## Calendar

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<th>Month</th>
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### USC Leventhal School of Accounting

**USC ELAINE AND KENNETH LEVENTHAL SCHOOL OF ACCOUNTING**

**SPRING/SUMMER 2019**

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## Lifetime Achievement

**PROFESSOR EMERITA INDUCTED INTO AAA ACCOUNTING HALL OF FAME**

For Accounting Circle Professor Emerita of Accounting Zoe-Vonna Palmrose, the honors keep coming.

Before she retired from USC Leventhal in 2011, she had amassed a long list of them, including two American Accounting Association (AAA)/Deloitte Wildman Medals and the U.S. Securities and Exchange Commission (SEC) Law and Policy Award presented to the Sarbanes-Oxley 404 Team.

In August 2019, Palmrose will be inducted into the AAA Accounting Hall of Fame. This is an honor not given lightly. Since the establishment of the Hall of Fame in 1950, only 97 leading accountants have been elected.

"I was completely surprised by it and humbled really," Palmrose said. "It's just such a tremendous honor. I'm still adjusting to it." Induction into the Hall of Fame is akin to a lifetime achievement award. According to the AAA, "selection to the Accounting Hall of Fame is intended to honor and recognize distinguished service and contributions to the progress of accounting" through research and literature, service to professional accounting organizations, recognition as an authority, advancement of accounting education, and public service. Furthermore, "a member must have reached a position of eminence from which the nature of his or her contributions may be established."

"I very much appreciate having my work recognized," Palmrose said, "and it's especially meaningful to me that it involves both my research and my public service activities."

### A Distinguished Career

Among the honors Palmrose has received throughout her career are: the AAA Competitive Manuscript Award, the California Society of CPAs Accounting Faculty Fellow Award and the AAA Auditing Section's 2003 Distinguished Service Award. Palmrose also held the titles of Price Waterhouse Faculty Fellow, Price Waterhouse Auditing Professor and PricewaterhouseCoopers Auditing Professor.

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### The White Knight

**After EY and FASB, Dennis “Denny” Beresford ’61 helped fix WorldCom and Fannie Mae — and became a teacher**

When I told Dennis “Denny” Beresford ’61 that he could be called a superhero accountant, he laughed. But seriously, he did swoop in to help repair major corporations’ accounting — more than once.

In 2002, Beresford was brought in as board director and chair of the audit committee to fix the WorldCom debacle — the world’s largest financial reporting fraud.

"After we resolved the accounting issues at WorldCom, we were able to emerge from bankruptcy, and we reorganized the company so we were a regular reporting company going forward," Beresford said. "Almost immediately after, we received takeover offers from Verizon and Quest Communications, and a bidding war went on for a number of months. That was kind of exciting."

WorldCom was finally sold to Verizon in January 2006, and a hectic year and a half with few days off came to a close. Shortly thereafter, he was contacted by Fannie Mae.

"They were just about to admit to major financial reporting problems they had with the SEC and another government regulator, and they wanted to add me to the board and name me to chair the audit committee to come in again and be the white knight and help clean things up," he said. In May 2006, he started as board director and chair of the audit committee at Fannie Mae.

That company’s accounting was quickly cleaned up, before it became a victim of the Great Recession.

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### A Long List of Honors

And that’s not to mention his role as a standards setter, most notably as chairman for 10 years of the Financial Accounting Standards Board (FASB) from 1987 to 1997, during which time...
A Word From the Dean

To the USC Leventhal Community...

It wasn’t a typical sunny day in Los Angeles on May 10, but the rain held off as 150 Leventhal undergraduates and 200 Leventhal graduate students received their diplomas.

USC’s 135th Commencement was a historic one for us. In addition to undergrads, MACcs and MBTs, we graduated our first MACc with Data and Analytics cohort.

We were also delighted to welcome Kelly Grier, EY’s U.S. chairman and managing partner and Americas managing partner, as our Commencement speaker. One of Fortune’s Most Powerful Women in 2018, Kelly is a thought leader who is leading the charge on diversity and inclusion at EY. In her speech, she talked about the values she said are essential to the accounting profession and cultivated here at Leventhal: respect and integrity. We are thankful for the insights and advice she shared with our graduates as she welcomed 50 of them (and 51 more Trojans from other USC schools) to the EY family.

We also celebrate two Trojans who will receive prestigious achievement awards this summer: alumnus Denny Beresford ’61 and Professor Emerita Zoe-Vonna Palmrose. We are delighted to share their stories with you. Denny has been inducted into the Accounting Hall of Fame by the American Accounting Association, American Institute of CPAs and The Ohio State University. Zoe-Vonna will be inducted into the Accounting Hall of Fame by the American Accounting Association, American Institute of CPAs and The Ohio State University. She is the recipient of the 2019 Seminal Contributions to Accounting Literature Award. This is an impressive accolade which comes as no surprise to us, as Patricia is widely recognized as one of the leading accounting researchers in the nation. Zoe-Vonna will receive the 2019 Accounting Horizons Best Paper Award for her review of the archival literature on audit partners. We congratulate Clive for this recognition of his outstanding scholarship.

Two seem to be a magic number, as we also introduce two new faculty members to the Leventhal family: Francisco J. Román and Matt Shaffer. They bring a wealth of knowledge and experience, and we look forward to their contributions.

