Will Sarbanes-Oxley Act Restore Investor Confidence?

BY CATARINA EDLUND

One of the strengths of our system is our ability to recognize problems, move to fix them, and almost every time we do that, we become stronger and more efficient and better for it,” said Congressmen Michael G. Oxley (R-Ohio), co-author of the Sarbanes-Oxley Act of 2002, in his keynote address at the second annual Lubin Leaders Forum entitled “Financial Integrity and Investor Confidence: Finding the Road Back.”

On the topic, Oxley commented, “There are a lot of other issues going on...in the international community that obviously have an effect on the market. The uncertainty about whether we go to war obviously has a major effect on people’s psyche. But the structural changes that were made are now being put into place and that is a very, very positive development for our country.”

In light of the business scandals in the last year, the focus of the conference was corporate governance and accounting; asking the crucial question of whether reforms already enacted are sufficient to restore financial integrity to institutions and investor confidence in the markets.

Lubin’s Center for Global Finance, directed by Professor Jorge Pinto, and the School’s Department of Accounting, chaired by Professor Rudy Jacob, jointly hosted the conference on February 3, 2003, at the Mutual of America building in Midtown Manhattan. Corporate sponsorship was provided by Booz Allen Hamilton and strategy + business magazine. The more than 150 participants included executives, scholars, government officials, and business students.

The conference panels were moderated by Randall Rothenberg, editor-in-chief, strategy + business magazine and director of intellectual capital, Booz Allen Hamilton. In his opening remarks Rothenberg opined, “There are two components of our national character: ambition and fairness...Certainly, those ideals can and do come into conflict. What is now routinely referred to as corporate scandals of the past year are examples of that conflict. While legal courts have yet to rule fully, the court of public opinion has judged that leaders of too many publicly held companies, together with their aides, and the accounting and legal professions have tried to better themselves at the expense of the shareholders.” In light of this, he started the discussion off by asking the corporate governance panelists, “Based on stock market performance, investor confidence appears lower today than at any point in almost six decades. Do
Lubin Offers Pilot M.S. in Accounting Degree Program in Shanghai

The program has received formal approval from the Chinese Ministry of Education and the Central Committee of Academic Affairs. Originally, the program was to commence with a residency in New York. However, because of issues concerning September 11, 2001, the initial class celebrated an “opening ceremony” in Shanghai.

Attending the ceremony for Lubin were: Dr. Peter Hoefer, associate dean and director of Graduate Programs; Dr. Rudolph Jacob, chair, Accounting Department; and Dr. Tang; plus dignitaries from SUFE in China including: Dr. Robin Zheng Sun, vice president; Dr. Xinyuan Chen, dean of the School of Accountancy; Professor Yaoxing Yue, director of the International Exchange Office; Professor Fei Pan, associate dean of School of Accountancy; Ms. Yamin Jin, chief of Oversea Programs; and Professor Xinmiao Dai, coordinator of the program. Guests from accounting firms included Dr. Xie Rong, former partner of KPMG and vice president of Shanghai National Accounting Institute; Ms. Meihua Chen, assistant director of Ernst & Young LLP; Dahuia; and Mr. Randy Choi, senior manager of PricewaterhouseCoopers.

Lubin is planning to bring these first-cycle students to New York as part of their educational experience. Future cohorts will be spending time in New York City as part of the educational process, as well. New cohorts of between 15 and 25 students are expected to form every two years. While they are not in Shanghai, Lubin faculty will encourage a continuous learning experience using sophisticated courseware, the same courseware that virtually all Lubin graduate students are encouraged to use.

Executive Education Model

“It’s up to us to make sure that we are offering a quality experience to our students,” commented Hoefer, on the executive education model selected for the program. This model implies that forty hours of classroom time will be presented within each two-week period, at the end of which the students will take exams and proceed to the next course. “To extend the learning experience into a continuous one is a challenge [under such a model],” further explained Hoefer. The instruction is held in English by mainly Lubin faculty in SUFE classrooms.

“We are always trying to pick good institutions that make us proud of the association,” Hoefer commented on the decision to choose SUFE, one of the most prestigious business schools in China. This program, the first M.S. in Accounting degree program any U.S. university has offered abroad, is an opportunity for Lubin to develop strong ties with China and to be ranked with other leading business schools offering programs abroad. As Hoefer noted, “We are learning about different cultures, about different ways of doing business, and this is important because it says we offer a dynamic educational experience.”
Ivan Fox, ’54, Honored for 43 Years of Teaching

BY CATARINA EDLUND

I am a child of Holocaust survivors, and the probability of me standing here after all that [my parents went through] I have counted to less than one percent. In other words I am a very, very lucky man to be here today.” With these words Mark M. Besca (BBA ’81), managing partner for Ernst & Young LLP’s New York office, opened his remarks at the Tenth Annual Lubin Alumni Achievement Luncheon.

Besca, who has maintained a strong bond with the Lubin School of Business since he graduated 21 years ago and serves on its Accounting Advisory Board, was honored on December 6, 2002, at JPMorganChase’s Executive Dining Room by over 500 colleagues, Lubin faculty, administrators, students, family, and friends for setting a high standard of achievement in the community, with his alma mater, and in the business world.

“Freedom meant a lot to our family. And the primary goal was for us to get educated. They sacrificed everything [to achieve that goal]. [My parents] are really the ones who should be celebrated today, so I’m giving this award to my mother,” Besca said in reflecting on how far he had come. He began his career through the Pace co-op as an intern with Arthur Young in 1979. Today, he is a co-chair of the media and entertainment group of the United Jewish Appeal.

Special Tribute to a Beloved Teacher, Ivan Fox, ’54

The tenth anniversary luncheon was also the occasion of a special tribute to Dr. Ivan Fox, ’54, a dedicated law professor and alumnus, for his 43 years of service and commitment to the Lubin School. A respected leader in his field, Fox maintains a law practice in New York City, where he represents clients in the entertainment industry. He is a co-author of Anderson’s Business Law and the Legal Environment — one of the most widely read law textbooks in the nation. Fox has published in several law reviews and presented papers at every Academy of Legal Studies in Business Conference since 1961. He is also a member of the Academy of Legal Studies in Business and serves as a liaison with the American Institute of Certified Public Accountants for the CPA exam.

