. Kurt Becker. He was named a finalist by Discover Magazine's Innovation Awards (2001) committee in the Environmental Category for the development of the technology used by PlasmaSol Corporation for environmental remediation.

In 1984, Kunhardt joined the faculty of Polytechnic University as a professor of electrophysics and physics and director of the Weber Research Institute. Previously, he was a professor of electrical engineering and physics at Texas Tech University.

Kunhardt holds a Ph.D. in Electrophysics from Polytechnic University and bachelor's and master's degrees from New York University. Provost Kunhardt plans to teach a class in Financial Physics in the Financial Engineering program.

## ● Roy Freedman Becomes Regular Columnist for FE NEWS

FE News has added Professor Roy Freedman as a columnist, beginning with its November/December issue. His column, "My Perspective" will cover an analysis of current topics in financial engineering, and will be in every issue. Read the first column here:

<http://www.fenews.com/fen52/my-perspective/my-perspective.html>

## Upcoming Events

### Morton L. Topfer Lecture Series, co-sponsored by the FE Student Club



Robert McNally, Vice President, Tudor Investment Corporation will deliver a lecture on "Energy Transformation and Policymaking Challenges" on Thursday, December 7 in Dibner 400, Brooklyn Campus, 5:30 - 6:30 pm. Prior to joining Tudor Investment Corporation, Mr. McNally served as Special Assistant for Economic Policy to President George W. Bush and as Senior Director for International Energy at the White House National Economic Council and National Security Council, respectively.

**ABSTRACT:** Recent fundamental and geopolitical trends and events have transformed energy markets more strongly than at any time in the past 30-40 years. Robert McNally will look ahead to the economic, geopolitical, and environmental consequences of this transformation, drawing from his 12 years of experience both in the private sector as an energy and macro policy consultant and from his service in the White House as President Bush's domestic and international energy advisor. He will also elaborate on the special challenges policymakers face in formulating popular and effective responses.

Refreshments will be available after the lecture.

## Financial Engineering Student Club

Welcome FE students,

I am extremely happy to announce that the FE Club has become official. The registration cost for the club will be \$45, \$25 of which includes the official registration fee for the International Association of Financial Engineers (IAFE) and \$20 for the FE club events. For more information on IAFE visit <http://www.iafe.org/>.

The major events lined up are:

- Workshops for C++ and other languages like Matlab, Excel - VBA and so on
- Trips to the stock exchanges
- CFA group study program
- Lectures and seminars on different topics in finance
- Participation in trading competitions

Hope to have you all as part of the club.

Regards,

Mihir Lakhani  
Vice President, FE Club

### Chartered Financial Analyst (CFA) Exam Study Group

A Yahoo! Group has been created for students taking the CFA exam: [polycfa@yahoogroups.com](mailto:polycfa@yahoogroups.com)

### 2007 Rotman International Trading Competition

The Student Club is looking for interested students to start a team to compete in the Rotman International Trading Competition (<http://www.rotman.utoronto.ca/finance/lab/RITC/>).

This annual competition is held March 8-10, 2007 in Toronto, Canada and features teams from Finance and Financial Engineering programs from the US and Canada. This year the competition has allowed for more teams, trading heats, and networking opportunities for students. Become involved to help Poly send its first team to the competition! Contact the FE Student Club to participate: [fesc@poly.edu](mailto:fesc@poly.edu).