In addition to meeting our student Commencement speakers in this issue, we also introduce an undergraduate who launched a startup before he walked at Commencement, and another who visited the White House. I hope you enjoy a little leisure time this summer and find inspiration and enjoyment in these stories that celebrate our Leventhal family.

Fight on!

Best Regards,
William W. Holder
Dean, USC Leventhal School of Accounting
Alan Casden Dean’s Chair

USC Leventhal Welcomes New Professor:
Francisco J. Román

Francisco J. Román joins Leventhal from George Mason University, where he was associate professor of accounting for six years. Román earned associate degrees in marketing and management from Pima Community College and went on to earn a bachelor’s and master’s of economics and another master’s in accounting at the University of Arizona. He worked as an instructor and research assistant at the University of Arizona while earning his Ph.D., and then took a position as assistant professor of management at Rice University’s Jesse H. Jones Graduate School of Management. After that, he spent five years as an assistant professor of accounting at Texas Tech University’s Rawls College of Business. His professional experience includes work at General Instrument, Louis Enterprises Inc. and Becton Dickinson Corp. With publications in the Journal of Financial Economics, the Journal of Management Accounting Research and Accounting, Organizations and Society, Román focuses his research on the effects of monetary incentives on individual and team performance, costing and systems of control; the implications of corporate governance reforms on financial reporting and tax avoidance at emerging capital markets; the impact of social norms on job performance; and the effects of offshoring on labor and production costs. In 2011, he received the Best Paper Award from the Journal of Management Accounting Research.

Román says he is looking forward to the next chapter in his career: “I would like to thank the whole Leventhal School faculty for welcoming and inviting me to become part of this talented academic community.”

What attracted you to USC Leventhal? My main consideration in joining USC and the Leventhal School of Accounting is the strong academic reputation it maintains worldwide on research and teaching excellence. In particular, the Leventhal School is known within the U.S. and globally as one of the premier accounting schools in the forefront of research and teaching. I wanted to be part of this great community of renowned scholars and talented students.

What are your goals or priorities for your first year here? I want to be fully immersed in all important aspects of the undergraduate accounting program and MBA program too. This means getting to know our students, engaging with the clinical faculty and attending important functions within Leventhal.

Deep Questions on Corporate Governance & Valuation

Matthew Shaffer brings a passion for teaching and research to his new role as assistant professor

There probably aren’t too many academics versed in both philosophy and accounting, but Matthew Shaffer is one of them. Drawn to tackling complex issues “all the way down to the bottom,” he studied economics and statistical history as an undergrad at Yale University. His thesis sounds pretty esoteric — 19th-century Germany philosophy of language — but he found a connection between philosophical inquiry and business analysis. What he discovered after graduation was that: “The questions that most excited and interested me were clustered around the core issues of accounting.” Now, having completed a doctorate in business administration at Harvard Business School, he starts as assistant professor at USC Leventhal this summer.

Shaffer’s primary research interests are corporate governance, valuation, and mergers and acquisitions. He is a co-author of a forthcoming paper in the Journal of Financial Economics that studies the role and efficacy of stock indexes as instruments of corporate governance. His dissertation studies the controversial question of the relevance of the third-party valuations and “fairness opinions” that U.S. targets are required to receive before accepting a takeover offer. He is the author of numerous Harvard Business School case studies and has taught financial statements analysis.

What attracted you to USC Leventhal? This one’s easy: the faculty and students. Even before I visited USC, I could see the impressive breadth, depth and quality of research the faculty were producing. When I visited, I saw how constructively and creatively they engaged with research and ideas. I realized that, at Leventhal, I would have colleagues who would help me identify important unanswered questions, and then bring their expertise to every aspect of answering them. I was also impressed by the accounting doctoral students, whom I would be lucky to work with. And while I didn’t get to interact with the undergraduate and master’s students, I heard universally good things about the faculty’s experience teaching them.
LEVENTHAL by the Numbers

59
- # of Leventhal grads joining the EFY family
  (plus 51 more Trojans from other USC schools)

2
- # of new faculty members joining the Leventhal family

7
- # of years Greeks Meet the Firms has been held

10%
- Increase in accounting jobs expected by 2026

2
- # of American Accounting Association Hall of Fame members profiled in this issue

What is your approach to teaching?
I love teaching because it’s such an instructive challenge. The thing I try to focus on is inhaling the minds of my students: Remembering what it is like to see this material for the first time, imagining what they are thinking, anticipating what terminology might confuse them or what appealing — but misleading — paths might tempt them, and drawing out their own reasoning and creativity. It takes a lot of energy, but I find it incredibly satisfying and instructive. It’s a cliché, but I always learn so much from teaching, both because it forces me to reconstruct my own understanding of the subject from scratch and because students always give me a fresh perspective on things I had started to take for granted.

You studied economics and humanities at Yale. What interested you in pursuing a Ph.D. in accounting at Harvard Business School?
So, I have a mundane answer to this question, and a slightly more unusual answer. The mundane answer is that I’ve always had an academic inclination — I have lots of questions about the world, and I want to answer them fully, exhaustively, all the way down to the bottom. So, after mapping in economics (my college didn’t offer a business or accounting major), it was natural for me to consider a business-school Ph.D. When I was working before grad school, deciding on my career path, I found that the questions that most excited and interested me were clustered around the core issues of accounting — questions of accountability, performance measurement, the allocation of control, misconduct, the flow of information, financial valuation, the whole process of representing and summarizing a firm’s complex operations, etc. I took a night class in accounting and started perusing academic accounting papers, and I loved them. So at that point, it was a no-brainer.