“Revered by his students, he has received three outstanding teaching awards in recognition and appreciation for his abound- ing guidance,” remarked Lubin Dean Arthur L. Centonze. “We look forward to continuing our affiliation with one of the best and brightest business law scholars in the world. And let me add, the most memorable faculty member in the eyes of our alumni,” Centonze concluded.

Bеса and Fox, whose friendship began as student and teacher some 25 years ago, brought a great deal of levity to the festivities. In his tribute to Fox, Besca joked, “Anyone that can wear a purple suit to class has to receive some honor.” In his brief remarks, Fox joked with the audience and commented that he had probably been at Pace longer than any other faculty member and that his tenure had outlasted four presidents of the University.

Honoring Recent Alumni and Scholarship Awardees

John E. Boyd, ’76, president and CEO of EUR Systems and the 2001–2002 chair of the Steering Committee, opened the luncheon by welcoming the guests. He then introduced Dean Centonze, who recognized the contributions made by recent alumni and awarded the alumni scholarship to Shal Chowdhury, ’03, BBA Finance. The Lubin Alumni Scholarship Award recipients (2nd from r) celebrates with other award recipients (l to r) Shal Chowdhury, ’03, alumni scholarship winner, and Recent Alumni Service awardees Joan M. Flanagan, ’99, and Richard T. Nix, ’99.

Mark M. Besca, ’81, Alumni Achievement Award recipient

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you believe this is a cyclical or a structural issue?”

Beth Brooke, global vice chair – strategy, Ernst & Young LLP, answered, “I think it is certain to say that investor confidence is at an all-time low. I think Alan Greenspan’s warning against irrational exuberance indeed was met with irrational exuberance…. I think it is critical now to start looking forward; we all play a role in restoring investor confidence. But there are no silver bullets and this session is appropriately entitled ‘Finding the Road Back.”’ Brooke, a strong proponent of Sarbanes-Oxley, said of the Act, “I don’t think this is well understood. Sarbanes-Oxley really is landmark legislation. And I don’t know if it is being viewed that way. [It is] clearly one of the most sweeping reforms of the accounting profession and corporate governance since the depression.”

The panel also included Gordon Grand III, managing director, head of CFO Practice, Russell Reynolds Associates, Inc.; Paul Kocourek, senior vice president, Booz Allen Hamilton; and Susan Schmidt Bies, Board of Governors of the Federal Reserve Board.

**Sarbanes-Oxley Act**

Michael Oxley has been a leading voice in Congress for 20 years on issues related to Wall Street, banks, and the insurance industry, as well as trade, telecommunications, and energy. As chairman of the House Financial Services Committee, Oxley held the first congressional hearings on the accounting abuses of Enron, WorldCom, and Global Crossing.

During his keynote address he gave a concise history of how the Sarbanes-Oxley legislation came about and said that next on the agenda will be the Committee’s review of transparency and fee structure for the mutual funds industry. “That will hopefully allow us to pursue the same avenue we did with Sarbanes-Oxley…because it is a fact that when the market was going gangbusters in the ’90s and everybody was making a lot of money, no one was paying a lot of attention to the fees…. And now we are in our third year of a bear market. People are starting to pay attention and rightly so. They want to know about fees, they want to know what they are charged and what they are based on. So the Committee is planning a series of hearings to flush that out.”

When asked in the Q&A where he thinks transparency stands now and how far should it go, Oxley candidly answered, “I think transparency will go as far as any potential scandals will take it, that is, historically…every time you have a scandal of some proportion, normally part of the fix is to provide more transparency in the system, and that transparency moves as far as the political system…will allow it…. The transparency concept…to me, is incredibly valuable. I think it does set apart our systems and that is why our markets are the strongest in the world, as opposed to rigid regulation that in many ways dampens the entrepreneurial spirit and risk-taking that is so necessary in our system.”

**Accounting Standards**

Randall Rothenberg opened the accounting panel by asking, “What happened to the integrity of the U.S. accounting system? Was it, is it, a systemic problem or merely a few bad apples?” Trevor Harris, managing director, Equity Research, Morgan Stanley, responded that in his view, “…fundamentally it is a systemic problem. I don’t think this is a case of bad apples. The profession and the accounting system are at the heart of the problem…. What made U.S. accounting the pinnacle of the

Based on stock market performance, investor confidence appears lower today than any point in almost six decades.

Randall Rothenberg

**Continued from page 1**

Conference moderator, Randall Rothenberg, Paul Kocourek, Beth Brooke, and Susan Schmidt Bies listen to Gordon Grand III (2nd from left) speaking on corporate governance issues.
I think you should feel proud of the education that you are getting [here at Lubin],” said Marie J. Toulantis, ’81, CEO of Barnes & Noble.com, during her lecture to undergraduate students on November 12, 2002, when she spent the day in the Lubin School of Business as an Executive in Residence. “In the end it’s the hard work, the persistence, the determination, the discipline, and the focus that are going to get you where you want to go.”

Before joining Barnes & Noble, Inc., Toulantis successfully climbed the corporate ladder at Chase Manhattan Bank. Equipped with perseverance and dedicated work performance, as well as her B.B.A. degree in Marketing from the Lubin School, earned through six grueling years of full-time work and full-time study, she was chosen for a one-year, full-time Chase training program, the equivalent to an MBA program at the time. To stay in the program, Toulantis had to compete against Ivy League graduates, and she flourished. “The foundation that I got here at Pace really was able to get me through the program,” she reminisced.

Ready for New Challenges

For the next two decades, Toulantis stayed in the corporate lending world, where she reached the position of Senior VP at Chase. In 1997, one of her clients, the founder of the Barnes & Noble, Inc., Leonard Riggio, offered her the position of vice president of Finance in his company. Pushing doubts away, Toulantis took the challenge, and in 1999 she was appointed CFO.

“We were in the midst of the dotcom revolution. We started Barnes & Noble.com and launched it on the Web in 1997, two months after I joined the company,” said Toulantis to a small group of faculty members at a luncheon that started her day at the School. In 1999, she was named CFO of Barnes & Noble.com, and in 2001 - president and COO. “We definitely needed capital to grow … we sold half of the company to Bertelsmann A.G., a privately held German media giant … and a few months later [May, 1999] we took the company public … raising about $500 million. That was, at the time, one of the largest IPOs,” she remarked.

