

SUNY FREDONIA

Department of Business Administration

NEWSLETTER

Notes from the Chair

- Best of luck to all of our May 2013 graduates as they embark on the next stage of their lives. We had a total of 136 major degree applications-- 18 Accounting, 17 Finance, 24 Management, 51 Marketing, and 26 Music Industry. We also had 47 applications for Minors in Business Administration and Accounting. Please be in touch and make sure you all come back for Homecoming, October 11-13, 2013!



- I am pleased to announce that starting with the fall 2013 semester, we will have a new full-time Professor of Marketing joining us. Dr. Lei Huang will replace Dr. David Larson, who had eagerly come back from retirement for a one-year, temporary stint.

- We have received about 800 responses to our alumni survey conducted last semester. Currently our Assessment Committee is in the process of analyzing all the information provided by the respondents. The preliminary results are quite favorable. They indicate that our alumni are gainfully engaged in careers for which they were educated, have climbed the corporate ladder to the highest positions of responsibility, and had the best time of their lives while at Fredonia.

- As a component of our student learning outcomes assessment program, at the end of every spring semester, the department surveys graduating seniors about their learning experience at Fredonia. This and other assessment activities go a long way in informing the faculty of the effectiveness of our courses in preparing you for successful careers in business. I would like to encourage our May graduates to take some time in providing thoughtful answers to the online questionnaire when they are prompted in their email.

-Dr. Moj Seyedian

Enactus Team Earns Regional Champion Title, Again

The SUNY Fredonia Enactus team was once again named Regional Champions at the annual Enactus (formerly Students in Free Enterprise, or SIFE) Regional Competition. This was the 16th consecutive time that a Fredonia team has been honored as such at its regional competition.

This year's event, held April 12 at the Hyatt Regency in Chicago, Ill., represented the culmination of the work of 35 Fredonia students who comprised seven different teams earlier this academic year. Each team had its own project, finances, report and presentation, and all contributed to Fredonia's overall success in Chicago.

Among the team concepts were a sustainable water bottle entrepreneurial venture, an energy efficiency campaign for local businesses, a recycled ink cartridge campaign, an anti-bullying initiative in elementary schools, an entrepreneurial skill development program for high school students, a good-decision-making outreach initiative for high school students, a partnership with Cradle Beach to build awareness of initiatives to serve disabled and disadvantaged youth, and a recruitment and education initiative for Fredonia's own Enactus program.

Fredonia competed against more than 70 universities at this year's regional event, including many representing much larger, higher profile institutions.



Professor Susan McNamara (center, with dress) joins SUNY Fredonia's Enactus Team members following their 16th consecutive Regional Champions designation.

Ethics In Accounting

You may have participated in one or more of the business ethics events sponsored by the School of Business this year. This article concerns a specialized aspect of business ethics: professional ethics in accounting.



All of the major professional organizations in accounting have established codes of ethics for their members. Rather than dealing with general business ethics, these codes specify, in the form of standards or rules, what is considered ethical behavior by their members. So specific are these standards that accountants now refer to them as codes of *conduct*, rather than ethics. Probably the most detailed of the codes of conduct in accounting is that of the American Institute of Certified Public Accountants (AICPA).

Violation of the AICPA Code of Conduct can result in the suspension or revocation of a CPA's membership in the AICPA. While the AICPA is simply an organization of CPAs, and has no authority of law, the state regulators that do have such authority have adopted regulations that mirror the AICPA's Code of Conduct. Violations of such regulations can result in a variety of penalties, including possible suspension or revocation of a CPA's license to practice. The following discusses three of the rules in the AICPA's Code of Professional Conduct.

Rule 101 - Independence:

The most prominent role of the CPA is as auditor of the financial statements issued by companies and other organizations. Accordingly, it is important that the auditor be *independent* of the company he is auditing, so he is able to issue an objective, unbiased opinion on the adequacy of those statements. The independence rule precludes the auditor from having a direct or material indirect financial interest in the company being audited. For example, if the auditor (or his spouse or child) owns even one share of stock in the company

being audited, he would be deemed in violation of Rule 101. Further, if a parent, grandparent or sibling of the CPA has a material (significant) financial interest in the client (say, by owning company stock), independence is again deemed impaired. The auditor also cannot be a director, officer, nor employee of the company being audited.