Here’s the more unusual answer: In college, I did my second major in the humanities, which puts me in the minority among business-school academics. My concentration was intellectual history, and I wrote my thesis on 19th-century Germany philosophy of language. The philosophers I studied challenged a Cartesian view in which the human mind, and its rational expressions in language, is like a mirror that reflects the world. Instead, they argued that the world in its “raw” form is far too complex for our minds to take in; so our minds and language compress and translate the world in a way that is useful for coordinating human action, but doesn’t reflect reality like a mirror. And that is, in my view, the exciting problem of accounting. A corporation is an almost limitlessly complex entity. And yet, people need to make informed decisions and use, and what are the effects of that process? Well, you could do many Ph.D.s on that basic question.

Can you summarize the major findings of your dissertation?
In U.S. M&A deals, the directors of the target are effectively required to seek and consider “fairness opinions” — third-party attestations that the terms of the transaction are fair from a financial point of view — and supporting valuations before they can vote in favor of the deal. But there is, to put it mildly, lots of controversy and criticism around this process. First, concretely, there appear to be conflicts of interest and biased incentives — it is alleged that the fairness opinion providers have incentives to “rubber stamp” the deal instead of giving a truly independent valuation “audit.” Second, more broadly, it is not clear what value these valuations — ultimately, the output of spreadsheet models, based on unverifiable forecasts — can provide when the target has a market-based signal about its value. Put differently, for a public target, why not just look at the market premium to determine if it’s a good deal or bad deal for shareholders? My paper has two major novel findings: First, I find that fairness valuations do appear to provide some relevant information about the value of the target that is not contained in its pre-deal stock (specifically, information about relative fundamental mispricing and transaction-level synergies). This arguably opens the door for fundamental valuation as a check on the transaction price, even when the target is public. Second, I use a methodologically novel approach to identify the bias and catering in the process — I find that providers toggle the discount-rate assumptions of their valuation models ex post in order to rationalize negotiated deal terms, rather than providing a truly independent valuation check.

I think these findings have some important implications for regulators, for boards and, more broadly, for our understanding of the value and role of financial analysis and expertise in corporate-control transactions.

Interests outside of accounting?
Bikes and bikes. I like all kinds of riding — up and down mountain roads, on trails and weaving through the city. I love the freedom, the mobility and the wind in my face. I try to do as much transit as possible on my bike. It’s amazing how small and familiar a city becomes when you learn how to navigate it on such a simple, perfect machine.

After all those years on the East Coast, L.A. will be a big change. What are you most looking forward to?
I’ve spent my whole life so far on the East Coast. For many years now, I’ve kept feeling like California was the new center of the universe, and I was far away from it. So I move my career, I’m excited to simply be present where so much is happening and where I’ll be surrounded by so many creative and ambitious people.

The only challenge will be learning to fit in L.A. as a lifelong East Coaster. I will need to ditch my tweed jackets and adopt a more laid-back air? Hopefully my USC colleagues and students will help guide me to transition to a California-cool aesthetic!

Alumni Award Recipients

Three alumni were honored at the USC Leventhal Annual Dinner hosted by Dean William W. Holder on April 16, 2019, at Town & Gown.

The USC Leventhal School of Accounting

Beta Alpha Psi (Iota Chapter) Outstanding Alumnus Award
Robert Moore Dodson ’86
Chairman of the Board and CEO, Ricardo of Beverly Hills, Inc.
Director, Rath Foundation

The USC Leventhal School of Accounting

Distinguished Alumnus Award
Shawn Hagel ’88
Executive Vice President & Chief Financial Officer, Precision Castparts Corporation

The USC Leventhal School of Accounting

Distinguished Leadership and Service Award
Kirk A. Thorell ’96
Partner, PricewaterhouseCoopers LLP
Greeks Meet the Firms

Alpha Delta Pi networking event brings Big Four to Greek Row

The seventh annual Greeks Meet the Firms networking event was held on Feb. 5 at the Alpha Delta Pi (ADPi) sorority house. The event connects university students from Greek-life organizations with professionals from the Big Four accounting firms. With recruiters from Deloitte, KPMG, PwC and EY, the networking was robust and targeted.

The Big Four campus recruiters included Kelsey Page (Deloitte), Lauren Marker ’11 (KPMG), Angie Nastasi (PwC) and Greg Share (EY), in addition to other firm professionals, which included many alumni from Panhellenic and Interfraternity Council organizations, as well as student ambassadors.

The intimate, informal setting provided for more personal time with the recruiters and firm professionals. ADPi Scholarship Chair Emerson Taylor, ADPi President Danielle Kaiser, house mom La Wanna Dunn and parent Carol Taylor internally organized the house for the event and provided food and refreshments for all.

“I think it’s a great opportunity to meet recruiters,” said accounting student Quinn Cunniff ’21. “There are fewer people here than at other recruiting events, so it’s a lot more intimate. And because it’s our group, they already know a little bit about our background so we can cut right to the chase.”

Students submitted resumes to the firms in the hopes of landing coveted internships, spots in summer programs and permanent positions. The event targets Greeks who study accounting, business, engineering, computer science, economics and math, as well as students who self-identify as diverse. Attendees included students from Panhellenic and Interfraternity Council organizations, members of Greek-lettered honor societies and pre-professional organizations, diversity students and student athletes.