“It’s All About Books”

“We were going to stay true to our roots,” explained Toulantis later to a crowded auditorium of MBA students, in discussing the company’s focus on the sale of books and related products. “Our goal was to differentiate ourselves from the competition by offering customers greater selection, faster delivery, and more authoritative content about books, music, and DVDs.” She commented that this strategy helped the company to survive the deep carnage other Internet retailers suffered, and, according to a study undertaken by the University of Michigan, Barnes & Noble.com has the top customer satisfaction scores among retailers nationwide.

Work in Progress

“Growth is never a straight line up, with no bumps in the road,” said Toulantis, who, among other things, put the company’s infrastructure in place and set up the proper technology to keep the Web site working. Today, determined to become the best online destination for books, music, and DVDs, the company does a lot of direct marketing and multichannel advertising to attract more customers. They have created a number of new features for the Web site, set up discount programs for customers, such as Barnes & Noble gift cards, which Toulantis generously presented to the students in attendance when her presentation was over.

Forward Looking

“I have a really good team. It’s important to recognize what people’s strengths and weaknesses are and put them in the right jobs,” commented Toulantis to her captivated audience, when asked about the approach she takes with her 1,000 employees.

“Our sales will top $400 million this year. Our losses are declining dramatically, and our plan is to break even next year,” summed up Toulantis, under whose leadership the company is consistently ranked among the top five e-commerce sites in the world, attracting more than ten million unique visitors per month, the largest audience any brick and mortar company has. ■
PWC’s O’Connor on Rebuilding Public Trust

On Monday, March 31, John J. O’Connor, vice chairman, Services, PricewaterhouseCoopers, the largest of the Big Four accounting firms, spent the day in the Lubin School of Business interacting with students and faculty as an Executive in Residence.

O’Connor holds responsibility for the firm’s Assurance and Business Advisory Services (ABAS), Tax, Financial Advisory Services practices, and Marketing, Communications, and Industry programs in the United States. Previously, he served as America’s leader for the ABAS practice. Before assuming this position he was the managing partner of the Boston office and the ABAS regional leader for the firm’s northeast region.

O’Connor, who holds a B.S. in accounting from Suffolk University, is a member of the Massachusetts Society of CPAs, the American Institute of CPAs, and also serves on the Board of Trustees of the Suffolk University and Dana-Farber Cancer Institute.

Lubin Business will report on his visit more extensively in the summer issue.

Matt Morey Garners IMCA Journalism Award for “Rating the Raters”

On April 27, 2005, Dr. Matthew R. Morey, associate professor of Finance, received a highly prestigious 2005 Investment Management Consultants Association (IMCA) Journalism Award for his article, “Rating the Raters: An Investigation of the Mutual Fund Rating Services,” published in the December 2002 issue of IMCA Journal of Investment Consulting. Presented to Morey during the IMCA Spring Conference in Scottsdale, Arizona, the annual award is given to acknowledge the best writing in the investment industry for the previous year. Morey’s research on Morningstar and Value Line rating systems’ prediction abilities has received a good deal of attention because of his findings: that they don’t do such a good job of predicting future winning funds.

IN MEMORIAM: DR. EDWARD J. MORTOLA, CHANCELLOR EMERITUS AND FORMER PACE PRESIDENT

Dr. Mortola’s affiliation with Pace spanned over half a century. He joined Pace Institute as assistant dean in 1947, became dean in 1949, and provost a year later. He rose to vice president in 1954, and became the college’s third president in 1960, at the onset of a period of physical and academic growth. He oversaw the opening of new campuses in New York City and Westchester County and the emergence of a fully accredited Pace University in 1973. Under his guidance, enrollment grew to more than 30,000 students, both full-time and part-time. He became chancellor in 1984, reached emeritus status three years later, on his 70th birthday, and remained a University trustee until his death. His legacy reaches far beyond Pace University. He will be remembered as a great innovator, builder, leader, and dominant force in higher education in New York.
Calling All Lubin Alumni: Dr. Stephen Laruccia, New Director of Development and Alumni Relations

BY VERA MIKHAYLOV

The focus of my new position is to seek the guidance and support of our alumni as Lubin positions itself to be the premier school of business for the New York metropolitan area,” commented Dr. Stephen D. Laruccia, who was recently appointed the director of Development and Alumni Relations for the School.

For twenty-three years, Laruccia worked in the field of development and is proficient in many areas, with particular expertise in major gift solicitation, proposal writing, and annual giving. Before joining Lubin, he served as the director of Corporate and Foundation Relations at William Paterson University in Wayne, New Jersey.

Fundraising and alumni relations, Laruccia points out, are a primary focus of a business school’s philanthropic outreach. “Business school alumni hold positions of prominence and their support has significant impact on the education and life of the institution,” he comments. Lubin’s office of Development and Alumni Relations is part of the University Office of Philanthropy and works collaboratively with other schools within the institution to secure resources for the University at large.

Just two weeks into his new job, Laruccia spoke about a number of projects designed to move the School forward, for example — increased visits to Lubin’s many alumni by Dean Arthur L. Centonze and Laruccia “to bring the outside in.” He commented, “We have so many alumni out there whom we want to reach to integrate them into the life and work of the School. Their contributions can be immeasurable.” Additionally, Laruccia said he would like to see a mentorship program for Lubin students in which they would spend a concentrated period of time working with successful alumni on special projects such as marketing strategies, financial plans, audits, etc. He will work closely with Dean Centonze and Barbara Rose Aglietti, director of Lubin’s Office of Communications and External Relations.

In talking about the importance of alumni participation in the School’s life, Laruccia said, “Alumni can help our graduates and students secure positions in the world of work and they can help us keep our curriculum current and responsive to the needs of the marketplace.”

Laruccia holds M.A. and Ph.D degrees from the University of Michigan and a B.A. degree from Manhattan College.

Entrepreneurship Program Ranked Among the Top 50 Programs

The Lubin School’s Entrepreneurship program has been ranked among the top 50 regional programs across the country by Entrepreneur magazine in their April 2003 edition.* More than 700 entrepreneurship programs were researched for this study and the rankings are based on more than 30 criteria, including course offerings, teaching and research faculty, business-community outreaches, research centers and institutes, advisory boards, off-campus programs, other entrepreneurial initiatives, degrees and certificates offered, and faculty and alumni evaluations.

