

Narrative Statement, Simon J. Pak, Ph.D.

Simon J. Pak has been an Associate Professor of Finance at the Pennsylvania State University's Great Valley School of Graduate Professional Studies since January 2002. Before joining Penn State Great Valley, Dr. Pak taught finance and economics at the bachelor's, master's, and doctoral levels at New York University and Florida International University.

During his tenure at FIU, Dr. Pak received several notable awards. FIU's graduating EMBA class of 2000 presented him with the "Best Professor" award, and in the same year, Dr. Pak's financial management course received the "Best Course" award. Dr. Pak was also awarded "Best Professor" of 2001 and 2002 by the graduating Master of Science in Finance classes at FIU, and his financial modeling course for that program received the 2001 "Best Course" award.

Dr. Pak approaches his teaching in finance to help students (who are primarily working professionals) achieve the following key goals:

- Acquiring knowledge and problem-solving techniques in finance;
- Developing proficiency and capacity to apply knowledge to new business and finance problems.

At Penn State Great Valley, Dr. Pak accomplishes these goals by varying the emphasis according to the course material. In the first finance course, Financial Management (FIN 531), Dr. Pak facilitates students' acquisition of knowledge and problem-solving techniques through informative lectures and applicable homework assignments, thus promoting the solid knowledge of core concepts which is essential for comprehending the details of financial management problems.

In applied and more advanced courses, such as Problems in Finance (FIN 504) and Financial Decision Process (FIN 532), Dr. Pak places more emphasis on the development of proficiency and capacity to apply knowledge to new problems through extensive use of case studies and hands-on practice with spreadsheets and simulations. In Analysis of Financial Markets (FIN 508), Dr. Pak places a balanced emphasis on knowledge acquisition, through lectures and homework, and the development of proficiency and capacity using case studies as well as analysis and discussion of daily developments in the financial markets. Because most of his students are working professionals, Dr. Pak clearly links theory to practice by applying models which help explain current events in the financial markets.

Moreover, Dr. Pak motivates students to pursue life-long learning by demonstrating vital links between classroom theories and real-world events, thereby highlighting the value of continued learning in evaluating rapidly changing financial markets. In addition, Dr. Pak discusses the ethical and legal issues related to the U.S. Securities and Exchange Commission regulations, such as financial reporting and insider trading, to help students better understand recent corporate scandals

To assess learning, Dr. Pak uses exams, homework, and group projects to measure the acquisition of specific knowledge and problem-solving techniques. He uses case analyses as

group assignments and exams on extensive finance problems to measure students' proficiency and their capacity to apply knowledge to new problems.

Dr. Pak provides students with online resources by posting lecture notes and other course material through ANGEL (the web-based course management software). In addition, he encourages students to read daily business newspapers including the *Financial Times* and the *Wall Street Journal* to keep abreast of developments in business, finance in particular.

In a significant advancement for the campus, Dr. Pak developed the proposal for an accelerated professional degree program, the Master of Finance, to enhance the graduate degree offerings of the University. The program was developed to help Penn State Great Valley provide market-driven, high-quality, graduate-level education for working professionals. The proposal was approved in 2006, with the first cohort class scheduled to start in spring 2007. To support the new degree program, Dr. Pak also developed two new course proposals.

Dr. Pak has research interests in several areas of economics and finance. He published over 25 articles in refereed journals, proceedings and books. Most of his publications are empirical research in financial markets, banking, financial derivatives, currency markets, and real estate finance. Academic journals which have published his research include *American Economic Review*, *Journal of Finance*, *International Trade Journal*, *Journal of International Financial Markets, Institutions & Money*, *Business Ethics Quarterly*, *Real Estate Finance*, *Review of Quantitative Finance and Accounting*, and *Derivatives Use, Trading and Regulation* (forthcoming), among others. Dr. Pak presented his research at national and international conferences such as Econometric Society Meetings, Financial Management Association Annual Meetings, and Cambridge International Symposium on Economic Crime at Cambridge University. Dr. Pak's research was presented at over 45 national and international conferences held in Australia, Brazil, Costa Rica, Denmark, England, France, Greece, Ireland, Korea, Poland, Switzerland and the U.S. Dr. Pak participated in over 24 workshops and seminars, many as an invited speaker or a panel member, such as the American Bar Association Meeting, Annual International Conference on New Developments in Government Financial Management, the U.S. Customs Service Conference on Money Laundering at the Brookings Institution, and Financial Fraud Institute of Federal Law Enforcement Training Center, U.S. Department of Treasury.