The event is sponsored by Zivia Sweeney, associate professor of accounting, and is an example of the depth of support and cooperation between faculty members and Greek groups on campus.

“I am so grateful for the support of the firms,” said Sweeney. “This is the largest academic event held on the Row. I am extremely proud of the positive impact it has on getting more of our students exposed to the firms and the amazing career opportunities they offer.”

The event is a win-win, however. “USC is one of the top five universities that our firm recruits from,” said Marker, the KPMG recruiter. “USC students have such a great range of backgrounds — from engineering to accounting, and they come to us already successful as hardworking and polished professionals.”

The firms are expected to return again in the spring of 2020.

Invitation to the White House

Founder of USC’s Young Americans for Freedom (YAF) chapter attends executive order signing

On March 21, President Trump signed an executive order protecting freedom of speech on college campuses. More than 100 student activists joined him in the East Room of the White House — USC Marshall and Leventhal undergrad Maxwell Brandon ’20 was among them.

“I think that, regardless of who holds the office, an invitation from the White House is a true honor,” Brandon said. “Being in the room, only a few feet away from President Trump, as he signed the executive order was an incredible experience, one I will not soon forget.”

About a week prior to the signing, the White House had sent a request to Young America’s Foundation, a conservative youth organization, asking for a list of students who have contributed to the promotion of free speech on campuses across the nation. Brandon made the list.

As a sophomore, he had founded a Young Americans for Freedom (YAF) chapter (an affiliate of Young America’s Foundation) at USC. In October, it was named Chapter of the Month — out of 400 YAF chapters.

“I was selected by the Foundation because they felt the USC YAF chapter, although young (not even 2 years old) has already made its presence felt here on campus,” said Brandon. “Since I am Chairman, I seem to get most of the credit. But our Chapter has very dedicated members who make everything possible. I don’t view the invitation as an invitation for Maxwell Brandon, but an invitation for the entire Chapter and USC community.”

Brandon felt a swell of pride as he stood near the president: “Pride in knowing that what YAF is doing here at USC, and around the country, is making a difference worthy of recognition.”

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Eesen Sivapalan ’19 surmounts incredible odds and finishes a standout graduate school experience at USC. I was in tears because now I could go,” he said. “My mom had appendicitis, and I had to go home often to care for her.”

After completing his second year, he took a year’s leave of absence, during which he cared for his mother and worked full-time as an accountant “to help the family financially and gain some experience.” He also drove Lyft on the weekends, 12 hours each day, to earn more. Sivapalan got a summer internship near home with Workday that paid him well and gave him free housing. Then he returned to USC for his third year and made the most of it. He became president of the Hindu student organization (his parents are Sri Lankan), lead student intern with the Marshall Undergraduate Program Office, a member of Society 53 and Undergraduate Student Government, and a volunteer with Volunteer Income Tax Assistance (VITA).

“I’m part of VITA because I believe in giving back to the community,” Sivapalan said. “USC has given me so much. I think it’s important to give back.”

Launching a Green Company
Junior year Sivapalan also met Marshall student Rob Luo ’19, with whom he started Mi Terro, a green fashion company with a social mission where he’ll continue to work part-time after graduation. When Luo told their GE class that he had started and sold a venture during a year off from USC, Sivapalan was intrigued. “I spoke with him after class, and said, if you ever plan another venture, please let me know because I’m always looking to gain experience in business and accounting.”

By the end of the semester, the two were brainstorming ideas for a business that would also help the environment. “Making money sounded nice, but with this entrepreneurial venture, my focus was to learn and also to protect the environment and give back to our society,” Sivapalan said.
values that are essential to the accounting profession, those that
along the way. And second, you’ve had the chance to live the
extremely important things: First, you have had the chance to
about how business works, your education has given you two other
everything you need to succeed no matter what comes your way
it’s that thirst for learning that led you here today, and it will
continue to propel you forward because. Class of 2019, graduation
is not the end of your education — far from it. Let me assure you
that you will never arrive at a place in your life or career where you
can’t learn more, improve the way you do something or rethink your
approach. That is especially true now in a world that’s changing
faster than ever. Everything that you master today is likely to change
tomorrow. You’ll never have a perfect set of skills that prepare you
for everything and every situation.

Instead, commit yourself to mastering the art of learning. As
advanced as predictive analytics have become, no one and no
algorithm can ever begin to imagine all that the future has in store
for us. When I was graduating, I can assure you nobody then could have
imagined that an entire library of content could be carried
around on a four-pound notebook or that people one day would be
making a good living being an avatar relationship manager. And I
certainly never would have predicted that one day I’d sit in meetings
talking about the robots and drones in our workforce or data
ingestion for our global cloud-based technology platform. But today
that’s just another day at the office.

With apologies to the excellent faculty at Leventhal, what’s
ultimately more impressive than all the knowledge that you have
gained in your studies is your mindset: Be curious. Be unconstrained
in your thinking. Be open to all possibilities. Be a dreamer, and
dream big.

Secondly, and perhaps more importantly, are your values, your
sense of what’s right and wrong and your respect for others. I
know that Leventhal is a place that has encouraged you to value
everybody’s perspective, no matter where they came from or who
they are. Your mentorship programs and community outreach
programs are a big part of that. Respect, integrity and teaming
are the values that we seek in our people at EY. And the
combination of these values cultivates trust, arguably the most
valuable but often the most elusive thing in our world today.