FACULTY NOTES

Picheng Lee, Accounting, has co-authored the following articles: “The Effects of Personal and Group Level Factors on the Outcomes of Simulated Auditor and Client Teams,” in Group Decision and Negotiation, vol. 12, no. 1, January 2003, with co-authors Gary Kleinman and Dan Palmon; and “Statistical Choices and Apparent Work Outcomes in Auditing,” in the Journal of Managerial Psychology, vol. 18, no. 2, February 2003, with co-author Gary Kleinman.

Joseph M. Pastore, Jr., Management & Management Science, has been selected by the United States Securities and Exchange Commission (SEC) and The National Treasury Employees Union (NTEU) to serve as a member of the SEC/NTEU Arbitration Panel.


Michael P. Cangemi, BBA ’70, CEO of Etienne Aigner — A Capitalist With a Conscience

BY CATARINA EDLUND

“I’m a capitalist at heart ... I like business. The American dream ... where people can improve their life and lifestyle, is one of my core elements,” responds Michael P. Cangemi, president, CEO and director of Etienne Aigner, Inc., a leading designer of women’s footwear, handbags, and accessories, when asked what is unique about him.

Growing up in Brooklyn, a child of depression-era parents, Cangemi explains, “I wanted to have security and make sure that my family was taken care of.” With a solid career in auditing, EDP auditing, and corporate finance, Cangemi, both a CPA and a Certified Information Systems Auditor, need not worry.

“When I started to work, I had this professional thing instilled in me. That I am a professional first and foremost and in addition to that I am the president and CEO of Etienne Aigner right now. If this job ended, ... my business life wouldn't be over. I am a CPA, I am always in business. I have other professional interests going on all the time, being a CPA in public practice for the first ten years out of college really entrenched that concept in me,” reflects Cangemi, whose diverse interests took him from Ernst & Young LLP, to Phelps Dodge Corporation, a Fortune 500 mining and manufacturing company, and back to consulting, at BDO Seidman, were he managed two practice divisions and then, while evaluating a prospective acquisition for a client, he encountered Etienne Aigner and was asked to join them as their senior vice president and CFO.

Social Accounting

Cangemi is a capitalist with a conscience. As he puts it, “business is connected to everything else.” Take for example, the Aigner advertising campaign, “What does it take to get an A?” where the company established reading corners for children in their stores and partnered with the National Education Association to develop reading aids. The ad campaign was changed several years ago, but Cangemi kept the reading corners in the retail stores, even though store managers pointed out that they were taking away precious selling space. According to Cangemi, the reading corners may be peripheral to the business, but the reading program is integrated into the company’s mission and may be contributing to reducing turnover for store managers to about 25 percent in an industry where the turnover is 100 percent, as recently reported by Eileen Stewart, VP of Human Resources, at Etienne Aigner.

Community Praxis

Cangemi’s commitment to the community extends beyond the company. He is chairman of the Edison Chamber of Commerce and a member of the finance committee of the board of Solaris Health System. He also currently serves on the board of the Fashion Accessories Benefit Ball and as the director of the National Fashion Accessories Association. Further supporting his commitment to professional activities, Cangemi rose to become president of the Information Systems Audit & Control Association. In addition, he has been editor-in-chief of the IS CONTROL Journal for fifteen years and has published extensively, including his book, Managing the Audit Function, the third edition of which was published in March 2005.

A Rush Walking Down Wall Street

As a junior in high school, Cangemi landed a job at Merrill Lynch. The opportunity at Merrill was the best thing that could have happened to him, he says. “I got the Wall Street bug bad. I read a hundred books on Wall Street history, and I was going to be a Wall Street tycoon … by the time I was 21. I had Wall Street running in my blood. Talk about being impressionable— I was sixteen!” To this day, Cangemi says, “My blood still rushes walking down Wall Street, and I can trace it back to my childhood experience.” After high school he started full-time at Merrill Lynch, but, realizing that “the big guys with an office had gone to college,” he decided to go on to college.

He enrolled at NY Tech, a school with a very small business program and excelled in his accounting classes. When he went in to see his guidance counselor, Professor Lewis Schier, he was in for a shock. Instead of praising Cangemi for his excellent marks, Professor Schier told him he was in the wrong school. He challenged him to go to a tougher school - Pace, NYU, or CCNY! Cangemi took that challenge and transferred to Pace.

Passion for Pace

“Pace was a very good decision for me. It’s just a great school...
Karen Berger’s Green Thumb Cultivates Marketing Leaders

BY VERA MIKHAYLOV

“I like working with students and being able to really help them,” commented Karen Berger, associate professor of Marketing and Undergraduate Program chair, when asked what part of her work she likes best.

On the Lubin faculty for fifteen years, Berger is an expert in the area of promotion, e-commerce, and technology in marketing. “My commitment to marketing really started at the age of 21,” says Berger in talking about her first job in the field. Despite the fact that she had just earned her B.A. in Linguistics (SUNY) and was enrolled in the M.A. in the Teaching of French program at Columbia, Berger was so interested in marketing, as she learned on the job, that this introduction grew into a commitment to the practice of marketing. She quickly finished her M.A. in French in the evening, while continuing to build her career in product management, a field of marketing.

To further her career in marketing, she enrolled in an evening M.B.A. at the University of Connecticut. She worked in marketing in sales promotion and marketing management for almost a decade. After a short stint as an adjunct faculty member, she knew she wanted to be a professor and enrolled in the Ph.D. program at the Graduate Business School (now Stern) in Marketing at New York University.

**Influence of Culture on Business**

Years later Berger was able to rekindle her interest in languages through the pursuit of topics and study in International Marketing. “I had an interest in ... how languages can be studied from a scientific point of view ... and that is something I take with me into my study of marketing,” says Berger.

Indeed, Berger pays a lot of attention to her students’ ability to see the influence of culture on business. With Professor Geraldine O’Neil, Modern Languages and Cultures, Dyson College of Arts and Sciences at Pace, she has organized international field study trips to France and Canada to help students develop the necessary cultural sensitivity. “We are likely to miss the nuances of diplomacy, of the discussion of people of different cultures, if we only see it from the point of view of our own language,” comments Berger.