These rules are in place to ensure that the auditor will not be influenced to compromise his/her professional judgment. While they may seem extreme in some cases (one share of stock can impair independence), they are designed to also allow the auditor to maintain an "appearance of independence". In other words, the auditor must be independent, but she must also appear to be independent in the eyes of an informed third party. Said differently, the auditor's opinion will have little value if she is the only one that thinks that she is independent.

Rule 301 - Confidential Client Information:

The CPA's work requires that he have access to a client's confidential financial affairs. Rule 301 requires that the CPA not disclose any confidential client information without the client's consent. Interestingly, *confidential* communications between CPAs and their clients is not the same as *privileged* communications with lawyers or doctors. Disclosure of privileged communications (say, between a lawyer and client) cannot be compelled by a court order. But confidential information obtained by a CPA is not protected from a court order or an inquiry by an investigative or disciplinary body, such as the AICPA or a state board of accountancy.

Rule 501 - Acts Discreditable:

This rule is the "catch-all" for misdeeds by CPAs. It states: *A member shall not commit an act discreditable to the profession.* The rule is not specific about what constitutes a discreditable act; it is subject to interpretation. However, examples of such acts include signing a false statement, committing a felony, and discriminatory employment practices.

In a recent case, the Securities and Exchange Commission (SEC) sued Arnold McClellan and his wife. Mr. McClellan was a partner in the Big-Four accounting

firm, Deloitte. The SEC alleged that he and his wife passed confidential information about business acquisitions planned by Deloitte's clients to Mrs. McClellan's sister and sister's husband, who then made \$20 million using the inside information. Mrs. McClellan agreed to pay \$1 million to settle the suit and was sentenced for making false statements to investigators. But she told prosecutors that her husband was not aware that she overheard him discussing confidential information with his Deloitte clients. So Mr. McClelland is off the hook, right? Wrong. The SEC dropped the charges against him, but he committed a *discreditable act* by allowing his wife to overhear his confidential conversations. He is no longer a Deloitte partner. His accounting career is over.

**-Kenneth Plucinski,
Associate Professor of Accounting**

Alumni Spotlight

Stephanie Debry Widzinski, a 1988 Accounting alumna, is a Senior Manager at Watkins Meegan LLC firm in Washington D.C. She is a Certified Public Accountant and a Certified Managerial Accountant who holds an active top secret clearance. Stephanie has more than 20 years of government contracting experience with expertise in accounting system implementation and conversion, Sarbanes-Oxley (SOX) compliance, and FAR, CAS and DCAA requirements.



Prior to joining Watkins Meegan, Stephanie was the Director of Finance and Accounting for a systems engineering and development company. In this position, her responsibilities included due-diligence activities on acquisition targets and management of financial statement preparation and reporting, including consolidation of subsidiaries. She was also the primary point of contact for all DCAA inquiries, reviews and audits, and worked with consultants to develop SOX documents, implement processes and conduct training programs.

Stephanie also directed the consolidation of two ac-

counting departments and was a key member of the consolidation team to merge two separate Costpoint databases. In this capacity, she was responsible for developing a new chart of accounts and project structure, mapping existing project/account/organization codes, reviewing data and conducting parallel testing.

A native of Star Lake, New York, Stephanie is now residing in Round Hill, Virginia. She is a member of the American Institute of certified Public Accountants.

Another Successful Semester For MIC

The Music Industry Club hosted two local band showcases in downtown Fredonia, which were both met with great attendance from club members and community music lovers.

April 8th marked MIC's first co-sponsored event of the semester. We teamed up with "ShoMoh," the 2011 business proposal winner of Fredonia's Technology Incubator startup contest, to host a competition for local bands. Nine acts competed in the Williams Center from 6 to 9 PM for a monetary prize.

Our biggest spring semester event happened on April 20th when MIC hosted its fourth annual *Life is Art* festival in the Barker Commons of Fredonia. The festival intended to display a variety of local art forms to the public. The event took place from 10 A.M. to 10 P.M. and included live performances, food, vendors, games, and raffles. The proceeds were donated to *Music Is Art*, a not-for-profit organization based in Buffalo. This foundation aims to promote music's impact on the cultural, social, and educational aspects of local communities.