Your actions are an expression of your values. And I’ll share with you
what I share with my EY family. You don’t just choose whether or
not you’re a role model. As a graduate of USC Leventhal, you only
get to choose what kind of role model you’re going to be — and
everybody will be watching.

I know you’re just starting out, but as I look at these graduating
students, I see people who will lead global companies and
chair powerful organizations, people who will lead teams that
revolutionize our profession. And when you reach those heights of
leadership, remember your values. Remember where you came
from. And remember how you show up and how you treat other people matters because ultimately
when you stay true to your values of respect, humility and inclusion, that’s what will allow you to
take the best possible kind of leader, the kind of leader that people will follow through all kinds of
challenges and transitions and disruptions. So let those values be your guide. I promise they
will sustain you and help you navigate all kinds of
change over the course of your life and career.

There are challenges ahead, but also so many opportunities, and I know you will rise to achieve
and meet them.

Finally, if you’ll indulge me just one final piece of advice, this one comes from the kindred
spirit I feel when I stand in the company of ’91
fellow accountants. As you hear from Celina
and Miles, we are a unique and, in my humble
opinion, extraordinary species. We are driven,
hardworking, ambitious people. These qualities
serve us well in the business world, but they can
crowd out the time in our lives for our friends
and our family and even for ourselves. If I could
go back in time, the advice I would give to my
27-year-old self just starting out is to work as hard
at having fun with your friends and family as you
do at getting to the next level at your job. You can
do both. I promise you.

And what you don’t realize now is that living a life
enriched with friends and family and interests
outside of work will actually make you a much
more effective professional and a much more
impactful leader. Think of it as a compounding
benefit.

Congratulations again, Class of 2019. I wish you
the very best as your great new adventure begins.
Thank you.
close to 40 major standards were issued. Leading up to that leadership role, he had spent a combined five years on the Financial Accounting Standards Advisory Council and FASB Emerging Issues Task Force.

His role as watchdog for the financial world has been extensive, including work with the SEC Advisory Committee on Improvements to Financial Reporting, testifying before Congress on the Sarbanes-Oxley legislation (which finally got passed after WorldCom hit) and service on the Standing Advisory Group of the Public Company Accounting Oversight Board. He was chair of the American Institute of Certified Public Accountants’ (AICPA) Accounting Standards Executive Committee and one of two U.S. representatives on the International Accounting Standards Committee.

Beresford is obviously one of the good guys. His day-to-day work has all contributed to a career of distinction, starting when he was an auditor and national director of accounting standards at EY and including 32 years as a professor and now executive in residence at the University of Georgia.

That’s why the profession has celebrated his achievements with its highest honors, including the Lifetime Achievement Award from the California Society of CPAs, the AICPA Gold Medal for Distinguished Service, and the Institute of Management Accountants’ first Distinguished Member Award. In 2004, he was elected to the American Accounting Association (AAA) Accounting Hall of Fame — an honor bestowed on only 97 accountants since its founding in 1950. And in 2017, he was selected by the Journal of Accountancy as one of the “125 People of Impact in Accounting,” for having made a significant impact on the accounting profession since the AICPA was founded in 1887.

This summer, he adds another award to his long list. He will be inducted into the National Association of Corporate Directors Hall of Fame, after also being named among the NACD’s Directorship 100, its list of the 100 most influential people in corporate governance, three years in a row (2007-2009).

“The recognition I’ve received through election to the Accounting Hall of Fame, Financial Executives International Hall of Fame and other awards has been truly unbelievable. But the new recognition as a member of the National Association of Corporate Directors Hall of Fame adds a broader dimension to my accomplishments,” Beresford said. “Corporate directors are responsible for a wide range of business challenges, and being named to the NACD Hall makes me feel that I have achieved success beyond that ‘just as an accountant’!”

A Career in Four Acts

Instead of “superhero accountant,” Beresford might be more comfortable with being called a major role model since that implies that others can learn from him and emulate his work. He humbly insists that anyone can accomplish what he has simply by listening for the knock of opportunity.

“I tell students, opportunity doesn’t always knock twice,” Beresford said. “I’ve been blessed with opportunities that came about because of things I had done earlier in my career, and I took advantage of them.”

Beresford sees his career in four acts: auditor at EY; standards setter at FASB; educator at the University of Georgia, and board director of major companies including WorldCom, Fannie Mae, Kimberly-Clark and Legg Mason.

“I really enjoyed the heck out of each of these different career aspects at the time. I’m glad I did them. But I’m not sure I’d want to go back and do them again at this point,” he said with a laugh.

“I like to say that each of my acts prepared me for the next one,” he added. “There certainly wasn’t any master plan. I didn’t start off during my years at USC and say I was going to do these things in stages. Everything was pretty much just take it as it comes, and everything has worked out beautifully.”

Yes, he really is that laid-back about the whole thing. The way he talks about it, he would have been content as an auditor his entire life. “My attitude at Ernst & Young was always: I am working hard, and as long as you guys continue to give me challenging opportunities and pay a reasonable amount, I’m happy. I have no reason to look for greener pastures.”

When you’re doing what you love, it doesn’t feel like work. And Beresford loves accounting. “I went into accounting primarily because I liked numbers and I liked the way that there was usually a specific answer for most things in accounting.” The practical side appealed to him as well. “Accounting has a lot of job security. … Accounting is the language of business. It just permeates everything that we do.”

Outstanding Accounting Student

Beresford describes his story as “small town boy makes good.” “It wasn’t exactly a small town, Los Angeles, but it’s a lot bigger now than it was when I was there,” he said.