The decade Berger spent working in management positions with such companies as Revlon Health Care, Frito-Lay, and Lever Brothers has helped her in her position as Undergraduate Marketing Program chair by giving her experience with different kinds of marketing jobs, so that she can apply this knowledge to help students in internships and independent studies.

With research interests focused on communication and the effects of technological innovations, Berger actively encourages the use of technology in the classroom. “I see that my role as a professor is to point out how the way business is conducted has changed, so that students can understand the more subtle impact of these changes in technology, and, therefore, in communication.” To prepare undergraduate marketing students for the real world, Berger has developed a Strategic Internet Marketing course that incorporates computer skills with marketing strategy. This course is now taught across Pace campuses and has been expanded to include a similar graduate course.

An expert in marketing and communication, Berger has consulted with Entex, Girl Scouts USA, and various nonprofit organizations. A member of the board of directors of the Westchester Advertising Club, Berger recently organized and acted as a moderator for a breakfast panel discussion for small- and medium-sized businesses in Westchester. “We hope that it will serve as the impetus for these organizations to take the time to engage in strategic planning,” explained Berger.

**Teaching a Living Language of the Marketplace**

Always interested in academic innovation and development of the curriculum, Berger inspires others to follow the changes: “I think that’s an important part of my job, to encourage colleagues to take advantage of the fact that marketing is a living, changing field, and to be able to incorporate that into the curriculum.”

Berger’s latest challenge involves executives in the e.MBA@PACE program. This is a highly innovative and integrative program that involves a team of faculty that work with students –Continued on page 12
Lubin in the News

Wall Street Journal

In the WSJ article “The Stars in the Sky Flicker, and Fund Stars Do the Same,” on January 15, 2003, Ian McDonald discusses the findings of Finance Professor Matthew Morey’s study “Rating the Raters: An Investigation of the Mutual Fund Rating Services.” On the rating services, Morey offered, “Ratings are very seductive because we want to see things quantified simply…. Someone once made the analogy that [dispensing fund] ratings are sort of like handing investors a loaded gun. You’re saying here are these ratings, but don’t really use them the way it’s instinctive to do so.”

Morey’s study “Rating the Raters” has received wide recognition by the press, some of which follows. In addition he was interviewed on CNBC and WOR Radio.

Ignites.com

On January 15, 2003, Joe Morris’ article, “Study: Top-Rated Funds Don’t Stay So For Long,” reported on Morey’s study, which looks at diversified stock funds with Morningstar and Value Line ratings dating back to year-end 1994. The article reported that Morey found “that funds ranked high by Morningstar and Value Line generally don’t outperform funds with middling ratings after a few years.”

The Tampa Tribune

“Mutual-Fund Ratings Draw Secur- ity Issue, Morningstar, Value Line in Reliability Question,” featured in The Tampa Tribune on January 16, 2003, took a look at Morey’s new study which concludes that mutual funds given high ratings by Morningstar and Value Line don’t necessarily perform better than those with “middling ratings.” “Mutual-fund ratings services can’t really predict winners,” Morey responded.

The San Diego Union-Tribune

On January 19, 2003, The San Diego Union-Tribune mentioned the new study on Morningstar and Value Line’s ratings systems by Morey in their Investor’s Calendar.

Financial-Planning.com

In “Surprise, Surprise—Research Shows Ratings Systems Don’t Work,” January 21, 2003, Steve Garmhausen highlighted the findings of Morey’s study. “Ratings should be used as measures of past performance … and investors should remember that the ratings are of dubious help in terms of predicting future winning funds,” said Morey. However, he also pointed out that ratings were a little bit better at predicting losers: “There is muted evidence that they can predict bad performance…. [They can predict that] one- or two-star funds will do worse than others, but not that five-star funds will exceed three-star funds.”

Rocky Mountain News

The January 25, 2003 article, “Ratings Only Part of Picture,” by Allison Linn references Morey’s research.

Investment News

The January 27, 2003, feature, “Short Interests: Funds Ride Names to Outperformance,” reported by Sara Hansard, Rick Miller, and David Hoffman stated that none of the rating systems from any of the major firms are able to predict winning mutual funds, according to Morey’s study.

El Paso Times

“Ratings myths: Tips for picking best funds” by Vic Kolenc, which appeared in El Paso Times on February 17, 2003, quoted Morey, “People kind of get seduced (that) this is a great fund because it got a (Morningstar) five-star rating — similar to other things we evaluate like movies, restaurants and hotels,” Morey said. “In general, if a fund gets a high rating, it did pretty well in the past. But in the future, all bets are kind of off.”

Associated Press

Jorge Pinto, Finance, and director of the Center for Global Finance, was quoted in Lynn Brezsky’s March 3, 2003 article, “No Consensus on History of Mexican Party Shout,” on the “grito,” a traditional Mexican revolutionary cry. Of the grito Pinto said, “It’s a growing tradition,” which can be heard during a solemn occasion to confirm nationality and origin. It is also commonly heard when Mexicans are gathered for festive ceremonies or at a party.

CNN

On February 3, 2003, Myron Kandel, CNNfn financial editor, mentioned the Lubin Leaders Forum, “Financial Integrity & Investor Confidence: Finding the Road Back,” sponsored by the Center for Global Finance and the Department of Accounting, which took place that same morning, in the news program The Money Gang. Kandel also mentioned the Lubin Leaders Forum during Market Call and noted that keynote speaker Congressman Michael Oxley, the head of the House Financial Services Committee and co-author of the Sarbanes-Oxley Act of 2002, said the committee will next turn its attention to the mutual funds industry, specifically questions of fees and transparency.

The Buffalo News

In the January 22, 2003, article, “It’s Tacky But True: Ads Mean Cash,” Donn Esmonde, quoted James Gould, Marketing, on the relatively new phenomenon of cities selling ad space to raise revenues. Gould said, “Given the alternatives, taking (ads) is better than raising people’s taxes forever or cutting their services…. An ad doesn’t necessarily mean an endorsement.”

The Journal News

“You are not going to induce management to step up spending if their profits are evaporating, and they’ve got massive production capacity to begin with,” said Robert H. Parks, Finance, in the January 1, 2003, article, “Region Has Strength During National Downturn” by Jerry Gleeson. He continued, “We have an overinvestment boom … far beyond our ability to use.” In commenting on the potential cost of war with Iraq, Parks was quoted as saying, “an attack on Iraq could send American equity markets down 15 to 20 percent while you are out to lunch.”