In the last three years, the festival has raised approxi-



From left to right: Danny Palladino, Bryan Williams.
Photo credit: Nick Karp Photography

mately \$2,500, with last year's attendance reaching approximately 500 patrons. This year we were able to boost both the donation amount and attendance. We once again asked local businesses and student organizations to support our festival and our cause by making contributions toward our raffle basket drawing, which will include local goods and products.

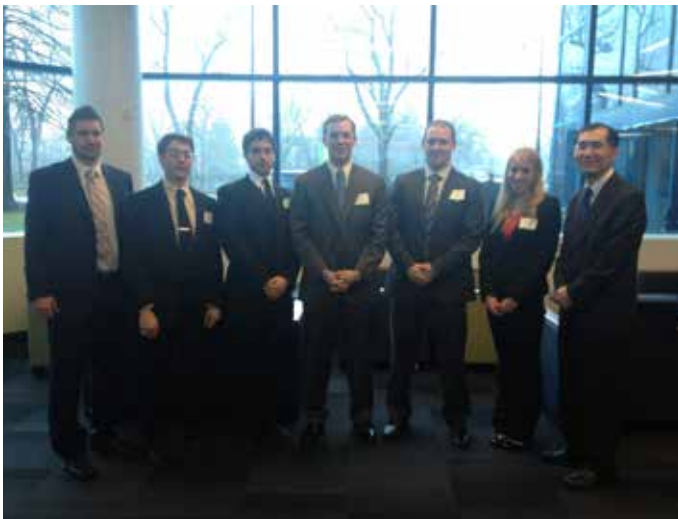
With a full lineup of events, and student involvement at an all time high, MIC had a successful and enjoyable spring semester!

-Shauna Kyle Presto

CFA Challenge

For the first time, a Fredonia team participated in the Chartered Financial Analysts Challenge, writing an investment research report on Computer Task Group, a Buffalo-based IT service firm, and presenting it before a panel of judges on February 19 at Canisius College. The Challenge has been hosted by CFA Societies of Buffalo and Rochester for several years. This year the following nine universities participated in the local level competition: SUNY Fredonia, SUNY Buffalo, SUNY Brockport, SUNY Geneseo, SUNY Oswego, Canisius College, Niagara University, Syracuse University, and St. Bonaventure University.

Fredonia team members, Tiffany Place, Ryan Edens, Alexander Foster, Jeff Holloway, and Robert Yung, all finance majors, did an excellent job at the competition. Mr. Douglas Krombach, Senior VP at Prodigy Health Group and Dr. Tai Yi, Associate Professor of Finance, helped the students complete the competition as their industry



From left to right: Douglas Krombach (Senior VP at Prodigy Health Group), Robert Yung, Jeff Holloway, Alexander Foster, Ryan Edens, Tiffany Place, and Dr. Tai Yi.

mentor and faculty adviser, respectively. The team averaged 85 on the written report, achieving the 3rd place behind the veteran Canisius (1st) and Niagara (2nd).

-Dr. Taihyeup Yi

Business Club Goes To The Big Apple

Every year the Business Club raises money to reward deserving members with a weekend trip to New York City. This trip is designed to show the students opportunities available and what it is like in a true, city-bustle working environment. This year we were able to tour two companies and network with people at each business. In addition, we were able to spend some free time going to a Yankees game and touring the city. This was truly a wonderful experience for our members after a long year of fundraising.

-Andrea Fabbio



Front row, left to right - Larissa Garofola, Lauren Braun, Jen Pfeffer, Andrea Fabbio, Nicki Sparks, Laura Steimer, Jessica Windnagle, Alex Mink. Back row, left to right - Nick Padulo, Anna Riley, Jeremy Camilloni, Jim Murgillo, Nico Prosser, and Ryan Smith.

The Department of Business Administration Newsletter is a student-run online publication of the Department Chair's Student Advisory Council, established in Spring 2007. For story ideas and comments, contact the Editors: Shannon Smith, smit0020@fredonia.edu Andrew Cavaretta, cava3650@fredonia.edu