Beresford transferred to USC from El Camino College in 1959. “I think I was the first junior college transfer in the accounting program, and there probably weren’t many transfers at USC period,” he said. “Most everybody that went to USC was relatively well off. I worked my way through school. I went to junior college my first two years mainly because I couldn’t afford the tuition at USC. I was not the typical USC student back then.”

For his first three years of college, he worked part-time as a grocery clerk, and his last year part-time with an accounting firm. But he realized he was treating his education as the part-time job he worked during the summer. “I had quit my grocery clerk job. When it came to Christmas break, I was going to take a weekend or so extra off school and work for UPS, loading trucks,” Beresford said. “I told Professor James I would miss the next two class sessions because I really needed to work to stay in school.”

“He leaned back in his chair and he said — I’ll never forget these words — ‘Young man, do you want to become an accountant?’ That’s all he said.”

“I decided it was more important to show up for his class than to work. The brief conversation with Professor James made me realize, probably for the first time, that education was most important to me and that I was going to have to prioritize it.”

And did he ever prioritize — Beresford ended up winning the Price Waterhouse award for outstanding accounting student.

Though his USC experience was almost 60 years ago, he still has fond and vivid memories. He remembers Professor James as a “task master,” but he thrived under the pressure that other students might have despised. “He did something I’ve never seen anyone else do in any other class: all his exams except the final exam were unannounced.”

Even back then, USC had communications requirements for its accounting students, something Beresford greatly appreciated. He saw the advantages of having learned to write well when he entered public accounting. “There were a lot of people who could talk a good game but couldn’t write worth a crap,” he said.

He put his skills to good use in his nearly 100 publications and more than 800 professional presentations, as well as interviews with media such as The Wall Street Journal, The New York Times and Business Week.

Fifteen years after he graduated, he got a letter from Prof. William Herrnstein, head of communications in the School of Business who had written the definitive textbook on the subject. “He was working on updates to his textbook and was putting some blurbs on the cover and wanted to know if I would endorse the book,” he said. “He knew I had accomplished some things in my career and remembered me as an excellent student. I thought that was one of the nicest honors I ever received.”

And well before Beresford’s high-profile accounting accomplishments, USC recognized him as a leader in the profession. In 1983, he received the School of Accounting Distinguished Alumnus Award, and in 1986, Beta Alpha Psi named him National Accountant of the Year.

Keys to Success

After graduating USC, Beresford spent 10 years in EY’s L.A. office, working with clients including The Los Angeles Times, Northrop Corporation, Western Bancorporation, and the Los Angeles Angels and Rams. He stayed involved with his alma mater, helping the firm with recruiting activities and going to Beta Alpha Psi meetings.

When he was given the opportunity to transfer to the national office in Cleveland with the understanding he could return to L.A., where he and his wife were both born and raised, he took it. He stayed as chief accounting technical partner for 16 years.

He stayed involved with USC as his career advanced. He was invited back to speak to students and at Leventhal’s SEC and Financial Reporting Institute Conference, which he attends annually. He also served on the Board of Advisors for several years before and after FASB. (He was invited to join the faculty, but, unfortunately for us, he didn’t want to move back to Los Angeles.)

One year, during his term as chair of FASB, then-Dean Ken Merchant asked him to speak at graduation. His address started in a memorable way.

“The event was held in an auditorium on campus on a very hot day,” he said. “There was no air conditioning in the auditorium, and the temperature in the room was easily in excess of 100 degrees! Sweat was pouring down my face, and I’m sure it was the same for nearly everyone in the large, crowded room.

“Ken had asked in advance of the title of my presentation, and I made up ‘Keys to Your Success.’ When it came time for my presentation, Ken gave me a nice introduction listing some of my background, etcetera. Then he said, ‘Now, Denny Beresford will tell you the keys to Sex.’ I’m not sure if his dip was due to the heat, general nerves or what, but it got a little confused laughter from the audience.

“I began by thanking Ken for the nice introduction. But I then said something like, ‘I don’t really consider myself an expert on the topic Ken just mentioned, but I will try to give you a few suggestions on how to succeed in accounting and life in general.’ That got a much bigger laugh!”

War Stories

Beresford obviously loves to tell stories. And his career is full of some great ones. One of his favorite stories to recount also happened while he was FASB chair.

In 1993, FASB proposed a standard on stock options that became
highly controversial. “We were proposing to require companies to reduce their net income by the value of the options they were granting to employees,” he explained. “The Silicon Valley companies felt that this was going to be the end of them almost, that they were going to have their workforces decimated or stock prices would collapse. All kinds of terrible things were going to happen, and they were petitioning Congress and using every effort they could to convince them to do this.”

So one day Berezford was flying with Jack Welch, then-CEO of General Electric Company, on his corporate jet, and the subject of accounting for stock options came up. “He didn’t like the position I was taking, and he yelled up to the pilot and said, ‘Is there any way we can toss this guy out of the plane?’ At 30,000 feet!” Berezford said. “He was obviously not serious, but it makes an interesting story.”

That standard did not go forward at the time. “Because of the intense pressure and because we received almost no support from companies or accounting firms or Washington, we backed down considerably,” he said. “What we did in the final analysis was to require companies to disclose what the effect would have been had they expensed options. They just had to tell the public in a footnote to the financial statements.”

It was a compromise, but several years after Berezford left, FASB revisited that issue and did go ahead and require companies to expense options. “And the world did not end,” he said.