The Journal News.com

Barbara Nachman’s March 9, 2003, article “It’s good 2 B bad” discusses the questionable ethics of rewarding the bad behavior of celebrities. James Gould, Marketing, was quoted as saying he thinks Marc Jacobs made one of those gaffes when he chose Winona Ryder to star in his spring ad campaign. The ads, which place the actress in a posh Hollywood hotel room opening boxes of new clothing and accessories, seem to be winking at her shoplifting conviction last fall. “It’s not only in bad taste,” Gould said, “but it’s also risky business. Clearly, Jacobs is pushing the controversy...
button, an advertising tactic that has backfired in the past.”

**Westchester Business Journal**

The March 10, 2003, article, “Pace offers master’s degree in accounting in China,” speaks of Lubin’s pilot Master of Science degree in accounting program for students in Shanghai in conjunction with Shanghai University of Finance and Economics (SUFE).

“This mutual endeavor provides an excellent opportunity for Chinese business professionals to study United States accounting, auditing, and taxation,” said Arthur L. Centonze, dean of the Lubin School.

“arthur l. centonze is dean of the lubin school and his quote is here.”

“arthur l. centonze is dean of the lubin school and his quote is here.”

On the same day, WBJ also featured an article by Alex Philippidis, “Businesses assess impact of Iraq war” in which Warren J. Keegan, International Business, and director of the Center for Global Business Strategy, was quoted as saying “If (President George W.) Bush is asking for $95 billion, which amounts to about $300 per capita, $1,200 per family of four, that’s not cheap….

That’s a huge amount of money being spent now, and a huge obligation that would follow the dogs of war.” The article also quoted Robert H. Parks, Finance, who said that “even without a shot being fired, the looming war would have the immediate effect of hindering an economic recovery in the United States.” The article also referred to Parks’ comment mentioned above from *The Journal News* to the effect that an attack on Iraq could plunge American stock markets down 15 to 20 percent and touch off a costly arms race.

**Seattle Times**

“Fear is a very strong motivator for influencing behavior,” James Gould, Marketing, said in speaking of the safety products industry that capitalizes on parents’ safety fears about their children. Gould was quoted in the article, “All cuddled up: How much protection is overprotection?” by Stephanie Dunnewind, which appeared on January 18, 2003.

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### Pace’s Small Business Development Center (SBDC) Is Off the Charts

In its 17th year of providing management and technical assistance to small businesses and aspiring entrepreneurs, Pace University’s Small Business Development Center (SBDC) was recently ranked the number 2 out of 23 centers in New York State. The Center was also one of the five centers in New York State that were reviewed by the Association of Small Business Development Centers during the 2005 accreditation process, resulting in a full accreditation for the New York SBDC program.

In 2002, the Pace University SBDC provided almost 7,000 hours of counseling to over 1,000 new clients, both startups and existing businesses, of which about 55 percent were minorities. This counseling resulted in the creation and/or retention of 450 jobs and over $9 million of investment. Business plan development, financial statement analysis, profit and loss projections, and loan packaging services are all part of the counseling services provided by the SBDC staff.

In response to the tragic events of September 11, 2001, the Center also helped clients gain access to the FEMA/SBA Disaster Loan Program and the WTC Recovery Loan program. The first phase of the WTC Recovery Loan Program allowed loans to small businesses affected by the disaster up to $5,000 and the Center helped some 90 clients access this particular loan. The Empire State Development Corp. has recently announced Phase II of the WTC Business Recovery Loan Program in which the loan amount has been increased to $50,000, with an appropriation ($2 million) to New York State by the United States Department of Housing and Urban Development (HUD). The Center is now in the initial stage of helping clients apply for the Phase II loans.
David Oreck, The Vacuum Cleaner Guy, Visits Westchester Campuses

David Oreck, founder and chairman of the Oreck Corporation, visited the Pleasantville and White Plains campuses on April 22, where he lectured to graduate and undergraduate classes and spoke with faculty and students as an Entrepreneur in Residence for the spring semester.

Oreck Corporation manufactures high-quality, premium vacuum cleaners. For five decades, David Oreck has been the company’s chief spokesman, appearing in newspaper, magazine, television, and radio advertisements across the country. He was recently named one of the country’s most-recognized personalities.

The Corporation began manufacturing upright lightweight vacuum cleaners for the hotel industry in the United States in 1965 as an alternative to the heavy models in use at the time. The idea proved so successful that today over 50,000 hotels throughout the world use Oreck vacuums. After a short time, hotels personnel asked to buy the machines for their own use, which gave Oreck the idea to sell his unique products to the general public. The Oreck Corporation has experienced double-digit growth for the past several years and is now a major manufacturer in the cleaning industry, selling its products throughout North America and South America, as well as in Europe and Asia.

Lubin Business will report on David Oreck’s visit more extensively in the summer issue.

Get Out Your Clubs and Join Us!

On Tuesday, May 27, 2003, Lubin’s Fifth Annual Golf Classic will bring Lubin alumni, faculty, administration, and corporate friends together again at Wheatley Hills Golf Club in East Williston, New York. Again this year DELL Computer Corporation is the event’s title sponsor.

The annual Golf Outing, which has already become a tradition within the School, provides the opportunity for its participants to network and stay in touch with each other and to benefit the School simultaneously. It is also an opportunity for the School to reconnect with its supportive alumni and corporate friends.

Various contests for great prizes will be held, and, traditionally, the team with the lowest net will be awarded the Robert I. Ruback Memorial Award, named in honor of Robert Ruback, who was associated with the University for over 50 years and built the Lubin School Department of Taxation, serving as its chair for more than 30 years. Other great prizes are just waiting for the takers, so sign up soon.

For more information contact Arleene Johnson, anj@frontier.net, (845) 221-9951 or visit www.pace.edu/lubin.

Alumni Profile

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I feel like Pace is a family…. the reason I stayed in touch with them all these years is that you know they care about you." muses Cangemi about his ties to Pace. He remembers having signed up for a Business Policy class in the Lubin School, where the teacher was still to be determined. In walks Professor Schier (following his own advice) to his first teaching assignment at the School and greets Cangemi as an old friend! “He is the professor … that made the most positive impression on me. He taught me accounting, and I liked it and that is a tough thing, because of the technical aspect.” The rest, as they say, is history.