In recent years, Dr. Pak has focused his research on policy-related issues, including transfer pricing, international trade price analysis, and capital movements through over- and under-invoicing in international trade. Over- and under-invoicing may have significant impact on tax avoidance, money laundering, and capital flight from one country to another through trade. The studies are based on extensive analysis of a very large database, the U.S. Merchandise Trade Data available in 24 CD/DVDs per year from the U.S. Census Bureau. The research results have been published in academic and non-academic journals and proceedings, such as *Interfaces*, *Accounting Forum*, *Applied Financial Economics*, *Journal of Financial Crime*, *International Trade Journal*, *Finance India*, *Tax Management: Transfer Pricing Report*, *Financial Study* (in Chinese, Bank of China publication), *Global Structure of Financial Markets*, and *Proceedings of the Decision Sciences Institute*. The research results also have received worldwide media coverage in print and on television, including the *Washington Post*, *The Wall Street Journal*, *The*

Boston Globe, The Journal of Commerce, The Economist, ABC World News Tonight with Peter Jennings, Dateline NBC, and CBS.

As an extension of Dr. Pak's research in transfer pricing, Dr. Pak and his co-principal investigator, Dr. Zdanowicz, completed a two-year (2003 – 2005) funded project on transfer pricing. Recognizing the significance of the research on income tax avoidance, the U.S. Congress appropriated \$2 million in 2001 to support the two-year pilot study by Dr. Pak and Dr. Zdanowicz. It was entitled "Pilot Study - Analysis of the U.S. merchandise trade data base: the detection of abnormal transfer pricing and the collection of under-payments of U.S. income taxes." Its main research goal was to identify and profile abnormality in pricing through a detailed analysis of all import and export transactions of over 100 million records in the U.S. merchandise trade data base (over 100 GB.) The Internal Revenue Service and the U.S. Customs Service participated in this project by evaluating and auditing abnormal transactions identified in the study. Dr. Pak and Dr. Zdanowicz are awaiting authorization by the Internal Revenue Service to discuss the findings in public.

Dr. Pak plans to continue his research effort in analyzing import and export data using data from other countries for a comparative study of the abnormally priced transactions.

Since joining Penn State Great Valley in 2002, Dr. Pak has served on the PSGV Faculty Senate (Vice Chair), Faculty and Staff Campaign (Chair), Promotion and Tenure Committee, Strategic Planning Committee, Development Committee (faculty representative), Curricular Affairs Committee, Awards Committee, Grant Committee, and Extended HR-40 Review Committee (Chair, five-year peer review of two tenured faculty members). He served the management division through Curriculum Contents and Evaluation Committee, faculty and student recruiting, and peer teaching evaluations. He became Head of the Management Division in mid-2006. He has also served the University as a member of the Executive Committee of the iMBA program

Dr. Pak's service to the profession and the community at large includes his being a session chair at the International Conference of the International Trade and Finance Association, a member of the Beacon Council of Miami (economic development agency), and an ad hoc reviewer for *Review of Quantitative Finance and Accounting, Journal of Money, Credit, and Banking, Journal of Economics and Business, Review of Research in Banking and Finance*, and BALAS Conference papers. Dr. Pak served on the review panel for the National Science Foundation on a grant proposal for a solar energy project. His service to government agencies includes instructions at the International Banking Seminar for the Federal Reserve Bank of Atlanta, advice to the Office of Technology Assessment of the U.S. Congress, and participation at the Round Table Discussion on Transfer Pricing Tax Gap organized by the U.S. Senator Dorgan.