As Ernst & Young Executive Professor of Accounting at the J. M. Tull School of Accounting, Terry College of Business, University of Georgia from 1999 to 2013 and executive in residence since then, Berezford has enjoyed sharing stories from some of the critical moments in recent accounting history with his students. And they love to hear them.

“All the students want to hear is war stories,” he said. “It’s about being able to bring their own life, and when you go to class, the text doesn’t always use examples. I can talk about things I’ve actually lived.”

For instance, he was teaching at the time he was at WorldCom and would come into the classroom with some (not all) of his war stories from that very week. “I think that was pretty cool for the students,” he said.

As Berezford said, opportunities followed from his reputation for integrity at EY and FASB got him the WorldCom role when he was referred by his former boss and longtime chief executive at EY Ray Groves.

“Having an opportunity to be inside of and help the company recover from the largest financial reporting fraud in history was something that an accountant — a person who loves accounting — couldn’t turn down,” he said. “The first six months or so was a nightmare … I kept questioning myself why I got involved, but in the long run, it was probably the highlight of my career.”

As an AAA Presidential Scholar in 2008, she gave a lecture on “Science, Politics and Accounting: A View From the Potomac,” which was subsequently published in *The Accounting Review*.

Palmrose was also recognized as an influencer beyond her own field. She was one of Business Finance Magazine’s Influencers in 2004, 2009, and 2017, and one of Treasury and Risk Magazine’s 100 Most Influential People in Finance (June 2008).

Having published extensively on issues related to the quality of financial reporting and auditing, Palmrose recently had two publications in Accounting Horizons, one on audit quality and the other on economic analysis of auditing standards. Her public service work has included serving on the Panel on Audit Effectiveness, appointed in 1998 at the behest of the (then) chairman of the SEC to review audits of public companies. As a member of the Auditing Standards Board Fraud Task Force, she helped draft the standard on consideration of fraud in a financial statement audit.

And most importantly, she was Deputy Chief Accountant for Professional Practice in the Office of the Chief Accountant at the SEC while on leave from USC between 2006 and 2008, while USC Trustee Christopher Cox ’73 was SEC chairman. Her group had the lead on coordinating the commission’s oversight of the Public Company Accounting Oversight Board (PCAOB), and was involved in other SEC matters related to audit.

“My public service work has been tremendously rewarding, and I’ve learned a lot from it,” Palmrose said. “I feel very fortunate.”

Even though she retired from teaching for the second time two years ago, after teaching on the faculty at her MBA and Ph.D. alma mater, the University of Georgia, she is still involved in public policy work and serves on advisory boards.

Plus, she serves on the executive committee and advisory council for Leventhal’s annual SEC and Financial Reporting Institute Conference. “One of the things that was important for me at USC was the wonderful interaction between academia and practice that USC was really at the forefront of,” Palmrose said. “USC was the first in organizing an SEC Financial Reporting Conference, and that brought great interaction and helped to facilitate my public policy work.”

A Lot to Miss at USC

Thinking back on her time on the faculty here, Palmrose said there is a lot to miss. “Obviously the students for one. I had wonderful students. I certainly do miss them,” she said. “I also had some wonderful colleagues across campus. There are several that I learned so much from, including Bob Trezevant (who is no longer with us) and K.C. Cole in the Annenberg School.”

“USC was a very special place for me to be for my career,” she said. “I very much appreciate the support of the deans from both the Leventhal and Tull Schools and my faculty colleagues.”

“Part of the reason for me getting this award is the support I’ve received and the environment that USC created. I want to thank the entire Trojan Family.”

**KOMAN, CONTINUED FROM PAGE 2**

and Marshall. During this transition period, it is important to learn the culture of the institution. Therefore, I want to familiarize myself with the functioning and teaching norms of the Leventhal School of Accounting.

**Your teaching evaluation scores at George Mason were outstanding. How do you make your classes engaging and effective?**

My view is that teaching is more trial and error rather than skill. Put simply, throughout the year, I’ve learned that to be an effective teacher one must adapt to the school environment, especially the student audience. In this regard, a certain teaching approach which works well at one particular school may not always be as effective at other institutions. For instance, at one school, I taught a managerial accounting course with great emphasis on business cases. Students were very receptive to this approach. On the other hand, I tried to use the same approach at other schools and things did not work as well. To make my classes interesting, I try to engage students in in-depth discussions as to how accounting data is used in the real world in many business decisions and also how accounting helps in managing and controlling business operations. I want my students to become critical thinkers as they might be exposed to many of these decisions in the proper use of accounting data in their professional careers.

**What do you enjoy most about teaching?**

The fact one is making a positive contribution in people’s lives is very rewarding. Helping prepare a young generation of students to start their professional careers as accountants is very gratifying.

**You studied management, marketing and economics as an undergrad and grad student. How did you become interested in accounting?**

Although as an undergrad majoring in economics I took a few accounting courses, it wasn’t until my first professional job that I was fully exposed to accounting. On my first job as a cost analyst at a large factory in Northern Mexico, I learned firsthand most of the critical functions and intricacies of the field of cost accounting, such as the formulation of budgets, measuring and controlling production costs, and the approaches to costing products. As a cost analyst, there are critical functions in the field of managerial and cost accounting and are indistinguishable from what we teach in the classroom.