Faculty Profile

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throughout the two-year, lock-step program. Students participate in residencies every 10 or 11 weeks in Manhattan on the Pace New York Campus. While off campus, students work electronically, using a course Web site. The challenge is to bring the real world into the classroom with case studies and problems for students to research and analyze. In a marketing and e-commerce course this year, Berger has assembled a project in which students will be investigating the Wireless Industry and developing marketing plans to improve sales and customer service on the Verizon Web site. In the Public Policy and Macroeconomics course, students are examining practices in the U.S. financial industry that will strengthen its resilience, based on a current industry-wide dialog initiated by the Federal Reserve.

In speaking with Berger, who, with her own three children, finds herself teaching at home and at school, it is impossible not to see that she is extremely fond of her students and is genuinely interested in their learning: “It’s really a great joy to be able to work with people and then see how they have grown and blossomed. We may not even be aware of … how something we have said was just the thing that made the light bulb go on for a student, and when you can have that kind of impact, it’s wonderful.”
Dudley Nearing, Jr. — A Passion for Teaching

BY VERA MIKHAYLOV

I think teaching is a giving profession.... To connect with younger people, and be able to guide them and hopefully show them a way to a better life — I found that extremely satisfying,” explained Dudley Nearing, Jr., who was an assistant chairman of the Accounting Department during his last teaching years and a member of the Lubin faculty for over twenty years. During his career as a teacher, Nearing touched the lives of thousands of students in his efforts to educate and pass on his experience to them. Along with receiving Teacher of the Year Awards, he was given the Homer S. Pace Accounting, Finance & Management Award for teaching excellence by the A.F.M. Society, an honor that deeply touched him.

Born in Cincinnati, Ohio, Nearing was about to finish his freshman year at Dartmouth College when he was drafted into the Army for two and a half years, during World War II. “I came back more focused, and I had a much better idea of where I was going,” remembers Nearing of the postwar years when he completed his B.A. degree (1948).

A year later he completed his M.B.A. at the Amos Tuck School of Business Administration at Dartmouth and began his professional career as a senior accountant with the firm Peat, Marwick, Mitchell & Co. as it was known then. Ten years later, in 1959, Nearing joined Reichhold Chemicals, Inc., where he served as a vice president of Finance.

Time for a Change

Extremely successful in his professional career, by the end of his thirteenth year with Reichhold Chemicals, Nearing started to feel that it was time to make a change. “I just wanted to do something else, and at that point I realized that I had always wanted to be a teacher.” With this idea in mind Nearing approached three universities and accepted an invitation from the Lubin School to teach in the summer session in June 1973. It worked so well that by the end of the summer both the school and he knew that he was in the right place. “I remember many times walking out of the building there in downtown New York when I just felt exhilarated by what a wonderful time I’d had over that last hour or two,” says Nearing. He said he could tell by students’ eyes the measure of his success in the classroom. “You just know there is a rapport if you are getting across, and if you are not, you know that, too,” recalls Nearing.

Education and Giving Back

Sitting in a New York restaurant one day, Nearing paid attention to a young waiter, who said he was a student at Pace for one year but was forced to leave for financial reasons and was waiting tables hoping to get back to school. For Nearing, who had planned to set up a fund to help students, that was “the spark that got it going.” His love of students motivated Nearing to establish a scholarship fund for undergraduate students in 1994, prior to his retirement, with a gift to the School of $102,000. “I believe that the education is necessary if the country and the world are to improve, and the more people we are going to educate, the better the world is going to be,” commented Nearing about his decision.

A C.P.A. in the State of New York, Nearing blames the recent accounting scandals on people’s lack of ethics. “That’s a tremendous lesson for students, to realize that if they choose this profession the public relies on them; that’s why it’s a certified public accountant. They have a duty, and they must be morally and ethically pure.”

A New Passion: Gardening

Today, surrounded by friends, Nearing lives in Florida. Having discovered a new passion — gardening — he enjoys experimenting with various plants, which takes most of his days. He speaks very fondly of the University and particularly of the students: “I was terribly lucky that I went to Pace because I was lucky to have the students I had. They are a special kind ... they were on the edge of their seats a lot of time just yearning to learn....”

ATTENTION LUBIN ALUMNI

Stay connected with your classmates through the official alumni online community of Pace University, FREE to all alumni. In addition to the online alumni directory, the community now features online Class Notes, where you can read and post messages on what’s new with you — weddings, births, career moves, and more! You can even include pictures. Visit and register for the online community today at http://www.pace.edu/alumni.
Alumni Achievement Award

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Arship is awarded annually to a student who demonstrates outstanding academic achievement, leadership potential, civic responsibility, and financial need. In addition to his classes, Chowdhury is an active student leader, who has served as student government treasurer, chair of the association’s budget allocation committee, and peer leader for the freshmen seminar class University 101. He is a past president of the Pace student chapter of the Institute for Operations Research and Management Sciences (INFORMS), past vice president and treasurer of the National Association of Black Accountants (NABA), and one of the founders of the Spring Banquet, which brings together students and alumni. He is a volunteer with UNICEF and will join Goldman Sachs upon graduation.

Dean Centonze also presented the Sixth Annual Recent Alumni Service Award. This award recognizes the professional accomplishments and contributions of Lubin’s most recent graduates, their outstanding professional leadership, and their service to the University, the School, and the community. Viewed as Lubin’s next generation of leaders, this year’s recipients were Joan M. Flanagan, ’99 and Richard T. Nix, ’99.

Flanagan, who earned her MBA in management from Lubin, is part of a financial planning team at MetLife, Wall Street Planning Associates, where she serves as a personal marketing assistant. She serves on several Pace and Lubin alumni committees, including the Alumni Board of Directors and the Recent Alumni Committee. She is also a frequent speaker and participant at student activities and alumni events.

Nix also received his MBA in management from Lubin in 1999. He is the executive vice president of 4G Data Systems, a computer company that provides services for organizations such as the McGraw-Hill Companies, Time Magazine, and the United Nations. An active alumnus, he is involved in many alumni activities at the University, including serving on the Public Relations and Steering Committees of the Lubin Alumni Board of Directors.

Rousing Financial Success

This year’s luncheon raised over $180,000 for student scholarships and continues to be the highlight of the fall semester for Lubin, with strong support from sponsors, alumni, and faculty. Ernst & Young, LLP was the tenth anniversary sponsor and JPMorganChase was the title sponsor for the tenth consecutive year. Tiffany & Co. provided the awards, and American International Group, Inc.; The Chubb Corporation; Deloitte & Touche, LLP; John A. Gerson, ’69; Home Box Office; KPMG, LLP; MIM Corporation; the McGraw-Hill Companies; Verizon; and Warner Music Group all contributed to the success of this year’s event.

The Eleventh Annual Lubin Alumni Luncheon will honor Michael Cangemi, ’70, President and CEO of Etienne Aigner Group, Inc., on December 5, 2005.

Sarbanes-Oxley Act

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World was the fact that we focused on economic substance over legal form. What changed in the last decade is that we went in the exact opposite direction. And part of that was a reflection of litigation protection and the way it created a perception of precision, this one number that people felt they could rely on.” The problem, Harris went on to say, is that “... we don’t focus on transparency, we don’t focus on trying to make this understandable, we focus on compliance with federal rules.”

Asked to comment on the financial reporting failure aspect of the current situation, Katherine Schipper, member of the board, Financial Accounting Standards Board, began, “I want to make a statement which I think is self-evident— and that is that bad accounting doesn’t cause business failures; losses cause business failures.” Schipper then outlined the various forms of business failures and asked, “Did the enterprise follow generally accepted accounting principles [GAAP]?... Was it a failure of governance?... Or, alternatively, are we looking at a failure of auditing?... We might also ask if there was a failure of enforcement.... And if we are to correct these problems, I believe we must first diagnose the underlying cause.”

The accounting panel also included Arthur Bowman, editor-in-chief, Bowman’s Accounting Report, and Robert K. Elliot, Partner, KPMG (retired).

Steps in the Right Direction

The Lubin Leaders Forum brought together representatives from all financial industry stakeholders: corporate executives, accounting professionals, government regulators, and investors for a timely and honest discussion of the aftermath of recent corporate scandals and how to move forward with better systems in place. The conference made clear that the Sarbanes-Oxley Act, with its structure and symbolism, set the tone for American business reform of the accounting profession and corporate governance practices and laid the groundwork for future actions that stakeholders have to take to restore financial integrity to the markets and to regain investor confidence across the board.
Center for International Business Development

The Center for International Business Development (CIBD), directed by Professor Stephen Blank, continues to provide international educational and training opportunities for Lubin students and similar opportunities at Pace for students and executives from international universities and firms. Through the CIBD, Lubin is a charter member in the Americas Society’s new University Program, a series of University nights — evenings of networking, food, refreshments, and music, where students learn of the society’s public policy programs, focusing on important issues and current events, as well as the exciting schedule of cultural activities in literature, music, and visual arts that they provide. The Americas Society promotes the understanding of the political, economic, and cultural issues that define and challenge the Americas today. It offers inexpensive memberships to university students and faculty.

With financial assistance from the Ministry of International Relations of the Government of Quebec, the PanAm Partnership for Business Education launched a new research program in the fall of 2002. Its first initiative was a study group on the Impact of Financial and Monetary Integration in North America. Headed by Martin Coiteux of HEC/Montreal and Stephen Blank of Pace, the group brought together specialists from business, banking, government, and academe. The program provided business people with the opportunity to explain how are they dealing with the existence of three separate currencies in an increasingly integrated area and how they see the future in that respect. Papers prepared for the study group will be published in a special edition of Gestion International and, possibly, the Journal of Latin American Finance.

The Partnership is also sponsoring study visits to Sao Paulo, Brazil, in cooperation with the Business School of Sao Paulo; and to Monterrey, Mexico, in cooperation with the Tech of Monterrey (ITESM). Groups of MBA students and faculty from the four PanAm schools are enjoying week-long intensive study visits to these cities, organized by our colleagues at the local business schools. Students and faculty visit local firms, meet with business and government officials, attend classes, and spend time with MBA students from the host school.

For the fifth summer, Lubin is offering international NAFTA courses to its graduate students. MBA students in the four PanAm schools take courses on North American business, finance, and marketing at each of the partnership schools. The courses culminate in New York City, June 24–July 2, when students from the four institutions assemble for ten days of projects, collaborative research, meetings with business and government leaders, visits to firms, and social events. In the summer of 2003, Lubin offers three PanAm courses: Seminar in Pan American Financial Markets (FIN 677), Professor Berry Wilson; PanAmerican Economic Integration (INB 650), Professor Alvin Hwang; and Seminar: Impact of NAFTA on Marketing Strategies, MAR 680N, Professor Pradeep Gopalakrishna. The marketing class also includes a field trip to Montreal, May 26-29.

The Center for Global Finance

The Center for Global Finance (CGF), directed by Professor Jorge Pinto, hosted four “At the Center” lectures during the spring semester in association with the Center for International Business Development (CIBD) and the Center for Global Business Strategy (CGBS). This lunchtime speaker’s series brings leading figures from the global business, financial, and public policy communities to the University. The series draws its audience from Lubin undergraduate and graduate business students, liberal arts students from Dyson College, as well as Pace faculty and staff. “At the Center” gives students and faculty the opportunity to discuss contemporary business issues with distinguished academic and business leaders. The speakers included: Tanzanian Ambassador Daudi N. Mwakawago, who spoke on the political, cultural, and economic challenges, changes and opportunities that Africa faces in the 21st century, particularly from a global perspective; HE Ambassador Pramathesh Rath, consul general of India in New York, who lectured on Indo-U.S. Relations; Susan Burgerman, associate director, Institute of Latin American Studies, an adjunct assistant professor, Columbia University, whose remarks centered on public insecurity in Latin America; and Distinguished Professor of Economics at Pace Karam Ghassan, who spoke on the sustainability of Adam Smith’s concepts.

Save The Date: Reunion 2003

Join us at the Ritz-Carlton Battery Park in Downtown New York City. All Alumni/ae are invited to celebrate with the reunion class years ending in 3 and 8.

Contact Sheri Gibson at (212) 346-1619 or sgibson@pace.edu with any questions.

http://www.pace.edu/reunion2003
Lubin School of Business

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