**How does your experience outside academia inform your accounting teaching?**

My view is that work experience is a critical element in teaching accounting courses. The field of accounting is perhaps one of the few academic disciplines in which what is observed in the real world in terms of accounting enters very naturally into our teaching. Put simply, the concepts and theories imparted in the classroom are indistinguishable from what we observed in practice. For example, whether we teach general accepted accounting principles, tax rules, auditing standards or the approaches to costing products and services, in all instances we inform our teaching from the existing accounting methods and procedures practiced inside firms. Work experience plays a critical role in enriching teaching in the field of accounting irrespective of the course being taught.

**What do you enjoy most about your research, and what are some of your significant findings?**

My research is quite diverse and aims to examine issues of relevance to practice within the scope of empirical managerial accounting, such as the effects of team-based incentives on group productivity, the consistency of managerial accounting arrangements offshore and others. For instance, one of the main areas of my research focuses on examining the effects of labor offshoring on firms’ financial performance. Also, my colleagues and I recently investigated the causes as to why some firms are more successful and others fail after relocating manufacturing operations from the U.S. to lower-wage countries abroad.

**What does it mean to be a KPMG Scholar in the Ph.D. Project, which you have been since 2005?**

The Ph.D. Project is an important arm of the KPMG Foundation. The main objective is to help underrepresented minority students (Hispanics, African Americans, Native Americans) to pursue careers in academia, mainly to become full scholars in the fields of accounting, finance and other business disciplines. Specifically, the program assists with a monetary stipend for four straight years to any member of an underrepresented minority toward the completion of a Ph.D. Once you graduate with a Ph.D., you become a KPMG scholar for a lifetime. I mentor new students who enter the program. I must further say, it is one of the most generous programs as it has helped countless minority students, such as myself, in fulfilling our dreams of becoming full-time scholars. Since its inception, hundreds of students have graduated with Ph.D. degrees. They have joined countless universities within the U.S. and abroad. The program has been very successful in promoting diversity at business colleges throughout the U.S.

**Where did you grow up?**

I grew up in a small town in the mountains of Sinaloa, Mexico. I was born in Los Mochis, a coastal city at the Sea of Cortes. It is located about 150 miles south from the Arizona-Mexico border. Both of my parents and immediate family still reside there.

**What are your hobbies and interests?**

I enjoy running, but I don’t run as much due to injuries. I like the outdoors. Moreover, I am an avid enthusiast of vintage Land Rovers and classic old cars. Throughout the years, I have owned a few Landies (mostly series and NASDefenders). I must further say, it is a love and hate relationship as they tend to break a lot.

**What would you most like your colleagues to know about you?**

That I am here to help the Leventhal School in any capacity to better serve our students, faculty and alumni. I am also looking forward to working closely with each member of the faculty and establishing friendly relationships.
A self-avowed environmentalist from childhood, Luo thought fashion would be an ideal industry to get into and change from within. “Fashion is the second most polluting industry in the world,” he said.

They came up with a premium duffle suitcase made of cork and recycled ocean plastic that was sustainable, environmentally friendly and cruelty-free.

Luo learned about Portuguese cork, a sustainable resource from the bark of cork oaks — the tree isn’t cut down — in a KPMG competition he participated in. Cork is lightweight, resilient and water resistant. In homage to the material, they gave the company a Portuguese name: Mi Terro means My Earth.

Plastic from the oceans is recycled and repurposed for the handles, zippers, linings and utility pockets. Each bag removes three pounds of plastic from our oceans.

Moreover, Mi Terro will plant a tree for every bag purchased. If customers ever want to get rid of the bag, Mi Terro will send them a mailing label to return it for recycling, and throw in a coupon for a discount on their next order.

A Winning Idea

When Luo first told friends about their idea for the duffle suitcase, they were skeptical. “Nobody believed this product would come to life or anyone would buy it,” he said.

But Luo and Sivapalan and their Mi Terro co-founders — Joshua Xiao ’20, Primo Mu (computer science ’20) and Hoyapattra Tangpantanan MBIE ’19 — thought otherwise. In January 2018, they set to work and had a prototype ready for show by August.

Fast-forward to February 2019 and the launch of Mi Terro’s duffle suitcase on Kickstarter. Suddenly, people were interested indeed.

“We were fully funded in less than 24 hours,” Luo said. “We hit the $5,000 goal in three days and surpassed the $10,000 goal in less than 15 days.”

Apparently, a travel bag made of cork and plastic is a good idea. So far, Mi Terro has backers in 24 countries.

“The most exciting part is we are over 170 percent funded at this point,” Luo said. “And the number is still growing rapidly.”

In April, Mi Terro was one of the winners of the 2019 New Venture Seed Competition sponsored by the Lloyd Greif Center for Entrepreneurial Studies.

“My eventual goal for Mi Terro is to become the biggest green lifestyle brand in the world — and plant 1 million trees,” Luo said. “We want to inspire more people to join the green revolution.”

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Making the Most of Opportunities

“I never thought that I would have started a company with Rob. I never thought I’d be coming back to USC so soon either. But it all worked out, and I have a full-time job with Workday consultants that I’ll start in September,” said Sivapalan.

The most important thing he learned was: Never get too complacent. But his favorite quote comes from the book The Alchemist. “When you truly desire something, the whole universe conspires to help you achieve it,” Sivapalan said.

Not that you sit back and let the universe do the work for you, he added. “If you really want something, you have to put yourself in position to get it. You have to make the most of the opportunities around you, make connections and stay in touch with those you care about.”